



PHILTRUST BANK PHILIPPINE TRUST COMPANY

PHILTRUST BANK BUILDING
UNITED NATIONS AVE. CORNER SAN MARCELINO ST.,
MANILA, PHILIPPINES

TEL.: 8524-90-61 TO 76
3498-01-90 TO 99
FAX: 8521-73-09 / 3498-02-00
SWIFT: PHTBPHMM
EMAIL: ptc@philtrustbank.com

April 29, 2025

The Philippine Stock Exchange, Inc.
Listings and Disclosure Group
6th Floor, PSE Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: Atty. Johanne Daniel M. Negre
Officer-in-Charge, Disclosure Department

Subject: Philippine Trust Company
Annual Stockholders' Meeting on May 27, 2025

Gentlemen:

We are pleased to submit herewith the Bank's Definitive Information Statement (DIS) with the Interim Financial Statements for the Quarter ended March 31, 2025 attached as Annex "B-2". The said Quarterly Report includes, among others, the following:

- Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations
- Part II: Other Information which states on Item k. thereof, that there are no causes for any material changes from period to period of financial statements.

Accordingly, we have amended pages 27 and 28 of the Definitive Information Statement to reflect the above updates.

The DIS (SEC Form 20-IS) shall be uploaded on the Bank's website at www.philtrustbank.com and on PSE Edge, after clearance with the SEC.

The Notice of the 2025 Annual Stockholders' Meeting shall be published in the Business Section of the Manila Bulletin and the Manila Times, in print and online format, on May 1 and May 2, 2025.

Thank you.

Very truly yours,

HERMOGENES C. ESPERON, JR.
Chairman of the Board

Encl.: As stated

COVER SHEET

P	W	0	0	0	0	0	1	0	5
---	---	---	---	---	---	---	---	---	---

S.E.C. Registration Number

[illegible]

(Company's Full Name)

1	0	0	0		U	N	I	T	E	D		N	A	T	I	O	N	S		A	V	E	N	U	E		C	O	R		
S	A	N			M	A	R	C	E	L	I	N	O		S	T	R	E	E	T		M	A	N	I	L	A				

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

AGNES B. URBANO

Contact Person

8524-9061

Company Telephone Number

2025

DEFINITIVE INFORMATION STATEMENT

Ending December 31

Fiscal Year

2	0	-	I	S
---	---	---	---	---

FORM TYPE

Last Tuesday of May

Annual Meeting

Secondary License Type, If Applicable

M	S	R	D
---	---	---	---

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

LCU

[illegible]

Document I. D.

Cashier

Cashier

STAMPS

STAMPS

Table of Contents

Page

Notice and Agenda for the 2025 Annual Stockholders' Meeting (ASM)	i
Rationale and Details of the Agenda	ii
Procedure for Participation in the 2025 ASM	iv
Ballot/Proxy document	vi

Main Report:

A. General Information

1. Date, Time and Place of Meeting of Security Holders	2
2. Right of Appraisal	2
3. Interest of Certain Persons in, or Opposition to, Matters to be Acted Upon	3

B. Control and Compensation Information

4. (a) Voting Securities and Principal Holders Thereof	4
(b) Equity Ownership of Foreigners as of March 31, 2025	4
(c) Security Ownership of Certain Record and Beneficial Owners of More Than 5% as of March 31, 2025	4
(d) Security Ownership of Management as of March 31, 2025	6
(e) Voting Trust Holders of 5% or More	7
(f) Change in Control Since the Beginning of the Last Fiscal Year	7
5. Directors and Executive Officers	
(a) Incumbent Directors	7
(b) Incumbent Officers	11
(c) Nominees for Directors for the Ensuing Year 2025 - 2026	11
(d) Officers for the Ensuing Year 2025 - 2026	13
(e) Significant Employees	13
(f) Family Relations	13
(g) Involvement in Certain Legal Proceedings	13
(h) Certain Relationships and Related Transactions	14
6. Compensation of Directors and Executive Officers	
(a) Directors	15
(b) Officers	16
(c) Employee Retirement Benefit Plan	17
(d) Profit Sharing	17
(e) Outstanding Warrants or Options	17

7.	Independent Public Accountant	17
(a)	Schedule of External Audit Fees and Services	18
(b)	Audit Committee's Authority, Roles and Responsibilities for External Audit	18
8.	Compensation Plans	20
C.	Issuance and Exchange of Securities	21
D.	Other Matters	
15.	Action with Respect to Reports	22
16.	Matters Not Required to be Submitted	22
17.	Amendment of Charters, By-Laws or Other Documents	22
18.	Other Proposed Actions	23
19.	Voting Procedures for the 2025 ASM	25
20.	Statement of Management's Responsibility for Financial Statements and 2024 Audited Financial Statements	27
21.	Management Report and Management's Discussion and Analysis of Financial Condition and Results of Operations	27
	Signature Page	28
	Notice and Undertaking	28

Annexes

Annex "A"	Business Experience of Directors, Nominees and Officers
Annex "A-1"	Certification of Independent Director – Chairman Esperon
Annex "A-2"	Certification of Independent Director – Mrs. De Venecia
Annex "A-3"	Certification of Independent Director – Mr. Chikiamco
Annex "A-4"	Certification of Independent Director – Dr. Ang
Annex "B"	Statement of Management's Responsibility for the 2024 Financial Statements
Annex "B-1"	2024 Audited Financial Statements
Annex "B-2"	Interim Financial Statements for the Quarter Ended March 31, 2025
Annex "C"	Management Report
Annex "C-1"	Management's Discussion and Analysis of Financial Condition and Results of Operation for the year 2022
Annex "C-2"	Management's Discussion and Analysis of Financial Condition and Results of Operation for the year 2023
Annex "C-3"	Management's Discussion and Analysis of Financial Condition and Results of Operation for the year 2024



PHILTRUST BANK PHILIPPINE TRUST COMPANY

PHILTRUST BANK BUILDING
UNITED NATIONS AVE. CORNER SAN MARCELINO ST.,
MANILA, PHILIPPINES

TEL.: 8524-90-61 TO 76
3498-01-90 TO 99
FAX: 8521-73-09 / 3498-02-00
SWIFT: PHTBPHMM
EMAIL: ptc@philtrustbank.com

NOTICE OF THE ANNUAL MEETING OF THE STOCKHOLDERS

TO ALL STOCKHOLDERS:

Please be informed that the Annual Meeting of the Stockholders of Philippine Trust Company, also known as PHILTRUST BANK, will be held on Tuesday, May 27, 2025 at 8:00 A.M. via remote communication for the election of Directors and the transaction of the following:

AGENDA


1. Call to order.
2. Proof of service of the required notice of the meeting.
3. Proof of presence of quorum.
4. Reading and approval of the Minutes of the Annual Meeting of the Stockholders held on May 21, 2024
5. Approval of the Annual Report to the Stockholders and the Audited Financial Statements for the year 2024.
6. Ratification and approval of all acts and transactions of the Board of Directors, the Committees and the Management, including related party transactions, since the 2024 Annual Meeting of the Stockholders.
7. Appointment of External Auditor.
8. Election of Directors.
9. Other matters.
10. Adjournment.

Only stockholders as of the Record Date of April 15, 2025 are entitled to notice of, and vote at, the said meeting.

Stockholders who intend to participate in the meeting are requested to notify the Bank and to submit the requirements for validation as well as the duly accomplished Ballot/Proxy document through email at ptcorsec@philtrustbank.com from May 14, 2025 to May 20, 2025. For your convenience, downloadable copies of the Ballot/Proxy forms are available on the Bank's website: <https://www.philtrustbank.com>. The procedure and details for attending the meeting are set forth in the Information Statement and posted on the Bank's website and on PSE Edge.

Manila, April 10, 2025.

By Authority of the Board of Directors,


AGNES B. URBANO
FVP/Asst. Corporate Secretary

RATIONALE and DETAILS of the AGENDA

Chairman Hermogenes C. Esperon, Jr. will welcome the stockholders present and will invite them to the singing of the National Anthem, to be followed by the opening prayer.

1. Call to order

The Chairman will call to order the 2025 Annual Stockholders' Meeting of Philippine Trust Company, also known as PHILTRUST BANK on Tuesday, May 27, 2025 at 8:00 A.M.

2. Proof of service of the required notice of the meeting.

The Asst. Corporate Secretary will certify that all stockholders of Philtrust Bank as of the Record Date of April 15, 2025 were duly notified of the 2025 Annual Stockholders' Meeting.

3. Proof of presence of quorum.

The Asst. Corporate Secretary will attest to the presence of the required quorum for the valid proceedings of the meeting.

4. Reading and approval of the Minutes of the Annual Meeting of the Stockholders held on May 21, 2024.

The Minutes of the Annual Stockholders' Meeting held on May 21, 2024 will be presented for consideration and approval of the stockholders. Said Minutes are posted on the Bank's website at www.philtrustbank.com.

5. Approval of the Annual Report to the Stockholders and Audited Financial Statements for the year 2024.

The 2024 Annual Report and Financial Statements will be presented to the Stockholders for consideration and approval. Highlights thereof will be discussed by the President while the full text is annexed to the Information Statement and posted on the Bank's website and on PSE Edge.

6. Ratification and approval of all acts and transactions of the Board of Directors, the Committees and the Management, including related party transactions, since the 2024 Annual Meeting of the Stockholders.

All acts and transactions that were approved by the Board of Directors and the Committees, including related party transactions, and all actions of the Management to implement the aforesaid resolutions of the Board including those taken in the ordinary course of the Bank's business since the Annual Meeting of the Stockholders held on May 21, 2024 will be presented to the stockholders for their consideration, approval and ratification.

7. Appointment of External Auditor.

The authority to delegate to the Board of Directors the appointment and/or the change of the Bank's external auditor for the year 2025 will be presented for consideration and approval of the stockholders provided that said external auditor must be accredited by both Bangko Sentral ng Pilipinas and Securities and Exchange Commission.

8. Election of Directors.

The Final List of Nominees who are eligible for election as Directors of the Bank for the ensuing year 2025 - 2026 as endorsed by the Corporate Governance Committee will be presented to the stockholders. Said Committee had evaluated their credentials and had determined that they possess all the qualifications and none of the disqualifications for bank directors. The twelve (12) Directors to be elected shall hold office for a term of one (1) year and until their successors are duly elected and qualified.

Cumulative voting will be followed in the election of directors.

The Office of the Corporate Secretary is tasked to receive the ballots and to count the votes cast thereat.

9. Other matters.

Matters that are relevant to, and appropriate for, the Annual Meeting of the Stockholders may be discussed.

10. Adjournment.

**PROCEDURE FOR PARTICIPATION IN THE ANNUAL STOCKHOLDERS' MEETING (ASM)
OF PHILIPPINE TRUST COMPANY, also known as PHILTRUST BANK,
ON MAY 21, 2025 AT 8:00 A.M. VIA REMOTE COMMUNICATION**

1. Stockholders of PHILTRUST BANK as of the Record Date of April 15, 2025, who wish to participate in the 2025 Annual Stockholders' Meeting are requested to notify the Bank and to submit the requirements for validation enumerated below as well as the duly accomplished Ballot/Proxy document through email at ptcorsec@philtrustbank.com from May 14, 2025 to May 20, 2025.

2. The email should contain the following requirements for validation:

2.1 For Individual Stockholders

- a. Name;
- b. Recent photo;
- c. Address;
- d. Valid and active contact number;
- e. Valid and active email address; and
- f. Scanned copy of any valid government-issued ID with photo

2.2 For Stockholders with joint accounts

A scanned copy of an authorization letter signed by all stockholders named in the joint account, identifying who among them is authorized to cast the vote.

Submit also the requirements listed in No. 2.1 above.

2.3 For Stockholders under Broker accounts

- a. A broker's certification on the Stockholder's number of shareholdings
- b. Recent photo;
- c. Valid and active contact number;
- d. Valid and active email address; and
- e. Scanned copy of any valid government-issued ID with photo

2.4 For Corporate Stockholders

- a. A Secretary's Certificate attesting to the authority of the representative to vote for, and on behalf of the Corporation;
- b. Valid and active contact number of the representative;
- c. Valid and active email address of the representative; and
- d. Scanned copy of any valid government-issued ID with photo of the representative.

2.5 For Stockholders to be represented by a proxy or authorized person

- a. Submit scanned copy of the duly accomplished Proxy Form or an authorization letter signed by the Stockholder to cast the vote.
 - b. Valid and active contact number of the proxy holder;
 - c. Valid and active email address of the proxy holder; and
 - d. Scanned copy of any valid government-issued ID with photo of the proxy holder
3. After validation, the confirmed Stockholders/Proxies will receive an email from the Office of the Corporate Secretary and will be provided with a link to the meeting. They will be included in the computation of attendance and the determination of quorum at the meeting.
4. Questions on any item in the Agenda should be submitted through email at ptcorsec@philtrustbank.com on or before May 20, 2025.
5. Reports relative to the Bank's 2025 ASM which were submitted to SEC and PSE may be viewed on the Bank's website at www.philtrustbank.com or on PSE Edge. For any clarification concerning the 2025 ASM, please contact the Office of the Corporate Secretary through email at ptcorsec@philtrustbank.com on or before May 20, 2025.

PHILIPPINE TRUST COMPANY
also known as PHILTRUST BANK

BALLOT/PROXY

Please mark with Check "✓" the appropriate box:

☐ **Vote by the Stockholder:** The undersigned stockholder of Philippine Trust Company, also known as PHILTRUST BANK, hereby casts his/her/its vote on the Agenda Items for the 2025 Annual Stockholders' Meeting.

☐ **Vote by the Stockholder Represented by Proxy:** The undersigned stockholder of PHILTRUST BANK hereby appoints _____, or in his/her absence, the Chairman of the Meeting, as my/our true and lawful Attorney-in-Fact and Proxy to represent one hundred percent (100%) of my/our voting rights, and to vote on my/our behalf.

	FOR	AGAINST	ABSTAIN
Approval of the Minutes of the Annual Meeting of the Stockholders held on May 21, 2024.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Approval of the Annual Report to the Stockholders and the Audited Financial Statements for the year 2024.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ratification and approval of all acts and transactions of the Board of Directors, the Committees and the Management, including related party transactions, since the Annual Meeting of the Stockholders on May 21, 2024.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appointment of External Auditor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Notation of Other Matters, if any.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Election of the following Directors for the year 2025 - 2026

- ☐ Equally to all twelve (12) Nominees for Directors
- ☐ Abstain for all twelve (12) Nominees for Directors
- ☐ Distribute or cumulate shares to the Nominees as follows

<u>Name of Nominee Director</u>	<u>No. of Shares</u>
1. GEN. HERMOGENES C. ESPERON, JR. (Ret.), Independent Director	_____
2. DR. JAIME C. LAYA	_____
3. SR. JUSTICE JOSUE N. BELLOSILLO (Ret.)	_____
4. DR. EMILIO C. YAP III	_____
5. CHIEF JUSTICE HILARIO G. DAVIDE, JR. (Ret.)	_____
6. ERNESTO O. CHAN	_____
7. BENJAMIN C. YAP	_____
8. MIRIAM C. CU	_____
9. TOMAS V. APACIBLE	_____
10. MARIA GEORGINA P. DE VENECIA, Independent Director	_____
11. CALIXTO V. CHIKIAMCO, Independent Director	_____
12. DR. BEATRICE JANE L. ANG, Independent Director	_____

Signed this _____ at _____.
(Date) (Place)

NAME OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER
or AUTHORIZED REPRESENTATIVE

THIS BALLOT/PROXY SHOULD BE RECEIVED BY THE OFFICE OF THE CORPORATE SECRETARY FROM MAY 14, 2025 TO MAY 20, 2025. WHEN PROPERLY EXECUTED, THIS PROXY WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER/S. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES, FOR THE APPROVAL OF ALL MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING. A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED.

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20 - IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

- ☐ Preliminary Information Statement
☒ Definitive Information Statement

2. Name of registrant as specified in its charter

Philippine Trust Company also known as PHILTRUST BANK

3. Province, country or other jurisdiction of incorporation

Manila, Philippines

4. SEC Identification Number - PW00000105

5. BIR Tax Identification Code - 000-541-102

6. Address of Principal Office - Philtrust Bank Building
1000 United Nations Avenue corner
San Marcelino Street, Manila

Postal Code - 1007

7. Telephone Number - (632) 8524-90-61

8. Date, time and place of the meeting of security holders

May 27, 2025 at 8:00 A.M. via remote communication

9. Approximate date on which the Information Statement is first to be sent or given to security holders

May 6, 2025

10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of class	Number of shares of common stock
Common shares	1,000,000,000

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes / No

If yes, disclose the name of such stock exchange and the class of securities listed therein:

The Bank's 1,000,000,000 common shares are listed at the Philippine Stock Exchange.

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

A. GENERAL INFORMATION

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

Date : May 27, 2025
Time : 8:00 A.M.
Place : The meeting will be conducted via remote communication.

Mailing Address of the Bank:

Philtrust Bank Building
1000 United Nations Avenue corner San Marcelino Street
Manila

The Information Statement is first to be sent to security holders approximately on May 6, 2025.

Item 2. Right of Appraisal

Title X of the Revised Corporation Code of 2019 (RCC), provides that any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of the shares in the following instances:

- (a) In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
- (b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
- (c) In case of merger or consolidation; and
- (d) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The dissenting stockholder who voted against a proposed corporate action may exercise the right of appraisal 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.

There are no items in the Agenda that would cause the exercise by the stockholders of their right of appraisal.

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

- a. Other than their election to office, and ratification of the related party transactions which were duly approved by the Board of Directors in the ordinary course of business, there are no matters to be acted upon by the stockholders in which any Director, Nominee for Directorship or Executive Officer of the Bank, at any time since the beginning of the last fiscal year, is involved or had a direct, indirect or substantial interest. No one of the Directors, Nominees for Directorship or Executive Officers has an Associate.
- b. No one has informed the Bank of his opposition to any matters to be acted upon by the stockholders.

B. CONTROL AND COMPENSATION INFORMATION

Item 4 (a) Voting Securities and Principal Holders Thereof

Stockholders as of the Record Date of April 15, 2025 shall be entitled to notice of, and to vote at, the Annual Stockholders' Meeting to be held on May 27, 2025. Stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the books of the Corporation. Each share is entitled to one vote. However, in the election of Directors, every stockholder may cumulate his shares in accordance with the provisions of TITLE III Sec. 23 of the Revised Corporation Code. Hence, stockholder may (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit: Provided, That the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the Corporation multiplied by the whole number of directors to be elected.

There is no condition precedent to the exercise of the cumulative voting rights in the election of directors.

Every stockholder entitled to vote at any meeting of the stockholders may so vote by proxy, provided that the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized representative and submitted to the Office of the Corporate Secretary not later than five (5) banking days prior to the scheduled meeting.

(b) Equity Ownership of Foreigners as of March 31, 2025:

Name of Stockholders	Citizenship	Class of Share	No. of Shares Subscribed and Paid	%
1. PCD Nominee Corp.	Non-Filipino	Common	228,458	0.0228
2. Botschaft N. Cheng or Sevilla Ngo	Taiwanese	Common	1	0.0000
Total			228,459	0.0228%
			=====	=====

(c) Security Ownership of Certain Record and Beneficial Owners of More Than 5% as of March 31, 2025:

Title of Class	Name, Address of Record Owner and Relationship to Issuer	Name of Beneficial Owner and Relationship to Record Owner	Citizenship	No. of Shares Held	Percent
Common Shares	Philtrust Realty Corporation P.O. Box 1848, Manila Major Stockholder	U.S. Automotive Co., Inc. <i>Major Stockholder</i> Dr. Emilio C. Yap III <i>Authorized Representative</i>	Filipino	269,000,014	26.9000%

Title of Class	Name, Address of Record Owner and Relationship to Issuer	Name of Beneficial Owner and Relationship to Record Owner	Citizenship	No. of Shares Held	Percent
Common Shares	U.S. Automotive Co., Inc. P.O. Box 3399, Manila Major Stockholder	Yap Family <i>Major Stockholders</i> Basilio C. Yap <i>Authorized Representative</i>	Filipino	209,873,774	20.9874%
Common Shares	Seabreeze Enterprises, Inc. P.O. Box 4279, Manila Major Stockholder	Basilio C. Yap <i>Major Stockholder</i> Basilio C. Yap <i>Authorized Representative</i>	Filipino	194,746,709	19.4747%
Common Shares	Orient Enterprises, Inc. P.O. Box 3435, Manila Major Stockholder	Yap-Gaw Family <i>Major Stockholders</i> Anthony Joseph Y. Gaw <i>Authorized Representative</i>	Filipino	184,783,230	18.4783%
Common Shares	Pioneer Insurance & Surety Corporation P.O. Box 1437 MCC, Makati Major Stockholder	Pioneer Inc. <i>Major Stockholder</i> Ernesto O. Chan <i>Authorized Representative</i>	Filipino	70,950,696	7.0951%

Philtrust Realty Corporation, which owns 26.9% of Philtrust Bank's total issued and outstanding shares, is 98.37% owned by U.S. Automotive Co., Inc.

U.S. Automotive Co., Inc. which directly owns 20.9874% of Philtrust Bank is, in turn, owned by the Yap family.

Seabreeze Enterprises, Inc., which owns 19.4747% of Philtrust Bank, is majority-owned by Chairman Emeritus Basilio C. Yap.

Orient Enterprises, Inc., which owns 18.4783% of Philtrust Bank, is majority-owned by the Yap-Gaw Family.

Chairman Emeritus Basilio C. Yap, Vice Chairman Emilio C. Yap III and Director Benjamin C. Yap directly owns 0.1389%, 0.0183% and 0.0019% of Philtrust Bank, respectively. Additionally, they have indirect ownerships of the Bank through their holdings in the principal corporate stockholders.

Director Ernesto O. Chan and the Pioneer Group of Companies collectively own 10% of Philtrust Bank.

All other incumbent Directors directly own nominal qualifying shares while key Officers have insignificant holdings.

Total shares in the name of PCD Nominee Corporation stood at 19,258,892 as of March 31, 2025, with no material transfers for the past years.

The One Billion total issued and outstanding shares are entirely common shares with equal voting right per share.

(d) Security Ownership of Management as of March 31, 2025:

DIRECTORS

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent of Class
Common Shares	1. Gen. Hermogenes C. Esperon, Jr., (Ret.) <i>Chairman and Independent Director</i>	₱ 1,000.00	Indirect thru PCD Nominee Corp.	Filipino	0.0000
Common Shares	2. Dr. Jaime C. Laya <i>Vice Chairman and President</i>	₱ 333,250.00	Direct	Filipino	0.0033
Common Shares	3. Sr. Justice Josue N. Bellosillo (Ret.) <i>Vice Chairman and Corporate Counsel</i>	₱ 15,120.00	Direct	Filipino	0.0002
Common Shares	4. Dr. Emilio C. Yap III <i>Vice Chairman</i>	₱ 1,832,630.00	Direct	Filipino	0.0183
Common Shares	5. Chief Justice Hilario G. Davide, Jr. (Ret.) <i>Director</i>	₱ 10,000.00	Direct	Filipino	0.0001
Common Shares	6. Mr. Ernesto O. Chan <i>Director</i>	₱ 175,660.00	Direct	Filipino	0.0018
Common Shares	7. Mr. Benjamin C. Yap <i>Director</i>	₱ 193,100.00	Direct	Filipino	0.0019
Common Shares	8. Ms. Miriam C. Cu <i>Director and Senior Vice President</i>	₱ 5,488,810.00	Direct	Filipino	0.0549
Common Shares	9. Mr. Tomas V. Apacible <i>Director</i>	₱ 15,120.00	Direct	Filipino	0.0002
Common Shares	10. Mrs. Maria Georgina P. De Venecia <i>Independent Director</i>	₱ 1,000.00	Indirect thru PCD Nominee Corp.	Filipino	0.0000
Common Shares	11. Mr. Calixto V. Chikiamco <i>Independent Director</i>	₱ 1,000.00	Indirect thru PCD Nominee Corp.	Filipino	0.0000
Common Shares	12. Dr. Beatrice Jane L. Ang <i>Independent Director</i>	₱ 1,000.00	Indirect thru PCD Nominee Corp.	Filipino	0.0000

OFFICERS

Title of Class	Name of Beneficial Owner	Amount of Beneficial Ownership		Citizenship	Percent of Class
Common Shares	Ms. Virginia S. Choa-Shi <i>Executive Vice President</i>	₱ 5,050.00	Direct	Filipino	0.0001%
Common Shares	Ms. Luisa A. Lucin <i>SVP/Principal Accounting Officer</i>	₱ 52,600.00	Direct	Filipino	0.0005%
Common Shares	Atty. Agnes B. Urbano <i>FVP/Asst. Corporate Secretary</i>	₱ 66,710.00	Direct	Filipino	0.0007%
Common Shares	Mr. Benito D. Chua <i>VP/Treasurer</i>	₱ 15,120.00	Direct	Filipino	0.0002%

DIRECTORS AND OFFICERS AS A GROUP

Common Shares	₱8,207,170.00	0.082%
	=====	=====

(e) Voting Trust Holders of 5% or More

The Bank has no voting trust holders.

(f) Change in Control Since the Beginning of the Last Fiscal Year

No change in control has occurred since January 1, 2024.

Item 5. Directors and Executive Officers:

(a) Incumbent Directors of the Bank:

Name	Position	Age*	Citizenship	Length of Service
1. Gen. Hermogenes C. Esperon, Jr. (Ret.)	Chairman and Independent Director	72	Filipino	Less than 3 years
2. Dr. Jaime C. Laya	Vice Chairman	85	Filipino	More than 5 years
3. Senior Justice Josue N. Bellosillo (Ret.)	Vice Chairman	91	Filipino	More than 5 years
4. Dr. Emilio C. Yap III	Vice Chairman	53	Filipino	More than 5 years
5. Chief Justice Hilario G. Davide, Jr. (Ret.)	Director	89	Filipino	More than 5 years
6. Mr. Ernesto O. Chan	Director	78	Filipino	More than 5 years
7. Mr. Benjamin C. Yap	Director	78	Filipino	More than 5 years
8. Ms. Miriam C. Cu	Director	65	Filipino	More than 5 years
9. Mr. Tomas V. Apacible	Director	78	Filipino	More than 5 years
10. Mrs. Maria Georgina P. De Venecia	Independent Director	75	Filipino	Less than 4 years
11. Mr. Calixto V. Chikiamco	Independent Director	74	Filipino	Less than 4 years
12. Dr. Beatrice Jane L. Ang	Independent Director	43	Filipino	Less than 3 years

*As of December 31, 2024

As provided for in the By-Laws, the corporate powers of the Corporation shall be exercised, its business conducted, and its property controlled by a Board of Directors, which shall consist of twelve (12) in number. Directors shall be chosen by the stockholders at the annual meeting, and shall hold office for one (1) year and until their successors are elected and qualified.

Accordingly, twelve (12) Directors were elected during the Annual Stockholders' Meeting held on May 21, 2024 to hold office for a term of one (1) year and until their successors are elected and qualified. The Corporate Governance Committee has determined that all said Directors possess all the qualifications and none of the disqualifications for directors as mandated by the RCC, Securities Regulation Code (SRC) and its implementing Rules and Regulations. Particularly, the Bank has consistently complied with SRC Rule 38 on nomination and election of independent directors.

Moreover, Vice Chairman Jaime C. Laya who currently serves as Chairman of the Board of Trustees of the Cultural Center of the Philippines (CCP), has obtained the required Authorization, signed by CCP President Maria Margarita Moran-Florendo, allowing him to be the President of Philtrust Bank. No other Director currently holds government position or is connected with the government.

The Directors' attendance in the 2024 ASM is presented under **Item 18** while their attendance in the 2024 Board meetings and Board Committee meetings are detailed as follows:

Attendance
Board of Directors' Meetings
2024
(Total Number of Meetings Held = 14)

Members of the Board of Directors	No. of Meetings Attended
1. Gen. Hermogenes C. Esperon, Jr. (Ret.) Chairman and Independent Director	14
2. Dr. Jaime C. Laya, Vice Chairman and President	14
3. Sr. Justice Josue N. Bellosillo (Ret.), Vice Chairman and Corporate Counsel	12
4. Dr. Emilio C. Yap III, Vice Chairman	14
5. Chief Justice Hilario G. Davide, Jr. (Ret.), Director	13
6. Mr. Ernesto O. Chan, Director	13
7. Mr. Benjamin C. Yap, Director	14
8. Ms. Miriam C. Cu, Director and Senior Vice President	14
9. Mrs. Maria Georgina P. De Venecia, Independent Director	14
10. Mr. Calixto V. Chikiamco, Independent Director	14
11. Dr. Beatrice Jane L. Ang, Independent Director	14
12. Mr. Tomas V. Apacible, Director ¹	9
Mr. Carlos A. Pinpin, Jr. ²	4

¹ Effective May 21, 2024

² Term expired on May 21, 2024

Attendance
Board Committee Meetings
2024

Executive Committee	Total Meetings Held	No. of Meetings Attended
Dr. Jaime C. Laya, Chairman	12	12
Gen. Hermogenes C. Esperon, Jr. (Ret.), Member	12	12
Sr. Justice Josue N. Bellosillo (Ret.), Member	12	12
Dr. Emilio C. Yap III, Member	12	12
Ms. Miriam C. Cu, Member	12	12
Mr. Ernesto O. Chan, Member	12	12
Mr. Tomas V. Apacible, Member ¹	12	7
Mr. Carlos A. Pinpin, Jr. ²	12	5

¹ Effective June 3, 2024

² Term expired on May 21, 2024

Trust and Investment Committee	Total Meetings Held	No. of Meetings Attended
Chief Justice Hilario G. Davide, Jr. (Ret.), Chairman	4	4
Dr. Jaime C. Laya, Member (President)	4	4
Mr. Calixto V. Chikiamco, Member (ID)	4	4
Mr. Benjamin C. Yap, Member ¹	4	2
Ms. Hazel M. Navarro, Member (Trust Officer) ¹	4	4
Mr. Carlos A. Pinpin, Jr., Member ²	4	1
Mr. Pompeyo A. Claveria, Member (Trust Officer) ³	4	1

¹ Effective June 3, 2024

² Term expired on May 21, 2024

³ Resigned effective May 2, 2024

Audit Committee	Total Meetings Held	No. of Meetings Attended
Dr. Beatrice Jane L. Ang, Chairman (ID)	11	11
Gen. Hermogenes C. Esperon, Jr. (Ret.), Member (ID)	11	9
Mr. Ernesto O. Chan, Member	11	10

Board Risk Oversight Committee	Total Meetings Held	No. of Meetings Attended
Mr. Calixto V. Chikiamco, Chairman (ID)	4	4
Chief Justice Hilario G. Davide, Jr. (Ret.), Member	4	4
Dr. Beatrice Jane L. Ang, Member (ID)	4	4

Related Party Transactions Committee	Total Meetings Held	No. of Meetings Attended
Mrs. Ma. Georgina P. De Venecia, Chairman (ID)	7	7
Gen. Hermogenes C. Esperon, Jr. (Ret.), Member (ID)	7	7
Mr. Calixto V. Chikiamco, Member (ID)	7	7
Chief Justice Hilario G. Davide, Jr. (Ret.), Member	7	7

Corporate Governance Committee	Total Meetings Held	No. of Meetings Attended
Gen. Hermogenes C. Esperon, Jr. (Ret.), Chairman (ID)	6	6
Mrs. Ma. Georgina P. De Venecia, Member (ID)	6	6
Dr. Beatrice Jane L. Ang, Member (ID)	6	6
Chief Justice Hilario G. Davide, Jr. (Ret.), Member	6	6

Board I.T. Committee	Total Meetings Held	No. of Meetings Attended
Gen. Hermogenes C. Esperon, Jr. (Ret.), Chairman (ID)	6	6
Dr. Emilio C. Yap III, Member	6	6
Mr. Calixto V. Chikiamco, Member (ID)	6	5

Corporate Governance Seminar

In compliance with the Bank's Manual on Corporate Governance (MCG), as amended, the Directors and Key Officers regularly attend annual corporate governance seminars. The latest of which was conducted by the Institute of Corporate Directors on November 9, 2024. The annual continuing training program makes certain that directors and key officers are updated on business developments, regulatory environments and digital innovations. Matters discussed include cybersecurity governance, risk management, sustainable development goals and valuable framework for setting strategies relevant to banking operations.

Annual Self-Assessments of Directors and of the Board

The performance of the Board of Directors as a collegial body is assessed annually to determine its effectiveness and to ensure the optimum mix of competencies and backgrounds.

The performance of each Director is likewise assessed annually to measure individual competence and to ensure that each Director continuously possesses all the qualifications and none of the disqualifications for bank directors.

Please refer to Annexes "A" hereto attached for relevant information on the Members of the Board of Directors.

(b) Incumbent Corporate/Executive Officers of the Bank:

Name	Position	Age*	Citizenship
Mr. Basilio C. Yap	Chairman Emeritus	75	Filipino
Gen. Hermogenes C. Esperon, Jr. (Ret.)	Chairman of the Board	72	Filipino
Dr. Jaime C. Laya	Vice Chairman and President <i>(Former Chairman, Monetary Board and Governor, Central Bank of the Philippines)</i>	85	Filipino
Senior Justice Josue N. Bellosillo (Ret.)	Vice Chairman and Corporate Counsel <i>(Retired Senior Justice of the Supreme Court)</i>	91	Filipino
Dr. Emilio C. Yap III	Vice Chairman	53	Filipino
Atty. Agnes B. Urbano	Asst. Corporate Secretary	63	Filipino
Atty. Renniel C. Mailom	Asst. Corporate Secretary	50	Filipino

*Age as of December 31, 2024

No one of the aforesaid Officers has any substantial interest, direct or indirect, in the matters that were acted upon by the stockholders in their 2024 annual meeting.

Except for President Laya who is currently the Chairman of the Board of Trustees of the Cultural Center of the Philippines, no other Officer of the Bank currently holds government position or is connected with government

Please refer to Annex "A" hereto attached for relevant information on the said Officers of the Bank.

At the 2024 Organizational Meeting, the Board re-organized its Committees, namely: (1) Executive; (2) Trust and Investment; (3) Audit; (4) Board Risk Oversight; (5) Corporate Governance; (6) Related Party Transactions; and (7) Board I.T. Their respective Chairman and members were elected for a term of one (1) year effective June 3, 2024 consistent with the recommendations of the Code of Corporate Governance for Publicly-Listed Companies under SEC Memo Circular No. 19, Series of 2016. The Board Committees were duly represented in the last two (2) Annual Meetings of the Stockholders.

(c) Nominees for Directors of the Bank for the Ensuing Year 2025 - 2026:

The Corporate Governance Committee had screened, evaluated and endorsed the Nominees for the positions of twelve (12) Directors of the Bank for the ensuing year 2025 - 2026. No one declined his/her nomination.

With Mr. Basilio C. Yap as Chairman Emeritus, the Nominees for Directors of the Bank for the ensuing year 2025 - 2026 are as follows:

1. Gen. Hermogenes C. Esperon, Jr. (Ret.), Independent Director
2. Dr. Jaime C. Laya
3. Sr. Justice Josue N. Bellosillo (Ret.)
4. Dr. Emilio C. Yap III
5. Chief Justice Hilario G. Davide, Jr. (Ret.)
6. Mr. Ernesto O. Chan
7. Mr. Benjamin C. Yap
8. Ms. Miriam C. Cu
9. Mr. Tomas V. Apacible
10. Mrs. Maria Georgina P. De Venecia, Independent Director
11. Mr. Calixto V. Chikiamco, Independent Director
12. Dr. Beatrice Jane L. Ang, Independent Director

All Nominees are incumbent Directors of the Bank who, during their respective tenures, have continuously possessed all the qualifications and none of the disqualifications for corporate directorship mandated by the RCC and all other laws and regulations. Particularly, the nominees for Independent Directors are compliant with the Requirements on Nomination and Election of Independent Directors under SRC Rule 38 and SEC Memo Circular 19. As in the past years, the Corporate Governance Committee had taken into consideration, adopted and complied with the said SRC Rule 38 and SEC Memo Circular 19 before approving and endorsing the nominees for independent directors.

The nominees for regular directors were nominated by U.S. Automotive Co., Inc. and Philtrust Realty Corporation while those for independent directors were nominated by Mr. Tomas V. Apacible. Mr. Apacible is not related to any of the nominees for independent directors.

Except for Dr. Laya, no other nominee for directorship currently holds government position or is connected with the government.

Chief Justice Davide and Mrs. De Venecia are currently affiliated with Manila Bulletin Publishing Corporation as Vice Chairman and Independent Director, respectively.

No one of the nominees for independent directors had served the Bank in such capacity for more than nine (9) years reckoned from 2012.

Please refer to Annexes "A-1" to "A-4" for the Certifications of Independent Directors/Nominees.

The Incumbent Chairman and Members of the Corporate Governance Committee are as follows:

1. Gen. Hermogenes C. Esperon, Jr. (Ret.) - Chairman (Independent Director)
2. Mrs. Maria Georgina P. De Venecia - Member (Independent Director)
3. Dr. Beatrice Jane L. Ang - Member (Independent Director)
4. Chief Justice Hilario G. Davide, Jr. (Ret.) - Member

(d) Corporate/Executive Officers for the Ensuing Year 2025 - 2026:

The appointment and hiring of new Officers as well as the reappointment/promotion of the incumbent Officers of the Bank for the ensuing year 2025 - 2026 will be acted upon by the Board of Directors in its organizational meeting to be held immediately after the adjournment of the 2025 ASM.

(e) Significant Employees

The Bank values the importance of each employee, whether officer or staff, and recognizes their significant contributions to the Bank's business and growth.

(f) Family Relations

Chairman Emeritus Basilio C. Yap, Vice-Chairman Dr. Emilio C. Yap III and Director Benjamin C. Yap are relatives by consanguinity.

(g) Involvement in Certain Legal Proceedings

During the past five (5) years up to the present, the Bank has no knowledge that any of its incumbent directors, nominees for directorship or incumbent executive officers is a party to, or any of their properties is subject of, any of the hereunder events that are material to an evaluation of their ability or integrity, as follows:

- (1) 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 (2) years prior thereto;
- (2) Any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offense;
- (3) 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
- (4) Being found by a domestic or foreign court of competent jurisdiction (in 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.

(h) Certain Relationships and Related Transactions

The Bank does not have a parent company, subsidiary or any transactions with promoters.

The Bank's related parties include any party that the Bank exerts direct or indirect control over or that exerts direct or indirect control over the Bank; the Bank's directors, officers, shareholders and their related interests (DOSRI); their close family members; as well as corresponding persons in affiliated companies; and such other persons or juridical entities whose interests may pose potential conflict with the interest of the Bank.

Related party transactions (RPTs) refer to dealings with the Bank's related parties, regardless of whether a price is charged. RPTs likewise include outstanding transactions that were entered into with an unrelated party that subsequently becomes a related party.

Consistent with the Rules on Material Related Party Transactions for Publicly-Listed Companies under SEC Memorandum Circular No. 10, Series of 2019, the Board has oversight responsibility in ensuring that RPTs are handled with integrity, in a sound and prudent manner, on an arm's length basis and compliant with applicable laws and regulations to protect the interest of the stakeholders. The Directors are required to fully disclose to the Board all facts related to material RPTs as well as their direct and indirect financial interest in any transaction that may affect the company. Such disclosure shall be made at the Board meeting where the material RPT will be presented for approval.

As defined under said SEC Circular, material RPT refers to any related party transaction/s, either individually, or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of a company's total assets based on its latest audited financial statement.

The Bank had no related party transactions in 2024 that breached the 10% materiality threshold as would necessitate submission of a report to SEC under its Memorandum Circular No. 10.

As shown in the Notes to Financial Statements for the Years 2023 and 2024, the RPTs consisted of loans and receivables, investments in equity securities, deposit liabilities, rent income/expense and other transactions with entities under common management for services rendered by related parties that are included in the Other Operating Expenses of the Bank.

Said transactions were done on an arm's length basis and on substantially the same terms, such as rate of interest, collateral, surety, maturity, purpose and service charge, among others, as those prevailing at the time for transactions with non-related parties of comparable risks. They did not involve more than the normal risk of collectability or present other unfavorable conditions. They were extensively evaluated and reviewed by the RPT Committee prior to their endorsement to the Board.

Item 6. Compensation of Directors and Executive Officers

(a) Directors:

Sec. 29 Title III of the RCC provides that in the absence of any provision in the By-Laws fixing their compensation, the directors shall not receive any compensation in their capacity as such, except for reasonable per diems x x x.

Philtrust Bank Directors do not receive compensation in their capacity as directors inasmuch as there is no provision in the Bank's By-Laws fixing their compensation. However, they receive per diem of P80,000.00 per Board meeting and an additional P10,000.00 per Board Committee meeting attended. The incumbent Directors did not participate in the determination of their own per diem because it was approved prior to their term. They also receive percentual bonus or profit sharing, as provided for in the By-Laws, as an incentive to promote the business of the Corporation. The profit sharing is distributed in proportion to the actual Board meetings attended by each Director.

Following are the total per diem and profit sharing actually paid to the Directors for the years 2023 and 2024 as well as the projected amount for 2025:

Year	Total Per Diem and Profit Sharing (in Million Pesos)
2025	₱24.61*
2024	₱30.60
2023	₱27.58

** Approximate amount*

For security considerations, the Bank has decided to disclose the aforesaid amounts on aggregate basis having deemed it substantial compliance with Section 29 of the RCC.

There are no other arrangements, standard or otherwise, that would directly or indirectly compensate the Directors.

(b) Officers:

The aggregate compensation of the Bank's President and four (4) most highly compensated Officers are presented below. The 2025 figures are approximate amounts based on the immediately preceding year.

Summary of Compensation
(in Million Pesos)

	<i>Year</i>	<i>Salary</i>	<i>Bonus</i>	<i>Others</i>
1. Dr. Jaime C. Laya President	2025	₱7.11*	₱2.37*	₱4.79*
2. Carlos A. Pinpin, Jr.** Sr. Executive Vice President	2024	₱8.50	₱2.31	₱8.21
3. Virginia S. Choa Shi Executive Vice President				
4. Miriam C. Cu Senior Vice President	2023	₱9.50	₱3.34	₱6.82
5. Luisa A. Lucin Senior Vice President				

*Approximate Amount

** Sr. EVP until May 31, 2024

	<i>Year</i>	<i>Salary</i>	<i>Bonus</i>	<i>Others</i>
All Directors and Officers As a group unnamed	2025	₱407.39*	₱144.39*	₱65.33*
	2024	₱391.58	₱138.24	₱92.30
	2023	₱379.56	₱132.73	₱66.16

*Approximate Amount

(c) Employee Retirement Benefit Plan

The Bank maintains a Provident Fund which is a voluntary investment established by the Bank and the Employees to serve as long-term savings that will support the employees upon retirement. A Provident Fund Investment Committee has been created to assist the Board in its oversight responsibilities regarding fund administration and investment to ensure that maximum retirement benefits and efficient services are provided to the Employees.

Other employee benefits which are higher than the statutory requirements are provided for in the Collective Bargaining Agreement (CBA) between the Management and the Union. The latest CBA was executed on October 18, 2024 covering a five-year period from January 1, 2025 to December 31, 2029. The CBA recognizes the payment and distribution of the profit sharing after declaration by the Board and confirmation/ratification by the stockholders in their annual meeting.

(d) Profit Sharing

Article VII of the Bank's By-Laws provides for a percentual bonus or profit sharing (PS) which is distributed to the Directors, Officers and Staff in proportion to their actual attendance as an incentive to them to help promote the business of the corporation.

(e) Outstanding Warrants or Options

The Bank has no information on any outstanding warrant or option held by its directors or officers.

Item 7. Independent Public Accountant

During their May 21, 2024 Annual Meeting, the stockholders approved to delegate to the Board of Directors the authority to appoint and/or change the Bank's external auditor for the year 2024 from among the auditing firms accredited by both the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission.

Pursuant thereto, the Board, in its meeting on October 29, 2024, approved the re-appointment of Reyes Tacandong & Co. as the Bank's external auditor for the year 2024. It is accredited by both BSP and SEC.

In compliance with SRC Rule 68 requiring the five-year rotation of external auditors or engagement partners, Reyes Tacandong & Co. has assigned to the Bank an engagement partner who shall serve as such within the said term limit.

There had been no disagreements between the Bank and its external auditors concerning the years audited by them.

Representatives of Reyes Tacandong & Co. are expected to be present at the 2025 Annual Stockholders' Meeting with opportunity to make a statement, if they so desire, and respond to questions that may be raised regarding the 2024 Audited Financial Statements.

The aggregate fees billed for professional services rendered by the Bank's external auditors for the audit of the Bank's annual financial statements or services that are normally provided by them in connection with statutory and regulatory filings or engagements are as follows:

(a) Schedule of External Audit Fees and Services

	REYES TACANDONG & CO.	
	2023	2024
Audit and Audit-Related Fees (Retainer Fees and Audit Engagement Fees)	₱4,480,000.00	₱4,480,000.00
Tax Fees	-	-
All Other Fees (Reimbursements of various Audit-Related Expenses)	238,504.00	₱ 212,856.00
Total	₱4,718,504.00	₱4,692,856.00

The scope of services to be rendered by the external auditor as well as the fees to be charged therefor were previously considered and approved by the Board's Audit Committee whose members have relevant background, knowledge, skill and/or experience in the areas of accounting, auditing and finance.

The incumbent Chairman and Members of the Audit Committee are as follows:

1. Dr. Beatrice Jane L. Ang - Chairman (Independent Director)
2. Gen. Hermogenes C. Esperon, Jr. (Ret.) - Member (Independent Director)
3. Mr. Ernesto O. Chan - Member

(b) As reflected in its Charter, hereunder are the Audit Committee's Authority, Roles and Responsibilities for External Audit:

1. Oversee the external audit function by:
 - a. Reviewing the external auditor's proposed annual audit scope plan, and approach;
 - b. Reviewing the performance of the independent auditor;

- c. Making recommendations to the Board of Directors on the appointment, renewal or termination of engagement of an external auditor;
 - d. Reviewing and confirming the qualifications and independence of the independent auditor, at least annually;
 - e. Obtaining and reviewing the external auditor's report, describing its internal control procedures, and any material issues raised in the most recent internal control review;
 - f. Discussing the external auditor's independence and reviewing a written statement prepared by the external auditor describing all relationships between the auditor and the Bank;
 - g. Pre-approving audit and non-audit services performed by the external auditor, consistent with applicable independence rules;
 - h. Confirming with the external auditor's compliance with the partner rotation requirements established by the Securities and Exchange Commission.
2. Ensure that Senior Management maintains the reliability and integrity of the accounting policies and financial reporting and disclosure practices of the Bank in compliance with Bangko Sentral ng Pilipinas (BSP) regulations and consistent with the Philippine Financial Reporting Standards or Philippine Accounting Standards.
3. Review with Senior Management and the external auditor:
- a. The Bank's annual financial statements and related notes, and Management's Discussion and Analysis of Financial Condition and Results of Operations;
 - b. The external auditor's audit of the financial statement and audit report;
 - c. Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Bank's selection or application of accounting principles, and major issues as to the adequacy of the bank's internal controls and any special audit steps adopted in light of material control deficiencies;
 - d. Any analyses prepared by management or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the Bank's financial statements;
 - e. The effect of regulatory and accounting initiatives on the Bank's financial statements;

- f. Correspondence from or with the regulators or governmental agencies and any employee complaints or published reports that raise material issues regarding the Bank's financial statements, financial reporting process, accounting policies or internal audit function.
- 4. Review the basis for, and discuss with Senior Management and the internal auditor, the Bank's annual audited financial statements, as well as the external auditor/s opinion on the financial statements.
- 5. Provide an independent direct channel of communication between the Board and the internal and external auditors, granting them unrestricted access to the Committee.
- 6. Conduct or authorize investigations into any matters within the Committee's scope and responsibilities.

Item 8. Compensation Plans

Compensations are based on the designated salary scheme of the Bank.

(a) Standard Arrangement and Material Terms of Other Arrangements

The Bank has no standard arrangement or any other arrangement with regard to the remuneration of its incumbent officers other than their compensation.

(b) Terms and Conditions of Employment of Executive Officers

The Bank has the usual terms and conditions of employment for its senior executive officers and for rank and file employees.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

NOT APPLICABLE

Item 10. Modification or Exchange of Securities

NOT APPLICABLE

Item 11. Financial and other Information

Please refer to Annexes "C", "C1", "C2" and "C3" hereto attached.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

NOT APPLICABLE

Item 13. Acquisition or Disposition of Property

There are no acquisitions or dispositions of any property requiring stockholders' approval.

Item 14. Restatement of Accounts

There are no restatements of any asset, capital or surplus account of the Bank requiring stockholders' approval.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

In the forthcoming 2025 Annual Stockholders' Meeting, only the matters included in the Agenda will be considered and acted upon, including the following reports:

1. Approval of the Minutes of the Annual Meeting of the Stockholders held on May 21, 2024.
2. Approval of the Annual Report to Stockholders and the Audited Financial Statements for the year 2024.
3. Approval/ratification of all acts and transactions of the Board of Directors, the Committees and the Management, including related party transactions, since the last annual meeting of the stockholders held in 2024.

Hereunder is a brief summary of the 2024 - 2025 resolutions of the Board, the Committees and the Management for ratification of the stockholders:

1. The grant, renewal, increase and reinstatement of credit accommodations, including related party transactions.
2. Reorganization of the Board Committees and the Management Committees and approval/amendment of their respective Charters.
3. Adoption/amendment of various corporate manuals/guidelines/policies and procedures to conform with the requirements of the regulatory agencies.
4. Sale of real and other properties acquired by the Bank.
5. Promotion, appointment and retirement of Bank Officers.
6. Grant of authority to represent the Bank in certain legal and administrative matters.
7. Appointment of external auditor as authorized by the stockholders.
8. Other acts/resolutions/transactions in the regular course of universal banking operations conducted on an arm's length basis and for the best interest of the Bank's and its stakeholders.

Item 16. Matters Not Required to be Submitted

NOT APPLICABLE

Item 17. Amendment of Charters, By-Laws or Other Documents

NOT APPLICABLE

Item 18. Other Proposed Actions

Sec. 49 Title VI of the RCC provides that at each regular meeting of stockholders, the board of directors shall endeavor to present to stockholders the minutes of the most recent regular meeting.

Consistent therewith, the Minutes of the 2024 ASM will be presented to the stockholders for their consideration and approval during the 2025 ASM. Each resolution contained in the Minutes was approved unanimously by the total number of shares present at the meeting which was 964,420,071 or 96.44% of the 1,000,000,000 total issued and outstanding shares. One (1) share is equal to one (1) vote and a stockholder's vote is considered a vote for all the shares held by him, except in the election of directors where cumulative voting is allowed.

The stockholders were given the opportunity to ask questions on each Agenda item presented for their consideration so that the same could properly be addressed and clarified before the votes were taken.

The matters discussed, the tally of votes and the resolutions approved and adopted during the 2024 ASM are presented below:

Discussion/Resolution	Votes Received		
	For	Against	Abstained
1. Approval of the Minutes of the ASM held on May 30, 2023	964,420,071	0	0
2. Approval of the Annual Report to the Stockholders and Audited Financial Statements for the year 2023.	964,420,071	0	0
3. Ratification and approval of all acts and transactions of the Board of Directors, the Committees and the Management, including related party transactions, since the Annual Meeting of the Stockholders on May 30, 2023.	964,420,071	0	0
4. Grant of authority for the Board of Directors to appoint/change the Bank's external auditors for the year 2024.	964,420,071	0	0
5. To cast in favor of each of the 12 nominees for the positions of 12 Directors of the Bank the unanimous vote all the shares present.	964,420,071	0	0

Thereafter, the following were declared as the duly elected Directors of the Bank for the ensuing year 2024 - 2025, by garnering the number of votes appearing opposite their respective names, to hold office for one (1) year and until their successors are elected and shall have qualified in accordance with the By-Laws, to wit:			
NAME OF DIRECTORS	VOTES RECEIVED		
1. Gen. Hermogenes C. Esperon, Jr. (Ret.) Independent Director	964,420,071		
2. Dr. Jaime C. Laya	964,420,071		
3. Sr. Justice Josue N. Bellosillo (Ret.)	964,420,071		
4. Dr. Emilio C. Yap III	964,420,071		
5. Chief Justice Hilario G. Davide, Jr. (Ret.)	964,420,071		
6. Mr. Ernesto O. Chan	964,420,071		
7. Mr. Benjamin C. Yap	964,420,071		
8. Ms. Miriam C. Cu	964,420,071		
9. Mr. Tomas V. Apacible	964,420,071		
10. Mrs. Maria Georgina P. De Venecia, Independent Director	964,420,071		
11. Mr. Calixto V. Chikiamco Independent Director	964,420,071		
12. Dr. Beatrice Jane L. Ang Independent Director	964,420,071		
Other Matters:	Votes Received		
	For	Against	Abstained
6. Notation of the Results of the Self-Evaluation of the Directors for the year 2023	964,420,071	0	0

Attendance to the 2024 ASM:

Stockholders Present	No. of Shares Held
I. The Chairman Emeritus and all 12 incumbent Directors	
Mr. Basilio C. Yap	1,389,030
1. Gen. Hermogenes C. Esperon, Jr. (Ret.)	100
2. Dr. Jaime C. Laya	33,325
3. Sr. Justice Josue N. Bellosillo (Ret.)	1,512
4. Dr. Emilio C. Yap III	183,263
5. Chief Justice Hilario G. Davide, Jr. (Ret.)	1,000
6. Mr. Ernesto O. Chan	17,566
7. Mr. Benjamin C. Yap	19,310
8. Ms. Miriam C. Cu	548,881
9. Mr. Tomas V. Apacible	1,512
10. Mrs. Maria Georgina P. De Venecia	100
11. Mr. Calixto V. Chikiamco	100
12. Dr. Beatrice Jane L. Ang	100
II. Officers with the rank of Vice President and up	81,017
III. Principal Stockholders with at least 10% holdings	962,123,195
IV. Others	20,060
TOTAL SHARES PRESENT	964,420,071

Item 19. Voting Procedures for the 2025 ASM

The stockholders as of the record date of April 15, 2025 are entitled to notice of, and to vote at, the 2025 Annual Stockholders' Meeting. The Notice of the Meeting shall be published in the business section of two (2) newspapers of general circulation in print and online format, for two (2) consecutive days and that the last publication of the Notice shall be made no later than twenty one (21) calendar days prior to the scheduled meeting. As the 2025 ASM is set on May 27, the last day of publication shall be no later than May 6, 2025. Moreover, the Notice shall be posted on the Bank's website at www.philtrustbank.com and additionally, on PSE Edge.

Voting shall be by ballots to be cast by the stockholders or by their duly authorized proxies. One (1) share is equal to one (1) vote and a vote by the stockholder shall be considered a vote for all the shares in his name except in the election of Directors where cumulative voting is allowed.

The 2025 ASM will be conducted via remote communication and the following procedure for participation shall be followed:

1. Stockholders of PHILTRUST BANK as of the Record Date of April 15, 2025, who wish to participate in the 2025 Annual Stockholders' Meeting are requested to notify the Bank and to submit the requirements for validation enumerated below as well as the duly accomplished Ballot/Proxy document through email at ptcorsec@philtrustbank.com from May 14, 2025 to May 20, 2025.

2. The email should contain the following requirements for validation:

2.1 For Individual Stockholders

- a. Name;
- b. Recent photo;
- c. Address;
- d. Valid and active contact number;
- e. Valid and active email address; and
- f. Scanned copy of any valid government-issued ID with photo

2.2 For Stockholders with joint accounts

A scanned copy of an authorization letter signed by all stockholders named in the joint account, identifying who among them is authorized to cast the vote.

Submit also the requirements listed in No. 2.1 above.

2.3 For Stockholders under Broker accounts

- a. A broker's certification on the Stockholder's number of shareholdings
- b. Recent photo;
- c. Valid and active contact number;
- d. Valid and active email address; and
- e. Scanned copy of any valid government-issued ID with photo

2.4 For Corporate Stockholders

- a. A Secretary's Certificate attesting to the authority of the representative to vote for, and on behalf of the Corporation;
- b. Valid and active contact number of the representative;
- c. Valid and active email address of the representative; and
- d. Scanned copy of any valid government-issued ID with photo of the representative.

2.5 For Stockholders to be represented by a proxy or authorized person

- a. Submit scanned copy of the duly accomplished Proxy Form or an authorization letter signed by the Stockholder to cast the vote.
 - b. Valid and active contact number of the proxy holder;
 - c. Valid and active email address of the proxy holder; and
 - d. Scanned copy of any valid government-issued ID with photo of the proxy holder
3. After validation, the confirmed Stockholders/Proxies will receive an email from the Office of the Corporate Secretary and will be provided with a link to the meeting. They will be included in the computation of attendance and the determination of quorum at the meeting.
 4. Questions on any item in the Agenda should be submitted through email at ptcorsec@philtrustbank.com on or before May 20, 2025.
 5. Reports relative to the Bank's 2025 ASM which were submitted to SEC and PSE may be viewed on the Bank's website at www.philtrustbank.com or on PSE Edge. For any clarification concerning the 2025 ASM, please contact the Office of the Corporate Secretary through email at ptcorsec@philtrustbank.com on or before May 20, 2025.

Attendance to the 2025 ASM shall be based on the number of shares held/represented by the stockholders/proxies whose registration were duly confirmed. One share is equal to one vote and when the presence of a quorum has been established, a majority vote of all the shares present at the meeting is required to approve a resolution, except in the election of directors where cumulative voting is allowed.

As in the previous year, Chairman Hermogenes C. Esperon, Jr. will preside over the 2025 ASM while the Office of the Corporate Secretary will receive the ballots and count the votes cast thereat.

Item 20. Statement of Management’s Responsibility for Financial Statements, the 2024 Audited Financial Statements and the Interim Financial Statements for the Quarter ended March 31, 2025

The Statement of Management’s Responsibility for Financial Statements, the 2024 Audited Financial Statements and the Interim Financial Statements for the Quarter ended March 31, 2025 are hereto attached as Annexes “B”, “B-1” and “B-2” respectively.

Item 21. Management Report and Management’s Discussion and Analysis of Financial Condition and Results of Operations

Please refer to Annexes “C”, “C1”, “C2” and “C3” hereto attached.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report (Preliminary Information Statement) is true, complete and correct. This report is signed in the City of Manila on April 29, 2025.

Philippine Trust Company
(PHILTRUST BANK)
Issuer

By:


AGNES B. URBANO
FVP/Asst. Corporate Secretary

NOTICE and UNDERTAKING

In compliance with SEC requirements, the Bank hereby gives notice that:

1. The Definitive Information Statement (SEC Form 20-IS) shall be uploaded on the Bank's website at www.philtrustbank.com and on PSE Edge, after clearance with SEC, and shall be made available to the stockholders no later than May 6, 2025 or at least 21 calendar days prior to the 2025 ASM.
2. The Annual Report for the Year Ended December 31, 2024 (SEC Form 17-A) and the Interim Financial Statements for the Quarter Ended March 31, 2025 (SEC Form 17-Q) may also be viewed on the Bank's website and on PSE Edge.
3. Hard copies of the said reports shall be provided upon written request of any stockholder.


AGNES B. URBANO
FVP/Asst. Corporate Secretary

BUSINESS EXPERIENCE OF DIRECTORS, NOMINEES AND OFFICERS

<i>Name/Citizenship/Age*</i>	<i>Title</i>	<i>Corporate Affiliation**</i>	<i>Profession/Occupation</i>
Gen. Hermogenes C. Esperon, Jr. (Ret.) Filipino 72 years old	Chairman and Independent Director	Philtrust Bank, August 2022 to date	Master in Business Administration Master in Public Administration Recent/Relevant seminars/trainings attended: a. Annual Corporate Governance Training Programs, 2022 - 2024 b. Anti-Money Laundering (AML) Seminar, 2022, 2024 c. AML/CTF Fundamentals Course, 2024 d. AMLC Registration and Reporting Guidelines (ARRG) Course, 2024 e. Targeted Financial Sanctions (TFS) Course, 2024
	Director	BancNet, June 18, 2024 to date	
	Member	PMA Alumni Association, Inc	
	Member	Association of Generals and Flag Officers	
	Vice Chairman	Anti-Terrorism Council, 2020 - 2022	
	Vice Chairman	National Task Force to End Local Communist and Armed Conflict, 2018 - 2022	
	National Security Adviser and Director General	National Security Council, 2016 - 2022	
	Chairman	National Task Force on the West Philippine Sea, 2016 - 2022	
	Co - Chairman	National Cyber Security Inter-Agency Committee, 2016 - 2022	
	Chairman	National Intelligence Board, 2016 - 2022	
	Secretary	Presidential Management Staff, 2008 - 2009	
	Secretary	Presidential Adviser on the Peace Process, 2008	
	Chief of Staff	Armed Forces of the Philippines, 2006 - 2008	
	Commanding General	Philippine Army, 2005 - 2006	
	Chairman of the Board	AFP Retirement and Separation Benefits System (RSBS), 2006 - 2008	
	Chairman of the Board	AFP Savings and Loan Association, Inc. (AFPSLAI), 2006 - 2008	
	Chairman of the Board	AFP Mutual Benefit Association, Inc. (AFPMBAI), 2006 - 2008	
	Chairman of the Board	AFP General Insurance Corporation (AFPGEN), 2006 - 2008	

*As of December 31, 2024

**Corporate affiliations held for the last five years unless otherwise specified.

<i>Name/Citizenship/Age*</i>	<i>Title</i>	<i>Corporate Affiliation**</i>	<i>Profession/Occupation</i>
Dr. Jaime C. Laya Filipino 85 years old	Vice Chairman	Philtrust Bank, August 23, 2022 - Present	Ph.D. - Financial Management Certified Public Accountant (CPA) Recent/Relevant seminars/trainings attended: a. Annual Corporate Governance Training Programs, 2014 - 2024 b. Anti-Money Laundering Seminars, 2018 - 2022; 2024 c. AML Risk Rating System amendment to BSP Circular, 2014 d. BASEL III SEMINAR, 2017
	President	Philtrust Bank, 1992 - 1998; 2012 - 2021; May 30, 2023 - Present	
	Chairman	Philtrust Bank, 2003 - 2018; 2021 - 2022	
	Governor	Central Bank of the Philippines, 1981 - 1984	
	Chairman	Monetary Board, Central Bank of the Philippines, 1981 - 1984	
	Deputy Governor for Supervision and Examination	Central Bank of the Philippines, 1975 - 1981	
	Minister	Ministry of the Budget, 1975 - 1981	
	Minister	Ministry of Education, Culture and Sports, 1984 - 1986	
	Independent Director	GMA Network, Inc. and GMA Holdings, Inc.	
	Chairman	Cultural Center of the Philippines	
	Trustee	Metropolitan Museum of Manila	
	Trustee	Yuchengco Museum	
	Trustee	Escuela Taller Foundation of the Philippines, Inc.	
	Chairman	Don Norberto Ty Foundation, Inc.	
	Columnist	Manila Bulletin Publishing Corp.	
	Vice Chairman	Society for Cultural Enrichment, Inc.	
	Chairman	Filipinas Opera Society Foundation, Inc.	
	Trustee	Fundacion Santiago	
	Trustee	Cofradia De La Inmaculada Concepcion	
	Trustee	Museo Del Galeon, Inc.	
	Trustee	American Historical Collection Foundation, Inc.	
	Member/Board of Advisers	Ayala Museum	
	Deputy Director General	National Economic Development Authority, 1974 - 1975	
	Professor and Dean	College of Business Administration, University of the Philippines, 1970 - 1974	

*As of December 31, 2024

**Corporate affiliations held for the last five years unless otherwise specified.

<i>Name/Citizenship/Age*</i>	<i>Title</i>	<i>Corporate Affiliation**</i>	<i>Profession/Occupation</i>
Senior Justice Josue N. Bellosillo (Ret.) Filipino 91 years old	Vice Chairman	Philtrust Bank	Lawyer Recent/Relevant seminars/trainings attended: a. Annual Corporate Governance Training Programs, 2009; 2014 - 2024 b. Anti-Money Laundering Seminars, 2020 - 2022; 2024 c. Organized a rural bank in Capiz, Panay d. Wrote the Supreme Court opinions as ponente in various decisions dealing in banking, taxation and commercial law
	Corporate Counsel	Philtrust Bank	
	Dean, School of Law and Jurisprudence	Centro Escolar University	
	Retired Senior Justice	Supreme Court of the Philippines	
Dr. Emilio C. Yap III Filipino 53 years old	Vice Chairman	Philtrust Bank	Business Executive Doctor of Philosophy in Journalism Honoris Causa Doctor of Philosophy in Business Administration Honoris Causa Recent/Relevant seminars/trainings attended: a. Annual Corporate Governance Training Programs, 2008 - 2009; 2014 - 2024 b. National Conference of Employers “The Global Crisis: Our Response”, 2009 c. Anti-Money Laundering Seminars, 2010 and 2018 - 2022; 2024 d. Seminar on AML Risk Rating System and AML Law, 2014 e. BASEL III, 2017
	Vice Chairman/President	Manila Bulletin Publishing Corporation	
	Chairman	Manila Prime Land Holdings, Inc.	
	Chairman	Park and Shop, Inc.	
	Vice Chairman	Manila Hotel Corporation	
	Director	Centro Escolar University	
	Vice Chairman/President	U.S. Automotive Co., Inc.	
	Vice Chairman/President	USAUTOCO, Inc.	
	Vice Chairman/President	Philtrust Realty Corporation	
	Vice Chairman/President	Cocusphil Development Corporation	
	Vice Chairman/President	Manila Prince Hotel Corporation	
	Vice Chairman/President	U.N. Properties Development Corporation	
	Director	MH F&B Ideas, Inc.	
	Director	TMH Transport Limousine Services, Inc.	
	Director/VP	Orient Enterprises, Inc.	
	Director/VP/Treasurer	Seabreeze Enterprises, Inc.	
	Director	Sunny Tropical Island Holdings, Inc., 2022 - Present	
	Chairman	Maynila Properties	
	Chairman	Lumera Tower Condominium Inc.	
	Chairman	Qubix Residences Condominium Corporation	
	Director	Euro-Med Laboratories Phil., Inc., 2014-2017	

*As of December 31, 2024

**Corporate affiliations held for the last five years unless otherwise specified.

<i>Name/Citizenship/Age*</i>	<i>Title</i>	<i>Corporate Affiliation**</i>	<i>Profession/Occupation</i>
Chief Justice Hilario G. Davide, Jr. (Ret.) Filipino 89 years old	Director	Philtrust Bank, May 2022 to date	Lawyer Recent/Relevant seminars/trainings attended: a. Annual Corporate Governance Training Programs, 2017 - 2024 b. Anti-Money Laundering Seminars, 2020 - 2022; 2024 c. Barcelona Conference on Climate Change, 2009 d. World Justice Forum, 2008 e. Global Forum on Liberty and Prosperity, 2006 f. International Conference and Showcase on Judicial Reforms, 2005 g. American Bar Association (ABA) International Forum on the Rule of Law, 2006 h. 22 nd Biennial Conference of the World Jurist Association, 2005 i. 13 th Annual International Judicial Conference, 2005 j. 2004 Ramon Magsaysay Awardees Conference, 2004 k. 22 nd Annual International Law and Religion Symposium, 2015 l. Various local and international conferences
	Independent Director	Philtrust Bank, April 2013 - April 2022	
	Independent Director/Vice Chairman	Manila Bulletin Publishing Corporation, 2011 to date	
	Vice Chairman	Kompass Credit and Financing Corporation	
	Chairman	Claudio Teehankee Foundation, Inc.	
	Trustee	Knights of Columbus Fr. George J. Willmann, SJ Charities, Inc.	
	Trustee	Knights of Columbus of the Philippines Foundation, Inc.	
	Chairman	Heart of Francis Foundation, Inc.	
	Supreme Commander Emeritus	Knights of Rizal	
	Member	Knights of Rizal Council of Elders	
	Independent Director	Megawide Construction Corp.	
	Former President and Member	Association of Retired Justices of the Supreme Court of the Philippines	
	Retired Chief Justice	Supreme Court of the Philippines	
	Ambassador Extraordinary and Plenipotentiary	Permanent Representative of the Republic of the Philippines to the United Nations in New York, 2007 – 2010	
	Chairman	Commission on Elections, 1988-1990	
	Commissioner	1986 Constitutional Commission	
	Assemblyman Representing Region VII	Interim Batasang Pambansa, 1978-1984	

*As of December 31, 2024

**Corporate affiliations held for the last five years unless otherwise specified.

<i>Name/Citizenship/Age*</i>	<i>Title</i>	<i>Corporate Affiliation**</i>	<i>Profession/Occupation</i>
Ernesto O. Chan Filipino 78 years old	Director	Philtrust Bank	Business Executive Recent/Relevant seminars/trainings attended: a. Annual Corporate Governance Training Programs, 2009; 2014 - 2024 b. Anti-Money Laundering Seminars, 2018 - 2022; 2024 c. AML/CTF Fundamentals Course, 2024 d. AMLC Registration and Reporting Guidelines (ARRG) Course, 2024 e. Targeted Financial Sanctions (TFS) Course, 2024
	Independent Director	Philtrust Bank, April 2012 - April 2021	
	Chairman/Treasurer	Pioneer Insurance and Surety Corp.	
	Chairman/Treasurer	Pioneer Intercontinental Insurance Corp.	
	Director/Treasurer	Pioneer Life, Inc.	
	Director/Treasurer	Bancasia Finance and Investment Corp.	
	Director/Treasurer	Bancasia Capital Corp.	
Benjamin C. Yap Filipino 78 years old	Director	Philtrust Bank	Business Executive Recent/Relevant seminars/trainings attended: a. Annual Corporate Governance Training Programs, 2015 - 2024 b. Anti-Money Laundering Seminars, 2019 - 2022; 2024
	President/Chairman of the Board	Benjamin Favored Son, Inc.	
	Chairman of the Board	House of Refuge Foundation	
	Director	U.S. Automotive Co., Inc.	
	Director	USAUTOOCO, Inc.	
	Director	Manila Hotel Corporation	
	Director	Centro Escolar University	
	Director	Seabreeze Enterprises, Inc.	
	Director	Philtrust Realty Corporation	
	Director	Euro-Med Laboratories Phil., Inc.	
	Director	Manila Prince Hotel Corporation	
	Director	U.N. Properties Development Corporation	
	Director	Manila Bulletin Publishing Corporation	
Miriam C. Cu Filipino 65 years old	Director	Philtrust Bank	Certified Public Accountant (CPA) Recent/Relevant seminars/trainings attended: a. Annual Corporate Governance Training Programs, 2008 - 2009; 2014 - 2024 b. Anti-Money Laundering Seminars, 2007; 2010; 2016; 2018 - 2022; 2024 c. Seminar on AML Risk Rating System and AML Law, 2014 d. BASEL III, 2017
	Senior Vice President	Philtrust Bank	
	Director/Treasurer	Orient Enterprises, Inc.	
	Director/Corporate Secretary	Seabreeze Enterprises, Inc.	
	Director	G.A. Cu Unjieng Realty, Inc.	

*As of December 31, 2024

**Corporate affiliations held for the last five years unless otherwise specified.

<i>Name/Citizenship/Age*</i>	<i>Title</i>	<i>Corporate Affiliation**</i>	<i>Profession/Occupation</i>
Tomas V. Apacible Filipino 78 years old	Director	Philtrust Bank, May 21, 2024 to date	Master in Business Management
	Management Consultant	Philtrust Bank, May 31, 2022 to May 21, 2024	Attended the following seminars/trainings: a. Workshop on Corporate Governance, 2000 b. Basic course on Corporate Governance, 2001 c. Orientation Course on Corporate Governance, 2002 d. AICD, 2002 e. Director Education Program by Yale International Institute of Corporate Governance, 2002 f. Annual Corporate Governance Training Program, 2014-2021; 2024 g. AML, 2019-2020; 2024
	Director	Philtrust Bank, 2021 - 2022	
	Independent Director	Philtrust Bank, 2010 - 2021	
	Adviser	Philippine Cancer Society, July 1, 2013 to date	
	Senior Vice President	Manila Bulletin Publishing Corporation, 1993 - 1997	
	Independent Director	Philippine Stock Exchange, Inc., 2001 - 2003	
	Chief Executive Officer (Temp.)	Institute of Corporate Directors, 2007 - 2008	
	Congressman	House of Representatives, Batangas, First District, June 2010 - June 2013	
	Director	Land Bank of the Philippines, 1997 - 2001	
	Commissioner	Bureau of Customs, 1991 - 1992	
	Senior Undersecretary	Department of Finance, 1988 - 1991	
	Senior Governor/Director	Development Bank of the Philippines, 1986 - 1989	

*As of December 31, 2024

**Corporate affiliations held for the last five years unless otherwise specified.

<i>Name/Citizenship/Age*</i>	<i>Title</i>	<i>Corporate Affiliation**</i>	<i>Profession/Occupation</i>
Maria Georgina P. De Venecia Filipino 75 years old	Independent Director	Philtrust Bank, July 21, 2021 to date	Doctorate Degree in Humanities Bachelor in Business Administration, Major in Economics, Minor in Banking and Finance Recent/Relevant seminars/trainings attended: a. Annual Corporate Governance Training Programs, 2017; 2019 - 2024 b. Anti-Money Laundering Seminar, 2022, 2024
	Independent Director	Manila Bulletin Publishing Corporation, July 13, 2017 to date	
	Chairman	INA Foundation, Inc.	
Calixto V. Chikiamco Filipino 74 years old	Independent Director	Philtrust Bank, July 21, 2021 to date	Bachelor of Arts, Major in Economics Master in Business Management Recent/Relevant seminars/trainings attended: a. Annual Corporate Governance Training Programs, 2008; 2015 - 2024 b. Anti-Money Laundering Seminar, 2022, 2024
	Founder and President	MRM Studios Inc.	
	Founder and Chairman	Mobilemo, Inc.	
	Vice Chairman	CBY Inc.	
	Director	Golden Sunrise, Inc.	
	Director	APMC	
	President	Foundation for Economic Freedom	
	President	Four Seas Trading Inc.	
	Consultant	The Asia Foundation	
	Director	Institute of Development and Econometric Analysis Inc.	
	Director	Heirs of Calixto Chikiamco Inc.	
	President	Trinity Capital Holdings, March 10, 2025 to date	
Dr. Beatrice Jane L. Ang Filipino 43 years old	Independent Director	Philtrust Bank, August 23, 2022 to date	Doctor of Medicine (MD) Bachelor of Science in Biology Master of Business Administration in General Management Recent/Relevant seminars/trainings attended: a. Annual Corporate Governance Training Programs, 2022 - 2024 b. Anti-Money Laundering Seminar, 2022, 2024 c. AMLC Targeted Financial Sanctions (TFS) Webinar for Covered Persons, 2022 d. AML/CTF Fundamentals Course, 2024 e. AMLC Registration and Reporting Guidelines (ARRG) Course, 2024 f. Targeted Financial Sanctions (TFS) Course, 2024
	Director	Basic Energy Corporation	
	Director/Corporate Secretary	Quindecim Holdings, Inc.	
	Managing Director/Treasurer	BA Securities, Inc.	
	Managing Director	CLMC Group of Companies	
	Administrator	Buddhist Tzu Chi Medical Foundation Philippines, Inc.	
	Commissioner	Tzu Chi Buddhist Compassion Relief Foundation	
	Honorary Consul	Honorary Consulate of Ukraine in Manila	
	Special Assistant to the Hon. Consul General	Honorary Consulate of Republic of Tanzania in Manila, 2012 - 2018	
	Special Assistant to the Hon. Consul General	Honorary Consulate of Peru in Manila, 2007 - 2010	

*As of December 31, 2024

**Corporate affiliations held for the last five years unless otherwise specified.

<i>Name/Citizenship/Age*</i>	<i>Title</i>	<i>Corporate Affiliation**</i>	<i>Profession/Occupation</i>
Virginia S. Choa-Shi Filipino 69 years old	Executive Vice President	Philtrust Bank	B.S. Business Administration - Accounting Bank Executive Recent/Relevant seminars/trainings attended: a. Annual Corporate Governance Training Programs, 2009; 2015 - 2020; 2022 - 2024 b. Anti-Money Laundering Seminars, 2020; 2022; 2024
	(with banking experience at Philtrust Bank for over 40 years)		
Luisa A. Lucin Filipino 68 years old	Principal Accounting Officer	Philtrust Bank	Certified Public Accountant (CPA) Bank Executive Recent/Relevant seminars/trainings attended: a. Annual Corporate Governance Training Programs, 2009; 2014 - 2024 b. Anti-Money Laundering Seminars, 2019 - 2022; 2024
	Senior Vice President	Philtrust Bank	
Atty. Agnes B. Urbano Filipino 63 years old	Asst. Corporate Secretary	Philtrust Bank	Lawyer B.S. Commerce - Management of Financial Institutions Recent/Relevant seminars/trainings attended: a. Annual Corporate Governance Training Programs, 2009; 2014 - 2024 b. Anti-Money Laundering Seminars, 2007; 2018 - 2022; 2024 c. Mandatory Continuing Legal Education, (MCLE) VII, 2023 d. SEC Seminar on Ultimate Beneficial Ownership, 2019 e. Seminar on Related Party Transactions, 2016 f. Seminar on AML Risk Rating System and AML Law, 2014 g. Forum for Issuers and Transfer Agents, 2009 h. Seminar on PSE and SEC Rules on Disclosures, 2005 - 2007; 2009
	First Vice President	Philtrust Bank	
	(with banking/corporate experience at Philtrust Bank for over 40 years)		

*As of December 31, 2024

**Corporate affiliations held for the last five years unless otherwise specified.

<i>Name/Citizenship/Age*</i>	<i>Title</i>	<i>Corporate Affiliation**</i>	<i>Profession/Occupation</i>
Benito D. Chua Filipino 68 years old	Treasurer	Philtrust Bank	B.S. Business Administration Bank Executive Recent/Relevant seminars/trainings attended: a. Annual Corporate Governance Training Programs, 2014 - 2024 b. Anti-Money Laundering Seminars, 2019 - 2022; 2024
	Vice President	Philtrust Bank	
	(with banking experience at Philtrust Bank for over 40 years)		
Judy Rosario G. Cam Filipino 70 years old	Chief Compliance Officer	Philtrust Bank, June 1, 2023 - Present	Certified Public Accountant (CPA) Master in Business Administration Recent/Relevant seminars/trainings attended: a. Annual Corporate Governance Training Programs, 2022 - 2024 b. Anti-Money Laundering Seminar, 2022, 2024 c. Certificate Course in Strategic Compliance in the Banking Industry, 2009 d. Association of Bank Compliance Officers of the Philippines (ABCOMP) various Conferences and Training Programs, 2017 - 2023 e. Data Privacy Act, 2022
	Vice President	Philtrust Bank, June 1, 2023 - Present	
	Consultant	Philtrust Bank, June 1, 2022 - May 31, 2023	
	Board Member	Philippine Foundation for Cultural and Educational Development, Inc.	
	Board Member	The Foundation for Professional Training Inc.	
	Board Member	University of Asia and the Pacific	
	Board Member	The Association of Bank Compliance Officers	
	Founding Chair	Palanan Multi-Purpose Cooperative	
	Board Member	Center for Research	
	Independent Director	Northpoint Development Bank, 2021 - 2022	
	Consultant	RCBC Regulatory Affairs Group, 2019 - 2021	
	VP and Chief Compliance Officer	RCBC Savings Bank, 2003 – 2019	
Atty. Renniel C. Mailom Filipino 50 years old	Asst. Corporate Secretary	Philtrust Bank, July 2021 - Present	Lawyer A.B. Political Science Recent/Relevant seminars/trainings attended: a. Annual Corporate Governance Training Programs, 2021, 2022, 2024 b. Anti-Money Laundering Seminars, 2008, 2022, 2024 c. Mandatory Continuing Legal Education (MCLE) VII, 2022 d. Combating Money Laundering during Pandemic, 2020 e. Annual National DPO Conference, 2019 f. DPO Ace Program, 2019 g. First National Data Privacy Conference, 2018 h. How safe are your Data, 2018 i. Securing Data in Modern Work Place, 2018 j. Countdown to Data Privacy, 2017 k. Loan Processing & Operation Seminar, 2010
	Data Protection Officer	Philtrust Bank, July 2021 - Present	
	Senior Assistant Manager	Philtrust Bank, May 30, 2023 - Present	
	Assistant Manager	Philtrust Bank, 2021 - 2023	
	Legal/Compliance Assistant I	Philtrust Bank, 2014 - 2021	
	Senior Assistant Manager	The Real Bank, 2008 - 2014	
	Associate Professor	San Sebastian College, 2002 - 2014	

*As of December 31, 2024

**Corporate affiliations held for the last five years unless otherwise specified.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **HERMOGENES C. ESPERON, JR.**, Filipino, of legal age and with office address at Philtrust Bank Building, 1000 United Nations Avenue corner San Marcelino Street, Manila, after having been duly sworn in accordance with law do hereby declare that:


1. I am a nominee for Independent Director of Philippine Trust Company, also known as PHILTRUST BANK and have been its Independent Director since August 23, 2022.
2. I am also affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
PMA Alumni Association Inc.	Member	1974 to date
Association of Generals and Flag Officers (AGFO)	Member	2003 to date
BancNet	Director	June 18, 2024 to date

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Philtrust Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of Philtrust Bank and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding
6. I am not in government services/affiliated with a government agency or GOCC.

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 Philtrust Bank of any changes in the abovementioned information within five days from its occurrence.


Done this MAR 26 2025 at the City of Manila.


HERMOGENES C. ESPERON, JR.
Affiant

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA) s.s.

Subscribed and sworn to before me this MAR 26 2025 at the City of Manila,
affiant exhibiting to me his Philippine Identification Card

Doc. No. 152;
Page No. 32;
Book No. III;
Series of 2025.


LEO T. LIM
Commission No. 2024-093
Valid until December 31, 2025
Notary Public for the City of Manila
Philtrust Bank Bldg., United Nations Ave.,
Cor. San Marcelino St., Brgy. 674, District V
Paco Manila

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARIA GEORGINA P. DE VENECIA**, Filipino, of legal age and with office address at Philtrust Bank Building, 1000 United Nations Avenue corner San Marcelino Street, Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of Philippine Trust Company, also known as PHILTRUST BANK and have been its Independent Director since July 21, 2021.
2. I am also affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Manila Bulletin Publishing Corporation	Independent Director	2017 to date
INA Foundation, Inc.	Chairman	2005 to date

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Philtrust Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of Philtrust Bank and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding
6. I am not in government services/affiliated with a government agency or GOCC.

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 Philtrust Bank of any changes in the abovementioned information within five days from its occurrence.


Done this MAR 26 2025 at the City of Manila.


MARIA GEORGINA P. DE VENECIA
Affiant

Republic of the Philippines)
City of Manila) s.s.

SUBSCRIBED AND SWORN to before me this MAR 26 2025 at the City of Manila
affiant exhibiting to me her Tax Identification Number

Doc. No. 153;
Page No. 32;
Book No. 77;
Series of 2025.


LEO T. LIM
Commission No. 2024-093
Valid until December 31, 2025
Notary Public for the City of Manila
Philtrust Bank Bldg., United Nations Ave.,
Cor. San Marcelino St., Brgy. 674, District V
Paco Manila

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CALIXTO V. CHIKIAMCO**, Filipino, of legal age and with office address at 15th Floor, Pacific Star Building, Sen. Gil Puyat corner Makati Avenue, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

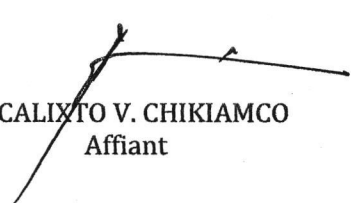
1. I am a nominee for Independent Director of Philippine Trust Company, also known as PHILTRUST BANK and have been its Independent Director since July 21, 2021.
2. I am also affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
MRM Studios Inc.	Founder and President	2001 to date
Mobilemo Inc.	Founder and Chairman	2010 to date
CBY Inc.	Vice Chairman	1999 to date
Golden Sunrise, Inc.	Director	1984 to date
APMC	Director	1985 to date
Foundation for Economic Freedom	President	2010 to date
Four Seas Trading Inc.	President	2008 to date
The Asia Foundation	Consultant	2009 to date
IDEA Inc.	Director	2009 to date
Heirs of Calixto Chikiamco, Inc.	Director	2000 to date
Trinity Capital Holdings, Inc.	President	March 10, 2025 to date

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Philtrust Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of Philtrust Bank and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not in government service/affiliated with a government agency or GOCC.

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 Philtrust Bank of any changes in the abovementioned information within five days from its occurrence.

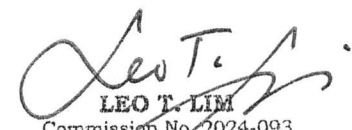
Done this MAR 26 2025 at the City of Manila.


CALIXTO V. CHIKIAMCO
Affiant

Republic of the Philippines)
City of Manila) s.s.

SUBSCRIBED AND SWORN to before me this MAR 26 2025 at the City of Manila
affiant exhibiting to me his Tax Identification Number

Doc. No. 154;
Page No. 32;
Book No. III;
Series of 2025.


LEO T. LIM
Commission No. 2024-093
Valid until December 31, 2025
Notary Public for the City of Manila
Philtrust Bank Bldg., United Nations Ave.,
Cor. San Marcelino St., Brgy. 674, District V
Paco Manila

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **BEATRICE JANE L. ANG**, Filipino, of legal age and with office address at Philtrust Bank Building, 1000 United Nations Avenue corner San Marcelino Street, Manila, after having been duly sworn to in accordance with law do hereby declare that:


1. I am a nominee for Independent Director of Philippine Trust Company, also known as PHILTRUST BANK and have been its Independent Director since August 23, 2022.
2. I am also affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Basic Energy Corporation	Director	2020 – Present
Quindecim Holdings, Inc.	Director	2017 – Present
	Corporate Secretary	2018 – Present
BA Securities, Inc.	Managing Director and Treasurer	2003 – Present
CLMC Group of Companies	Managing Director	2003 – Present
Buddhist Tzu Chi Medical Foundation Philippines, Inc.	Administrator	2019 – Present
Tzu Chi Buddhist Compassion Relief Foundation	Commissioner	1995 – Present
Honorary Consulate of Ukraine in Manila	Honorary Consul	2020 – Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Philtrust Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of Philtrust Bank and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding

6. I am not in government services/affiliated with a government agency or GOCC.
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 Philtrust Bank of any changes in the abovementioned information within five days from its occurrence.

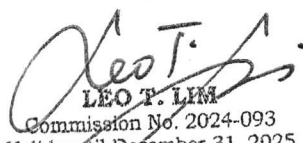
Done this MAR 26 2025 at the City of Manila.


BEATRICE JANE L. ANG
Affiant

Republic of the Philippines)
City of Manila) s.s.

SUBSCRIBED AND SWORN to before me this MAR 26 2025 at the City of Manila
affiant exhibiting to me her UMID

Doc. No. 155 ;
Page No. 32 ;
Book No. III ;
Series of 2025.


LEO T. LIM
Commission No. 2024-093
Valid until December 31, 2025
Notary Public for the City of Manila
Philtrust Bank Bldg., United Nations Ave.,
Cor. San Marcelino St., Brgy. 674, District V
Paco Manila



PHILTRUST BANK

PHILIPPINE TRUST COMPANY

PHILTRUST BANK BUILDING
UNITED NATIONS AVE. CORNER SAN MARCELINO ST.,
MANILA, PHILIPPINES

Annex "B"

TEL.: 8524-90-61 TO 76
3498-01-90 TO 99
FAX: 8521-73-09 / 3498-02-00
SWIFT: PHTBPHMM
EMAIL: ptc@philtrustbank.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

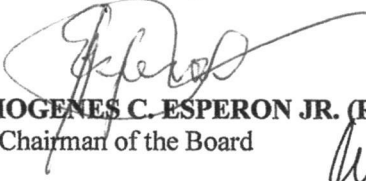
The management of **PHILTRUST BANK (Philippine Trust Company)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework 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 and error.

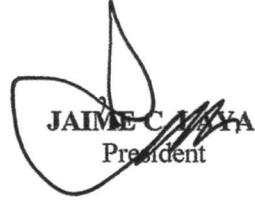
In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease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

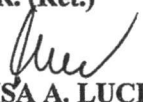
The Board of Directors is responsible in overseeing the Bank's financial reporting process.

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

REYES TACANDONG & CO., the independent auditor appointed by the stockholders, has audited the financial statements of the Bank 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.


GEN. HERMOGENES C. ESPERON JR. (Ret.)
Chairman of the Board


JAIME C. LAYA
President

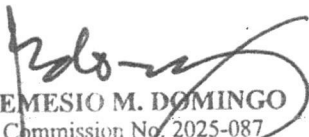

LUISA A. LUCIN
Chief Finance Officer

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA)s.s.

Subscribed and sworn to before me this MAR 25, affiants exhibiting to me their respective Tax Identification Numbers, as follows: 5 2025

Gen. Hermogenes C. Esperon Jr. (Ret)
Jaime C. Laya
Luisa A. Lucin

Doc. No. 209
Page No. 53
Book No. 2
Series of 2025


NEMESIO M. DOMINGO
Commission No. 2025-087
Notary Public for the City of Manila
Until December 31, 2026

March 25, 2025



Outlook

Your BIR AFS eSubmission uploads were received

From eafs@bir.gov.ph <eafs@bir.gov.ph>**Date** Mon 4/14/2025 12:07 PM**To** PTC Accounting <PTCACCTG@PHILTRUSTBANK.COM>**Cc** Luisa Lucin <LALUCIN@PHILTRUSTBANK.COM>

Some people who received this message don't often get email from eafs@bir.gov.ph. [Learn why this is important](#)

Hi PHILIPPINE TRUST COMPANY (PHILTRUST BANK),

Valid files

- EAFS000541102ITRTY122024.pdf
- EAFS000541102RPTY122024.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-4SMVSS10NSNMVRWXQ4YWQ2VY0NVNQVWWV**

Submission Date/Time: **Apr 14, 2025 12:07 PM**

Company TIN: **000-541-102**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

For Encrypted Emails click [here](#) for instructions ===== DISCLAIMER ===== This email and its attachments may be confidential and are intended solely for the use of the individual or entity to whom it is addressed. If you are not the intended recipient of this email and its attachments, you must take no action based upon them, nor must you disseminate, distribute or copy this e-mail. Please contact the sender immediately if you believe you have received this email in error. E-mail transmission cannot be guaranteed to be secure or error-free. The recipient should check this email and any attachments for the presence of viruses. The Bureau of Internal Revenue does not accept liability for any errors or omissions in the contents of this message which arise as a result of e-mail transmission. For Encrypted Emails click [here](#) for instructions

===== DISCLAIMER ===== This email and its attachments may be confidential and are intended solely for the use of the individual or entity to whom it is addressed. If you are not the intended recipient of this email and its attachments, you must take no action based upon them, nor must you disseminate, distribute or copy this e-mail. Please contact the sender immediately if you believe you have received this email in error. E-mail transmission cannot be guaranteed to be secure or error-free. The recipient should check this email and any attachments for the presence of viruses. The Bureau of Internal Revenue does not accept liability for any errors or omissions in the contents of this message which arise as a result of e-mail transmission.



Outlook

Your BIR AFS eSubmission uploads were received

From eafs@bir.gov.ph <eafs@bir.gov.ph>

Date Mon 4/14/2025 11:24 AM

To PTC Accounting <PTCACCTG@PHILTRUSTBANK.COM>

Cc Luisa Lucin <LALUCIN@PHILTRUSTBANK.COM>

Some people who received this message don't often get email from eafs@bir.gov.ph. [Learn why this is important](#)

Hi PHILIPPINE TRUST COMPANY (PHILTRUST BANK),

Valid files

- EAFS000541102AFSTY122024.pdf
- EAFS000541102TCRTY122024-03.pdf
- EAFS000541102TCRTY122024-01.pdf
- EAFS000541102TCRTY122024-02.pdf

Invalid files

- EAFS000541102ITRTY122024.pdf
- EAFS000541102RPTY122024.pdf

Warning: Please resubmit the invalid files in the expected PDF format.

Transaction Code: **AFS-0-C6L96K7B0NXPVN2RNYY3NTWX069CF6DF**

Submission Date/Time: **Apr 14, 2025 11:24 AM**

Company TIN: **000-541-102**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

For Encrypted Emails click [here](#) for instructions ===== DISCLAIMER ===== This email and its attachments may be confidential and are intended solely for the use of the individual or entity to whom it is addressed. If you are not the intended recipient of this email and its attachments, you must take no action based upon them, nor must you disseminate, distribute or copy this e-mail. Please contact the sender immediately if you believe you have received this email in error. E-mail transmission cannot be guaranteed to be secure or error-free. The recipient should check this email and any attachments for the presence of viruses. The Bureau of Internal Revenue does not accept liability for any errors or omissions in the contents of this message which arise as a result of e-mail transmission. For Encrypted Emails click [here](#) for instructions

===== DISCLAIMER ===== This email and its attachments may be confidential and are intended solely for the use of the individual or entity to whom it is addressed. If you are not the intended recipient of this email and its attachments, you must take no action based upon them, nor must you disseminate, distribute or copy this e-mail. Please contact the sender immediately if you believe you have received this email in error. E-mail



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Philippine Trust Company (Philtrust Bank)
Philtrust Bank Building, 1000 United Nations Avenue
corner San Marcelino Street, Manila

Opinion

We have audited the accompanying financial statements of Philippine Trust Company (Philtrust Bank) (the Bank), which comprise the statements of financial position 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 the years ended December 31, 2024, 2023 and 2022, and notes to financial statements, including the summary of material accounting policy information.

In our opinion, the 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 the years ended December 31, 2024, 2023 and 2022 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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 the 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 as at and for the year ended December 31, 2024. 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.

Accounting for Investment Securities

The Bank has investment securities, which consist of financial assets at amortized cost and financial assets at fair value through other comprehensive income (FVOCI) amounting to ₱105,679.6 million and ₱17,421.2 million, respectively, as at December 31, 2024. The accounting for these investment securities is considered significant to our audit because in aggregate, it comprises 70.15% of the total assets and is substantial in relation to the financial statements taken as a whole.



We have assessed the propriety of the recognition, classification and measurement, as well as management's assessment of impairment of these investment securities. Our audit procedures, included, among others, (a) understanding of the financial asset management and recording process; (b) verifying the existence of these investment securities by obtaining confirmations from custodians and examination of underlying documents; (c) evaluating the propriety of the classification of the investment securities based on a duly approved business model; (d) testing the reasonableness of recognized interest income and the changes in fair values of financial assets at FVOCI; and (e) evaluating management's assessment of impairment losses on financial assets based on expected credit losses.

We also reviewed the relevant disclosures affecting investment securities which are included in Notes 3 and 8 to the financial statements.

Completeness and Accuracy of Loans and Receivables and Interest Income

The Bank has continued to utilize its traditional procedures and processes in maintaining loan records. Worksheets were prepared to summarize the terms and relevant information of the outstanding loans. The carrying amount of loans and receivables amounting to ₱30,729.6 million, represent 17.51% of the Bank's total assets as at December 31, 2024. Moreover, the related interest income on loans and receivables amounting to ₱2,229.1 million represents 23.06% of the total interest income in 2024.

Due to the significant volume of transactions and various payment terms and conditions of the loan accounts, extensive manual procedures were performed to ensure the completeness and validity of the loans and receivables, reasonableness of the interest income and accrued interest, and timely and proper monitoring of loan account status.

Our audit procedures included, among others, (a) obtaining an understanding of the recording and loan administration processes; (b) verifying the spreadsheet summary of significant loan accounts prepared by the Bank by comparing the same with relevant loan documents and ensuring the completeness of loan records; (c) re-computing the interest income and accrued interest of significant loan accounts in accordance with the terms and conditions reflected in the loan summaries; and (d) validating the status of the significant loan accounts on a sample basis.

We also reviewed the relevant disclosures affecting loans and receivables and related interest income which are presented in Note 9 to the financial statements.

Adequacy of Allowance for Credit and Impairment Losses on Loans and Receivables

The Bank recognized allowance for credit and impairment losses on loans and receivables amounting to ₱3,012.5 million as at December 31, 2024 using the expected credit loss (ECL) model.

The Bank's allowance for credit and impairment losses on loans and receivables is significant to our audit because it involves the exercise of significant management judgment, which include, among others, (a) determining the appropriate groupings of the Bank's credit risk exposures to establish the portfolio of counterparties with similar credit risk characteristics; (b) defining what constitutes a default; (c) determining the appropriate method to estimate the ECL; (d) identifying the exposures with significant increase in credit risk; (e) determining the relevant assumptions to be used in the ECL model; and (f) incorporating the appropriate forward-looking information in the ECL calculation.



Our audit procedures include understanding the methodologies and ECL model used by the Bank and assessing the compliance with the key requirements of PFRS 9, *Financial Instruments*. We have performed an independent assessment of the significant management judgment incorporated in and used in the preparation of the ECL model.

We have also assessed the reliability of the data used in the ECL model through inspection of the source data. On a sample basis, we have also performed recalculation of the allowance and provision for credit and impairment losses on loans and receivables.

We also checked the adequacy of disclosures made by the Bank in relation to the requirements of PFRS 9 and the discussion of the methodologies used and the related financial impact as disclosed in Notes 4, 9 and 13 to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditors' 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 in the foregoing when these become available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit 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 these 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.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA 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, these could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with PSA, 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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 audits.



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 year and are therefore considered key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Belinda B. Fernando.

REYES TACANDONG & Co.

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782/P-005; Valid until June 6, 2026

BIR Accreditation No. 08-005144-004-2022

Valid until October 16, 2025

PTR No. 10467126

Issued January 2, 2025, Makati City

March 25, 2025

Makati City, Metro Manila

PHILIPPINE TRUST COMPANY (PHILTRUST BANK)

STATEMENTS OF FINANCIAL POSITION

Amounts in Thousands

		December 31	
	Note	2024	2023
ASSETS			
Cash and other cash items	6	₱1,188,237	₱1,087,157
Due from Bangko Sentral ng Pilipinas	6	8,213,773	11,579,430
Due from other banks	6	1,015,262	1,169,066
Securities purchased under resale agreement	7	5,130,000	2,336,535
Investment securities	8	123,100,788	127,476,800
Loans and receivables	9	30,729,643	26,533,533
Property and equipment	10	3,106,688	3,304,479
Investment properties	11	2,183,443	2,220,428
Deferred tax assets - net	26	370,229	372,194
Other assets	12	433,113	357,016
		₱175,471,176	₱176,436,638
LIABILITIES AND EQUITY			
Liabilities			
Deposit liabilities	14	₱151,557,824	₱151,698,140
Accrued interest, taxes and other expenses	15	360,787	376,773
Manager's checks		173,230	155,863
Unearned interest	8	308,933	392,861
Lease liabilities	24	112,879	303,940
Other liabilities	16	281,344	335,838
Total Liabilities		152,794,997	153,263,415
Equity			
Capital stock	18	10,000,000	10,000,000
Reserves	18	219,219	72,500
Retained earnings		16,395,828	15,928,534
Other equity reserves		(3,938,868)	(2,827,811)
Total Equity		22,676,179	23,173,223
		₱175,471,176	₱176,436,638

See accompanying Notes to Financial Statements.

PHILIPPINE TRUST COMPANY (PHILTRUST BANK)

STATEMENTS OF INCOME

Amounts in Thousands, except Basic and Diluted Earnings per Share

		Years Ended December 31		
	Note	2024	2023	2022
INTEREST INCOME ON:				
Investment securities	8	₱7,062,658	₱6,228,442	₱3,804,370
Loans and receivables	9	2,229,102	1,685,932	1,128,101
Deposits from Bangko Sentral ng Pilipinas and other banks	6	199,528	386,719	557,439
Securities purchased under resale agreement	7	177,011	149,497	69,579
		9,668,299	8,450,590	5,559,489
INTEREST EXPENSE ON DEPOSIT LIABILITIES	14	6,502,809	5,308,184	2,738,469
NET INTEREST INCOME		3,165,490	3,142,406	2,821,020
REVERSAL OF ALLOWANCE FOR CREDIT AND IMPAIRMENT LOSSES				
	13	(292,227)	(831,398)	(157,393)
OTHER OPERATING INCOME				
Net foreign exchange gains		278,217	36,295	163,154
Gain on:				
Foreclosure of properties	11	87,596	106,473	140,884
Sale of investment securities	8	68,589	161,308	250,257
Sale of investment properties	11	53,835	7,378	28,564
Service fees and commissions		68,095	62,691	56,222
Others - net	20	347,239	58,130	87,365
		903,571	432,275	726,446
OPERATING EXPENSES				
Compensation and employee benefits	21	1,000,431	1,012,151	925,607
Occupancy and equipment-related expenses	22	200,874	208,817	179,641
Others	23	1,336,438	1,362,178	1,166,308
		2,537,743	2,583,146	2,271,556
INCOME BEFORE SALE OF QUOTED EQUITY SECURITY AND INCOME TAX		1,823,545	1,822,933	1,433,303
GAIN ON SALE OF QUOTED EQUITY SECURITY	8	—	473,035	—
INCOME BEFORE INCOME TAX		1,823,545	2,295,968	1,433,303
INCOME TAX EXPENSE	26	1,209,532	1,266,859	688,017
NET INCOME		₱614,013	₱1,029,109	₱745,286
BASIC AND DILUTED EARNINGS PER SHARE	19	₱0.61	₱1.03	₱0.75

See accompanying Notes to Financial Statements.

PHILIPPINE TRUST COMPANY (PHILTRUST BANK)

STATEMENTS OF COMPREHENSIVE INCOME

Amounts in Thousands

		Years Ended December 31		
	Note	2024	2023	2022
NET INCOME		₱614,013	₱1,029,109	₱745,286
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Items to be reclassified to profit or loss:</i>				
Net unrealized gains (losses) on fair value changes of debt securities	8	(1,035,120)	599,836	(5,025,011)
Translation adjustment		(120,529)	9,664	132,647
<i>Items not to be reclassified to profit or loss:</i>				
Net unrealized gains (losses) on fair value changes of equity securities	8	44,289	65,408	(446,917)
Remeasurement gain (loss) on retirement liability, net of deferred tax	21	303	753	(525)
		(1,111,057)	675,661	(5,339,806)
TOTAL COMPREHENSIVE INCOME (LOSS)		(₱497,044)	₱1,704,770	(₱4,594,520)

See accompanying Notes to Financial Statements.

PHILIPPINE TRUST COMPANY (PHILTRUST BANK)

STATEMENTS OF CHANGES IN EQUITY

Amounts in Thousands

	Note	Years Ended December 31		
		2024	2023	2022
CAPITAL STOCK	18	₱10,000,000	₱10,000,000	₱10,000,000
RESERVES	18			
Balance at beginning of year		72,500	72,320	72,320
Transfer from retained earnings for:				
General loan loss provision		144,305	—	—
Trust business		2,174	—	—
Self-insurance		240	180	—
Balance at end of year		219,219	72,500	72,320
RETAINED EARNINGS				
Balance at beginning of year		15,928,534	15,351,835	14,675,066
Net income		614,013	1,029,109	745,286
Transfer to reserves for:	18			
General loan loss provision		(144,305)	—	—
Trust business		(2,174)	—	—
Self-insurance		(240)	(180)	—
Realized fair value loss on investment securities	8	—	(452,230)	(68,517)
Balance at end of year		16,395,828	15,928,534	15,351,835
OTHER EQUITY RESERVES				
Cumulative Unrealized Gains (Losses) on Fair Value Changes of Investment Securities	8			
Balance at beginning of year		(3,167,331)	(4,284,805)	1,118,606
Net unrealized gains (losses)		(990,831)	665,244	(5,471,928)
Realized fair value loss reclassified to retained earnings		—	452,230	68,517
Balance at end of year		(4,158,162)	(3,167,331)	(4,284,805)
Cumulative Translation Adjustment				
Balance at beginning of year		331,571	321,907	189,260
Translation adjustment		(120,529)	9,664	132,647
Balance at end of year		211,042	331,571	321,907
Cumulative Remeasurement Gains on Retirement Liability	21			
Balance at beginning of year		7,949	7,196	7,721
Net remeasurement gain (loss), net of deferred tax		303	753	(525)
Balance at end of year		8,252	7,949	7,196
		(3,938,868)	(2,827,811)	(3,955,702)
		₱22,676,179	₱23,173,223	₱21,468,453

See accompanying Notes to Financial Statements.

PHILIPPINE TRUST COMPANY (PHILTRUST BANK)

STATEMENTS OF CASH FLOWS

Amounts in Thousands

		Years Ended December 31		
	Note	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱1,823,545	₱2,295,968	₱1,433,303
Adjustments for:				
Net provision (reversal of allowance) for credit and impairment losses on:				
Loans and receivables	13	(297,681)	(821,496)	–
Investment securities		5,454	(9,902)	(157,393)
Depreciation and amortization	10	183,016	194,833	175,035
Amortization of premium/discount of investment securities	8	108,205	88,201	137,992
Gain on sale of:				
Investment securities	8	(68,589)	(634,343)	(250,257)
Investment properties	11	(53,835)	(7,378)	(28,564)
Property and equipment	10	(273)	(164)	(43,103)
Accretion of interest on receivable	8	(87,934)	(43,969)	–
Gain on foreclosure of properties	11	(87,596)	(106,473)	(140,884)
Provision (reversal of allowance) for impairment losses on investment properties	11	(80,604)	19,380	40,689
Retirement benefits	21	56,494	50,705	54,192
Dividend income	20	(47,222)	(4,143)	(14,557)
Reversal of long-outstanding liabilities	16	(35,632)	–	–
Gain on lease adjustment	24	(7,771)	–	–
Interest expense on lease liabilities	24	7,425	11,307	9,999
Gain on pre-termination of lease contract	24	–	(705)	–
Operating income before working capital changes		1,417,002	1,031,821	1,216,452
Increase in:				
Loans and receivables		(3,952,999)	(3,581,709)	(2,610,422)
Other assets		(71,862)	(38,020)	(69,805)
Increase (decrease) in:				
Deposit liabilities		(140,316)	4,625,614	1,757,847
Manager's checks		17,367	12,960	(185,900)
Accrued interest, taxes and other expenses		(15,986)	168,384	52,328
Unearned interest		(83,928)	392,861	–
Other liabilities		(18,862)	67,356	33,171
Net cash generated from (used for) operations		(2,849,584)	2,679,267	193,671
Income tax paid		(1,207,668)	(1,094,614)	(653,512)
Contributions to the retirement fund	21	(56,274)	(50,443)	(54,010)
Net cash provided by (used in) operating activities		(4,113,526)	1,534,210	(513,851)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from:				
Maturities/disposal of investment securities	8	510,267,741	693,244,543	477,585,883
Sale of investment properties	11	280,937	24,784	52,353
Sale of property and equipment	10	59,016	11,165	167,837

(Forward)

Years Ended December 31				
	Note	2024	2023	2022
Additions to:				
Investment securities	8	(P505,295,025)	(P699,521,625)	(P514,199,641)
Property and equipment	10	(140,090)	(94,654)	(420,808)
Computer software	12	(13,074)	(5,467)	(611)
Dividend received	20	47,222	1,614	14,557
Net cash provided by (used in) investing activities		5,206,727	(6,339,640)	(36,800,430)
CASH FLOWS FROM A FINANCING ACTIVITY				
Payments of lease liabilities	24	(68,305)	(73,662)	(61,266)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		(1,665,198)	242,927	132,647
NET DECREASE IN CASH AND CASH EQUIVALENTS		(640,302)	(4,636,165)	(37,242,900)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
Cash and other cash items		1,087,157	1,035,708	966,923
Due from Bangko Sentral ng Pilipinas		11,579,430	17,194,897	41,936,529
Due from other banks		1,169,066	1,196,557	2,196,721
Securities purchased under resale agreement		2,336,535	1,381,191	12,951,080
		16,172,188	20,808,353	58,051,253
CASH AND CASH EQUIVALENTS AT END OF YEAR				
Cash and other cash items	6	1,188,237	1,087,157	1,035,708
Due from Bangko Sentral ng Pilipinas	6	8,213,773	11,579,430	17,194,897
Due from other banks	6	1,015,262	1,169,066	1,196,557
Securities purchased under resale agreement	7	5,130,000	2,336,535	1,381,191
		P15,547,272	P16,172,188	P20,808,353
OPERATING CASH FLOWS FROM INTEREST				
Interest received		P9,625,742	P8,872,824	P5,724,714
Interest paid		6,440,205	5,279,862	2,700,256
NONCASH INFORMATION				
Foreclosure of properties	11	P142,504	P296,748	P440,657
Adjustment on:				
Right-of-use (ROU) assets	10	142,994	—	—
Lease liabilities	24	(135,223)	—	—
Recognition of:				
ROU assets	10	5,042	179,044	64,629
Lease liabilities	24	5,042	178,174	64,629
Receivable resulting from sale of investment in quoted equity instruments	8	—	1,199,662	—

See accompanying Notes to Financial Statements.

PHILIPPINE TRUST COMPANY (PHILTRUST BANK)

NOTES TO FINANCIAL STATEMENTS

Amounts in Thousands

1. General Information

Philippine Trust Company (Philtrust Bank) (the Bank) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) and the Bangko Sentral ng Pilipinas (BSP). The Bank is primarily engaged in commercial banking. The Bank offers a wide range of products and services such as deposit products, loans, international services, treasury and trust functions. The Bank also provides investment management, estate administration, escrow services, insurance and pension plans, stock registry and transfer services.

The Bank is one of the oldest private commercial banks in the Philippines and was issued with a Certificate of Incorporation by the SEC on October 21, 1916.

The Bank has its primary listing on the Philippine Stock Exchange, Inc. (PSE) on February 17, 1988.

The Bank was conferred full universal bank status on June 5, 2007.

As at December 31, 2024 and 2023, the Bank operates a total of 61 branches. The Bank has 78 automated teller machines (ATM): 53 on-site, distributed at its head office and branches and 25 off-site.

The principal office of the Bank is at Philtrust Bank Building, 1000 United Nations Avenue corner San Marcelino Street, Manila.

Approval of the Financial Statements

The financial statements of the Bank as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 were approved and authorized for issuance by the Board of Directors (BOD) on March 25, 2025, as recommended for approval by the Audit Committee on March 24, 2025.

2. Summary of Material Accounting Policy Information

The material accounting principles adopted by the Bank were consistently applied with those in the previous years unless otherwise indicated.

Basis of Preparation and Statement of Compliance

The financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC.

This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), and the SEC pronouncements.

Measurement Bases

The financial statements have been prepared on a historical cost basis, except for:

- Investment securities measured at fair value through other comprehensive income (FVOCI);
- Retirement liability that is carried at the present value of defined benefit obligation less fair value of plan asset; and
- Lease liabilities recognized at the present value of the remaining lease payments, discounted using the Bank's incremental borrowing rate.

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that these transactions take place either:

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

The principal or the most advantageous market must be accessible to the Bank. The Bank measures the fair value of an asset or liability using the assumption 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 liability measured at fair value has both bid and ask prices, the Bank uses the price within the bid-ask price spread, which is the most representative of fair value in the circumstances.

For nonfinancial assets, the Bank measures the fair value considering a market participant's ability to generate economic benefits by using an asset in its highest and best use or by selling it to another market participant that would use it in its highest and best use.

The Bank uses observable market data as far as possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Bank recognizes transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

Information about the assumptions made in measuring fair values is included in Note 4, *Financial Risk Management* and Note 11, *Investment Properties*.

Functional and Presentation Currency

The financial statements are presented in Philippine Peso. The financial statements of the Bank include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). Items in the financial statements of each banking unit are measured using the currency of the primary economic environment in which the banking unit operates (the functional currency).

The functional currency of the RBU and FCDU is the Philippine Peso and United States Dollar (USD), respectively. For financial reporting purposes, the FCDU accounts are translated into their equivalent amounts in Philippine Peso. The financial statements of RBU and FCDU are combined after eliminating inter-unit accounts.

All values are rounded to the nearest thousands, unless otherwise indicated.

Presentation of Financial Statements

The Bank presents its statements of financial position broadly in the order of liquidity. An analysis of recoveries or settlements within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 17, *Classification of Assets and Liabilities*.

Adoption of Amendments to PFRS Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS Accounting Standards effective January 1, 2024:

- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers*, to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated.
- Amendments to PAS 1, *Presentation of Financial Statements - Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements.
- Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures - Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application is permitted.

The adoption of the amendments to PFRS Accounting Standards did not materially affect the financial statements of the Bank. Additional disclosures were included in the financial statements, as applicable.

New and Amendments to PFRS Accounting Standards Issued but Not yet Effective

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2024 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2025 -

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* – The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability.

The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2026 -

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7 - *Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at FVOCI. Earlier application is permitted.

Annual Improvements to PFRS Accounting Standards Volume 11:

- Amendments to PFRS 7 – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.
- Amendments to PFRS 9 - *Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to ‘*transaction price as defined by PFRS 15*’ to ‘*the amount determined by applying PFRS 15*’ to remove potential confusion. Earlier application is permitted.
- Amendments to PAS 7 - *Cost Method* – The amendments replace the term ‘cost method’ with ‘at cost’ following the deletion of the definition of ‘cost method’. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027 -

- **PFRS 18, *Presentation and Disclosure in Financial Statements*** – This standard replaces PAS 1 and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing new and amendments to PFRS Accounting Standards is not expected to have any material effect on the financial statements of the Bank. Additional disclosures will be included in the notes to financial statements, as applicable.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of Recognition. The Bank recognizes a financial asset or a liability in the statement of financial position when the Bank becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

“Day 1” Difference. Where the transaction in a non-active market is different from the fair value of 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 profit or loss. In cases where there is no observable data on inception, the Bank deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss 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.

Financial Assets

Classification. The Bank classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at FVOCI and (c) financial assets at amortized cost.

The classification of a financial asset largely depends on its contractual cash flow characteristics and the Bank's business model for managing them.

The Bank does not have financial assets at FVPL as at December 31, 2024 and 2023.

Financial Assets at FVOCI - Debt Securities. For debt securities that are not designated at FVPL under the fair value option, the financial assets are measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and sell the financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These debt securities are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt securities measured at FVOCI are recognized directly in profit or loss. Fair value changes are recognized in other comprehensive income and presented in the equity section of the statement of financial position. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Investments in government securities are included in this category.

Financial Assets at FVOCI - Equity Instruments. On initial recognition, equity instruments that are not held for trading may be irrevocably designated as a financial asset measured at FVOCI.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in other comprehensive income and presented in the equity section of the statement of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent years. On disposal of these equity securities, any cumulative gains or losses will be reclassified to retained earnings.

Investments in quoted and unquoted equity securities are classified under this category.

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

- it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for credit and impairment losses. 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.

Gains and losses are recognized in profit or loss when the financial assets are derecognized and through the amortization process.

Cash and other cash items, due from BSP and other banks, securities purchased under resale agreement, loans and receivables, government securities (presented under "Investment securities" account), refundable deposits, other investments and returned checks and other cash items (RCOCI), included under "Others" in the "Other assets" account, are classified under this category.

Reclassification. The Bank reclassifies its financial assets when, and only when, the Bank changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting year following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, the financial asset is reclassified at its fair value at the reclassification date, and the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date.

Equity securities designated to be measured at FVOCI may no longer be reclassified to another category.

Impairment. The Bank recognizes an allowance for expected credit losses (ECL) for all debt instruments not measured at FVPL and for exposures arising from loan commitments and financial guarantee contracts. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Bank expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate and adjusted for forward-looking estimates, as appropriate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The measurement of ECL reflects: (a) an unbiased probability-weighted amount that is determined by evaluating a range of possible outcomes; (b) the time value of money; and (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECL is a function of the probability of default, loss given default and exposure of default, with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

The probability of default represents the likelihood that the borrower will default either over the next 12 months or over the remaining life of the asset. Loss given default represents the Bank's expectation of the extent of loss on a default exposure. Exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

The Bank measures loss allowances at an amount equal to the 12-month ECL for the following:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Loans to customers and other financial instruments on which credit risk has not increased significantly since initial recognition.

The Bank considers its investment in debt securities to have a low credit risk when its credit risk rating is equivalent to “investment grade.”

The 12-month ECL is the portion of ECL that results from default events on financial assets that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is determined, are referred to as “Stage 1 financial assets”.

However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. Lifetime ECL is the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is determined but which are not credit-impaired, are referred to as “Stage 2 financial assets.”

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Bank also considers downgrade of credit risk rating or changes in the computed probabilities of default to determine whether significant increase in credit risk has occurred subsequent to initial recognition date. As a backstop indicator, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. In subsequent reporting years, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Bank reverts them to Stage 1.

At each reporting date, the Bank assesses whether financial assets carried at amortized cost are credit-impaired (referred to as “Stage 3 financial assets”). A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. ECL for credit-impaired financial assets is based on the difference between the gross carrying amount and present value of estimated future cash flows. The Bank transfers credit exposures from Stage 3 (non-performing) to Stage 1 (performing) when there is sufficient evidence to support their full collection. Such exposures should exhibit both the quantitative and qualitative indicators of probable collection prior to the transfer. The quantitative indicator is characterized by payments made within an observation period. The qualitative indicator pertains to the results of assessment of the borrower’s financial capacity. As a general rule, full collection is probable when payments of interest and/or principal are received for at least six months.

Financial assets at amortized cost are written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Modification or Restructuring. The Bank may modify the original terms and conditions of an existing loan, which may include, but are not limited to change in interest rates and terms, principal amount, maturity date and repayment schedule.

If modifications are considered substantial based in the assessment of the Bank, the loan is derecognized. Generally, a modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate is different by at least 10% from the discounted present value of remaining cash flows of the original asset.

On the other hand, if a loan has been renegotiated or modified without resulting in a derecognition, the Bank records a modification gain or loss to the extent that an impairment loss has not been already recorded based on the change in cash flows discounted at the loan's original effective interest rate.

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

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

When the Bank has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Bank's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Bank could be required to repay.

Financial Liabilities

Classification. The Bank classifies its financial liabilities at initial recognition under the following categories: (a) financial liabilities at amortized cost and (b) financial liabilities at FVPL.

The Bank does not have financial liabilities at FVPL as at December 31, 2024 and 2023.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when 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 settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

This category includes deposit liabilities, accrued interest and other expenses, manager's check, lease liabilities and other liabilities (excluding statutory liabilities, provision for impairment losses on commitments and contingent assets and retirement liability).

Classification of Financial Instrument between Liability and Equity. A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Bank; or
- 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.

If the Bank does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

If the modification of a financial liability is not accounted for a derecognition then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in the statements of income.

Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Repurchase and Reverse Repurchase Agreements

These are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are entered into with the intention of immediate or short-term resale and are classified as financial assets held for trading. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities purchased under agreements to resell are presented as a separate line item in the statement of financial position.

Prepaid Expenses

Prepaid expenses are expenses paid in advance and recorded as asset before these are utilized. Prepaid expenses are apportioned over the period covered by the payment and charged to appropriate expense accounts in profit or loss when incurred. Prepaid expenses that are expected to be realized for no more than 12 months after the financial reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Property and Equipment

Land is stated at cost less any impairment in value. Depreciable property and equipment are stated at cost less accumulated depreciation, amortization and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs of bringing the assets to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or are recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the asset can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which these are incurred.

Depreciation and amortization are calculated using the straight-line method to allocate cost or residual values over the estimated useful lives as follows:

	Number of Years
Buildings and improvements	25
Furniture, fixtures and equipment	5
Transportation equipment	5
Right-of-use (ROU) assets	3 to 10 or the related lease term, whichever is shorter

The assets' estimated useful lives and depreciation and amortization method are reviewed and adjusted if appropriate, at each reporting date. Assets are reviewed for impairment whenever assets or changes in circumstances indicate that the carrying amount may not be recoverable.

An item of the property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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 item) is included in profit or loss, in the year the item is derecognized.

Fully depreciated assets are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation, amortization and any impairment loss are removed from the accounts, any resulting gain or loss is recognized in profit or loss.

Investment Properties

Investment properties consist of foreclosed properties and properties held for capital appreciation that are not occupied by the Bank.

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired, unless the fair value of such an asset cannot be measured, in which case the investment property acquired is measured at carrying amount of the asset given up. Foreclosed properties are recognized as "Investment properties" upon: (a) entry of judgment in case of judicial foreclosure; (b) execution of Certificate of Sale in case of extra-judicial foreclosure; or (c) notarization of the "Deed of Dacion" in case of dacion in payment (dacion en pago). Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation, and any impairment in value. Land is carried at cost less any impairment losses.

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

Depreciation is calculated on a straight-line basis using the remaining useful life from the time of acquisition of the investment properties but not to exceed 10 years for buildings, except if significant renovation is made thereon and the estimated useful life of the building has been extended.

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 view to sale.

Investment properties are derecognized upon disposal or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gains or losses arising on derecognition of investment properties (calculated as the difference between the net disposal proceeds and the carrying amount of the item) are recognized in profit or loss in the year of retirement or disposal.

Computer Software

Computer software is measured initially at cost. Subsequently, computer software is measured at cost less accumulated amortization and any impairment losses. Internally-generated computer software is not capitalized and expenditures are recognized in profit or loss in the year in which the related expenditures are incurred.

Computer software is amortized using straight-line method over the useful life of three to five years and assessed for impairment whenever there is an indication that the computer software may be impaired.

The amortization period and method used for computer software are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimate. The amortization on computer software is recognized in profit or loss.

Computer software is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the computer software asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss, in the year the item is derecognized.

Impairment of Nonfinancial Assets

At each reporting date, the Bank assesses whether there is any indication of impairment on nonfinancial assets. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Bank makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's (or cash-generating units) fair value less costs of disposal 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 cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

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 assessment of the time value of money and the risks specific to the asset (or cash-generating unit). In determining fair value less cost of disposal, recent market transactions are taken into account, if available. If no such transaction can be identified, an appropriate valuation model is used.

An assessment is made at each reporting 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 recoverable amount is estimated. 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization are adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Reserves. Reserves represent the appropriation of retained earnings in relation to allowance for credit losses on loans receivables from customers which are less than the 1.0% general provision prescribed by the BSP for regulatory purposes. These also include portion of the Bank's income from trust operations and reserve for contingencies and self-insurance.

Retained Earnings. Retained earnings include cumulative balance of net income or loss, effects of the changes in accounting policy and other capital adjustments.

Dividend Declaration. Dividends 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 year end are dealt with as an event after the reporting date.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) comprises items of income and expenses (including items previously presented under equity) that are not recognized in profit or loss for the year in accordance with PFRS Accounting Standards. Other comprehensive income (losses), which are accumulated under “Other equity reserves” account, pertain to cumulative unrealized gains (losses) on fair value changes of investment securities, cumulative translation adjustment and cumulative remeasurement gains on retirement liability.

Revenue Recognition

Revenue from contracts with customers is recognized when the customer obtains control of the services at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for those services. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be measured reliably.

The Bank also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Bank has assessed that it acts as a principal in all of its revenue sources, except for revenue from trust operations.

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

Interest Income. For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective rate, transaction costs and all other premiums or discounts.

Any differences in the acquisition price of a financial asset from its maturity value is treated as “Unearned interest” and reported in the liability section of the statement of financial position.

When a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3, the Bank calculates interest income by applying the effective interest rate 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.

Service Fees and Commissions. Service charges and penalties, which are presented as part of “Service fees and commissions” in profit or loss, are recognized only upon collection or accrued when there is a reasonable degree of certainty as to its collectability. Commissions arising from providing transaction services are recognized upon completion of the transaction.

Rent Income. Rent income arising on leased properties is accounted for on a straight-line basis of accounting over the lease terms of ongoing operating leases and is recognized in profit or loss as part of “Other Income.” Contingent rent are recognized as revenue in the period in which these are earned

Dividend Income. Dividend income is recognized when the Bank’s right to receive payment is established.

Other Income. Revenue is recognized when earned.

Costs and Expense Recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Costs and expenses are recognized upon receipt of goods, utilization of services or when the costs and expenses are incurred.

Interest Expense. Interest expense is recognized in profit or loss using the effective interest rate of the financial liabilities to which these relate.

Operating Expenses. Operating expenses constitute costs which arise in the normal business operations and are recognized when incurred.

Leases

The Bank considers whether a contract contains a lease at the inception of a contract. A contract contains a lease 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 as a Lessee. At commencement date of the lease, the Bank recognizes ROU assets and corresponding lease liabilities, except for short-term leases (defined as leases with a lease term of 12 months or less).

For short-term leases, the Bank recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

ROU Assets

ROU assets are initially measured at cost, which consist of the initial measurement of the lease liabilities, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

Subsequent to initial measurement, the ROU assets are amortized on a straight-line basis using the expected useful life of three to 10 years or the lease term, whichever is shorter. In addition, ROU assets are periodically reduced by impairment losses, if any, an adjusted for certain remeasurements of lease liabilities.

ROU assets are presented as part of "Property and equipment" account in the statement of financial position.

Lease Liabilities

Lease liabilities are initially measured at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease (if readily available) or the Bank's incremental borrowing rate. Incremental borrowing rate 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 ROU assets in a similar economic environment. Generally, the Bank uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liabilities consists of fixed payments and, if any, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, lease liabilities will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in the fixed payments. When the lease liabilities are remeasured, the corresponding adjustment is reflected in the ROU assets, or profit and loss if the ROU assets are already reduced to zero.

The Bank as a Lessor. Leases where the Bank retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term on the same basis as rental income. Contingent rent is recognized as revenue in the period in which these are earned.

Employee Benefits

Short-term Benefits. Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognized for the amount expected to be paid under short-term cash bonus, short-term compensated absences or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

Retirement Benefits. The Bank operates a funded, defined contribution (DC) plan covering its regular employees wherein the Bank pays a fixed contribution into a separate entity known as the trustee, which administers, manages and invests the funds. The Bank is covered under Republic Act (RA) No. 7641, *Retirement Law*, which provides for its qualified employees a defined benefit (DB) minimum guarantee. The DB minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA No. 7641.

The Bank accounts for its retirement obligation as the higher of the DB obligation relating to the minimum guarantee and the DC plan. For the DB minimum guarantee plan, the retirement liability is determined based on the present value of the excess of the projected DB obligation over the projected DC obligation at the end of the reporting year. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. The DB obligation is calculated annually by a qualified independent actuary using the projected unit credit method.

Retirement benefit costs reflect services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. The Bank recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements, and net interest expense or income in profit or loss. Net interest expense or income is calculated by applying the discount rate to the net DB liability or asset. Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Bank recognizes restructuring-related costs.

The DC liability is measured at the fair value of the DC assets upon which the DC benefits depend, with an adjustment for any margin on asset returns where this is reflected in the DC benefits.

Remeasurements of the net DB liability, which comprise actuarial gains and losses, the return on unallocated plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent years.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Bank recognizes gains or losses on the settlement of a DB plan when the settlement occurs.

Income Taxes

The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current Tax. Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

Deferred tax liabilities are recognized for all taxable temporary differences with certain exceptions. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from the excess of the minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year 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 re-assessed at the end of each reporting year and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates applicable to the year when the asset is realized or the liability is settled, based on tax rates (tax base) and regulations that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Foreign Currency Transactions

RBU. Transactions in currencies other than Philippine Peso are recorded at the rate of exchange prevailing on the date of the transaction. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the reporting date. Foreign exchange gains or losses are recognized in profit or loss in the year in which these are incurred.

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 the reporting date, the assets and liabilities of the FCDU are translated into the Bank's functional and presentation currency using the BSP closing rate, and its income and expenses are translated at the BSP weighted average rate for the year. Exchange differences arising from translation of foreign currency are recognized as other comprehensive income under "Cumulative translation adjustment". Upon disposal of the FCDU or actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized as "Cumulative translation adjustment" in other comprehensive income is reclassified to profit or loss.

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. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

Related party transactions are considered material and/or significant if (i) these transactions amount to 10% or higher of the Bank's total assets or, (ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Bank's total assets. Details of transactions entered into by the Bank with related parties are reviewed by the BOD in accordance with the Bank's related party transactions policies.

Earnings per Share (EPS)

The Bank presents basic and diluted EPS data for its common shares. Basic EPS is computed by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential common shares, if any.

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.

Segment Reporting

Operating segments are components of the Bank: (a) that engage in business activities from which they may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the Bank); (b) whose operating results are regularly reviewed by the Bank's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of management reporting, the Bank's operating businesses are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment.

Provisions

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

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 a borrowing cost.

Contingencies

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

Events after the Reporting Year

The Bank identifies events after the end of the reporting year as those events, both favorable and unfavorable, that occur between the end of the reporting year and the date when the financial statements are authorized for issue. The financial statements of the Bank are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting year. Non-adjusting events after the end of the reporting year are disclosed in the notes to financial statements, when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements requires management to exercise judgment, make estimates, and use assumptions that affect amounts of assets, liabilities, income and expenses reported in the financial statements and related disclosures. The judgments, estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

Judgments

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

Determining the Classification of Financial Assets. Classification of financial assets depends on the results of the business model test and sole payment of principal and interest (SPPI) test performed by the Bank.

The Bank exercises judgment in determining the business model to be used in managing its financial instruments to achieve their business objectives.

Below are the factors considered by the Bank in its business model assessment, among others:

- Specific business objectives in holding the financial assets.
- Policies in managing the risks of the financial assets.
- Expected frequency, value and timing of sales.
- Key performance indicators of the financial assets.

The Bank also determines whether the contractual terms of debt securities classified and measured as financial assets at amortized cost give rise to specified dates to cash flows that are SPPI, with interest representing time value of money and credit risk associated with the outstanding principal amount. Any other contractual term that changes the timing or amount of cash flows does not meet the SPPI test.

Determining the Functional Currency. The Bank uses its judgment to determine the functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Bank considers the following:

- The currency that mainly influences sales price for financial instruments and services or the currency in which sales prices for its financial instruments and services are denominated and settled.
- The currency in which funds from financing activities are generated.
- The currency in which receipts from operating activities are usually retained.

Based on the foregoing and the economic substance of the underlying circumstances relevant to the Bank, the functional currency of the Bank has been determined to be the Philippine Peso, which is the currency of the primary economic environment in which the Bank operates.

Assessing the Transfer of Control and Risk and Rewards on Sale of Investment in Quoted Equity. As mandated by the BSP, on July 7, 2023, the Bank sold its investment in Philippine Bank of Communications (PBCOM) through the execution of Contract of Purchase and Sale (CPS) to two buyers. The CPS included a clause that the Deed of Absolute Sale (DOAS) will be executed only upon full payment of consideration, which will be made at the end of the five-year term.

The Bank has assessed that the risk and rewards over the investment in PBCOM have been transferred to the buyers as manifested through the following as stipulated in the CPS, even prior to the full payment of the consideration.

- Transfer of the right to receive cash flows in the form of dividends to the buyers.
- Transfer of market risk (i.e., volatility of fair value changes to the buyers).
- Right to sell/transfer the shares to another party by the buyers.

The receivable from the sale of investments in PBCOM shares is subject to credit risk. Accordingly, management has assessed and recognized provision for credit and impairment loss amounting to ₱13,190 and ₱186,544 in 2024 and 2023, respectively. Allowance for credit and impairment losses on the receivable from sale of investment in PBCOM shares amounted to ₱199,734 and ₱186,544 as at December 31, 2024 and 2023, respectively (see Note 13).

The details on the sale of investment in PBCOM are discussed in Note 8.

Determining the Classification of Lease Arrangements and Appropriate Lease Term and Discount Rates. The Bank, as a lessee, has existing lease agreements with related parties and third parties for its branches.

The Bank recognizes ROU assets and lease liabilities measured at the present value of lease payments to be made over the lease term using the Bank's incremental borrowing rate, except for its short-term leases.

The Bank has exercised significant judgment in determining 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 in any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

The Bank elected not to recognize ROU assets and lease liabilities for short-term leases. The Bank recognizes the lease payments associated with these leases as expense on a straight line basis over the lease term.

Significant management judgment was likewise exercised by the Bank in determining the discount rate, whether implicit rate, if readily available or incremental rate, to be used in calculating the present value of ROU assets and lease liabilities. The discount rate used is 5.89% and from 5.98% to 6.46% in 2024 and 2023, respectively, which pertain to the incremental borrowing rates based on the Bloomberg Valuation Service (BVAL) rates adjusted by credit spread of the Bank.

Reassessments are made on a continuing basis whether changes should be reflected in the amount of lease liabilities due to circumstances affecting lease payments and discount rates.

The amounts recognized in the financial statements in relation to the Bank's lease agreements are disclosed in Note 10 and 24.

Determining the Operating Segments. Determination of operating segments is based on the information about components of the Bank that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Bank's chief operating decision maker in order to allocate resources to the segment and assess its performance.

The Bank determined that its operating segments are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment (see Note 29).

Evaluating Contingencies. The Bank is currently involved in legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Bank's defense in these matters and is based upon an analysis of potential results. Management does not believe that these proceedings will have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

Information about the contingencies and commitments of the Bank are included in Note 28, *Commitments and Contingent Assets and Liabilities*.

Estimates and Assumptions

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future years affected.

Determining the Fair Values of Financial Instruments. Certain financial assets and liabilities which are carried at fair value and whose fair values are disclosed, requires extensive use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Bank utilized different valuation methodologies. Any changes in fair value of these financial assets would affect profit and loss and equity.

When the fair values of financial assets and liabilities recognized or disclosed in the financial statements cannot be derived from the active market, the fair values are determined using internal valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

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

Estimating the Credit and Impairment Losses on Financial Assets. Credit and impairment losses on financial assets are based on ECL. In assessing the ECL, the Bank uses historical credit loss experience adjusted for forward-looking factors, as appropriate.

The Bank measures impairment loss based on the 12-month ECL for the following:

- Debt securities that are determined to have credit risk rating equivalent to "investment grade", and thus, a low credit risk at the reporting date.
- Receivables from customers and other financial instruments on which credit risk has not increased significantly since initial recognition.

The Bank measures impairment loss based on the lifetime ECL for receivables from customers for which credit risk has increased significantly since initial recognition, or when:

- Borrower or a group of borrowers are experiencing financial difficulty;
- Payment delinquency in principal and/or interest payments (missed payments);
- Financial or management reorganization which may impact borrower's ability to meet its contractual obligations with the Bank;
- There is adverse information gathered from credit bureau or industry sources;
- Borrower defaulted in his account/s with other lenders;
- Adverse changes in business, financial or economic conditions that are expected to impact the borrower's ability to pay obligations;
- Significant change in the value of the collateral or quality of third party guarantees which are expected to reduce borrower's economic incentive to pay their obligations;
- Change in the performance and behavior of the borrower;
- Borrower has missed payment for loan obligations between 16 and 90 days from due date or based on the approved curing period of the Bank; and
- Restructured account is in current status but has not yet established track record of six months' consecutive payments from restructuring date.

In estimating ECL, the Bank estimates the amounts and timing of future cash flows and collateral values and assesses whether there is a significant increase in credit risk. Below are the components considered in the calculation of ECL.

- Statistical models which are primarily based on regression analysis.
- Internal Credit Risk Rating (ICRR) and certain qualitative factors in determining whether there has been a significant increase in credit risk to determine when to measure lifetime credit losses.
- Latest fair values of collaterals and historical recovery rates of foreclosed assets for loss given default calculations.
- Segmentation of financial assets for collective assessment of ECL.

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower.
- A breach of contract, such as a default or past due event.
- The lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower concessions that the lenders would not otherwise consider.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.
- The disappearance of an active market for that financial asset because of financial difficulties.
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired.

Financial Assets at FVOCI - Debt Securities

The Bank recognized provision for credit and impairment losses on debt securities classified as financial assets at FVOCI amounting to ₱2,258 in 2024 (see Note 13). Reversal of allowance for credit and impairment losses amounted to ₱5,828 and ₱90,939 in 2023 and 2022, respectively (see Note 13).

Details of debt securities at FVOCI are disclosed in Note 8.

Financial Assets at Amortized Cost

The Bank recognized provision for credit and impairment losses on government securities and corporate bonds classified under financial assets at amortized cost amounting to ₱3,196 in 2024 (see Note 13). Reversal of allowance for credit and impairment losses recognized in 2023 and 2022 amounted to ₱4,074 and ₱66,454, respectively (see Note 13).

Details of financial assets at amortized cost are disclosed in Note 8.

Loans and Receivables

A reversal of allowance for credit and impairment losses amounting to ₱297,681 and ₱821,496 was recognized in 2024 and 2023, respectively (see Note 13). Allowance for credit and impairment losses amounting to ₱120,800 was derecognized in 2022 (see Note 13).

Details of loans and receivables are disclosed in Note 9.

Other Financial Assets at Amortized Cost

For other financial assets at amortized cost such as cash and other cash items, due from BSP and other banks, securities purchased under resale agreement, refundable deposits, other investments, and RCOI (included under "Others" in the "Other assets" account), no allowance for credit and impairment losses was recognized because these are placements with reputable counterparties that possess good ratings.

The carrying amount of the other financial assets at amortized cost are discussed in Notes 6, 7 and 12.

Commitments and Contingent Assets

The Bank has recognized allowance for impairment losses on commitments and contingent assets amounting to ₱14,257 as at December 31, 2024 and 2023 (see Note 13). These pertain to commitments and contingent assets which are not reflected in the financial statements.

Determining Classification between Investment Properties and Owner-occupied Properties. The Bank determines whether a property qualifies as investment property. In making its judgment, the Bank considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the ordinary course of business.

Some properties consist of a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the ordinary course of business or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the ordinary course of business or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Bank considers each property separately in making judgment.

The Bank classifies all properties which have a portion that is earning rentals and another portion which are used in the ordinary course of business or used in administrative purposes as owner-occupied properties based on the criterion above. In this case, such properties were included under the "Property and equipment" account.

Estimating the Useful Lives of Depreciable Property and Equipment (including ROU Assets), and Investment Properties, and Computer Software. The Bank estimates the useful lives of depreciable property and equipment and investment properties, and computer software, and for purposes of computing depreciation and amortization based on the year over which the assets are expected to be available for use.

The estimated useful lives are reviewed annually and changed if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. However, it is possible that future results of operations could be materially affected by changes in factors mentioned in the foregoing. The amounts and timing of recorded expenses for any year would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment, investment properties, and computer software would increase the recorded expenses and decrease assets.

There was no change in the estimated useful lives of the property and equipment and investment properties, and computer software in 2024 and 2023. The carrying amounts of depreciable assets are discussed in Notes 10, 11, and 12.

Assessing the Impairment on Nonfinancial Assets. The Bank assesses impairment on property and equipment (including ROU assets), investment properties, and computer software 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.
- Significant negative industry or economic trends.

There is no indicator that the nonfinancial assets, except for investment properties, are impaired. Accordingly, no provision for impairment losses on property and equipment and computer software was recognized 2024, 2023 and 2022.

In 2024, the Bank recognized a reversal for impairment for impairment losses on investment properties amounting to ₱80,604 (see Note 11). Provision for impairment losses on investment properties amounted to ₱19,380 and ₱40,689 in 2023 and 2022, respectively (see Note 11).

The carrying amounts of the nonfinancial assets are discussed in Notes 10, 11, and 12.

Determining the Retirement Liability. The present value of the excess of the projected DB minimum guarantee over the projected DC obligation at the end of the reporting period depends on a number of factors that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of retirement obligations.

The Bank determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Bank considers the interest rates of government securities that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement obligation.

Other key assumptions for retirement obligations are based in part on current market conditions. Additional information is disclosed in Note 21.

Assessing the Realizability of Deferred Tax Assets. The Bank reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Any deferred tax asset will be re-measured if it might result in derecognition when the expected tax law to be enacted has a possible risk on the realization. Management believes that sufficient taxable profit will be generated to allow all or part of the deferred income tax assets to be utilized.

Management assessed that it is not probable that sufficient future taxable profit will be available to allow all or part of the unrecognized deferred tax assets to be utilized.

The recognized and unrecognized deferred tax assets are further discussed in Note 26.

4. Financial Risk Management

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

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Risk Management Framework

The BOD is responsible for establishing and maintaining a sound risk management framework. This includes understanding the nature and level of risks assumed by the bank. The overall management of risks lies on the business strategy as directed by the BOD through approved policies in risk management.

The Bank identifies the major risks and said major risks are classified between quantifiable risks and non-quantifiable risks. Quantifiable risks include Liquidity Risk, Market Risk and Credit Risk, while Non-Quantifiable risks include Operational Risk and other related risks where impact is considered.

Through the direction of the BOD, the following comprise the risk management structure of the Bank:

Executive Committee. The Executive Committee plays the crucial role of analyzing, evaluating, and approving product attributes such as: market, liquidity and credit risk; operations risk; control and compliance; audit, legal and regulatory; and system and technology issues for new activities/products.

Senior Management. The Senior Management is responsible for the implementation and ensure compliance of department personnel to Risk Management policies and oversee day-to-day operations within the bank. They are tasked to make recommendations and endorse reports from departments to the BOD.

Risk Oversight Committee (ROC). The ROC is responsible for the creation and oversight of the Bank's corporate risk policy. Along with the Risk-Taking Party and Risk Management Department (RMD), they are tasked to identify and analyze the risks faced by the Bank, to set and recommend to the BOD the quantified reports and assessment of risks exposures, and to ensure that each business unit continuously monitors the adequacy and soundness of policies, assumptions and practices.

Asset and Liability Committee (ALCO). The ALCO ensures that at all times the Bank maintains adequate liquidity, sufficient capital and appropriate funding to meet all business requirements and complies with all regulatory requirements.

Credit and Loan Review Committee (CLRC). The CLRC is primarily responsible for credit risk management of the Bank. It establishes the standards for credit analysis, define credit risk measurements, establish internal risk ratings and review the credit risk infrastructure's ability to support the Bank's risk policies.

Risk Management Department (RMD). The RMD is an independent business function that is tasked to identify, measure, mitigate, monitor and report risks from the Bank's trading, position-taking, lending, borrowing, and other transactional activities.

Audit Committee (AC). The AC is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management system in place in relation to the risks faced by the Bank. The Bank's AC is assisted in its oversight role by Internal Audit (IA). IA undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the AC.

Credit Risk

The Bank's credit risk arises from lending, trade finance, and investment activities. The credit risk exposure of the Bank is mainly from the Account Management Department business lines. The portfolio comprises short-term business loans mainly for working capital requirements in credit lines, international and domestic trade finance facilities, and receivables financing. The credit terms are matched to address the borrowers' funding gap. The Bank also offers medium-term to long-term loans for capital expenditures.

The credit underwriting for commercial loans is based on the borrower's repayment capacity established through cash flow assessments, management capability, and industry projections. Although the Bank holds collateral on most of its loans and receivables in the form of mortgage interest over real property and deposits of the borrowers with the Bank, the Bank institutes risk-based lending standards over collateral-based lending as one of the risk mitigation techniques.

Credit Risk Management

Measurement of Credit Risk. In measuring credit risk at a counterparty level, the Bank mainly relies on its sound lending philosophy and considers three components: (i) the probability of default by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development; and (iii) the likely recovery ratio on the defaulted obligations.

The Bank holds collateral on most of its loans and receivables in the form of mortgage interest over real property and deposits of the borrowers with the Bank. Estimates of fair value of the property are based on the value of collateral assessed at the time of borrowing and are updated periodically or when a loan is individually assessed as impaired.

Credit risk exposure to financial assets is managed through detailed risk assessment of every credit exposure associated with a specific counterparty. The Bank also sets and frequently reviews compliance to transaction and counterparty limits, as well as lending authorities delegated to credit officers, to ensure that the Bank's portfolio or individual account credit risk is kept to acceptable levels.

Due from BSP and Other Banks and Securities Purchased Under Resale Agreement. The credit risk for due from BSP and other banks and securities purchased under resale agreement with the BSP is not considered significant because the counterparties are the BSP, which is considered risk free, and reputable banks with high quality external credit ratings.

As at December 31, 2024 and 2023, due from BSP and other banks and securities purchased under resale agreement are classified as "high grade" under Stage 1 financial assets.

Investments in Debt Securities. Investments in debt securities pertain to a portfolio of government securities. ECL for these investments is determined using the probability of default provided in Bloomberg. Investments in debt securities are classified as "high grade" under Stage 1 financial assets.

Loans and Receivables. In respect of loans to borrowers, the Bank is not exposed to any significant credit risk to any single counterparty. Credit risk is determined by the Bank after considering historical, forward-looking information and credit enhancements on collaterals. The credit risk for loans and receivables are considered minimal since loans are fully covered by collaterals.

The amount and type of collateral required depend on the assessment of the credit risk of the borrower or counterparty. Guidelines are established and implemented regarding the acceptability of types of collateral valuation and parameters.

The Bank's policy is to dispose of foreclosed properties in the most expeditious manner possible. Sale is facilitated by offering incentives to the Bank's accredited brokers and through evaluating and offering credit terms, which includes reduced rates for down payment as compared to prevailing market rates.

Credit-related Commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Standby letters of credit carry the same risk as loans. Documentary and commercial letters of credit - which are written undertaking by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Maximum Exposure to Credit Risk before Collaterals Held or Other Credit Enhancements

Credit risk exposures relating to significant on-balance sheet financial assets are as follows:

	Note	2024	2023
Due from BSP	6	₱8,213,773	₱11,579,430
Due from other banks	6	1,015,262	1,169,066
Securities purchased under resale agreement	7	5,130,000	2,336,535
Investment securities*	8	122,778,958	127,199,260
Loans and receivables	9	30,729,643	26,533,533
		₱167,867,636	₱168,817,824

*Excluding equity securities

The above table represents the maximum credit exposure of the Bank without taking into account any collateral held or other credit enhancements. The exposures set out above are based on net carrying amounts as reported in the statements of financial position.

Credit risk exposures relating to off-balance sheet items are as follows:

	2024	2023
Trust department accounts	₱1,128,408	₱1,109,979
Unused commercial letters of credit	293,256	130,207
Outward bills for collection	40,507	41,166
Late deposits	21,606	17,739
Inward bills for collection	11,928	2,327
Items held as collateral	11	5
	₱1,495,716	₱1,301,423

For loans receivable from customers, the credit quality is generally monitored using the Bank's internal rating system. It is the Bank's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates management to focus on major potential risk and the comparison of credit exposures across all lines of business, demographics and products. The rating system has two parts, namely: the borrower's risk rating and the facility risk rating. It is supported by a variety of financial analytics, combined with an assessment of management and market information to provide the main inputs for the measurement of credit risk.

The Bank uses ICRR to classify the credit quality of its receivable portfolio. This is being upgraded, as necessary, to enhance credit evaluation parameters across different market segments and achieve a more sound and robust credit risk assessment.

Descriptions and classifications of the loan grades used by the Bank for receivables from customers are as follows:

Risk Rating	Classification	Credit Quality
1	Excellent	High Grade
2	Strong	High Grade
3	Good	High Grade
4	Satisfactory	Standard Grade
5	Acceptable	Standard Grade
6	Watchlist	Standard Grade
7	Special Mention	Impaired
8	Substandard	Impaired
9	Doubtful	Impaired
10	Loss	Impaired

Risk Rating 1 – Excellent. The borrower has no history of delinquency and is paying as agreed.

A borrower in this category is highly liquid, can be sustained and has a strong repayment capacity. The financial condition of the borrower is good, with above industry average financial indicators.

The borrower has no existing disruptions and/or future disruptions are unlikely. The borrower is a market leader with above average profit, not dependent on a few customers and suppliers, and stable with good probability for growth.

Under this category, the borrower's management ability demonstrated competence under the current business model, with well thought-out corporate strategy and sensible and efficient management structure.

Risk Rating 2 – Strong. The borrower has no history of delinquency and is paying as agreed.

A borrower in this category has strong operating trends and liquidity is adequate. The borrower has no existing disruptions and/or future disruptions are unlikely. The borrower's management ability demonstrated competence under the current business model.

Borrower has a strong market and financial position with a history of successful performance. The overall debt service capacity as measured by cash flow to total debt service is very strong; the critical balance sheet ratios are within the industry average.

Risk Rating 3 – Good. The borrower is paying as agreed and no history of default in the last 12 months.

The borrower's borrowing base supports the line of credit. The borrower has no existing disruptions and/or future disruptions are unlikely. The borrower's management ability demonstrated competence under the current business model.

A borrower in this category usually exhibits characteristics of some degree of stability and substance and the probability of default is still quite low.

Risk Rating 4 – Satisfactory. The borrower under this category is paying as agreed and has adequate to marginal repayment capacity. There are disruptions identified from external factors but the borrower has or will likely overcome.

Risk Rating 5 – Acceptable. Borrower's account status is current. However, it has marginal liquidity. There is a declining trend in operations of the borrower.

This category represents borrowers who may still be able to withstand normal business cycles. However, any prolonged unfavorable economic and/or market condition would create an immediate deterioration beyond acceptable level.

Risk Rating 6 – Watchlist. Borrower's account status is current. However, the borrower is incurring delays of up to 30 to 60 days, but with probability that it will be brought back to current. Adverse business, financial, or economic conditions will likely impair the borrower's capacity or willingness to meet its financial requirements.

Operating performance and financial strength may be marginal and it is uncertain whether the borrower can attract alternative sources of financing. Typically, the borrower will find it very hard to cope with any significant economic downturn and a default in such a case is more than a possibility.

Risk Rating 7 – Special Mention. There is an evidence of weakness in financial condition or credit-worthiness for borrowers under this category.

A borrower in this category is characterized by some probability of default, manifested by some or all of the following:

- Evidence of weakness in the borrower's financial condition or creditworthiness;
- Unacceptable risk generated by potential or emerging weaknesses as far as asset protection and/or cash flow is concerned. Concerns center on the potential for a continuation of unfavorable economic, market, or borrower specific conditions or trends, which may affect future debt service capacity;
- Indications that the borrower's ability or willingness to service debt are in doubt;
- Necessity or strong likelihood for rescheduling of the loan; and
- Decline in values of, or adverse developments on, collaterals securing the loan.

These loans have potential weaknesses that deserve close attention. These potential weaknesses, if left uncorrected, may affect the repayment of the loan, and thus increase credit risk to the Bank.

Some of their basic characteristics are:

- Loans with missing collateral folders and documents including but not limited to title papers, mortgage instruments, and promissory notes.
- Loans to firms not supported by Board Resolutions authorizing the borrowing.
- Loans with no credit investigation report.
- Loans with no latest income tax returns and/or latest audited financial statements.
- Loans whose repayment may be endangered by economic or market conditions.
- Loans to borrowers whose properties securing the loan (previously well secured by collateral) have declined in value with other adverse information.
- Loans past due for more than 30 days up to 90 days.

A downgrade of the account to this rating (7 – Poor / Special Mention) becomes necessary when:

- The company is still a 'going concern', still performing and non-defaulting.
- Action and/or restructuring is imminent.
- A restructuring is perceived to be without any loss perspective.

Risk Rating 8 – Substandard. The borrower is currently highly vulnerable and is in a state of default. Substandard loans are loans or portions thereof which appear to involve a substantial and unreasonable degree of risk to the Bank because of unfavorable or unsatisfactory characteristics. The debt burden for borrowers under this category is too heavy, with either weak or negative cashflows. These well-defined adverse elements exist in such loans where there is a possibility of future loss to the institution unless given closer supervision. Such adverse elements or political nature, or b) significant weakness in collateral.

Basic characteristics are:

- Past due and circumstances are such that there is an imminent possibility of foreclosure or acquisition of the collateral because of failure of all collection efforts.
- Past due loans to borrowers whose properties securing the loan have declined in value materially or have been found with defects as to ownership or other adverse information.
- Current loans to borrowers whose financial statements audited by SEC-accredited external auditors show impaired/negative net worth except for startup firms which should be elevated on a case-to-case basis.
- Renewed loans of borrowers with declining trend in operations, illiquidity, or increasing leverage trend in the borrower's financial statements without at least 20% repayment of the principal before renewal or extension.
- Current loans or borrowers with unfavorable results of operations for two consecutive years or with impaired/negative net worth except for startup firms which should be evaluated on a case-to-case basis.
- Loans under litigation.
- Loans past due for more than 90 days.

Risk Rating 9 – Doubtful. Borrower is in a state of default, where any of the following factors are present:

- Account is already in “non-performing loan” (NPL) status;
- Any portion of any principal and/or interest repayment is in arrears for more than 90 days;
- The borrower is unable or unwilling to service debt over an extended period of time and near future prospects of orderly debt service is doubtful; and
- Overdue loans wherein the prospects of full application of the value of the collateral to the loan is impaired due to material declines in market values of the collateral, or the collateral is subject of adverse claim.

While the extent of probability of loss cannot be exactly ascertained at this point, there may be certain pending important and reasonable factors from the borrowers' side that can result in the strengthening of the assets of the borrower, which will thus work to the advantage of the lending bank. These pending assets-strengthening factors include merger, acquisition, additional capital infusion and additional cover.

Risk Rating 10 – Loss. Borrower is in a state of default and the prospect for re-establishment of creditworthiness and debt service is remote.

This category also applies where the Bank will take or has taken title to the assets of the borrower and is preparing a foreclosure and/or repossession.

Significant Increase in Credit Risk. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information. A significant increase in credit risk can be measured by comparing the probability of default of the counterparty as at reporting date from probability of default on the date of initial recognition.

Other indications may include, among others, potential credit weaknesses based on current and/or forward-looking information that warrant management's close attention and adverse or foreseen adverse economic or market conditions that may affect the counterparty's ability to meet the scheduled repayments in the future.

Definition of Default. The Bank considers default to have occurred when: (a) the obligor is past due for more than 90 days on any material credit obligation to the Bank; or (b) the obligor is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing collateral, as applicable. The Bank no longer considers an instrument to be in default when it no longer meets any of the default criteria and has exhibited satisfactory and acceptable track record for six consecutive payment periods, subject to applicable rules and regulations of the BSP.

Credit Quality per Classification of Financial Assets

The Bank has developed and continually reviews and calibrates its internal risk rating system for large exposures aimed at uniformly assessing its credit portfolio in terms of risk profile.

The following table provides the analysis of credit quality of the of the Bank's financial assets (gross of allowance for credit and impairment losses) classified as Stage 1, 2 or 3 financial assets.

	2024			
	Stage 1	Stage 2	Stage 3	Total
Financial assets at amortized cost				
Due from BSP				
High grade	₱8,213,773	₱—	₱—	₱8,213,773
Due from other banks				
High grade	1,015,262	—	—	1,015,262
Securities purchased under resale agreement				
High grade	5,130,000	—	—	5,130,000
Government securities				
High grade	105,697,836	—	—	105,697,836
Loans receivable from customers				
Corporate:				
High grade	14,265,106	—	—	14,265,106
Standard grade	9,463,706	355,914	670,738	10,490,358
Past due	—	—	1,842,318	1,842,318
Individual:				
High grade	2,083,412	—	—	2,083,412
Standard grade	2,091,672	14,979	285,130	2,391,781
Past due	—	—	664,256	664,256
Receivable from sale of investment in government equity securities				
Substandard	—	—	1,331,563	1,331,563
Accrued interest				
High grade	624,047	—	—	624,047
Sales contracts receivables				
High grade	35,665	—	—	35,665
Other receivables				
High grade	13,588	—	—	13,588
Other assets*				
High grade	44,420	—	—	44,420
Financial assets at FVOCI				
Government securities				
High grade	17,120,947	—	—	17,120,947
	₱165,799,434	₱370,893	₱4,794,005	₱170,964,332

*Includes refundable deposits, other investments and RCOCI under "Other Assets".

	2023			
	Stage 1	Stage 2	Stage 3	Total
Financial assets at amortized cost				
Due from BSP				
High grade	₱11,579,430	₱—	₱—	₱11,579,430
Due from other banks				
High grade	1,169,066	—	—	1,169,066
Securities purchased under resale agreement				
High grade	2,336,535	—	—	2,336,535
Government securities				
High grade	108,009,172	—	—	108,009,172
Loans receivable from customers				
Corporate:				
High grade	12,092,134	—	—	12,092,134
Standard grade	7,809,361	469,027	908,434	9,186,822
Past due	—	—	2,198,034	2,198,034
Individual:				
High grade	1,489,912	—	—	1,489,912
Standard grade	1,849,025	67,609	316,905	2,233,539
Past due	—	—	761,464	761,464
Receivable from sale of investment in government equity securities	—	—	1,243,629	1,243,629
Accrued interest				
High grade	558,490	1,352	21,648	581,490
Sales contracts receivables				
High grade	33,663	—	—	33,663
Other receivables				
High grade	22,978	—	—	22,978
Other assets*				
High grade	44,711	—	—	44,711
Financial assets at FVOCI				
Government securities				
High grade	19,233,011	—	—	19,233,011
	₱166,227,488	₱537,988	₱5,450,114	₱172,215,590

*Includes refundable deposits, other investments and RCOCI under "Other Assets".

Present information on the concentration of credit risk exposure on financial assets as to industry as at December 31, 2024 and 2023:

	2024			
	Loans Receivables from Customers	Investment Securities ¹	Others ²	Total
Philippine government	₱42,500	₱122,818,783	₱—	₱122,861,283
Financial intermediaries	423,157	—	14,381,578	14,804,735
Wholesale and retail trade	11,364,720	—	—	11,364,720
Real estate, renting and business activities	6,230,420	—	—	6,230,420
Manufacturing	3,712,868	—	—	3,712,868
Agriculture	2,355,603	—	—	2,355,603
Accommodation and food service activities	1,984,654	—	—	1,984,654
Construction	1,785,572	—	—	1,785,572
Information and communication	1,124,778	—	—	1,124,778
Transportation, storage and communication	422,899	—	—	422,899
Education	320,581	—	—	320,581
Arts, entertainment and recreation	280,193	—	—	280,193
Health and social work	200,675	—	—	200,675
Administrative and support service activities	91,243	—	—	91,243
Water supply, sewerage, waste management	81,484	—	—	81,484
Professional, scientific and technical activities	47,115	—	—	47,115
Private households with employed persons	3,770	—	—	3,770
Mining and quarrying	3,400	—	—	3,400
Others	1,261,599	—	21,877	1,283,476
	31,737,231	122,818,783	14,403,455	168,959,469
Allowance for credit and impairment losses	(2,812,298)	(39,825)	—	(2,852,123)
	₱28,924,933	₱122,778,958	₱14,403,455	₱166,107,346

¹Comprised of financial assets at FVOCI and amortized cost (excluding equity securities).

²Comprised of due from BSP, due from other banks, securities purchased under resale agreement, refundable deposits, other investments, and RCOCI.

	2023			
	Loans Receivables from Customers	Investment Securities ¹	Others ²	Total
Philippine government	₱45,000	₱127,232,183	₱—	₱127,277,183
Financial intermediaries	722,315	—	15,107,388	15,829,703
Wholesale and retail trade	8,211,171	—	—	8,211,171
Real estate, renting and business activities	6,532,786	—	—	6,532,786
Manufacturing	3,271,359	—	—	3,271,359
Accommodation and food service activities	1,952,207	—	—	1,952,207
Construction	1,697,072	—	—	1,697,072
Agriculture	1,380,820	—	—	1,380,820
Information and communication	1,123,796	—	—	1,123,796
Education	504,243	—	—	504,243
Transportation, storage and communication	483,428	—	—	483,428
Arts, entertainment and recreation	286,224	—	—	286,224
Health and social work	251,101	—	—	251,101
Administrative and support service activities	126,849	—	—	126,849
Water supply, sewerage, waste management	98,314	—	—	98,314
Professional, scientific and technical activities	37,656	—	—	37,656
Private households with employed persons	5,214	—	—	5,214
Mining and quarrying	2,550	—	—	2,550
Others	1,229,800	—	22,354	1,252,154
	27,961,905	127,232,183	15,129,742	170,323,830
Allowance for credit and impairment losses	(3,120,517)	(32,923)	—	(3,153,440)
	₱24,841,388	₱127,199,260	₱15,129,742	₱167,170,390

¹Comprised of financial assets at FVOCI and amortized cost (excluding equity securities).

²Comprised of due from BSP, due from other banks, securities purchased under resale agreement, refundable deposits, other investments, and RCOCI.

Liquidity Risk

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Bank's inability to meet its obligations in all currencies when they become due without incurring unacceptable losses or costs. The Bank's liquidity management is characterized by the following elements: a) good management information system, b) effective analysis of funding requirements under alternative scenarios, c) diversification of funding sources, and d) contingency planning.

Liquidity Risk Management

The Bank's liquidity management involves maintaining funding capacity to accommodate fluctuations in asset and liability levels due to changes in the Bank's business operations or unanticipated events created by customer behavior or capital market conditions. The Bank seeks to ensure liquidity through a combination of active management of liabilities, a liquid asset portfolio composed substantially of deposits in primary and secondary reserves, and the securing of money market lines and the maintenance of repurchase facilities to address any unexpected liquidity situations.

The Bank's net funding requirements are determined by analyzing its future cash flows based on assumptions of the future behavior of assets, liabilities and off-balance sheet items, and then calculating the cumulative net excess or shortfall over the time frame for the liquidity assessment. Such analysis of net funding requirements involves construction of a Maturity Ladder and calculation of cumulative net excess or deficit. Furthermore, an internal liquidity ratio has been set to determine sufficiency of liquid assets over deposit liabilities. Scenario stress tests are conducted periodically wherein liquidity managers analyze the behavior of cash flows under different conditions, i.e. from "normal" conditions to "extreme" situations. Finally, the BOD sets the Maximum Cumulative Outflow (MCO) Limit in order to control liquidity gap for each currency.

The table below shows the maturity profile of the Bank's financial assets and liabilities, based on contractual undiscounted cash flows (amounts in millions):

	2024				
	On Demand	Less than One Year	One to Five Years	Over Five Years	Total
Financial Assets					
Cash and other cash items	P1,188	P—	P—	P—	P1,188
Due from BSP	8,214	—	—	—	8,214
Due from other banks	1,015	—	—	—	1,015
Securities purchased under resale agreement	—	5,130	—	—	5,130
Loans and receivables	—	21,733	4,857	4,565	31,155
Investment securities:					
Financial assets at FVOCI	—	—	5,637	11,462	17,099
Financial assets at amortized cost	—	75,000	10,397	20,282	105,679
Other assets	—	1	43	—	44
	10,417	101,864	20,934	36,309	169,524
Financial Liabilities					
Deposit liabilities	—	139,668	2,821	9,069	151,558
Manager's checks	—	173	—	—	173
Accrued interest and other expenses	—	289	—	—	289
Lease liabilities	—	53	61	—	114
Other liabilities	—	206	—	—	206
	—	140,389	2,882	9,069	152,340
	P10,417	(P38,525)	P18,052	P27,240	P17,184

	2023				
	On Demand	Less than One Year	One to Five Years	Over Five Years	Total
Financial Assets					
Cash and other cash items	P1,087	P—	P—	P—	P1,087
Due from BSP	11,579	—	—	—	11,579
Due from other banks	1,169	—	—	—	1,169
Securities purchased under resale agreement	—	2,337	—	—	2,337
Loans and receivables	—	21,583	4,139	4,556	30,278
Investment securities:					
Financial assets at FVOCI	—	807	4,057	22,487	27,351
Financial assets at amortized cost	—	79,398	13,599	25,362	118,359
Other assets	—	1	44	—	45
	13,835	104,126	21,839	52,405	192,205
Financial Liabilities					
Deposit liabilities	—	140,454	2,553	8,691	151,698
Manager's checks	—	156	—	—	156
Accrued interest and other expenses	—	274	—	—	274
Lease liabilities	—	93	247	3	343
Other liabilities	—	234	—	—	234
	—	141,211	2,800	8,694	152,705
	P13,835	(P37,085)	P19,039	P43,711	P39,500

The Bank manages its short-term negative gap by making available funds sourced from various other financial institutions and taking measures to maintain long-term core deposits from regular clients.

Liquidity Positions and Leverage of the Bank

To promote short-term resilience of bank's liquidity risk profile, the BSP requires banks and other regulated entities to maintain:

- over a 30-day calendar day horizon, an adequate level of unencumbered high-quality liquid assets (HQLA) that consists of cash or assets that can be converted into cash to offset the net cash outflows they could encounter under a liquidity stress scenario; and

- a stable funding profile in relation to the composition of their assets and off-balance sheet activities.

To monitor the liquidity levels, the Bank computes for its Liquidity Coverage Ratio (LCR), which is the ratio of HQLA to the total net cash outflows. As at December 31, 2024 and 2023, LCR reported to the BSP is 612.20% and 2,215.15%, respectively.

The Bank also computes for its Net Stable Funding Ratio (NSFR), which is the ratio of the available stable funding to the required stable funding. Both LCR and NSFR should be maintained no lower than 100% on a daily basis under normal situations.

NSFR reported to the BSP is as follows (amount in millions):

	2024	2023
Available stable funding	₱146,176	₱148,270
Required stable funding	39,213	38,306
NSFR	3.73	3.87

Market Risk

Market risk is the risk of loss, immediate or overtime due to adverse fluctuations in the price or market value of instruments, products, and transactions in the Bank's overall portfolio. The value of these financial instruments may change as a result of changes in interest rate, foreign exchange rate, and other market changes. The Bank's market risk originates from its inventory of foreign exchange and debt securities. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimizing the return on investments.

Interest Rate Risk

Interest rate risk involves the movements of rates across yield curves of one or more instruments. The principal risk to which financial instruments are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. The Bank manages its resources and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for interest rate repricing. The Bank's management monitors compliance with these limits.

The details of the Bank's exposure to interest rate risk at the reporting date are shown below in reference to their contractual repricing or maturity dates (amounts in millions):

	2024				
	Repricing			Non-Repricing	Total
	Less than One Year	One to Five Years	Over Five Years		
Financial Assets					
Due from BSP	₱—	₱—	₱—	₱8,214	₱8,214
Due from other banks	—	—	—	1,015	1,015
Securities purchased under resale agreement	5,130	—	—	—	5,130
Loans and receivables	28,664	2,128	363	—	31,155
Investment securities:					
Debt securities at FVOCI	—	—	—	17,099	17,099
Financial assets at amortized cost	—	—	—	105,680	105,680
	33,794	2,128	363	132,008	168,293
Financial Liabilities					
Deposit liabilities	139,668	2,821	9,069	—	151,558
Lease liabilities	—	—	—	113	113
	139,668	2,821	9,069	113	151,671
Total Interest Gap	(₱105,874)	(₱693)	(₱8,706)	₱131,895	(₱16,622)

	2023				
	Repricing			Non-Repricing	Total
	Less than One Year	One to Five Years	Over Five Years		
Financial Assets					
Due from BSP	P—	P—	P—	P11,579	P11,579
Due from other banks	—	—	—	1,169	1,169
Securities purchased under resale agreement	2,337	—	—	—	2,337
Loans and receivables	25,273	1,287	590	—	27,150
Investment securities:					
Debt securities at FVOCI	—	—	—	19,204	19,204
Financial assets at amortized cost	—	—	—	107,995	107,995
	27,610	1,287	590	139,947	169,434
Financial Liabilities					
Deposit liabilities	140,448	2,559	8,691	—	151,698
Lease liabilities	—	—	—	303	303
	140,448	2,559	8691	303	152,001
Total Interest Gap	(P112,838)	(P1,272)	(P8,101)	P139,644	P17,433

The Bank computes stress test on interest sensitive assets and liabilities, except for financial assets at FVOCI through gapping.

The details of the reported stress testing on interest gaps at the reporting date are shown below (amount in millions):

	2024			Total
	Less than One Month	One to Three Months	Over Three Months	
Peso-denominated Interest Sensitive Assets and Liabilities				
Assets	P79,499	P35,140	P2,148	P116,787
Liabilities	104,600	683	842	106,125
Gap	(25,101)	34,457	1,306	10,662
Cumulative Asset - Liability Gap	(P25,101)	P9,356	P10,662	

Foreign-denominated Interest Sensitive Assets and Liabilities				
Assets	P—	P—	P448	P448
Liabilities	—	224	—	224
Gap	—	(224)	448	224
Cumulative Asset - Liability Gap	P—	(P224)	P224	

	2023			Total
	Less than One Month	One to Three Months	Over Three Months	
Peso-denominated Interest Sensitive Assets and Liabilities				
Assets	P74,067	P39,462	P2,047	P115,576
Liabilities	105,347	545	817	106,709
Gap	(31,280)	38,917	1,230	8,867
Cumulative Asset - Liability Gap	(P31,280)	P7,637	P8,867	

Foreign-denominated Interest Sensitive Assets and Liabilities				
Assets	P789	P—	P—	P789
Liabilities	2,353	23,314	10,775	36,442
Gap	(1,564)	(23,314)	(10,775)	(35,653)
Cumulative Asset - Liability Gap	(P1,564)	(P24,878)	(P35,653)	

The details of the reported impact of negative gaps on net interest income at the reporting date are shown below (amounts in millions):

	2024		2023	
	Amount	Percentage to Net Income	Amount	Percentage to Net Income
Peso-denominated				
50 bps increase in Php interest rates	₱53.31	8.51%	₱44.33	3.77%
100 bps increase in Php interest rates	106.61	17.02%	88.66	7.54%
Foreign-denominated				
50 bps increase in USD interest rates (in USD)	0.02	0.00%	0.02	0.00%
100 bps increase in USD interest rates (in USD)	0.05	0.01%	0.05	0.00%
50 bps increase in USD interest rates (in Php)	1.32	0.21%	1.35	0.11%
100 bps increase in USD interest rates (in Php)	2.65	0.42%	2.70	0.23%
Peso-denominated				
50 bps decrease in Php interest rates	(53.31)	(8.51%)	(44.33)	(3.77%)
100 bps decrease in Php interest rates	(106.61)	(17.02%)	(88.66)	(7.54%)
Foreign-denominated				
50 bps decrease in USD interest rates (in USD)	(0.02)	(0.00%)	(0.02)	(0.00%)
100 bps decrease in USD interest rates (in USD)	(0.05)	(0.01%)	(0.05)	(0.00%)
50 bps decrease in USD interest rates (in Php)	(1.32)	(0.21%)	(1.35)	(0.11%)
100 bps decrease in USD interest rates (in Php)	(2.65)	(0.42%)	(2.70)	(0.23%)

The Bank also calculates price volatility on debt securities at FVOCI (through modified duration) in case of changes in interest rates. The following details are shown below:

	2024				
	Market value	- 50 bps	- 100 bps	+ 50 bps	+ 100 bps
Foreign-denominated					
Less than one year	\$-	\$-	\$-	\$-	\$-
≥Five to 15 years	193,967	5,066	10,132	(5,066)	(10,132)
Over 15 years	101,640	6,622	13,245	(6,622)	(13,245)
Total in USD	295,607	11,688	23,377	(11,688)	(23,377)
Total in Philippine Peso	₱17,099,390	₱676,117	₱1,352,234	(₱676,117)	(₱1,352,234)
As percentage of financial assets at FVOCI		3.95%	7.91%	(3.95%)	(7.91%)
	2023				
	Market value	- 50 bps	- 100 bps	+ 50 bps	+ 100 bps
Foreign-denominated					
Less than one year	\$4,241	\$1	\$2	(\$1)	(\$2)
≥Five to 15 years	229,065	6,867	13,735	(6,867)	(13,735)
Over 15 years	113,533	7,929	15,858	(7,929)	(15,858)
Total in USD	346,839	14,797	29,595	(14,797)	(29,595)
Total in Philippine Peso	₱19,204,487	₱819,330	₱1,638,660	(₱819,330)	(₱1,638,660)
As percentage of financial assets at FVOCI		4.27%	8.53%	(4.27%)	(8.53%)

Foreign Exchange Risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured. The Bank takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

In translating the foreign currency-denominated monetary assets into Peso, the exchange rates used were ₱56.03 to US\$1 as at December 31, 2024 and ₱55.37 to US\$1 as at December 31, 2023.

Information on the Bank's foreign currency-denominated monetary assets and liabilities in their Philippine Peso equivalents follows:

	2024		2023	
	USD	In Peso	USD	In Peso
Financial Assets				
Cash and other cash items	\$7,882	₱455,954	\$4,667	₱258,415
Due from other banks	10,606	613,520	14,253	789,173
Accrued interest receivables	8,441	488,284	7,803	432,047
Investment securities:				
Financial assets at FVOCI	274,327	15,868,417	322,706	17,868,220
Financial assets at amortized cost	314,639	18,200,272	315,193	17,452,216
	615,895	35,626,447	664,622	36,800,071
Financial Liabilities				
Deposit liabilities:				
Savings	35,252	2,039,169	42,489	2,352,634
Time	593,143	34,310,341	612,725	33,926,563
Other liabilities	3,779	218,588	2,940	162,818
	632,174	36,568,098	658,154	36,442,015
Net foreign currency-denominated assets	(\$16,279)	(₱941,651)	\$6,468	₱358,056

Foreign currency liabilities generally consist of foreign currency deposits in the Bank's FCDU, which are generated from remittances to the Philippines by Filipino expatriates and overseas Filipino workers who retain for their own benefit or for the benefit of a third party.

Foreign currency deposits are generally used to fund the Bank's foreign currency denominated loans and FCDU investment portfolio. Banks are required by the BSP to match foreign currency assets with the foreign currency liabilities held through FCDU. In addition, the BSP requires a 30% liquidity reserve on all foreign currency liabilities held through FCDU.

The Bank's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Bank believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for a financial institution engaged in the type of business in which the Bank is engaged.

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market, and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from Bank operations.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

Fair Value Estimation

The fair value hierarchy of the Bank's financial assets and liabilities measured at fair values is presented below:

	2024				
	Fair Value				Total
	Carrying Amount	Level 1	Level 2	Level 3	
Assets					
Cash and other cash items	₱1,188,237	₱1,188,237	₱—	₱—	₱1,188,237
Due from BSP	8,213,773	8,213,773	—	—	8,213,773
Due from other banks	1,015,262	1,015,262	—	—	1,015,262
Securities purchased under resale agreement	5,130,000	5,130,000	—	—	5,130,000
Loans and receivables	30,729,643	—	—	30,729,643	30,729,643
Financial assets at FVOCI:					
Debt securities -					
Government securities	17,099,390	17,099,390	—	—	17,099,390
Equity securities:					
Quoted equity securities	321,662	321,662	—	—	321,662
Unquoted equity securities	168	—	—	168	168
Financial assets at amortized cost -					
Government securities	105,679,568	105,329,167	—	—	105,329,167
Other assets*	44,420	—	—	44,420	44,420
	₱169,422,123	₱138,297,491	₱—	₱30,774,231	₱169,071,722
Liabilities					
Deposit liabilities	₱151,557,824	₱—	₱151,557,824	₱—	₱151,557,824
Manager’s check	173,230	173,230	—	—	173,230
Accrued interest and other expenses	289,204	—	289,204	—	289,204
Lease liabilities	112,879	—	112,879	—	112,879
Other liabilities**	206,091	—	—	206,091	206,091
	₱152,339,228	₱173,230	₱151,959,907	₱206,091	₱152,339,228

*Includes refundable deposits, other investments and RCOI under "Other Assets".

**Excluding statutory liabilities, provision for impairment losses on commitments and contingent assets and retirement liability.

	2023				
	Fair Value				
	Carrying Amount	Level 1	Level 2	Level 3	Total
Assets					
Cash and other cash items	₱1,087,157	₱1,087,157	₱—	₱—	₱1,087,157
Due from BSP	11,579,430	11,579,430	—	—	11,579,430
Due from other banks	1,169,066	1,169,066	—	—	1,169,066
Securities purchased under resale agreement	2,336,535	2,336,535	—	—	2,336,535
Loans and receivables	26,533,533	—	—	26,533,533	26,533,533
Financial assets at FVOCI:					
Debt securities -					
Government securities	19,204,487	19,204,487	—	—	19,204,487
Equity securities:					
Quoted equity securities	277,372	277,372	—	—	277,372
Unquoted equity securities	168	—	—	168	168
Financial assets at amortized cost:					
Government securities	107,994,773	107,556,177	—	—	107,556,177
Other assets*	44,711	1,000	—	43,711	44,711
	₱170,227,232	₱143,211,224	₱—	₱26,577,412	₱169,788,636
Liabilities					
Deposit liabilities	₱151,698,140	₱—	₱151,698,140	₱—	₱151,698,140
Manager’s check	155,863	155,863	—	—	155,863
Accrued interest and other expenses	273,893	—	273,893	—	273,893
Lease liabilities	303,940	—	303,940	—	303,940
Other liabilities**	233,875	—	—	233,875	233,875
	₱152,665,711	₱155,863	₱152,275,973	₱233,875	₱152,665,711

*Includes refundable deposits, other investments and RCOCI under "Other Assets".

**Excluding statutory liabilities, provision for impairment losses on commitments and contingent assets and retirement liability.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and Other Cash Items, Due from BSP and Other Banks, Securities Purchased Under Resale Agreement, Refundable Deposits, Other Investments, and RCOCI. The carrying amounts approximate their fair values in view of the relatively short-term maturities of these instruments, or it approximates the amounts expected to be received.

Debt Securities. This pertains to government-issued debt securities. 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.

Equity Securities. This includes quoted and unquoted equity securities. For publicly traded equity securities, fair values are based on quoted prices published in the Philippine equity markets. For unquoted equity securities for which no reliable basis for fair value measurement is available, these are carried at cost net of impairment, if any.

Loans and Receivables. Fair values of loans and receivables are estimated using the discounted cash flow methodology, using the Bank's current incremental lending rates for similar types of loans and receivables.

Generally, significant increases (decreases) in rate would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in effective interest rate would result in a significantly lower (higher) fair value measurement.

Deposit Liabilities. Carrying amounts of deposit liabilities approximate fair values considering that these are currently due and demandable.

Manager's Checks. Carrying amounts approximate fair values due to the short-term nature of the accounts.

Lease Liabilities. Carrying amounts of lease liability approximates its fair value as these are measured at the present value of lease payments to be made over the lease term using the Bank's incremental borrowing rates based on the BVAL rates.

Accrued Interest and Other Expenses and Other Liabilities. Quoted market prices are not readily available for these liabilities. These are reported at cost and are not significant in relation to the Bank's total portfolio.

There were no transfers between levels 1, 2 and 3 during the year.

5. Capital Risk Management

The Bank's capital management seeks to maintain adequate capital levels at all times, not only to comply with externally imposed capital requirements, maintain healthy capital ratios in order to support its business, withstand plausible stress events but also to optimize shareholders' value.

The Bank actively manages its capital structure and makes adjustments in light of the changes in economic conditions and the risk characteristics of its activities. In so doing, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made to the objectives, policies, and processes as at December 31, 2024 and 2023.

Capital Management

Under the existing BSP regulations, the determination of compliance with regulatory requirements and ratios is based on the amount of the "qualifying capital" (regulatory net worth) as reported to the BSP, which is determined on the basis of the Regulatory Accounting Principles (RAP) that differ from PFRS Accounting Standards in some respects. In addition, the risk-based capital ratio of a bank or Capital Adequacy Ratio (CAR) expressed as a percentage of qualifying capital to risk-weighted assets should not be less than 10% at all times.

Qualifying capital and risk-weighted assets are computed based on the RAP. 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.

The CAR of the Bank as at December 31, as reported to the BSP, follows (amounts in millions):

	2024	2023
Tier 1 capital	₱21,810	₱21,462
Tier 2 capital	256	525
Total regulatory qualifying capital	₱22,066	₱21,987
Risk-weighted assets	₱53,889	₱50,791
Tier 1 capital ratio	40.47%	42.26%
Tier 2 capital ratio	0.48%	1.03%
Total capital ratio	40.95%	43.29%

The Bank has fully complied with the CAR requirement of the BSP as at December 31, 2024 and 2023.

The Bank, as a universal bank with 61 branches, including Head Office, as at December 31, 2024 and 2023, is required to maintain a minimum capital of ₱15.0 billion. Accordingly, the Bank maintains an acceptable level of equity to comply with the minimum capital requirement. As at December 31, 2024 and 2023, the Bank has complied with the required capitalization.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, the PSE requires listed entities to maintain a minimum of 10% of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Bank has fully complied with this requirement.

The BSP also requires the Basel III Leverage Ratio (BLR), which is designed to act as a supplementary measure to the risk-based capital requirements. BLR intends to restrict the build-up of leverage in the banking sector to avoid destabilizing deleveraging processes, which can damage the broader financial system and the economy. It also reinforces the risk-based requirements with a simple, non-risk based “backstop” measure. The BLR is computed as the capital measure (Tier 1 capital) divided by the total exposure measure and should not be less than 5.00%.

As at December 31, the BLR reported to the BSP is as follows (amounts in millions):

	2024	2023
Tier 1 capital	₱21,810	₱21,462
Total exposure measure	175,235	172,740
BLR	12.45%	12.42%

The BLR is computed based on the RAP. The Bank is compliant with the BSP requirements as at December 31, 2024 and 2023.

6. Cash and Cash Equivalents

This account consists of:

	Note	2024	2023
Cash and other cash items		₱1,188,237	₱1,087,157
Due from BSP	14	8,213,773	11,579,430
Due from other banks		1,015,262	1,169,066
		₱10,417,272	₱13,835,653

Due from other banks represents balances of funds on deposit with other domestic and foreign banks.

Due from BSP represents the deposit balance maintained with the BSP to meet reserve requirements.

The range of average interest rates follows:

	2024	2023	2022
Due from BSP	5.00% to 7.30%	5.00% to 6.76%	1.50% to 6.38%
Due from other banks	0.03% to 1.45%	0.01% to 0.06%	0.01% to 1.30%

Interest income amounted to ₱199,528, ₱386,719 and ₱557,439 in 2024, 2023, and 2022, respectively.

7. Securities Purchased under Resale Agreement

These pertain to the overnight placements with the BSP as at December 31, 2024 and 2023, where the underlying securities cannot be sold or re-pledged to parties other than the BSP. Effective interest earned from these placements ranges from 5.00% to 6.58% in 2024, 5.50% to 6.48% in 2023 and from 2.00% to 5.50% in 2022.

As at December 31, 2024 and 2023, the account amounted to ₱5,130,000 and ₱2,336,535, respectively.

Interest income amounted to ₱177,011, ₱149,497 and ₱69,579 in 2024, 2023 and 2022, respectively.

8. Investment Securities

Details and movements of this account are as follows:

	Note	2024		
		Financial Assets at		Total
		Amortized Cost	FVOCI	
Balances at beginning of year		₱107,994,772	₱19,482,027	₱127,476,799
Maturities/disposals		(508,295,780)	(1,903,372)	(510,199,152)
Additions		505,227,480	67,545	505,295,025
Translation adjustment		782,990	849,616	1,632,606
Net unrealized fair value gain		–	(990,831)	(990,831)
Net amortization of premium		(26,698)	(81,507)	(108,205)
		105,682,764	17,423,478	123,106,242
Provision for impairment losses	13	(3,196)	(2,258)	(5,454)
Balances at end of year		₱105,679,568	₱17,421,220	₱123,100,788

	Note	2023		
		Financial Assets at		Total
		Amortized Cost	FVOCI	
Balances at beginning of year		₱99,710,191	₱21,701,161	₱121,411,352
Additions		699,313,140	208,485	699,521,625
Maturities/disposals		(690,889,360)	(2,920,502)	(693,809,862)
Net unrealized fair value gain		–	665,244	665,244
Translation adjustment		(116,006)	(117,254)	(233,260)
Net amortization of premium		(27,266)	(60,935)	(88,201)
		107,990,699	19,476,199	127,466,898
Reversal of impairment losses	13	4,074	5,828	9,902
Balances at end of year		₱107,994,773	₱19,482,027	₱127,476,800

Interest income on investment securities consists of:

	2024	2023	2022
Financial assets at amortized cost	₱6,339,963	₱5,484,434	₱3,052,802
Financial assets at FVOCI	722,695	744,008	751,568
	₱7,062,658	₱6,228,442	₱3,804,370

Details on sale/maturity of investment securities are as follows:

	2024	2023	2022
Proceeds/consideration	₱510,267,741	₱693,244,543	₱477,585,883
Carrying amount	510,199,152	693,083,235	477,335,626
Gain on sale	₱68,589	₱161,308	₱250,257

In 2023, the Bank sold its investment in PBCOM with a carrying amount of ₱726,627 for ₱1,199,662, resulting to a gain of ₱473,035. A receivable from sale of investment in quoted equity shares was recognized from the sale and is treated as a non-cash transaction.

Financial Assets at Amortized Cost

This account consists of investment in government securities.

The range of average interest rates of financial assets at amortized cost follows:

	2024	2023	2022
Peso-denominated	2.38% to 7.25%	2.38% to 7.25%	2.38% to 7.50%
Foreign-denominated	2.46% to 5.95%	2.46% to 5.95%	2.48% to 5.95%

Interest income from financial assets at amortized cost amounted to ₱6,339,963, ₱5,484,434 and ₱3,052,802 in 2024, 2023 and 2022, respectively.

Financial assets at amortized cost include BSP bills amounting to ₱75,000,000 and ₱73,000,000 as at December 31, 2024 and 2023, respectively. Interest income on BSP bills were received in advance, net of final tax. Unearned interest amounted to ₱308,933 and ₱392,861 as at December 31, 2024 and 2023, respectively.

Details on sale/maturity of financial assets at amortized cost are as follows:

	2024	2023	2022
Proceeds	₱508,297,912	₱690,993,209	₱476,359,686
Carrying amount	508,295,780	690,889,360	476,146,720
Gain on sale	₱2,132	₱103,849	₱212,966

Financial Assets at FVOCI

This account consists of:

	2024	2023
Government-issued debt securities	₱17,099,390	₱19,204,487
Equity securities:		
Quoted	321,662	277,372
Unquoted	168	168
	321,830	277,540
	₱17,421,220	₱19,482,027

Government-issued Debt Securities. Investments in government-issued debt securities pertain to treasury notes, treasury bonds and dollar-denominated bonds issued by the Philippine government. The fair values of these debt securities are reported using quoted market prices as at reporting date.

The Bank has been managing its debt securities under the financial asset at FVOCI business model to address potential liquidity issues. As at December 31, 2024 and 2023, the Bank has assessed that it has sufficient liquid assets.

Quoted market prices vary with prevailing interest rates in 2022. The fair values of the debt securities decreased significantly resulting to unrealized losses on fair value changes amounting to ₱5,471,928 recognized in other comprehensive loss pursuant to the financial reporting standard. The situation arose due to policy increases in interest rates decided upon by the authorities to control inflation. An increase in prevailing interest rates automatically reduces the reported value of fixed income securities considered as securities held for sale and classified as financial assets. In 2023, a turnaround in market interest rates occurred resulting to an unrealized fair value loss of ₱665,244 during the year. However, additional unrealized losses on fair value changes were incurred in 2024 amounting to ₱990,831.

The Bank can hold these securities to maturity at which time these are scheduled to be redeemed at their principal value. However, the Bank can also dispose of these investments should the market conditions improve. If the Bank will hold to these securities up to its maturity, there should have been no unrealized fair value losses.

The Bank is maintaining retained earnings amounting to ₱16,007,752 and ₱15,904,781 as at December 31, 2024 and 2023, respectively, as it believes that such retention is necessary for probable contingencies in relation with unrealized losses on investment securities due to fluctuations in prevailing market interest rates.

The range of average interest rates of debt securities at FVOCI is as follows:

	2024	2023	2022
Foreign-denominated	1.65% to 6.38%	1.65% to 6.38%	1.65% to 6.38%
Peso-denominated	—	—	4.75% to 5.75%

Interest income from financial assets at FVOCI amounted to ₱722,695, ₱744,008 and ₱751,568 in 2024, 2023 and 2022, respectively.

Quoted Equity Securities. Investments in quoted equity securities pertain to various shares of companies listed in the PSE. Fair values of quoted equity securities are based on quoted market prices as at reporting date.

As mandated by the BSP, on July 7, 2023, the Bank sold its investment in PBCOM for a consideration amounting to ₱1,639,330 through the execution of CPS, resulting to a gain of ₱473,035. The consideration, which will be received through a one-time payment at the end of the five-year term, is recognized as "Receivables from sale of investment in quoted equity shares" presented under "Loans and receivables" account, net of unearned discount (see Note 9). The resulting gain from the divestment is presented separately in the statements of income as "Gain on sale of quoted equity security" since it arose from a private sale in compliance with the BSP mandate. Consequently, the Bank's income before and after the divestment are presented in the statements of income because management assessed that these are relevant to the understanding of the Bank's financial performance.

Details are as follows:

	Note	2024	2023
Proceeds		₱1,639,330	₱1,639,330
Unearned discount		395,701	439,670
Accretion	9	(87,934)	(43,969)
		307,767	395,701
Carrying amount	9	₱1,331,563	₱1,243,629

The incremental rate for similar type of instruments were used in the discounting the receivables in 2023, as the CPS does not bear interest. Provision for credit and impairment losses amounting to ₱13,190 and 186,544 was recognized in 2024 and 2023, respectively. Allowance for credit and impairment losses on the receivable from sale of investment in PBCOM shares amounted to ₱199,734 and ₱186,544 as at December 31, 2024 and 2023, respectively (see Note 13). Realized fair value loss at the time of sale amounting to ₱452,230 was adjusted against retained earnings in 2023.

In 2022, the Bank sold for cash certain investments in quoted equity shares with carrying value of ₱206,913 for ₱202,461, resulting to loss of ₱4,452. Realized fair value loss at the time of sale amounting to ₱68,517 was adjusted against retained earnings.

Unquoted Equity Securities. This account is comprised of shares of stock of private corporations that are carried at cost since fair value cannot be reliably estimated due to lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value. There is currently no market for these investments and the Bank intends to hold them for long-term.

Movements in cumulative unrealized losses on fair value changes of financial assets at FVOCI are as follows:

	2024	2023
Balance at beginning of year	(₱3,167,331)	(₱4,284,805)
Unrealized fair value gains (losses)	(988,573)	659,416
Reversal of allowance (provision) for impairment losses	(2,258)	5,828
Net unrealized gains (losses)	(990,831)	665,244
Realized fair value losses	–	452,230
Balance at end of year	(₱4,158,162)	(₱3,167,331)

Details on sale/maturity of financial assets at FVOCI are as follows:

	2024	2023	2022
Proceeds/consideration*	₱1,969,829	₱3,450,996	₱1,226,197
Carrying amount	1,903,372	2,920,502	1,188,906
Gain on sale	₱66,457	₱530,494	₱37,291

*Includes receivable from the sale of investment in quoted equity shares as at December 31, 2023.

Dividend income from quoted and unquoted equity securities amounted to ₱47,222, ₱4,143 and ₱14,557 in 2024, 2023 and 2022, respectively (see Note 20).

9. Loans and Receivables

This account consists of:

	Note	2024	2023
Loans receivable from customers:			
Corporate		₱26,597,782	₱23,476,990
Individual		5,139,449	4,484,915
		31,737,231	27,961,905
Receivable from sale of investment in quoted equity shares	8	1,331,563	1,243,629
Accrued interest		624,047	581,490
Sales contract receivables		35,665	33,663
Others		13,588	22,978
		2,004,863	1,881,760
		33,742,094	29,843,665
Allowance for credit and impairment losses	13	(3,012,451)	(3,310,132)
		₱30,729,643	₱26,533,533

Loans receivable from customers consists of:

	2024	2023
Bills discounted loans	₱16,061,652	₱15,434,830
Term loans	10,409,435	8,706,527
Agrarian reform	2,943,701	1,778,997
Trust receipts	2,322,443	2,041,551
	₱31,737,231	₱27,961,905

The range of average interest rates of loans receivables from customers of the Bank for the years ended December 31 follows:

	2024	2023	2022
Corporate loans	2.50% to 22.78%	2.25% to 18.46%	2.25% to 10.52%
Individual loans	2.18% to 22.67%	2.18% to 22.67%	1.38% to 22.67%

Interest income on loans and receivables consists of:

	Note	2024	2023	2022
Loans receivable from customers		₱2,138,215	₱1,639,226	₱1,126,687
Receivable from sale of investment in quoted equity shares	8	87,934	43,969	—
Sales contract receivables		2,953	2,737	1,414
		₱2,229,102	₱1,685,932	₱1,128,101

10. Property and Equipment

Details and movements of this account are as follows:

2024						
	Land	Buildings and Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	ROU Assets (see Note 24)	Total
Cost						
Balance at beginning of year	₱2,360,888	₱1,249,283	₱595,722	₱69,857	₱443,301	₱4,719,051
Additions	—	89,070	47,586	3,434	5,042	145,132
Other adjustment	—	—	—	—	(142,994)	(142,994)
Disposals	—	(68,386)	(15,176)	(1,494)	—	(85,056)
Balance at end of year	2,360,888	1,269,967	628,132	71,797	305,349	4,636,133
Accumulated Depreciation and Amortization						
Balance at beginning of year	—	647,693	543,537	59,548	163,794	1,414,572
Depreciation and amortization	—	48,889	30,531	4,066	57,700	141,186
Disposals	—	(2,816)	(12,110)	(1,022)	(10,365)	(26,313)
Balance at end of year	—	693,766	561,958	62,592	211,129	1,529,445
Carrying Amount	₱2,360,888	₱576,201	₱66,174	₱9,205	₱94,220	₱3,106,688

2023						
	Land	Buildings and Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	ROU Assets (see Note 24)	Total
Cost						
Balance at beginning of year	₱2,360,888	₱1,205,957	₱572,274	₱66,256	₱300,268	₱4,505,643
Additions	—	45,512	41,500	7,642	179,044	273,698
Disposals	—	(2,186)	(18,052)	(4,041)	(36,011)	(60,290)
Balance at end of year	2,360,888	1,249,283	595,722	69,857	443,301	4,719,051
Accumulated Depreciation and Amortization						
Balance at beginning of year	—	605,544	527,168	56,512	128,838	1,318,062
Depreciation and amortization	—	44,335	25,752	4,745	65,923	140,755
Disposals	—	(2,186)	(9,383)	(1,709)	(30,967)	(44,245)
Balance at end of year	—	647,693	543,537	59,548	163,794	1,414,572
Carrying Amount	₱2,360,888	₱601,590	₱52,185	₱10,309	₱279,507	₱3,304,479

Details of depreciation and amortization are as follows:

	Note	2024	2023	2022
Property and equipment		₱141,186	₱140,755	₱133,536
Investment properties	11	32,991	44,969	32,272
Computer software	12	8,839	9,109	9,227
	22	₱183,016	₱194,833	₱175,035

Details on sale of property and equipment are as follows:

	Note	2024	2023	2022
Proceeds		₱59,016	₱11,165	₱167,837
Carrying amount		58,743	11,001	124,734
Gain on sale	20	₱273	₱164	₱43,103

The disposal on ROU assets pertain to the pre-termination of a lease contract in 2023 (see Note 24).

As at December 31, 2024, the fair value of land classified as property and equipment amounted to ₱11,080,448.

11. Investment Properties

Details and movements of this account are as follows:

		2024		
	Note	Land	Buildings and Improvements	Total
Cost				
Balance at beginning of year		₱1,988,246	₱530,162	₱2,518,408
Disposals		(225,911)	(8,089)	(234,000)
Foreclosures		119,416	23,088	142,504
Balance at end of year		1,881,751	545,161	2,426,912
Accumulated Depreciation and Amortization				
Balance at beginning of year		–	209,373	209,373
Depreciation and amortization	10	–	32,991	32,991
Disposals		–	(6,898)	(6,898)
Balance at end of year		–	235,466	235,466
Accumulated Impairment Losses				
Balance at beginning of year		88,607	–	88,607
Reversal	20	(80,604)	–	(80,604)
Balance at end of year		8,003	–	8,003
Carrying Amount		₱1,873,748	₱309,695	₱2,183,443

		2023		
	Note	Land	Buildings and Improvements	Total
Cost				
Balance at beginning of year		₱1,834,458	₱407,671	₱2,242,129
Foreclosures		169,025	127,723	296,748
Disposals		(15,237)	(5,232)	(20,469)
Balance at end of year		1,988,246	530,162	2,518,408
Accumulated Depreciation and Amortization				
Balance at beginning of year		–	166,435	166,435
Depreciation and amortization	10	–	44,969	44,969
Disposals		–	(2,031)	(2,031)
Balance at end of year		–	209,373	209,373
Accumulated Impairment Losses				
Balance at beginning of year		69,265	994	70,259
Provision	20	19,380	–	19,380
Disposals		(38)	(994)	(1,032)
Balance at end of year		88,607	–	88,607
Carrying Amount		₱1,899,639	₱320,789	₱2,220,428

Details on the sale of investment properties are as follows:

	2024	2023	2022
Proceeds	₱280,937	₱24,784	₱52,353
Carrying amount	227,102	17,406	23,789
Gain on sale	₱53,835	₱7,378	₱28,564

Direct operating expense on investment properties amounted to ₱33,324, ₱23,724 and ₱25,215 in 2024, 2023 and 2022, respectively.

In 2024, 2023 and 2022, loans with an aggregate carrying amount of ₱54,908, ₱190,275 and ₱299,773, respectively, were derecognized in exchange for foreclosed properties. Gain on foreclosure amounted to ₱87,596, ₱106,473 and ₱140,884 in 2024, 2023 and 2022, respectively.

The aggregate fair value of the investment properties amounted to ₱4,483,614 and ₱4,619,400 as at December 31, 2024 and 2023, respectively. Fair value was determined based on valuations made by independent or in-house appraisers. Valuations were derived on the basis of recent sales of similar properties in the same area as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made. The most significant input into this valuation approach is the price per square meter, hence, the higher the price per square meter, the higher the fair value. The fair value measurement is categorized as Level 2 (significant observable inputs).

12. Other Assets

This account consists of:

	2024	2023
Prepaid expenses	₱231,679	₱191,991
Creditable withholding tax	80,586	62,911
Computer software	25,754	21,519
Refundable deposits	21,877	22,354
Other investments	21,657	21,357
Documentary stamp tax	18,013	20,906
Stationery and supplies	13,409	10,261
Others	20,138	5,717
	₱433,113	₱357,016

Prepaid expenses comprise mainly of business taxes and licenses, and insurance premium paid in advance.

Movements in computer software are as follows:

	Note	2024	2023
Cost			
Balance at beginning of year		₱95,651	₱90,184
Additions		13,074	5,467
Balance at end of year		108,725	95,651
Amortization			
Balance at beginning of year		₱74,132	65,023
Amortization	10	8,839	9,109
Balance at end of year		82,971	74,132
Carrying Amount		₱25,754	₱21,519

Other investments represent the required minimum amount of investment in various banking facilities to avail of their services and support the viability and sustainability of the banking network system.

13. Allowance for Credit and Impairment Losses

Movements in the allowance for credit and impairment losses on financial assets are as follows:

2024					
	Financial Assets at Amortized Cost (see Note 8)	Debt Securities at FVOCI (see Note 8)	Loans and Receivables (see Note 9)	Commitments and Other Contingent Assets (see Note 16)	Total
Balances at beginning of year	₱14,399	₱18,524	₱3,310,132	₱14,257	₱3,357,312
Provision (reversal)	3,196	2,258	(297,681)	–	(292,227)
Translation adjustment	673	775	–	–	1,448
Balances at end of year	₱18,268	₱21,557	₱3,012,451	₱14,257	₱3,066,533

2023					
	Financial Assets at Amortized Cost (see Note 8)	Debt Securities at FVOCI (see Note 8)	Loans and Receivables (see Note 9)	Commitments and Other Contingent Assets (see Note 16)	Total
Balances at beginning of year	₱18,582	₱24,352	₱4,131,628	₱14,257	₱4,188,819
Reversal	(4,074)	(5,828)	(821,496)	–	(831,398)
Translation adjustment	(109)	–	–	–	(109)
Balances at end of year	₱14,399	₱18,524	₱3,310,132	₱14,257	₱3,357,312

2022					
	Financial Assets at Amortized Cost (see Note 8)	Debt Securities at FVOCI (see Note 8)	Loans and Receivables (see Note 9)	Commitments and Other Contingent Assets (see Note 16)	Total
Balances at beginning of year	₱79,208	₱107,623	₱4,252,428	₱14,257	₱4,453,516
Reversal	(66,454)	(90,939)	–	–	(157,393)
Derecognition	–	–	(120,800)	–	(120,800)
Translation adjustment	5,828	7,668	–	–	13,496
Balances at end of year	₱18,582	₱24,352	₱4,131,628	₱14,257	₱4,188,819

With the foregoing level of allowance for credit and impairment losses, management believes that the Bank has sufficient allowance to cover for any losses that the Bank may incur from the non-collection or non-realization of its financial assets.

Allowance for credit and impairment losses on loans and receivables relates to the following:

	Note	2024	2023
Loans receivables from customers		₱2,812,298	₱3,120,517
Receivable from sale of investment in quoted equity shares		199,734	186,544
Accrued interest		419	3,071
	9	₱3,012,451	₱3,310,132

Below is the analysis of movements of corporate accounts:

	2024			
	Stage 1	Stage 2	Stage 3	Total
Gross Amount				
Balances at beginning of year	₱19,901,495	₱469,027	₱3,106,468	₱23,476,990
Loan releases	6,726,418	73,238	–	6,799,656
Payments/foreclosures	(3,099,152)	(47,500)	(532,212)	(3,678,864)
Transfers to stage 1	200,051	(138,851)	(61,200)	–
Balances at end of year	23,728,812	355,914	2,513,056	26,597,782
Allowance for Impairment and Credit Losses				
Balances at beginning of year	214,591	239	2,313,948	2,528,778
Provisions	28,396	329	2,184	30,909
Reversals	(105,022)	–	(169,747)	(274,769)
Transfers to stage 1	805	(214)	(591)	–
Balances at end of year	138,770	354	2,145,794	2,284,918
Carrying Amount	₱23,590,042	₱355,560	₱367,262	₱24,312,864

	2023			
	Stage 1	Stage 2	Stage 3	Total
Gross Amount				
Balances at beginning of year	₱15,671,635	₱1,116,592	₱2,814,618	₱19,602,845
Loan releases	6,212,718	–	19,323	6,232,041
Payments/foreclosures	(1,933,261)	(257,890)	(166,745)	(2,357,896)
Transfers to stage 2	(49,597)	50,523	(926)	–
Transfers to stage 3	–	(440,198)	440,198	–
Balances at end of year	19,901,495	469,027	3,106,468	23,476,990
Allowance for Impairment and Credit Losses				
Balances at beginning of year	299,531	573,122	2,175,105	3,047,758
Provisions	165,509	214	83,962	249,685
Reversals	(250,449)	(385,949)	(132,267)	(768,665)
Transfers to stage 2	–	1	(1)	–
Transfers to stage 3	–	(187,149)	187,149	–
Balances at end of year	214,591	239	2,313,948	2,528,778
Carrying Amount	₱19,686,904	₱468,788	₱792,520	₱20,948,212

Below is the analysis of movements of individual accounts:

	2024			
	Stage 1	Stage 2	Stage 3	Total
Gross Amount				
Balances at beginning of year	₱3,338,937	₱67,609	₱1,078,369	₱4,484,915
Loan releases	1,561,411	1,464	19,063	1,581,938
Payments/foreclosures	(761,242)	(13,742)	(152,420)	(927,404)
Transfers to stage 1	51,048	(51,048)	–	–
Transfers to stage 2	(11,074)	12,614	(1,540)	–
Transfers to stage 3	(3,996)	(1,918)	5,914	–
Balances at end of year	4,175,084	14,979	949,386	5,139,449
Allowance for Impairment and Credit Losses				
Balances at beginning of year	46,177	435	545,127	591,739
Provisions	9,535	551	4,887	14,973
Reversals	(23,193)	(792)	(55,347)	(79,332)
Transfers to stage 1	60	(60)	–	–
Transfers to stage 2	(196)	598	(402)	–
Transfers to stage 3	(49)	(114)	163	–
Balances at end of year	32,334	618	494,428	527,380
Carrying Amount	₱4,142,750	₱14,361	₱454,958	₱4,612,069

	2023			
	Stage 1	Stage 2	Stage 3	Total
Gross Amount				
Balances at beginning of year	₱3,553,706	₱534,312	₱852,653	₱4,940,671
Loan releases	787,321	9,320	2,530	799,171
Payments/foreclosures	(1,087,404)	(65,859)	(101,664)	(1,254,927)
Transfers to stage 1	160,294	(160,294)	—	—
Transfers to stage 2	(39,887)	41,215	(1,328)	—
Transfers to stage 3	(35,093)	(291,085)	326,178	—
Balances at end of year	3,338,937	67,609	1,078,369	4,484,915
Allowance for Impairment and Credit Losses				
Balances at beginning of year	89,047	356,997	615,059	1,061,103
Provisions	24,334	413	53,499	78,246
Reversals	(74,268)	(134,225)	(339,117)	(547,610)
Transfers to stage 1	7,814	(7,814)	—	—
Transfers to stage 2	(22)	22	—	—
Transfers to stage 3	(728)	(214,958)	215,686	—
Balances at end of year	46,177	435	545,127	591,739
Carrying Amount	₱3,292,760	₱67,174	₱533,242	₱3,893,176

14. Deposit Liabilities

This account consists of:

	2024	2023
Savings	₱105,422,240	₱106,172,027
Time	45,317,536	44,634,972
Demand	818,048	891,141
	₱151,557,824	₱151,698,140

As per the BSP Circular No. 1175, *Reduction in Reserve Requirements*, effective on June 30, 2023, the reserve requirement was reduced from 12% to 9.5% for universal banks. The BSP Circular No. 1201, *Reduction in Reserve Requirements*, effective on October 25, 2024, further reduced the reserve requirement from 9.5% to 7% for universal banks. The Bank has available reserves consisting of due from BSP amounting to ₱8,214 and ₱11,579 as at December 31, 2024 and 2023, respectively, and is compliant with the reserve requirement (see Note 6).

The annual fixed interest rate of deposit liabilities ranges from 0.05% to 5.25% in 2024, 0.05% to 5.25% in 2023, and 0.05% to 4.25% in 2022.

Interest expense on deposit liabilities account consists of:

	2024	2023	2022
Savings deposits	₱4,719,686	₱4,045,979	₱2,136,202
Time deposits	1,783,123	1,262,205	602,267
	₱6,502,809	₱5,308,184	₱2,738,469

15. Accrued Interest, Taxes and Other Expenses

This account consists of:

	2024	2023
Accrued interest	₱232,877	₱103,620
Accrued expenses	56,327	170,273
Other taxes payable	71,583	102,880
	₱360,787	₱376,773

Other taxes payable mainly pertains to the Bank's accrual for gross receipts tax.

16. Other Liabilities

This account consists of:

	Note	2024	2023
Accounts payable		₱113,793	₱102,893
Statutory liabilities		58,622	85,148
Outstanding acceptances and customers' liabilities		35,701	27,764
Due to the Treasurer of the Philippines		16,977	16,977
Provision for impairment losses on commitments and contingent assets	13	14,257	14,257
Dormant deposit accounts		10,090	17,332
Due to BSP		9,292	28,559
Deposits for safety deposit boxes		3,848	3,736
Retirement liability	21	2,374	2,558
Security deposit		1,738	1,722
Others		14,652	34,892
		₱281,344	₱335,838

Accounts payable mainly consist of unpaid charges pertaining to cash card and trading transactions and are normally settled in the following month.

Statutory liabilities pertain to amounts due to various government agencies and are normally settled in the following month.

Outstanding acceptances and customers' liabilities pertain to payables arising from customer trade for which the Bank has given accommodations to the buyer/importer in the form of acceptance credit. These are normally settled within the next reporting year.

Due to the Treasurer of the Philippines pertains to remaining balances of dormant accounts surrendered to the Treasurer of the Philippines. These are normally settled within the next reporting year.

Due to BSP pertains to accruals for supervision fees are normally settled in the following year.

Deposits will be refunded to customers at the end of the agreement/contract.

Others mainly consist of deferred charges.

In 2024, the Bank reversed various long-outstanding payables aggregating ₱35,632 (see Note 20).

17. Classification of Assets and Liabilities

The following tables present the carrying amount of assets and liabilities classified as either current or noncurrent as at December 31:

		2024			2023		
	Note	Current	Noncurrent	Total	Current	Noncurrent	Total
Financial Assets							
Cash and other cash items	6	₱1,188,237	₱—	₱1,188,237	₱1,087,157	₱—	₱1,087,157
Due from BSP	6	8,213,773	—	8,213,773	11,579,430	—	11,579,430
Due from other banks	6	1,015,262	—	1,015,262	1,169,066	—	1,169,066
Securities purchased under resale agreement	7	5,130,000	—	5,130,000	2,336,535	—	2,336,535
Loans and receivables	9	24,556,287	9,185,807	33,742,094	21,435,559	8,408,106	29,843,665
Investment securities:							
Financial assets at FVOCI		321,830	17,120,947	17,442,777	277,804	19,222,747	19,500,551
Financial assets at amortized cost		75,000,000	30,697,836	105,697,836	78,098,712	29,910,460	108,009,172
Other assets*	12	886	43,534	44,420	1,000	43,711	44,711
		115,426,275	57,048,124	172,474,399	115,985,263	57,585,024	173,570,287
Less allowance for credit and impairment losses**	13	2,757,023	295,253	3,052,276	3,031,306	311,749	3,343,055
		112,669,252	56,752,871	169,422,123	112,953,957	57,273,275	170,227,232
Nonfinancial Assets							
Property and equipment	10	—	4,636,133	4,636,133	—	4,719,051	4,719,051
Investment properties	11	—	2,426,912	2,426,912	—	2,518,408	2,518,408
Deferred tax assets - net	26	—	370,229	370,229	—	372,194	372,194
Other assets	12	362,939	108,725	471,664	290,786	95,651	386,437
		362,939	7,541,999	7,904,938	290,786	7,705,304	7,996,090
Less:							
Accumulated depreciation and amortization	10, 11, 12	—	1,847,882	1,847,882	—	1,698,077	1,698,077
Allowance for impairment losses	11	—	8,003	8,003	—	88,607	88,607
		—	1,855,885	1,855,885	—	1,786,684	1,786,684
		362,939	5,686,114	6,049,053	290,786	5,918,620	6,209,406
		₱113,032,191	₱62,438,985	₱175,471,176	₱113,244,743	₱63,191,895	₱176,436,638
Financial Liabilities							
Deposit liabilities	14	₱139,676,837	₱11,880,987	₱151,557,824	₱140,454,349	₱11,243,791	₱151,698,140
Manager’s checks		173,230	—	173,230	155,863	—	155,863
Accrued interest and others expenses	15	289,204	—	289,204	273,893	—	273,893
Lease liabilities	24	78,438	34,441	112,879	78,154	225,786	303,940
Other liabilities***	16	206,091	—	206,091	233,875	—	233,875
		140,423,800	11,915,428	152,339,228	141,196,134	11,469,577	152,665,711
Nonfinancial Liabilities							
Accrued taxes	15	71,583	—	71,583	102,880	—	102,880
Unearned interest	8	308,933	—	308,933	392,861	—	392,861
Other liabilities	16	72,879	2,374	75,253	99,405	2,558	101,963
		453,395	2,374	455,769	595,146	2,558	597,704
		₱140,877,195	₱11,917,802	₱152,794,997	₱141,791,280	₱11,472,135	₱153,263,415

*Includes refundable deposits, other investments and RCOI under "Other assets".

**Excluding allowance for commitments and contingent assets.

***Excluding statutory liabilities, provision for impairment losses on commitments and contingent assets and retirement liability.

18. Equity

Capital Stock

Capital stock as at December 31, 2024 and 2023 consists of:

	Number of Shares	Amount
Authorized - ₱10 par value*	2,200,000	₱22,000,000
Issued and outstanding	1,000,000	10,000,000
*Par value is stated in absolute values		

The Bank listed its shares in the PSE on February 17, 1988. As at December 31, 2024 and 2023, 1,000,000 of the Bank's common shares are listed in the PSE.

There are no movements in the number of outstanding shares for all the periods presented. As at December 31, 2024 and 2023, the Bank has 82 stockholders of record.

Reserves

Reserves as at December 31, 2024 and 2023 consist of:

	2024	2023
Reserve for general loan loss provision	₱144,305	₱—
Reserve for contingencies	38,658	38,658
Reserve for self-insurance	33,762	33,522
Reserve for trust business	2,494	320
	₱219,219	₱72,500

In accordance with Appendix 100 – *Guidelines on the Adoption of the PFRS 9, Financial Instruments - Impairment* to Section 172 of the MORB of the BSP, banks should set up general loan loss provision (GLLP) equivalent to 1% of all current loans (after excluding accounts considered as credit risk-free under existing regulations).

In cases when the computed allowance for ECL on current loans is less than the 1.0% GLLP required, the difference should be appropriated from retained earnings using the account "Retained Earnings - General Provision" in the books of the Bank.

"Retained Earnings - General Provision" amounted to ₱144,305 as at December 31, 2024. There was no appropriation of retained earnings as at December 31, 2023 as allowance for credit and impairment losses on current loans and receivables are higher than the required 1.0% GLLP.

Reserve for self-insurance represents the amount set aside to cover losses due to fire, defalcation by and other unlawful acts of the Bank's personnel or third parties. Additional reserve amounting to ₱240 and ₱180 was recognized in 2024 and 2023, respectively.

In compliance with the existing BSP regulations, the Bank should, before the declaration of dividends, carry to retained earnings at least 10% of its income from trust operations since the last preceding dividend declaration until the retained earnings amount to 20% of its authorized capital stock. Additional reserve amounting to ₱2,174 was recognized in 2024.

19. Earnings Per Share

Basic EPS amounts are calculated by dividing the net income for the year by the weighted average number of common shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations:

	2024	2023	2022
Net income	₱614,013	₱1,029,109	₱745,286
Weighted average of outstanding common shares	1,000,000	1,000,000	1,000,000
Earnings per share*	₱0.61	₱1.03	₱0.75

**Earnings per share is stated in absolute values*

As at December 31, 2024, 2023 and 2022, there were no outstanding dilutive potential common shares.

20. Other Income - Net

This account consists of:

	Note	2024	2023	2022
Rent income	24	₱142,586	₱54,879	₱41,501
Reversal of (provision for) allowance for impairment losses on investment properties	11	80,604	(19,380)	(40,689)
Dividend income	8	47,222	4,143	14,557
Gain on:				
Reversal of long-outstanding liabilities	16	35,632	—	—
Lease adjustment/modification	24	7,771	705	—
Sale of property and equipment	10	273	164	43,103
Income from trust operations		5,749	5,540	3,636
Others - net		27,402	12,079	25,257
		₱347,239	₱58,130	₱87,365

Others consist of loss on derecognition of investment properties, income on pre-terminated time deposits and lease agreements, sale of defective materials and charges for refitting lockset.

21. Compensation and Employee Benefits

This account consists of:

	2024	2023	2022
Salaries and other employee benefits	₱878,386	₱911,178	₱827,905
Retirement benefits	56,494	50,705	54,192
Statutory benefits	37,920	34,269	27,641
Dental, medical and hospitalization	27,631	15,999	15,869
	₱1,000,431	₱1,012,151	₱925,607

Retirement Plan

The Bank has a funded, DC plan for qualifying employees. Under the plan, the employees are entitled to retirement benefits in relation to the proportion of the fair value of the total contributions on their attainment of the retirement age. The assets of the fund are being administered by trustees and are held separately from those of the Bank.

Under RA No. 7641, the Bank also provides for its qualified employees a DB minimum guarantee, which is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service. The latest actuarial valuation report is for the year ended December 31, 2024.

The present value of the DB minimum guarantee under RA No. 7641 amounted to ₱2,374 and ₱2,558 as at December 31, 2024 and 2023, respectively (see Note 16). The Bank has no unallocated DC plan assets as at December 31, 2024 and 2023.

The Bank is exposed to the risk of changes in government securities yields, wherein a decrease in government securities yields will increase the projected DB minimum guarantee, although this will be partially offset by an increase in the value of any unallocated plan assets' securities holdings.

Details of the present value of the DB minimum guarantee obligation are as follows:

	Note	2024	2023
Balance at beginning of year		₱2,558	₱3,300
Remeasurement gain arising from:			
Experience adjustments		(394)	(980)
Changes in financial assumptions		(10)	(24)
Interest expense		151	172
Current service cost		69	90
Balance at end of year	16	₱2,374	₱2,558

Details of the retirement benefits recognized in profit or loss are as follows:

	2024	2023	2022
Interest expense	₱151	₱172	₱118
Current service cost	69	90	64
Retirement benefits recognized	220	262	182
Retirement benefits on DC plan (contributions during the year)	56,274	50,443	54,010
	₱56,494	₱50,705	₱54,192

Details of cumulative remeasurement gains on retirement liability follow:

	2024		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 26)	Net
Balance at beginning of year	₱10,598	₱2,649	₱7,949
Remeasurement gain	404	101	303
Balance at end of year	₱11,002	₱2,750	₱8,252

	2023		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 26)	Net
Balance at beginning of year	₱9,594	₱2,398	₱7,196
Remeasurement gain	1,004	251	753
Balance at end of year	₱10,598	₱2,649	₱7,949

The average duration of the defined benefit obligation at the end of 2024 is 12 years.

As at December 31, 2024 and 2023, the Bank's undiscounted benefit payments amounting to ₱2,509 and ₱2,692 are expected to be settled within one to five years.

The Bank's assumptions are based on actual historical experience and external data regarding salary and discount rate trends. The Bank considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the estimation of DB obligation.

22. Occupancy and Equipment-related Expenses

This account consists of:

	Note	2024	2023	2022
Depreciation and amortization	10	₱183,016	₱194,833	₱175,035
Rent	24	17,858	13,984	4,606
		₱200,874	₱208,817	₱179,641

23. Other Operating Expenses

This account consists of:

	Note	2024	2023	2022
Taxes and licenses		₱471,004	₱456,490	₱287,977
Insurance		319,845	304,491	301,011
Security, messengerial and janitorial		182,392	163,711	168,118
Information technology		80,518	102,594	78,646
Communications, light and water		58,215	59,712	57,222
Supervision and examination fees		31,292	73,035	55,664
Litigation-related expense		27,820	26,666	45,769
Professional fees		25,281	15,382	27,438
Promotions and business development		19,621	45,733	31,539
Repairs and maintenance		19,479	21,855	16,435
Transportation and travel		11,848	12,625	10,502
Supplies expense		10,548	9,589	8,596
Interest expense on lease liabilities	24	7,425	11,307	9,999
Documentary stamp tax		2,136	8,581	18,680
Others		69,014	50,407	48,712
		₱1,336,438	₱1,362,178	₱1,166,308

Others mainly pertain to bank charges, meals and service charges.

24. Lease Commitments

As a Lessee

The Bank has various non-cancellable lease agreements for its branches for a period of one to 10 years, renewable upon mutual agreement of both parties and subject to annual lease escalation of 5% to 10%.

ROU assets pertain to leased branch premises (see Note 10).

Movements in the lease liabilities are presented below.

	2024	2023
Balance at beginning of year	₱303,940	₱193,870
Other adjustment	(135,223)	–
Payments	(68,305)	(73,662)
Interest expense	7,425	11,307
Additions	5,042	178,174
Pre-termination	–	(5,749)
	112,879	303,940
Current portion	78,438	78,154
Noncurrent portion	₱34,441	₱225,786

Lease-related expenses are presented below.

	Note	2024	2023	2022
Amortization of ROU assets	10	₱57,700	₱65,923	₱53,950
Rent expense	22	17,858	13,984	4,606
Interest on lease liabilities	23	7,425	11,307	9,999
		₱82,983	₱91,214	₱68,555

In 2024, the Bank made certain adjustments to its ROU assets and lease liabilities to reflect the accurate payment term for a lease agreement. This resulted to a gain on lease adjustment amounting to ₱7,771 (see Note 20).

In 2023, the Bank pre-terminated a lease contract resulting to a gain on pre-termination amounting to ₱705 (see Note 20).

Rent expense in 2024, 2023 and 2022 pertains to short-term lease on some branches with less than 12 months term at date of transition and variable lease payments.

Undiscounted amounts of future lease commitments are as follows:

	2024	2023
Not later than one year	₱52,909	₱92,857
Later than one year but not more than five years	60,527	246,546
Later than five years	–	3,127
	₱113,436	₱342,530

As a Lessor

The Bank has various non-cancellable agreements for the surplus space of its branches. Each lease agreement has terms of one to 25 years, renewable upon mutual agreement of the parties, and has an annual agreed escalation.

Rent income amounted to ₱142,586, ₱54,879, and ₱41,501 in 2024, 2023 and 2022, respectively (see Note 20). In 2024, rent income includes variable lease payments amounting to ₱94,099.

Undiscounted amounts of future lease payments to be received are as follows:

	2024	2023
Not later than one year	₱37,135	₱38,996
Later than one year but not more than five years	153,897	163,240
Later than five years	8,163	35,955
	₱199,195	₱238,191

25. Related Party Transactions and Balances

In the ordinary course of business, the Bank can enter into loan and other transactions with its related parties and with certain directors, officers, stockholders, and related interests (DOSRI). Under the Bank's policy, these loans and other transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. The amount of individual loans to DOSRI, of which 70.00% must be secured, should not exceed the amount of their respective deposits and book value of their respective investments in the Bank. These limits do not apply to loans secured by assets considered as non-risk as defined in the BSP regulations.

In the ordinary course of business, the Bank has transactions with related parties summarized as follows:

Nature of Transactions	2024		2023	
	Transactions during the Year	Outstanding Balances	Transactions during the Year	Outstanding Balances
Entities under Common				
Management				
Loans and receivables	₱228,327	₱1,088,287	₱1,316,614	₱1,316,614
Interest income	48,122	—	49,615	—
Investment in equity securities	1,095	2,850	—	1,755
Deposit liabilities	50,113	702,751	311,019	752,864
Interest expense	29,327	—	22,496	—
Rent income	118,099	—	25,667	—
Rent expense	24,461	—	40,167	—
Others	27,276	—	29,156	—
Stockholders				
Loans and receivables	419,000	435,000	154,000	854,000
Interest income	46,471	—	58,430	—
Interest				
Loans and receivables	—	2,364,002	(13,000)	2,364,002
Interest income	153,496	—	154,847	—

Terms and Conditions

Loans and Receivables. Loans and receivables from related parties pertain to bills discounted loan with a term of three to five years and bear annual interest rates ranging from 3.50% to 5.00% in 2024, 2023 and 2022.

Investments in Equity Securities. This pertains to investments in quoted equity securities that are classified as financial assets at FVOCI.

Deposit Liabilities. Deposits made by related parties bear interest rates ranging from 0.25% to 3.63% in 2024, 2023 and 2022.

Rent Income. Lease transactions, as a lessor, have term of one to 25 years and renewable upon mutual agreement of the parties.

Rent Expense. Lease transaction, as a lessee, have term of one to two years and renewable upon mutual agreement of the parties.

Other Transactions. Other transactions with entities under common management pertain to services rendered by related parties to the Bank that are included under other operating expenses.

Compensation of Key Management Personnel

The compensation of the key management personnel included under compensation and employee benefits follows:

	2024	2023	2022
Short-term employee benefits	₱175,684	₱156,093	₱149,339
Post-employment retirement benefits	57,290	7,288	24,856
	₱232,974	₱163,381	₱174,195

Transactions with Retirement Plan

Management of the retirement fund of the Bank is handled by its Trust Unit. The fair values of the fund amounted to ₱1,128,408 and ₱1,109,979 as at December 31, 2024 and 2023, respectively.

26. Income Taxes

Income taxes include corporate income tax and FCDU final taxes, as discussed below, and final tax paid at the rate of 20.00% on gross interest income from government securities and other deposit substitutes. These income taxes, as well as the deferred tax benefits and provisions, are presented as "Income tax expense" in the statements of income.

Effective in May 2004, RA No. 9294 restored the tax exemption of FCDU and offshore banking units (OBU). Under such law, the income derived by the FCDU from foreign currency transactions with nonresidents, OBU, local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency loans from residents other than OBU or other depository banks under the expanded system is subject to 10% final income tax.

Components of income tax expense are as follows:

	2024	2023	2022
Final tax	₱1,207,668	₱1,094,614	₱653,512
Deferred income tax	1,864	172,245	34,505
	₱1,209,532	₱1,266,859	₱688,017

There is no current income tax expense in 2024 and 2023 because the Bank is in a gross and taxable loss position.

The reconciliation of the income tax expense at statutory tax rate and income tax expense as presented in the statements of income is as follows:

	2024	2023	2022
Income tax expense at statutory tax rate	₱455,886	₱573,992	₱358,325
Tax effects of:			
Changes in unrecognized deferred tax assets	764,398	982,328	34,734
Nondeductible expenses	391,628	358,268	271,854
Interest income subjected to final tax	(356,611)	(594,315)	(127,072)
Nontaxable income	(45,769)	(53,414)	(416,206)
Expiration of NOLCO	—	—	566,382
	₱1,209,532	₱1,266,859	₱688,017

Deferred tax expense (benefit) is recognized as follows:

	2024	2023
Through:		
Profit or loss	₱1,864	₱172,245
Other comprehensive income (loss)	101	(251)
	₱1,965	₱171,994

Details of net deferred tax assets are as follows:

	2024	2023
Deferred tax assets on:		
Allowance for credit and impairment losses on loans and receivables	₱485,958	₱485,958
Excess of lease liabilities over ROU assets	4,664	6,109
Retirement liability	593	639
	491,215	492,706
Deferred tax liabilities on:		
Unrealized gain on foreclosure of investment properties	(120,977)	(120,503)
Others	(9)	(9)
	(120,986)	(120,512)
	₱370,229	₱372,194

Net deferred tax assets are recognized as follows:

	Note	2024	2023
Through:			
Profit or loss		₱372,979	₱374,843
Other comprehensive income (loss)	21	(2,750)	(2,649)
		₱370,229	₱372,194

As at December 31, the Bank has not recognized deferred tax assets relating to NOLCO and deductible temporary differences as follows:

	2024	2023
NOLCO	₱3,619,505	₱2,765,513
Allowance for impairment losses on:		
Loans and receivables	267,154	341,575
Investment properties	6,979	22,152
Commitments and contingent assets	3,564	3,564
	₱3,897,202	₱3,132,804

Management assessed that it is not probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets on the foregoing NOLCO and deductible temporary differences to be utilized.

Details of NOLCO are as follows:

Year incurred	Year of expiry	Amount	Incurred	Balance
2020	2025	₱2,732,975	₱—	₱2,732,975
2021	2026	1,707,575	—	1,707,575
2022	2025	2,485,491	—	2,485,491
2023	2026	4,136,009	—	4,136,009
2024	2027	—	4,676,860	4,676,860
		₱11,062,050	₱4,676,860	₱15,738,910

Under RA No. 11494, *Bayanihan to Recover as One Act*, and Revenue Regulations No. 25-2020, the Bank is allowed to carry over its net operating losses for the taxable years 2020 and 2021 for the next five consecutive taxable years immediately following the year of such loss.

Under the Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) Act, the RCIT of domestic corporations was reduced from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. MCIT was changed from 2% to 1% of gross income for a period of three years up to June 30, 2023.

The rate of MCIT reverted to 2% based on gross income starting July 1, 2023. The impact of the revision is accounted for in 2023, if any.

Current tax rates used in 2024, 2023 and 2022 is 25% RCIT and 2%, 1.5% and 1% MCIT, respectively.

27. Trust Operations

Securities and other properties (other than deposits) held by the Bank in fiduciary or agency capacities for clients and beneficiaries are not included in the accompanying statements of financial position since these are not assets of the Bank.

In compliance with the requirements of current banking regulations relative to the Bank's trust functions: (a) government securities included under financial assets at amortized cost in the statements of financial position with a total face value of ₱20,000 as at December 31, 2024 and 2023, are deposited with the BSP as security for the Bank's faithful compliance with its fiduciary obligations; and (b) a certain percentage of the Bank's trust fee income is transferred to retained earnings. This yearly transfer is required until the retained earnings for trust function equals 20.00% of the Bank's authorized share capital.

28. Commitments and Contingent Assets and Liabilities

In the normal course of the Bank's operations, there are outstanding commitments and contingent liabilities which are not reflected in the financial statements. Management does not anticipate any material losses resulting from these transactions.

As at December 31, 2024 and 2023, the Bank is involved in legal proceedings mainly relating to uncollected loans and foreclosed properties. Based on the assessment of management in consultation with its legal counsels, the Bank is in a good position to secure favorable judgment in most of these legal cases. Management therefore believes that the outcome of these legal proceedings will not have any material adverse effect on the financial position and performance of the Bank.

The following is a summary of contingencies and commitments of the Bank with the contractual amounts:

	2024	2023
Trust department accounts	₱1,128,408	₱1,109,979
Unused commercial letters of credit	293,256	130,207
Outward bills for collection	40,507	41,166
Late deposits	21,606	17,739
Inward bills for collection	11,928	2,327
Items held as collateral	11	5
	₱1,495,716	₱1,301,423

29. Segment Information

A segment is a distinguishable component of the Bank that is engaged either in providing types of services (business segment).

The banking operations for the years ended December 31, 2024, 2023 and 2022 have two major business segments - lending and treasury operations. The foregoing segments contribute the most in the generated income of the Bank. Gross revenues for treasury operations accounted for 36%, 39%, and 65% while the remaining 64%, 61%, and 35% came from lending and allied operations of total revenues for the years ended December 31, 2024, 2023 and 2022, respectively. Lending operation is largely limited to commercial loans which accounted for approximately 99% of total loan portfolio for the three years under review.

The table below present financial information on business segments as at and for the years ended December 31:

	2024		
	Treasury Group	Lending Group	Total
Segment Revenue			
Interest income from treasury operations	₱7,439,197	₱—	₱7,439,197
Interest expense	(6,502,809)	—	(6,502,809)
Interest income from lending operations	—	2,229,102	2,229,102
Reversal of (provision for) credit and impairment losses	(5,454)	297,681	292,227
Other income	628,397	194,570	822,967
	1,559,331	2,721,353	4,280,684
Compensation and employee benefits	(943,979)	(56,452)	(1,000,431)
Income tax expense	(1,209,532)	—	(1,209,532)
Segment Operating Profit (Loss)	(594,180)	2,664,901	2,070,721
Unallocated expenses:			
Occupancy and equipment-related expenses			(200,874)
Other operating expenses			(1,255,834)
			614,013
Segment Assets	₱142,639,890	₱32,831,286	₱175,471,176

	2023		
	Treasury Group	Lending Group	Total
Segment Revenue			
Interest income from treasury operations	₱6,764,658	₱—	₱6,764,658
Interest expense	(5,307,160)	(1,024)	(5,308,184)
Interest income from lending operations	—	1,685,932	1,685,932
Reversal of credit and impairment losses	9,852	821,546	831,398
Other income	441,748	482,942	924,690
	1,909,098	2,989,396	4,898,494
Compensation and employee benefits	(964,081)	(48,070)	(1,012,151)
Income tax expense	(1,266,859)	—	(1,266,859)
Segment Operating Profit (Loss)	(321,842)	2,941,326	2,619,484
Unallocated expenses:			
Occupancy and equipment-related expenses			(208,817)
Other operating expenses			(1,381,558)
			₱1,029,109
Segment Assets	₱147,686,240	₱28,750,398	₱176,436,638

	2022		
	Treasury Group	Lending Group	Total
Segment Revenue			
Interest income from treasury operations	₱4,431,388	₱—	₱4,431,388
Interest expense	(2,737,960)	(509)	(2,738,469)
Interest income from lending operations	—	1,128,101	1,128,101
Reversal of credit and impairment losses	157,393	—	157,393
Other income	597,686	169,449	767,135
	2,448,507	1,297,041	3,745,548
Compensation and employee benefits	(881,308)	(44,299)	(925,607)
Income tax expense	(688,017)	—	(688,017)
Segment Operating Profit	879,182	1,252,742	2,131,924
Unallocated expenses:			
Occupancy and equipment-related expenses			(179,641)
Other operating expenses			(1,206,997)
			₱745,286
Segment Assets	₱146,277,262	₱23,078,103	₱169,355,365



REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Philippine Trust Company (Philtrust Bank)
Philtrust Bank Bldg., 1000 United Nations Avenue
corner San Marcelino St., Manila

We have audited in accordance with Philippine Standards on Auditing, the accompanying financial statements of Philippine Trust Company (Philtrust Bank) (the Bank) as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022, and have issued our report dated March 25, 2025. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary schedules for submission to the Securities and Exchange Commission (SEC) are the responsibility of the Bank's management.

These supplementary schedules include the following:

- Reconciliation of Retained Earnings Available for Dividend Declaration for the Year Ended December 31, 2024
- Schedule of Financial Soundness Indicators as at December 31, 2024 and 2023
- Schedules required by Paragraph 6 Part II of the Revised Securities Regulation Code (SRC) Rule 68

The 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. 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 the years ended December 31, 2024, 2023 and 2022, and no material exceptions were noted.



These foregoing supplementary schedules are presented for purposes of complying with Revised SRC Rule 68 issued by the SEC, and are not part of the basic financial statements prepared in accordance with PFRS Accounting Standards. These supplementary schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, fairly states, in all material respects, the financial data required to be set forth therein in relation to the financial statements taken as a whole.

REYES TACANDONG & Co.

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782/P-005; Valid until June 6, 2026

BIR Accreditation No. 08-005144-004-2022

Valid until October 16, 2025

PTR No. 10467126

Issued January 2, 2025, Makati City

March 25, 2025

Makati City, Metro Manila

PHILIPPINE TRUST COMPANY (PHILTRUST BANK)

**SCHEDULES AS REQUIRED UNDER
THE REVISED SECURITIES REGULATIONS CODE RULE 68
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2024**

Table of Contents

Part I

Schedule	Description	Page
A	Reconciliation of Retained Earnings Available for Dividend Declaration	1
B	Financial Soundness Indicators	2

Part II

Schedule	Description	Page
A	Financial Assets	4
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	6
C	Amounts Receivable from Related Parties which are Eliminated During the Consolidation of the Financial Statements	N/A
D	Long-Term Debt	N/A
E	Indebtedness to Related Parties	N/A
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	7

N/A – Not applicable

PHILIPPINE TRUST COMPANY (PHILTRUST BANK)

United Nations Ave, Paco, Manila, Metro Manila

RECONCILIATION OF RETAINED EARNINGS

AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2024

Amounts in Thousands

Unappropriated retained earnings, beginning of reporting period		₱15,904,781
Less: Item that is directly debited to unappropriated retained earnings		
Appropriations for:		
General loan loss provision	₱144,305	
Trust business	2,174	
Self-insurance reserves	240	
Subtotal		146,719
Unappropriated retained earnings, as adjusted		15,758,062
Add: Net income for the current year		614,013
Less: Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	278,217	
Unrealized gain on foreclosure of investment properties	87,596	
Sub-total		365,813
Adjusted net income		248,200
Add: Other item 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		1,490
Total retained earnings, end of the reporting period available for dividend		₱16,007,752

PHILIPPINE TRUST COMPANY (PHILTRUST BANK)
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS AT DECEMBER 31, 2024 AND 2023
Amounts in Thousands

Ratio	Formula	2024	2023
Current ratio	Total current assets	₱113,032,191	₱113,244,743
	Divided by: total current liabilities	140,877,195	141,791,280
		0.80:1	0.80:1
Acid test ratio	Cash and other cash items, due from BSP and other banks, investment securities	₱85,739,102	₱94,538,028
	Divided by: total current liabilities	140,877,195	141,791,280
		0.61:1	0.67:1
Solvency ratio	Net income	₱614,013	₱1,029,109
	Add: interest, depreciation and amortization	6,685,825	5,503,017
	Net income before interest, depreciation and amortization	7,299,838	6,532,126
	Divided by: total liabilities	152,794,997	153,263,415
		0.05:1	0.04:1
Debt-to-equity ratio	Total liabilities	₱152,794,997	₱153,263,415
	Divided by: total equity	22,676,179	23,173,223
		6.74:1	6.61:1
Asset-to-equity ratio	Total assets	₱175,471,176	₱176,436,638
	Divided by: total equity	22,676,179	23,173,223
		7.74:1	7.61:1
Interest rate coverage ratio	Earnings before interest expense and taxes	₱8,326,354	₱7,604,152
	Divided by: interest expense	6,502,809	5,308,184
		1.28:1	1.43:1

Ratio	Formula	2024	2023
Return on average equity			
	Net income	₱614,013	₱1,029,109
	Divided by: average equity	22,924,701	22,320,838
		0.03:1	0.05:1
Return on average assets			
	Net income	₱614,013	₱1,029,109
	Divided by: average assets	175,953,907	172,896,002
		0.003:1	0.006:1
Capital Adequacy Ratio			
	Tier 1 capital	₱21,810	₱21,462
	Tier 2 capital	256	525
	Total regulatory qualifying capital	22,066	21,987
	Risk-weighted assets	₱53,889	₱50,791
	Tier 1 capital ratio	40.47%	42.26%
	Tier 2 capital ratio	0.48%	1.03%
		40.95%	43.29%

PHILIPPINE TRUST COMPANY (PHILTRUST BANK)

SCHEDULE A – FINANCIAL ASSETS

DECEMBER 31, 2024

Amounts in Thousands, except for Number of shares

I. Financial Assets at Fair Value through Other Comprehensive Income

Name of issuing entity and association of each issue	Number of shares	Amount shown on the statement of financial position	Valued based on market quotation at end of reporting period	Income received and accrued
<i>Equity Securities</i>				
Euromed Lab. Phil., Inc.	365,111,291	₱299,391	₱299,391	₱34,686
Centro Escolar University	206,498	2,850	2,850	2,243
Manila Electric Railroad and Light Company	34,296	16,737	16,737	7,447
San Miguel Corporation	3,083	265	265	21
Philippine Long Distance Corporation	1,868	2,419	2,419	2,825
Casino Espanol De Manila	–	120	120	–
Philippine Columbian Association	–	27	27	–
Manila Executive Center	–	21	21	–
	365,357,036	₱321,830	₱321,830	₱47,222

Name of issuing entity and association of each issue	Principal amount of bonds or notes	Amount shown on the statement of financial position	Valued based on market quotation at end of reporting period	Income received and accrued
<i>Foreign currency-denominated Debt Securities</i>				
Government Bonds				
Republic of the Philippines				
Bonds	\$295,607	₱17,099,390	₱17,099,390	₱722,695

II. Financial Assets at Amortized Cost

Name of issuing entity and association of each issue	Principal amount of bonds or notes	Amount shown on the statement of financial position	Valued based on market quotation at end of reporting period	Income received and accrued
<i>Peso-denominated Debt Securities</i>				
Government Securities:				
Bangko Sentral ng Pilipinas Bills	₱75,000,000	₱75,000,000	₱75,000,000	₱5,611,960
Retail Treasury Bond	10,001,000	10,001,000	10,001,000	29,361
Fixed Treasury Notes	2,362,790	2,354,316	2,354,316	29,166
Treasury Bond	128,700	123,982	123,982	–
	₱87,492,490	₱87,479,298	₱87,479,298	₱5,670,487
<i>Foreign currency-denominated Debt Securities</i>				
Government Securities	\$304,842	₱18,200,270	₱18,200,270	₱669,476

PHILIPPINE TRUST COMPANY (PHILTRUST BANK)

**SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND
PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**

DECEMBER 31, 2024

Amounts in Thousands

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Manila Bulletin Publishing Corp.	₱1,000,000	₱–	₱–	₱–	₱1,000,000	₱–	₱1,000,000
Manila Hotel Corporation	799,002	–	–	–	799,002	–	799,002
U.S. Automotive Co. Inc.	854,000	435,000	854,000	–	435,000	–	435,000
MH F&B Ideas, inc.	265,000	300,000	265,000	–	300,000	–	300,000
U.N. Properties Development Corp.	300,000	265,000	300,000	–	265,000	–	265,000
	₱3,218,002	₱1,000,000	₱1,419,000	₱–	₱2,799,002	₱–	₱2,799,002

Note: Receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders are subject to usual terms in the normal course of business.

PHILIPPINE TRUST COMPANY (PHILTRUST BANK)

SCHEDULE G – CAPITAL STOCK

DECEMBER 31, 2024

Title of Issue (i)	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet 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	2,200,000	1,000,000	–	–	888	–

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 the 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 balance sheet filed.

PHILIPPINE TRUST COMPANY (PHILTRUST BANK)

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

DECEMBER 31, 2024 AND 2023

Amounts in Thousands

	2024	2023
Total Audit Fees	₱4,000	₱4,000
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total Non-Audit Fees	—	—
Total Audit and Non-audit Fees	₱4,000	₱4,000

Audit and Non-audit Fees of Other Related Entities

	2024	2023
Audit Fees	₱—	₱—
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total Audit and Non-audit Fees of Other Related Entities	₱—	₱—

SEC Number : PW 105
File Number

PHILTRUST BANK

(PHILIPPINE TRUST COMPANY)

(Company's Full Name)

UNITED NATIONS AVENUE COR. SAN MARCELINO ST. MANILA

(Company's Address)

524- 90 - 61

(Telephone Number)

(Fiscal Year Ending)

(month & day)

SEC 17- Q

(Form Type)

N / A

(Amendment Designation (If applicable))

QUARTER ENDED MARCH 31, 2025

(Period Encoded Date)

NONE

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17 - Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended March 31, 2025
2. Commission Identification Number 105
3. BiR Tax identification Number 000-541-102
4. Exact name of issuer as specified in its charter PHILIPPINE TRUST COMPANY-PHILTRUST BANK
5. Province, country or other jurisdiction of incorporation or organization MANILA
6. Industry Classification Code (SEC Use Only) _____
7. Address of issuer's principal office United Nations Avenue corner San Marcelino St. Manila
8. Issuer's telephone number, including area code 8524-90-61 02
9. Former name, former address and former fiscal year, if changed since last report NA
10. Securities registered pursuant to Section 8 & 12 of the Code or Section 4 & 8 of the RSA

Title of each class	Number of Shares of common stock outstanding and amount of debt outstanding
<u>COMMON</u>	<u>1,000,000,000</u>

11. Are any or all of the securities listed on a Stock Exchange?

Yes (/) No ()

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

PHILIPPINE STOCK EXCHANGE

COMMON

12. Indicate by check mark whether the registrant

(a) has filed all reports required to be filed Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes (/) No ()

(b) has been subject to such filing requirements for the past ninety (90) days

Yes () No (/)

Part 1 - Financial Information

Item 1. Financial Statements

SCHEDULE 1

**PHILTRUST BANK
PHILIPPINE TRUST COMPANY
COMPARATIVE STATEMENT OF CONDITION**

	UNAUDITED	AUDITED
	MARCH 31, 2025	DECEMBER 31, 2024
<u>ASSETS</u>		
Cash and Other Cash Items	1,105,847,296.12	1,188,236,865.01
Due from Bangko Sentral ng Pilipinas	7,664,877,607.12	8,213,772,795.17
Due from Other Banks	1,133,446,157.70	1,015,261,649.81
Financial Assets at Fair Value Through Other Comprehensive Income	17,534,370,545.73	17,421,219,166.26
Debt Securities at Amortized Cost	105,467,860,774.17	105,679,569,329.72
Loans and Receivables Arising from RA/CA/PR/SLB	5,670,000,000.00	5,130,000,000.00
Loans and Receivables, net	30,724,927,056.81	30,729,643,009.14
Property and equipment	3,116,510,228.10	3,106,688,016.71
Investment properties	1,616,210,051.60	2,183,443,581.36
Deferred Tax Assets	370,229,105.23	370,228,734.48
Other Assets	492,829,543.97	433,112,989.68
TOTAL ASSETS	174,897,108,366.55	175,471,176,137.34
<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES</u>		
Deposits - Demand	967,001,688.34	818,048,225.57
- Savings	105,817,429,249.26	105,422,239,629.66
- Time Certificate of Deposits	44,160,713,640.95	45,317,535,863.70
Total Deposits	150,945,144,578.55	151,557,823,718.93
Manager's Checks and Demand Drafts Outstanding	178,479,354.24	173,230,558.55
Accrued Taxes, Interest and Other Expenses	348,305,537.99	360,786,999.69
Deferred Credits and Other Liabilities	984,944,856.02	703,155,423.67
TOTAL LIABILITIES	152,456,874,326.80	152,794,996,700.84
<u>EQUITY ACCOUNTS</u>		
Capital Stock	10,000,000,000.00	10,000,000,000.00
Reserves	74,974,108.59	219,219,381.78
Surplus	15,825,425,813.57	15,781,815,371.11
Undivided Profits	101,460,544.50	614,012,465.13
Net Unrealized Gains/(Losses)	(3,781,178,711.99)	(4,169,112,014.38)
Cumulative Translation Adjustments	212,053,387.68	223,048,560.46
Remeasurements of retirement benefit obligation	7,498,897.40	7,195,672.40
TOTAL EQUITY ACCOUNTS	22,440,234,039.75	22,676,179,436.50
TOTAL LIABILITIES & EQUITY ACCOUNTS	174,897,108,366.55	175,471,176,137.34
<u>CONTINGENT ACCOUNTS</u>		
Financial Standby Letters of Credit	0.00	0.00
Performance Standby Letters of Credit	27,351,310.93	24,278,375.00
Commercial Letters of Credit	272,341,572.95	268,977,402.72
Trade Related Guarantees	2,989,565.76	0.00
Trust Department Accounts	1,126,414,842.98	1,128,408,202.67
Others	22,122,488.74	74,052,034.52
TOTAL CONTINGENT ACCOUNTS	1,451,219,781.36	1,495,716,014.91

PHILTRUST BANK
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2025 & 2024

	<u>March 31, 2025</u>	<u>March 31, 2024</u>
Net Income	101,460,544.50	127,336,679.63
Other Comprehensive Income	<u>377,241,354.61</u>	<u>(694,214,863.38)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>478,701,899.11</u></u>	<u><u>(566,878,183.75)</u></u>

PHILTRUST BANK
STATEMENTS OF INCOME
FOR THE PERIOD ENDED MARCH 31, 2025 & 2024

	March 31, 2025	March 31, 2024
INTEREST INCOME		
On Loans and Advances	560,067,943.01	589,095,843.76
On Amortized Cost	1,479,641,313.53	1,684,624,204.37
On FVOCI	142,881,656.91	163,191,410.60
On LR Arising from RA/CA/PR/SLB	47,282,319.75	47,851,731.50
On Deposits with Banks	67,268,665.12	26,029,941.65
TOTAL INTEREST INCOME	<u>2,297,141,898.32</u>	<u>2,510,793,131.88</u>
INTEREST EXPENSE		
On Deposits	<u>1,306,715,727.12</u>	<u>1,626,245,559.75</u>
NET INTEREST INCOME	990,426,171.20	884,547,572.13
PROVISION FOR PROBABLE LOSSES	<u>-5,709,143.76</u>	<u>6,713,348.55</u>
NET INTEREST INCOME AFTER PROVISION FOR PROBABLE LOSSES	996,135,314.96	877,834,223.58
OTHER INCOME		
Income from Foreign Exchange Profit	(33,020,219.90)	89,140,218.51
Service Charges and Commissions	17,329,934.51	15,758,497.60
Gains/(Losses) from Sale/Redemption/Derecognition of Non-Trading Financial Assets and Liabilities	0.00	0.00
Other Operating Income	<u>22,648,748.70</u>	<u>59,852,688.54</u>
TOTAL OTHER INCOME	<u>6,958,463.31</u>	<u>164,751,404.65</u>
OTHER EXPENSES		
Compensation and Fringe Benefits	223,290,885.07	210,633,066.81
Occupancy and Equipment-related Expenses-Rental	9,937,510.57	8,031,659.37
Depreciation/Amortization	44,411,375.40	38,254,353.22
Taxes and Licenses	140,067,169.48	124,720,582.05
Other Operating Expenses	<u>216,977,360.05</u>	<u>212,570,208.60</u>
TOTAL OTHER EXPENSES	<u>634,684,300.57</u>	<u>594,209,870.05</u>
INCOME BEFORE INCOME TAX	368,409,477.70	448,375,758.18
PROVISION FOR INCOME TAX	<u>266,948,933.20</u>	<u>321,039,078.55</u>
NET INCOME FOR THE QUARTER	<u>101,460,544.50</u>	<u>127,336,679.63</u>
EARNINGS PER SHARE	0.10	0.13

PHILTRUST BANK

Computation of Earnings Per Share

No. of Shares - 1,000,000,000

	March 31, 2025	March 31, 2024
Net Income for the period	101,460,544.50	127,336,679.63
Net Income Divided by No. of Shares	101,460,544.50	127,336,679.63
	1,000,000,000	1,000,000,000
Earnings Per Share	0.10	0.13

PHILTRUST BANK
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
AS OF MARCH 31, 2025 & 2024

AS OF MARCH 31, 2025	COMMON	SURPLUS	RESERVE	UNDIVIDED PROFIT	NET UNREALIZED GAINS/(LOSSES)	CUMMULATIVE TRANS. ADJUSTMENTS	RETIREMENT BENEFIT
Balance, Dec. 31, 2024	10,000,000,000.00	15,456,742,371.11	72,740,381.78	626,420,465.13			
Transfer of Undivided Profit to Surplus		626,420,465.13		(626,420,465.13)			
Adjustment on Undivided Profit		(257,737,022.67)		0.00			
Adjustment			2,233,726.81				
Net Income for the period March 31, 2025				101,460,544.50			
Net Unrealized Gains/(Losses)					(3,731,178,711.99)		
Cummulative Translation Adjustments						212,053,387.68	
Retirement Benefit							7,498,897.40
Balance, March 31, 2025	10,000,000,000.00	15,825,425,813.57	74,974,108.59	101,460,544.50	(3,731,178,711.99)	212,053,387.68	7,498,897.40

AS OF MARCH 31, 2024	COMMON	SURPLUS	RESERVE	UNDIVIDED PROFIT	NET UNREALIZED GAINS/(LOSSES)	CUMMULATIVE TRANS. ADJUSTMENTS	RETIREMENT BENEFIT
Balance, Dec. 31, 2023	10,000,000,000.00	14,524,757,102.46	72,500,381.78	1,175,240,327.94			
Transfer of Undivided Profit to Surplus		1,175,240,327.94		(1,175,240,327.94)			
Adjustment on Undivided Profit		(241,996,469.56)		0.00			
Amortization			60,000.00				
Net Income for the period March 31, 2024				127,336,679.63			
Net Unrealized Gains/(Losses)					(3,752,270,429.23)		
Cummulative Translation Adjustments						223,048,560.46	
Retirement Benefit							7,195,672.40
Balance, March 31, 2024	10,000,000,000.00	15,458,000,960.84	72,560,381.78	127,336,679.63	(3,752,270,429.23)	223,048,560.46	7,195,672.40

PHILTRUST BANK
STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2025 & 2024

	<u>MARCH 31, 2025</u>	<u>MARCH 31, 2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	368,409,477.70	448,375,758.18
Adjustments for:		
Allowance for Losses	(5,709,143.76)	6,713,348.55
Depreciation/Amortization	44,411,375.40	38,254,353.22
Auditor's adjustments	-	-
Operating Income before working capital changes	407,111,709.34	493,343,459.95
Decrease(Increase) in:		
Loans & Receivables	(535,284,047.67)	2,081,857,172.59
Investment Properties	567,233,529.76	466,733,454.61
Other Resources	(59,716,554.29)	(102,585,111.70)
Increase (Decrease) in:		
Deposit Liabilities	(612,679,140.38)	3,261,285,607.13
Manager's Checks	5,248,795.69	(72,773,621.81)
Accrued Taxes	(12,481,461.70)	2,129,002.31
Deferred Credits & Other Liabilities	281,789,432.35	273,789,605.43
Cash Generated from Operations	41,222,263.10	6,403,779,568.51
Income Taxes Paid	(266,948,933.20)	(321,039,078.55)
Net Cash Provided by Operating Activities	(225,726,670.10)	6,082,740,489.96
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property & Equipment	9,822,211.39	(14,503,746.54)
Decrease(Increase) in:		
Investment Securities	(297,195,790.34)	(2,828,562,474.33)
Cash used in Investing Activities	(287,373,578.95)	(2,843,066,220.87)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(513,100,249.05)	3,239,674,269.09
Cash & Cash Equivalents, Beginning		
Cash & Other Cash Items	1,188,236,865.01	1,087,156,727.66
Due from Bangko Sentral ng Pilipinas	8,213,772,795.17	11,579,430,112.86
Due from Other Banks	1,015,261,649.81	1,169,065,530.43
	10,417,271,309.99	13,835,652,370.95
Cash & Cash Equivalents, End		
Cash & Other Cash Items	1,105,847,296.12	1,111,700,466.39
Due from Bangko Sentral ng Pilipinas	7,664,877,607.12	14,927,182,432.18
Due from Other Banks	1,133,446,157.70	1,036,443,741.47
	9,904,171,060.94	17,075,326,640.04

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Condition

The Bank ended the first quarter of 2025 with P174.897 billion in total resources, a slight decrease compared from last year's level of P175.471 billion. Due from Bangko Sentral ng Pilipinas closed at P7.665 billion down by minimal 6.68% compared from last year's level of P8.214 billion as a result of deposit placement with BSP's SPURA which increased by 10.53% or by P540 million. Due from other banks increased by 11.64% or by P118.184 million due to higher level of deposits and working balances with local and foreign correspondent banks. Investment properties decreased by P567.233 million or by 25.98% due to sale of the Bank's acquired real properties. Other assets accounts increased by 13.79% or by P59.716 million as movements in these asset accounts can be accounted for by transactions in the ordinary course of business.

Deposit liabilities at the end of the first quarter closed at P150.946 billion. Increase in demand deposit was 18.21% higher than last year's level of P151.557 billion. Deferred credits and other liabilities increased by 40.07% due to higher level of transactions compared from last year's level of P703.155 million. Movements in other liabilities accounts increase/decrease by less than 10% can be accounted for by transactions in the ordinary course of business.

Capital accounts for the first quarter closed at P22.440 billion, a minimal decrease of P235.945 million from last year's level of P22.676 billion. This reflects the impact of mark to market valuation on investments securities on the Banks total equity. This can also be attributed by the earnings for the first quarter amounting to P101.461 million and the decrease in cumulative translation adjustment. Capital adequacy ratio for the first quarter is 41.10% which is well above the Bangko Sentral ng Pilipinas minimum requirements of 10%.

The Bank has outstanding commitments, contingent liabilities, and bank guarantees that arise from normal course of operations. Changes in nature and amounts in the financial statements were due more to market related factors inherent in nature of the issuer's business operations and were not considered unusual.

Results of Operations

The Bank generated gross earnings for the first quarter of 2025 amounting to P2.304 billion versus last year's level of P2.675 billion, a P371.444 million decrease. Total interest income posted at P2.297 billion lower by 8.51% or by P213.651 million as all interest earning assets posted negative growth except for deposit placements with Bangko Sentral ng Pilipinas and other banks. Financial assets on amortized cost decreased by 12.17% as well as FVOCI by 12.45% respectively. Foreign exchange profit decreased by 137.04% due to lower exchange rate compared from last year's level. Service charges and commissions increased by 9.97% due to higher volume of

transactions for the period. Other operating income decreased by 62.16% due to lower gains from ROPA.

Interest expense decreased by 19.65% due to lower deposit balance compared from last year's level. Occupancy and equipment related expenses increased by 23.73% fueled by higher administrative expenses due to higher technology related service cost. Depreciation/amortization increased by 16.09% arising from the increase in fixed assets and recognition of depreciation expenses for buildings under finance lease and amortization. Taxes and licenses increased by 12.30% due to higher gross receipt tax and realty tax compared from last year's level. All other expenses increased/decreased by less than or more than 10% which is normal in the ordinary course of business. Net income closed at P101.460 million.

For the past years, the Bank continued to be conservative in the management of depositor's funds. The Bank will continue to focus in its core business and to deepen its banking relationship with more prospective clients and to offer more excellent services. Looking ahead, we remain committed to our long-term aspiration of maintaining our status as a stable bank known for its asset liquidity stability. We look forward to a better 2025.

Key Performance Indicators

The performance of the bank is reflected in the following financial ratios:

	<u>Mar. 31, 2025</u>	<u>Mar. 31, 2024</u>
Return on Average Equity	1.80%	2.28%
Return on Average Assets	0.23%	0.29%
Net Interest Margin	2.34%	2.07%
Capital to Risk Assets	41.10%	41.13%
Cost to Income Ratio	63.06%	57.27%

The manner by which the Bank calculates the above indicators are as follows:

<u>Key Performance Indicator</u>	<u>Formula</u>
1. Return on Average Equity (%)	$\frac{\text{Net Income After Income Tax}}{\text{Average Total Capital Accounts}}$
2. Return on Average Assets (%)	$\frac{\text{Net Income After Income Tax}}{\text{Average Total Assets}}$
3. Net Interest Margin (%)	$\frac{\text{Net Interest Income}}{\text{Average Interest Earning Assets}}$
4. Capital to Risk Assets (%)	$\frac{\text{Total Qualifying Capital}}{\text{Total Risk-Weighted Assets}}$
5. Cost to Income Ratio (%)	$\frac{\text{Total Operating Expenses}}{\text{Net Interest Income} + \text{Other Income}}$

Part II - Other Information

Our financial report for the first quarter of 2025 was prepared in compliance with Generally Accepted Accounting Principles as set forth in Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, PAS and SIC/IFRIC interpretations which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC pronouncements. The same accounting policies and methods of computation were consistently followed in our financial statements as compared with the annual audited financial statements. There were no cash dividends paid during the year 2025. There were no material contingencies or any other unusual events or transactions affecting our financial condition since December 31, 2024. There are no known trends, demands, commitments, events or uncertainties that would have had a material conflict on our financial condition or results of operations or unfavorable impact on net revenues from continuing operations. There is no material commitment for capital expenditures. We don't anticipate any events that may cause any default or acceleration of an obligation. There are no material off-balance sheet transactions, arrangements, obligations, including contingent obligations and other relationships of the company with unconsolidated entities during the reporting period.

For the first quarter of 2025, the Bank had no transactions that would require the following information or disclosures:

- a. Explanatory comments about the seasonality or cyclicity of interim operations.
- b. The nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidents.
- c. The nature and amounts of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.
- d. Issuances, repurchases and repayments of debt and equity securities.
- e. Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting.
- f. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
- g. The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discounting operations.
- h. Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.
- i. Any significant elements of income or loss that did not arise from the issuer's continuing operations.
- j. Any seasonal aspects that had a material effect on the financial condition or results of operations.
- k. There are no causes for any material changes for our financial from period to period (5%).

1. Proposed Format for Aging of Accounts Receivable

Name of Company: PHILTRUST BANK Aging of Accounts Receivable As of March 31, 2025									
Type of Accounts Receivable	TOTAL	1 Month	2 - 3 Mos.	4 - 6 Mos.	7Mons. To 1 Year	1 - 2 Yrs.	3 - 5 Yrs.	5 Yrs - above	Past due & Items in Lit.
a. Trade Receivbles									
1. L & D	239,483.71	239,483.71	0.00	0.00	0.00	0.00	0.00	0.00	
2. Trust	0.00	0.00							
3. Collection	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4. BIR	0.00		0.00		0.00	0.00	0.00	0.00	
5. Various	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Net Trade Rec'ble	239,483.71	239,483.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Non-Trade Receivbles									
1. Officer	164,628.75	64,628.75	0.00	100,000.00	0.00	0.00	0.00	0.00	
2. ATM	0.00	0.00							
3. Various	1,662,088,043.97	15,587,244.80	0.00	0.00	1,639,330,476.34	7,170,322.83	0.00	0.00	0.00
Subtotal	1,662,252,672.72	15,651,873.55	0.00	100,000.00	1,639,330,476.34	7,170,322.83	0.00	0.00	0.00
Less: Allow for Doubt- ful Account	202,734,386.44								
Net Non-Trade Rec'ble	1,459,518,286.28								
Net Receivables (a+b)	1,459,757,769.99								
Notes: If the Company's collection period does not match the above schedule and revision is necessary to make the schedule not misleading. the proposed collection period in this schedule may be changed to appropriately reflect the Company's actual collection period.									

2. Accounts Receivable Description

Type of Receivable	Nature/Description	Collection Period
1. Trade	L & D, Collection - insurance/realty tax	monthly
2. Non-Trade	Officer/Employees - shortage	monthly
3. Non-Trade	Various	monthly
Notes: Indicate a brief description of the nature and collection period of each receivable accounts with major balances or separate receivbles captions, both for trade and non-trade accounts.		

3. Normal Operating Cycle:

PHILTRUST BANK
SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS
FOR THE PERIOD ENDED MARCH 31, 2025 & 2024

	<u>March 31, 2025</u>	<u>March 31, 2024</u>
Current Ratio	111.05%	110.37%
Debt to Equity Ratio	679.39%	708.03%
Asset to Equity Ratio	779.39%	808.03%
Net Interest Margin Ratio	2.34%	2.07%
PROFITABILITY RATIO:		
Profit Margin Ratio	230.61%	286.02%
Return to Assets	0.23%	0.29%
Return on Equity	1.80%	2.28%

FINANCIAL RISK DISCLOSURE

A. Assessment of Financial Risk Exposure of the Bank as of March 31, 2025.

I. Market Risk: Foreign Exchange and Interest Rates.

1.1 Foreign Exchange Position

The FX position of the bank as of **March 31, 2025**, is **82,042,371.88 (All currencies)**, the peso equivalent of **₱4,693,644,066.65 (₱57.21/\$) or 21.310%** of the bank's unimpaired capital which is ₱22,025,942,234.80.

Exposure to foreign exchange risk is moderate considering the current conditions and the monetary policies of BSP, the economic fundamentals are also considered as a factor. The foreign exchange and interest rates volatility will remain within moderate conditions because of BSP's proactive stance and any variance would be within the level of confidence for the following reasons:

- 1.1.1 BSP's effective management of foreign exchange reserves vis-à-vis the major global currencies, to wit: USD, EURO, SGD, GBP, JPY, HKD and AUD.
- 1.1.2 The interest rate on the USD is within the range in the short, medium, and longer term and in which case the bank will necessarily align its position.
- 1.1.3 Net open position of our bank is within the FX Overbought regulatory limit.

II. Liquidity Risk

The risk profile of the bank's balance sheet remains low with more concentration in liquid assets and investments in government securities other than lending. Liquid assets and investment securities accounted for **₱138.58 Billion** while loans (net of allowances) amounted to **₱29.22 Billion**. Marginal returns have been low by the distribution in our assets portfolio but the bank has always been strategically conservative in business policy.

III. Credit Risk

The bulk of company's loans are fully secured by real estate while some of the loan accounts are backed by guarantees, and only a small percentage of the loans are in clean basis but these are usually extended to clients with very satisfactory payment record &/or who are known to the bank for their good credit reputation. The lending process begins with credit selection and continues to administration and review of loan accounts on a regular basis. Reporting to and review by the Credit and Loans Review Committee is part of the whole credit process and done on a regular basis.

- 1. The bank has no hedging nor financial derivatives contracts. The bank's main financial contracts are:

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI), and Debt Securities at Amortized Cost (AC).

2. Other than US Dollar denominated bonds issued by the Republic of the Philippines, the bank has no investment in foreign securities or equities.

3. Asset and liability management is involved in matching the economic characteristics of the bank's cash flows. We look at duration, the fixed/floating interest rate of our commitments, the repricing period, liquidity position and stress testing. The decisions are strategically made based on interest rate exposure. Impairment is recognized via valuation reserves in accordance with PFRS 9.

4. Before the bank makes any investment decision, it ensures that the secondary market must have liquidity, breadth, and depth to transact all tenors of financial instruments.

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant PHILIPPINE TRUST COMPANY - JAIME C. LAYA

Signature and Title  President

Date April 21, 2025

Principal Financial/Accounting Officer/Controller LUISA A. LUCIN

Signature and Title  Senior Vice President

Date April 21, 2025

MANAGEMENT REPORT

A. Description of the general nature and scope of the business of the registrant

(1) Business Development

The Philippine Trust Company, also known as PHILTRUST BANK, was established more than a hundred years ago on October 21, 1916 as a trust institution. It later became a commercial bank and on June 5, 2007, it was granted by the Bangko Sentral ng Pilipinas (BSP) authority to operate as a universal bank.

Throughout its more than 100 years in banking, Philtrust Bank has acquired a reputation for conservatism and reliability and has enjoyed the trust and confidence of the business community and the general public. The said policy has enabled the Bank to grow consistently, maintain strong liquidity position, generate reasonable return on investment and create more value to the Bank.

The principal office is located at Philtrust Bank Building, 1000 United Nations Avenue corner San Marcelino Street, Manila. Additionally, it has a network of sixty-one (61) branches, 21 provincial and 40 in Metro Manila including its newly opened Alabang Branch located at Ground Floor, South Center Tower, Market Street, Madrigal Business Park, Brgy. Cupang, Alabang, Muntinlupa City.

The Bank does not anticipate any material reclassification, merger, consolidation or purchase/sale of a significant amount of its assets outside the course of its business.

Having officially listed its shares on February 17, 1988, Philtrust Bank is one of the first few banks that traded their shares in the then Manila Stock Exchange and Makati Stock Exchange, now Philippine Stock Exchange, Inc. (PSE).

On October 14, 2014 and November 19, 2014, the BSP and SEC, respectively, approved the amendment of Article FOURTH of the Bank’s Articles of Incorporation extending the Bank’s corporate existence for another fifty (50) years from and after October 21, 2016. Its corporate life was further extended perpetually when the Revised Corporation Code (RCC) took effect on February 23, 2019. Section 11 of the RCC provides that corporations with certificates of incorporation issued prior to the effectivity of the RCC and which continue to exist shall have perpetual existence. Philtrust Bank’s Certificate of Incorporation was originally issued on October 21, 1916 and it has continued to exist thereafter.

(2) Business of Issuer

The Bank offers domestic, international and trust services. Domestic services include commercial and consumer loans such as auto loans, checking/savings/time deposits, money market placements, transfer of funds, collections, remittances, securities investments and safety deposit boxes. International transactions involve commercial letters of credit, collections, remittances, foreign exchange, traveler's checks and FCDU transactions. Trust operations include trust placement, investment management, estate administration, acting as trustee of bond issues, savings and pension plan administration, insurance trust, and acting as escrow agent/stock registrar/transfer agent.

On June 5, 2007, the BSP granted Philtrust Bank authority to operate as a universal bank. The Securities and Exchange Commission (SEC) approved the registration of the Bank's Amended Articles of Incorporation, with powers among others, to engage in the business of expanded commercial banking as a universal bank, to carry on the business of a trust company, exercise the powers of investment houses as provided in pertinent laws and the power and authority to invest in the equity of allied and non-allied corporations, businesses or undertakings, and to perform such other acts and functions as may be permitted by law.

Moving forward, the Bank has invested in digital banking infrastructure to keep pace with the changing time, expedite banking transactions and expand its client base.

(3) Holders

The Bank has an authorized capital stock of Twenty Two Billion Pesos (₱22,000,000,000.00) divided into Two Billion Two Hundred Million (2,200,000,000) shares with the par value of Ten Pesos (₱10.00) per share. The capital stock consists entirely of common shares with the same voting rights. Each share is entitled to one (1) vote except in the election of directors where every stockholder may cumulate his shares in accordance with the provisions of the Title III Sec. 23 of the RCC.

Paid-up capital stands at Ten Billion Pesos (₱10,000,000,000.00). There are no unpaid subscriptions and no treasury shares.

The Bank's 1,000,000,000 total issued and outstanding shares are held by eighty-eight (88) stockholders with certificated direct ownerships, except for shares in the name of PCD Nominee Corporation which are uncertificated indirect ownerships held by various brokers/participants in behalf of their respective client beneficial owners.

The Top Twenty Stockholders as of March 31, 2025 are as follows:

	Name of Stockholder	Total number of shares subscribed and paid	%
1	Philtrust Realty Corporation	269,000,014	26.9000
2	U.S. Automotive Co., Inc.	209,873,774	20.9874
3	Seabreeze Enterprises, Inc.	194,746,709	19.4747
4	Orient Enterprises, Inc.	184,783,230	18.4783
5	Pioneer Insurance and Surety Corp.	70,950,696	7.0951
6	Marketsource Corporation	20,077,690	2.0078
7	PCD Nominee Corporation	19,258,892	1.9259
8	Pioneer Life, Inc.	8,031,883	0.8032
9	Gaw, Rosalinda Y.	6,400,510	0.6400
10	Tan, Teodora D.	4,321,814	0.4322
11	Pioneer Intercontinental Insurance Corporation	2,697,385	0.2697
12	Pioneer Insurance Co. Retirement Plan	1,411,116	0.1411
13	Yap, Basilio C.	1,389,030	0.1389
14	Go, Edgar S.; Edmund S. Go; Elena S. Go-Tan Queto; Ethel S. Go-Lim; and Elke S. Go	683,352	0.0683
15	Go, Eusebio S.	683,352	0.0683
16	Go, Victoriano S.	683,352	0.0683
17	Goldclass Inc.	550,698	0.0551
18	Cu, Miriam C.	548,881	0.0549
19	Go, Arturo S.	536,920	0.0537
20	Go, Dominador S.	536,920	0.0537

The Bank's principal stockholders are the top 4 corporations shown above because each of them owns at least 10% of the Bank. Their aggregate holdings is 85.84% and majority-owned by the Yap Family.

The incumbent Directors collectively own 0.08% while the total holdings of the Officers is insignificant.

Public ownership as of March 31, 2025 was 14.071%, inclusive of the 1.9259% in the name of PCD Nominee Corporation.

(4) Market Information

The principal market of the Bank's equity is the Philippine Stock Exchange where the Bank's One Billion (1,000,000,000) common shares are listed.

(a) Quarterly Sales Prices

2023	High	Low
March 31	₱115.00	₱115.00
June 30	₱105.00	₱105.00
Sept. 30	₱100.00	₱100.00
Dec. 31	₱120.00	₱114.90

2024	High	Low
March 31	₱ 95.00	₱ 85.00
June 30	₱118.80	₱118.80
Sept. 30	₱115.00	₱115.00
Dec. 31	₱119.00	₱ 99.00

2025	High	Low
March 31	₱ 98.05	₱ 98.00

(b) Latest Price Information

The latest price change on the Bank's shares based on market quotations published by the Philippine Stock Exchange are as follows:

Date	Open	High	Low	Close	Prev. Close
March 12, 2025	₱98.05	₱98.05	₱98.00	₱98.00	₱98.05

(5) Recent Sales of Securities

Based on the PDTC* transmittal letter/upliftment report forwarded to the Bank on November 5, 2019, hereunder is the most recent sale of the Bank's shares, to wit:

Transaction Date	Title	Amount	To Whom Sold	Terms
November 5, 2019	Common shares	P503,828.60**	Anthony Joseph Y. Gaw or Francis Y. Gaw	4,321 shares were uplifted from PCD Nominee Corp.-Filipino

*Philippine Depository and Trust Corporation

**The market price then prevailing was P116.60/share.

Thereafter, while PDTC has reported minor changes within PCD Nominee Corporation due to stock trades among its broker-participants, no other sales of PTC shares involving change in the beneficial ownership were reported to the Bank.

(6) Dividends

As provided for in the Bank's By-Laws, the Board of Directors may declare dividends only from the profit of the business of the Corporation, and then only after retaining unimpaired the entire subscribed and paid capital stock, the reserve fund required by law, and a sum sufficient to pay all the expenses then incurred by the Corporation, inclusive of taxes.

On April 25, 2017, the Board of Directors declared a cash dividend of P0.20 per share or Two Hundred Million Pesos (P200,000,000.00) to all stockholders of record as of July 11, 2017 and payable on July 12, 2017.

Prior thereto, the Board likewise declared on April 26, 2016 another cash dividend of ₱0.20 per share or Two Hundred Million Pesos (₱200,000,000.00) to all stockholders of record as of June 30, 2016 and payable on July 11, 2016.

(7) Corporate Governance

The Directors and Management of the Bank are fully aware of, and sensitive to, the need for good corporate governance. Guided by the Code of Corporate Governance for Publicly Listed Companies and the Manual of Regulations for Banks, among others, the Bank Management with its conservative and usual practice strictly observes the tenets of good governance in its dealing with depositors, stockholders, employees and other stakeholders.

The Bank is headed by a competent Board of Directors that guides the Bank towards achieving its corporate goals. The Board is composed of twelve Members four of whom are Independent, including the Chairman. The Board has an optimum mix of competence and expertise consisting of a former Central Bank Governor and Monetary Board Chairman, retired Supreme Court Chief Justice and Senior Associate Justice, highly successful businessmen, economists, CPAs, diplomats, a physician and having as Chairman a valiant former AFP Chief of Staff with vast experience in handling thousands of personnel and heading several AFP financial entities.

Management is headed by the President, Dr. Jaime C. Laya, an esteemed member of the academe who has distinguished himself both in the private and public sectors and had served exceptionally well in key government positions, such as Budget Minister, NEDA Deputy Director, Education Secretary, Central Bank Governor and Monetary Board Chairman, among others.

A self-assessment is conducted annually by the Members of the Board, the Management, and the Staff to determine and measure, individually and as collegial body, the level of their respective compliance with the Bank's Manual on Corporate Governance.

Moreover, Directors and key Officers annually attend corporate governance seminars, the latest of which was on November 9, 2024 conducted by the Institute of Corporate Directors. The annual continuing training program ensures that Directors and key Officers are updated on business developments, regulatory environment and digital innovations.

The Bank likewise actively participates in other relevant undertakings which aim to provide updates on global best practices to help publicly-listed companies further strengthen their corporate governance structures and mechanisms.

UNDERTAKING


Upon written request by any stockholder, the Bank undertakes to furnish said stockholder a copy of the Bank's Annual Report (SEC Form 17-A). Written requests for a copy of SEC Form 17-A may be addressed to the Bank, as follows:

PHILTRUST BANK
1000 United Nations Avenue
Corner San Marcelino Street, Manila

Attention: **DR. JAIME C. LAYA**
President

PHILTRUST BANK
(Philippine Trust Company)

By:


AGNES B. URBANO
FVP/Asst. Corporate Secretary

ANNEX “C1”

Management’s Discussion and Analysis of Financial Condition and Results of Operations for Calendar Year 2022

Financial Condition

At the end of the fourth quarter of 2022 Total Resources closed at P169.355 Billion lower by P2.924 Billion compared to P172.279 Billion in the same period last year. This was dragged down by lower excess funds placed with Bangko Sentral ng Pilipinas overnight deposit facility as well as Securities Purchased under Resale Agreement (SPURA) as funds generated from incremental deposits were channeled to fund the purchase of additional investment securities and as capital contracted due to higher net unrealized loss on Available for Sale Securities. Due from Bangko Sentral ng Pilipinas fell by 59.00% lower by P24.741 Billion from P41.936 Billion a year ago to P17.195 Billion as more excess funds were shifted from deposit placement with Bangko Sentral ng Pilipinas overnight deposit facility and Securities Purchase under Resale Agreement (SPURA) to investment securities and other non interest earning assets. Due From Other Banks decreased by 45.53% due to lower level of deposits and working balances maintained with our correspondent banks. Loans and Receivable, net closed at P21.074 Billion, 6.27% lower compared from last year’s level of P22.484 Billion due mainly to lower gross loans and advances level as cumulative repayment outpaced loan releases. Securities Purchased under Resale Agreement (SPURA) fell by 89.34% as more excess funds were shifted to relatively higher yielding investment securities. Held to Maturity investments (HTM) increased by 65.44%, mainly due to purchase of additional held to maturity financial assets consisting of peso retail agreement HTM bonds and peso government treasury HTM bonds. Available for Sale Securities decrease by 16.60% arising from disposal of some peso AFS and equity securities. Investment properties increased by 20.62% due mainly to foreclosure of some assets. Other Assets Accounts increased by 27.53% as movements in these accounts can be accounted for by transactions in the ordinary course of business.

Deposit Liabilities stood at P147.072 Billion compared to P145.315 Billion from last year’s level, a P1.758 Billion increase. The increase in deposits was fueled by peso time deposits with an increase of 6.26%. The 56.54% decrease in Manager’s Checks represents outstanding payables already collected from the Bank. Accrued taxes, interest and other expenses closed at P208.389 Million, higher by 33.53% from last year’s level of P156.060 Million mainly due to high interest rate for the quarter of December. Deferred Credits and Other Liabilities increased by 11.02% due to higher level of transactions for the period. All other payables were paid within the stated terms.

Capital Funds closed at P21.468 Billion reflecting a 17.63% or by P4.594 Billion decrease from last year’s level of P26.063 Billion. This can be accounted for from the earnings for the year amounting to P745.286 Million, the increase in Net Unrealized Gain/Loss of P5.074 Billion and the decrease of Cumulative Translation Adjustments amounting to P31.537 Million. Capital Adequacy Ratio (CAR) for the year is 41.72% which is well above the Bangko Sentral ng Pilipinas minimum requirements of 10%.

The Bank has outstanding commitments, contingent liabilities, and bank guarantees that arise from normal course of operations. The Bank does not anticipate any losses that will materially affect its financial position and results of operations. Changes in nature and amounts in the financial statements were due more to market-related factors inherent in nature of the issuer's business operations and were not considered unusual.

Results of Operations

The Bank generated at year end of 2022, Gross Earnings amounting to P6.327 Billion compared from last year's level of P5.661 Billion, an increase of P665.310 Million. Interest on Held to Maturity investments increased by a hefty 52.79% or by P1.054 Billion as the bank disposed some of its maturing securities at a higher market rate. Interest on Securities purchased under resale agreement increased by 41.17% due to higher availment from Bangko Sentral ng Pilipinas. Income from foreign exchange profit increased by a remarkable 229.78% or by P113.681 Million compared from last year's level of P49.473 Million due to higher exchange rate compared from last year's level. Service charges and commissions increased by 20.01% due to higher volume of transactions for the period. Gains/Losses from sale/redemption of securities decreased by 67.52% due to lower volume of transactions for the year. Other operating income decrease by 23.62% due to sale of ROPA already taken in the previous year's audited financial books.

Interest expense increased by 41.38% triggered by higher interest rates compared from last years level. Occupancy and equipment related expenses decreased by 83.48% due to higher technology related services cost. Depreciation/Amortization increased by 17.97% arising from the increase in fixed assets and recognition of depreciation expenses for buildings under finance lease and amortization. Taxes and Licenses increased by 24.09% due to higher gross receipt tax and realty taxes compared from last year's level. Other Operating Expenses increased by 14.09% due mainly to the payment of initial subscription charge for the new core banking system and new accounting system. All other expenses increased/decreased by less than 10% which is normal in the ordinary course of business. Net Income for the year 2022 closed at P745.286 Million, 9.81% lower from last year's level of P826.338 Million.

For the past years, the Bank continued to be conservative in the management of depositors and stockholder funds. The Bank will continue to focus on its core business and to deepen its banking relationship with more prospective clients and to offer more excellent services. Furthermore, more branches will be opened including ATM offsite in strategic locations to provide access to new clients. We will be reallocating resources for future growth and realigning our various asset portfolios.

Key Performance Indicators

The performance of the bank is reflected in the following financial ratios:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Return on Average Equity	3.15%	3.18%
Return on Average Assets	0.41%	0.50%
Net Interest Margin	1.71%	0.52%

Capital to Risk Assets	41.72%	50.67%
Cost to Income Ratio	60.75%	62.90%

The manner by which the Bank calculates the above indicators are as follows:

<u>Key Performance Indicator</u>	<u>Formula</u>
1. Return on Average Equity (%)	$\frac{\text{Net Income After Income Tax}}{\text{Average Total Capital Accounts}}$
2. Return on Average Assets (%)	$\frac{\text{Net Income After Income Tax}}{\text{Average Total Assets}}$
3. Net Interest Margin (%)	$\frac{\text{Net Interest Income}}{\text{Average Interest Earning Assets}}$
4. Capital to Risk Assets (%)	$\frac{\text{Total Qualifying Capital}}{\text{Total Risk-Weighted Assets}}$
5. Cost to Income Ratio (%)	$\frac{\text{Total Operating Expenses}}{\text{Net Interest Income} + \text{Other Income}}$

Part II - Other Information

Our financial report for the year 2022 was prepared in compliance with Generally Accepted Accounting Principles as set forth in Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, PAS and SIC/IFRIC interpretations which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC pronouncements. The same accounting policies and methods of computation were consistently followed in our financial statements as compared with the annual audited financial statements. There were no cash dividends paid during the year of 2022. There were no material contingencies or any other unusual events or transactions affecting our financial condition since December 31, 2021. There are no known trends, demands, commitments, events or uncertainties that would have had a material conflict on our financial condition or results of operations or unfavorable impact on net revenues from continuing operations. There is no material commitment for capital expenditures. We don't anticipate any events that may cause any default or acceleration of an obligation. There are no material off-balance sheet transactions, arrangements, obligations, including contingent obligations with unconsolidated entities.

For the year 2022, the Bank had no transactions that would require the following information or disclosures:

- a. Explanatory comments about the seasonality or cyclicalities of interim operations.
- b. The nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidents.
- c. The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.
- d. Issuances, repurchases and repayments of debt and equity securities.
- e. Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting.
- f. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
- g. The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discounting operations.
- h. Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.
- i. Any significant elements of income or loss that did not arise from the issuer's continuing operations.
- j. Any seasonal aspects that had a material effect on the financial condition or results of operations.

FINANCIAL RISK DISCLOSURE

A. Assessment of Financial Risk Exposure of the Bank as of December 31, 2022.

I. Market Risk: Foreign Exchange and Interest Rates.

1.1 Foreign Exchange Position

The net overbought open FX position of the bank as of **December 31, 2022**, is **79,281,584.99 (All currencies)**, the peso equivalent of **₱4,420,344,771.12billion (₱55.755/\$) or 22.262%** of the bank's unimpaired capital which is **₱19.856Billion**.

Exposure to foreign exchange risk is moderate considering the current conditions and the monetary policies of BSP, the economic fundamentals are also considered as a factor. In our specific case, the bank managed the risk quite well and made foreign exchange profit.

The foreign exchange and interest rates volatility will remain within moderate conditions because of BSP's proactive stance and any variance would be within the level of confidence for the following reasons:

- 1.1.1 BSP's effective management of foreign exchange reserves vis-à-vis the major global currencies, to wit: USD, EURO, SGD, GBP, JPY, HKD and AUD.
- 1.1.2 The interest rate on the USD is within the range in the short, medium, and longer term and in which case the bank will necessarily align its position.
- 1.1.3 Net open position of our bank is manageable and not speculative.

II. Liquidity Risk

The risk profile of the bank's balance sheet remains low with more concentration in liquid assets and investments in government securities other than lending. Liquid assets and investment securities accounted for **₱142.36 Billion** while loans (net of allowances) amounted to **₱20.68 Billion**. Marginal returns have been low by the distribution in our assets portfolio but the bank has always been strategically conservative in business policy.

III. Credit Risk

The bulk of company's loans are fully secured by real estate while some of the major loan accounts are backed by guarantees and only a small percentage of the loans are clean but these are usually extended to clients with very satisfactory payment record &/or who are known to the bank for their good credit reputation. The lending process begins with credit selection and continues to administration and review of loan accounts on a regular basis. Reporting to and review by the credit committee is part of the whole credit process and done on a regular basis.

1. The bank has none of hedging or derivatives financial contracts. The bank's main financial contracts are:

Available for Sale Securities (FVOCI), and Held to Maturity Securities (AC)¹. The bulk of these securities are securitized government obligations.

2. The bank has no investment in foreign securities or equities.

3. Asset and liability management involved in matching the economic characteristics of the bank's cash flows. We look at duration, the fixed/floating nature of our commitments, the repricing period and over liquidity position and stress testing. The decisions are strategically made based on interest rate exposure. Impairment is recognized via valuation reserves in accordance with PFRS 9.

4. Before the bank makes any investment decision, it ensures that the secondary market must have liquidity, breadth, and depth to transact all tenors of financial instruments.

¹ AC – Amortized Cost

**Management’s Discussion and Analysis of Financial Condition and
Results of Operations for Calendar Year 2023**

Financial Condition

The Bank total resources for the year 2023 reached P176.436 billion, a remarkable P7.081 billion increase compared from last year’s level of P169.355 billion. Growth in resources was driven by higher investment securities, gross loans and receivables and SPURA which more than offset the lower placement levels with Bangko Sentral Ng Pilipinas deposit facilities. Due from Bangko Sentral ng Pilipinas decreased by 32.66% or by P5.615 billion as excess funds were shifted from deposit placement with Bangko Sentral ng Pilipinas term and overnight deposit facilities and SPURA largely to investment securities and loans. Loans and receivables, net and SPURA increased by 25.89% and 69.17% respectively. The increase was primarily attributable to higher level of gross loans and receivables mostly attributable to auto loans which more than doubled compared from last year’s level. Financial assets at fair value through OCI decreased by 10.23% mitigated by the reduction of mark to market on debt securities. Investment properties increased by 10.67% due to increase in foreclosure of some accounts. Deferred tax assets declined by 31.01% due to reversal of allowance from ECL and roll forward of retirement liability. Movements in other assets accounts can be accounted for by transaction in the ordinary course of business.

Deposit liabilities stood at P151.698 billion, a P4.627 billion increase compared from last year’s level of P147.072 billion. Savings accounts led the increase nearly in all products which resulted in a 6.22% or by P6.216 billion. The increase in manager’s check amounting to P12.959 million can be attributed to higher volume of outstanding manager’s checks as of year end. Accrued taxes, interest and other expenses payable closed at P376.772 million, higher by P168.384 due to higher accrual of interest expense and profit sharing. Deferred credits and other liabilities increased by 124.03% or by P168.3 million due to higher level transactions for the period. Retirement benefit obligation decrease by 22.5% due to roll forward of retirement liability. All other payables were paid within the stated term.

Capital funds closed at P23.173 billion, strengthened by 7.94% or by P1.704 billion compared from last year’s level of P21.468 billion. This was mostly because of greater retained earnings, higher undivided profits and reduced net unrealized mark to market loss on financial assets held at FVOCI. Capital adequacy ratio (CAR) for the year is 43.29% which is well above the Bangko Sentral ng Pilipinas minimum requirements of 10%.

The Bank has outstanding commitments, contingent liabilities, and bank guarantees that arise from normal course of operations. The Bank does not anticipate any losses that will materially affect its financial position and results of operations. Changes in nature and amounts in the financial statements were due more to market related factors inherent in nature of the issuer’s business operations and were not considered unusual.

Results of Operations

The Bank generated at year end of 2023, gross earnings amounting to P9.372 billion compared from last year's level of P6.327 billion, an increase of P3.045 billion. Interest income ballooned to P8.450 billion up by 52.00% as all interest earning assets except deposit placement with Bangko Sentral ng Pilipinas and other banks posted positive growth. Leading all interest earning assets are investment securities which increased by a remarkable 63.72% or by P2.424 billion as the Bank disposed some of its maturing securities at a high market rate. Loan and receivables increased by 49.45% or by P557.83 million due to increase of accrual compared from last year's level. Due to Bangko Sentral ng Pilipinas and other banks decreased by 14.48% due to decline in average volume. Income from foreign exchange declined by P126.8 million due to lower exchange rate compared from last year's level. Service charges and commission increased by 11.51% due to higher volume of transactions for the period. Gains/losses from sale/redemption of securities increased by 153.48% due to higher volume of transactions for the year.

Interest expense almost doubled compared from last year's level of P2.738 billion to P5.305 billion for the year 2023, triggered by higher interest rates and the quarterly recognition of interest expense for long term time deposits. Occupancy and equipment related expenses increased by P27.34 million fueled by higher administration expenses such as IT expenses due to higher technology related services cost. Taxes and licenses increased by 69.38% due to higher income subject to gross receipts tax. Net Income for the period closed at P1.029 billion compared from last year's level of P745.28 million, a 38.06% increase.

For the past years, the Bank continued to be conservative in the management of depositors and stockholder funds. The Bank will continue to focus on its core business and to deepen its banking relationship with more prospective clients and to offer more excellent customer services. Furthermore, more branches will be opened including ATM offsite in strategic locations to provide access to new clients. We will be reallocating resources for future growth and realigning our various asset portfolios.

Key Performance Indicators

The performance of the bank is reflected in the following financial ratios:

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Return on Average Equity	5.43%	3.15%
Return on Average Assets	0.70%	0.41%
Net Interest Margin	2.10%	1.71%
Capital to Risk Assets	43.29%	41.72%
Cost to Income Ratio	43.59%	60.75%

The manner by which the Bank calculates the above indicators are as follows:

<u>Key Performance Indicator</u>	<u>Formula</u>
1. Return on Average Equity (%)	$\frac{\text{Net Income After Income Tax}}{\text{Average Total Capital Accounts}}$

2. Return on Average Assets (%)	$\frac{\text{Net Income After Income Tax}}{\text{Average Total Assets}}$
3. Net Interest Margin (%)	$\frac{\text{Net Interest Income}}{\text{Average Interest Earning Assets}}$
4. Capital to Risk Assets (%)	$\frac{\text{Total Qualifying Capital}}{\text{Total Risk-Weighted Assets}}$
5. Cost to Income Ratio (%)	$\frac{\text{Total Operating Expenses}}{\text{Net Interest Income} + \text{Other Income}}$

Part II - Other Information

Our financial report for the year 2023 was prepared in compliance with Generally Accepted Accounting Principles as set forth in Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, PAS and SIC/IFRIC interpretations which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC pronouncements. The same accounting policies and methods of computation were consistently followed in our financial statements as compared with the annual audited financial statements. There were no cash dividends paid during the year of 2023. There were no material contingencies or any other unusual events or transactions affecting our financial condition since December 31, 2022. There are no known trends, demands, commitments, events or uncertainties that would have had a material conflict on our financial condition or results of operations or unfavorable impact on net revenues from continuing operations. There is no material commitment for capital expenditures. We don't anticipate any events that may cause any default or acceleration of an obligation. There are no material off-balance sheet transactions, arrangements, obligations, including contingent obligations with unconsolidated entities.

For the year 2023, the Bank had no transactions that would require the following information or disclosures:

- a. Explanatory comments about the seasonality or cyclicity of interim operations.
- b. The nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidents.
- c. The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.
- d. Issuances, repurchases and repayments of debt and equity securities.
- e. Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting.
- f. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
- g. The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discounting operations.
- h. Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.
- i. Any significant elements of income or loss that did not arise from the issuer's continuing operations.
- j. Any seasonal aspects that had a material effect on the financial condition or results of operations.
- k. There are no causes for any material changes for our financial from period to period (5%).

FINANCIAL RISK DISCLOSURE

A. Assessment of Financial Risk Exposure of the Bank as of December 31, 2023.

I. Market Risk: Foreign Exchange and Interest Rates.

1.1 Foreign Exchange Position

The net overbought open FX position of the bank as of **December 31, 2023**, is **86,725,767.35 (All currencies)**, the peso equivalent of **₱4,802,005,738.17 (₱55.37/\$)** or **22.374%** of the bank's unimpaired capital which is ₱21,462,555,995.59.

Exposure to foreign exchange risk is moderate considering the current conditions and the monetary policies of BSP, the economic fundamentals are also considered as a factor. The foreign exchange and interest rates volatility will remain within moderate conditions because of BSP's proactive stance and any variance would be within the level of confidence for the following reasons:

- 1.1.1 BSP's effective management of foreign exchange reserves vis-à-vis the major global currencies, to wit: USD, EURO, SGD, GBP, JPY, HKD and AUD.
- 1.1.2 The interest rate on the USD is within the range in the short, medium, and longer term and in which case the bank will necessarily align its position.
- 1.1.3 Net open position of our bank is manageable and not speculative.

II. Liquidity Risk

The risk profile of the bank's balance sheet remains low with more concentration in liquid assets and investments in government securities other than lending. Liquid assets and investment securities accounted for **₱143.65 Billion** while loans (net of allowances) amounted to **₱25.06 Billion**. Marginal returns have been low by the distribution in our assets portfolio but the bank has always been strategically conservative in business policy.

III. Credit Risk

The bulk of company's loans are fully secured by real estate while some of the loan accounts are backed by guarantees, and only a small percentage of the loans are in clean basis but these are usually extended to clients with very satisfactory payment record &/or who are known to the bank for their good credit reputation. The lending process begins with credit selection and continues to administration and review of loan accounts on a regular basis. Reporting to and review by the Credit and Loans Review Committee is part of the whole credit process and done on a regular basis.

1. The bank has no hedging nor financial derivatives contracts. The bank's main financial contracts are:

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI), and Debt Securities at Amortized Cost (AC).

2. Other than US Dollar denominated bonds issued by the Republic of the Philippines, the bank has no investment in foreign securities or equities.

3. Asset and liability management is involved in matching the economic characteristics of the bank's cash flows. We look at duration, the fixed/floating interest rate of our commitments, the repricing period, liquidity position and stress testing. The decisions are strategically made based on interest rate exposure. Impairment is recognized via valuation reserves in accordance with PFRS 9.

4. Before the bank makes any investment decision, it ensures that the secondary market must have liquidity, breadth, and depth to transact all tenors of financial instruments.

ANNEX C3

Management's Discussion and Analysis of Financial Condition and Results of Operations for Calendar Year 2024

Financial Condition

At the end of the fourth quarter of 2024, Total Resources closed at P175.471 billion lower by a minimal amount of P965.461 million compared to P176.436 billion in the same period last year. Due from Bangko Sentral ng Pilipinas fell by 29.07% lower by P3.365 billion from P11.579 billion to P8.214 billion as more excess funds were shifted to overnight deposit facility and securities purchased under resale agreement (SPURA). Securities purchased under resale agreement (SPURA) increased by a remarkable 119.56% or by P2.793 billion from P2.336 billion to P5.130 billion. This growth was driven by more successful bids for placing the Bank's excess loanable and investible funds into the BSP's SPURA facility. Loans and receivables, net increased by 15.81% or by P4.196 billion from P26.533 billion from previous year to P30.729 billion to date. The increase was primarily driven by higher gross loans and receivables from customers auto loans along with accrued interest income which offset a decline in sales contract receivable (SCR). Due from other banks decreased by 13.16% due to lower level of deposits and working balances maintained with our correspondent banks. Investments securities declined by 10.58%. The reduction was primarily driven by maturity in BSP bills held at amortized cost. Proceeds from maturing securities were redirected to higher yielding assets such as loans and SPURA. Other assets accounts increased by 21.31% as movements in these accounts can be accounted for by transactions in the ordinary course of business.

Deposit liabilities stood at P151.557 billion compared to P151.698 billion from last year's level, a minimal decrease of P140.316 million. The increase in Manager's Checks amounting to P17.367 million can be attributed to higher volume of outstanding Manager's checks as of year-end. Deferred credits and other liabilities decreased by 31.99% or by P329.483 million due to lower level of transactions for the period. All other payables were paid within the stated terms.

Capital funds closed at P22.676 billion reflecting, a minimal decline of P497.044 million compared from last year's level of P23.173 billion. This contraction was primarily driven by a 31.63% increase in unrealized mark to market (MTM) losses on financial assets held at FVOCI, alongside a reduction in undivided profits. These losses outweighed the increase in retained earnings, leading to the overall decline in capital. Capital Adequacy Ratio (CAR) for the year is 40.95% which is well above the Bangko Sentral ng Pilipinas minimum requirements of 10%.

The Bank has outstanding commitments, contingent liabilities, and bank guarantees that arise from normal course of operations. The Bank does not anticipate any losses that will materially affect its financial position and results of operations. Changes in nature and amounts in the financial statements were due more to market-related factors inherent in nature of the issuer's business operations and were not considered unusual.

Results of Operations

The Bank generated at year end of 2024, gross earnings amounting to P10.491 billion compared from last year's level of P9.375 billion, an increase of P1.116 billion. Interest income closed at P9.668 billion up by 14.41% as all interest earning assets except deposit placement with Bangko Sentral ng Pilipinas and other banks posted positive growth. Leading all interest earning assets are loans and receivables which increased by 32.22% or by P543.170 million due to increase of accrual compared from last years level. Investment securities which increased by 13.39% or by P834.216 million as the Bank disposed some of its maturing securities at a higher market rate. Due to Bangko Sentral ng Pilipinas and other banks decreased by 48.40% due to decline in average volume earning interest. Income from foreign exchange profit increased by a remarkable 666.55% due mainly to higher unrealized foreign revaluation gains due to depreciation of the peso vis-à-vis the USD as well as higher realized profit from spot trading and over the counter buy and sell transactions. Gain/loss on sale of investment securities decreased by 89.19% as elevated interest rate dampened prospects for generating higher gains from sale of fixed income instruments. Gain on foreclosure of properties increase by 32.83% as higher gains from sale of ROPA were recognized. The 214.10% increase in other operating income can be attributed mainly by increase in rental income and miscellaneous income.

Interest expense increased by 22.51% or by P1.195 billion triggered by higher interest rates and the quarterly recognition of interest expense for long term time deposits. Occupancy and equipment related expenses increased by 51.94% fueled by higher administrative expenses such as IT expenses due to higher technology related services cost. Other operating expenses decreased by 14.95% due to reduction in costs related to advertising and publicity, IT expenses, fines and penalties and repairs and maintenance contributed to a decrease in overall operating expenses. Net Income for the year 2024 closed at P614.012 million, 40.34% lower from last year's level of P1.029 billion.

For the past years, the Bank continued to be conservative in the management of depositors and stockholder funds. The Bank will continue to focus on its core business and to deepen its banking relationship with more prospective clients and to offer more excellent services. Furthermore, more branches will be opened including ATM onsite and offsite in strategic locations to provide access to new clients. We will be reallocating resources for future growth and realigning our various asset portfolios.

Key Performance Indicators

The performance of the bank is reflected in the following financial ratios:

	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
Return on Average Equity	2.81%	5.43%
Return on Average Assets	0.35%	0.70%
Net Interest Margin	2.03%	2.10%
Capital to Risk Assets	40.95%	43.29%
Cost to Income Ratio	55.21%	43.59%

The manner by which the Bank calculates the above indicators are as follows:

<u>Key Performance Indicator</u>	<u>Formula</u>
1. Return on Average Equity (%)	$\frac{\text{Net Income After Income Tax}}{\text{Average Total Capital Accounts}}$
2. Return on Average Assets (%)	$\frac{\text{Net Income After Income Tax}}{\text{Average Total Assets}}$
3. Net Interest Margin (%)	$\frac{\text{Net Interest Income}}{\text{Average Interest Earning Assets}}$
4. Capital to Risk Assets (%)	$\frac{\text{Total Qualifying Capital}}{\text{Total Risk-Weighted Assets}}$
5. Cost to Income Ratio (%)	$\frac{\text{Total Operating Expenses}}{\text{Net Interest Income} + \text{Other Income}}$

Part II - Other Information

Our financial report for the year 2024 was prepared in compliance with Generally Accepted Accounting Principles as set forth in Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, PAS and SIC/IFRIC interpretations which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC pronouncements. The same accounting policies and methods of computation were consistently followed in our financial statements as compared with the annual audited financial statements. There were no cash dividends paid during the year of 2024. There were no material contingencies or any other unusual events or transactions affecting our financial condition since December 31, 2023. There are no known trends, demands, commitments, events or uncertainties that would have had a material conflict on our financial condition or results of operations or unfavorable impact on net revenues from continuing operations. There is no material commitment for capital expenditures. We don't anticipate any events that may cause any default or acceleration of an obligation. There are no material off-balance sheet transactions, arrangements, obligations, including contingent obligations with unconsolidated entities.

For the year 2024, the Bank had no transactions that would require the following information or disclosures:

- a. Explanatory comments about the seasonality or cyclicalities of interim operations.
- b. The nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidents.
- c. The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.
- d. Issuances, repurchases and repayments of debt and equity securities.
- e. Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting.
- f. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
- g. The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discounting operations.
- h. Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.
- i. Any significant elements of income or loss that did not arise from the issuer's continuing operations.
- j. Any seasonal aspects that had a material effect on the financial condition or results of operations.
- k. There are no causes for any material changes for our financial from period to period (5%).

FINANCIAL RISK DISCLOSURE

A. Assessment of Financial Risk Exposure of the Bank as of December 31, 2024.

I. Market Risk: Foreign Exchange and Interest Rates.

1.1 Foreign Exchange Position

The FX position of the bank as of **December 31, 2024**, is **81,233,494.32 (All currencies)**, the peso equivalent of **₱4,698,951,507.86 (₱57.85/\$) or 21.554%** of the bank's unimpaired capital which is ₱21,811,426,204.47.

Exposure to foreign exchange risk is moderate considering the current conditions and the monetary policies of BSP, the economic fundamentals are also considered as a factor. The foreign exchange and interest rates volatility will remain within moderate conditions because of BSP's proactive stance and any variance would be within the level of confidence for the following reasons:

- 1.1.1 BSP's effective management of foreign exchange reserves vis-à-vis the major global currencies, to wit: USD, EURO, SGD, GBP, JPY, HKD and AUD.
- 1.1.2 The interest rate on the USD is within the range in the short, medium, and longer term and in which case the bank will necessarily align its position.
- 1.1.3 Net open position of our bank is within the FX Overbought regulatory limit.

II. Liquidity Risk

The risk profile of the bank's balance sheet remains low with more concentration in liquid assets and investments in government securities other than lending. Liquid assets and investment securities accounted for **₱138.65 Billion** while loans (net of allowances) amounted to **₱29.04 Billion**. Marginal returns have been low by the distribution in our assets portfolio but the bank has always been strategically conservative in business policy.

III. Credit Risk

The bulk of company's loans are fully secured by real estate while some of the loan accounts are backed by guarantees, and only a small percentage of the loans are in clean basis but these are usually extended to clients with very satisfactory payment record &/or who are known to the bank for their good credit reputation. The lending process begins with credit selection and continues to administration and review of loan accounts on a regular basis. Reporting to and review by the Credit and Loans Review Committee is part of the whole credit process and done on a regular basis.

1. The bank has no hedging nor financial derivatives contracts. The bank's main financial contracts are:

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI), and Debt Securities at Amortized Cost (AC).

2. Other than US Dollar denominated bonds issued by the Republic of the Philippines, the bank has no investment in foreign securities or equities.

3. Asset and liability management is involved in matching the economic characteristics of the bank's cash flows. We look at duration, the fixed/floating interest rate of our commitments, the repricing period, liquidity position and stress testing. The decisions are strategically made based on interest rate exposure. Impairment is recognized via valuation reserves in accordance with PFRS 9.

4. Before the bank makes any investment decision, it ensures that the secondary market must have liquidity, breadth, and depth to transact all tenors of financial instruments.