COVER SHEET

SEC Registration Number

						2	4	2	2	1

COMPANY NAME

BANK OF COMMERCE

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

SAN MIGUEL PROPERTIES CENTRE
NO. 7 ST. FRANCIS STREET
MANDALUYONG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
	8982-6000	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
	Any day in May	December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Antonio S. Laquindanum	ASLaquindanum@bankcom.com.ph	8982-6000	N/A

CONTACT PERSON's ADDRESS

12th Floor, San Miguel Properties Centre, No. 7 St. Francis St., Mandaluyong City

Note: 1. In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.
2. All boxes must be properly and completely filled-up. Failure to do so shall cause delay in the updating of the corporation's records with the Commission and/or non-receipt of the Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2024**

2. Commission identification number **24221**

3. BIR Tax Identification No **000 440 440**

4. Exact name of issuer as specified in its charter **BANK OF COMMERCE**

5. Province, country or other jurisdiction of incorporation or organization **PHILIPPINES**

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code
SAN MIGUEL PROPERTIES CENTRE, NO. 7 ST FRANCIS STREET, MANDALUYONG CITY 1550, PH

8. Issuer's telephone number, including area code **+63-2-8982 6000**

9. Former name, former address and former fiscal year, if changed since last report **N/A**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	1,403,013,920

11. Are any or all of the securities listed on a Stock Exchange? Yes [**X**] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

The Philippine Stock Exchange, Inc: Common Shares

12. Indicate by check mark whether the registrant:

a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the 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 [**X**] No [ ]

b) has been subject to such filing requirements for the past ninety (90) days.

Yes [**X**] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

Total number of shares held by non-affiliates	333,461,060.00
Share Price as of December 31, 2024	6.75
Aggregate value of shares held by non-affiliates	2,250,862,155.00

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong on the 0 8 APR 2025 day of 2025.

BANK OF COMMERCE
Issuer

By:

MICHELANGELO R. AGUILAR
President & CEO

ANTONIO S. LAQUINDANUM
EVP/CFO/CIO

EVITA C. CABALLA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 0 8 APR 2025 20__ affiant(s) exhibiting to me their evidence of identity as follows:

Names	Identification No.	Place of Issue	Valid Until
Michelangelo R. Aguilar	Passport No. P8692960A	DFA NCR East	September 9, 2028
Antonio S. Laquindanum	Passport No. P7572781B	DFA Manila	September 9, 2031
Evita C. Caballa	Passport No. P6253175A	DFA NCR East	March 1, 2028

Notary Public

Doc. No.: 3361
Page No.: 69
Book No.: III
Series: 2025

RENIER ARIES A. RAZON
NOTARY PUBLIC FOR MANDALUYONG CITY
APPOINTMENT NO. 0709-24
UNTIL 31 DECEMBER 2025
SMPC, # 7 ST. FRANCIS ST., MANDALUYONG CITY
PTR No. 5717148 / 02 JAN 2025 / MANDALUYONG CITY
IBP OR No. 496306 / 03 JAN 2025
ROLL OF ATTORNEYS NO. 80940

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Bank of Commerce
An affiliate of San Miguel Corporation

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

An affiliate of San Miguel Corporation (SMC) since 2008, Bank of Commerce is a publicly-listed universal bank focused on helping its clients, communities and conglomerate partners by delivering the best choice of financial services harnessing the strengths of the SMC Group. Bank of Commerce is identified by its logo bearing the SMC symbols of escudo and cloverleaf, and by the trademark license short name "BankCom" granted by the Intellectual Property Office (IPO) in 2020. BankCom traces its origins to the Overseas Bank of Manila which opened in Binondo, Manila in 1963.

The Bank provides innovative banking solutions and a complete range of products and services in deposit, commercial loans, credit card services, consumer banking, transaction banking, corporate banking, investment banking, treasury, asset management, trust and investments. In terms of service reach, the Bank has retail and corporate online banking facilities, 140 branches and 267 automated teller machines (“ATMs”) and cash kiosks strategically located nationwide as of 31 December 2024.

Over the past three (3) years, BankCom has been steadily growing, leveraging on the SMC ecosystem and continuously growing its customer base through creation, innovation and cross-selling of products and services.

	2024	2023	2022
Total Assets (in Php Millions)	265,440	231,668	217,518
% Growth	14.58%	6.51%	8.92%
Net Income (in Php Millions)	3,025	2,802	1,800
% Growth	7.95%	55.67%	49.18%

In 2022, BankCom capped this banner year with a net income of ₱1.80 billion, wherein it successfully raised ₱3.37 billion of common stock capital through an IPO, was listed in the Philippine Stock Exchange, raised its maiden issuance of ₱7.50 billion bonds, and was officially conferred a universal banking license. The net income was 1.5x the previous year’s profit of ₱1.21 billion. Total assets amounted to ₱217.52 billion, 8.92% higher versus end-2021.

In 2023, the net income increased 55.67% to ₱2.80 billion, backed by growth in its core lending business and service charges, fees, and commission. Return on equity stood at 9.52%, marking an improvement from the 7.01% in the previous year, and more than double the Bank's IPO prospectus ROE of 4.22%. Total assets reached ₱230.67 billion, reflecting an 8.92% growth year-on-year.

In 2024, BankCom’s net profit soared to ₱3.03 billion, up 7.95% from last year, due to the expansion in corporate loans and program lending mainly to SMC ecosystem clients, as well as higher earning assets. Total assets stood at ₱265.44 billion, 14.58% higher than end-2023’s ₱231.67 billion.

As of 31 December 2024, the Bank’s Tier 1 and total capital adequacy ratio of 16.81% and 17.58%, remained well above the minimum regulatory requirement of 7.5% and 10.0%, respectively.

For the year ended 31 December 2024, the Bank's return on average assets and cost-to-income ratios were 1.22% and 62.04%, respectively.

The Bank's net loans increased by 24.59% to ₱136.51 billion in 2024, from ₱109.57 billion, driven by expansion across all segments of lending. Net NPL ratio was at 0.49%, reflecting the Banks prudent approach.

RECENT DEVELOPMENTS

On 08 October 2024, the Securities and Exchange Commission approved the following amendments to the Bank's By-laws:

1. Amendment to Section 2 Article II of the Amended By-Laws of the Bank to change the schedule of annual stockholders' meeting from April to May to give the Bank ample time to comply with the requirements prior to holding an annual stockholders' meeting following the completion of its audited financial statements.

From	To
ARTICLE II STOCKHOLDERS Section 2. Annual Meeting. – The annual meeting of the stockholders shall be held in the month of April on such day and at such time and place as the Board of Directors may determine. (As amended on 22 September 1988.)	ARTICLE II STOCKHOLDERS *Section 2. Annual Meeting. – The annual meeting of the stockholders shall be held **on the last Tuesday of May of each year, if not a legal holiday; otherwise, the next business day following**, at such time and place as the Board of Directors may determine. (As amended on 22 September 1988.) ***(*As amended on 30 April 2024).***

2. Amendment of Section 5 Article III of the Amended By-laws of the Bank to rationalize the process of determining the directors' compensation and per diem per Section 29 of the Revised Corporation Code:

From	To
ARTICLE III DIRECTORS Section 5. Compensation and Per Diems – The members of the Board of Directors, as such directors, shall be entitled to compensation the amount of which shall be fixed by the stockholders from time to time but in no case shall their total yearly compensation, as such directors, exceed ten (10%) percent of the net income before income tax of the Corporation during the preceding year. The members of the Board of Directors, the Executive Committee, other committees and the Corporate Secretary shall be entitled to per diem for every attendance in meetings the amount of which shall be fixed by the stockholders from time to time (As amended on 22 September 1988)	ARTICLE III DIRECTORS Section 5. Compensation and Per Diems – The members of the Board of Directors, as such directors, shall be entitled to compensation the amount of which shall be fixed by the stockholders from time to time but in no case shall their total yearly compensation, as such directors, exceed **two (2%)** percent of the net income before income tax of the Corporation during the preceding year. The members of the Board of Directors, the Executive Committee, **the Board Committees,** and the Corporate Secretary shall be entitled to per diem for every attendance in meetings the amount of which shall be fixed by the stockholders from time to time. **Officers of the Corporation who are members of Board Committees are not entitled to per diem.** (As amended on 22 September 1988) ***(*As amended on 30 April 2024)*****.**

3. Amendment to Section 2 of Article VII and Section 1of Article VIII of the Amended By-Laws of the Bank to correct typographical errors

From	To
ARTICLE VII CERTIFICATE OF STOCK	ARTICLE VII CERTIFICATE OF STOCK
Section 2. Form – The Certificate of Stock shall be in such form and design as may be determined by the Board of Directors. Every certificate shall be signed by the President and countersigned by the Corporate Secretary and sealed with the corporate seal and shall state on its surface the number, date of issue, and the name of persons I whose favor it was issued; provided that, in case any stock certificate is countersigned by a duly appointed stock transfer agent, transfer clerk, or registrar, the signatures of the President, and Corporate Secretary or Assistant Corporate Secretary, upon such certificate, may be facsimiles, which can be engraved or printed on the same. In connection	Section 2. Form – The Certificate of Stock shall be in such form and design as may be determined by the Board of Directors. Every certificate shall be signed by the President and countersigned by the Corporate Secretary and sealed with the corporate seal and shall state on its surface the number, date of issue, and the name of persons **in** whose favor it was issued; provided that, in case any stock certificate is countersigned by a duly appointed stock transfer agent, transfer clerk, or registrar, the signatures of the President, and Corporate Secretary or Assistant Corporate Secretary, upon such certificate, may be facsimiles, which can be engraved or printed on the same. In connection

with the listing of the Corporation's shares on the Philippine Stock Exchange, Inc. ("PSE"), unless subsequently certificated, all the issued and outstanding shares of the Corporation will be in scripless form through the electronic book-entry system of the Corporation's stock transfer agent and lodged with the depository agent as required by the PSE. Legal title to uncertificated shares will be shown in an electronic register of shareholders which shall be maintained by the stock transfer agent of the Corporation. (As amended on 22 September 1988) (As amended on 09 November 2021)	with the listing of the Corporation's shares on the Philippine Stock Exchange, Inc. ("PSE"), unless subsequently certificated, all the issued and outstanding shares of the Corporation will be in scripless form through the electronic book-entry system of the Corporation's stock transfer agent and lodged with the depository agent as required by the PSE. Legal title to uncertificated shares will be shown in an electronic register of shareholders which shall be maintained by the stock transfer agent of the Corporation. (As amended on 22 September 1988) (As amended on 09 November 2021) ***(*As amended on 30 April 2024).***
ARTICLE VIII TRANSFER OF SHARES OF STOCK Section 1. Mode of Transfer – Share of stock shall be transferred by delivery of the Certificate endorsed by the power or his attorney-in-fact or other persons legally authorized to make the transfer or by written instructions to the Corporate Secretary in case of uncertificated shares, but no transfer shall be valid as against the Corporation until the transfer is recorded in the Books of the Corporation (as amended on 09 November 2021.)	ARTICLE VIII TRANSFER OF SHARES OF STOCK Section 1. Mode of Transfer – Share**s** of stock shall be transferred by delivery of the Certificate endorsed by the **person** or his attorney-in-fact or other persons legally authorized to make the transfer or by written instructions to the Corporate Secretary in case of uncertificated shares, but no transfer shall be valid as against the Corporation until the transfer is recorded in the Books of the Corporation (as amended on 09 November 2021.) ***(*As amended on 30 April 2024)***

4. Amendment to Section 1 of Article XI of the Amended By-Laws of the Bank to include the delegation by the stockholders to the board of directors the power to adopt, amend or repeal bylaws pursuant to Section 47 of the Revised Corporation Code.

From	To
ARTICLE XI AMENDMENTS Section 1. How Made. – The Stockholders, by the affirmative vote of the majority of the outstanding capital stock and majority vote of directors may amend or repeal these By-laws or adopt New By-Laws at any regular meeting, or any special meeting called for the purpose.	ARTICLE XI AMENDMENTS Section 1. How Made. – **A majority of the Board of Directors and Stockholders owning at least a majority of the outstanding capital stock of the Corporation, at a regular or special meeting duly called for the purpose may amend or repeal the By-Laws or adopt new By-Laws. Stockholders owning two-thirds (2/3) of the outstanding capital stock of the Corporation may delegate to the Board of Directors the power to amend or repeal the By-Laws or adopt new By-Laws: Provided, That any power delegated to the Board of Directors to amend or repeal the By-Laws or adopt new By-Laws shall be considered as revoked whenever Stockholders owning or representing a majority of the outstanding capital stock shall so vote at a regular or special meeting. *(*As amended on 30 April 2024)***

On 28-30 January 2025, BankCom held the public offer of its dual-tranche fixed rate bonds due 2027 (Series C Bonds) and fixed rate bonds due 2030 (Series D Bonds), with a minimum aggregate size of ₱5.00 billion with an oversubscription option.

This is the Banks's largest peso bond offering to date, raising a record ₱18.00 billion versus its minimum offer size of ₱5.00 billion in less than three (3) days. The bonds, which were issued as the third tranche of the Bank's increased ₱50.00 billion Peso Bond Programme, were listed on the Philippine Dealing & Exchange Corporation (PDEx) on 19 February 2025.

On the 18th Annual Deal & Solution Awards by Alpha Southeast Asia, which took place in Kuala Lumpur, Malaysia on 12 February 2025, BankCom was recognized with a notable accolade of Best Syndicated Loan Deal of 2024 for the ₱80.00 billion Project Finance Facility of New NAIA Infra. Corp.

BANKING PRODUCTS AND ACTIVITIES

Overview

The Bank's principal areas of business are retail or branch banking, transaction banking, corporate banking, consumer loans, cards, treasury, cash management, remittance, trust services and investment banking services. These products and services are delivered through various channels such as branches, internet banking, ATMS, cash kiosks, and through agent partners. The list of products and services is enumerated below.

Branch Banking Products

- Savings Account with Debit Card (MasterCard)
- Savings Account with Passbook
- Savings Account Plus
- Checking Account
- Complete Checking Account
- ElitePlus Checking Account
- Executive Payroll Account
- US Dollar Savings Account
- Euro Savings Account
- Yuan Savings Account
- Japanese Yen Savings Account
- Junior Smart Savers Savings Account
- One Passbook Investment Account
- Time Deposit
- One-Year Time Deposit
- Future Secure Time Deposit
- US Dollar Time Deposit
- Euro Time Deposit
- SSS Pension Account
- US Veterans Pension Savings Account (PHP and USD)
- Payroll Savings Account
- Philippine Retirement Authority (PRA) Savings and Time Deposit Accounts (PHP and USD)
- Long Term Negotiable Certificate of Time Deposit
- Corporate Savings Account
- Corporate Savings Account Plus
- Corporate Checking Account
- Corporate Checking Account Plus with Corporate Access Number

Corporate Banking

- Back to Back Loans
- Domestic Bills Purchase

- Export Bills Purchase
- Export Packaging Credit
- Foreign Currency Denominated Loan
- Hauler's Financing Program
- Domestic and Foreign Standby LC / Bank Guarantees
- Trade Financing with Trust Receipt
- Petron Dealers' Financing Program
- San Miguel Corporation (SMC) and Eagle Cement Corporation (ECC) Ecosystem Financing Program
- SMC Dealers' Financing Program
- Term Loan (Capital Expenditure Financing / Project Financing
  - Capital Expenditure Financing, Business Expansion, Refinancing of Existing Loans, et.)
  - Project Finance Term Loans
- Working Capital Loan (Promissory Note Line)

Consumer Loans

- Home Loan
- Auto Loan
- Salary Loan

Cards

- Bank of Commerce Mastercard
  - Classic
  - Gold
  - Platinum
  - World
  - Debit Card
  - Cash Card

Trust Products and Services

- Unit Investment Trust Funds
  - Diversity Money Market Fund
  - Diversity Peso Bond Fund

  - Diversity Dollar Bond Fund
  - Diversity Dividend Focused Fund

  * All UITFs can be enrolled in the Easy Investment Plan (EIP) to regularly subscribe or invest

- Trust and Other Fiduciary Services
  - Personal Management Trust
  - Life Insurance Trust
  - Employee Benefit Trust
  - Trust Under Indenture
  - Collateral Trust
  - Special Purpose Trust/Other Institutional Trust

- Investment Management Account
  - Institutional/Corporate
  - Individual

- Other Agency Accounts
  - Facility / Loan Agency
  - Escrow Agency
  - Buyer and Seller Escrow
  - POEA Escrow
  - BIR Escrow
  - HLURB Escrow
  - Source Code Escrow
  - Other Escrow Accounts
  - Safekeeping

Treasury Products

- Fixed Income Government Securities (Peso / Dollar)
- Corporate Bonds
- Foreign Exchange

Investment Banking Services

- Financial Advisory

- Issue Management, Underwriting and/or Arrangement of Debt and Equity Instruments
- Placement/Selling of Debt and Equity Instruments

Transaction Banking

- Cash Management Solutions
  - BankCom PAY
    - cashPAY
    - directPAY
    - checkPAY
    - govPAY
  - BankCom COLLECT
    - DepositCOLLECT
    - directCOLLECT
  - BankCom Business
- Digital Channels
  - BankCom [Personal] – Retail Online Banking (Web and Mobile App)
  - BancNet Point of Sale
  - BankCom Automated Teller Machines (ATM)
  - BankCom Cash Kiosk
  - Payment Solutions
- Remittance Services
  - SIKAPPINOY OFW Savings Account
  - SIKAPPINOY Asenso Program
  - SIKAPPINOY Domestic Remit
    - Cash Pick-up at RD Pawnshop
  - SIKAPPINOY International Remit via international remittance partners*****
    - Credit to Bank of Commerce Accounts
    - Credit to Other Philippine Bank Accounts
    - Credit to Mobile Wallets (GCash, Maya, Coins.ph, GrabPay)
    - Cash Pick-up Services via Bank of Commerce Branches
    - Cash Pick-up Services via Philippine Payout Partners:
      - M Lhuillier
      - Cebuana Lhuillier

- LBC Express
- Palawan Pawnshop
- RD Pawnshop

*International Remittance Partners
- Al Ansari Exchange LLC (United Arab Emirates)
- Arab National Bank – TeleMoney (Kingdom of Saudi Arabia)
- Bank AlBilad – Enjaz (Kingdom of Saudi Arabia)
- Bank Aljazira – Fawri (Kingdom of Saudi Arabia)
- Family Express (Canada)
- Eastern & Allied Pty Ltd – HaiHa and Remox Money Transfer (Australia)
- Kookmin Bank (South Korea)
- Pacific Ace Forex HK Ltd (Hong Kong)
- Prabhu Money Transfer (Qatar)
- Mastercard (Global)
- U Remit International Corp. (Canada)
- Speed Money Transfer (Japan)

- International Trade Services
  - Import
    - Import Letter of Credit
    - Standby Letter of Credit (SBLC) / Bank Guarantees
    - Import Collections
    - Documents Against Payment (DP)
    - Documents Against Acceptance (DA)
    - Trust Receipt Loan
    - Payment Abstract Secure (PAS6) Enrollment and Bureau of Customs Duties & Taxes Payment
    - Shipside Bond Guarantee
    - Airway Bill Endorsement
    - Foreign Exchange (FX) Purchase for Advance Payment of Importation
    - Direct Remittance (DR)
    - Open Account (OA) Arrangement
  - Export
    - Export Bills for Collection

- Export Bills Purchased
- Export Advances
- Export LC Advising / Confirmation / Transfer

- Domestic
  - Letter of Credit
  - Standby Letter of Credit / Bank Guarantees
  - Negotiation of Domestic Letter of Credit
- Supply Chain
  - Trade Finance Receivable

OPERATIONAL HIGHLIGHTS

Corporate Banking Group

Corporate Banking Group (CBG) achieved a 25.56% growth in its assets of end-2024 versus the previous year amidst the cautious lending environment in the local banking industry coupled with stricter financial system regulations.

This performance was due to the consistent double-digit growth in loan volume on an average daily balance (ADB) basis from 2023 to 2024.

The bulk of this growth came from major deals with highly rated, credit-worthy companies in telecommunications, consumer finance, electronics and cement manufacturing.

The higher loan ADB volumes combined with competitive loan rates brought interest income higher. This was tempered, however, by a higher-than-expected rise in interest expense, resulting in a modest improvement in net interest income over the previous year.

Responding to the challenging lending scenario, CBG built on its strengths in the fee revenue business and other income streams driven by transaction fees and settlement gains.

Branch Banking Group

The Branch Banking Group (BBG) consistently demonstrated resilience and adaptability, maintaining its momentum despite an ever-changing, volatile, and unpredictable market landscape. Through close collaboration with its parent company, San Miguel Corporation (SMC), BBG strategically expanded its customer base, leading to increased transaction volumes and enhanced client engagement. This growth not only deepened customer relationships but also contributed to a significant rise in market share.

Among the key milestones of the year were the opening of the Pasig C5 Branch, known as the Branch of Tomorrow (BOT), and the launch of the Accelerate Your Savings (AYS) E-Raffle Promo, which generated an increase in the low-cost deposits. These achievements highlight BBG's ongoing success and commitment to innovation in the banking sector.

In 2024, BBG played a pivotal role in strengthening the bank's financial position. It contributed ₱189.06 billion in current accounts and savings accounts (CASA) deposits, forming a substantial portion of the bank's total deposits, which amounted to ₱212.01 billion. Furthermore, BBG successfully booked ₱3.09 billion in consumer loans and facilitated the approval of 8,643 credit cards. It also generated non-interest amounting to ₱83 million driven by trust fees and foreign exchange gains, reinforcing its commitment to revenue diversification.

As part of its strategic investment initiatives, BBG supported the bank in securing significant asset placements. It successfully booked ₱3.01 billion in SMC Bonds, ₱2.22 billion in Petron Preferred Shares, and ₱1.82 billion in SMC Tollways investments. These achievements underscore the depth of BankCom's relationships with its customers and its ability to capitalize on investment opportunities.

BBG's performance in 2024 highlights its agility and operational efficiency in navigating evolving market conditions while maintaining a robust financial standing. These accomplishments reinforce its leadership in the banking sector and lay a solid foundation for sustained future growth.

Remaining steadfast in its commitment to customer service, BBG continues to develop and offer innovative products and services. Aligned with the bank's core principle "We think Customers," BBG prioritizes customer-centricity in all its operations. Moving forward, the group remains dedicated to anticipating and meeting the evolving needs of its valued clients, delivering unparalleled satisfaction, and fostering enduring relationships built on trust and reliability.

Transaction Banking Group

Despite volatility in the market, Transaction Banking Group (TBG) grew its overall fee income by 9% and increased the deposit levels of accounts enrolled under its various electronic banking platforms, i.e., BankCom Business and BankCom Personal.

Cash Managementhas primarily been focusing on the requirements of conglomerates, corporates and SMEs while making their deposits grow and stickier with the bank, by designing and implementing tailored robust solutions and services for payments and collections. In 2024, Cash Management embarked with other business units on a strategic, supplier on-boarding initiative, accumulating a hefty incremental deposit from an additional 625 accounts.

Our Digital Channel, on the other hand, launched several important features BankCom [Personal] in 2024 to encourage more retail customers to be tech savvy. BankCom [Personal] boasts 140,844 users as of December 2024. This was achieved through effective marketing campaigns such as by running the "App Lovin' It" promotion in collaboration with McDonald's. Launched in 4th quarter, the promotion offered free Sundae to new enrollees. The boost in enrollment was coupled by encouraging product trial and continuous usage of the BankCom [Personal] mobile app as new users were entitled to a Chicken Fillet by using the mobile app to transact more Instapay, Pesonet, bill payments, and prepaid mobile phone load.

For Remittance, a total of 412,000 transactions were coursed through BankCom in 2024, which is 19% higher than the previous year. Majority of these transactions came from the Middle East, from our partners such as Mastercard Transfer Service and Prabhu. We also saw an increase in key countries such as Australia. For more remittance flows to be coursed through BankCom in 2025, the team has planned to grow the corporate requirements of the shipping agencies and process their allotments as well. This will also bring in more fees, foreign exchange (FX) revenues, and deposits for the bank.

Trade remains to be a key business driver for TBG especially for fee revenue generation. In 2024, the team earned fees from processing key trade solutions such as bank guarantees, standby letter of credit (SBLC) and import LCs. As of end-2024, a total of 104 SMC ecosystem names have been on-boarded, primarily from San Miguel Foods and San Miguel Brewery. This is anticipated to continue in 2025, as more requirements of the SMC ecosystem are covered nationwide.

Investment Banking Group

The Investment Banking Group (IBG) achieved another banner year in 2024, generating fee revenues of ₱293 million, nearly doubling its 2023 performance of ₱149 million with a 97% year-on-year growth. Among IBG's defining achievements in 2024 was its role as the Issue Manager, Arranger, and Bookrunner for the ₱80.0 billion Syndicated Term Loan Facility of New NAIA Infra Corp. This transaction was recognized as the Best Syndicated Loan Deal of the Year in Alpha Southeast Asia's 2024 Best Deals & Solutions Awards.

IBG has been in full swing for the year, significantly increasing the number of capital-raising transactions it has led and participated in, which has strengthened its position as a key player in the Philippine investment banking industry.

Public Capital Raising

IBG continues to establish its presence in the public capital markets, successfully executing a series of offerings, as Joint Issue Manager, Joint Lead Underwriter & Bookrunner for San Miguel Corporation's ₱20 billion Fixed-Rate Bonds listed on July 3, 2024 and SMC Tollways Corporation's ₱35 billion Fixed-Rate Bonds listed on December 5, 2024; and as Joint Lead Underwriter & Bookrunner for Petron Corporation's ₱16.8 billion Series 4 Preferred Shares listed on September 23, 2024.

By utilizing the Bank's strong network of institutional and retail clients, IBG helped facilitate the fundraising initiatives of first-time issuer SMC Tollways, and seasoned issuers San Miguel Corporation and Petron Corporation despite market volatility and increasing competition amid several simultaneous offerings at the time. IBG leveraged its execution expertise and BankCom's fully integrated distribution channels to ensure these offerings were well-received by investors.

Private Capital Raising

IBG has once again proven its expertise in structuring and executing high-impact private capital transactions, particularly for critical infrastructure and energy projects. The Group arranged the ₱80 billion Syndicated Term Loan Facility for New NAIA Infra Corp. that will support the rehabilitation and modernization of the Ninoy Aquino International Airport IBG also participated as one of the lead banks to arrange the ₱10 billion and ₱12.5 billion Syndicated Term Loan Facilities for SMC SLEX Holdings Company Inc. and SMC SLEX, Inc., respectively.

The Group capped the year with the successful arrangement of a Project Finance Term Loan Facility for a power generation company in Bataan. As the Mandated Lead Arranger and Bookrunner, IBG played a critical role in structuring the loan to support the development of a large-scale energy project geared towards stabilizing and securing the country's power supply.

By structuring innovative capital raising solutions, BankCom, through IBG in tandem with its Corporate Banking Group, has provided financing for various project sponsors and alongside some of the largest banks in the country.

Sustained Growth and Market Leadership

2024 was a defining year for IBG, proven by increased deal flow, increased leadership roles in capital markets transactions, and growing expertise across public and private capital transactions.

In just three years since its inception, IBG has established a proven track record of execution excellence and value-driven financial solutions. Looking ahead, IBG is poised for continued growth as it expands its product offerings into Advisory and Equity Capital Markets, strengthens its talent pool, and builds a robust pipeline of remarkable deals that will further enhance BankCom's position in the investment banking industry.

As it continues to expand its capabilities, IBG remains committed to providing high-quality services, fostering long-term client partnerships, and driving sustainable growth for the Bank in the years to come.

Treasury Management Group

Treasury Management Group (TMG) managed to make significant contributions to the Bank's P&L despite the volatile interest rate environment. Its trading business remained profitable as it got a much-needed lift from its foreign exchange (FX) business. FX trading gains reached ₱128 million on the back of FX flows and prudent management of FX positions. TMG's Foreign Exchange Sales Division will continue to serve existing clients and will step up its anticipation of clients' FX requirements.

The fixed income space saw huge swings in 2024 brought about by geopolitical issues and re-elected President Trump's tariff and immigration policies. These stalled the pace of interest rate cuts initially anticipated by the market. TMG's cautious strategy to haul interest income while yields are relatively high helped shore up the Bank's net interest income (NII) and avoid significant losses that may have been incurred from wide shifts in bond yields. Total interest income from its securities portfolios reached a high of ₱2.8 billion. TMG will continue to be conservative in its position-taking activities considering the fewer number of rate cuts seen in 2025 than originally forecasted.

TMG has successfully laid down the foundation for a stable fixed income flows business. The Group through its Treasury Marketing and Sales Division (TMSD) managed to grow its 2023 total flows volume of government securities 2.6x to over ₱14.2 billion in 2024. It also offered Investment Banking Group's (IBG) primary issuances and contributed over ₱5.5 billion worth of securities underwritten by IBG.

In 2024, the Group's Liquidity and Asset Liability Management Division (LALMD) successfully navigated the demands and challenges of liquidity, profitability and regulatory compliance amid uncertainties and market volatility. It focused on optimizing liquidity by adopting a strategic approach that includes dynamic cash management and a keen understanding of market trends which enabled the team to manage liquidity effectively and leverage opportunities for profitability, growth and stability. Moreover, the Desk concentrated its efforts on managing both sides of the balance sheet, balancing risk and profitability. Through accurate tracking of inflows and outflows as well as careful analysis and forecasting of the sources and uses of funds across the bank's operations, the team was able to better forecast shifts in deposit flows, loan demand and funding costs which allowed it to make more-informed decisions about liquidity strategies, ensuring sufficient funding to meet withdrawals without holding excessive reserves that could otherwise be used for more-profitable investments. With the anticipated monetary easing last year, the Bank strategically shifted towards growing the high-yielding portions of its assets and shortened the tenor of its liabilities. This move enabled the Bank to maintain favorable earnings, remain competitive and mitigate potential net interest margin compression. Despite the declining interest rate environment, the Bank's NII increased by almost 10% to ₱9.111 billion in 2024 and remained as the primary driver of the bank's profitability, accounting for 85% of total revenues and contributing largely to the Bank's record high net income of ₱3.025 billion for the year.

Consumer Group

Consumer Group delivered a remarkable performance in 2024, navigating a dynamic landscape marked by economic recovery, shifting consumer behaviors, and competitive pressures. With this backdrop, the Bank expanded in client coverage, grew its consumer loan portfolio, and achieved improvement in asset quality.

One of the proudest achievements this year was the robust growth in consumer loan portfolio which has seen a double digit growth year-on-year. This growth reflects strategic focus on tailored loan products designed to meet the evolving needs of the Bank's customers. Amidst rising inflation and elevated borrowing costs early in the year, the Group's deep understanding of the market and prudent approach to credit enabled us to recalibrate our strategy effectively and determine the path forward.

Consumer Group's success was underpinned by strengthened relationships with business partners. Deepened collaborations with automotive dealerships and real estate developers cultivated a network rooted in mutual trust and shared purpose.

In summary, 2024 was a testament to the unchanging resolve and strategic acumen of the group. Through unwavering dedication, Consumer Group transcended challenges, laying a formidable foundation for a legacy of sustainable growth and quality service.

Trust Services Group

The Trust Services Group realized multiple gains as the tide of investors swung towards riskier assets in their investment management mandates. Assets Under Management went up by 3.60% from the previous year to ₱72.73 billion in 2024, coupled by improved trust fee efficiency as trust fees grew by 6.12% to ₱186 million.

The managed accounts (Investment Management Accounts) remain to be the group's core strength with an increased volume of ₱2.65 billion for the year. Investors with foreign currency investible funds provided a 70% jump in volume to a peso equivalent of ₱2.03 billion from ₱1.19 billion during the previous year.

The new head of the Trust Services Group, Mr. Don Carlo P. Hernandez, CFA, who joined the bank in November 2024, brings in a fresh perspective with a five-year plan encompassing capabilities-building, customer-centric solutions, and a business outlook set to improve the efficiency of income generation and overall profitability of the Trust Services Group overtime.

Cards Group

Credit Card billings hit a record high of ₱5.9 billion, reflecting the active cardholder base and successful marketing campaigns launched throughout the year. The total cards in force reached 99,000 cards by 2024. The continued growth in its revenues is an indication of growing consumer spend and confidence in the market. The consistent growth of billings and revenues is expected to continue as we build better card products and features. A new product - the Corporate Card, was launched in 2024 which aims to help SMEs and large companies to manage their employee's travel, entertainment and procurement expenses in a more efficient manner. With the support of digital development and enhancement, BankCom is now able to provide online access to credit card accounts, a result of the continued efforts of Cards Group (CG) to build a stronger cards business.

Debit cards also performed better than the previous year, reaching ₱2.4 billion in retail billings and generating ₱14.1 million in commission revenue. Debit card usage campaigns focused on online use, creating better customer product understanding, building the easy, convenient, and safe way to pay.
The Cards business will continue to grow guided by a seasoned and adaptive management team, and most importantly, with the customers always in mind.

SUPPORT INITIATIVES

Digital Services Group

In 2024, IT continued to play a pivotal role in advancing Bank of Commerce's digital transformation, enhancing operational efficiency, and strengthening cybersecurity measures to support sustainable growth. The Bank is on track to update its core banking system and digital infrastructure as we build the foundation to support flexibility.

Strengthening Cybersecurity and Compliance

With an increasing focus on data security, we deployed advanced mechanisms in threat detection, automated response, monitoring and reporting to reduce cyber risks and enhancing compliance to regulatory requirements to protect sensitive data and maintain customer trust. The implementation of cyber security and fraud detection systems reinforce our commitment to protecting customer and corporate data.

Optimizing Customer Experience through Technology

To elevate customer engagement, customers who want to visit our branches may set an appointment via our website for a date and preferred branch location to perform in person transactions, consultations, and financial planning.

Accessing our online channels to complete their online transactions while being guided by bank personnel is now doable through wireless internet access in our branch premises.

With the ramped up and completion of the deployment of automated teller machines and cash deposit machines, expanded banking hours became available for cash withdrawals, cash deposits, balance inquiries, bills payments, top ups and reloads enabled through our ATM and Cash Kiosks.

Advancing Infrastructure Modernization

We upgraded our disaster recovery site facilities for power, cooling and fire suppression requirements to ensure improved business continuity. We shifted to the use of smaller form factors for our personal computers and servers by partnering with a provider (Lenovo) with carbon offset programs resulting in increased contribution to environmental sustainability goals.

Empowering Employees with Digital Tools

Through office productivity and collaboration tools, optimizing the digital platform (Microsoft365) enabled streamlining of workflows and productivity across the departments to reduce processing time, enhanced communication and using less paper.

Looking ahead, we remain committed to leveraging emerging technologies, driving continuous innovation, and reinforcing our IT infrastructure to support Bank of Commerce’s strategic growth ambitions.

Human Resource Management and Development Division

In 2024, the Human Resource Management and Development Division (HRMDD) remained steadfast in its commitment to enhancing employee experience, fostering a culture of continuous learning, and strengthening organizational engagement. Through various strategic initiatives and milestone achievements, HRMDD played a pivotal role in shaping a dynamic and empowered workforce.

Proactive Talent Acquisition Strategy

THE HR- Talent Acquisition team undertook a proactive and engaging talent acquisition strategy designed to attract, assess, and onboard top talent efficiently through a series of Open House recruitment. Unlike traditional hiring methods, this approach creates an interactive and immersive experience where candidates can explore career opportunities, engage with company leaders, and showcase their skills in real-time.

Empowering Employees through Learning and Development. HRMDD prioritized continuous learning enrichment programs tailored for staff, middle managers, and senior executives. Notably, 31 employees successfully completed the Officers Training Program, marking their transition from staff to entry-level officers—an essential step in building the Bank’s leadership pipeline. To reinforce governance and regulatory adherence, all employees completed the Mandatory Compliance and Governance modules through the Bank’s e-learning platform, ensuring organizational-wide commitment to ethical and regulatory standards.

Leadership development remained a key focus, with specialized programs designed for various leadership levels. Entry-level officers and middle managers benefited from "Managing a Multi-Generation Workforce" and "Coaching for Managers," equipping them with skills to effectively lead diverse teams. Meanwhile, the Senior Executive Team attended an advanced Leadership Masterclass course, refining their strategic leadership capabilities.

Strengthening Employee Engagement and Collaboration

HRMDD continued its active participation in San Miguel Corporate HR’s engagement initiatives, securing significant podium finishes in sports tourneys such as badminton and bowling. These activities reinforced camaraderie and team spirit across the organization while maintaining balance in the employees’ daily activities.

During the last quarter, HRMDD deepened its employee connections through the "Spooktacular Halloween" celebration, a highly anticipated event for both employees and their children. The festivities included a Halloween loot bag distribution, a head office decor contest, and a children’s costume contest.

As we celebrate the World teachers’ day in October, it also marked the recognition of the Bank’s Subject Matter Experts, who played a crucial role as key resource persons, lecturers and educators in various learning sessions. As a token of appreciation, they received commemorative souvenir symbolizing their invaluable contribution to knowledge-sharing within the organization.

HRMDD also spearheaded a team-building activity for Branch Banking Business Leads—including Group Heads, Division Heads, and Area Heads—fostering stronger team dynamics and enhancing collaboration. This initiative was instrumental in strengthening leadership synergy as they navigated the complexities of achieving their business goals.

The Bank also held its Annual Employee Service Awards to honor the commitment and loyalty of the employees. The program aims to reinforce corporate values and promote a positive workplace culture that celebrates and recognizes the contributions of the employees. It was an avenue where the employees share their milestones and strong connections with the team that they have built over time.

Celebrating a Year of Achievements and Team Spirit

2024 culminated in a vibrant and festive "Merry and Bright" Christmas Party, where employees showcased their creativity and enthusiasm through team presentations and a Lip Sync Battle contest. The holiday cheer continued with the "Jazz Up Your Christmas" decoration contest, which not only displayed employees' artistic talents through the use of sustainable materials but also highlighted the value of teamwork in action.

Enabling Efficiency through HR Total Rewards team, the Bank successfully transitioned to a new HR Information System (HRIS). This new system will allow for more efficient timekeeping and payroll processing, data management and reporting with the end objective to improve employee experience.

Looking ahead in 2025, we will continue to drive transformation through our four HR pillars: Talent Acquisition, Learning and Development, Talent & Organization Development, and Total Rewards. These will shape the employee lifecycle from hire to retire, building touchpoints that accelerate performance, innovation, and growth.

Our HR signature experience—Recruit, Retain, Develop, Perform and Reward Right—will be the anchor of our strategies. Grounded in the STAR mindset, we will continue to bring to life our Core Values of Integrity, Excellence, Customer Delight, Nurturing People, and Social Responsibility.

CUSTOMERS

The Bank has a diversified customer base and there is no concentration of business in major customer groups. As such, the Bank is not dependent upon a single customer or a few customers.

EMPLOYEES AND LABOR RELATIONS

As of 31 December 2024, the Bank had a total of 2,034 employees, 1,050 of which are engaged in a professional management capacity and classified as bank officers, and 984 were classified as rank-and-file employees.

The Bank fosters positive relations with and among its employees. It ensures that appropriate training and employee relations activities are available to employees at all levels.

The Bank's staff employees are members of the Bank of Commerce Employees Union ("BCEU"), except for employees holding confidential positions and belonging to the Information Technology Services Division. BCEU has been the sole and exclusive bargaining representative for all the regular rank-and-file employees of the Bank since 22 July 1986. The Bank and BCEU have a Collective Bargaining Agreement ("CBA") that governs the terms and conditions of employment of the staff. The existing CBA is valid until expired on 30 June 2025.

As of 31 December 2024, BCEU has a total of 793 members. None of the Bank's employees are on strike or have been on strike in the past three (3) years. To the best knowledge of the Bank, as of the date of this filing, there are no outstanding threats to strike from BCEU or any outstanding dispute with the BCEU.

The following table presents the number of employees by category as of the dates indicated:

	As of 31 December	
	2023	2024
Rank and File	997	984
Officers	979	1,050
Total	**1,976**	**2,034**

Significant Employees

While the Bank values the contribution of each employee, the Bank believes that there is no employee as of the date of this filing that whose resignation or loss would have a material adverse impact on the business.

Retirement Plan

The mandatory retirement age for a Bank employee is 60. The Bank has a funded non-contributory defined benefit retirement plan covering its regular and permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the plan.

The Bank's retirement benefits are based on the employee's years of service and a percentage of his gross monthly salary. An employee shall be retired and shall be entitled to full retirement benefits upon his attainment of 60 years of age.

An employee, upon reaching the age of 50 years and with the completion of no less than ten (10) years of service as a regular employee and with 30 days prior notice to the Bank, may retire at his option and shall be entitled to the retirement benefits.

An employee who has at least ten (10) years of service as a regular employee, but who has not reached the age of 50 years, may retire at his option and shall be entitled to the retirement benefits, such retirement benefits shall be subject to the pertinent requirements of the BIR.

An employee who has at least 5 years of service as a regular employee, shall be eligible to the resignation benefits if he resigns, subject to the pertinent requirements of the BIR.

The Bank's retirement plan is registered with the BIR as a tax-qualified plan and complies with the minimum retirement benefit specified under the law. The retirement fund is managed and administered by the Bank's Trust Services Division which is covered by an Investment Management Account.

Compensation Policy

The Bank observes overall compensation program on par with industry standards and aligned with the requirements of labor laws, rules, and regulations. The program considers performance and is commensurate with the individual's qualifications, experience, and expertise. Corollary to this, the Bank utilizes data gathered from industry survey to ensure that remuneration packages of the employees are within industry standards. Likewise, employee performance is recognized through periodic performance assessments. This process provides the measure for commensurate salary increases and performance bonuses.

Insurance Policy

The Bank provides its regular employees with group life and accident insurance and medical and hospitalization insurance coverage in line with good business practice and in accordance with Philippine standards. Insurance premium payments for these policies are paid entirely by the Bank.

BRANCH NETWORK

As of December 31 2024, the Bank has a total branch network of 140 branches nationwide, 62 in Metro Manila and 78 across various cities and provinces. As of year-end, the five (5) branches approved for relocation were completed. Some branches have been renovated to reflect the Bank's new standard look and feel, while some branches were strategically repositioned to sites that have more business potential and market accessibility.

The following table illustrates the coverage of the Bank's network in recent years and sets forth the number of branches as of 31 December 2023 and 2024:

	As of 31 December	
	2023	2024
Metro Manila	62	62
Luzon	43	43
Visayas	22	22
Mindanao	13	13
Total Bank Branches	**140**	**140**

Moreover, the Bank aims to expand its reach, expand market share, and secure its customer base through a coordinated physical and digital strategy which uses relevant, cost-effective technologies to enable a more segment-driven delivery of branch banking services.

ATM NETWORK

As of end-2024, the Bank has a total of 267 ATMs and Cash Kiosks network.

The ATMs offer advanced security features and a user-friendly touch screen interface that aim to provide an enhanced banking experience that matches the evolving needs of its valued clients.

Cash Kiosks provide clients with a convenient way to deposit cash anytime of the day, without the need for teller assistance. It accepts ₱100, 200, 500, and 1,000 bills, providing a flexible and user-friendly alternative for clients who need to manage their deposits 24/7. Meantime, the machine is not yet capable of accepting new polymer notes in denominations of ₱100 and ₱500.

The following table shows the strategic and geographical locations of the ATMs and Cash Kiosks:

	As of 31 December	
	2023	**2024**
Metro Manila	103	113
Luzon	90	94
Visayas	33	35
Mindanao	16	25
Total ATMs and Cash Kiosks	**242**	**267**

CORPORATE AND SOCIAL RESPONSIBILITY

Guided by the principle of "Malasakit", a core value championed by its parent company, San Miguel Corporation, Bank of Commerce remains committed to delivering quality products and services for the good of all its clients and communities it serves. For BankCom, "Malasakit" – a deep sense of care and responsibility – is not just a principle but a foundation of its culture and operations, driving its commitment to positively impact the nation.

In 2024, the BankCom actively participated in initiatives that promote the values of commitment and social consciousness among its employees. The Bank demonstrated its dedication to volunteerism and proactive engagement by fostering financial literacy and environmental stewardship, as well as advocating education and community development in its initiatives. BankCom's strong partnership with highly regarded institutions and non-governmental organizations paved the way to making the following efforts possible:

BankCom Financial Literacy Program

BankCom, led by its Consumer Protection Department, regularly rolls out a number of Financial Literacy programs to various consumer segments, with an aim to equip them with the knowledge of managing and protecting their hard-earned money. The program's modules focused on financial planning, budgeting, saving through different bank products, and online banking. In 2024, the program reached around 1,950 students, parents, and educators from Tinajeros National High School, Potrero Elementary School, National College of Business and Arts (NCBA), Justice Cecilia Munoz Palma High School, Mapua Institute of Technology, Ann Arbor Montessori Learning Center, Inc., Malabon International Baptist School, Colegio De San Juan De Dios, Vicente P. Trinidad National High School and Diliman Preparatory School; 50 fisherfolks from Navotas City, 446 employees from Land Registration Systems, Inc. (LARES), Cristela Manufacturing and National Economic and Development Authority (NEDA); and 50 seafarers from the International Seafarers Welfare and Assistance Network (ISWAN). The financial literacy program was also conducted to about 258 employees and retirees from the San Miguel ecosystem and 15 housewives who are members of Better World Cubao, a community supported by the San Miguel Foundation.

To amplify the reach of the program, BankCom launched a Train the Trainers session in 2024, equipping 211 Branch Managers and Branch Marketing Officers from the different branches nationwide, further broadening the initiative’s reach.

Mt. Purro Nature Reserve Seed Potting and Tree Planting

The Bank’s strong commitment to environmental protection and community engagement was visible in different seed potting and tree planting sessions at Mount Purro Nature Reserve (MPNR) in Brgy. Calawis, Antipolo City. Around 70 BankCom volunteers from Metro Manila branches, head office divisions and Senior Executive Team (SET) members potted seedlings and planted saplings in support of the Upper Marikina watershed reforestation efforts. The Bank was one of the business units of San Miguel group that took part in San Miguel Foundation’s “World of Trees, World of Good” activation on June 29, 2024 in celebration of Philippine Arbor Day. BankCom also organized two (2) batches of seed potting and tree planting activities on September 28 and October 12, 2024 with the volunteers successfully potting a total of 400 Lawaan seedings and 200 Narra tree saplings.

These efforts were enriched by interactions with representatives of the Dumagat Tribe, an indigenous community supported by the MPNR Foundation.

Various Coastal clean-ups

BankCom actively participated in various coastal clean-up activations in Metro Manila and Visayas as part of San Miguel Foundation’s Coastal Cleanup: Love our Rivers, Save our Oceans program to support efforts in addressing trash and debris that pollute our coasts and waterways. On September 14, 2024, 36 volunteers from the different head office divisions were able to collect a total of 49 sacks (total weight of 224 kilos) containing various waste materials such as plastics (cups, plates, food containers, sachets, shampoo bottles, mineral water bottles, and bottle caps), styrofoam, footwear and glass bottles at the Tanza Marine Tree Park in Navotas City. In Visayas, 14 BankCom volunteers from the Cebu-Talisay and Ormoc branches joined in the activation on September 21, 2024. The ocean clean-ups were held at Corona Del Mar in Talisay City, Cebu and Ormoc Mangrove Ecopark, Brgy. Naungan in Ormoc City.

School kit packing

Bank of Commerce partnered with the non-profit organization, International Care Ministries, in providing

420 school kits to elementary students in the Visayas region. SET members were joined by volunteers from the Bacolod and Cebu branches as they packed school kits composed of a bag, scissors, pencil and case, sharpener, eraser, ABAKADA grammar book, water container, art paper, crayons and coloring book. The school kit packing activities on June 6 and 13, 2024 were held at the Lacson Bacolod Branch while the activity on July 5, 2024 was held at the Cebu Main Branch.

Women's Day at Better World Cubao

Ten (10) volunteers from the Bank's Digital Services Group organized a Women's Day session for the 30 women members or "kumares" of Better World Cubao (BWC). This activity focused on empowering the "kumares" on how to prepare nutritious meals that could be turned into a small business. Volunteers delivered a nutrition lecture, shared sourcing and costing tips, and led a fun game blending lessons on nutrition and financial literacy, inspiring practical skills and confidence.

One Good Deed Day

As part of Team Malasakit's initiative to bring smiles to the Better World Communities in time for the Christmas season, One Good Deed Day is annually activated where different San Miguel business units can support. For BankCom, a total of 82 donors heeded the call for monetary or in-kind donations, where the cumulative amount raised was PHP 62,800.

Sponsorships for a Cause

The Bank continued its active involvement in sponsoring initiatives aimed at supporting various social causes including education, healthcare, and sports among others in 2024. BankCom was able to support the initiatives from the Bank Security Management Association of the Phils., Inc.; Province of the Most Holy Name of Jesus of the Philippines, Inc.; Philippine Red Cross – Manila Chapter; Marianum College, Inc.; Daughters of St. Dominic and International Care Ministries.

Through these efforts, BankCom continues to espouse "Malasakit," weaving care, responsibility, and action into its operations and outreach.

Item 2. PROPERTIES

The Bank's head office is located at San Miguel Properties Centre Building, No. 7, St. Francis Street, Mandaluyong City. Its Main Office Branch is located in the same building.

The Bank leases the premises occupied by most of its branches. The lease contracts are for periods ranging from 1 to 15 years and are renewable upon mutual agreement between the Bank and the lessors. Various lease contracts include escalation clauses, most of which bear an annual rent increase of 2.0% to 25.0%.

Location	As of 31 December	
	2023	2024
Owned Branches		
Metro Manila	4	4
Luzon	3	3
Visayas	1	1
Mindanao	1	1
TOTAL	**9**	**9**
Leased Branches		
Metro Manila	58	58
Luzon	40	40
Visayas	21	21
Mindanao	12	12
TOTAL	**131**	**131**

In addition, the Bank has a total of 2,298 Real and Other Properties Acquired (including memorial lots) for settlement of loans through foreclosure or dacion en pago broken down as follows:

Property Type	Count as of 31 December 2024	Count as of 31 December 2023
Condominium	247	199
Condominium and Parking	20	9
Condominium Parking	53	53
Land	1,442	1,575
Land and Building	326	331
Townhouse	55	20
Memorial	155	157
TOTAL	**2,298**	**2,344**

Item 3. LEGAL PROCEEDINGS

The Bank is involved in various pending legal proceedings, claims and investigations. Summaries of the more significant of these cases are set out below. Management nonetheless believes that none of the proceedings presently involving the Bank will (even if resolved against the Bank) have a material adverse effect on the Bank's operations, properties, assets, conditions (financial or otherwise), results of operations or profits, or on its ability to discharge its obligations.

Anti-Money Laundering Council – Violation of AMLA

The Bank allegedly submitted covered transaction reports ("CTR") to the Anti-Money Laundering Council ("AMLC") beyond the 5-day reglementary period. The AMLC Secretariat thus charged the Bank with "non-compliance with the requirement to report covered and suspicious transactions," sanctioned as a "major violation" under the Rules on the Imposition of Administrative Sanctions (RIAS) under Republic Act No. 9160, as amended. The Bank responded to the AMLC's charge and explained that it should not be held liable under the RIAS because it had filed CTRs and substantially complied with the requirements of Philippine anti-money laundering laws and regulations. Additionally, the Bank pointed out that it implemented improvements to its reporting system.

Notably, a majority of the universal and commercial banks in the Philippines are faced with the same predicament. While the case was pending, the AMLC issued the Rules of Procedure in Administrative Cases ("RPAC") which repealed the RIAS. The RPAC, under Rule 2 Section 3 (e), allows the striking out of a case (as if no case was filed) upon payment of the appropriate assessment, which ranges from ₱5,000,000.00 to ₱10,000,000.00. The Bank filed a manifestation and motion proposing to avail itself of this benefit under Rule 2 Section 3(e) of the RPAC, that AMLC accepted. AMLC also acknowledged payment from the Bank of the assessed amount of P5,000,000.00 and ordered the case to be stricken off the record.

Presidential Commission on Good Government - Reconveyance of Assets

The Presidential Commission on Good Government ("PCGG") brought an action before the Sandiganbayan for reconveyance of assets relative to alleged ill-gotten wealth of former President Ferdinand Marcos claimed to have been deposited with Traders Royal Bank (TRB). The Bank was impleaded as additional defendant in an amended complaint as successor-in-interest of TRB, citing their Purchase & Sale Agreement ("PSA"). The Bank raised the defense that it did not acquire the disputed assets which were specifically excluded from the assets acquired and/or liabilities assumed from TRB under the PSA. The Sandiganbayan rendered a decision finding TRB liable for the alleged ill-gotten wealth of the former President but dismissed the case insofar as the Bank is concerned, affirming the Bank's position on exclusion of the disputed assets from the PSA and declaring that there was no merger between the two banks. The PCGG filed a motion for partial reconsideration with respect to the dismissal of the case in favor of the Bank. The Sandiganbayan denied the Motion for Partial Reconsideration filed by the PCGG, and maintained its decision absolving the Bank from PCGG's claim on the alleged ill-gotten wealth. PCGG filed a petition for review with the Supreme Court and the bank filed its comment thereto.

College Assurance Plan Philippines Inc. - Corporate Rehabilitation

The controversy originated from proceedings for corporate rehabilitation of College Assurance Plan Philippines Inc. ("CAPPI"). Trustee, Philippine Veterans Bank ("PVB"), and CAPPI claimed "interest" or dividends on the Bank's preferred shares that it redeemed from CAPPI, insisting that interest thereon is due. The Bank countered that payment of dividends requires BSP approval and that is not liable to pay "interest" or dividends in the absence of retained earnings. Pending resolution of the issue, an escrow fund was set up with PVB-Trust. The BSP subsequently disapproved the issuance of dividends by the Bank. Notwithstanding, the trial court ordered PVB-Trust to release funds from the escrow for payment of the interest "due and payable" on the redeemed preferred shares. Before the Bank received the order, PVB-Trust released the corresponding amount to CAPPI. The Bank elevated the matter to the Court of Appeals which decided in its favor, ordering CAPPI to return the amount it received from PVB. CAPPI and PVB filed separate petitions before the Supreme Court assailing the decision of the Court of Appeals. The Bank received the Supreme Court decision reversing the Court of Appeals and declaring the validity of the release of funds from escrow that was implemented pursuant to the court order. The Bank filed a motion for reconsideration which the Supreme Court denied with finality. The decision of the Supreme Court will not have a material adverse effect on the Bank's business operation or financial position since this civil action filed by the Bank is for the return of the funds subject of the case that were in escrow and previously released by PVB-Trust.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDINGS

On April 30, 2024, the stockholders of the Bank held its annual meeting, where 83.07% of the outstanding capital stock present or represented by proxy approved the following:

1. Minutes of the Regular Meeting of Stockholders on April 25, 2023
2. Management Report of the Bank for the Year ended December 31, 2023
3. Ratification of all the acts of the Board of Directors and Officers since the 2023 Annual Stockholders' Meeting
4. Confirmation of the Bank's Significant Transaction with DOSRI and Related Parties
5. Approval of 2023 Performance Bonus of Directors
6. Amendments to Section 2 Article II, Sections 5 of Article III, Section 2 of Article VII, Section 1 of Article VIII and Section 1 of Article XI of the Amended By-laws of the Bank
7. Delegation to the Board of Directors the Power to Amend or Repeal the By-laws, or Adopt New By-laws of the Bank
8. Appointment of External Auditors; and
9. Election of the Board of Directors

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

STOCK PRICE

The Bank's common shares were listed on March 31, 2022 and traded at the Philippine Stock Exchange (PSE). The high and low prices for each quarter within the last two (2) fiscal years are as follows:

		Q1		Q2		Q3		Q4	
		Last Practiceable Trading Date		Last Practiceable Trading Date		Last Practiceable Trading Date		Last Practiceable Trading Date	
2023	High	7.99	3.31.23	6.89	6.30.23	7.50	9.29.23	7.27	12.29.23
	Low	7.80	3.31.23	6.72	6.30.23	7.25	9.29.23	7.00	12.29.23
2024	High	6.60	3.27.24	6.72	6.28.24	8.80	9.30.24	6.75	12.27.24
	Low	6.60	3.27.24	6.71	6.28.24	8.49	9.30.24	6.70	12.27.24

Source: Philippine Stock Exchange

As of March 31, 2025, the closing price of the Bank's common shares is pegged at ₱7.10.

HOLDERS OF SECURITIES

The authorized common and shares as of December 31, 2023 amounted to ₱17 billion and ₱4.6 billion, respectively.

CORPORATE NAME: BANK OF COMMERCE CAPITAL STRUCTURE AUTHORIZED CAPITAL STOCK				
	TYPE OF SHARES	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (Php) No. of Shares x Par/Stated Value
	Common	1,702,511,470	10.00	17,025,114,700.00
	Preferred	455,000,000	10.00	4,550,000,000.00
TOTAL		**2,157,511,470**		**21,575,114,700.00**

SHAREHOLDERS

The following table sets out the 20 largest shareholders of the Bank as of December 31, 2024:

	Title of Class of Securities	Name of Record Owner	Citizenship	Number of Shares Held	% of ownership
1	Common	SMC Equivest Corporation	Filipino	68,305,560	26.6515%
	Preferred			416,666,670	
2	Common	San Miguel Properties, Inc. (SMPI)	Filipino	447,711,800	24.6039%
3	Common	San Miguel Corporation Retirement Plan	Filipino	432,626,860	23.7749%
4	Common	PCD Nominee Corporation	Filipino	160,115,004	8.7991%
5	Common	PCD Nominee Corporation	Non-Filipino	141,610,666	7.7822%
6	Common	Caritas Health Shield, Inc.	Filipino	109,666,640	6.0267%
7	Common	AlexCorp Profits Limited, Inc.	BVI	14,749,100	0.8105%
8	Common	Q-Tech Alliance Holdings, Inc.	Filipino	12,171,660	0.6689%
9	Common	PVB-TMG as Trustee for College Assurance Plan Phils., Inc. Retirement Fund	Filipino	3,673,860	0.2019%
10	Common	Cabien Corporation	Filipino	3,600,650	0.1979%
11	Common	RDA Holdings	Filipino	2,163,850	0.1189%
12	Common	JGF Holdings, Inc.	Filipino	2,163,850	0.1189%
13	Common	BIC Management and Consultancy, Inc.	Filipino	1,476,350	0.0811%
14	Common	Bank of Commerce - Trust Services Group as Trustee for Bank of Commerce Retirement Plan	Filipino	730,670	0.0402%
15	Common	Ester Reyes Querido	Filipino	674,800	0.0371%
16	Common	Antonio Tan Tan	Filipino	414,900	0.0228%
17	Common	Rockshed Management, Inc.	Filipino	187,600	0.0103%
18	Common	Commerce & Trade Insurance Brokerage Inc.	Filipino	147,190	0.0081%
19	Common	Rafael E. Evangelista	Filipino	133,360	0.0073%
20	Common	J. Marsh Thomson	American	132,030	0.0072%

Bank of Commerce
An affiliate of San Miguel Corporation

SECURITY OWNERSHIP OF MANAGEMENT

The following table sets out the shareholding interests of the Bank's directors and senior management as of December 31, 2024:

DIRECTORS

Title of Class	Name of Owner	Position	Citizenship	Amount and Nature of Beneficial Ownership		% of Total Outstanding Shares
Common	Francis C. Chua	Chairman	Filipino	Direct	10	NIL
Common	Benedicta Du-Baladad	Vice-Chairperson	Filipino	Direct	10	NIL
Common	Michelangelo R. Aguilar	President and CEO / Director	Filipino	Direct	10	NIL
				Indirect	40,100	NIL
Common	Roberto C. Benares	Director	Filipino	Direct	10	NIL
Common	Fe B. Barin	Director	Filipino	Direct	10	NIL
Common	Marito L. Platon	Director	Filipino	Direct	10	NIL
Common	Jose A. Barcelon	Director	Filipino	Direct	10	NIL
Common	Alexander R. Magno	Director	Filipino	Direct	10	NIL
Common	Melinda Gonzales-Manto	Director	Filipino	Direct	10	NIL
				Indirect	83,300	NIL
Common	Jose Carmelo C. Nograles	Director	Filipino	Direct	10	NIL
Common	Rebecca Maria A. Ynares	Independent Director	Filipino	Direct	10	NIL
Common	Ricardo D. Fernandez	Independent Director	Filipino	Direct	10	NIL
Common	Daniel Gabriel M. Montecillo	Independent Director	Filipino	Direct	100	NIL
Common	Simon R. Paterno	Independent Director	Filipino	Direct	100	NIL
Common	Leonardo J. Matignas, Jr.	Independent Director	Filipino	Direct	100	NIL
	TOTAL				**123,820**	**NIL**

KEY OFFICERS

Title of Class	Name of Owner	Position	Citizenship	Amount and Nature of Beneficial Ownership		% of Total O/S Shares
Common	Michelangelo R. Aguilar	-same as above-				
Common	Evita C. Caballa	Corporate Secretary	Filipino	Direct	10	NIL
Common	Felipe Martin F. Timbol	Treasurer / Head, Treasury Management Group	Filipino	Indirect	110,500	NIL
Common	Mary Assumpta Gail C. Bautista	Head, Transaction Banking Group	Filipino	Indirect	10,100	NIL
Common	Don Carlo P. Hernandez	Chief Trust Officer	Filipino	NONE		NIL
Common	Manuel A. Castaneda III	Head, Corporate Banking Group	Filipino	Indirect	20,100	NIL
Common	Maria Ana P. dela Paz	Head, Credit Group	Filipino	Indirect	8,100	NIL
Common	Ma. Katrina A. Felix	Head, Credit Card Group	Filipino	Indirect	30,100	NIL
Common	Louella P. Ira	Asst. Corporate Secretary / Head, Legal Services Division	Filipino	Indirect	8,500	NIL
Common	Antonio S. Laquindanum	Chief Financial Officer/Head, Finance and Controllership Group	Filipino	Indirect	75,000	NIL
Common	Annalyn D. Delos Santos	Head, Branch Banking Group	Filipino	Indirect	20,100	NIL
Common	Melanie P. Santos	Head, Human Resources Management and Development Division	Filipino	NONE		NIL
Common	Reginald C. Nery	Chief Audit Executive	Filipino	Indirect	100,100	NIL
Common	Jeremy H. Reyes	Chief Risk Officer	Filipino	Indirect	5,100	NIL
Common	Jay S. Velasco	Head, Operations Group	Filipino	Indirect	8,100	NIL
Common	Jose Mari M. Zerna	Head, Consumer Group	Filipino	Indirect	8,100	NIL
Common	Marie Suzanne S. Sevilla	Chief Information Officer/Head, Digital Services Group	Filipino	NONE		NIL
Common	Francisco Raymund P. Gonzales	Head, Corporate Communication & Consumer Protection Division	Filipino	Indirect	20,100	NIL

Common	Gregorio M. Yaranon, Jr.	Chief Compliance Officer	Filipino	NONE		NIL
Common	Luis Martin E. Villalon	Head, Investment Banking Group	Filipino	Indirect	15,600	NIL
	TOTAL				**409,710**	**NIL**

VOTING TRUST HOLDERS OF 5% OR MORE

The Bank is not aware of shareholders holding any Voting Trust Agreement for shares constituting 5.0% or more of the outstanding capital stock, or any such similar agreement.

CHANGE IN CONTROL OF THE REGISTRANT SINCE BEGINNING OF LAST FISCAL YEAR

There has been no change in the control of the Bank since the beginning of its last fiscal year.

DIVIDENDS

The Board will periodically review the amount of dividends to be paid and the frequency of dividend payment in light of the Bank's earnings, financial condition, cash flows, capital requirements and other considerations while maintaining a level of capitalization that is commercially sound and sufficient to ensure that the Bank can operate on a standalone basis. The Bank will also need to verify that it has all the required approvals from regulatory bodies before issuing dividends.

Dividends shall be declared and paid out of the Bank's unrestricted retained earnings which shall be payable in cash, property, or stock to all shareholders on the basis of the outstanding capital stock held by them. Unless otherwise required by law, the Board, at its sole discretion, shall determine the amount, type and date of payment of the dividends to the shareholders, taking into account various factors, including:

- The level of the Bank's earnings, cash flow, return on equity and retained earnings;
- Its results for and its financial condition at the end of the year in respect of which the dividend is to be paid and its expected financial performance;
- The projected levels of capital expenditures and other investment programs;
- Restrictions on payments of dividends that may be imposed on it by any of its financing arrangements and current or prospective debt service requirements;
- The classes of shares held by the shareholders; and/or
- Such other factors as the Board deems appropriate.

The Bank cannot provide any assurance that it will pay any dividends in the future. Currently, the Bank does not have a formal dividend policy approved by the Board.

On 28 May 2024, the Board of Directors of the Bank declared cash dividends paid out of the unrestricted retained earnings of the Bank as of December 31, 2023, distributable to all stockholders of record as of June 19, 2024 on the following shares of the Corporation to be paid on July 15, 2024, as follows:

Type of Stock	Issued Shares	Rate/Share	Total Peso Amount
Preferred Shares	416,666,670	₱0.7260	₱302,500,002.42
Common Shares	1,403,013,920	₱0.2512	₱352,437,096.70
TOTAL			**₱654,937,099.12**

The dividend paid to the preferred shareholder is in accordance with the Terms and Conditions of the Series “1” Preferred Shares issued in favor of SMC Equivest Corporation on 2 August 2021.

Item 6. MANAGEMENT’S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

Statement of Income for the Year Ended December 31, 2024 vs December 31, 2023

For the year ending December 31, 2024, Bank of Commerce posted a net income of ₱3.02 billion, reflecting a 7.95% increase from the ₱2.80 billion in the same period in 2023. The expansion outpaced the previous year’s, highlighting steady growth in the bank’s core business, primarily the widened range of corporate loans, program lending mainly to SMC ecosystem clients, as well as higher earning assets.

This achievement shows BankCom’s strong commitment to performance, excellence, and continuously improving customer service. It reflects the dedication of its Board and management to becoming the top conglomerate bank in the country.

Additionally, effective cost management and disciplined risk control contributed to the positive financial performance.

Interest income on loans and receivables, representing 87.66% of the total revenue, grew by 14.36% to ₱9.43 billion, boosted by the extended high interest rate regime and increase in loan volume, mainly corporate loans.

Interest income on investment securities at fair value through other comprehensive income (FVOCI) and at amortized cost grew by 19.54% to ₱2.69 billion from ₱2.25 billion in the previous year. Interest income on Financial Assets at fair value through profit or loss (FVTPL) posted ₱126.91 million, more than 5x than last year’s ₱21.56 million, in light of the significant gains coming from the Bank’s various investments and treasury notes. This reflects the proper execution of Bank’s strategy to capture market opportunities.

Interest income from Bangko Sentral ng Pilipinas and other banks also increased by 1.75% to ₱379.44 million from ₱372.91 million last year due to higher yields. However, interest on interbank loans receivable and SPURA declined by 38.10% to ₱542.05 million from ₱875.71 million in the previous year.

Total interest expense increased to ₱4.05 billion, up 16.93% from ₱3.47 billion last year due to the increase in deposit volume and an extended high-interest rate environment. This increase composed of the following: 16.64% increase in interest expense on deposit liabilities to ₱3.47 billion due to higher cost of funds; 19.35% increase in interest expense on lease liabilities amounting to ₱39.17 million from ₱32.82 million; and an increase in the interest expense on bonds payable by 29.04% to ₱532.93 million from

₱412.99 million. However, Interest expense on bills payable was down by 69.18% to ₱15.13 million from ₱49.10 million.

As the Bank's interest income outpaced the growth of interest expense, it posted a net interest income of ₱9.11 billion, 9.82% higher than ₱8.30 billion in the previous year, translating to a net interest margin (NIM) of 4.17%.

Total other income amounted to ₱1.65 billion, slightly declined by 1.99% than the previous year's ₱1.68 billion, attributable to the fluctuations in trading and investment securities gains but was partially offset by the increase in service charges, fees and commissions.

Trading and securities gain amounted to (₱1.04) million, a reversal of last year's ₱10.60 million gains. Foreign exchange gains posted ₱127.62 million, 9.57% down from the ₱141.12 million last year. The downtrend in trading and securities and foreign exchange gains resulted from volatile market conditions.

On the other hand, service charges, fees and commissions rose by 21.25% to ₱1.07 billion from ₱886.38 million. This notable increase was propelled by the influx of underwriting fees amounting to ₱292.68 million, almost 2x the fees generated last year. Furthermore, the Bank also saw an increase in trust, cards, and trade finance fees.

Gains on foreclosure, and sale of property and equipment and foreclosed assets registered a decline of 31.06% to ₱341.53 million due to lower foreclosure related revenues. Moreover, miscellaneous income also dropped by 29.39% to ₱102.58 million from ₱145.28 million in comparable period last year due to the decrease in recoveries on charged-off assets and lower dividend income.

Total expenses, including provisions for credit and impairment losses, was up by 9.21% to ₱6.81 billion. The growth in operating expenses was mainly due to the Bank's continued investment in human capital, information technology infrastructure and higher volume of transactions.

Compensation and fringe benefits increased by 16.76% to ₱2.64 billion, driven by strategic hirings and an improved retention program which led to an increase in compensation cost while at the same time reducing attrition levels.

Taxes and licenses moderately increased by 2.97% to ₱1.09 billion driven by larger business volume. Rent and utilities decreased by 3.86% to ₱622.70 million from ₱647.70 million on account of the bank's cost saving initiatives on power, light, and water, as well as repairs and maintenance.

Depreciation and amortization grew by 27.34% to ₱623.17 million, primarily due to higher depreciation expenses from computer equipment and foreclosed properties held by the bank. Amortization of software costs also rose by 24.57% to ₱95.60 million, reflecting the bank's ongoing investment in technology.

Insurance went up by 11.27% to ₱383.99 million, attributed to higher PDIC insurance on deposits. Expenditure on service fees and commissions also rose by 18.47% to ₱495.12 million from ₱417.92 million. Subscription fees substantially went down by 43.56% to ₱106.36 million from ₱188.45 million on account of divesting various IT related subscription services.

Management and professional fees dropped by 30.50% to ₱97.91 million. Miscellaneous expense slightly dropped by 4.18% to ₱498.09 million from ₱519.79 million. On the other hand, entertainment and recreation increased to ₱19.37 million, 59.51% higher than last year's ₱12.14 million.

The Bank maintained a prudent approach in strengthening its balance sheet by setting aside ₱139.41 million as additional provision for credit and impairment losses, in-line with its existing risk appetite. This allocation represents a 76.82% increase from the previous year.

The Bank's share in the net loss of associate was recorded at ₱0.61 million for the period, compared to ₱0.78 million in 2023.

Income Tax expense amounted to ₱917.77 million, down by 1.73% from the ₱933.89 million in the same period in 2023.

Statement of Comprehensive Income for the Year Ended December 31, 2024 vs December 31, 2023

The Bank posted a total comprehensive income of ₱3.03 billion for 2024, 7.55% higher than ₱2.82 billion posted in the same period a year ago. This was primarily driven by the higher net income in 2024 which is partially offset by the net change in net unrealized losses of debt securities at FVOCI at ₱57.70 million. Remeasurement losses on defined benefit plan increased to ₱34.05 million based on actuarial adjustments.

Statement of Condition as of 31 December 2024 vs. 31 December 2023

The Bank's total assets totaled at ₱265.44 billion as of 31 December 2024, up by 14.58% from the ₱231.67 billion as of 31 December 2023 mainly driven by the growth in all lending segments and financial assets at fair value. This translated to a return on assets (ROA) of 1.22%.

Asset movements are as follows:

Cash and other cash items increased by 21.24% amounting to ₱4.24 billion. Due from BSP surged by 97.40% to ₱47.91 billion from ₱24.27 billion last year due to an increase in overnight deposit facility (ODF) placements. Due from other banks also significantly grew more than 3x to ₱3.82 billion from ₱1.06 billion due to significant placements with foreign banks.

Interbank loans receivables, however declined by ₱16.52 billion to ₱3.59 billion from the ₱20.11 billion to support loan growth.

Financial assets at fair value through profit or loss (FVPL) and financial assets at fair value through other comprehensive income (FVOCI), significantly increased to ₱2.88 billion and ₱19.08 billion, respectively, from ₱398.79 million and ₱11.04 billion, attributable to additional purchases. However, investment securities at amortized cost declined to ₱36.61 billion or 30.23% from ₱52.47 billion due to redeployment of matured government securities to loans.

Loans and other receivables, comprising more than 51% of the total assets, posted ₱136.51 billion, 24.59% higher than the ₱109.57 billion last year driven by the expansive growth in the lending business. The robust loan growth resulted in a loan-to-deposit ratio of 64%.

Property & Equipment expanded to ₱2 billion, up 11.66% from ₱1.79 billion due to additional purchase of office equipment, computer, and furniture and fixtures. Investment properties also went up by 8.61% to ₱3.99 billion from ₱3.68 billion due to the increase in real and other properties acquired (ROPA) and accumulated gains. Meanwhile, Investment in Associate decreased by 3.10% to ₱34.43 million.

Deferred tax assets, dropped by 5.96% to ₱447.02 million from ₱475.33 million. On the other hand, other assets substantially increased by 32.41% to ₱4.33 billion from ₱3.27 billion due to an increase in booking of prepaid expenses and miscellaneous assets.

Total liabilities increased to ₱232.21 billion as of 31 December 2024, 15.63% up from the ₱200.82 billion as of 31 December 2023 primarily due to rebound in deposit.

Deposit liabilities, accounting for more than 90% of the Bank's total liabilities, increased by 14.04% or ₱26.10 billion, to ₱212.01 billion from ₱185.91 billion as of 31 December 2023. This is a milestone for breaching the ₱200 billion mark. The increase can be attributed to the success of the bank's promotional strategies and the launch of various targeted marketing initiatives. In 2025 the Bank plans to continue this with its "Accelerate Your Savings" promo Part 2.

Broken down, total deposits comprised ₱189.06 billion current account and savings account (CASA), 15.12% higher than last year's ₱164.24 billion; ₱17.92 billion time deposits, 7.68% up from ₱16.64 billion in 2023; and ₱5.03 billion long-term negotiable certificates of deposit.

Financial liabilities at FVPL surged by more than 7x to ₱45.21 million owing to foreign exchange derivatives revaluations.

Bonds payable was down by 12.62% to ₱6.53 billion due to the maturity of the ₱7.50 billion 2-year bonds last July 29, 2024. However, this was partially offset by the ₱6.57 billion bond offering last May 9, 2024.

Manager's checks decreased by 23.42% to ₱1.41 billion due to decrease in stale checks. Accrued interest, taxes & other expenses also declined by 20.83% to ₱1.10 billion. Meanwhile, other liabilities significantly increased by 164.96% to ₱11.11 billion from ₱4.19 billion due to the increase in lease liability and accounts payable for the period.

The Bank's total capital funds remained strong at ₱33.23 billion as of 31 December 2024, 7.71% more than the ₱30.85 billion a year ago, despite the payment of dividends on July 15, 2024. The Bank paid ₱0.2512 per common share amounting to ₱352.44 million. The increase in capital was driven by the remarkable performance of the bank and ploughed back earnings.

Key performance indicators of the bank are as follows:

	2024	2023
Return on Average Assets	1.22%	1.25%
Return on Average Equity	9.44%	9.52%
Cost-to-Income Ratio	62.04%	61.75%
Net Non-Performing Loan Ratio	0.49%	0.44%
Capital Adequacy Ratio	17.58%	19.98%

The bank's capital adequacy ratio (CAR) remained strong at 17.58%, well above the minimum regulatory requirement of 10.0%.

The manner by which the Bank calculates the above indicators is as follows:

Return on Average Assets: Net income divided by average total resources for the period indicated

Return on Average Equity: Net income divided by average total capital funds for the period indicated

Cost-to-Income Ratio: Total operating expenses divided by the sum of net interest income and other income

Net Non-Performing Loan Ratio: (Total non-performing loans less specific loan loss reserves for NPL) divided by (total loans inclusive of interbank loans receivables)

Capital Adequacy Ratio: Total qualifying capital divided by total risk-weighted assets (inclusive of credit, market, and operational risk charge)

Statement of Income for the Year Ended December 31, 2023 vs December 31, 2022

For the year ending December 31, 2023, Bank of Commerce posted a net income of ₱2.80 billion, 55.67% higher than the ₱1.80 billion in the same period in 2022. The growth was backed by growth in core lending business, service charges, fees, and commissions, and gains on foreclosure and sale of property and equipment and foreclosed assets.

Net interest income increased by 24.16% to ₱8.30 billion, from ₱6.68 billion in the previous year. Interest income on loans and receivables amounted to ₱8.24 billion, ₱2.78 billion higher than the ₱5.47 billion the prior year. Interest income on loans benefitted from the high interest rate environment and volume growth. Interest income on investment securities and financial assets grew by 34.56% to ₱2.27 billion owing increase in securities. Interest income on interbank loans receivable and securities purchased under resale agreements rose to ₱875.71 million, almost 2x the ₱539.16 million. Interest income on due from BSP and other banks also grew by 35.67% to ₱372.91 million from the ₱274.86 million.

Interest expense totaled ₱3.47 billion, 2.7x the ₱1.28 billion in the same period last year on account of higher cost of funds as interest expense on deposit liabilities increased by ₱1.94 billion to ₱2.97 billion.

Interest on bonds payable increased more than 2x to ₱412.99 million due to the maiden issuance of ₱7.5 billion 2-year bonds. Meanwhile interest expense on bills payable and lease liabilities also grew by 4.37% and 16.46%, respectively, to ₱49.10 million and ₱32.82 million from obtaining deposit substitutes.

Net interest income rose by 24.16% to ₱8.30 billion, up from end-2022's ₱6.68 billion as interest income outpaced the growth in interest expenses. This translated to a net interest margin ratio of 4.28%, higher than the previous year's 3.73%.

Total other income rose to ₱1.68 billion, 17.04% or ₱244.41 million greater than ₱1.43 billion last year. Service charges, fees and commissions grew by ₱28.75 million to ₱886.38 million, owing to the investment banking, credit card and trust. Trading and investment securities gains posted ₱10.60 million, recovering ₱39.82 million from the loss sustained last year. Foreign exchange gains, slowed down by 6.12% to ₱141.12 million, from the prior year's ₱150.32 million. Gains on foreclosure, and sale of property and equipment and foreclosed assets increased to ₱495.40 million, 45.51% up from ₱340.45 million on the back of 4.3x rise in foreclosure related revenues. Miscellaneous income picked up by 26.13% to ₱145.28 million due to higher recovery on charged-off assets.

Total expenses, excluding provision for credit and impairment losses, was up by 12.32% to ₱6.16 billion. Compensation and fringe benefits increased to ₱2.26 billion, 18.56% higher than ₱1.90 billion mainly due to the 111 (from 1,865 in 2022) additional manpower. Taxes and licenses increased by 12.23% to ₱1.06 billion mainly due to growth in revenues. Rent and utilities increased by ₱16.15 million to ₱647.70 million owing to the rise in security, repairs and maintenance, power, light and water expenses. Depreciation and amortization grew by 13.37% to ₱489.38 million due to higher depreciation expense on foreclosed assets and computer equipment. Service fees and commissions increased by 42.48% to ₱417.92 million due to higher commissions and other transaction fees. Subscriptions also grew 1.5x to ₱188.45 million driven by higher IT related subscriptions. Management and professional fees went up by 29.76% to ₱140.88, while Amortization of Software costs increased modestly by 5.03% to ₱76.74 million.

On the other hand, insurance registered a 0.94% drop to ₱345.08 million on the back of lower PDIC insurance on peso deposits. Entertainment and recreation expenses likewise declined by 84.07% to ₱12.14 million as the Bank focused on business related entertainment and recreation expense savings to offset increased spending on ATMs/Computer equipment, IT software, and employee compensation. Miscellaneous expenses declined by 4.90% to ₱519.79 million from ₱546.58 million on account of lower legal expenses.

Provisions for credit and impairment losses amounted to ₱78.85 million, substantially lower than last year's ₱166.21 million, reflecting strength in asset quality due to the Bank's focused risk appetite.

The Bank's share in the net loss of associate is at ₱0.78 million in 2023, almost 6x the ₱0.13 million last year.

Income Tax Expense posted ₱933.89 million, 40.15% up from the ₱666.36 million in 2022.

Statement of Comprehensive Income for the Year Ended December 31, 2023 vs December 31, 2022

The Bank posted a Total Comprehensive Income of ₱2.82 billion, 2x the ₱1.41 billion recorded in 2022. The increase resulted from higher profit in 2023 and net change in net unrealized losses of debt securities at FVOCI amounting to ₱308.41million owing to the high interest rate environment.

Statement of Condition as of December 31, 2023 vs December 31, 2022

The Bank's total assets at end-2023 grew by 6.51% or ₱14.15 billion to ₱231.67 billion, primarily driven by the expansion in loans and other receivables, investment securities as well as interbank loans receivables.

Loans and receivables-net, accounting for almost 50% of total assets, rose by ₱4.47 billion to ₱109.57 billion mainly driven by the increase in corporate loans. The Bank's loan-to-deposit ratio was recorded at 69.67%.

Investment securities also grew by 9.45% to ₱63.91 billion, from ₱58.39 billion on the back of growths in financial assets at fair value through other comprehensive income and investment securities at amortized cost.

Interbank loans receivable amounted to ₱20.11 billion, 9.43% higher than ₱18.38 billion at end-2022. Cash and other cash items increased by 27.99% to ₱3.50 billion. Due from Bangko Sentral ng Pilipinas (BSP) and other banks reached ₱25.33 billion, up by 2.46% from last year's ₱24.72 billion.

Property and equipment and investment properties grew by ₱365.78 million and ₱276.14 million, respectively, to ₱1.79 billion and ₱3.68 billion. The increases were due to new ATMs and additional office equipment, such as, but not limited to, computers. Moreover, other assets posted ₱3.27 billion, 20.18% more than the ₱2.72 billion last year, on account on higher prepaid tax.

On the other hand, investment in associate and deferred tax assets registered 10.09% and 22.34% declines to ₱35.53 million and ₱475.33 million, respectively.

Deposit liabilities, comprising 80.25% of the total assets, increased by 5.47% to ₱185.91 billion supported by the 7.03%, expansion in deposits coming from demand and savings accounts; but was softened by the 6.49% decrease in time deposits. Bonds payable remained at ₱7.48 billion. Accrued interest, taxes and other expenses and manager's checks both increased by ₱221.42 million and ₱1.19 billion, respectively, to ₱1.39 billion and ₱1.85 billion. Other liabilities, meanwhile, rose by ₱242.85 million to ₱4.19 billion at end-2023.

The Bank's capital base was at ₱30.85 billion as of December 31, 2023, 10.06% higher than the ₱28.03 billion in the previous year, boosted by the better than expected net income as of end-2023.

Statement of Income for the Year Ended December 31, 2022 vs December 31, 2021

For the year ending December 31, 2022, Bank of Commerce posted a net income of ₱1.80 billion, 49.18% increase from the ₱1.21 billion for the same period last year. The growth was primarily driven by higher net interest income, service charges, fees, and commissions, foreign exchange and gains on foreclosure and sale of property and equipment and foreclosed assets.

Total interest income amounted to ₱7.97 billion, 30.69% up from ₱6.10 billion last year. Interest income on loans and receivables increased by 27.56% or ₱1.18 billion to ₱5.47 billion amid the rising yields and average volume of loans. Interest income on investment securities and interest on financial assets went up by 33.21% or ₱420.4 million to ₱1.69 billion resulting from the additional purchase of securities. Interest income on interbank loans receivable and securities purchased under resale agreements increased to ₱539.16 million, 70.47% up from the ₱316.28 million. Interest income on due from BSP and other banks likewise grew by 20.32% to ₱274.86 million from the ₱228.43 million.

Total interest expense increased to ₱1.28 billion, 84.13% up from the ₱696.99 million in the same period last year mainly due to higher interest expense on deposit liabilities, up by 60.30% to ₱1.03 billion owing to higher interest rates. Interest on bonds payable amounted to ₱173.78 million resulting from the maiden issuance of ₱7.5 billion 2-year bonds. Meanwhile interest expense on bills payable and others also rose by 181.83% to ₱47.04 million on account of interest expense related to ROPA. On the other hand, interest expense on lease liabilities declined by 19.57% to ₱28.18 million.

Net interest income for 2022 increased to ₱6.68 billion, up 23.79% from last year's ₱5.40 billion as the core business performance outpaced the growth in interest expense.

Total other income reached ₱1.43 billion, 73.58% more than the previous year. The growth is primarily driven by the 61.47% surge in service charges, fees and commissions to ₱857.63 million due to higher commission from investment banking fees, income from trade and digital transactions. Foreign exchange gains posted ₱150.32 million, 3.11x upgrade from last year's ₱48.37 million. This growth was driven primarily by an increased volume of customer foreign exchange transactions as the Bank promoted this service with existing depositors. Gains on foreclosure, and sale of property and equipment and foreclosed assets grew by 23.81% to ₱340.45 million arising from higher sales of foreclosed assets. Miscellaneous income increased 2.28x to ₱115.18 million on account of higher recovery on charged-off assets. Meanwhile, trading and investment securities registered a loss of ₱29.22 million, an improvement from 2021's loss of ₱78.71 million.

Total expenses, excluding provision for credit and impairment losses went up by 9.07% to ₱5.48 billion. Compensation and fringe benefits increased 4.6% to ₱1.90 billion as the Bank worked to keep its salaries competitive even as the total workforce remained relatively flat at 1,865 (vs 1,873 in 2021). Taxes and licenses went up by 18.07% to ₱947.18 million from increased business volume and higher documentary stamp taxes. Rent and utilities increased by18.65% to ₱631.55 million arising from higher security, power, light and water expenses. Meanwhile, depreciation and amortization declined by 6.67% to ₱431.66 million due to lower depreciation expense on foreclosed assets. Insurance, on the other hand, grew by 4.04% to ₱348.36 million from higher PDIC insurance on higher deposit volume. Service fees and commissions and subscription fees also increased by 27.7% and 13.83%, respectively, to ₱293.33 million and ₱122.54 million due to higher IT fees, commissions and subscriptions. Entertainment and recreation expenses declined by 21.73% to ₱76.23 million. Management and professional fees and amortization of software costs went up by 27.7% and 36.33%, respectively, to ₱108.57 million and ₱73.07 million. Miscellaneous expenses amounted to ₱546.58 million, 8.92% up from ₱501.81 million due to higher forms and supplies, fuel and lubricants, marketing and other expenses.

The Bank booked provision for credit and impairment losses of ₱166.21 million for the year 2022 to provide adequate reserves for its significant loan portfolio growth.

The Bank's share in the net loss of associate is at ₱0.13 million in 2022, 87.18% lower than the prior year's ₱1.04 million.

Income Tax Expense amounted to ₱666.36 million, 6.84% more than the ₱623.69 million the previous year.

Statement of Comprehensive Income for the Year Ended December 31, 2022 vs December 31, 2021

The Bank posted a total comprehensive income of ₱1.41 billion for 2022, 17.85% higher than ₱1.2 billion recorded in the same period last year. This was primarily driven by the higher net income in 2022, partly offset by the net change in net unrealized losses of debt securities at FVOCI at ₱578.94 million due to the interest rate environment. Remeasurement losses on defined benefit plan decreased to ₱184.82 million based on actuarial adjustments.

Statement of Condition as of December 31, 2022 vs December 31, 2021

The Bank's total assets at end-2022 amounted to ₱217.52 billion, 8.92% higher than last year's ₱199.71 billion mainly from the increase in loans and other receivables, investment securities and was partially offset by the lower interbank loans receivables.

Loans and receivables, net of allowance for credit losses and unearned interest income, representing 48.31% of total assets, increased by 41.3% to ₱105.09 billion from ₱74.37 billion in the same period last year, driven by accelerated growth in corporate loans. The Bank's loan-to-deposit ratio was recorded at 70%.

Investment securities at amortized cost, likewise, increased by 21.67% to ₱52.21 billion. Financial assets at fair value increased by 2.25% to ₱6.19 billion due to higher financial assets at FVOCI which grew by ₱749.93 million, tempered by lower financial assets at FVTPL which decreased by ₱613.61million.

Cash and other cash items and due from BSP accounts both went down by 0.46% and 47.81%, respectively, to ₱2.74 billion and ₱23.68 billion. Interbank loans receivable dropped by 3.94% to ₱18.38 billion in 2022. On the other hand, due from other banks marginally increased by 0.46% to ₱1.04 billion.

Investment in associate amounted to ₱39.52 million, P0.14 million down from ₱39.66 million in the prior year. Property and equipment declined by 3.19% to ₱1.43 billion from ₱1.47 billion in 2021. Investment Properties and deferred tax assets also decreased to ₱3.40 billion and ₱612.09 million, respectively, from

₱3.45 billion and ₱743.51 million. Other assets, however, went up by 13.96% to ₱2.72 billion from ₱2.39 billion in 2021.

Deposit liabilities, which accounted for 81.04% of the total assets, expanded by 2.65% to ₱176.27 billion in 2022 boosted mainly by higher time deposits. Bonds payable amounted to ₱7.44 billion as a result of the Bank's bond issuance on July 2022. Accrued interest, taxes and other expenses and other liabilities also rose from ₱1.02 billion and ₱2.66 billion, respectively, higher by 14.11% and 48.35%. Manager's check, however, dropped by 30.48% to ₱661.45 million from ₱951.46 million in the prior year.

The Bank's capital base stood at ₱28.03 billion as of December 31, 2022, 19.98% higher than the ₱23.36 billion last year, spurred by the proceeds from the Initial Public Offering in the first quarter of 2022.

Plans for 2025

The Philippine banking sector is seen to sustain its growth momentum and record solid performance in line with improved economic conditions. On a macroeconomic level, the economy is estimated to continue its growth trajectory. The country's gross domestic product (GDP) has been widened to a target range of 6.0% to 8.0% for 2025. While the average forecast by select agencies for the country's growth is 6.2% as shown in the table below. The growth forecast is expected to be supported by an anticipated recovery in domestic activity, improved service exports, and public investments.

	2025 GDP Forecast
Fitch	6.3%
AMRO	6.3%
World Bank	6.0%
Average	**6.2%**

In terms of foreign currency, the peso is expected to weaken further in 2025, with the Development Budget Coordination Committee (DBCC) predicting the exchange rate to hover around Php56 to Php58 per dollar this year and from Php55 to Php58 per dollar in 2026. However, the Bangko Sentral ng Pilipinas (BSP) projects that the exchange rate to settle above the DBCC's assumptions. This outlook could be influenced by a slower pace of monetary policy easing by the US Federal Reserve, the recent exchange rate movements, and anticipated Trump administration tariff policies.

Inflation is expected to remain within the BSP 2.0%-4.0% target in 2025, with a note that it could overshoot in the second half amid base effects. Meanwhile, analysts average inflation estimates were unchanged at 3.2% for this year and 3.3% for 2026. The potential upside risks include the effects of geopolitical tensions and adverse weather conditions on commodity prices, particularly oil. Other factors cited are base effects, uncertainties in the international trade, potential upward adjustments to utility rates and transport charges, and proposed minimum wage increases.

Lower interest rates are expected to stimulate consumption and investment, but the BSP must balance growth support with inflation control to avoid eroding purchasing power. Lower interest rates could also potentially squeeze Bank net interest margins, impacting profitability. To negate this, Banks could look into innovation and diversification of income sources as well as enhancing digital banking services.

Despite some challenging macroeconomic outlook, the overall banking sector remains optimistic.

Bank of Commerce (BankCom) will look to leveraging on the areas of opportunities in the economic forecasts through expansion its core business (lending activities), investing in growth sectors, enhancing its investment portfolios, targeting new customers, launching competitive financial products, and leveraging its digital banking platforms. With these strategies, the bank is positive it will be able to attract more deposits, meet the growing demand for credit, improve its income with the end goal of becoming the best conglomerate bank in the country.

Item 7. FINANCIAL STATEMENTS

The consolidated financial statements and schedules are filed as part of this Form 17-A. See attachment (Annex B) for further information.

Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINACIAL DISCLOSURES

There are no disagreements with the Bank's external auditor on accounting and financial disclosure.

External Audit Fees

The aggregate fees billed and paid for each of the last two fiscal years for professional services rendered by the Bank's external auditor, R.G. Manabat & Co. are summarized below (inclusive of out-of-pocket expenses and value-added tax):

Nature of Services Rendered		Aggregate Fees (in millions)	
		2024	2023
Audit and Audit-Related Fees	Annual and interim audit of the Combined and FCDU Financial Statements in connection with statutory and regulatory findings; annual audit of the Combined Financial Statements of the trust and managed funds of the Trust Services Group; limited review of interim Combined Financial Statements	P7.91	P7.17
Tax Fees		-	-
All Other Fees	Agreed-upon procedures relative to the initial public offering (IPO) of shares, issuance of bonds and program report on the use of proceeds from IPO of shares.	P1.72	P.09
Total Fees		**P9.63**	**P7.30**

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND EXEVUTIVE OFFICERS OF THE ISSUER

DIRECTORS

The Board of Directors of the Bank (the "Bank's Board") is the body ultimately responsible for the management of the Bank. The Bank's Board is composed of fifteen (15) directors, five of whom are independent directors. The Board is a healthy mix of individuals with diverse experiences, backgrounds, and perspectives. The membership of the Board is a combination of executive and non- executive directors such that no director or small group of directors dominates the decision-making process. All directors were chosen based on their qualifications, namely, integrity, probity, market reputation, conduct and behavior, relevant education and training, physical and mental fitness, knowledge, and experience. All directors possess such qualifications and stature that enable each of them to effectively participate in the deliberations of the Board.

Directors are elected by the shareholders for a period of one year. Generally, there are no restrictions on re- election. However, beginning on 2 January 2012, the SEC set a limit on the term of independent directors serving in listed, public, and mutual fund companies. An independent director may only serve as such for a maximum cumulative period of nine years after which the independent director shall be barred perpetually from being elected as independent director in the same company. The chairman has a casting vote in resolutions of the Bank's Board which must be passed by majority vote.

The following table sets forth the incumbent and nominee directors and board advisors of the Bank as of 31 December 2024, their respective periods of service, directorships in other reporting companies and positions held in the last five (5) years:

Name	Position	Years of Service As of 31 December 2024
Board of Directors		
Francis C. Chua	Chairman, Non-Executive Director	16 yrs. & 7 mos.
Benedicta Du-Baladad	Vice-Chairperson Non-Executive Director	10 yrs. & 11mos.
Michelangelo R. Aguilar	President and CEO, Executive Director	6 yrs. & 5 mos.
Roberto C. Benares	Former President and CEO, Non-Executive Director	11 yrs. & 8 mos.
Fe B. Barin	Non-Executive Director	10 yrs. & 8 mos.
Marito L. Platon	Non-Executive Director	14 yrs. & 8 mos.
Jose A. Barcelon	Non-Executive Director	6 months (elected June 25, 2024)
Alexander R. Magno	Non-Executive Director	10 yrs. & 5 mos.

Melinda S. Gonzales-Manto	Non-Executive Director	9 yrs. as Independent Director; 1 year and 8 months as Non-Executive Director since elected on April 29, 2022
Jose C. Nograles	Non-Executive Director	9yrs. as Independent Director; 8 months as Non-Executive Director since elected on April 30, 2024
Rebecca Maria A. Ynares	Independent Director	8 yrs. & 5mos
Ricardo D. Fernandez	Independent Director	4 yrs.
Daniel Gabriel M. Montecillo	Independent Director	2 years and 8 mos.
Simon R. Paterno	Independent Director	2 years and 7 mos.
Leonardo J. Matignas, Jr.	Independent Director	1 yr, and 6 mos.
Board Appointees:		
Jose T. Pardo	Chairman of the Board of Advisors	18 yrs. & 4 mos. as Director, 10 yrs. as Chairman of the Board, and 2 years and 10 months as Chairman of the Board of Advisor since February 16, 2022
Aurora T. Calderon	Board Advisor	14 yrs. & 5mos
Ferdinand K. Constantino	Board Advisor	2 yrs. as Director and 14 yrs. and 7 mos. as Advisor
Cecile L. Ang	Board Advisor	9 yrs. & 2 mos.
Antonio M. Cailao	Board Advisor	6 yrs. & 6 mos.
Evita C. Caballa	Corporate Secretary	2 yrs. as Asst. Corporate Secretary; 14 yrs. & 8 mos. as Corporate Secretary and 3 yrs. & 3 mos. as Director

FRANCIS C. CHUA
Chairman, Non-Executive Director
Filipino, 76 years old

Ambassador Francis C. Chua has been a member of the Board of Directors of the Bank since 20 May 2008, sat as Vice Chairman from 2013 to 2022, and became Chairman effective on 16 February 2022. Mr. Chua used to chair the Executive Committee (ExCom) of the Bank when he was Vice Chairman of the Board. With his constant feedback and insights on best banking practices, he has been instrumental in promoting the Bank in the business community and in marketing its products and services. Amb. Chua continuously serves as Chairman Emeritus in the Philippine Chamber of Commerce and Industry, Inc. (PCCI), President Emeritus of the Federation of Filipino Chinese Chamber of Commerce and Industry, Inc., a member of the Board of Regent of Universidad De Manila (UDM), and as Consul General conferred by the Honorary Consulate General of the Republic of Peru in Manila since 2006. He was also a Board Adviser of the Office of Alternative Dispute Resolution under the Department of Justice. He was the Special Adviser on Economic Affairs under the Office of the Speaker of the House of Representatives, Congress of the Philippines in 1997. He also served as the Honorary Trade and Investment Representative of the Department of Trade and Industry from 2002-2009, appointed Commissioner in the Constitutional Commission from 2005-2006, Board of Trustee of Technical Education and Skills Development Authority (TESDA), and Special Envoy on Trade and Investment (China) of the Office of the President from 2007-2010. He was also Governor (2002) and a member of the Board of Directors of the Philippine Stock Exchange from 2010-2020 where he served as the Chairman of the Committee of Demutualization. He demutualized the PSE with the unanimous support of its members.

He currently serves as Chairman of BA Securities Inc., and a member of the Board of Directors of DITO Telecommunity Corporation, National Grid Corporation of the Philippines (NGCP), Global Ferronickel, Inc., and Platinum Group Metals Corp. He holds the Chairmanship of CLMC Group of Companies and serves as Vice Chairman of Negros Navigation/2Go. He was the Vice Chairman of Basic Energy and Mabuhay Satellite Corp., and President of the Philippine Satellite Corp. He founded Phil China Chamber of Commerce, Philippine Silkroad International Chamber of Commerce and Industry. He currently owns Philippine Union Realty Development Corporation, Philippine Nail and Wire Corp and BA Securities Inc. He obtained his degree in B.S. Industrial Engineering (Cum Laude) from the University of the Philippines and was conferred Doctor in Humanities from Central Luzon State University.

BENEDICTA A. DU-BALADAD
Vice-Chairperson, Non-Executive Director
Filipino, 63 years old

Atty. Benedicta A. Du-Baladad has been a member of the Board of Directors of the Bank since 31 January 2014. She is the Vice Chairperson of the Board of Directors, Chairperson of the Executive Committee and a member of the Trust and Investments Committee. She was previously a member of the Bank's Board Risk Oversight Committee (BROC) from 2014-2017, as well as the Audit Committee until April 2022. She is the Founding Partner and CEO of Du-Baladad and Associates (BDB Law), a law firm specializing in taxation and related corporate services. Ms. Du-Baladad has over 30 years of practice in the field of taxation, 17 years of which was spent with the Bureau of Internal Revenue (BIR) working on tax administration policy development and in operations. In 2001, she joined the private sector and is now on her 16th year of private practice. She has authored three (3) books on the taxation of the financial sector.

She was the lead tax and legal consultant of the Philippine Government's Department of Finance (DOF) on its program to reform the taxation of capital income and financial intermediation services. She has been the Co-Chair of the Capital Markets Development Council (CMDC) in the Philippines from 2019 to 2022. Ms. Du-Baladad holds leadership role in major professional and business organizations in the country such as the Institute of Corporate Directors (ICD) as the current Chairman, and the Philippine Chamber of Commerce and Industry as the current Chairman of its Banking, Capital Market and Tax Committee. She was also the past President of the Management Association of the Philippines (MAP) in 2023, the Financial Executives of the Philippines (FINEX) in 2017, the Tax Management Association of the

Philippines (TMAP) in 2004. She is currently a Professorial lecturer in taxation at the University of Santo Tomas (UST) and the University of the Philippines (UP). She was also a Partner and Head of Tax Compliance and Advisory of Punongbayan & Araullo from 2001 to 2009. Prior to that, she was an officer of the Bureau of Internal Revenue where she worked from 1984 to 2001. Ms. Du-Baladad is a Certified Public Accountant, graduated Magna Cum Laude with a Bachelor's Degree in Accountancy from Saint Louis University, Baguio, Philippines (1982), and holds a Bachelor of Laws degree from the University of Santo Tomas, Manila, Philippines (1989). Her educational background includes Advanced Management Program at Wharton School of the University of Pennsylvania, Pennsylvania, USA (2007) and Master of Laws and International Tax Program at the Harvard University, Cambridge, MA, USA.

MICHELANGELO R. AGUILAR
President and CEO, Executive Director
Filipino, 68 years old

Mr. Michelangelo R. Aguilar was elected member of the Board of Directors and appointed President and Chief Executive Officer (CEO) of the Bank on July 16, 2018. He is the Vice Chairman of the Bank’s Executive Committee (ExCom) and a member of the Trust and Investment Committee (TIC), IT Steering Committee (ITSC) and Underwriting Committee (UWCom). On April 25, 2023, he became the Chairman of the UWCom.

Mr. Aguilar is also a member of the Board of Directors and an Officer of the Bankers Association of the Philippines (BAP) for the ensuing term 2025-2026. In his previous years as Board Director of BAP, he was Chairman of the Open Market Committee and a member of the Executive Committee. He was likewise a member of the Board of Directors of BancNet, Inc. for the term March 2023 to March 2024.

Mr. Aguilar’s experience as a banker spans over 40 years and covers the areas of Corporate and Investment Banking, Global Markets and Treasury. He has 22 years of experience with international banks starting his career as an Executive Trainee at Citibank Philippines and rising through the ranks in the areas of Banking Operations, Treasury and Sovereign Risk as Assistant Manager, Manager, and Assistant Vice President. He held senior positions as Country Treasurer and then as Managing Director and Head of Wholesale Bank at Standard Chartered Philippines. For 13 years prior to joining the Bank, he was Treasurer and Head of Corporate Banking in Solid Bank Corporation and Rizal Commercial Banking Corporation, respectively. He was also a Director of RCBC Rental Corporation and RCBC Leasing and Finance Corporation. He graduated with a degree in Bachelor of Science in Mechanical Engineering from De La Salle University and later acquired a Master’s Degree in Business Management from the Asian Institute of Management. He is a licensed Mechanical Engineer and a Certified Treasury Professional by the Bankers Association of the Philippines (BAP).

ROBERTO C. BENARES
Former President and CEO, Non-Executive Director
Filipino, 71 years old

Mr. Roberto C. Benares has been elected as member of the Board of Directors of the Bank since 30 April

2013. He assumed his position as President and CEO of Bank of Commerce on 1 August 2013 and was succeeded by Mr. Michelangelo R. Aguilar on 16 July 2018. He currently sits as Director and chairs the Information Technology Steering Committee (ITSC). He is also a member of the Executive Committee (ExCom) and the Underwriting Committee (UWCom). Director Benares used to sit as a member of the Board Risk Oversight Committee (BROC) until April 2023. During his tenure as President and CEO, he took the lead in strengthening the Bank by framing its superior service culture to achieve its recent milestones.

Previously, Mr. Benares was the Managing Director of Maybank ATR Kim Eng Capital Partners, Inc. He started his banking career at Bancom Development Corp. as Assistant Treasurer prior to holding the position of Vice President of Account Management at United Coconut Planters Bank. He also served as Managing Director at Asian Alliance and Executive Vice President at Insular Investment & Trust Corporation, and Vice President at Philamlife. He holds a degree in Bachelor of Science in Mechanical Engineering from De La Salle University and has a master’s degree in business management at the Asian Institute of Management.

FE B. BARIN
Non-Executive Director
Filipino, 91 years old

Mrs. Fe B. Barin has been a member of the Board of Directors since April 24, 2014. Mrs. Barin's career in the government service has been in the regulatory and supervisory agencies. She spent a total of fifty-three (53) years of service in the government, forty-four of which in the then Central Bank of the Philippines and the Bangko Sentral ng Pilipinas where she served as Member of the Monetary Board from 2002 to 2004. She was the first Chairperson of the Energy Regulatory Commission created under the EPIRA in 2001, which position she occupied from August 2001 to September 2002 prior to her appointment as Monetary Board member. In Sept. 2004, she was appointed Chairperson of the Securities and Exchange Commission for a seven-year term ending 2011. As Chairperson of the SEC, she was ex Officio member of the Anti-Money Laundering Council and Chairperson of the Credit Information Corporation. She also served as Assistant Legal Counsel in the Philippine Deposit Insurance Corporation on secondment from the then Central Bank.

Mrs. Barin graduated from the College of Law, University of the Philippines, passed the Bar examinations given the same year and admitted to the Philippine Bar in 1957.

She is a Lifetime Fellow of the Institute of Corporate Directors and one of the Institute's Teaching Fellows, a Fellow of the Institute for Solidarity in Asia, and a founding member of the Judicial Reform Initiative, all non- stock nonprofit associations. She is also a member of the Board of Directors of the General Milling Corporation and Chairman of the Board of Directors of Barbor Equity, Inc., a family-owned corporation engaged in Agri business.

MARITO L. PLATON
Non-Executive Director
Filipino, 72 years old

Mr. Marito L. Platon was elected last 30 April 2010 as member of the Board of Directors of the Bank. He is currently a member of the Executive Committee (ExCom), Information Technology Steering Committee (ITSC), and Underwriting Committee. He was previously a member of the Board Risk Oversight Committee (BROC) (former Chairman), Audit Committee, Corporate Governance Committee (CGCom), and the Related Party Transactions Committee (RPTCom). Mr. Platon has been the driving force behind the consistent growth of the Bank's business in partnership with clients.

Mr. Platon has 27 years of treasury and corporate finance experience at San Miguel Corporation and Coca-Cola Bottlers Philippines, Inc. (CCBPI) as Vice-President and Treasurer supervising various departments/functions in the areas of Treasury management and operations, funds planning and loans management, banking relationship, working capital management, capital budgeting and project coordination, tax administration and management, insurance and risk management, credit and collection, systems design and development, and provident fund operations as he was also the former Managing Trustee of the CCBPI Retirement Plan. Aside from formerly holding directorship and/or management positions in various companies or undertakings involved in investment banking, corporate leasing, internal auditing, security services, aquaculture operations, food retailing, among others, including education as former Chairman at non-sectarian Institute for Esoteric Studies, he was also formerly director and CFO of CCBPI's real estate companies Marangal Properties, Inc. and Luzviminda Landholdings, Inc. Mr. Platon likewise has over 30 years of rural banking experience being former Chairman and President of Rural Bank of Talisay (Batangas), Inc. Currently, he serves as Chairman and President of Villa Maria Resorts and Development Corporation, a tourism and property development family- owned corporation. A Fellow at the Institute of Corporate Directors, Mr. Platon graduated in 1973 at De La Salle University with a degree in Bachelor of Science, Major in Accounting.

ALEXANDER R. MAGNO
Non-Executive Director
Filipino, 70 years old

Mr. Alexander R. Magno became a member of the Board of Directors of the Bank on 1 August 2014 and currently sits as a member of the Executive Committee (ExCom), the Trust and Investment Committee (TIC) and the Underwriting Committee (UWCom). He was a member of the Nominations, Compensation, and Remuneration Committee (NCRC) from April 2023 to April 2024.

Mr. Magno is a columnist of the Philippine Star and consults for Steel Asia Manufacturing Corporation. He used to also consult for the Department of Finance. Mr. Magno's career best describes him as a policy advocate, public intellectual and an activist. He served as a member of the Board of the Development Bank of the Philippines, helping supervise such programs as the Nautical Highway System from 2001 to 2010. He was Director of Steel Asia Manufacturing from 1995 to 1999 and a professor at the University of the Philippines from 1976 to 2018. After the EDSA Revolution, he served as interim director of the President's Center for Special Studies, a think tank put together during the Marcos period which supplied regular briefing papers for President Corazon C. Aquino. He helped establish the Foundation for Economic Freedom (FEF), a research and advocacy institution proposing market-driven economic policies providing research for key liberalization policies including the Liberalization of the Retail Trade, the Electricity Power Industry Reform Act, and the Procurement Law. He consulted for the privatization program of the

Metropolitan Waterworks and Sewerage System (MWSS) and the liberalization of the telecommunications sector. In 2005, he was appointed Commissioner of the Consultative Commission on Charter Change and served as a commissioner of the EDSA People Power Commission.

His social activism during the martial law led to his career as an instructor of political science at UP Diliman. Mr. Magno supported student representation in 1975, winning a seat at the UP Student Conference and served as Vice Chairman of the organization. Mr. Magno had regular editorial columns at the Manila Times, the Manila Chronicle, and the Manila Standard. He remains an important columnist at the Philippine Star since 2003 and his columns became main reference points for building democratic and reformist public opinion.

MELINDA S. GONZALES-MANTO
Non-Executive Director
Filipino, 72 years old

Ms. Melinda S. Gonzales-Manto (Linda) has been a member of the Board of Directors of the Bank since January 2014. She currently serves as member of the Related Party Transactions Committee (RPTCom), Board Risk Oversight Committee (BROC), the Audit Committee (former Chairperson), and the Nominations, Compensation, and Remunerations Committee.

Ms. Manto likewise sits in the board of Eagle Cement Corporation (Eagle Cement), Petrogen Insurance Corporation (Petrogen) and RSA Foundation, Inc. She functions as Chairman of the Audit Committee and member of the Corporate Governance Committee and Related Party Transactions Committee of Eagle Cement. She chairs the Audit and Risk Oversight Committee and sits as member of the Corporate Governance Committee and Related Party Transactions Committee of Petrogen. She has been appointed as the Lead Independent Director of Eagle Cement and Petrogen.

Ms. Manto is presently a stockholder, director and the Vice-President of Linferd & Company, Inc. and ACB Corabern Holdings Corporation. She is also the Resident Agent of some multinational companies in the country and the Treasurer of a foreign company doing business in the Philippines. She was formerly a board member of the GSIS Family Bank.

Ms. Manto started her career in SyCip, Gorres, Velayo & Co. (SGV). She is a celebrated accountant and is looked up to as an expert in assurance and business advisory. Her areas of specialization include retail, manufacturing, food processing and distribution, real estate, radio and television broadcasting, technology, steam power generation, agribusiness, semiconductors, and electronics. She is highly respected as well in initial public offerings, due diligence engagements, and mergers and acquisitions. Her stint in the audit corporate world lasted for more than three decades. She retired as a Partner in the Assurance and Advisory Business Services Division of SGV. While in SGV, she served as the Head of the Consumer Products Industry for Asia and the Pacific of SGV/Ernst & Young Philippines and SGV/Arthur Andersen. Wanting to expand her horizon, she also functioned as a board member and auditor of the Philippine Retailers Association for almost a decade. She was previously assigned to the Cincinnati Office of Arthur Andersen in Ohio where she spearheaded the audit engagements of manufacturing and retail clients.

Ms. Manto finished elementary and high school as valedictorian and graduated cum laude with a degree of Bachelor of Science in Business Administration, major in Accounting at the Philippine School of Business Administration. She is a Certified Public Accountant and a lifetime member of the Philippine Institute of Certified Public Accountants. She completed the Management Development Program at the Asian Institute of Management and had computer training at the Institute of Advanced Computer Technology.

JOSE CARMELO C. NOGRALES
Non-Executive Director
Filipino, 75 years old

Mr. Jose C. Nograles has been an elected member of the Board of Directors of the Bank since 20 April 2015. He was an independent director for nine (9) years, and in April 2024 he was elected as a non-executive regular director. He serves as a member of the following Committees: Corporate Governance Committee (CGCom), Related Party Transactions Committee and Audit Committee. He used to be Chairperson of the Board Risk Oversight Committee.

Mr. Nograles continues to be a strict advocate of the Bank’s conscientious and efficient use of resources towards sustainable care for the environment. A seasoned investment banker and economist, Jose C. Nograles was President of the Philippine Deposit Insurance Corporation (PDIC) from January 2008 to May 2011 where he led PDIC’s transformation to a more responsive and innovative institution. Previously, he was the Senior Executive Vice President of the Land Bank of the Philippines (LBP). In 2005, he headed LBP’s Operations and Corporate Services Sector. Five years earlier, as Senior Vice President and Treasurer, he organized LBP’s combined Treasury and Investment Banking. He was also concurrently Board Vice-Chairman and President of Land Bank Insurance Brokerage Inc., LBP’s subsidiary engaged in insurance brokerage and foreign exchange trading.

Mr. Nograles started his career in 1969 as part of the management services staff of SGV and Company. By 1973, he worked in government as a Senior Consultant to former Secretary Arturo R. Tanco, Jr. of the Department of Agriculture and Natural Resources. After three years, he rejoined the private sector as General Manager of Sarmiento Management Corporation. He moved to Anflo Management & Investment Corporation as Vice President in 1977 to head its Automotive Group of car dealerships and the Corporate Planning Department. He later founded his family’s realty company engaged in commercial building and hotel operations in Davao City in 1980. In 1984, he was appointed Assistant Minister for Planning and Project Management of the Ministry of Natural Resources. In 1991, he joined Columbian Autocar Corporation as Vice President and General Manager that introduced the Kia brand in the Philippines. He obtained his BA in Economics with honors (Cum Laude) from the Ateneo de Manila University in 1969 and his Master’s Degree in Business Administration from the Asian Institute of Management in 1973. He is a fellow of the Institute of Corporate Directors.

Mr. Nograles is currently an advisor to the Board of Amalgamated Investment Bancorporation, an investment banking firm. He is an independent director of DragonFi Securities Corporation, a brokerage services company and FAMI Mutual Funds.

JOSE A. BARCELON
Non-Executive Director
Filipino, 67 years old

Atty. Jose A. Barcelon has been appointed conservator, receiver, and liquidator for various companies regulated by the Insurance Commission of the Philippines.

He served as Corporate Secretary for a number of companies, including UCPB Savings Bank, UCPB Properties, Inc., UCPB Securities Inc., UCPB Leasing and Finance, United Coconut Planters Life Assurance Corp.

He also served as Director and Corporate Secretary of the following companies: (a) United Coconut Planters International; (b) United Funds, Inc.; (c) Cocolife Inc.; (d) Cocogen Insurance Inc.; (e) Cocoplans, Inc.; (f) Silahis Marketing Corp.; (g) Minola Refining Corporation; (h) San Pablo Manufacturing Corp.; (i) Granex, USA; (j) All Nations Security and Investigation; (k) New Ultra Security; and (l) Ultra Security Services, Inc.

Atty. Barcelon served as Head of the Legal Services Department of UCPB and Cocolife, Inc, and was a Partner in Mendoza and Barcelon Law Offices and RB Ancheta Law Office. He is also a former Senior Associate Lawyer in Solis and Medina Law Offices. Previously, he worked Special Legislative Officer and Legislative Staff Officer at the House of Representatives; and Legal Officer of the National Food Authority.

An accredited Conservator/Receiver/Liquidator of the Insurance Commission, Atty. Barcelon is currently the Conservator of Caritas Life Insurance Corporation; Receiver of Caritas Health Shield, Inc. and Caritas Financial Plans, Inc.; and Liquidator of the First Integrated Bonding & Insurance Company, and Philippine Fire & Marine Insurance Company.

Atty. Barcelon obtained his Bachelor of Arts in Political Science and Bachelor of Laws degrees from the University of the Philippines.

Atty. Barcelon became a member of the Board of Directors of Bank of Commerce effective June 26, 2024. He is currently a member of the Bank's Information Technology Steering Committee and Underwriting Committee.

REBECCA MARIA A. YNARES
Independent Director
Filipino, 48 years old

Ms. Rebecca Maria A. Ynares has been a member of the Board of Directors of the Bank since July 2016. She currently serves as Chairperson of the Nominations, Compensation and Remuneration Committee and a member of the Related Party Transactions Committee (RPTCom) and Audit Committee. She was also a member of the Board Risk Oversight Committee (BROC) until April 2023.

Ms. Ynares manages the following family-owned endeavors: TJCMB Enterprises, a warehousing and logistics company; Giacomiro Holding Inc, a real estate activity with own or lease properties, where she is the President. She also manages the following corporations as a member, JNM Realty Development Corporation, a real estate corporation; and Maniju Enterprises Inc., a wholesaling service.

Ms. Ynares spearheads various sustainability and environment restoration initiatives in the Province of Rizal, including the Save Hinulugang Taktak and Ynares Eco System (YES) Programs. With the ongoing YES program, she continues to lead on projects such as installation of wastewater clean-up systems, tree-planting activities, medical missions with the Provincial Health Office, feeding programs with the Department of Social Welfare and Development (DSWD), and Youth Program. She lends support to other projects devoted to finding the right balance between the diligent care of the ecosystem and economic viability of affected businesses in Rizal. She also advocates Eco-tourism Conservation thru promotion and safeguarding of culture, arts, tradition and heritage. Ms. Ynares also has an involvement in the Sports Development Program by initiating and focusing on Futsal & Football Tournament Clinics in Rizal. On top of her advocacies as a dedicated socio-economic philanthropist, Ms. Ynares is member of the Philippine Red Cross-Rizal Chapter and is an avid resource speaker in various trainings and seminars in the province.

Previously, she served as a financial analyst for the Bahay Co. Real Estate Agents in Burlingame, California, USA from 2005 until 2007. She started her investment, banking, and finance career at the Asia United Bank (AUB) on the areas of branch operations, marketing and investment portfolio management. Ms. Ynares holds a degree in Bachelor of Science in Business Administration and Computer Applications from De La Salle University (1999) and Associate for Arts for Professional Designation Fashion & Merchandising in Fashion Institute of Fashion & Merchandising in San Francisco, California (2002).

RICARDO D. FERNANDEZ
Independent Director
Filipino, 70 years old

Mr. Ricardo D. Fernandez was elected as an Independent Director of the Bank effective 1 January 2021. He is currently the Chairman of the Related Party Transactions Committee (RPTCom), and a member of the Corporate Governance Committee (CGCom) and the Nomination, Compensation and Remuneration Committee (NCRC). He has worked in the investment banking industry for 40 years. Mr. Fernandez was employed at

Unicapital Incorporated (UI) from 1995 to 2019, where he was appointed as President from 1997 to March 2019, became a Consultant until December 2019, and Director until March 2020. From 1980 to 1995, he was employed at Multinational Investment Bancorporation (MIB). He graduated from the De La Salle University with degrees in Behavioral Science and Business Management. He also holds a master’s degree in business administration from the University of the Philippines.

DANIEL GABRIEL M. MONTECILLO
Independent Director
Filipino, 68 years old

Mr. Montecillo is an independent board director, consultant, leadership speaker and facilitator, and executive coach. He currently chairs the Bank's Corporate Governance Committee (CGCom). He is also a member of the Nominations, Compensation, and Remuneration Committee (NCRC) and the Board Risk Oversight Committee (BROC). Mr. Montecillo was the chairperson of the Bank's Underwriting Committee (UWCom) from its inception in 2022 up to April 2023.

He is also an independent director of two other publicly-listed companies: Ayala Land, Inc. (ALI) where he is lead independent director; and RASLAG Corporation (ASLAG), a renewable energy company. He also sits as independent director of Metro Pacific Health (MPH), a holding company with interests in 27 hospitals nationwide; Maybank Investment Banking Group (Philippines), Inc., a subsidiary of Maybank Group of Malaysia; and Marsh Philippines, a subsidiary of Marsh & McLennan. He is chairman of the audit committees of both Maybank Investment Banking Group (Philippines) and RASLAG; chairman of the corporate governance and ESG committees of MPH; and a member of audit, risk and corporate governance committees in the other various companies as well.

Dennis is a fellow of the Institute of Corporate Directors (Philippines), where he is also chairman of the sustainability committee; a former board trustee of the United Nations Global Compact Network (Philippine chapter); a member of the International Coaching Federation (ICF); and an associate member of the Singapore Institute of Directors (SID). He is also a director of the global board of International Care Ministries, an NGO devoted to the rural ultrapoor in the Philippines.

Mr. Montecillo is a former senior consultant to the International Finance Corporation and a CXO facilitator of Deloitte University Asia Pacific in Singapore. He was a former facilitator in the Leadership Acceleration Program of Ayala University, and a guest lecturer at the Asian Institute of Management. He received his certification as an Associate Certified Coach (ACC) from the International Coaching Federation (ICF) and ESG Certification (GCB.D) from Competent Boards in Canada.

He retired as Executive Vice President and Group Head of the Corporate Client Segment of BPI in 2018, where he was responsible for nationwide banking coverage of the firm's corporate clients and a member of its Management, Credit, Asset & Liability, and Investment Management Committees. Immediately prior to this role, he was President of BPI Capital Corporation and Chairman of BPI Securities Corporation, the bank's investment banking and securities subsidiaries. He served for 4 ½ years.

During his time at BPI, he was responsible for the reorganization of the corporate bank into two significant business initiatives: the Corporate Bank for large multinationals and domestic corporates, and the Business Bank, which services the small and medium-sized corporates in the country.

While at BPI Capital, he recast the investment bank into the leading domestic firm in the industry and competed successfully for business with the country's top corporates against the established international investment banking firms in the country. During his tenure, the firm won several international awards for excellence. During his tenure, among the more notable Philippine corporates that the firm took to the public equity capital markets are Max's Group, Store Specialists, and Metro Retail Stores Group.

Prior to returning to the Philippines, he spent 17 years in Hong Kong where he was CEO and founding equity partner of Diamond Dragon Advisors for three years, Asia's first private equity fundraising firm and before that, CEO of Fidelis Holdings for three years. Fidelis was the international real estate investment company of the Ayala Group of Companies.

He has 21 years of international investment banking experience, having worked in New York and Hong Kong at Bankers Trust, Credit Suisse and Morgan Stanley. During this time, he was part of and managed business development and transaction teams in corporate, real estate and leveraged finance, derivatives, private equity, mergers & acquisitions, and equity and debt capital markets.

He has an MBA and MA from Stanford University in California, USA and bachelor's degrees in Management of Financial Institutions and Behavioral Sciences (magna cum laude) from De La Salle University in the Philippines.

SIMON R. PATERNO
Independent Director
Filipino, 66 years old

Mr. Simon Paterno is Founder and CEO of ZQR Corporation (www.zqrdocs.com), a start-up platform that improves the experience of document exchanges between enterprises and their customers. He is also Vice Chairman and controlling shareholder in the remote workforce management platform MobileMO (www.kustom360.cloud).

Mr. Paterno's immediate previous engagement was EVP and Head of Products and Alternative Channels at Bank of the Philippine Islands from 2014-2019. In that position, he managed all of the bank's profit centers outside of Treasury, including the bank's digital channels. This included supervision of insurance (BPI-MS), merchant acquiring (Chairman of BPI Global Payments), leasing, investment banking, and microfinance (Chairman of BPI BanKo).

Mr. Paterno represented CIMB in the Philippines in its search for a bank investment and in originating investment banking deals. He joined the group in late 2012 as the CEO-designate of Bank of Commerce, which was targeted for acquisition by CIMB. The deal was canceled in 2013.

Mr. Paterno was Managing Director and Country Manager of Credit Suisse from 2004 to 2012. He also founded and served as Chairman of Credit Suisse Securities Philippines, Inc., the firm's securities broker/dealer subsidiary.

Mr. Paterno served as President/CEO of the Development Bank of the Philippines, the government-owned commercial bank, from 2002 to 2004. At the DBP, he pioneered work on the maritime Ro-Ro network that links the archipelago. He was concurrently Chairman of the LGU Guarantee Corporation and other DBP subsidiaries. In 2003, DBP was named 6th Best Employer by Hewitt Associates and Strongest Bank in the Philippines (Based on financial and operational measures, asset quality, and year-on-year improvements in profits and assets) by Asian Banker.

Mr. Paterno spent 18 years with J.P. Morgan & Co., with stints in New York and Hong Kong. In 1997, he was named a Managing Director, with responsibility for coverage of Asian sovereign clients during the Asian financial crisis. He led the project teams that advised the Indonesian Bank Restructuring Agency (IBRA) and its Malaysian counterpart, Danaharta. In mid-1998, he returned to Manila to head J.P. Morgan's Philippine business, and following the merger with Chase Manhattan Bank, worked as Head of Philippine Investment Banking until 2002.

At J.P. Morgan, he worked on some of the most significant sovereign financing transactions including the country's restructuring of its foreign debt in 1991, the return to capital markets in 1992, the Brady exchanges in 1994, and while at Credit Suisse, the Domestic Bond Exchanges and the Debt Exchange Warrants transactions that won Best Liability Management awards for 2006 and 2008. His M&A transaction experience includes mergers that formed the 3 largest Philippine banks in the Philippines, the largest cement company mergers, and the restructuring of San Miguel Corporation's ownership. Under his leadership, J.P. Morgan was named Best Investment Bank in the Philippines by The Asset in 2001 and Credit Suisse was named Best Investment Bank in the Philippines by FinanceAsia in 2009.

In 1999, he received the TOYM (The Outstanding Young Men) Award for his work in Investment Banking. In 2005, he served as President of the Management Association of the Philippines, an organization of the country's top CEO's. He has served on the Board of Directors of the Bankers Association of the Philippines. He serves as Vice Chairman of the Foundation for Economic Freedom, a reform-oriented advocacy group of the country's top economists, as Vice President and Board member of the Ateneo Alumni Association and as Chairman of the Ateneo Scholarship Foundation. He is currently President of the ALFM Family of Mutual Funds.

As an independent director at Bank of Commerce, Mr. Paterno heads the Board Risk Oversight Committee and is a member of Bank's Audit Committee and Corporate Governance Committee. He used to be a member of the Information Technology Steering Committee (ITSC) until April 2023.

Mr. Paterno received his MBA from Stanford University in 1984 and his AB Honors Program in Economics, cum laude, from the Ateneo de Manila University in 1980.

LEONARDO J. MATIGNAS, JR., CPA, CFE, CIA, CRMA, MM, FCPA Australia
Independent Director
Filipino, 63 years old

Mr. Leonardo J. Matignas, Jr. is a former Partner of SGV & Co. (a member practice of Ernst & Young) and its former Chief Risk Officer. He recently retired last June 30, 2022. He was also Ernst & Young's ASEAN Risk Management Leader until his retirement last June. He is a multi-awarded and internationally recognized authority on Enterprise Risk Management (ERM). Aside from being a Philippine CPA, he also holds a Fellow CPA Australia (FCPA) title which is the highest rank in CPA Australia and is recognized globally. He is also a Certified Internal Auditor (CIA), Certified Fraud

Examiner (CFE), and has Certification in Risk Management Assurance (CRMA)--all of which are global certifications.

Over the course of his 40-year career, he had started service lines that paved the way for CPAs to venture into other avenues such as forensic accounting, risk-based auditing, and in risk management, either as a risk owner or risk champion. He was also very instrumental in SGV's accreditation by the Securities and Exchange Commission as an institutional training provider for Corporate Governance, for which he was the lead lecturer.

Leo holds a Bachelor of Science degree in Commerce, Magna Cum Laude, from San Sebastian College and completed his Masters in Management Degree- International from the University of Phoenix. He is a Certified Public Accountant and has also completed Management Development Program at the Asian Institute of Management. In 2021, he completed an executive program, "Journey to the Boardroom" conducted by the Harvard Business Publishing Corporate Learning in collaboration with Ernst & Young.

Last May 31. 2024, Leo was conferred with *Honoris Causa Doctorate Award (Ph.D.) in Accountancy by the Doctoral Monitoring Board of The Thames International University-France***,** based on his experience, achievements, contribution towards nation and society. The University in association with the Global Human Rights Council for Peace & Sustainable Development-USA also honored him with Indo *Global Excellence Award.*

His recognitions and awards include the following:

- One of the Top 100 notable CPAs in the 100 years in the history of the Philippine Accountancy Profession conferred by the Professional Regulation of the Board of Accountancy in celebration of its centennial anniversary. The award was given last March 17, 2023 at the Manila Hotel

- 2022 Honorary Lifetime Member Award recipient from the Philippine Institute of Certified Public Accountants (PICPA) given during PICPA's Annual Convention in Cebu in November of this year

- 2019 Winner of the Search for Outstanding Contribution in Internal Audit (SOCIA) in Asia Pacific by the Asian Confederation of Institute of Internal Auditors (ACIIA) which was awarded in Tokyo, Japan. First Filipino recipient of this award.

- First SOCIA PH awardee given by The Institute of Internal Auditors-Philippines (IIA-P) 2018

- Recognized by the Philippines' Professional Regulations Commission for his contributions to the accounting profession in 2015

- 2014 Outstanding CPA in Public Practice by PICPA

- Past President, Asian Confederation of Institute of Internal Auditors. He is the first Filipino elected to this post by internal auditors in Asia Pacific (2009).

- Past President, Institute of Internal Auditors (IIA)-Philippines (2007)

- Past President and Founding Member of the Association of Certified Fraud Examiners (ACFE) – Philippine Chapter (2005)

- 2011 National Awardee for PICPA Professional Development- International

- Instrumental for the SGV's accreditation by the Philippines Securities and Exchange Commission (SEC) as Training provider for Corporate Governance by the SEC, for which is he was the lead facilitator

- One of the Ten Values Champions in the Far East by Ernst & Young in 2008

- 2005 – National Awardee for professional Development, PICPA

- The only Filipino speaker in the World Congress of Accountants in Kuala Lumpur, Malaysia

- Featured in the leading business magazine of Malaysia that highlighted his forensic accounting skills and experience

- Speaker/moderator in the 2011 IIA International Conference held in Kuala Lumpur, Malaysia

- Received four (4) plaques of recognition from the Philippine SEC for his role in the SEC Roadshow in promoting the first code of corporate governance

- Part of the SEC task force in drafting the blueprint of the New Code of Corporate Governance for Publicly listed companies where he actively shared his expertise in Enterprise Risk Management. The new code was released in 2016

- In November 2024, Leo has completed a competency course on Sustainability Reporting (MSS015045 - MSS015052 Develop required and regulated sustainability reports) from Australian College of Business Intelligence (ACBI) and has received a Statement of Attainment as being competent on the subject matter

Before he retired in 2022, Leo released his book, "A Practical Approach to Enterprise Risk Management". This is the first book on ERM written by a Filipino author for the Filipinos.

In November, 2023, Mr. Matignas released his second book, "Piercing the Numbers- *Fraud and Forensics*.

He currently sits as an independent director in the board of PNB Holdings Corporation (a real estate corporation) and the Chairman of its Audit and Risk Management Committee.

Mr. Matignas is currently the Chairperson of the Bank's Audit Committee. He is also a member of the Related Party Transactions Committee (RPTCom) and Board Risk Oversight Committee (BROC).

SENIOR EXECUTIVE TEAM

The members of senior executive team, subject to the control and supervision of the Board, collectively have direct charge of all business activities of the Bank. They are responsible for the implementation of the policies set by the Board of Directors. The following is a list of the Bank's executive officers as of December 31, 2024:

SENIOR EXECUTIVE TEAM	
Mary Assumpta Gail C. Bautista 50, Filipino *Senior Vice President* *Transaction Banking Group Head*	• AV Santiago Development Corp – *Treasurer* • Deutsche Bank - *Former Vice President/ Former Corporate Cash Management Head, Senior Relationship Manager* • BDO/Equitable PCI Bank - *Former Cash Management Sales and Marketing Department Head* • Standard Chartered Bank (Singapore) - *Former Regional Product Manager* • Standard Chartered Bank (Philippines) – Former Product Manager • Citibank N.A. Philippines – Assistant Product Manager, Former Program Administrator
Don Carlo P. Hernandez 36, Filipino *First Vice President* *Chief Trust Officer*	• P&H 828 Commercial Inc - *Director* • DCPHERNANDEZ Food Hub - *Sole Proprietor* • Maybank Philippines, Inc. - *Former Trust Head* • CFA Society Philippines - *Former Trustee* • P&H 828 Commercial Inc - *Former President* • Valle Verde Mansions Inc. - *Former Board Member* • Metropolitan Bank & Trust Co. - *Former Investment Services Division Head*
Manuel A. Castañeda III 54, Filipino *Executive Vice President* *Corporate Banking Group Head*	• Bank of Commerce – *Former Corporate Banking Group 1 Head* • Producers Savings Bank - *Former President, CEO and Director* • Maybank Philippines - *Former Global Banking Head* • Unionbank of the Philippines - *Former Commercial Banking 1 Head* • International Exchange Bank - *Former Corporate Banking Team 1 and Project Finance Head and Former Relationship Manager & Head of Project Finance* • AsiaTrust Development Bank – *Former Unit Head, Investment Banking Group and Former Unit Head Portfolio Management* • BPI Express Card Corp. – *Former Merchant Assistant*

Maria Ana P. dela Paz 50, Filipino *First Vice President* *Credit Group Head*	• Bank of Commerce - *Former Credit Evaluation and Review Division Head* • Planters Development Bank - *Former Department Head, Former Product Officer, Former Account Officer, Former Project Officer*
Annalyn Diamante Delos Santos 50, Filipino *First Vice President* *Branch Banking Group Head*	• Bank of Commerce – *Former Metro Manila II Division Head* • Bank of Commerce – *Former Metro Manila East Area Head* • Export & Industry Bank – *Former Branch Manager* • Security Bank – *Former Branch Head* • International Exchange Bank – *Former Sales Officers and Branch Manager* • Union Bank of the Philippines – *Former Branch Service Officer*
Ma. Katrina A. Felix 56, Filipino *Senior Vice President* *Cards Group Head*	• Franzen Foundation Inc – *Director* • AKEAN Landholdings Inc – *Director* • Prudentialife Plan Group Inc – *Director* • Prudentialife Memorial Park – *Director* • Prudentialife Tarlac Memorial Park – *Director* • Best Inc- *Former Director* • Finscore Inc (sister company of Cash Credit) - *Former President* • Cash Credit/ CC Mobile Financial Services Phil. – *Former Country Manager* • Prudential Financial Services- *Former President & Managing Director, Former Chief Operating Officer* • Prudential Life Plan, Inc. – *Former Vice President Personnel Department* • Bank of America NT & SA Manila – *Former Operations Manager, MIS Department*
Louella P. Ira 53, Filipino *First Vice President* *Legal Services Division Head and Assistant Corporate Secretary*	• Bank of Commerce - *Former Legal Services-Operations Department Head* • Metropolitan Bank & Trust Co- *Former Legal Officer* • Metrobank Card Corporation – *Former Assistant Corporate Secretary* • Insular Life & Assurance Co. – *Former Legal officer* • Padilla Jimenez Kintanar & Asuncion – *Former Associate*
Antonio S. Laquindanum 47, Filipino *Executive Vice President* *Chief Financial Officer*	• Riesenwasser Land Inc. - *Director* • Lake Champlain Holdings - *Director* • Australia and New Zealand Banking Group - *Former CFO Philippines and Acting COO, Former Philippine Head of Finance and Administration* • Ernst & Young, LLP (USA) – *Former Manager* • Accenture – Former *Senior Consultant/Senior Team Lead*

Melanie P. Santos 50, Filipino *First Vice President* *Human Resource Mgt. and Dev't. Division Head*	• Union Digital Bank - *Former Chief Human Resource Officer* • HR Consultant - *Former SM Investment Corp - Goldilocks* • Maybank Philippines, Inc - *Former Deputy HR - Talent Management, Resourcing, Total Rewards and Shared Services* • Premiere Bank - *Former Head of Recruitment and Organizational Development* • Philippine Savings Bank - *Former Senior Training Officer* • Bank Of The Philippine Islands - *Former Recruitment Job Analyst, Training Specialist*
Reginald C. Nery 66, Filipino *Senior Vice President* *Chief Audit Executive*	• Bank of Commerce – *Former Officer-in-Charge, Compliance Division, Former Chief Audit Executive* • Project Management Institute Philippine Chapter - *Board of Trustee (Treasurer)* • Diaz Murillo Dalupan and Company, CPAs - *Former Partner and Head (Technology Performance and Governance)* • RCNERY and Associates - *Former President and Principal Consultant* • KPMG ManabatSanAgustin& Company (Formerly LayaMananghaya& Company) - *Former Partner and Head (Performance and Technology)*
Jeremy H. Reyes 46, Filipino *First Vice President* *Chief Risk Officer*	• Bank of Commerce - *Former Internal Audit Division Quality Assurance Review Dept. Head* • HSBC – *Former Commercial Banking Business Risk & Control Management Head, Former Assistant Vice President, Management Internal, Former Assistant Manager, Credit Administration* • HSBC Savings - *Former Deputy Head of Audit*
Felipe Martin F. Timbol 55, Filipino *Executive Vice President* *Treasurer/ Treasury Management Group Head*	• Bank of Commerce – *Former Treasury Management Sector Head, and Former Treasury & Fee Based Business Sector Head* • Rizal Commercial Banking Corp. – *Former Vice President/Fund Management Group Head* • Eastwest Banking Corporation - *Former Sr. Asst. Vice President/Treasury Department* • Bank of Southeast Asia – Former Assistant Manager/Trust Department • United Coconut Planters Bank – *Former Senior Trader, Former Senior Analyst, and Former General Teller*
Jay S. Velasco 51, Filipino *Senior Vice President* *Operations*	• San Miguel Properties Centre Condominium Corp. – *Director/President*

Group Head	• Bank of Commerce - *Former Loans Operations Division Head and Former Head Office Operations Support Division Head* • Tiaong Rural Bank - *Former Chief Operations Officer* • PS Bank - *Former Head Office Operations Division Head, Former Centralized Branch Operations & Support Division Head, Former Process Services Division Head* • BPI - *Former Funds Transfer Dept. Head, Former Central Clearing Unit Head, Former Central Clearing Unit Officer, Former Transit Center Officer, and Former Verification Officer* • DBS Bank Philippines – *Former Central Clearing Unit Head, Former ATM Center Head, Former Processing Center Head, and Former Centralized Verification Head*
Jose Mari M. Zerna 49, Filipino *Senior Vice President* *Consumer Banking Group Head*	• Bank of Commerce - *Former Chief Risk Officer and Former Credit Risk Management Dept. Head* • ANZ Banking Group Limited – *Former Account Officer* • BPI Capital Corporation – *Former Corporate Finance Officer* • Bank of the Philippine Islands – *Former Account Officer (Institutional Banking Group)* • Reuters Limited - *Former Treasury Applications Specialist* • Misys Banking Systems Inc - *Former Senior Functional Consultant* • Citytrust Bank and Trust – *Former Management Trainee*
Francisco Raymund P. Gonzales 53, Filipino *Vice President* *Corporate Communication & Consumer Protection Division Head*	• Bank of Commerce – *Former Product Development & Customer Protection Department Head* • ChinaBank – *Former Product Manager* • Metrobank – *Former Product Manager* • AB Capital and Investment Corp. – *Former Deal Officer* • Citytrust / BPI – *Former CorPlan Officer* • Punongbayan and Araullo – *Former Consulting Staff*
Gregorio M. Yaranon Jr. 54, Filipino Senior Vice President *Chief Compliance Officer*	• City Savings Bank – *Former Chief Compliance Officer* • CIMB Bank Philippines Inc. – *Former Chief Compliance & Legal Officer* • CIMB Bank Berhad (Malaysia) – *Former Consultant for Compliance & Legal* • Maybank Philippines Inc – *Former Chief Compliance Officer* • Unionbank – *Former Security Officer, Former Litigation Lawyer, Former HR Legal Officer/Industrial & Labor Relations Manager, and Former Compliance Officer*

Luis Martin E. Villalon 52, Filipino First Vice President *Investment Banking Group*	• First Metro – *Former Head of Coverage Team 1 and Former Deputy Head of Equity Capital Markets* • Ampersand Capital Incorporated – *Former Head of Capital Markets* • Philippine Commercial Capital Inc – *Former Head of Capital Markets* • SB Capital Investment Corporation – *Former Investment Banking Director* • HSBC (New York Office) – *Former Vice President of Global Corporate Banking* • Citibank (New York Office) – *Former Assistant Vice President of Corporate and Investment Banking* • Houlihan Lokey Howard And Zukin – *Former Technical Assistant*
Marie Suzanne Sison-Sevilla 61, Filipino *Chief Information Officer/Digital Services Group Head*	• IT Managed Services Inc. (ITMSI) – *Director* • Intelligent E-Processes Technologies Corporation (IETC) – *Director* • PROSYNC Retiremend Fund – *Trustee* • Fiesta Pacific Asia, Inc. – *Director* • Process Synergy Inc. (PROSYNC) – *Director* • SMITS Retirement Fund – *Trustee* • SMITS Inc. – *Director* • Bell Telecommunications Philippines Inc. – *Former Chief Information Officer and Information Technology Head* • Philippine Airlines – *Former Head of Information Services Department* • Bank of Commerce – *Former Information Technology Services Division Head* • Personas Creadoras – *Former Freelance Independent IT Management Consultant* • IBM Philippines – *Former Manager*

SIGNIFICANT EMPLOYEE

The Bank has no employee who is not an executive officer but who is expected to make a significant contribution to the business.

FAMILY RELATIONSHIPS

Mr. Roberto C. Benares, Director and former President of the Bank, is related within the third civil degree of affinity to Mr. Jose T. Pardo, Advisor to the Board of Directors. Mr. Benares is married to Mr. Pardo's niece. Other than this, no other family relationships among the directors or senior executives, either by consanguinity or affinity.

INVOLVEMENT IN LEGAL PROCEEDINGS

To the best of its knowledge, the Bank is not aware of any of the following events having occurred during the past five (5) years up to date, that are material to an evaluation of the ability or integrity of any Director, nominee for election as Director or Senior Executive of the Bank:

a. any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

b. any conviction by final judgment, including the nature of the offence, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

c. being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;

d. being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Securities and Exchange 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.

PARENT COMPANIES

As of December 31, 2024, San Miguel Properties, Inc. owns and controls 447,711,800 common shares comprising 31.9107% of the capital stock of the Bank entitled to vote, and San Miguel Corporation Retirement Plan owns and controls 432,626,860 common shares comprising 30.8355% of the capital stock of the Bank entitled to vote.

Item 10. EXECUTIVE COMPENSATION DISCLOSURE AND TRANSPARENCY

The Bank recognizes the need to report material information in a complete, accurate and timely manner thru easily accessible medium of communications.

SENIOR EXECUTIVE OFFICERS

The following table sets out the Bank's President and Chief Executive Officer and the four (4) most highly compensated executive officers of the Bank for the years ended 31 December 2022 to 2024:

Name	Position	Applicable Fiscal Year 2022-2024
Michelangelo R. Aguilar	President and CEO	2022 to 2024
Felipe Martin F. Timbol	Executive Vice President	2022 to 2024
Manuel A. Castañeda III	Executive Vice President	2022 to 2024
Antonio S. Laquindanum	Executive Vice President	2022 to 2024
Marie Suzanne A. Sison-Sevilla	Senior Vice President	2024
Reginald C. Nery	Senior Vice President	2023
Donald Benjamin G. Limcaco	Senior Vice President	2021 to 2022

The following table identifies and summarizes the aggregate compensation of the Bank's President and the four most highly compensated executive officers, as well as the aggregate compensation paid to all other officers as a group, for the years ended 31 December 2022 to 2024:

	Year	Salary (in ₱)	Bonus (in ₱)	Other Annual Compensation	TOTAL (in ₱)
President and the four (4) most highly compensated executive officers named above	2023	73,027,452	8,332,437	11,391,768	92,751,657
	2024	81,996,720	8,786,427	18,333,840	109,116,987
	2025 (estimate)	87,736,890	27,030,169	-	114,767,059
Aggregate compensation paid to all Senior Executive Team members and Directors as a group	2023	177,265,433	27,152,295	32,700,274	237,118,003
	2024	196,987,995	29,806,001	12,443,421	239,237,417
	2025 (estimate)	210,346,739	59,930,522	13,065,592	283,342,853

The senior executive team officers receive salaries and bonuses that are included in the amounts stated above. The Bank has a salary structure in place that is used in determining the remuneration of all employees. Remuneration of executive officers is determined by their current pay, performance, the Bank's performance, and salary scale. Aside from the foregoing, they have no other compensation plan or arrangement with the Bank.

STANDARD ARRANGEMENTS

Other than payment of a reasonable per diem and bonuses which ranges from P20,000 to P40,000 for every meeting, there are no standard arrangements pursuant to which the Board of Directors are compensated, or are to be compensated, directly or indirectly, for any services provided as a director. In accordance with the By-Laws, the members of the Board of Directors, the Executive Committee, other committees, and the Corporate Secretary shall be entitled to per diem for every attendance in meetings, the amount of which shall be fixed by the stockholders from time to time.

For the last three fiscal years, the following are the aggregate compensations of the directors:

The Directors' Fees are subject to the approval of the stockholders in accordance with the Bank's By-laws.

EMPLOYMENT CONTRACT BETWEEN THE BANK AND KEY MANAGEMENT PERSONNEL

There are no special employment contracts between the Bank and Senior Management.

WARRANTS AND OPTIONS HELD BY THE KEY MANAGEMENT PERSONNEL AND DIRECTORS

There are no outstanding warrants or options held by Key Management Personnel, and all officers and directors as a group.

COMPENSATION PLANS

There is no action to be taken at the 2025 Annual Stockholders' Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets out the record and beneficial owners of more than 5.0% of the Bank's voting securities known to the Bank as of December 31, 2024:

<table>
<tr><th>Title of Class</th><th>Name and Address of Record Owners and Relationship with the Bank</th><th>Name of Beneficial Owner and Relationship with Record Owner</th><th>Citizenship</th><th>Number of Shares</th><th>% of Ownership (Total Outstanding)</th><th>% of Ownership (Common)</th></tr>
<tr><td>Common</td><td rowspan="2">SMC Equivest Corporation</td><td rowspan="3">San Miguel Corporation (SMC) owns 100% of the outstanding common stock of SMC Equivest and 99.87% of SMPI.

Top Frontier Investments Holding (TFIH) owns 36.95% of SMC.</td><td rowspan="2">Filipino</td><td>68,305,560</td><td rowspan="2">26.6515%</td><td>4.8685%</td></tr>
<tr><td>Preferred</td><td>416,666,670</td><td>N/A</td></tr>
<tr><td>Common</td><td>San Miguel Properties, Inc. (SMPI)</td><td>Filipino</td><td>447,711,800</td><td>24.6039%</td><td>31.9107%</td></tr>
<tr><td>Common</td><td>San Miguel Corporation Retirement Plan</td><td>Various employees of San Miguel Corporation</td><td>Filipino</td><td>432,626,860</td><td>23.7749%</td><td>30.8355%</td></tr>
<tr><td>Common</td><td>PCD Nominee Corporation</td><td>Various Individuals/Entities</td><td>Filipino</td><td>160,115,004</td><td>8.7990%</td><td>11.4122%</td></tr>
<tr><td>Common</td><td>PCD Nominee Corporation</td><td>Various Individuals/Entities</td><td>Non-Filipino</td><td>141,610,666</td><td>7.7821%</td><td>10.0933%</td></tr>
<tr><td>Common</td><td>Caritas Health Shield, Inc.</td><td>Mariano T. Katipunan, Jr., Filipino, President and CEO and Edgar De Asis, Filipino, FVP, Finance, are officers and beneficial owners of Caritas Health Shield, Inc.
*Caritas Health Shield is under receivership by the Insurance Commission as of August 1, 2023</td><td>Filipino</td><td>109,666,640</td><td>6.0267%</td><td>7.8165%</td></tr>
</table>

Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Bank has various transactions with its related parties and with certain directors, officers, stockholders and related interests (DOSRI). These transactions usually arise from normal banking activities such as lending, borrowing, deposit arrangements and trading of securities, among others. Under existing policies of the Bank, transactions with related parties are made substantially on the same terms as with other individuals and businesses of comparable risks. As of December 31, 2024 and 2023, DOSRI loans of the Bank amounted to P0.06 million and P0.2 million, respectively. Details on related party transactions are further explained in Note 33 of the Audited Financial Statements. The Bank is not a subsidiary of any corporation.

PART IV – CORPORATE GOVERNANCE

Item 13. CORPORATE GOVERNANCE

On 27 October 2020, the Board adopted the Manual on Corporate Governance ("Manual"), which institutionalizes the principles of good corporate governance in the entire organization. The Bank believes that it is a necessary component of sound strategic business management, hence, we undertake efforts to create awareness within the organization. The Manual is reviewed and updated annually to capture current and best practices. Proposed amendments thereof are presented to and approved by the Board as reviewed and endorsed by the Corporate Governance Committee.

In adopting the Manual, the Board and its members acknowledge the responsibility in governing the conduct of the business of the Bank, the Board Committees, in focusing on specific board functions to aid in the optimal performance of its roles and responsibilities, and the officers, in ensuring adherence to corporate principles and best practices.

Board committees have been established with focused oversight on internal control, risk management, and performance monitoring. As of date, the Bank has nine board-level committees: (1) Executive Committee; (2) Trust and Investment Committee; (3) Audit Committee; (4) Board Risk Oversight Committee; (5) Corporate Governance Committee; (6) Nomination, Compensation and Remuneration Committee; (7) Related Party Transactions Committee; (8) Information Technology Steering Committee; and (9) Underwriting Committee. To ensure independent judgment on significant corporate matters, and that key issues and strategies are objectively reviewed and constructively challenged, five (5) of the nine (9) committees are headed by independent directors, namely, Audit, Board Risk Oversight, Corporate Governance, Nomination, Compensation and Remuneration; and Related Party Transaction. Board-level committee memberships were also evaluated and calibrated to improve on the committees' focused oversight and high-level engagement with management. The respective charters stating the committee purpose, membership, structure, operations, reporting processes and other information, are posted in the company website.

Annual performance reviews are conducted by all members of the Board, as follows:

1. Self-assessment

This is a yearly self-assessment undertaken by each member of the Board.

2. Peer Assessment
   This is a yearly performance evaluation done by each member of the Board on the performance of his peers (BOD members).

3. Board Committee Assessment
   This is a yearly evaluation done by the Chairman of each Board Committee on the Board Committee he presides. Each member of the Board Committee also assesses the performance of said Committee.

4. Board Assessment
   This is a yearly evaluation undertaken by each member of the Board on the performance of the Board.

Results of these assessments are reported to Corporate Governance Committee and the Board and shared with Nomination Compensation Remuneration Committee (NCRC) for consideration in the re-election of each member of the Board. It also serves as basis in the training needs of each member of the Board.

With respect to Board Advisors, annual evaluation is also done by the members of the Board on the performance of the Board Advisors. The same is reported to the Corporate Governance Committee and the Board and shared with the NCRC for consideration in the renewal of the Board Advisors.

Moreover, the Bank's Internal Audit Division performs periodic corporate governance audit to review and evaluate the Bank's adherence to the guiding principles of the Bangko Sentral ng Pilipinas (BSP), and alignment with international best practices on Corporate Governance Principles for Banks by Basel Committee on Banking Supervision (BCBS) every three (3) years. The last audit of the Corporate Governance was part of the 2022 Audit Plan. It was outsourced to Isla Lipana (PWC), the report of which was released on January 21, 2023. The next audit is scheduled in 2025.

The Bank has fully complied with the requirement on Corporate Governance consistent with the best practices. It has been responsive to newly issued circulars and memos by BSP as well as the comments and suggestions of BSP examiners with respect to governance structures, policies, procedures, and practices.

There are no known deviations or recorded deviations from the Corporate Governance framework of the Bank. The last two internal audit reports on corporate governance undertaken yielded an "Outstanding" audit rating, which means that no significant risks and concerns were noted, and controls were functioning as intended.

MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

There is no action to be taken at the 2024 Annual Stockholders' Meeting with respect to any transaction involving mergers, consolidations, acquisitions, and similar matters.

ACQUISITION OR DISPOSITION OF PROPERTY

There is no action to be taken at the 2024 Annual Stockholders' Meeting with respect to the acquisition or disposition of any property.

RESTATEMENT OF ACCOUNTS

There is no action to be taken at the 2024 Annual Stockholders' Meeting with respect to the restatement of any asset, capital or surplus account of the Bank.

PART V – EXHIBITS AND SHEDULES

Item 14. ANNEXES

ANNEX A: LIST OF PROPERTIES OWNED OR LEASED BY THE BANK

- Please see attached file

ANNEX B: AUDIT FINANCIAL STATEMENT

- Please see attached file

ANNEX C: REPORTS ON SEC FORM

- Please see attached file

PART V – ANNEXES

ANNEX A: LIST OF PROPERTIES OWNED OR LEASED BY THE BANK

I. PROPERTIES OWNED BY THE BANK

NO.	NAME OF BRANCH/ PROPERTY	LOCATION	TITLE NO.
1	**BATANGAS P. BURGOS BRANCH**	P. Burgos St., Barangay Poblacion, Batangas City	**T-40683**
2	**BROADCAST CITY BRANCH**	Capitol Hills Drive, Broadcast City Compound, Capitol Hills, Brgy. Old Balara, Quezon City	**T-225837**
3	**AYALA BRANCH**	6764 Phil. First Bldg, Ayala Avenue, Makati City	**47437**
4	**MARAMAG BRANCH**	Sayre Highway, Maramag, Bukidnon	T-36212
5	**CARMEN BRANCH**	Mc-Arthur Highway, Carmen, Rosales, Pangasinan	T-30890
6	**IBA ZAMBALES BRANCH**	Brgy. Zone II, Iba, Zambales	**T-45802**
7	**KABANKALAN BRANCH**	Guanzon Street and J. Cordova Street, Barangay 1, Kabankalan City, Neg. Occ.	**T-104029 / T-104030**
8	**GREENHILLS BRANCH**	Eisenhower Condominium, Eisenhower St., Greenhills, San Juan	**9397-R**
9	**SMPC - HEAD OFFICE**	SMPC No. 7 St., Francis Street., Mandaluyong City	**several CCTs**
		1-A	008-2011000095
		1-B	008-2011000096
		1-C	008-2011000097
		7-A	008-2012000219
		7-B	008-2012000218
		12-A	008-2011000098
		12-B	008-2011000099
		17-A	008-2011000100
		17-B	008-2011000101
		18-A	008-2011002076
		18-B	008-2011002077
		21-A	008-2011000102
		21-B	008-2011000103
		22-A	008-2011000104
		22-B	008-2011000105
		24-A	008-2011000106
		24-B	008-2011000107
		25	008-2011000108
		26	008-2011000109
10	**PASEO (portion of the building)**	Unit A, G/F Legaspi Tower 200 (South Wing), No. 107 Paseo De Roxas, Legaspi Village, Makati City	8700

II. PROPERTIES LEASED BY THE BANK

BC Name	Business Address	Lease Rate Inclusive of 12% VAT	Lease Term Start	Lease Term End
METRO MANILA				
Aduana	G/F FEMII Building, A. Soriano St., Brgy. 656, Intramuros, Manila	184,031.14	03/01/2023	02/28/2028
Alabang	Unit-6 El Molito-II Building, Madrigal Avenue cor. Alabang-Zapote Road, Brgy. Ayala Alabang, Muntinlupa City.	394,922.04	03/15/2022	03/14/2025
Banawe	No. 128-B, WAS Building, Banawe Street, Brgy. Tatalon, Quezon City.	167,071.59	04/03/2020	04/02/2025
Bel-Air Petron	363 Sen. Gil Puyat Ave., Brgy. Bel-Air, Makati City.	224,000.00	09/22/2021	09/21/2026
BF Homes	33 President's Ave., Brgy. B.F. Homes, Paranaque City.	233,564.27	04/04/2022	04/03/2027
Bicutan	G/F Filhome Builders Building, No. 68 Dona Soledad Ave., Betterliving Subdivision, Brgy. Don Bosco, Paranaque City.	80,126.18.00	07/01/2022	06/30/2027
Jupiter	64/66 Jupiter St., Brgy. Bel-Air, Makati City	102,896.00	03/17/2011	03/16/2026
Caloocan	100 8th Avenue cor. A. Del Mundo St., Brgy 058, Caloocan City.	104,404.53	08/01/2020	07/31/2025
Commonwealth	G/F Verde Oro Building, 535 Commonwealth Ave., Matandang Balara, Quezon City.	184,903.69	03/01/2022	02/28/2027
Concepcion	No. 52 A.M. PACLEB Building, Bayan-Bayanan Avenue, Brgy. Concepcion Uno, Marikina City.	151,200.00	08/23/2020	08/22/2025
Cubao	Unit 1, G/F Harvester Corporate Center, P. Tuazon Cor. 7th & 8th Ave., Brgy. Socorro, Cubao, Quezon City	516,146.40	08/01/2022	07/31/2027
Dasmariñas-Binondo	G/F, 304 STP Building, Dasmarinas cor. Marquina Sts., Brgy. 291, Binondo, Manila.	157,595.26	09/01/2020	08/31/2025
Del Monte	G/F Bank of Commerce Building, Del Monte Ave. cor. D. Tuazon St., Brgy. Maharlika, Quezon City	190,591.39	06/18/2019	06/17/2029
Dela Costa-Alfaro	G/F 100 Don Chua Lamko Building, H.V. Dela Costa cor. Leviste St., Salcedo Village, Brgy. Bel-Air, Makati City	238,563.36	11/01/2023	10/31/2028
Diliman	Commonwealth Ave., Cor. Masaya St., Brgy. Old Capitol Site, Quezon City	476,478.45	05/01/2020	04/30/2025
Eastwood-Petron	No. 188 E. Rodriguez Jr. Avenue (C-5), Brgy. Bagumbayan, Quezon City.	192,339.87	02/15/2021	02/14/2024
Sto. Cristo	G/F Kim Siu Ching Foundation Building, 471-483 Sto. Cristo cor. Jaboneros St., Brgy. 281 Binondo Manila	195,486.22	08/01/2023	07/31/2025
Ermita	1312 A. Mabini St., Brgy. 669, Ermita, Manila	184,800.00	10/01/2023	09/30/2028
E. Rodriguez	No. 84 Hemady St., New Manila, Brgy. Mariana, Quezon City.	234,612.00	01/01/2023	12/31/2027
Fort Bonifacio Global City	G/F Kensington Place, Burgos Circle, Brgy. Fort Bonifacio, Taguig City.	416,683.28	10/01/2022	09/30/2027
Grace Park	G/F No. 554 HGL Building, EDSA Cor. Biglang Awa Street, Brgy. 95, Caloocan City.	208,939.19	11/01/2023	10/31/2028
Juan Luna	No. 465 MCU Building, Juan Luna Street, Brgy. 287, Binondo, Manila.	347,497.52	09/19/2020	09/18/2025

BC Name	Business Address	Lease Rate Inclusive of 12% VAT	Lease Term	
			Start	End
Tomas Morato	Tomas Morato Ave., cor. Dr. Lascano St., Brgy. Sacred Heart, Quezon City	276,864.00	10/23/2022	10/22/2027
Katipunan-Petron	Katipunan Ave., cor. Mangyan Road, La Vista, Brgy. Pansol, Quezon City.	197,594.04	10/28/2021	02/14/2024
Las Pinas	G/F Pelayo Building, Alabang-Zapote Road, Manuela Subdivision, Brgy. Pamplona-III, Las Piñas City.	153,893.13	04/01/2023	03/31/2028
Makati Avenue-Zuellig	Unit 2, G/F Zuellig Building, Makati Ave., Cor. Paseo De Roxas & Sta. Potenciana Sts., Brgy. Bel-Air, Makati City.	573,317.65	01/01/2020	12/31/2026
Magallanes	G/F Tritan Plaza Building, San Antonio St., Paseo de Magallanes, Brgy. Magallanes, Makati City.	126,896.00	09/30/2023	09/29/2028
Malabon	29 Gov. Pascual Ave., Brgy. Acacia, Malabon City.	164,640.00	06/01/2024	05/31/2032
Malabon-Gen. Luna	No. 55 Gen. Luna St., Brgy. San Agustin, Malabon City.	105,025.97	03/01/2023	02/28/2033
Marcos Highway	Unit # 10, No. 4 Thaddeus Arcade, Gil Fernando Avenue corner Pitpitan Street, Brgy. San Roque, Marikina City.	207,721.08	09/01/2023	08/31/2028
Marikina	No. 258 J.P. Rizal St., Brgy. Sta. Elena, Marikina City	258,472.08	02/17/2023	02/16/2028
NAIA Terminal-3	Stall No. 14, Arrival Lobby, NAIA Terminal 3, Brgy. 183, Pasay City.	34,692.00	01/01/2024	12/31/2024
Pasay Road	1006 Cedar Executive Building, A. Arnaiz Ave., San Lorenzo Village, Brgy. San Lorenzo, Makati City	471,355.15	11/01/2024	10/31/2029
Pasig	G/F Renaissance 2000 Tower, Meralco Ave., Brgy. San Antonio, Pasig City.	691,692.98	01/03/2024	01/02/2028
Pasig C-5	#100 E. Rodriguez Jr. Ave., C5 Road, Brgy. Ugong, Pasig City	168,000.00	11/01/2023	10/31/2033
Pasong Tamo Ext.	2295 OPVI Centre, Pasong Tamo Extension, Brgy. Magallanes, Makati City	187,926.07	12/27/2022	12/26/2027
Port Area	G/F/ Mary Bachrach Building, 25th Cor. Delgado Sts., Brgy. 653, Port Area, Manila	113,899.52	09/01/2012	05/31/2012
Quezon Avenue	No. 8 Sto. Domingo Church Compound, Biak-Na-Bato St cor. Quezon Ave., Brgy. Sto. Domingo, Quezon City.	245,537.90	11/28/2019	11/27/2024
Quiapo	No. 609 Sales St., Brgy. 309, Quiapo, Manila.	185,517.86	09/01/2022	08/31/2027
Rockwell	P1 - Concourse Level, The Powerplant Mall, Rockwell Center, Brgy. Poblacion, Makati City	332,291.23	07/01/2024	06/30/2025
Fairview-Petron	G/F Petron Station, Commonwealth Avenue, Brgy. Fairview, Quezon City.	86,201.10	09/01/2022	08/31/2025
Ninoy Aquino Avenue	Unit W & Y, No. 707 Columbia Airfreight Complex, Ninoy Aquino Ave., Brgy. Sto. Nino, Paranaque City.	229,690.14	06/16/2023	06/15/2028
Salcedo	G/F Aguirre Building, Tordesillas cor. H.V. Dela Costa St., Salcedo Village, Brgy. Bel-Air, Makati City.	183,254.13	01/05/2024	01/04/2029
Soler	1004 Reina Regente cor. Soler St., Brgy. 292 Binondo, Manila	194,481.00	05/21/2022	05/20/2027
Resorts World	Unit R3, GF Star Cruises Centre, 100 Andrews Avenue, Newport City Brgy. 183, Pasay City	389,623.24	04/01/2020	01/31/2025

BC Name	Business Address	Lease Rate Inclusive of 12% VAT	Lease Term	
			Start	End
Sucat	8338 Fortuna-II Bldg., Dr. A. Santos Ave., Brgy. San Isidro, Paranaque City.		06/19/2022	06/18/2027
Taft Avenue	G/F Endriga Building, 2270 Taft Ave., Brgy. 725, Malate, Manila	168,257.31	12/21/2021	12/20/2029
Taft-PGH	G/F Mirasol Building, 854 G. Apacible St., cor. Taft Ave., Brgy. 676, Ermita, Manila	177,486.92	08/01/2020	07/31/2025
Tutuban	G/F, Units LS-CM19 & 20, Centermall-II, Tutuban Center, C.M. Recto Ave., Brgy. 248, Binondo, Manila	138,885.60	01/01/2025	12/31/2025
UN Avenue	No. 429 Victoria Building, United Nations Avenue, Brgy. 666, Ermita, Manila.	296,800.00	11/16/2023	11/15/2028
Valenzuela	Units 12 & 13, Puregold Shopping Complex, McArthur Highway, Brgy. Dalandan, Valenzuela City.	113,874.60	01/15/2024	01/14/2029
Visayas Avenue	15 Visayas Avenue Extension, Brgy. Culiat, Quezon City.	129,654.00	06/01/2020	05/31/2025
Wack-Wack Petron	No. 553 Shaw Blvd., Brgy. Wack-Wack, Greenhills East, Mandaluyong City, Manila.	204,389.42	06/01/2011	05/31/2026
West Avenue	68 West Ave., Brgy. West Triangle, Quezon City	123,484.33	07/01/2023	06/30/2028
West Triangle	1451 Quezon Ave., cor. Examiner St., Brgy. West Triangle, Quezon City.	272,538.56	01/01/2023	12/31/2028
Bonifacio High Street	G/F Active Fun Building, 9th Avenue corner 28th Street, Brgy. Fort Bonifacio, Taguig City	804,973.16	09/01/2024	09/30/2025
Pasig Boulevard	152 Pasig Boulevard, Brgy. Bagong Ilog, Pasig City.	152,756.80	11/01/2024	10/31/2026
Dela Rosa	G/F King's Court Building-II, 2129 Chino Roces Ave., Cor. Dela Rosa Street, Pio Del Pilar, Makati City	236,322.55	09/16/2019	09/15/2024

LUZON

Baguio	G/F YMCA Baguio Building, Post Office Loop (Upper Session Road), Brgy. Session Road, Baguio City, Benguet.	226,175.49	06/01/2024	05/31/2029
Laoag	Rizal corner Gen. Hizon St., Brgy. 7-A, Laoag City, Ilocos Norte.	172,485.20	05/16/2019	05/15/2029
Candon	National Highway, Brgy. San Jose, Candon City, Ilocos Sur.	218,162.77	10/01/2021	09/30/2026
Dagupan	Eastgate Plaza Building, A.B. Fernandez Avenue, Dagupan City, Pangasinan.	94,080.00	04/01/2023	03/31/2028
La Union	Northway Plaza, National Highway, Brgy Sevilla, San Fernando City, La Union.	111,860.69	12/01/2019	11/30/2024
Urdaneta	The Pentagon Building, McArthur Highway, Brgy. Nancayasan, Urdaneta City, Pangasinan.	126,075.56	03/01/2023	02/28/2028
Vigan	G/F Plaza Maestro Commercial Complex, Florentino Cor. Jacinto Streets, Brgy. 1, Vigan City, Ilocos Sur.	212,809.92	02/19/2024	02/18/2029

BC Name	Business Address	Lease Rate Inclusive of 12% VAT	Lease Term	
			Start	End
Tuguegarao	Luna Corner Burgos St. Centro 6, Tuguegarao City, Cagayan	198,016.00	07/01/2023	06/30/2028
Santiago City, Isabela	G/F Oryza Hotel, Maharlika Highway, Brgy Villasis, Santiago City, Isabela.	129,654.00	09/17/2021	09/16/2026
Cauayan City, Isabela	G/F, Majesty Commercial Building, National Highway, Brgy. San Fermin, Cauayan, Isabela.	79,554.62	09/10/2021	09/08/2026
Angeles	McArthur Highway Cor. B. Aquino Street, Brgy. Lourdes Sur East, Angeles City, Pampanga.	227,304.20	03/18/2021	03/17/2026
Balanga	P. Paterno Street, Brgy. Poblacion, Balanga City, Bataan.	177,401.86	02/23/2021	02/22/2026
Balibago	McArthur Highway Cor. Victor Street, Brgy. Balibago, Angeles City, Pampanga.	160,122.30	02/01/2015	01/31/2025
Baliuag	G/F Doña Victoria Building, Gil Carlos Cor. Año Streets, Brgy. Poblacion, Baliuag, Bulacan.	306,641.10	09/09/2020	09/08/2028
Cabanatuan	G/F V. P Building, Maharlika Highway, Brgy. H. Concepcion, Cabanatuan City, Nueva Ecija.	174,132.47	10/27/2023	10/26/2025
Malolos	Paseo Del Congreso, Brgy. Caingin, Malolos City, Bulacan.	103,824.00	03/20/2022	03/19/2027
San Fernando, Pampanga	G/F Insular Life Building, McArthur Highway, Brgy. Dolores, San Fernando, Pampanga.	278,167.75	06/16/2022	06/15/2027
Sta. Cruz	National Road Cor. Misola St., Brgy. Poblacion South, Sta. Cruz, Zambales.	43,218.00	02/17/2020	02/16/2030
Subic Freeport	G/F, The Venue, Annex Building, Rizal Highway, Subic Bay Freeport Zone 2222, Olongapo City, Zambales.	114,917.24	08/01/2020	07/31/2025
Tarlac	Block 4, Unit 110-112, G/F, Rising Sun Building, McArthur Highway, Brgy. San Nicolas, Tarlac City.	125,701.73	03/01/2024	02/28/2029
Angeles Nepomart	G/F ENTEC Building, Teresa Avenue, Nepo Mart Complex, Bgy Cutcut, Angeles City, Pampanga	122,906.27	07/15/2021	07/14/2026
Baliuag DRT Highway	3006 Augustine Square Commercial Complex, Doña Remedios Trinidad (DRT) Highway, Brgy. Pinagbarilan, Baliuag, Bulacan.	78,576.11	06/01/2021	05/31/2026
Clark Freeport Zone	Unit 5A, Ground Floor Clark Center 14, Clark Center, Jose Abad Santos Avenue, Clark Freeport Zone, Mabalacat City, Pampanga	129,360.00	06/01/2023	08/31/2028
San Jose Del Monte	G/F Block 2, Lot 12, Quirino Highway, Cor. Diamond Crest Village, Brgy. San Manuel, San Jose Del Monte City, Bulacan.	127,968.50	10/01/2022	09/30/2027
Sta. Maria, Bulacan	G/F Jover Building, Narra Street, Bgy Sta. Clara, Sta. Maria, Bulacan.	93,441.60	06/16/2023	06/15/2028
San Fernando Sindalan	Jumbo Jenra, McArthur Highway, Bgy Sindalan, San Fernando City, Pampanga.	160,811.48	04/04/2018	04/03/2027
Batangas-Caedo	G/F Caedo Commercial Complex, Brgy. Calicanto, Batangas City.	112,000.00	04/01/2021	05/31/2026
Antipolo	JMK Building, Circumferential Road corner P. Oliveros Street, Barangay San Roque, Antipolo City, Rizal	129,920.00	12/01/2023	11/30/2028
Calamba	Unit 6 & 7, New Parian Business Center, National Road, Brgy. Parian, Calamba City, Laguna.	196,997.71	01/01/2023	12/31/2032

BC Name	Business Address	Lease Rate Inclusive of 12% VAT	Lease Term	
			Start	End
Dasmariñas-Cavite	G/F Veluz-Frances Plaza Building, Aguinaldo Highway, Brgy. Zone 1, Dasmariñas City, Cavite.	103,723.20	07/01/2023	06/30/2028
Lipa	# 7 Bank of Commerce Building, CM Recto Avenue, Bgy 9-A, Lipa City, Batangas.	122,350.97	11/01/2022	10/31/2027
Lucena	G/F Bank of Commerce Building, Quezon Avenue cor. Lakandula Street, Brgy. IX, Lucena City, Quezon.	158,731.87	12/16/2020	12/15/2025
Imus	G/F Lot 3 Block 1, Aguinaldo Highway, Brgy. Anabu 1-B, Imus City, Cavite.	94,080.00	03/01/2022	02/28/2027
San Pedro	G/F Pacita Commercial Complex, National Highway, Brgy. Nueva, San Pedro Laguna.	215,529.05	06/21/2019	06/20/2024
Sta. Rosa	Shop 1-A, Paseo-III, Embarcadero Lane, Paseo De Santa Rosa, Brgy. Don Jose, Sta. Rosa City, Laguna	220,410.85	09/16/2023	09/15/2026
Tanauan	G-04 The Citywalk, No. 2 President Laurel Highway, Brgy. Darasa, Tanauan City, Batangas.	75,420.05	01/01/2022	12/31/2026
Calapan	G/F Leona Yap Ong Building, J.P. Rizal Street, Brgy. San Vicente Central, Calapan City, Oriental Mindoro.	213,795.96	05/20/2023	05/19/2028
Puerto Princesa	J.P. Rizal Avenue, Brgy. Manggahan, Puerto Princesa City, Palawan.	165,670.65	04/01/2023	03/31/2028
Legazpi City	G/F Diabetes One Stop Center, LANDCO Business Park, Brgy. Capantawan, Legazpi City, Albay.	130,277.28	07/01/2018	06/30/2023
Naga	G/F No. 258 Romar Building-1, Elias Angeles Street, Brgy. Dinaga, Naga City, Camarines Sur.	140,026.32	06/13/2022	06/12/2027

VISAYAS

Bacolod-Araneta	G/F Yusay Arcade, Araneta Street, Brgy. 15, Bacolod City, Negros Occidental.	197,560.94	12/05/2024	12/4/2028
Bacolod-Lacson	Corner 12th & Lacson Streets, Brgy. 4, Bacolod City, Negros Occidental.	260,048.88	03/15/2020	03/14/2025
Estancia	Clement Street, Brgy. 25, Estancia, Iloilo City.	61,740.00	01/30/2020	01/29/2025
Iloilo Iznart	G/F TCT Building, Iznart Street, Brgy. Danao, Iloilo City.	177,799.44	06/01/2024	05/31/2029
Iloilo - J.M. Basa	G/F TTW Building J.M. Basa & Mapa Sts., Brgy. Ortiz, Iloilo City.	197,275.37	10/29/2020	10/28/2025
Kalibo	No. 1280 Garcia Building, C. Laserna Street, Brgy. Poblacion, Kalibo, Aklan.	138,017.87	05/26/2022	05/25/2027
Roxas City	G/F Gaisano Arcade, Arnaldo Boulevard, Brgy. Baybay, Roxas City, Capiz.	93,700.95	03/18/2023	03/14/2028
Iloilo Atria	F&B 2, UPMC Building, Atria Park District, Bgy San Rafael, Iloilo City.	100,517.38	04/11/2021	12/31/2022
Bacolod Capitol	GR 04 & 05, 888 Chinatown Premier Mall, Cottage Road corner Gatuslao St., Brgy. 8, Bacolod City, Negros Occidental.	89,111.00	06/01/2021	05/31/2026

BC Name	Business Address	Lease Rate Inclusive of 12% VAT	Lease Term	
			Start	End
Cebu Banilad	First Jomica Realty & Development Bldg., No. 888 A. S. Fortuna St., Bgy Banilad, Mandaue City, Cebu	146,862.51	09/01/2021	08/31/2026
Cebu-Main	Cebu Woman's Club Building, B. Rodriguez St. Cor. Osmeña Blvd., Brgy. Sambag-II, Cebu City.	408,961.78	05/01/2023	04/30/2028
Cebu F. Cabahug	Units 5 & 6 GPH Central, F. Cabahug corner Pres. Roxas Sts., Bgy Kasambagan, Cebu City	122,125.98	02/01/2023	01/31/2028
Cebu Sto. Niño - Magallanes	G/F Unit 2, Martina Sugbo Building, P Burgos corner Magallanes Sts., Bgy Sto. Nino, Cebu City	229,672.80	02/01/2023	01/31/2028
Mandaue-NRA	G/F Mantawe Ave., North Reclamation Area, Brgy. Tipolo, Mandaue	185,535.07	10/16/2024	10/15/2029
Dumaguete	Rusiana Building, North Road, Capitol Area (National Highway), Barangay Daro, Dumaguete City	95,198.10	06/17/2019	06/16/2029
Lapu-Lapu	Unit 3-5 AJS Building, M.L. Quezon National Highway, Brgy. Pusok, Lapu-Lapu City, Mactan, Cebu	120,767.86	09/03/2022	09/2/2027
Mandaue	G/F Entienza Building, National Highway, Brgy. Bakilid, Mandaue City, Cebu.	241,920.00	09/30/2024	09/29/2029
Tagbilaran	G/F 0025 Karan's Building, B. Inting St., 2nd district, Bgy Poblacion 2, Tagbilaran City	125,245.77	02/01/2020	01/31/2025
Cebu Talisay	PCJ Building, National Highway, Bulacao, Talisay City, Metro Cebu	91,476.00	07/18/2023	07/17/2028
Ormoc	G/F H. Serafica Building, Real Street, Brgy. District 24, Ormoc City, Leyte	170,567.24	03/01/2025	12/31/2026
Tacloban	Door Nos. 12 & 13, RUL Building, Justice Romualdez St., Brgy. 15, Tacloban City	102,436.91	12/01/2020	11/30/2025

MINDANAO

Zamboanga Veterans	Veterans Avenue cor. Camachile Street, Brgy. Zone 3, Zamboanga City, Zamboanga Del Sur.	147,000.38	04/01/2023	03/31/2028
Pagadian	F. S. Pajares Avenue, Brgy. Gatas, Pagadian City, Zamboanga del Sur.	87,605.09	04/08/2018	04/07/2028
Cagayan De Oro-Velez	Don A. Velez-Akut Streets, Brgy. 16, Cagayan De Oro City, Misamis Oriental.	356,357.40	09/05/2010	09/04/2025
Cagayan De Oro-Lapasan	Suites 6 & 7, Gateway Tower-1, Limketkai Center, Lapasan Highway, Brgy. Lapasan, Cagayan De Oro City	259,575.92	05/01/2020	04/30/2030
Cagayan De Oro Carmen	Eric Tan Building, Vamenta Boulevard, Brgy. Carmen, Cagayan De Oro City.	112,557.83	03/03/2023	03/02/2028
Iligan City	M. Badelles corner De Leon Street, Barangay Poblacion, Iligan City, Lanao del Norte.	98,000.00	12/31/2021	12/30/2026
Davao-City Hall	G/F Valgoson's Realty Building, City Hall Drive, Brgy. 2-A, Davao City, Davao Del Sur.	213,920.29	08/01/2019	07/31/2029
Davao Lanang	Consuelo Bldg, Km. 7, Lanang, Davao City	212,395.00	07/16/2023	07/15/2028

BC Name	Business Address	Lease Rate Inclusive of 12% VAT	Lease Term	
			Start	End
Davao-Rizal	G/F CAP Development Center Building, Rizal Street, Brgy. 3-A, Davao City, Davao Del Sur.	128,358.97	06/01/2022	05/31/2032
Tagum City	Units 104-105 PLJ Building, Apokon Road, Magugpo Poblacion, Tagum City, Davao del Norte.	87,605.09	06/28/2021	06/27/2026
General Santos	Ground Floor, C. Czar & Co. Bldg., Santiago Blvd., Dadiangas East, General Snatos City, South Cotobato	135,135.00	07/01/2023	06/30/2028
Butuan	G/F Cesia Building, Montilla Boulevard, Brgy. Urduja, Butuan City, Agusan Del Norte.	146,677.78	08/01/2024	07/31/2029

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

2 4 2 2 1

C O M P A N Y   N A M E

B A N K   O F   C O M M E R C E

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

San Miguel Properties Centre

No. 7, St. Francis Street

Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

C O M P A N Y   I N F O R M A T I O N

Company's email Address	Company's Telephone Number/s	Mobile Number
N/A	8982-6000	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
158	Last Tuesday of May	December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Antonio S. Laquindanum	ASLaquindanum@bankcom.com.ph	8982-6000	N/A

CONTACT PERSON's ADDRESS

12th Floor, San Miguel Properties Centre, No. 7 St. Francis St., Mandaluyong City

Note 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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

Joy Marsha H. Garcia-Saylon <jgsaylon@bankcom.com.ph>

From:	eafs@bir.gov.ph
Sent:	Monday, 7 April 2025 6:39 pm
To:	Tax Department
Cc:	Paulina T. Santos <ptsantos@bankcom.com.ph>
Subject:	Your BIR AFS eSubmission uploads were received

Caution: This message comes from an external organization. Exercise caution when opening attachments or clicking links, especially from unknown senders. When in doubt, contact the Security Administrator IOpD-SecAd@bankcom.com.ph.

Hi BANK OF COMMERCE,

Valid files

- EAFS000440440OTHTY122024.pdf
- EAFS000440440TCRTY122024-01.pdf
- EAFS000440440AFSTY122024.pdf
- EAFS000440440ITRTY122024.pdf
- EAFS000440440TCRTY122024-02.pdf
- EAFS000440440RPTTY122024.pdf
- EAFS000440440TCRTY122024-03.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-PMYM3VQ40BEJF978EQQPVZ4ZM0S2MRVZN**
Submission Date/Time: **Apr 07, 2025 06:38 PM**
Company TIN: **000-440-440**

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.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Bank of Commerce** (the "**Bank**") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 to do so.

The Board of Directors is responsible for 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.

R. G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Bank in accordance with Philippine Standard Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

FRANCIS C. CHUA
Chairman of the Board

MICHELANGELO R. AGUILAR
President and Chief Executive Officer

ANTONIO S. LAQUINDANUM
Chief Financial Officer, Finance and Controllership Group

Signed this 25th day of March 2025

SUBSCRIBED AND SWORN to before me this 25 MAR 2025, affiants exhibiting their Passport ID as follows:

Names	**Identification No.**	**Place of Issue**	**Valid Until**
Francis C. Chua	Senior Citizen ID No. GGG-001082	San Juan, Metro Manila	N/A
Michelangelo R. Aguilar	Passport No. P8692960A	DFA NCR East	September 9, 2028
Antonio S. Laquindanum	Passport No. P7572781B	DFA Manila	September 9, 2031

Doc. No. 258
Page No. 53
Book No. III
Series of 2025

REINIER ARIES A. RAZON
NOTARY PUBLIC FOR MANDALUYONG CITY
APPOINTMENT NO. 0709-24
UNTIL 31 DECEMBER 2025
SMPC, #7 ST. FRANCIS ST., MANDALUYONG CITY
PTR No. 5717148 / 02 JAN 2025 / MANDALUYONG CITY
IBP OR No. 496306 / 03 JAN 2025
ROLL OF ATTORNEYS NO. 80940

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and the Stockholders
Bank of Commerce
San Miguel Properties Centre
No. 7, St. Francis Street
Mandaluyong City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bank of Commerce (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 each of the three years in the period ended December 31, 2024, and notes, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *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 our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

KPMG

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was 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 this matter.

Allowance for Expected Credit Losses (ECL) for Loans and Receivables

The risk

We considered this as a key audit matter because of the complexity involved in the estimation process and the significant judgments that management makes in assessing the adequacy of allowance for expected credit losses. The key areas of judgment include: segmentation of the Bank's credit risk exposures; determining the method to estimate ECL; defining default; identifying exposures with significant increase in credit risk; determining assumptions to be used in the ECL model; and incorporating forward-looking information in calculating ECL.

As at December 31, 2024, loans and receivables amounted to P139.37 billion, with corresponding allowances of P2.87 billion. Provision for credit and impairment losses in 2024 amounted to P139.41 million. The disclosures in relation to the allowance for credit losses are included in Notes 12 and 17 of the financial statements.

Our response

We obtained an understanding of the Bank's ECL methodologies and models for loans and receivables, as approved by the Credit Committee and the Board of Directors, and evaluated whether those are (a) established and implemented consistently in accordance with the underlying principles of PFRS 9, *Financial Instruments;* (b) appropriate in the context of the Bank's lending activities and asset portfolio; and (c) supported with processes and controls including documentations that capture in sufficient detail the judgment and estimation applied in the development of the ECL model.

We have performed the following procedures to address the risk of material misstatement relating to the adequacy of allowance for impairment of loans and receivables:

- We evaluated the governance over the development, validation and approval of the ECL model including continuous reassessment performed by the Bank;

- We assessed the design and implementation and tested the operating effectiveness of key controls in the ECL process. This includes review of loan data input to source system, review of system configuration on aging of loans, review and approval process over the determination of loan risk rating, assessment of credit quality of loans and receivables relative to the established internal credit risk rating system, approval of restructured loans, review of underlying collateral valuation, and the calculation and recognition of the ECL allowance. Our assessment included the involvement of our internal IT specialist.

- We assessed whether the loans are classified to the appropriate stage, and challenged the criteria used to categorize the loan to respective stages;

- On a sample basis, we performed an independent credit review in order to evaluate the appropriateness and adequacy of the risk rating, application of the definition of significant increase in credit risk, staging of loans and credit review processes done by the Bank including its documentation. Accounts selected for review were based on a set of criteria designed to capture the items with high risk of material misstatement in the Bank's loan portfolios;

- We assessed the key assumptions in the ECL models such as the probability of default, loss given default and exposure at default built from historical data. Our assessment included the involvement of our internal financial risk management specialist;

- For forward-looking information used, we evaluated whether the historical and projected macro-economic factors were appropriate and sufficient. This included assessing the level of significance of the correlation of the forward-looking information to the default rates, as well as the impact of these variables in the ECL. We also reviewed management's use of expert credit judgment on the assessment of other macroeconomic factors as inputs in the ECL models;

- We assessed the completeness and accuracy of data inputs in the ECL models and in the ECL calculation by comparing them with the information obtained from source systems;

- We have assessed the accuracy and reasonableness of the outputs of the ECL models through independent recalculation; and

- We have assessed the appropriateness and adequacy of the disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 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 above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and determine whether the other information needs to be revised.

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

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

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

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

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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 audit.

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

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

KPMG

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Section 174 and Appendix 55 of the Manual of Regulations for Banks in Note 38 to the financial statements is presented for purposes of filing with the BSP and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Bank. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is Vanessa P. Macamos.

R.G. MANABAT & CO.

Vanessa P. Macamos

VANESSA P. MACAMOS
Partner
CPA License No. 0102309
BSP Accreditation No. 102309-BSP, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements*
Tax Identification No. 920-961-311
BIR Accreditation No. 08-001987-038-2022
Issued June 27, 2022; valid until June 26, 2025
PTR No. MKT 10467183
Issued January 2, 2025 at Makati City

**Renewal of accreditation in progress. Partner still qualified to audit of 2024 FS per BSP Circular No. 1210 Series of 2025, Revised Framework for Selecting External Auditors*

March 25, 2025
Makati City, Metro Manila

BANK OF COMMERCE
STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2024	2023
ASSETS			
Cash and Other Cash Items		**P4,244,123,801**	P3,500,645,345
Due from Bangko Sentral ng Pilipinas	*18*	**47,913,456,924**	24,271,918,477
Due from Other Banks		**3,819,385,135**	1,055,354,600
Interbank Loans Receivable and Securities Purchased under Resale Agreements	*8*	**3,587,364,728**	20,111,780,623
Financial Assets at Fair Value through Profit or Loss	*9*	**2,875,633,794**	398,792,440
Financial Assets at Fair Value through Other Comprehensive Income	*10*	**19,078,633,835**	11,043,804,828
Investment Securities at Amortized Cost	*11*	**36,611,668,381**	52,471,103,294
Loans and Receivables	*12*	**136,505,340,381**	109,566,176,319
Investment in an Associate	*13*	**34,432,505**	35,533,764
Property, Equipment and Right-of-Use Assets	*14*	**2,000,100,022**	1,791,195,950
Investment Properties	*15*	**3,992,770,160**	3,676,126,498
Deferred Tax Assets	*32*	**447,020,544**	475,332,923
Other Assets	*16*	**4,330,136,845**	3,270,214,009
		P265,440,067,055	P231,667,979,070
LIABILITIES AND EQUITY			
Deposit Liabilities	*18*		
Demand		**P63,961,971,799**	P54,569,494,343
Savings		**125,100,493,087**	109,667,913,265
Time		**17,916,072,997**	16,638,541,473
Long-term negotiable certificates		**5,029,420,000**	5,029,420,000
		212,007,957,883	185,905,369,081
Financial Liabilities at Fair Value through Profit or Loss	*9*	**45,214,075**	6,201,649
Bonds Payable	*20*	**6,534,447,698**	7,478,265,064
Manager's Checks		**1,414,092,221**	1,846,499,855
Accrued Interest, Taxes and Other Expenses	*21*	**1,098,193,220**	1,387,189,325
Other Liabilities	*22*	**11,110,094,707**	4,193,181,203
Total Liabilities		**232,209,999,804**	200,816,706,177
Equity			
Capital stock	*24*	**18,196,805,900**	18,196,805,900
Paid-in surplus	*24*	**7,229,275,360**	7,229,275,360
Surplus reserves	*25*	**1,169,045,556**	1,095,004,461
Retained earnings	*24*	**7,501,642,690**	5,123,378,774
Net unrealized losses on financial assets at fair value through other comprehensive income	*10*	**(534,761,685)**	(421,192,531)
Remeasurement losses on retirement liability	*29*	**(331,673,141)**	(365,718,897)
Share in other comprehensive loss of an associate	*13*	**(5,028,412)**	(4,537,968)
Cumulative translation adjustment		**4,760,983**	(1,742,206)
Total Equity		**33,230,067,251**	30,851,272,893
		P265,440,067,055	P231,667,979,070

See Notes to the Financial Statements.

BANK OF COMMERCE
STATEMENTS OF INCOME

	Note	2024	2023	2022
		Years Ended December 31		
INTEREST INCOME				
Interest income calculated using the effective interest method:				
Loans and receivables	*12*	**P9,428,536,340**	P8,244,672,503	P5,465,228,886
Investment securities at fair value through other comprehensive income and at amortized cost	*26*	**2,686,906,199**	2,247,720,169	1,681,784,534
Interbank loans receivable and securities purchased under resale agreements	*8*	**542,047,978**	875,706,076	539,158,895
Due from Bangko Sentral ng Pilipinas and other banks	*18*	**379,439,699**	372,909,945	274,855,345
Other interest income:				
Financial assets at fair value through profit or loss	*26*	**126,909,743**	21,561,207	4,603,469
		13,163,839,959	11,762,569,900	7,965,631,129
INTEREST EXPENSE				
Deposit liabilities	*18*	**3,465,676,029**	2,971,181,154	1,034,350,259
Bonds payable	*20*	**532,933,869**	412,986,306	173,783,546
Lease liabilities	*30*	**39,167,445**	32,817,258	28,177,821
Bills payable and other borrowings	*19*	**15,132,871**	49,098,268	47,041,557
		4,052,910,214	3,466,082,986	1,283,353,183
NET INTEREST INCOME		**9,110,929,745**	8,296,486,914	6,682,277,946
Service charges, fees and commissions	*27*	**1,074,763,874**	886,379,485	857,631,877
Gains on foreclosure and sale of property and equipment and foreclosed assets - net	*14, 15, 16*	**341,527,134**	495,400,228	340,449,070
Foreign exchange gains - net		**127,618,245**	141,121,355	150,319,774
Trading and investment securities gains (losses) - net	*28*	**(1,040,119)**	10,598,350	(29,216,561)
Miscellaneous	*31*	**102,575,019**	145,276,382	115,179,381
TOTAL OPERATING INCOME		**10,756,373,898**	9,975,262,714	8,116,641,487
Compensation and fringe benefits	*29*	**2,636,796,103**	2,258,396,096	1,904,811,525
Taxes and licenses	*32*	**1,094,552,944**	1,063,031,768	947,182,470
Depreciation and amortization	*14, 15, 16*	**623,167,231**	489,379,046	431,663,464
Rent and utilities	*30*	**622,696,361**	647,697,989	631,549,967
Service fees and commissions	*27*	**495,120,304**	417,924,021	293,329,555
Insurance	*18*	**383,986,220**	345,083,471	348,354,755
Provision for credit and impairment losses	*17*	**139,412,219**	78,844,599	166,210,318
Subscription fees		**106,359,193**	188,452,835	122,534,992
Management and professional fees		**97,913,772**	140,883,712	108,572,826
Amortization of software costs	*16*	**95,597,821**	76,741,228	73,068,105
Entertainment and recreation		**19,367,927**	12,142,020	76,226,795
Miscellaneous	*31*	**498,085,582**	519,792,983	546,579,681
TOTAL OPERATING EXPENSES		**6,813,055,677**	6,238,369,768	5,650,084,453

Forward

		Years Ended December 31		
	Note	**2024**	2023	2022
INCOME BEFORE SHARE IN NET LOSS OF AN ASSOCIATE AND INCOME TAX EXPENSE		**P3,943,318,221**	P3,736,892,946	P2,466,557,034
SHARE IN NET LOSS OF AN ASSOCIATE	*13*	**610,815**	782,580	133,185
INCOME BEFORE INCOME TAX EXPENSE		**3,942,707,406**	3,736,110,366	2,466,423,849
INCOME TAX EXPENSE	*32*	**917,768,296**	933,891,191	666,355,249
NET INCOME		**P3,024,939,110**	P2,802,219,175	P1,800,068,600
Earnings Per Share Attributable to Equity Holders of the Bank	*36*			
Basic		**P1.98**	P1.86	P1.24
Diluted		**1.66**	1.54	1.03

See Notes to the Financial Statements.

BANK OF COMMERCE
STATEMENTS OF COMPREHENSIVE INCOME

			Years Ended December 31	
	Note	**2024**	2023	2022
NET INCOME		**P3,024,939,110**	P2,802,219,175	P1,800,068,600
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may not be reclassified to profit or loss				
Net change in remeasurement losses on retirement liability	*29*	**34,045,756**	(287,995,697)	184,824,187
Net change in fair value of equity securities at fair value through other comprehensive income (FVOCI)	*10*	**28,054,000**	15,857,461	4,413,992
		62,099,756	(272,138,236)	189,238,179
Items that may be reclassified to profit or loss				
Net change in fair value of debt securities at FVOCI	*10*	**(57,697,078)**	308,408,749	(578,936,156)
Net movement in cumulative translation adjustment		**6,503,189**	(7,621,159)	(1,131,861)
Net change in fair value of debt securities at FVOCI taken to profit or loss	*10*	**(1,623,076)**	(6,964,361)	-
Share in other comprehensive loss of an associate	*13*	**(490,444)**	(3,206,283)	(5,777)
		(53,307,409)	290,616,946	(580,073,794)
		8,792,347	18,478,710	(390,835,615)
TOTAL COMPREHENSIVE INCOME		**P3,033,731,457**	P2,820,697,885	P1,409,232,985

See Notes to the Financial Statements.

BANK OF COMMERCE
STATEMENTS OF CHANGES IN EQUITY

										Years Ended December 31
	Note	**Capital Stock** (Note 24)	**Paid-in Surplus** (Note 24)	**Surplus Reserves** (Note 25)	**Retained Earnings** (Note 24)	**Remeasurement Losses on Retirement Liability** (Note 29)	**Net Unrealized Losses on Financial Assets at FVOCI** (Note 10)	**Cumulative Translation Adjustment**	**Share in Other Comprehensive Loss of an Associate** (Note 13)	**Total Equity**
Balance as at December 31, 2023		**P18,196,805,900**	**P7,229,275,360**	**P1,095,004,461**	**P5,123,378,774**	**(P365,718,897)**	**(P421,192,531)**	**(P1,742,206)**	**(P4,537,968)**	**P30,851,272,893**
Net income for the year		**-**	**-**	**-**	**3,024,939,110**	**-**	**-**	**-**	**-**	**3,024,939,110**
Other comprehensive income (loss) for the year:										
Items that may not be reclassified to profit or loss:										
Net change in remeasurement losses on retirement liability		**-**	**-**	**-**	**-**	**34,045,756**	**-**	**-**	**-**	**34,045,756**
Net change in fair value of equity securities at FVOCI		**-**	**-**	**-**	**-**	**-**	**28,054,000**	**-**	**-**	**28,054,000**
Items that may be reclassified to profit or loss:										
Net change in fair value of debt securities at FVOCI		**-**	**-**	**-**	**-**	**-**	**(57,697,078)**	**-**	**-**	**(57,697,078)**
Net movement in cumulative translation adjustment		**-**	**-**	**-**	**-**	**-**	**-**	**6,503,189**	**-**	**6,503,189**
Net change in fair value of debt securities at FVOCI taken to profit or loss		**-**	**-**	**-**	**-**	**-**	**(1,623,076)**	**-**	**-**	**(1,623,076)**
Share in other comprehensive loss of an associate		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(490,444)**	**(490,444)**
Total comprehensive income for the year		**-**	**-**	**-**	**3,024,939,110**	**34,045,756**	**(31,266,154)**	**6,503,189**	**(490,444)**	**3,033,731,457**
Cash dividends	*24*	**-**	**-**	**-**	**(654,937,099)**	**-**	**-**	**-**	**-**	**(654,937,099)**
Transactions within equity:										
Transfer to surplus reserves	*25*	**-**	**-**	**74,041,095**	**(74,041,095)**	**-**	**-**	**-**	**-**	**-**
Transfer of gain on equity securities at FVOCI realized through disposal	*10*	**-**	**-**	**-**	**82,303,000**	**-**	**(82,303,000)**	**-**	**-**	**-**
		-	**-**	**74,041,095**	**(646,675,194)**	**-**	**(82,303,000)**	**-**	**-**	**(654,937,099)**
Balance as at December 31, 2024		**P18,196,805,900**	**P7,229,275,360**	**P1,169,045,556**	**P7,501,642,690**	**(P331,673,141)**	**(P534,761,685)**	**P4,760,983**	**(P5,028,412)**	**P33,230,067,251**

Forward

										Years Ended December 31
	Note	Capital Stock (Note 24)	Paid-in Surplus (Note 24)	Surplus Reserves (Note 25)	Retained Earnings (Note 24)	Remeasurement Losses on Retirement Liability (Note 29)	Net Unrealized Losses on Financial Assets at FVOCI (Note 10)	Cumulative Translation Adjustment	Share in Other Comprehensive Loss of an Associate (Note 13)	Total Equity
Balance as at December 31, 2022		P18,196,805,900	P7,229,275,360	P983,407,496	P2,425,229,109	(P77,723,200)	(P730,966,925)	P5,878,953	(P1,331,685)	P28,030,575,008
Net income for the year		-	-	-	2,802,219,175	-	-	-	-	2,802,219,175
Other comprehensive income (loss) for the year:										
Items that may not be reclassified to profit or loss:										
Net change in remeasurement losses on retirement liability		-	-	-	-	(287,995,697)	-	-	-	(287,995,697)
Net change in fair value of equity securities at FVOCI		-	-	-	-	-	15,857,461	-	-	15,857,461
Items that may be reclassified to profit or loss:										
Net change in fair value of debt securities at FVOCI		-	-	-	-	-	308,408,749	-	-	308,408,749
Net movement in cumulative translation adjustment		-	-	-	-	-	-	(7,621,159)	-	(7,621,159)
Net change in fair value of debt securities at FVOCI taken to profit or loss		-	-	-	-	-	(6,964,361)	-	-	(6,964,361)
Share in other comprehensive loss of an associate		-	-	-	-	-	-	-	(3,206,283)	(3,206,283)
Total comprehensive income for the year		-	-	-	2,802,219,175	(287,995,697)	317,301,849	(7,621,159)	(3,206,283)	2,820,697,885
Transactions within equity:										
Transfer to surplus reserves	*25*	-	-	111,596,965	(111,596,965)	-	-	-	-	-
Transfer of gain on equity securities at FVOCI realized through disposal	*10*	-	-	-	7,527,455	-	(7,527,455)	-	-	-
		-	-	111,596,965	(104,069,510)	-	(7,527,455)	-	-	-
Balance as at December 31, 2023		P18,196,805,900	P7,229,275,360	P1,095,004,461	P5,123,378,774	(P365,718,897)	(P421,192,531)	(P1,742,206)	(P4,537,968)	P30,851,272,893

Forward

										Years Ended December 31
	Note	Capital Stock (Note 24)	Paid-in Surplus (Note 24)	Surplus Reserves (Note 25)	Retained Earnings (Note 24)	Remeasurement Losses on Retirement Liability (Note 29)	Net Unrealized Losses on Financial Assets at FVOCI (Note 10)	Cumulative Translation Adjustment	Share in Other Comprehensive Loss of an Associate (Note 13)	Total Equity
Balance as at December 31, 2021		P15,390,777,900	P6,776,694,869	P755,806,267	P852,471,738	(P262,547,387)	(P156,154,761)	P7,010,814	(P1,325,908)	P23,362,733,532
Net income for the year		-	-	-	1,800,068,600	-	-	-	-	1,800,068,600
Other comprehensive income (loss) for the year:										
Items that may not be reclassified to profit or loss:										
Net change in remeasurement losses on retirement liability		-	-	-	-	184,824,187	-	-	-	184,824,187
Net change in fair value of equity securities at FVOCI		-	-	-	-	-	4,413,992	-	-	4,413,992
Items that may be reclassified to profit or loss:										
Net change in fair value of debt securities at FVOCI		-	-	-	-	-	(578,936,156)	-	-	(578,936,156)
Net movement in cumulative translation adjustment		-	-	-	-	-	-	(1,131,861)	-	(1,131,861)
Net change in fair value of debt securities at FVOCI taken to profit or loss		-	-	-	-	-	-	-	-	-
Share in other comprehensive loss of an associate		-	-	-	-	-	-	-	(5,777)	(5,777)
Total comprehensive income for the year		-	-	-	1,800,068,600	184,824,187	(574,522,164)	(1,131,861)	(5,777)	1,409,232,985
Issuance of common stock	*24*	2,806,028,000	452,580,491	-	-	-	-	-	-	3,258,608,491
Transactions within equity:										
Transfer to surplus reserves	*25*	-	-	227,601,229	(227,601,229)	-	-	-	-	-
Transfer of gain on equity securities at FVOCI realized through disposal	*10*	-	-	-	290,000	-	(290,000)	-	-	-
		2,806,028,000	452,580,491	227,601,229	(227,311,229)	-	(290,000)	-	-	3,258,608,491
Balance as at December 31, 2022		P18,196,805,900	P7,229,275,360	P983,407,496	P2,425,229,109	(P77,723,200)	(P730,966,925)	P5,878,953	(P1,331,685)	P28,030,575,008

BANK OF COMMERCE
STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2024**	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax expense		**P3,942,707,406**	P3,736,110,366	P2,466,423,849
Adjustments for:				
Depreciation and amortization	*14, 15, 16*	**623,167,231**	489,379,046	431,663,464
Interest expense on bonds payable	*20*	**532,933,869**	412,986,306	173,783,546
Gain on foreclosure and sale of property and equipment and foreclosed assets - net	*14, 15, 16*	**(341,527,134)**	(495,400,228)	(340,449,070)
Provision for credit and impairment losses	*17*	**139,412,219**	78,844,599	166,210,318
Amortization of software costs	*16*	**95,597,821**	76,741,228	73,068,105
Interest expense on lease liabilities	*30*	**39,167,445**	32,817,258	28,177,821
Gain on sale of financial assets at fair value through other comprehensive income (FVOCI)	*28*	**(1,623,076)**	(6,964,361)	-
Unrealized loss (gain) on financial assets at fair value through profit or loss (FVPL)	*28*	**1,017,785**	(22,810,265)	(3,032,696)
Share in net loss of an associate	*13*	**610,815**	782,580	133,185
Miscellaneous income		**(128,563)**	-	-
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Interbank loans receivables	*8*	**(138,551,738)**	-	-
Financial assets at FVPL		**(2,438,846,713)**	10,937,613	616,927,329
Loans and receivables		**(27,434,228,302)**	(4,762,183,490)	(31,013,170,773)
Other assets		**(969,092,677)**	(478,780,746)	(147,949,840)
Increase (decrease) in:				
Deposit liabilities		**26,102,588,802**	9,638,129,115	4,553,416,726
Manager's checks		**(432,407,634)**	1,185,045,941	(290,006,583)
Accrued interest, taxes and other expenses		**(309,693,260)**	217,489,398	130,239,910
Other liabilities		**6,952,726,227**	(64,244,233)	1,483,681,802
Net cash generated from (absorbed by) operations		**6,363,830,523**	10,048,880,127	(21,670,882,907)
Income taxes paid		**(857,379,603)**	(793,239,655)	(573,609,991)
Net cash provided by (used in) operating activities		**5,506,450,920**	9,255,640,472	(22,244,492,898)

Forward

				Years Ended December 31
	Note	**2024**	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale or redemption of:				
Investment securities at amortized cost		**P114,959,240,576**	P84,500,327,600	P59,895,050,000
Financial assets at FVOCI		**306,440,323**	5,963,068,067	578,775,000
Investment properties		**210,303,527**	238,440,930	299,555,213
Property and equipment		**43,868,326**	49,279,179	52,892,081
Additions to:				
Investment securities at amortized cost		**(99,097,828,884)**	(84,762,807,309)	(69,194,981,330)
Financial assets at FVOCI		**(8,370,802,075)**	(10,877,648,681)	(1,903,195,601)
Property and equipment	*14*	**(446,281,099)**	(466,379,345)	(182,356,128)
Software costs	*16*	**(228,113,759)**	(149,908,692)	(100,896,635)
Investment properties		**(14,077,138)**	(21,025,497)	(4,932,730)
Net cash provided by (used in) investing activities		**7,362,749,797**	(5,526,653,748)	(10,560,090,130)
CASH FLOWS FROM FINANCING ACTIVITIES				
Settlement of bonds payable	*35*	**(7,500,000,000)**	-	-
Issuance of bonds payable	*35*	**6,510,558,574**	-	7,427,633,892
Cash dividends paid	*24*	**(654,937,099)**	-	-
Payment of interest on bonds	*20*	**(495,836,441)**	(376,972,511)	(106,595,991)
Payment of lease liability	*35*	**(248,096,753)**	(238,014,973)	(231,255,989)
Issuance of common stock		**-**	-	3,258,608,491
Net cash provided by (used in) financing activities		**(2,388,311,719)**	(614,987,484)	10,348,390,403
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS		**6,524,975**	(7,624,444)	(1,082,325)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**10,487,413,973**	3,106,374,796	(22,457,274,950)
CASH AND CASH EQUIVALENTS - GROSS AT BEGINNING OF YEAR				
Cash and other cash items		**3,500,645,345**	2,735,170,691	2,747,780,890
Due from Bangko Sentral ng Pilipinas		**24,275,195,629**	23,678,666,441	45,373,267,996
Due from other banks		**1,055,497,093**	1,044,396,366	1,039,596,824
Interbank loans receivable and securities purchased under resale agreements		**20,114,496,080**	18,381,225,853	19,136,088,591
		48,945,834,147	45,839,459,351	68,296,734,301
CASH AND CASH EQUIVALENTS - GROSS AT END OF YEAR				
Cash and other cash items		**4,244,123,801**	3,500,645,345	2,735,170,691
Due from Bangko Sentral ng Pilipinas		**47,919,926,114**	24,275,195,629	23,678,666,441
Due from other banks		**3,819,900,855**	1,055,497,093	1,044,396,366
Interbank loans receivable and securities purchased under resale agreements		**3,449,297,350**	20,114,496,080	18,381,225,853
		P59,433,248,120	P48,945,834,147	P45,839,459,351

Forward

	Note	2024	2023	2022
		Years Ended December 31		
		2024	2023	2022
CASH FLOWS FROM INTEREST AND DIVIDENDS				
Operating Activities				
Interest received	*35*	**P12,965,794,655**	P11,694,840,211	P7,766,592,910
Interest paid		**3,562,029,531**	2,883,397,684	978,496,764
Dividends received	*35*	**P3,855,229**	P5,604,161	P1,612,352
Financing Activities				
Interest paid		**P535,003,886**	P409,789,769	P135,099,012
Dividends paid		**654,937,099**	-	-

See Notes to the Financial Statements.

BANK OF COMMERCE
NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

Bank of Commerce (the Bank) is a domestic corporation registered with the Securities and Exchange Commission (SEC) on December 16, 1963. The Bank's shares were listed with the Philippine Stock Exchange, Inc. (PSE) on March 31, 2022, as approved by the SEC on February 15, 2022. The Bangko Sentral ng Pilipinas (BSP) approved the upgrade of the Bank's banking license from commercial bank to universal bank on December 23, 2021. On August 11, 2022, the SEC approved the application of the Bank to act as underwriter of securities engaged in dealing government securities. On October 24, 2022, the Bank received from the BSP the Certificate of Authority to Operate as a Universal Bank dated October 4, 2022. On November 2, 2022, the Bank officially started operations as a universal bank.

The Bank provides services such as deposit products, loans and trade finance, domestic and foreign fund transfers, foreign exchange, credit card and trust services. The Bank's principal place of business is at San Miguel Properties Centre, No.7 St. Francis Street, Mandaluyong City. The Bank has a total of 140 branches nationwide, including the Head Office, as at December 31, 2024, 2023 and 2022.

San Miguel Properties, Inc. (SMPI) and San Miguel Corporation Retirement Plan (SMCRP) hold 31.91% and 30.84% ownership of the Bank's issued common shares, respectively, as at December 31, 2024 and 2023. Each of these shareholders has significant influence over the Bank. SMC Equivest Corporation holds 100% ownership of the Bank's issued non-voting preferred shares as at December 31, 2024 and 2023.

The Bank's original authority for its banking license was approved under Monetary Board (MB) Resolution No. 1045 dated October 4, 1963 as *The Overseas Bank of Manila*. The Bank received its Foreign Currency Deposit Unit (the "FCDU") license and launched its FCDU operations on September 23, 1983. The Bank received its Expanded FCDU license on March 10, 2010. The Bank was renamed Commercial Bank of Manila, Inc. on October 20, 1980, further renamed Boston Bank of the Philippines on July 27, 1988, and finally, Bank of Commerce on November 28, 1991.

Under Section 11, Corporate Term of the Revised Corporation Code issued on February 23, 2019, a corporation shall have perpetual existence unless its articles of incorporation provides otherwise. On January 30, 2020, the Board of Directors (BOD) approved the Amended Articles of Incorporation to reflect that the Bank's term of existence shall be perpetual. The said amendment was approved by the SEC on June 9, 2020.

The financial statements of the Bank were endorsed by the Audit Committee to BOD for its approval on March 21, 2025. The financial statements were approved and authorized for issue by the BOD on March 25, 2025.

2. Basis of Preparation

Statement of Compliance
These financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards as issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC). PFRS Accounting Standards are based on IFRS Accounting Standards issued by the International Accounting Standards Board (IASB).

The term "IFRS Accounting Standards" is now how the IFRS Foundation refers to IFRS Standards that encompass a set of accounting standards issued by the IASB to distinguish them from IFRS Standards that encompass a set of sustainability disclosure standards that are issued by the International Sustainability Standards Board and are referred to as "IFRS Sustainability Disclosure Standards". To align with the foregoing update, the FSRSC now refers to the locally adopted standards as "PFRS Accounting Standards" and "PFRS Sustainability Disclosure Standards", respectively.

PFRS Accounting Standards consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations.

Basis of Measurement
The financial statements of the Bank have been prepared on a historical cost basis, except for the following items:

Items	Measurement Bases
Financial assets and liabilities at fair value through profit or loss (FVPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Lease liability	Present value of remaining lease payments, discounted using the Bank's incremental borrowing rate
Net retirement liability	Present value of the defined benefit obligation less fair value of plan assets

Functional and Presentation Currency
The financial statements include accounts maintained in the Regular Banking Unit (the RBU) and the FCDU. The functional currency of the RBU and the FCDU is Philippine Peso (PHP) and United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated to their equivalents in PHP as discussed in Note 3. The financial statements individually prepared for these units are combined after eliminating inter-unit accounts.

All values are rounded to the nearest peso unless otherwise stated.

Presentation of Financial Statements
The Bank presents its statements of financial position broadly in the order of liquidity. An analysis regarding recovery of assets or settlement of liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 23.

3. Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, except for the adoption of the following amended standard, which became effective beginning January 1, 2024. Unless otherwise indicated, the adoption of this amended standard did not have an impact on the financials statements of the Bank. The Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendment to PAS 1, *Presentation of Financial Statements, Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current.* The amendment aims to promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

- removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

- clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;

- provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and

- clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

Foreign Currency Transactions and Translation
Foreign exchange differences arising from foreign currency transactions and revaluation and translation of foreign currency-denominated assets and liabilities to functional currency are credited to or charged as part of "Foreign exchange gains - net" account in the statements of income, except for differences arising from the re-translations of equity securities at FVOCI which are recognized directly in "Net change in fair value on equity securities at FVOCI" in other comprehensive income (OCI).

The books of accounts of the FCDU of the Bank are maintained in USD with various transactions in foreign currencies. The foreign currency-denominated income and expenses in the books of accounts are translated into their USD equivalent based on the exchange rates prevailing at the time of transaction. The foreign currency-denominated assets and liabilities at the reporting dates are translated into USD using the Banking Association of the Philippines (BAP) closing rate prevailing at the reporting date.

The foreign currency-denominated monetary assets and liabilities in the RBU are translated to PHP based on the BAP closing rate prevailing at the end of the year. Foreign currency-denominated income and expenses are translated to PHP at the exchange rates prevailing at transaction dates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

For reporting purposes, the FCDU income and expenses are translated to their equivalent in PHP based on the BAP weighted average rate (WAR) for the year. The assets and liabilities of the FCDU at the reporting date are translated into PHP using BAP closing rate at the reporting date. The exchange differences arising from translation (i.e., BAP WAR and BAP closing rate) of FCDU accounts to PHP as presentation currency are taken directly to OCI under “Net movement in cumulative translation adjustment” in the statements of comprehensive income. Upon disposal of the FCDU or upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in the statements of comprehensive income is recognized in the statements of income.

Financial Instruments - Initial Recognition

- *Date of Recognition*
  Regular way purchases and sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on settlement date. Settlement date accounting refers to: (a) the recognition of an asset on the day it is received by the Bank, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Bank. Deposit liabilities, bills payable, bonds payable, and loans and receivables are recognized when cash is received by the Bank or advanced to the borrowers.

  Derivatives are recognized on trade date basis. Trade date is the date when an entity commits itself to purchase or sell an asset. Trade date accounting refers to: (a) the recognition of an asset to be received or the liability to be paid on the trade date, and (b) the derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on trade date.

- *Initial Recognition of Financial Instruments*
  All financial instruments, whether financial assets or liabilities, are initially measured at fair value. Except for financial assets and liabilities valued at FVPL, initial measurement includes transaction costs.

Financial Instruments - Classification and Subsequent Measurement

Financial Assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL. The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Bank’s business model for managing them.

The Bank’s business model for managing financial assets refers to how it manages its financials assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are for sole payment of principal and interest (SPPI). This assessment is referred to as the SPPI test and is performed at an instrument level.

Business Model Assessment
The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level, not on an instrument-by-instrument basis, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

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

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed;

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

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

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

SPPI Test
As part of the Bank's classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

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

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

The Bank's measurement categories for financial assets are described below:

(i) Financial Assets at FVPL

Financial assets at FVPL include financial assets held for trading purposes, financial assets designated upon initial recognition at FVPL or financial assets mandatorily required to be measured at fair value. Equity securities are classified as financial assets at FVPL, unless the Bank designates an equity security that is not held for trading as at FVOCI at initial recognition.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition, it is part of a portfolio of identified financial instruments that the Bank manages together and has evidence of a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt securities to be classified at amortized cost or at FVOCI, as described in succeeding sections, debt securities may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are initially recognized and subsequently measured at fair value in the statements of financial position, with transaction costs recognized in the statements of income. Gains and losses arising from changes in the fair value of financial assets at FVPL and gains and losses arising from disposals of these securities are recognized under "Trading and investment securities gains (losses) - net" account in the statements of income. Interest earned or incurred is recorded as interest income or interest expense, respectively, while dividend income is recorded under "Miscellaneous income" account in the statements of income when the right to receive payment has been established.

Financial assets at FVPL include government and private debt securities held for trading, derivative instruments and debt securities that do not meet the SPPI test. Most of the Bank's derivative trading activities relate to deals with customers that are normally offset by transactions with other counterparties. The Bank may also take positions with the expectation of profiting from favorable movements in prices, rates or indices. The Bank is a counterparty to derivative contracts, such as currency forwards and warrants.

(ii) Financial Assets at Amortized Cost

The Bank measures debt financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization is included under “Interest income” account in the statements of income. Gains and losses are recognized in the statements of income when the financial asset is derecognized, modified or impaired, as well as through the amortization process. The losses arising from expected credit losses (ECL) is recognized under “Provision for credit and impairment losses” account, while reversals of ECL are recognized under “Reversal of credit and impairment losses” account. The two accounts are netted off in the statements of income. The effects of revaluation on foreign-currency denominated financial assets are recognized under “Foreign exchange gains - net” account in the statements of income.

The Bank’s financial assets at amortized cost include cash and other cash items (COCI), exclusive of cash on hand, amounts due from BSP and other banks, interbank loans receivable and securities purchased under resale agreements (SPURA), investment securities at amortized cost, loans and receivables from customers, sales contract receivables, unquoted debt securities, accrued interest receivable, accounts receivable and other receivables.

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

(iii) Financial Assets at FVOCI

- *Debt Securities*
  The Bank measures debt securities at FVOCI if both of the following conditions are met:

  - the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

  - the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

  Debt securities at FVOCI are subsequently measured at fair value with unrealized gains and losses arising from fair valuation recognized in OCI under the “Net unrealized losses on financial assets at FVOCI” account in the equity section of the statements of financial position. Interest income and foreign exchange gains and losses are recognized in the statements of income in the same manner as for financial assets measured at amortized cost. The ECL arising from impairment of such investments are recognized in the statements of income with a corresponding charge to “Provision for credit and impairment losses” account if the resulting ECL is impairment losses and to “Reversal of credit and impairment losses” account if the resulting ECL is reversal of impairment. Other fair value changes to measure the instrument at fair value is recognized in OCI.

  Upon derecognition, the cumulative gains or losses previously recognized in OCI are recognized under “Trading and investment securities gains (losses) - net” account in the statements of income.

- *Equity Securities*
  At initial recognition, the Bank can make an irrevocable election (on an instrument-by-instrument basis) to designate equity securities as at FVOCI. Designation as at FVOCI is not permitted if the equity security is held for trading.

  Equity securities designated at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in OCI under "Net unrealized losses on financial assets at FVOCI" account in the equity section of the statements of financial position. Dividends earned on holding equity securities designated at FVOCI are recognized in the statements of income as "Miscellaneous income" when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in OCI is reclassified to "Retained earnings" account in the equity section of the statements of financial position. Equity securities designated at FVOCI are not subject to impairment assessment.

  The Bank designated all equity securities that are not held for trading as at FVOCI on initial application of PFRS 9, Financial Instruments.

Financial Liabilities
The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or at FVPL.

Financial liabilities are classified and subsequently measured at amortized cost using the effective interest method, except for financial liabilities measured at FVPL. Financial liabilities measured at FVPL consists of: (a) financial liabilities held-for-trading, including derivative liabilities that are not accounted for as hedging instruments; and (b) financial liabilities designated at fair value through profit or loss.

The Bank may, at initial recognition, irrevocably designate financial liabilities as measured at FVPL.

The Bank's financial liabilities at amortized cost include deposit liabilities, bills payable, bonds payable, manager's checks, lease liabilities, accrued interest and other expenses (except accrued employee and other benefits and accrued taxes payable) and other liabilities (except withholding tax payable, retirement liability and ECL on off-balance sheet exposures).

Financial liabilities at FVPL include derivative liabilities held-for-trading arising from cross-currency swap and forward contracts. Similar to derivative assets, any gains or losses arising from changes in fair values of derivative liabilities are taken directly to "Foreign exchange gains - net" account in the statements of income. Derivatives are carried as liabilities when the fair value is negative.

Reclassification of Financial Assets and Liabilities
The Bank can reclassify financial assets if the objective of its business model for managing the financial asset changes. Reclassification of financial assets designated at FVPL or equity securities at FVOCI at initial recognition is not permitted.

A change in the objective of the Bank's business model will be effected only at the beginning of the next reporting period following the change in the business model.

Financial liabilities are not reclassified.

<u>Modifications of Financial Assets and Financial Liabilities</u>

Financial Assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expire. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and

- other fees are included in the statements of income and expenses as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

To determine whether a modification of a financial asset is substantial or non-substantial, the guidance set out in this policy should be applied. Where it is not clear whether a “substantial modification” has occurred based on the application of this guidance, a 10.0% net present value change (equivalent to the PFRS 9 - test for financial liabilities) should be applied as a backstop.

In some cases, whether or not a modification is substantial will be clear with little or no analysis while in others, a high degree of judgment may be required.

The modification of a financial asset could involve one or both of the following:

(a) Changes in contractual terms that have a direct impact on the contractual cash flows. For example: changes to limit, tenor (maturity), interest rate, currency, or introduction or removal of features that give rise to cash flows other than payments of principal and interest on the principal amount outstanding;

(b) Changes in contractual terms that do not have a direct impact on the contractual cash flows. For example: changes in security, collateral or other credit enhancements that change the credit risk associated with the loan.

Based on the Bank’s policy, the delineation between substantial and non-substantial modifications should focus on category (a) modifications, specifically changes in credit limit, tenor, currency or SPPI characteristics.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original EIR of the asset and recognizes the resulting adjustment as a modification gain or loss in the statements of income.

For floating-rate financial assets, the original EIR used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such modification is carried out because of the financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method.

Financial Liabilities
The Bank derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and consideration paid is recognized in the statements of income. Consideration paid included non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original EIR and the resulting gain or loss is recognized in the statements of income. For floating-rate financial liabilities, the original EIR used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining terms of the modified financial liability by re-computing the EIR on the instrument.

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial Assets
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;

- the Bank retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

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

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

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

Impairment of Financial Assets
The Bank recognizes ECL for loan and other debt financial assets at amortized cost and at FVOCI, together with loans commitments and financial guarantee contracts. No impairment loss is recognized on equity securities.

Expected Credit Loss Methodology
The Bank measures ECL in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. PFRS 9 requires a loss allowance to be recognized at an amount equal to either the 12-month ECL or lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date.

Staging Assessment
For non-impaired financial instruments:

- Stage 1: Comprised of performing financial instruments which have not experienced SICR since initial recognition or have low credit risk as of reporting date. This stage recognizes a 12-month ECL for the financial instruments categorized under this group.

- Stage 2: Comprised of under-performing financial instruments which have experienced a SICR since initial recognition, but do not have objective evidence of impairment. This stage recognizes a lifetime ECL for the financial instruments categorized under this group.

  For credit-impaired financial instruments:

- Stage 3: Comprised of non-performing financial instruments with one or more loss events occurring since the original recognition or assets with objective evidence of impairment at reporting date and matured accounts with outstanding balances. Financial instruments falling within this stage have objective evidence of impairment thus requiring the recognition of lifetime ECL.

Definition of “Default” and “Cure”
The Bank generally classifies a financial instrument as in default when it is credit impaired, or becomes past due on its contractual payments for more than 90 days, considered non-performing, under litigation or is classified as doubtful or loss. In assessing whether a borrower is in default, the Bank considers indicators that are qualitative (i.e., breach of covenant) and quantitative (i.e., overdue status and non-payment on another obligation of the same borrower/issuer to the Bank). An instrument is considered to be no longer in default (i.e., to have cured) when there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six (6) months. This definition is consistent with the definition of non-performing loans (NPL) under Section 304 of the Manual of Regulations for Banks (MORB), *Past Due Accounts and Non-Performing Loans*.

Credit Risk at Initial Recognition
The Bank makes full use of its Internal Credit Risk Rating System (ICRRS) for corporate loans and credit scorecards for consumer loans to determine the credit risk of exposures at initial recognition. The ICRRS is devised to assess the level of risk associated with each borrower using a combination of both quantitative and qualitative factors. Subsequent credit assessments and approvals are also considered in determining the credit risk. On the other hand, credit scorecard is a tool used to evaluate the credit risk associated to individual customers. Customer-specific factors and internal data are taken into consideration to calculate a credit score. The credit decision is based on the output of the credit score and policy rules.

Significant Increase in Credit Risk
The definition of a SICR varies by portfolio where the determination of the change in credit risk includes both the quantitative and qualitative factors.

The Bank applies the movement in its Corporate Loan account's credit risk rating and assessment of breach in watchlist triggers to indicate a possible significant credit downgrade or upgrade through a risk rating matrix. For the remaining portfolios, the Bank considers that a SICR occurs no later than when an asset is more than 30 days past due. The total number of days past due is determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Furthermore, the Bank’s internal credit assessment may consider a counterparty to have a SICR since initial recognition if it is identified to have well-defined credit weaknesses. These may include adverse changes in the financial, managerial, economic and/or political nature of a business. Credit weakness can be established by an unsatisfactory track record that merits close monitoring and attention from management.

If there is evidence that there is no longer a SICR relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. For unrated financial instruments, the SICR is measured using the number of days past due which is also consistent with the staging criteria presented above.

ECL Parameters and Methodologies
ECL is a function of the following credit risk parameters:

(a) Probability of Default (PD)
The PD is the measure of likelihood that a borrower will be unable to settle his obligation/s on time and in full over a given time period, either over the next 12 months (12-month PD) or over the remaining life (Lifetime PD) of the loan obligation. The Bank currently uses its ICRRS, behavioral scorecard and other relevant drivers of default to segment exposures with homogenous risk characteristics.

Point-in-Time (PiT) PD calibration is done to reflect the current trends in business and credit cycle. Macroeconomic forecasts are incorporated to come up with PiT PDs that are unbiased and forward-looking projections of future default risk.

(b) Loss Given Default (LGD)
LGD measures the percentage amount of credit losses incurred and not recovered at the time of default. LGD estimation is based on historical cash flow recoveries. Calculation of the LGD is adjusted for some assets to consider cashflow recoveries on collateral. For some financial assets, the Bank supplemented internal assessments with regulatory thresholds to arrive at the LGD assumption.

LGD estimation also considers the present value calculation and cost adjustment in determining the recoveries.

(c) Exposure at Default (EAD)
EAD is defined as the outstanding amount of credit exposure at the time of default. EAD is estimated by modelling the historical data on both the actual drawn and undrawn amounts for each credit facility. When estimating EAD, several factors are taken into account, including the length of time for which the estimation is being made, the predicted cash flows until the point of default, total loan tenure, and the remaining duration of the loan. This provides a more robust estimate of the total amount the Bank is exposed to.

Forward-looking Information
The Bank incorporates forward-looking information into both its assessment of whether the credit risk of a financial asset has increased significantly since its initial recognition and its measurement of ECL.

The Bank enhanced its ECL methodology by incorporating multiple future macroeconomic expectations in order to estimate credit losses on the basis of probability-weighted outcomes. The Bank has performed statistical analysis of historical data to determine which macroeconomic variables (MEVs) are correlated with the performance of specific loan portfolios. The MEVs considered were obtained using publicly available sources such as BSP and Philippine Statistical Association. A broad range of forward-looking information are assessed as economic inputs. Based on historical data analysis, the Bank found significant relationships between MEVs and credit risk which vary by product type. Forward looking MEVs used include Remittances, Employment Index & Unemployment, Value of Production Index (VAPI), Loan Performances, Consumer Outlook, Gross Domestic Product (GDP) (Exports and Agriculture), Foreign Exchange rates and Stock Exchange Index. The selected MEVs were confirmed using experienced credit judgment.

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Restructured Loans
Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria are met and the future payments are likely to occur. When the loan has been restructured but not derecognized, the Bank also reassesses whether there has been a SICR and considers whether the assets should be classified as Stage 3. If the restructuring terms are substantially different, the loan is derecognized and a new 'asset' is recognized at fair value using the revised EIR.

Write-offs
Financial assets are written off either partially or in full when there is no reasonable expectation of recovering a 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.

Recoveries of amounts previously written off are included under "Miscellaneous income" account in the statements of income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

'Day 1' Difference
Where the transaction price 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 markets, the Bank recognizes the difference between the transaction price and fair value (a 'Day 1' difference) as part of current operations in the period when the asset is acquired or the liability is incurred. In cases where the transaction price used is based on inputs which are not observable, the difference between the transaction price and model value is only recognized as part of current operations in the period when the inputs become observable or when the instrument is derecognized. For each transaction, the Bank determines the appropriate method of recognizing the 'Day 1' difference amount.

Offsetting
Financial assets and liabilities are offset with the net amount reported in the statements of financial position, if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an 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, as the related assets and liabilities are presented gross in the statements of financial position.

As at December 31, 2024 and 2023, the Bank did not have any financial instrument that qualified for offsetting.

Income and expenses are presented on a net basis only when permitted by the accounting standards.

Cash and Cash Equivalents
For purposes of reporting cash flows, cash and cash equivalents include COCI, amounts due from BSP and other banks and interbank loans receivable and SPURA with original maturities of three months or less from dates of placement and that are subject to insignificant risk of changes in value.

COCI consist of cash on hand and checks and other cash items. Cash on hand refers to the total amount of cash in the Bank's vault in the form of notes and coins under the custody of the cashier/cash custodian or treasurer, including notes in the possession of tellers and those kept in automated teller machines (ATMs).

Repurchase and Reverse Repurchase Agreements
Securities sold under repurchase agreements (SSURA) at a specified future date ("repos") are not derecognized from the statements of financial position. The corresponding cash received, including accrued interest, is recognized in the statements of financial position as liability of the Bank, reflecting the economic substance of such transaction.

Conversely, SPURA to resell at a specified future date ("reverse repos") are not recognized in the statements of financial position. The corresponding cash paid, including accrued interest, is recognized in the statements of financial position as securities purchased under resale agreement, and is considered as a loan to the counterparty. The Bank is not permitted to sell or re-pledge the collateral in the absence of default by the owner of the collateral. The difference between the purchase price and resale price is treated as interest income in the statements of income and is amortized over the life of the agreement using the effective interest method.

Financial Guarantees and Undrawn Loan Commitments
Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. The nominal contractual values of undrawn loan commitments, where the loans agreed to be provided are on market terms, are not recorded in the statements of financial position. These contracts are in the scope of the ECL requirements where the Bank estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to loan commitments is recognized under "Other liabilities" account in the statements of financial position.

In the ordinary course of business, the Bank issues financial guarantees in favor of other parties. Financial guarantees are initially recognized in the financial statements at fair value, and the initial fair value is amortized over the life of the financial guarantee in accordance with PFRS 15. The financial guarantee is subsequently carried at the higher of the amount of loss allowance determined in accordance with the ECL model and the amount initially recognized, less when appropriate, the cumulative amount of income recognized in accordance with PFRS 15.

Investment in an Associate
An associate is an entity over which the Bank has significant influence but no control. This is a rebuttable presumption in case the equity interest of the Bank in an entity is between 20.0% and 50.0%. The Bank's equity investment in BIC Management and Consultancy, Inc. (formerly Bancommerce Investment Corporation) (BIC) represents 24.26% of BIC's capital stock. Accordingly, the Bank's equity investment in BIC is treated as an investment in an associate accounted for under the equity method of accounting since there is no indication of control.

Under the equity method, an investment in an associate is carried in the statements of financial position at cost plus post-acquisition changes in the Bank's share in the net assets of the associate. The Bank's share in an associate's post-acquisition profits or losses is recognized in the statements of income, and its share of post-acquisition movements in the associate's equity reserves is recognized directly in equity.

When the Bank's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Profits and losses resulting from transactions between the Bank and an associate are eliminated to the extent of the Bank's interest in the associate.

The reporting period of BIC is on a calendar year basis. BIC's accounting policies conform to those used by the Bank for like transactions and events in similar circumstances.

Property and Equipment

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

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes after deducting trade discounts and rebates, and any costs that are directly attributable in bringing the property and equipment to its location and condition necessary for it to be capable of operating in the manner intended by management. Expenditures incurred after the property and equipment have been put to operation, such as repairs and maintenance, are normally charged against operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in the increase in the future economic benefits to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation and amortization are calculated on a straight-line basis over the estimated useful life of the depreciable assets. Leasehold improvements are amortized over the estimated useful life of the improvements or the terms of the related lease, whichever is shorter.

The estimated useful lives of property and equipment are as follows:

	Years
Building	50
Furniture, fixtures and equipment	1 - 7
Leasehold improvements	5 - 15

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

The asset's residual values, useful lives and method of depreciation and amortization are reviewed, and adjusted if appropriate, at each reporting date.

Investment Properties

Investment properties are composed of assets acquired from foreclosure or *dacion en pago* and land and building that are vacant and no longer used for administrative purposes (previously owner-occupied property), and are initially measured at cost including transaction costs. An investment property acquired through an exchange transaction is initially recognized at the fair value of the asset acquired unless (a) the exchange transaction lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable, in which case the investment property acquired is measured at the carrying amount of the asset given up. The difference between the fair value of the asset received and the carrying amount of the asset given up is recorded as "Gain on foreclosure" under "Gain on foreclosure and sale of property and equipment and foreclosed assets - net" account in the statements of income. Foreclosed properties are classified under "Investment properties" upon:

- entry of judgment in case of judicial foreclosure;
- execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or
- notarization of the Deed of Dacion in case of payment in kind (dacion en pago).

The Bank applies the cost model in subsequently measuring its investment properties. Land is carried at cost less any impairment in value and depreciable properties acquired are carried at cost. Cost is the fair value of the asset at acquisition date, less any accumulated depreciation and any impairment in value. Transaction costs, which include non-refundable capital gains tax and documentary stamp tax, incurred in connection with foreclosure are capitalized as part of cost of the investment properties.

Depreciation is computed on a straight-line basis over the estimated useful life of the depreciable asset or 10 years, whichever is lower. The estimated useful life and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-occupation or the start of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the start of owner-occupation or of development with a view to sell.

Repairs and maintenance costs relating to investment properties are normally charged to statements of income in the period in which the costs are incurred.

An investment property is derecognized when it has either been disposed of or when it is permanently withdrawn from use and no future benefit is expected from its disposal. Any gain or loss on derecognition of an investment property is recognized in the statements of income under "Gains on foreclosure and sale of property and equipment and foreclosed assets - net" account in the period of derecognition.

Other Properties Acquired

Other properties acquired, included under "Other assets" account in the statements of financial position, include chattel mortgage properties foreclosed in settlement of loan receivables. The Bank applies the cost model of accounting for these assets. Under the cost model, these assets are carried at cost, which is the fair value at acquisition date, less accumulated depreciation and any impairment in value.

Depreciation is computed on a straight-line basis over the estimated useful life of the depreciable asset or three years, whichever is lower. The estimated useful life and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of other properties acquired.

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

An item of other properties acquired is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statements of income under "Gains on foreclosure and sale of property and equipment and foreclosed assets - net" account in the period of derecognition.

<u>Intangible Assets</u>
Intangible assets consist of software costs and branch licenses. Intangible assets acquired separately, included under "Other assets" account in the statements of financial position, are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment losses. Internally generated intangible assets are not capitalized but recognized in the statements of income in the period when the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least each reporting date. 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 treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the statements of income under the expense category consistent with the function of the intangible asset. Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statements of income in the period when the asset is derecognized.

Branch Licenses
Branch licenses are granted by the BSP and capitalized on the basis of the costs incurred to acquire and bring to use in operation. Branch licenses are determined to have indefinite useful lives and are tested for impairment annually.

Software Costs
Software costs include costs incurred relative to the purchase of the Bank's software and are amortized on a straight-line basis over 5 years. Software costs are carried at cost less accumulated amortization and any impairment in value.

Impairment of Investment in an Associate and Non-financial Assets

Investment in an Associate, Property, Equipment and Right-of-Use Assets, Investment Properties, Other Properties Acquired and Intangible Assets under "Other Assets"

At each reporting date, the Bank assesses whether there is any indication of impairment on investment in an associate, property, equipment and right-of-use assets, investment properties, other properties acquired and intangible assets, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Bank makes a formal estimate of the net recoverable amount.

The net recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the net recoverable amount is assessed as part of the cash-generating unit to which it belongs. Value in use is the present value of future cash flows expected to be derived from an asset or cash-generating unit while fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable and willing parties less any costs of disposal. Where the carrying amount of an asset (or cash-generating unit) exceeds its net recoverable amount, the asset (or cash-generating unit) is considered impaired and is written-down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

An impairment loss is charged against operations in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that the previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the net 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 net recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its net 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 the statements of income.

After such reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Fair Value Measurement

The Bank measures financial instruments, such as, financial assets and liabilities at FVPL, financial assets at FVOCI and net retirement liability which is measured at present value of the defined benefit obligation less fair value of plan assets, at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost and investment properties are disclosed in Note 6.

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

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

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

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

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

Fair Value Hierarchy

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

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

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

- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External appraisers are involved for valuation of significant assets such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. In particular, the external appraisers must hold a recognized and relevant professional qualification and have recent experience in the location and category of the investment property being valued.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained in Note 6.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the income can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable.

Determining whether the Bank is acting as a Principal or an Agent
The Bank assesses its revenue arrangements against the following indicators to determine whether it is acting as a principal or an agent:

- whether the Bank has primary responsibility for providing the services;
- whether the Bank has discretion in establishing prices; and
- whether the Bank has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer.

The Bank has determined that it is acting as a principal in its revenue arrangements except for activities where the Bank acts in a fiduciary or custodian capacity such as nominee, trustee, or agent. Income from fiduciary and custodianship activities are included under "Service charges, fees and commission" account in the statements of income.

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

Revenues Within the Scope of PFRS 15
The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognized at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract.

Service Charges and Penalties
Service charges and penalties are recognized only upon collection or accrued when there is reasonable degree of certainty as to its collectability. This arises from deposit-related processing transactions and charges from late payments on loans and drawing against insufficient funds of depositors.

Fees and Commissions

(i) *Fee Income Earned from Services that are Provided over a Certain Period of Time*
Fees earned for the provision of services over a period of time are accrued over that period. These include guarantee fees, credit related fees, investment fund fees, custodian fees, fiduciary fees, portfolio and other management fees. Commitment fees for facilities where a drawdown is not generally expected must be recognized over the facility period. If a drawdown is expected and the commitment expires without the Bank making the loan, the commitment fees are recognized as fee income on expiry of the scheduled drawdown.

(ii) *Fee Income Earned from Providing Transaction Services*
Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as underwriting fees and brokerage fees for the arrangement of the acquisition of shares or other securities are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance obligation are recognized after fulfilling the corresponding criteria. Loan syndication fees are recognized in the statements of income when the syndication has been completed and the Bank retains no part of the loans for itself or retains a part of the loan at the same EIR as the other participants.

Discounts Earned and Awards Revenue on Credit Cards
Discounts received are taken up as income upon receipt from member establishments of charges arising from credit availments by the Bank's cardholders. These discounts are computed based on certain agreed rates and are deducted from the amounts remitted to the member establishments. These also include interchange income from transactions processed by Mastercard, a card network, and fees from cash advance transactions of cardholders.

The amount allocated to the loyalty program is deferred and recognized as revenue when the award credits expire or the likelihood of the customer redeeming the loyalty points becomes remote. Award credits under customer loyalty program are accounted for as a separately identifiable component of the transaction in which they are granted. The fair value of the consideration received in respect of the initial sale is allocated based on the estimated stand-alone selling prices. Income generated from customer loyalty program is included under 'Service charges, fees and commissions' in the statements of income.

Other Income
Income from the sale of services is recognized upon completion of the service. Income from sale of properties is recognized when control over properties transfers to the recipients, measured as the difference between the transaction price and the properties' carrying amounts and presented under "Gains on foreclosure and sale of property and equipment and foreclosed assets - net" account in the statements of income.

Revenues Outside the Scope of PFRS 15

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

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

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

Purchases by credit cardholders, collectible on an installment basis, are recorded at the cost of the items purchased plus a certain percentage of cost. The excess over cost is credited to ‘Unearned discount’ and is shown as a deduction from ‘Loans and receivables’ in the statements of financial position. The unearned discount is taken up to interest income over the installment term and is computed using the effective interest method.

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

Dividends
Dividends are recognized when received or when the Bank’s right to receive the dividends is established.

Rental Income
Payments received under operating lease arrangements are recognized in the statements of income on a straight-line basis over the term of the lease.

Recovery on Charged-off Assets
Income arising from collections on accounts or recoveries from impairment of items previously written off is recognized in the statement of income in the year of recovery.

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

Interest Expense
Interest expense for all interest-bearing financial liabilities is recognized in “Interest expense” account in the statements of income using the EIR of the financial liabilities to which they relate.

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

<u>Employee Benefits</u>
Short-term Employee Benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Bank has presented legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefits
The Bank has a funded, noncontributory defined benefit plan administered by a trustee. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation. The retirement cost is generally funded through payments to a trustee-administered fund, determined by annual actuarial calculations.

The retirement benefits liability recognized in the statements of financial position in respect of the defined benefits retirement plan is the present value of the defined benefits obligation at the valuation date less the fair value of plan assets. The defined benefits obligation is calculated annually by an independent actuary using the projected unit credit method. When the calculation results in a potential asset for the Bank, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

The present value of the defined benefits obligation is determined by discounting the estimated future cash outflows using interest rate on high quality government bonds 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 liability.

Remeasurements of the defined benefit liability, which include actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Bank determines the net interest expense (income) on the retirement benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the retirement benefit liability (asset), taking into account any changes in the retirement liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in the statements of income.

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 the statements of income. The Bank recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Equity
"Capital Stock" is recorded at par for all shares issued and outstanding.

"Paid-in Surplus" represents the proceeds in excess of par value. Incremental costs incurred which are directly attributable to the issuance of new shares are charged to "Paid-in surplus".

"Retained Earnings (Deficit)" represents the accumulated earnings (losses) of the Bank.

"Surplus Reserves" represent the appropriation of retained earnings in relation to allowance for credit losses which are less than the 1.0% general provision prescribed by the BSP for regulatory purposes, 10.0% of the Bank's profit from trust business, and self-insurance of the Bank.

Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or 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 a consideration.

Bank as Lessee

At the commencement or upon modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises, the Bank has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and any impairment losses, adjusted for certain remeasurements of the lease liability. Cost comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove any improvements made. The right-of-use asset is subsequently depreciated using straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the Bank's incremental borrowing rate.

The Bank determines its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index rate, change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase, extension or termination option is reasonably certain not to be exercised or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents the right-of-use assets in “Property, Equipment and Right-of-Use Assets” while lease liabilities are included under “Other liabilities” in the statements of financial position.

Short-term Leases and Leases of Low-value Assets
The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Bank recognizes the lease payments associated with these leases as a rent expense on a straight-line basis over the lease term.

Bank as a Lessor
At the inception or upon modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Bank acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease. To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Bank is a party to operating leases as a lessor. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and amortized over the lease term on the same basis as the rental income. Contingent rentals are recognized as income in the period in which they are earned.

Income Tax Expense
Current Tax
Current income tax is the expected tax payable on the taxable income for the year using the tax rates enacted at the reporting date. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

Deferred Tax
Deferred tax is provided on all temporary differences at the reporting 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. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carry-over (NOLCO) to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits 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 income nor taxable income.

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

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are applicable to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. These reflect uncertainty related to income taxes, if there is any.

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

Provisions

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

Contingent Assets and Liabilities

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

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control 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. Related parties may be individual or corporate entities.

Events After the Reporting Date

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

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.

Amendments to Standards Issued but Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2024. However, the Bank has not early adopted the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have significant impact on the Bank's financial statements.

Effective January 1, 2025

- *Lack of Exchangeability (Amendments to PAS 21 The Effects of Changes in Foreign Exchange Rates).* The amendments clarify that a currency is exchangeable into another currency when a company is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

  When a currency is not exchangeable, a company needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

  The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the company because the currency is not exchangeable.

  The amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted. Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the company uses a presentation currency other than its functional currency.

Effective January 1, 2026

- *Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 Financial Instruments and PFRS 7 Financial Instruments: Disclosures).* The amendments relate to the date of recognition and derecognition, classification of financial assets, contractually linked instruments and non-recourse features, and disclosures on investments in equity instruments.

  Date of recognition and derecognition. The amendments clarified that:

  - a financial asset or financial liability is recognized on the date on which the entity becomes party to the contractual provisions of the instrument unless the regular way exemption applies;

  - a financial asset is derecognized on the date on which the contractual rights to cash flows expire or the asset is transferred; and

- a financial liability is derecognized on the settlement date, which is the date on which the liability is extinguished because the obligation specified in the contract is discharged or cancelled or expires or the liability otherwise qualifies for derecognition.

However, the amendments provide an exception for the derecognition of financial liabilities where an entity may choose to derecognize a financial liability that is settled using an electronic payment system before the settlement date if, and only if, the entity has initiated the payment instruction that resulted in:

- the entity having no practical ability to withdraw, stop or cancel the payment instruction;

- the entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and

- the settlement risk associated with the electronic payment system is insignificant.

Entities may choose to apply the exception on a system-by-system basis.

Classification of Financial Assets. The amendments related to classification of financial assets introduces an additional test to assess whether the solely payments of principal and interest (SPPI) criterion is met for financial assets with contingent features that are not related directly to a change in basic lending risks or costs.

The amendments clarified that when a contingent feature gives rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs, the financial asset has contractual cash flows that are SPPI if, and only if, in all contractually possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

Additional disclosures are required for all financial assets and financial liabilities that have certain contingent features that are not related directly to a change in basic lending risks or costs and are not measured at fair value through profit or loss.

Contractually Linked Instruments and Non-recourse Features. The amendments clarify the key characteristics of contractually linked instruments (CLIs) and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test). For example, it clarifies that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets; that CLIs have non-recourse features, but not all financial assets with non-recourse features are CLIs; and that the underlying pool of instruments of CLIs may include financial assets outside the scope of IFRS 9.

Disclosures on investments in equity instruments. The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI). The entity discloses for each class of investment the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognized during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period. It also discloses any transfers of the cumulative gain or loss within equity during the reporting period related to investments derecognized during that reporting period.

The amendments apply for reporting periods beginning on or after January 1, 2026. Earlier application is permitted. Entities may choose to early-adopt the amendments for the recognition and derecognition of financial assets and financial liabilities separately from the other amendments.

- *Gain or Loss on Derecognition (Amendments to PFRS 7 Financial Instruments: Disclosure).* The amendments replaced the reference to ‘inputs that were not based on observable market data’ in the obsolete paragraph 27A of PFRS 7, with reference to ‘unobservable inputs’ in paragraphs 72-73 of PFRS 13 Fair Value Measurement.

- *Introduction, Disclosure of Difference Between Fair Value and Transaction Price, and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7 Financial Instruments: Disclosure).* The amendments:

  - clarified that the Guidance on implementing PFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7;

  - made the wordings on the disclosure of deferred difference between fair value and transaction price in paragraph IG14 of PFRS 7 consistent with the requirements in paragraph 28 of PFRS 7 and with the concepts in PFRS 9 Financial Instruments and PFRS 13 Fair Value Measurement; and

  - simplified the wordings on credit risk disclosures in paragraph IG20B that the illustration does not include financial assets that are purchased or originated credit impaired.

- *Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9 Financial Instruments).* The amendments:

  - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss; and

  - replaced the term 'their transaction price (as defined in IFRS 15)' with 'the amount determined by applying IFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that’s unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

- *Cost Method (Amendments to PAS 7 Statement of Cash Flows).* The amendments replaced the term 'cost method' with 'at cost' given the definition of ‘cost method’ has previously been removed from PFRS Accounting Standards.

  The amendments apply for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

Effective January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements* will replace PAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements:

  - Entities are required to classify all income and expenses into five categories in the statement of income: operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities’ net profit will not change.

  - Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

  - Enhanced guidance on how to group information in the financial statements.

  In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

  The Bank is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Bank’s statement of income, the statement of cash flows and the additional disclosures required for MPMs. The Bank is also assessing the impact on how information is grouped in the financial statements, including for items currently labeled as “other”.

4. Critical Judgments and Estimates

The preparation of financial statements in conformity with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses, and disclosures of contingent assets and contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Significant Judgments

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

a) *Leases*

Bank as Lessee

The Bank leases properties, land and buildings for the premises it uses for its operations.

The Bank recognizes right-of-use assets and lease liabilities for most leases - on-balance sheet leases. However, the Bank has elected not to recognize right-of-use assets and lease liabilities for leases involving assets of low value. The same policy is likewise applied for short-term leases. The Bank recognizes the lease payments associated with these leases as an expense on a straight- line basis over the lease term.

Significant judgment is exercised by the Bank in determining the discount rate to be used in calculating the present value of right-of-use assets and lease liabilities. The discount rate is represented by the incremental borrowing rate which is Bloomberg Valuation (BVAL) rate and credit spread as determined by the Bank.

The carrying amounts of right-of-use assets and lease liabilities are disclosed in Notes 14 and 22, respectively.

Bank as Lessor

The Bank has entered into commercial property lease agreements for its property and equipment, and investment properties. The Bank has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out under operating lease agreements.

In determining whether or not a lease should be treated as an operating lease, the retention of ownership title to the leased property, period of lease contract relative to the estimated economic useful life of the leased property and bearer of executory costs, among others, are considered.

b) *Business Model Assessment*

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

The Bank developed business models which reflect how it manages its portfolio of financial instruments. The Bank's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Bank) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Bank evaluates in which business model a financial instrument or a portfolio of financial instruments belong to, taking into consideration the objectives of each business model established by the Bank. The level of aggregation at which the business model is applied is based on the specific activities being undertaken by each business unit of the Bank to achieve its stated objectives and other relevant factors such as risks affecting the business model, key performance indicators in evaluating the business model, and how managers of the business are compensated.

The Bank assesses the performance of each business model by considering the activities undertaken by the business models, placing the appropriate key performance indicators and monitoring the frequency of sales activities. PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Bank considers facts and circumstances present to assess whether an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a hold-to-collect business model and whether the Bank can explain the reasons for those sales and why those sales do not reflect a change in the Bank's objective for the business model.

c) *Testing the Cash Flow Characteristics of Financial Assets*

In determining the classification of financial assets under PFRS 9, the Bank assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk), i.e., cash flows that are non-SPPI, does not meet the amortized cost and FVOCI criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Bank assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Bank considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

d) *Functional Currency*

PAS 21, *The Effects of Changes in Foreign Exchange Rates,* requires management to use its judgment to determine the entity's 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 prices for financial instruments and services;

- the currency in which funds from financing activities are generated; and

- the currency in which receipts from operating activities are usually retained.

Based on the economic substance of the underlying circumstance relevant to the Bank, the functional currency of the Bank's RBU book of accounts and FCDU book of accounts have been determined to be PHP and USD, respectively.

PHP and USD are the currencies of the primary economic environment in which the Bank operates. These are the currencies that mainly influence the income and costs arising from the Bank operations.

e) *Provisions and Contingencies*

The Bank, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations in accordance with its policies on provisions and contingencies. Judgment is exercised by management to distinguish between provisions and contingencies (see Note 38).

Estimates

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

(i) Expected Credit Losses on Financial Assets, Loan Commitments and Financial Guarantees

The Bank reviews its financial assets at amortized cost and debt securities at FVOCI, loan commitments and financial guarantees to assess the amount of credit losses to be recognized in the statements of financial position at least on an annual basis or more frequently, as deemed necessary. The measurement of ECL under PFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining ECL and the assessment of a SICR. These estimates are driven by a number of factors, changes to which can result in different levels of allowances.

The ECL methodology of the Bank is regularly recalibrated to improve the accuracy of the ECL models using updated data. Significant factors affecting the estimates on the enhanced ECL model include:

- The default and credit impaired financial assets are aligned across all credit portfolios;
- PD segmentation is based on the staging criteria (i.e., delinquency age buckets, internal credit risk ratings and loan status);
- The LGD takes into account post-default relevant information such as cost of recoveries and curing rate. LGD is adjusted to its present value of expected cash flows using risk-adjusted interest rate. The final LGD estimates are pooled by collateral type;
- EAD estimates consider (a) time horizon for which EAD needs to be estimated, (b) projected cash flows until the estimated point of default and (c) remaining loan term;

- The Bank uses three economic scenarios to arrive at probability-weighted ECL estimates. These scenarios represent a most likely outcome (that is, the ‘Baseline’ or central scenario) and two less likely scenarios on the either side of the central (that is, the ‘Optimistic’ and ‘Pessimistic’, respectively). The scenario weights are developed based on the relative frequency distribution of historical GDP data. Both the ‘Optimistic’ and ‘Pessimistic’ scenarios reflect the lower and upper levels whereas the ‘Baseline’ scenario represents the central distribution; and
- The impact of Covid-19 has been appropriately incorporated in the impairment allowance calculation using more recent data. The Bank has updated the macroeconomic expectations in the model to consider the effects of Covid-19 pandemic situation.

In 2023, the Bank recalibrated the ECL framework. Updates on the ECL parameters involved the following:

- The most recent data were applied for PD, LGD and EAD.
- The following information were incorporated in LGD:

  - Recovery information for Corporate & Consumer
  - Collection fees for Auto and Housing

- Additional PD and EAD segmentation were considered.
- Account-level discounting factor was applied.
- The Macroeconomic Factors (MEF) were tested and updated based on the recalibration. The updated MEFs include Remittances, Loan Performances, BVAL rates, VAPI, Stock Exchange Index, Exports, Consumer Outlook, FX rates, and GDP (Agriculture).

In 2024, the Bank refreshed the ECL framework. Updates on the ECL parameters involved the following:

- The most recent data were applied for probability of default (PD), loss given default (LGD) and exposure at default (EAD);
- LGD estimates for corporate loans were updated; and
- The macroeconomic factors (MEFs) were tested and updated based on the incremental data during refresh. The updated MEFs include Remittances, Loan Performances, Value of Production Index (VAPI), Stock Exchange Index, Consumer Outlook, Foreign Exchange rates, Employment Index & Unemployment rate and Gross Domestic Product (Exports and Agriculture).

Refer to Notes 3 and 5 for the detailed discussions of the inputs, assumptions and estimation uncertainty used in measuring ECL under PFRS 9. The related allowance for credit losses subject to ECL are disclosed in Note 17.

(ii) Fair Value of Financial Instruments

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

(iii) *Impairment of Investment in an Associate and Non-financial Assets*

Investment in an Associate, Property, Equipment and Right-of-Use Asset, Investment Properties, Other Properties Acquired, and Intangible Assets under "Other Assets"

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

a) significant underperformance relative to expected historical or projected future operating results;

b) significant changes in the manner of use of the acquired assets or the strategy for overall business; and

c) significant negative industry or economic trends.

The Bank recognizes an impairment loss whenever the carrying amount of an asset exceeds its net recoverable amount. Net recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

The carrying values of investment in an associate, property, equipment and right-of-use assets, investment properties, other properties acquired and intangible assets under "Other Assets" are disclosed in Notes 13, 14, 15 and 16, respectively.

(iv) *Estimated Useful Lives of Property and Equipment, Investment Properties, Other Properties Acquired and Software Costs*

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

The estimated useful lives of property and equipment, investment properties, other properties acquired and software costs are disclosed in Note 3.

(v) *Recognition of Deferred Tax Assets*

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

The estimates of future taxable income indicate that certain temporary differences will be realized in the future. The recognized and the unrecognized deferred tax assets are disclosed in Note 32.

(vi) Present Value of Retirement Benefit Obligation

The cost of retirement benefits and other post-employment benefits are determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of the plan, such estimates are subject to significant uncertainty.

The assumed discount rates were determined using the prevailing market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as at reporting date. The present value of the Bank's retirement obligation and the fair value of plan assets are disclosed in Note 29.

(vii) Contingencies

The Bank is currently involved in various legal proceedings. The probable costs for the resolution of these proceedings have been estimated by management, in consultation with the legal counsels handling the Bank's legal defense in these matters, and is based upon an analysis of potential results.

Management currently does not believe that these proceedings will have a material adverse effect on the Bank's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 38).

5. Financial Risk Management Objectives and Policies

Introduction

The business of banking involves financial risks which must be measured, monitored and managed by an effective risk management system embedded throughout the whole organization. Effective risk management ensures that financial risks are properly identified, assessed, measured and managed. The diligent monitoring and management of all financial risks, notably credit, interest rate risk in the banking book (IRRBB), market and liquidity risk require the development of a risk-conscious culture that will influence daily business activities and decision-making.

The Bank believes that effective risk management will not only minimize potential or actual losses but will also optimize earnings by correctly pricing its products and services commensurate to the risks taken. Its risk mission and objectives are to consistently and accurately measure risks, to always consider risk and return in evaluating transactions and exposures while preserving and maintaining adequate risk-based capital and to ensure adequate returns on such capital. Risk mitigation strategies form an integral part of risk management activities.

Risk Management Structure

The BOD is ultimately responsible for identifying and controlling risks. However, there are separate independent units at the BOD and management levels, which are responsible for managing and monitoring financial risk.

Board of Directors

The BOD is primarily responsible for the sound governance of the Bank, promotion of the highest standards of ethics and integrity. It approves and oversees the implementation of the Bank's strategic objectives and establishes and maintains sound risk management system for the whole institution. The BOD approves and reviews the institutional tolerance for risks, business strategies and risk philosophy.

Executive Committee (Excom)
The Excom is primarily responsible for the evaluation, approval and/or endorsement to the BOD for approval, credit and real and other properties acquired (ROPA) sales proposals from Management. The Excom also evaluates and recommends for BOD approval new, amended or enhanced Bank policies, products or services. The Excom may also act on such specific matters within the competence of the BOD, as may be delegated by majority vote of the BOD, except on certain matters expressly reserved by law for stockholders' and/or for the BOD' action.

Corporate Governance Committee
The Corporate Governance Committee is tasked to assist the BOD in fulfilling its corporate governance responsibilities and in providing oversight in the implementation of the Bank's Compliance System. It is responsible for ensuring due observance of corporate governance principles and guidelines across the Bank.

Related Party Transactions Committee (RPTCom)
The RPTCom assists the BOD in fulfilling its responsibility of ensuring that transactions with related parties are arm's length. It covers proper identification of related parties, recording and vetting of transactions with them including disclosures in financial reports, which must be consistent with relevant legal and regulatory requirements, and Bank policies.

Audit Committee
The Audit Committee represents and assists the BOD in its general oversight of the Bank's financial reporting policies, practices and control and internal and external audit functions. It oversees the relationship with the independent external auditors, receives information and provides advice, counsel and general direction, as it deems appropriate, to management and the auditors, taking into account the information it receives, discussions with the auditors, and the experience of the Committee's members in business, financial and accounting matters.

Board Risk Oversight Committee (BROC)
The BROC, a sub-committee of the BOD, oversees the Bank's risk management system. It has the power to approve procedures for implementing risk and capital management policies. The BROC shall assist the BOD with its oversight function to identify and evaluate risk exposures, develop risk management strategies, implement and periodically review the risk management framework and promote a risk management culture in the Bank.

Risk Management Division (RSK)
The RSK is responsible for the creation and oversight of the Bank's corporate risk policy. It is responsible for making recommendations to the BOD on corporate policies and guidelines for risk measurement, management and reporting. It also reviews the system of risk limits, compliance to said limits and validates the reports of the risk-taking personnel. The RSK reports to the BROC.

Senior Executive Team (SET)
The SET brings together the Chief Executive Officer, Group Heads and select Division Heads of the Bank to discuss and take up policy and strategic issues vital to the Bank's business, shareholders, employees and long-term viability.

Asset Liability Management Committee (ALCO)
The ALCO is responsible for setting, developing and implementing the Bank's Asset Liability Management (ALM) and hedging policy. It also reviews the allocation of resources, pricing of products and foreign exchange position of the Bank.

Internal Capital Adequacy Assessment Process (ICAAP) Steering Committee (ICAAPcom)

The ICAAPcom is responsible for overseeing the Bank's ICAAP to ensure that mandated minimum capital requirements are met and that capital levels are sufficient to cover the Bank's risk exposures driven by its strategic plans.

Credit and Collections Committee (Crecom)

The Crecom plays a critical role in the credit approval process. It has the power to approve credit proposals of any sort, e.g. establishment, renewal, extension, increase/decrease, restructuring or settlement of a credit line or term loan (whether short or long) within its authority and to endorse those credit proposals which are beyond its authority to the Excom and/or the BOD. It has likewise the responsibility to ensure that credit accommodations to related parties falling below the materiality thresholds are granted on arms' length basis and are compliant with the set regulations. On top of these, the Crecom studies and deliberates proposals intended to adopt new credit policies or to amend existing ones or to offer new loan products or programs, prior to endorsement to the SET and Excom for approval.

Internal Audit Division

Internal Audit Division is an independent unit of the Bank that conducts objective assurance and consulting activities designed to add value and improve the Bank's operations. It helps the Bank accomplish its objectives by bringing a systematic, disciplined approach to examine, evaluate and improve the effectiveness of risk management, internal control and governance processes of the Bank. The Internal Audit Division reports to the Audit Committee.

Legal Services Division

The primary functions of the Bank's Legal Services Division are composed of rendering legal advice and document review to ensure that relevant laws are disseminated and complied with, the Bank's interest is duly protected, and identified risks are either eliminated or minimized and imparted to responsible units of the Bank. The Division also handles cases filed for and against the Bank.

Compliance Division

The Compliance Division is responsible for coordinating, monitoring and facilitating the Bank's compliance with regulatory requirements. It is responsible for implementing the Bank's Compliance Program and the Money Laundering and Terrorist Financing Prevention Program.

Risk Measurement and Reporting Systems

The Bank's capital adequacy is determined by measuring credit, market and operational risk exposures using standardized or basic approaches as suggested by BSP. Risk exposures are measured both individually and in aggregate amounts.

Risk measurements are done by respective risk-taking personnel and groups but are independently validated, analyzed and reported by the RSK.

Market risks are measured by mark-to-market and Value-at-Risk (VAR) analyses on the overall exposure, on a portfolio level, and on each individual financial instrument. These exposures are also subjected to stress testing using a variety of historical and hypothetical scenarios.

Quality of credit risks are measured via risk classifications of accounts using ICRRS together with BSP risk classification of borrowing accounts. The Bank's front office recommends the credit risk rating of borrowing accounts and classifications and allowance for losses including changes thereon, when necessary. All risk information is processed, analyzed and consolidated for proper reporting to the BOD through the BROC and Audit Committee, as well as the SET and various management committees of the Bank.

Actual and estimated risk exposures/losses at Treasury, Corporate, Consumer Business and Credit Cards, Operations and Information Technology, Trust and Branches are consolidated for regular reporting. Reports include, among others, portfolio mix, liquidity and maturity matching, interest rate matching, trading gains and losses, sensitivity and back-testing results, top borrowers, non-performing assets and loans, industry exposures, large exposures, fines and penalties, employee fraud cases, service level of major information technology systems and ATMs.

Risk Mitigation

To mitigate market risk exposures, other financial instruments are used to manage exposures resulting from changes in foreign currency and interest rate risk. The Bank also observes limits on positions, losses, and market sensitivities to contain these risk exposures.

The Bank maintains a capital adequacy ratio (CAR) of ten percent (10.0%) or better at all times, for regulatory compliance purposes.

Risk Concentration

The Bank manages loan concentration by controlling its mix of counterparties or borrowers in accordance with conditions permitted by regulators. Borrowers that are considered large in size are regularly monitored and reported to the BROC. Also, the limits for exposure on specific economic activity groups are in place allowing the Bank to maintain a strategic breakdown of credit risk of the different segments. Having these controls in place allows the Bank to proactively monitor exposure status and act upon limit breaches whenever necessary.

Credit Risk

The Bank considers credit risk as the possibility of loss arising from the counterparty's or customer's inability or unwillingness to settle his/her obligations on time or in full as expected or previously contracted.

The Bank has in place a credit policy manual that defines all practices, policies and procedures regarding loan activities from identification of target markets, credit initiation, documentation and disbursement, loan administration, remedial management, and loan unit organization and staffing. Also, it has in place credit approval authorities and respective limits duly approved by the BOD.

The Bank's primary element of credit risk management is the detailed risk assessment of every credit exposure associated with the counterparty. Risk assessment procedures consider both the creditworthiness of the counterparty and the risks related to the specific type of underlying credit exposures as mandated by the circulars issued by BSP. The risk assessment not only affects the structuring of the transaction and the outcome of the credit decision, but also influences the monitoring procedure applied to the ongoing exposures.

There has been no material change on the Bank's exposure to credit risk or the manner in which it manages and measures the risk.

Derivative Financial Instruments
The Bank enters into currency forward contracts to manage its foreign exchange risks. Currency forwards are contractual agreements to buy or sell a specified currency at a specific price and date in the future. These derivatives are accounted for as non-hedges, with the fair value changes being reported in the statements of income for the period under “Foreign exchange gains - net” account. Credit risk, in respect of derivative financial instruments, is limited to those with positive fair values, which are reported as “Financial assets at FVPL” account in the statements of financial position.

Credit-related Commitment Risks
The Bank makes available to its customers guarantees which may require the Bank to make payments on their behalf. Such payments are collected from customers based on the terms of the letters of credit. They expose the Bank to risks similar to loans and these are mitigated by the same control processes and policies.

Credit Risk Exposures
The table below shows the Bank’s maximum exposure on receivables from customers and sales contract receivables, net of unearned interest income and allowance for credit losses, before and after collateral to credit risk as at December 31, 2024 and 2023:

	December 31, 2024		December 31, 2023	
	Maximum Exposure		Maximum Exposure	
	Before Collateral	**After Financial Effect of Collateral or Credit Enhancement**	Before Collateral	After Financial Effect of Collateral or Credit Enhancement
Receivables from customers:				
Term loans	**P102,122,054,012**	**P95,440,542,042**	P80,465,866,990	P72,479,226,327
Agri-agra loans	**13,570,344,235**	**13,566,502,013**	11,478,913,064	11,221,920,766
Housing loans	**9,479,983,651**	**6,625,490,914**	8,256,741,837	2,913,703,470
Auto loans	**4,817,361,550**	**4,555,858,290**	3,880,015,183	1,352,091,080
Bills purchased, import bills and trust receipts	**1,177,712,704**	**1,177,712,704**	959,027,056	959,027,056
Direct advances	**293,010,557**	**5,844,940**	453,960,006	1,644,710
Others	**2,301,332,860**	**2,301,172,355**	2,084,429,902	2,084,264,623
	133,761,799,569	**123,673,123,258**	107,578,954,038	91,011,878,032
Sales contract receivables	**278,434,248**	**-**	331,532,289	-
	P134,040,233,817	**P123,673,123,258**	P107,910,486,327	P91,011,878,032

For the other financial assets, the carrying amounts represent the maximum exposure to credit risk as at December 31, 2024 and 2023.

As at December 31, 2024 and 2023, fair value of collaterals held for loans and receivables amounted to P18.5 billion and P105.5 billion, respectively.

The table below shows the Bank's maximum exposures, net of unearned interest income, relating to financial assets carried under Stage 3 as at December 31, 2024 and 2023:

	December 31, 2024			
	Maximum Exposure			
	Before Collateral	**Financial Effect of Collateral or Credit Enhancement**	**After Financial Effect of Collateral or Credit Enhancement**	**Expected Credit Loss**
Receivables from customers:				
Term loans	**P680,576,644**	**P18,051,343**	**P662,525,301**	**P304,767,316**
Agri-agra loans	**138,284,306**	**-**	**138,284,306**	**138,284,306**
Housing loans	**284,138,121**	**125,120,332**	**159,017,789**	**73,501,172**
Auto loans	**336,290,190**	**275,422,326**	**60,867,864**	**243,410,847**
Bills purchased, import bills and trust receipts	**45,926,838**	**-**	**45,926,838**	**45,926,838**
Direct advances	**69,569,282**	**-**	**69,569,282**	**69,569,282**
Others	**304,187,793**	**183,895**	**304,003,898**	**226,824,514**
	1,858,973,174	**418,777,896**	**1,440,195,278**	**1,102,284,275**
Sales contract receivables	**90,873,179**	**37,260,172**	**53,613,007**	**53,985,608**
	P1,949,846,353	**P456,038,068**	**P1,493,808,285**	**P1,156,269,883**

	December 31, 2023			
	Maximum Exposure			
	Before Collateral	Financial Effect of Collateral or Credit Enhancement	After Financial Effect of Collateral or Credit Enhancement	Expected Credit Loss
Receivables from customers:				
Term loans	P443,679,697	P209,080,940	P234,598,757	P407,680,265
Agri-agra loans	185,707,842	6,232,700	179,475,142	185,707,842
Housing loans	543,308,772	477,362,994	65,945,778	172,339,550
Auto loans	350,702,965	341,795,414	8,907,551	232,543,078
Bills purchased, import bills and trust receipts	89,469,843	-	89,469,843	89,469,843
Direct advances	121,241,742	-	121,241,742	121,241,742
Others	253,848,484	183,895	253,664,589	186,626,571
	1,987,959,345	1,034,655,943	953,303,402	1,395,608,891
Sales contract receivables	100,875,387	47,192,830	53,682,557	54,151,486
	P2,088,834,732	P1,081,848,773	P1,006,985,959	P1,449,760,377

For the other financial assets carried under Stage 3, the carrying amounts represent the maximum exposure to credit risk as at December 31, 2024 and 2023.

Collaterals and Other Credit Enhancements

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

The main types of collaterals obtained are as follows:

- For securities lending and reverse repurchase transactions: cash or securities;
- For commercial lending: mortgages over real properties, inventory and trade receivables and chattel mortgages; and
- For retail lending: mortgages over real properties and financed vehicles.

Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement, in the event that the value of the collateral depreciates due to various factors affecting the collateral.

It is the Bank's policy to dispose repossessed properties in the most expeditious manner possible. Sale is facilitated by offering incentives to the Bank's accredited brokers and/or formulating programs to attract buyers like offering fixed interest rates for an extended period of time and reduced rates for down payment as compared to prevailing market rates, among others.

Credit Quality Per Class of Financial Assets
The credit quality of financial assets is assessed and managed by the Bank using both external and internal credit ratings. The Bank's ICRRS is an established tool used to evaluate the Credit Risk associated with each borrower. The ICRRS assigns a score to each account based on a combination of quantitative and qualitative factors. The scores assigned to each obligor is equivalent to the risk associated to each individual. The scoring model is reviewed and validated by external parties regularly to ensure that the model is risk ranking properly. The risk rating is used as one of the measures of the Bank's risk appetite and as a factor in impairment calculation.

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

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

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

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

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

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

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

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

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

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

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

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

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

Consumer loans portfolio and credit card receivables undergo credit scoring, which results in applications either being referred for further manual evaluation or declined. Receivables considered outside the main business lines of the Bank are considered unrated accounts, which include benefit loans, accounts receivable, accrued interest receivables, sales contract receivables and returned checks and other cash items (RCOCI).

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

Group Affiliation:

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

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

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

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

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

FRF:

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

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

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

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

The following table shows the credit quality of loans and receivables, excluding unquoted debt securities (gross of allowance for credit losses and net of unearned interest income) as at December 31, 2024 and 2023 (amounts in thousands).

	December 31, 2024										
	Term Loans	Housing Loans	Auto Loans	Bills Purchased, Import Bills and Trust Receipts	Direct Advances	Agri Agra Loans	Others*	Total Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
Stage 1											
Neither past due nor impaired:											
High grade	**P31,219,537**	**P -**	**P -**	**P559,000**	**P287,264**	**P1,303,843**	**P -**	**P33,369,644**	**P -**	**P935,085**	**P34,304,729**
Standard grade	**68,496,710**	**-**	**20,751**	**622,537**	**4,928**	**12,144,771**	**-**	**81,289,697**	**-**	**551,839**	**81,841,536**
Subject to scoring and unrated	**-**	**9,105,032**	**4,647,760**	**-**	**-**	**-**	**2,213,384**	**15,966,176**	**238,950**	**959,902**	**17,165,028**
	99,716,247	**9,105,032**	**4,668,511**	**1,181,537**	**292,192**	**13,448,614**	**2,213,384**	**130,625,517**	**238,950**	**2,446,826**	**133,311,293**
Stage 2											
Neither past due nor impaired:											
Standard grade	**1,537,683**	**-**	**-**	**-**	**-**	**-**	**-**	**1,537,683**	**-**	**2,697**	**1,540,380**
Substandard grade	**810,000**	**-**	**-**	**-**	**962**	**170,000**	**-**	**980,962**	**-**	**14,632**	**995,594**
Past due but not impaired	**-**	**175,498**	**71,241**	**-**	**-**	**-**	**88,332**	**335,071**	**5,042**	**30,800**	**370,913**
Impaired	**75,000**	**-**	**-**	**-**	**-**	**-**	**-**	**75,000**	**-**	**423**	**75,423**
	2,422,683	**175,498**	**71,241**	**-**	**962**	**170,000**	**88,332**	**2,928,716**	**5,042**	**48,552**	**2,982,310**
Stage 3											
Impaired	**680,577**	**284,138**	**336,290**	**45,927**	**69,569**	**138,284**	**304,188**	**1,858,973**	**90,873**	**837,498**	**2,787,344**
	680,577	**284,138**	**336,290**	**45,927**	**69,569**	**138,284**	**304,188**	**1,858,973**	**90,873**	**837,498**	**2,787,344**
	P102,819,507	**P9,564,668**	**P5,076,042**	**P1,227,464**	**P362,723**	**P13,756,898**	**P2,605,904**	**P135,413,206**	**P334,865**	**P3,332,876**	**P139,080,947**

**Comprised of benefit loans, salary loans and credit cards.*
***Comprised of accrued interest receivables, accounts receivables and RCOCI*

	December 31, 2023										
	Term Loans	Housing Loans	Auto Loans	Bills Purchased, Import Bills and Trust Receipts	Direct Advances	Agri Agra Loans	Others*	Total Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
Stage 1											
Neither past due nor impaired:											
High grade	P28,024,849	P -	P339	P672,648	P442,426	P -	P -	P29,140,262	P -	P767,219	P29,907,481
Standard grade	52,189,800	-	26,565	288,581	9,996	11,489,607	-	64,004,549	-	413,571	64,418,120
Subject to scoring and unrated	-	7,739,774	3,696,107	-	-	-	1,985,562	13,421,443	282,515	459,924	14,163,882
	80,214,649	7,739,774	3,723,011	961,229	452,422	11,489,607	1,985,562	106,566,254	282,515	1,640,714	108,489,483
Stage 2											
Neither past due nor impaired:											
Standard grade	3,370	-	-	-	-	4,731	-	8,101	-	32	8,133
Substandard grade	535,173	-	-	-	1,674	-	-	536,847	-	3,384	540,231
Past due but not impaired	-	171,144	46,914	-	-	-	88,814	306,872	5,171	27,021	339,064
Impaired	-	-	-	-	-	1,500	-	1,500	-	1	1,501
	538,543	171,144	46,914	-	1,674	6,231	88,814	853,320	5,171	30,438	888,929
Stage 3											
Impaired	443,680	543,309	350,703	89,470	121,242	185,708	253,848	1,987,960	100,875	827,152	2,915,987
	443,680	543,309	350,703	89,470	121,242	185,708	253,848	1,987,960	100,875	827,152	2,915,987
	P81,196,872	P8,454,227	P4,120,628	P1,050,699	P575,338	P11,681,546	P2,328,224	P109,407,534	P388,561	P2,498,304	P112,294,399

**Comprised of benefit loans, salary loans and credit cards.*

***Comprised of accrued interest receivables, accounts receivables and RCOCI*

The following table shows the credit quality of loan commitment and financial guarantee contracts as at December 31, 2024 and 2023 (amounts in thousands).

	December 31, 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loan Commitment and Financial Guarantees				
Neither past due nor impaired:				
High grade	**P1,486,993**	**P -**	**P -**	**P1,486,993**
Standard grade	**24,379,059**	**-**	**-**	**24,379,059**
Subject to scoring*	**3,866,333**	**-**	**-**	**3,866,333**
	P29,732,385	**P -**	**P -**	**P29,732,385**

**Comprised of unused credit card lines.*

	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Loan Commitment and Financial Guarantees				
Neither past due nor impaired:				
High grade	P391,758	P -	P -	P391,758
Standard grade	23,941,997	-	-	23,941,997
Subject to scoring*	3,600,977	-	-	3,600,977
	P27,934,732	P -	P -	P27,934,732

**Comprised of unused credit card lines.*

Sensitivity of ECL to Future Economic Conditions

Set out below are the changes to the Bank's ECL in 2024 and 2023 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Bank's economic variable assumptions.

	December 31, 2024			
	Change in MEF		**Impact on ECL**	
	Increase	**Decrease**	**Impact of 1% Increase in MEF**	**Impact of 1% Decrease in MEF**
Corporate MEF				
Lag 3 of the quarterly change of the Overseas Filipino personal remittance* Lag 12 of the annual change of the ratio: (Gross NPL/Total Loans) Philippine Treasury Reference Rates - PM (PDST-R2) Tenor-6M lagged over 12 months Lag 9 of the annual change of the VaPI of Key Manufacturing Indices by Industry (2018 values of growth rates)*	1%	1%	-0.07%	0.08%
Auto MEF				
6-month lag of the quarterly change of the ratio: (Gross NPL/Total Loans) Out-of-pattern variable of the month-end Philippine Stock Exchange Index lagged over 3 months* Exports of Goods and Services, current prices (in million Philippine Pesos) lagged over 6 months.* Philippine Treasury Reference Rates -PM (PDST-R2) Tenor-1M lagged over 11 Months.	1%	1%	-0.16%	0.17%
Housing MEF				
6-month lag of the quarterly change of the ratio: (Gross NPL/Total Loans) C Out-of-pattern variable of the Consumer Expectations Survey next 12 months (rate)* 9-month lag of the annual change of the current prices of the Exports of Goods and Services* Foreign Exchange rate: Monthly averages of the Japanese Yen per Philippine Peso lagged over 3 months	1%	1%	0.03%	-0.03%
Salary MEF				
6-month lag of the quarterly change of the ratio: (Gross NPL/Total Loans) Out-of-pattern variable of the Consumer Expectations Survey next 12 months (rate)* 12-month lag of the annual change of the Agriculture, Fishery and Forestry, current prices*	1%	1%	-0.72%	0.77%

**These variables have a negative relationship with default*

	December 31, 2023			
	Change in MEF		Impact on ECL	
	Increase	Decrease	Impact of 1% Increase in MEF	Impact of 1% Decrease in MEF
Corporate MEF				
Lag 3 of the quarterly change of the Overseas Filipino personal remittance*				
Lag 12 of the annual change of the ratio: (Gross NPL/Total Loans)				
Philippine Treasury Reference Rates - PM (PDST-R2) Tenor-6M lagged over 12 months	1%	1%	-0.05%	0.05%
Lag 9 of the annual change of the VaPI of Key Manufacturing Indices by Industry (2018 values of growth rates)*				
Auto MEF				
6-month lag of the quarterly change of the ratio: (Gross NPL/Total Loans)				
Out-of-pattern variable of the month-end Philippine Stock Exchange Index lagged over 3 months*				
Exports of Goods and Services, current prices (in million Philippine Pesos) lagged over 6 months.*	1%	1%	-0.02%	0.02%
Philippine Treasury Reference Rates -PM (PDST-R2) Tenor-1M lagged over 11 Months.				
Housing MEF				
6-month lag of the quarterly change of the ratio: (Gross NPL/Total Loans)				
C Out-of-pattern variable of the Consumer Expectations Survey next 12 months (rate)*				
9-month lag of the annual change of the current prices of the Exports of Goods and Services*	1%	1%	-0.001%	0.001%
Foreign Exchange rate: Monthly averages of the Japanese Yen per Philippine Peso lagged over 3 months				
Salary MEF				
6-month lag of the quarterly change of the ratio: (Gross NPL/Total Loans)				
Out-of-pattern variable of the Consumer Expectations Survey next 12 months (rate)*	1%	1%	-0.001%	0.001%
12-month lag of the annual change of the Agriculture, Fishery and Forestry, current prices*				

**These variables have a negative relationship with default*

Loans with Renegotiated Terms

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. The Bank renegotiates receivable from customers in financial difficulties to maximize collection opportunities and minimize the risk of default. The carrying amounts per class of loans and receivables whose terms have been renegotiated are as follows:

	2024	2023
Term loans	**P611,885,114**	P796,146,616
Agri-Agra loans	**131,257,842**	132,758,283
Housing loans	**28,837,027**	33,325,362
Auto loans	**-**	341,434
Others	**94,129,032**	82,594,485
	P866,109,015	P1,045,166,180

For financial assets such as amounts due from BSP and other banks, interbank loans receivable and SPURA, financial assets at FVPL, financial assets at FVOCI, investment securities at amortized cost, and unquoted debt securities classified as loans, the credit quality is assessed using external credit rating (such as Standard & Poor's, Fitch, Moody's, etc.) of the respective counterparties considering relevant BSP mandates, as follows:

	December 31, 2024		
	AA - A	**BBB and Below or Unrated**	**Total**
Loans and advances to banks: **			
Due from BSP	**P47,919,926,114**	**P -**	**P47,919,926,114**
Due from other banks	**3,349,901,986**	**469,998,869**	**3,819,900,855**
Interbank loans receivable and SPURA	**3,587,849,088**	**-**	**3,587,849,088**
	54,857,677,188	**469,998,869**	**55,327,676,057**
Financial assets at FVPL:			
Government securities held-for-trading	**-**	**2,782,360,563**	**2,782,360,563**
Derivative assets*	**-**	**63,717,369**	**63,717,369**
Private debt securities	**-**	**29,555,862**	**29,555,862**
	-	**2,875,633,794**	**2,875,633,794**
Financial assets at FVOCI:			
Government securities**	**-**	**19,036,826,434**	**19,036,826,434**
Equity securities	**-**	**41,807,401**	**41,807,401**
	-	**19,078,633,835**	**19,078,633,835**
Investment securities at amortized cost:			
Government securities**	**-**	**34,465,484,615**	**34,465,484,615**
Private debt securities**	**282,010,734**	**1,868,421,885**	**2,150,432,619**
	282,010,734	**36,333,906,500**	**36,615,917,234**
Loans and receivables - gross:			
Unquoted debt securities***	**-**	**291,578,217**	**291,578,217**
	P55,139,687,922	**P59,049,751,215**	**P114,189,439,137**

**Unrated derivatives pertain to warrants*
***Accounts are neither past due nor impaired and carried at Stage 1 in 2024*
****Accounts are impaired and carried at Stage 3 in 2024*

	December 31, 2023		
	AA - A	BBB and Below or Unrated	Total
Loans and advances to banks: **			
Due from BSP	P24,275,195,629	P -	P24,275,195,629
Due from other banks	504,166,331	551,330,762	1,055,497,093
Interbank loans receivable and SPURA	20,114,496,080	-	20,114,496,080
	44,893,858,040	551,330,762	45,445,188,802
Financial assets at FVPL:			
Private debt securities	-	190,504,814	190,504,814
Government securities held-for-trading	96,719,128	83,883,498	180,602,626
Derivative assets*	-	27,685,000	27,685,000
	96,719,128	302,073,312	398,792,440
Financial assets at FVOCI:			
Government securities**	-	10,850,047,722	10,850,047,722
Equity securities	-	193,757,106	193,757,106
	-	11,043,804,828	11,043,804,828
Investment securities at amortized cost:			
Government securities**	-	50,311,649,891	50,311,649,891
Private debt securities**	-	2,165,662,758	2,165,662,758
	-	52,477,312,649	52,477,312,649
Loans and receivables - gross:			
Unquoted debt securities***	-	291,578,212	291,578,212
	P44,990,577,168	P64,666,099,763	P109,656,676,931

**Unrated derivatives pertain to warrants*
***Accounts are neither past due nor impaired and carried at Stage 1 in 2023*
****Accounts are impaired and carried at Stage 3 in 2023*

Aging Analysis of Past Due but not Impaired
The table below shows the aging of past due but not impaired loans and receivables as at December 31, 2024 and 2023.

	December 31, 2024			
	1 - 30 Days	**31 - 60 Days**	**61 - 90 Days**	**Total**
Receivable from customers (gross):				
Housing loans	**P468,268**	**P120,041,750**	**P54,987,794**	**P175,497,812**
Auto loans	**-**	**53,978,278**	**17,262,943**	**71,241,221**
Others	**52,608,939**	**31,053,822**	**4,669,189**	**88,331,950**
Sales contract receivables	**-**	**2,049,430**	**2,991,661**	**5,041,091**
Other receivables*	**2,492**	**24,000,644**	**6,797,865**	**30,801,001**
	P53,079,699	**P231,123,924**	**P86,709,452**	**P370,913,075**

** Comprised of accrued interest receivables, accounts receivables, and RCOCI*

	December 31, 2023			
	1 - 30 Days	31 - 60 Days	61 - 90 Days	Total
Receivable from customers (gross):				
Housing loans	P21,420,752	P86,393,824	P63,329,410	P171,143,986
Auto loans	31,415	34,781,613	12,100,719	46,913,747
Others	44,493,128	40,144,605	4,176,718	88,814,451
Sales contract receivables	-	3,491,830	1,679,150	5,170,980
Other receivables*	300,075	20,832,308	5,555,872	26,688,255
	P66,245,370	P185,644,180	P86,841,869	P338,731,419

** Comprised of accrued interest receivables, accounts receivables, and RCOCI*

Impairment Assessment
The Bank recognizes credit losses on financial assets at amortized cost and debt securities at FVOCI based on whether it has had a significant increase in credit risk since initial recognition. ECLs are recognized in two (2) stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Liquidity Risk and Funding Management
Liquidity risk is the risk to the Bank's earnings and capital arising from its inability to meet funding requirements in a timely manner. To measure and monitor this risk, the Bank generates a report on future cash flows and liquidity on a daily basis. To ensure sufficient liquidity, the Bank has a set of internal limits incorporated in its annual budget that allocates a portion of its liabilities into cash, investment securities and other liquid assets. Concentration on a single funding source is also regularly monitored to control the Bank's reliance on a specific product or counterparty.

The Bank has available credit lines from various counterparties that it can utilize to meet sudden liquidity demands. It also maintains a portfolio of high quality liquid assets (HQLA) that can be converted to cash in a short period of time and with minimal loss incurred. This ensures compliance with Liquidity Coverage Ratio (LCR) as required by Basel III regulations. LCR checks if there is sufficient HQLA to offset short-term net outflows or short-term obligations under stressed conditions. The Bank also expands its sources of stable funds in order to support asset growth and meet the Net Stable Funding Ratio (NSFR) regulatory limit. NSFR ensures that the Bank is not overly reliant on short-term funding in funding its long-term assets. The Bank's liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating both to the market in general and to events specific to the Bank. A contingency funding plan, which covers quantitative and procedural measures, is in place and may be applied under different stress scenarios.

The Bank also manages its liquidity position through the monitoring of a Maximum Cumulative Outflow against a Board-approved limit. This process measures and estimates projected funding requirements that the Bank will need at specific time horizons.

There has been no material change to the Bank's exposure to liquidity and funding management risk or the manner in which it manages and measures the risk.

Analysis of Financial Liabilities by Remaining Contractual Maturities

The table below summarizes the maturity profile of the Bank's financial liabilities as at December 31, 2024 and 2023 based on contractual undiscounted repayment obligations (amounts in thousands).

	December 31, 2024					
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
Deposit liabilities:						
Demand	**P63,961,972**	**P -**	**P -**	**P -**	**P -**	**P63,961,972**
Savings	**45,216,717**	**78,786,958**	**1,210,133**	**-**	**-**	**125,213,808**
Time	**13,598**	**16,452,949**	**1,247,703**	**290,588**	**-**	**18,004,838**
Long-term negotiable certificates	**-**	**55,952**	**5,135,038**	**-**	**-**	**5,190,990**
Financial liabilities at FVPL	**-**	**45,214**	**-**	**-**	**-**	**45,214**
Bonds payable	**-**	**106,604**	**6,841,649**	**-**	**-**	**6,948,253**
Manager's checks	**-**	**1,414,092**	**-**	**-**	**-**	**1,414,092**
Accrued interest and other expenses*	**-**	**748,774**	**-**	**-**	**-**	**748,774**
Lease liabilities	**-**	**42,234**	**189,700**	**485,855**	**25,710**	**743,499**
Other liabilities**	**-**	**8,965,335**	**954,148**	**301,145**	**-**	**10,220,628**
Total Undiscounted Financial Liabilities	**P109,192,287**	**P106,618,112**	**P15,578,371**	**P1,077,588**	**P25,710**	**P232,492,068**

**amounts exclude accruals of employee and other benefits, taxes payable and rent*
***amounts exclude withholding tax payable, retirement liability and ECL on off-balance sheet exposures*

	December 31, 2023					
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
Deposit liabilities:						
Demand	P54,569,494	P -	P -	P -	P -	P54,569,494
Savings	41,230,115	66,890,815	1,734,937	-	-	109,855,867
Time	16,157	14,695,940	1,575,014	446,877	-	16,733,988
Long-term negotiable certificates	-	55,952	170,372	5,190,990	-	5,417,314
Financial liabilities at FVPL	-	6,202	-	-	-	6,202
Bonds payable	-	93,196	7,625,657	-	-	7,718,853
Manager's checks	-	1,846,500	-	-	-	1,846,500
Accrued interest and other expenses*	-	1,047,574	-	-	-	1,047,574
Lease liabilities	-	38,696	172,936	422,940	35,149	669,721
Other liabilities**	-	951,269	2,039,295	-	290,118	3,280,682
Total Undiscounted Financial Liabilities	P95,815,766	P85,626,144	P13,318,211	P6,060,807	P325,267	P201,146,195

**amounts exclude accruals of employee and other benefits, taxes payable and rent*
***amounts exclude withholding tax payable, retirement liability and ECL on off-balance sheet exposures*

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments (amounts in thousands):

	December 31, 2024				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Total**
Commitments	**P3,866,333**	**P1,969,134**	**P13,043,118**	**P10,853,800**	**P29,732,385**
Contingent liabilities	**69,583,108**	**6,118,951**	**159,154**	**3,305,340**	**79,166,553**
	P73,449,441	**P8,088,085**	**P13,202,272**	**P14,159,140**	P**108,898,938**

	December 31, 2023				
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Commitments	P3,600,977	P5,204,466	P6,350,066	P12,779,223	P27,934,732
Contingent liabilities	68,808,955	5,371,330	2,192,872	3,324,538	79,697,695
	P72,409,932	P10,575,796	P8,542,938	P16,103,761	P107,632,427

Interest Rate Risk in the Banking Book

The loans provided by the Bank to its borrowers are mostly funded by the deposits of its branch and corporate customers. The difference in the interest revenues from loans and the interest expense in servicing deposits provide the bulk of the Bank's Net Interest Income (NII). Aside from loans, interest revenue is also generated from holdings in debt securities, repurchase agreements (repo), and other interest-bearing assets. Occasionally, the Bank taps interbank loans and other sources of funding to supplement deposits, which are subject to additional interest expense.

The Bank utilizes Funds Transfer Pricing (FTP) as a mechanism to charge the asset businesses for funding (e.g., term loans, housing loans) and to compensate fund raisers (e.g., branch deposits). FTP helps units evaluate profitability and calculate returns upon deal origination. Furthermore, the FTP framework insulates them from interest rate risk. The Central Funding Unit (CFU), under the Treasury Management Group, manages the Bank's overall IRRBB. CFU is the first line of defense for both IRRBB and Liquidity Risk. While the Bank does not have intentions to hedge IRRBB via interest rate swaps in the short-term, it actively manages IRRBB by growing its sources of stable funds to match long-term assets.

The FTP policy is properly documented and is transparent to all parties. The FTP interest rates are anchored by widely-used and market-driven benchmark rates such as BVAL and BSP interest rate corridor rates for Peso; USD Secured Overnight Financing Rates and USD-denominated bonds issued by the Philippines for USD. Trends, forecasts, and adjustments to the FTP are discussed and approved in the regular ALCO meeting.

The NII, and ultimately earnings and capital, is vulnerable to adverse fluctuations in interest rates. The Bank also measures the sensitivity of its assets and liabilities to interest rate fluctuations by way of asset-liability gap analysis on a monthly basis. This analysis focuses on the repricing profile of its rate sensitive assets and liabilities, and the impact of interest rate movements on the Bank's accrual earnings. The interest rate repricing gap report assigns all assets and liabilities into various time buckets according to the remaining days to maturity for fixed-rate items, remaining days to next re-pricing for floating-rate items, or based on behavioral assumptions, if more applicable.

The difference between the total of the repricing (interest rate-sensitive) assets and repricing (interest rate-sensitive) liabilities gives an indication of the Bank's repricing risk exposure. A positive gap means more assets mature or have to be repriced than liabilities. In this case, the Bank is said to be "asset sensitive" in that time bucket and it benefits from an increase of interest rates as the assets will be repriced faster than liabilities.

A bank with a negative gap is considered "liability sensitive" since it has more liabilities to be repriced during such period than assets. It is negatively affected by a hike in interest rates. An example would be a bank that uses short-term deposits to fund long-term loans at fixed rates. It may encounter a decline in its net interest income if the interest rates increase since the cost of funds (the deposit rates) will increase while the earnings from loans remain fixed.

RSK monitors the mismatches in the repricing of its assets and liabilities through the interest rate gap reports presented to ALCO and BROC on a monthly basis. To ensure that the Bank's net interest income is preserved, the Bank has set a limit for the maximum repricing gap, either positive or negative, for tenors up to 1 year. These limits are reviewed annually and form part of the Bank's risk appetite statements.

Non-maturing fixed-rate deposits or current-savings accounts (CASA) are split into three classifications: 1) stable and core deposits; 2) stable-but-non-core deposits and; 3) non-stable deposits. The volatile or non-stable portion of the non-maturing deposits/CASA is slotted in the shortest time-bucket (i.e., less than one month). Stable-but-non-core portion is slotted based on an assumed repricing approximation. Stable-and-core portion is slotted in the 3 to 5-year bucket. The IRRBB model captures the possibility of borrowers prepaying their loans and time deposit customers pre-terminating their investments. The interest rate scenario of the model simulates the impact of interest rate movements on existing loans and deposits. More (less) prepayment is expected if interest rates decline (increase), while more (less) pre-termination is expected if interest rates increase (decrease).

Earnings at risk is simulated on a monthly basis and subject to a limit approved by the Board. The report is also accompanied by stress testing with scenarios such as: 1) standard parallel yield curve shifts; 2) BSP-prescribed yield curve shifts; 3) steepening and inversion of the curves; and 4) timing mismatch in assets and liabilities repricing. Internal Audit conducts a regular validation of the IRRBB models and parameters in addition to the risk-based full scope audit of RSK, which includes a review and evaluation of the processes and controls, including governance and risk management activities.

The table below sets forth the Bank's interest rate repricing gap as at December 31, 2024 and 2023 (amounts in millions).

	December 31, 2024								
	Up to 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years	Beyond 5 Years	Non-rate Sensitive	Total
Resources									
Cash and COCI	P -	P -	P -	P -	P -	P -	P -	P4,244	P4,244
Due from BSP	34,589	-	-	-	-	-	-	13,324	47,913
Due from other banks	-	-	-	-	-	-	-	7,268	7,268
Interbank loans receivable	-	139	-	-	-	-	-	-	139
Financial assets at FVPL	-	-	-	-	-	-	-	2,876	2,876
Financial assets at FVOCI	288	373	1,703	3,265	13,992	-	-	(547)	19,074
Investment securities at AC	500	324	683	5,750	15,112	6,053	8,589	(338)	36,673
Loans - net	41,408	26,992	14,791	14,712	11,460	17,078	5,020	2,302	133,763
Other resources	216	16	-	-	-	-	-	11,732	11,964
	P77,001	P27,844	P17,177	P23,727	P40,564	P23,131	P13,609	P40,861	P263,914
Liabilities and Equity									
Deposit liabilities:	P96,039	P12,188	P17,208	P5,776	P207	P80,590	P -	P -	P212,008
Demand deposits	11,618	-	7,323	-	-	45,021	-	-	63,962
Savings deposits	1,248	-	8,451	-	-	35,514	-	-	45,213
Time deposits	83,173	12,188	1,434	747	207	55	-	-	97,804
Long-term negotiable certificates	-	-	-	5,029	-	-	-	-	5,029
Bonds payable	-	-	-	6,534	-	-	-	-	6,534
Other liabilities	-	-	-	-	-	-	-	13,746	13,746
	96,039	12,188	17,208	12,310	207	80,590	-	13,746	232,288
Capital funds	-	-	-	-	-	-	-	31,626	31,626
	P96,039	P12,188	P17,208	P12,310	P207	P80,590	P -	P45,372	P263,914
Total periodic gap	(P19,038)	P15,656	(P31)	P11,417	P40,357	(P57,459)	P13,609	(P4,511)	P -

	December 31, 2023								
	Up to 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years	Beyond 5 Years	Non-rate Sensitive	Total
Resources									
Cash and COCI	P -	P -	P -	P -	P -	P -	P -	P3,501	P3,501
Due from BSP	8,473	-	-	-	-	-	-	15,799	24,272
Due from other banks	-	-	-	-	-	-	-	3,068	3,068
Interbank loans receivable	17,973	128	-	-	-	-	-	(2)	18,099
Financial assets at FVPL	-	-	-	-	-	-	-	399	399
Financial assets at FVOCI	243	353	1,239	2,598	6,923	-	-	(468)	10,888
Investment securities at AC	12,835	3,728	682	-	14,720	10,705	10,240	(343)	52,567
Loans - net	33,245	26,033	7,569	7,929	12,790	17,675	24	2,314	107,579
Other resources	236	33	-	-	-	-	-	9,632	9,901
	P73,005	P30,275	P9,490	P10,527	P34,433	P28,380	P10,264	P33,900	P230,274
Liabilities and Equity									
Deposit liabilities:	P71,562	P17,602	P16,618	P908	P5,343	P73,872	P -	P -	P185,905
Demand deposits	6,423	-	6,990	-	-	41,157	-	-	54,570
Savings deposits	1,037	-	7,563	-	-	32,619	-	-	41,219
Time deposits	64,102	17,602	2,065	908	314	96	-	-	85,087
Long-term negotiable certificates	-	-	-	-	5,029	-	-	-	5,029
Bonds payable	-	-	-	7,478	-	-	-	-	7,478
Other liabilities	-	-	-	-	-	-	-	7,420	7,420
	71,562	17,602	16,618	8,386	5,343	73,872	-	7,420	200,803
Capital funds	-	-	-	-	-	-	-	29,471	29,471
	P71,562	P17,602	P16,618	P8,386	P5,343	P73,872	P -	P36,891	P230,274
Total periodic gap	P1,443	P12,673	(P7,128)	P2,141	P29,090	(P45,492)	P10,264	(P2,991)	P -

The Bank manages interest rate risk separately for its RBU and FCDU books. The interest rate risk of the RBU of the Bank from its accounts is managed in PHP while the FCDU of the Bank, regardless of original currency, is managed in USD. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Bank's results of operations and OCI:

	December 31, 2024			
Currency	**Changes in Interest Rates (In Basis Points)**	**Sensitivity of Net Interest Income (In Millions)**	**Sensitivity of Trading Gains - net on FA at FVPL (In Millions)**	**Sensitivity of OCI (In Millions)**
PHP	**200**	**P201.23**	**(P218.13)**	**(P1,553.89)**
USD	**100**	**(5.25)**	**(39.35)**	**(74.30)**
PHP	**-200**	**(201.23)**	**218.13**	**1,553.89**
USD	**-100**	**5.25**	**39.35**	**74.30**

	December 31, 2023			
Currency	Changes in Interest Rates (In Basis Points)	Sensitivity of Net Interest Income (In Millions)	Sensitivity of Trading Gains - net on FA at FVPL (In Millions)	Sensitivity of OCI (In Millions)
PHP	+200	P147.58	(P5.67)	(P960.56)
USD	+100	(0.35)	(9.43)	(79.95)
PHP	-200	(147.58)	5.67	960.56
USD	-100	0.35	9.43	79.95

The sensitivity of the results of operations is measured as the effect of the assumed changes in interest rates on the net interest income for one year based on the floating rate of financial assets and liabilities held as at December 31, 2024 and 2023.

The sensitivity of "Trading and investment securities gains (losses) - net" and OCI is calculated by revaluing fixed-rate financial assets at FVPL and debt securities at FVOCI, respectively, as at December 31, 2024 and 2023. The total sensitivity of OCI is based on the assumption that there are parallel shifts in the yield curve, while the analysis by maturity band displays the sensitivity to non-parallel changes.

Market Risk

Market risk arises from the potential decline in earnings and capital due to adverse changes in market conditions and the underlying risk factors, which in turn affect the value and future cash flows of financial instruments, products, and transactions. The Bank is primarily exposed to two sources of market risk, namely: 1) market price risk in the trading book; and 2) foreign exchange risk from open foreign currency exposures. The Bank also has equity-related holdings which is a source of equity price risk, although deemed as minimal compared to the first two.

There has been no material change to the Bank's exposure to market risk or the manner in which it manages and measures the risk.

Market Price Risk in the Trading Book

The market price of financial instruments and transactions in the trading book may change unfavorably as a result of movements in interest rates, foreign exchange rates, credit spreads, and other risk factors. The Bank employs an internally developed VAR model, along with other sensitivity metrics, to measure and monitor the probable deterioration in the market value of its trading portfolio. The Bank's RSK simulates the trading book's VAR on a daily basis and the results are compared against Board-approved limits. In addition to the limit on VAR, the trading portfolio is also subject to limits on aggregate exposures, sensitivity metrics, monthly and yearly losses.

Value-at-Risk Methodology

VAR serves as the Bank's key metric in the measurement of risk arising from market price changes of financial assets and foreign currency exposures. Given data for the market risk factors over a 1-year period (260 business days), VAR is the maximum probable loss that may be incurred from positions exposed to market risk. The maximum probable loss is calculated from simulations of daily profit and losses assuming that historical movements in market risk factors will recur, subject to a 99% confidence level and a 1-day holding period.

The Bank's VAR methodology is based on the widely used historical simulation method but with a modification on the usual assumption of equal probabilities in the simulation data points. Profit and loss simulations derived from older data are given less importance by assigning them with progressively lower probabilities of occurrence when used in the calculation of the maximum probable loss.

The table below summarizes the results of the Bank's VAR calculations as at December 31, 2024 and 2023.

	FX Exposures	HFT Securities	FVOCI Securities	Aggregate VAR
2024				
As at December 31, 2024	**P1,055,981**	**P19,972,845**	**P96,351,049**	**P117,379,875**
Average	**1,802,516**	**16,829,705**	**84,843,456**	**103,396,074**
Highest	**9,892,421**	**37,504,367**	**138,826,273**	**169,508,195**
Lowest	**235,676**	**564,953**	**38,889,755**	**39,831,044**
2023				
As at December 31, 2023	P1,950,756	P1,471,726	P50,010,354	P53,432,836
Average	1,618,958	2,794,146	51,444,695	54,952,559
Highest	7,728,518	9,254,465	67,024,351	69,553,970
Lowest	268,678	78,190	39,722,601	41,246,030

Currency Risk
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 based on its assets and liabilities is within conservative limits for a financial institution engaged in a type of business similar to that of the Bank.

Foreign currency deposits are generally used to fund the foreign currency-denominated loan and investment portfolios in the FCDU. Banks are required by BSP to match the foreign currency liabilities held in the FCDU with foreign currency assets. In addition, BSP requires a 30.0% liquidity reserve on all foreign currency liabilities held in the FCDU.

Similar to market price risk in the trading book, the Bank employs limits and a VAR model to manage the risk that possible interest or currency movements pose. Such limits are prudently set and the position status is monitored on a daily basis.

The table below summarizes the Bank's exposure to foreign exchange risk as at December 31, 2024 and 2023. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by currency (based on USD equivalents in thousands):

	December 31, 2024			
	USD	**Euro**	**Others**	**Total**
Assets				
Cash	**$ -**	**$33**	**$1,838**	**$1,871**
Due from other banks	**179**	**407**	**284**	**870**
Interbank loans	**4,699**	**-**	**-**	**4,699**
Loans and receivables	**1,582**	**-**	**-**	**1,582**
Total Assets	**6,460**	**440**	**2,122**	**9,022**
Liabilities				
Deposit liabilities	**-**	**817**	**8**	**825**
Other liabilities	**1,468**	**78**	**16**	**1,562**
Total Liabilities	**1,468**	**895**	**24**	**2,387**
Net Exposure	**$4,992**	**($455)**	**$2,098**	**$6,635**
Amount in PHP	**P288,762**	**(P26,319)**	**P121,359**	**P383,802**

	December 31, 2023			
	USD	Euro	Others	Total
Assets				
Cash	$ -	$47	$1,870	$1,917
Due from other banks	1,065	1,188	822	3,075
Interbank loans	3,550	-	-	3,550
Financial assets at FVPL	-	1,747	-	1,747
Loans and receivables	1,950	20	-	1,970
Total Assets	6,565	3,002	2,692	12,259
Liabilities				
Deposit liabilities	-	736	2	738
Other liabilities	1,028	73	2	1,103
Total Liabilities	1,028	809	4	1,841
Net Exposure	$5,537	$2,193	$2,688	$10,418
Amount in PHP	P306,584	P121,426	P148,835	P576,845

The table below indicates the currencies which the Bank has significant exposure to as at December 31, 2024 and 2023 based on its foreign currency-denominated assets and liabilities and its forecasted cash flows. The analysis calculates the effect of a reasonably possible movement of other currency rates against the PHP, with all other variables held constant on the results of operations (due to the fair value of currency sensitive monetary assets and liabilities) and OCI. A negative amount in the table reflects a potential net reduction of net income or OCI while positive amount reflects a net potential increase. Changes in currency rates are based on the historical movements of each currency for the same period:

	Philippine Peso Appreciates by	**Effect on Profit before Tax (In Millions)**	**Philippine Peso Depreciates by**	**Effect on Profit before Tax (In Millions)**
December 31, 2024				
Currency:				
USD	**P1.00**	**(P4.99)**	**(P1.00)**	**P4.99**
Euro	**0.50**	**0.23**	**(0.50)**	**(0.23)**
Others	**0.40**	**(0.84)**	**(0.40)**	**0.84**

	Philippine Peso Appreciates by	Effect on Profit before Tax (In Millions)	Philippine Peso Depreciates by	Effect on Profit before Tax (In Millions)
December 31, 2023				
Currency:				
USD	P1.00	(P5.54)	(P1.00)	P5.54
Euro	0.50	(1.10)	(0.50)	1.10
Others	0.40	(1.08.)	(0.40)	1.08

Given the nature and amount of the Bank's equity investments portfolio in 2024 and 2023, management believes the Bank's exposure to currency risk is considered minimal.

Equity Price Risk
Given the nature and amount of the Bank's equity investments portfolio in 2024 and 2023, management believes the Bank's exposure to equity price risk is considered minimal.

6. Categories and Fair Value Measurement

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

COCI, Due from BSP and Other Banks and Interbank Loans Receivable and SPURA - Fair values approximate carrying amounts given the short-term nature of the instruments.

Debt Securities (Financial Assets at FVPL, Financial Assets at FVOCI, and Investment Securities at Amortized Cost) - Fair values are generally based on quoted market prices. If 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 discounted cash flow methodology.

Equity Securities (Financial Assets at FVOCI) - Fair values are determined based on market prices quoted in an established exchange, or on published quotes by accredited brokers.

Derivative Instruments (Financial Assets and Financial Liabilities at FVPL) - Fair values are determined based on published quotes or price valuations provided by counterparties or calculations using market-accepted valuation techniques.

Loans and Receivables - The estimated fair values of long-term receivables from customers and sales contract receivables are equal to the estimated future cash flows expected to be received which are discounted using current market rates (i.e., BVAL and USD Secured Overnight Financing Rates). Fair value of short-term receivable from customers, sales contract receivables, accounts receivables, accrued interest receivables, and RCOCI approximates carrying amounts given the short-term nature of the accounts.

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

Location	Location of comparative properties whether on a main road or secondary road. Road width could also be a consideration if data is available. As a rule, properties along a main road are superior to properties along a secondary road.
Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable confirms to the average cut of the lots in the area and estimate the impact of lot size differences on land value.
Time Element	An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time, in which case, the current date is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

Deposit Liabilities - Fair values of long-term time deposits are estimated using the discounted cash flow methodology, where future cash flows are discounted using the current market rate (i.e., BVAL and USD Secured Overnight Financing Rates) and with maturities consistent with those remaining for the liability being valued. Carrying amounts of short-term time deposits approximate fair value. For demand and savings deposits, carrying amounts approximate fair values considering that these are currently due and demandable.

Bonds and Bills Payable - For long-term bonds and bills payable, fair values are estimated using the discounted cash flow methodology, where future cash flows are discounted using the current market rate (i.e., BVAL and USD Secured Overnight Financing Rate and with maturities consistent with those remaining for the liability being valued. Carrying amounts of short-term bonds and bills payable approximate fair value.

Manager's Checks, Accrued Interest and Other Expenses and Other Liabilities (excluding non-financial liabilities) - Carrying amounts approximate fair values due to the short-term nature of the accounts. Due to preferred shareholders is determined to be long term in nature due to a pending dispute which affects maturity. Fair value cannot be estimated reliably due to lack of available supportable data.

The following table provides the fair value hierarchy of the Bank's assets and liabilities measured at fair value and those for which fair values should be disclosed (amounts in thousands):

	December 31, 2024				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial Assets					
Financial assets at FVPL:					
Government securities held for trading	P2,782,361	P2,240,777	P541,584	P -	P2,782,361
Derivative assets	63,717	-	63,717	-	63,717
Private debt securities	29,556	-	-	29,556	29,556
Financial assets at FVOCI:					
Government securities	19,036,827	4,092,577	14,944,250	-	19,036,827
Equity securities	41,807	2,400	-	39,407	41,807
	P21,954,268	P6,335,754	P15,549,551	P68,963	P21,954,268
Liabilities Measured at Fair Value					
Financial Liabilities					
Derivative liabilities	P45,214	P -	P45,214	P -	P45,214
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost:					
Government securities	P34,461,471	P6,544,301	P26,949,415	P -	P33,493,716
Private debt securities	2,150,197	265,575	1,715,331	-	1,980,906
Loans and receivables:					
Receivables from customers	133,829,158	-	-	136,682,790	136,682,790
Less unearned interest	67,358	-	-	67,358	67,358
	133,761,800	-	-	136,615,432	136,615,432
Sales contract receivables	278,434	-	-	291,899	291,899
	170,651,902	6,809,876	28,664,746	136,907,331	172,381,953
Non-financial Assets					
Investment properties	3,992,770	-	-	10,656,631	10,656,631
	P174,644,672	P6,809,876	P28,664,746	P147,563,962	P183,038,584
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities:					
Time	P17,916,073	P -	P17,898,536	P -	P17,898,536
Long-term negotiable certificates	5,029,420	-	5,029,420	-	5,029,420
Bonds payable	6,534,448	-	6,569,750	-	6,569,750
	P29,479,941	P -	P29,497,706	P -	P29,497,706

	December 31, 2023				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial Assets					
Financial assets at FVPL:					
Government securities held for trading	P180,603	P61,208	P119,395	P -	P180,603
Private debt securities	190,505	-	-	190,505	190,505
Derivative assets	27,685	-	27,685	-	27,685
Financial assets at FVOCI:					
Government securities	10,850,048	4,088,139	6,761,909	-	10,850,048
Equity securities	193,757	155,300	-	38,457	193,757
	P11,442,598	P4,304,647	P6,908,989	P228,962	P11,442,598
Liabilities Measured at Fair Value					
Financial Liabilities					
Derivative liabilities	P6,202	P -	P6,202	P -	P6,202
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost:					
Government securities	P50,305,668	P20,087,916	P28,833,159	P -	P48,921,075
Private debt securities	2,165,435	343,612	1,629,236	-	1,972,848
Loans and receivables:					
Receivables from customers	107,624,342	-	-	110,630,437	110,630,437
Less unearned interest	45,388	-	-	45,388	45,388
	107,578,954	-	-	110,585,049	110,585,049
Sales contract receivables	331,532	-	-	345,450	345,450
	160,381,589	20,431,528	30,462,395	110,930,499	161,824,422
Non-financial Assets					
Investment properties	3,676,126	-	-	10,514,333	10,514,333
	P164,057,715	P20,431,528	P30,462,395	P121,444,832	P172,338,755
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities:					
Time	P16,638,541	P -	P16,609,959	P -	P16,609,959
Long-term negotiable certificates	5,029,420	-	4,909,268	-	4,909,268
Bonds payable	7,478,265	-	7,500,000	-	7,500,000
	P29,146,226	P -	P29,019,227	P -	P29,019,227

In 2024 and 2023, due to changes in market conditions for certain government securities measured at FVOCI, quoted prices in active markets were not available for these securities. However, there was sufficient information available to measure the fair values of these securities based on observable market inputs. Therefore, these securities at FVPL and FVOCI, with carrying amounts of P0.5 million and P4.8 billion, respectively, in 2024 and nil and P327.4 million, respectively, in 2023 were transferred from Level 1 to Level 2 of the fair value hierarchy.

In 2024, securities at FVPL and FVOCI, with carrying amount of P141.6 million and P56.6 million, respectively, were transferred from Level 2 to Level 1 of the fair value hierarchy since quoted prices in active markets were already available. In 2023, securities at FVOCI, with carrying amounts of P394.3 million, were transferred from Level 2 to Level 1 of the fair value hierarchy.

In 2024 and 2023, there have been no transfers into and out of Level 3 of the fair value hierarchy.

An instrument in its entirety is classified as Level 3 if a significant portion of the instrument's fair value is driven by unobservable inputs. Unobservable in this context means that there is little or no current market data available from which the price at which an arm's length transaction would be likely to occur can be derived. The fair value of the Level 3 instruments is based on cost which approximates its fair value.

The carrying values of the financial assets and liabilities not included in the fair value hierarchy table shown above approximate their respective fair values as at December 31, 2024 and 2023.

7. Segment Reporting

The Bank's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit. Operating segments are reported in accordance with internal reporting to SET who is responsible for allocating resources to the segments and assessing their performance. Segment performance is evaluated based on net income before provision/reversal of credit and impairment losses, share in net loss of an associate, and income tax expense. The Bank's business segments follow:

Treasury Management Group - principally provides money market, trading and treasury services, as well as management of the Bank's funding operations by use of treasury bills, government securities and placements and acceptances with other banks.

Corporate Banking Group - principally handles loans and other credit facilities for corporate institutional, and middle market clients.

Branch Banking Group - principally supervises customers' deposits and offers standard customer transactional services through the branch network.

Consumer Group - principally manages home, automobile, and salary loans for individual customers.

Others - includes but not limited to Credit Cards, Transaction Banking, Investment Banking, Trust, and Acquired Assets. Other operations of the Bank also include operations and financial control groups.

Segment assets and liabilities comprise operating assets and liabilities, including borrowings. Revenues and expenses that are directly attributable to a particular business segment and the relevant portions of the Bank's revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment. Transactions between the business segments are carried out at arm's length. The Bank uses an Internal Funds Transfer Pricing rate to allocate the cost of funds or to recognize internal revenue for deposit takers. The Bank has no significant customers which contributes 10.00% or more of the Bank's revenue net of interest expense. Internal charges and transfer pricing adjustments have been reflected in the performance of each business.

The segment information of the Bank for the years ended December 31, 2024, 2023 and 2022 for statements of income items, and as at December 31, 2024 and December 31, 2023 for statements of financial position items follow (amounts in millions):

	December 31, 2024					
	Treasury Management Group	**Corporate Banking Group**	**Branch Banking Group**	**Consumer Group**	**Others**	**Total**
Statement of Income						
Net interest income:						
Third party	**P2,976**	**P8,060**	**(P3,209)**	**P1,100**	**P184**	**P9,111**
Intersegment	**(1,469)**	**(6,661)**	**8,449**	**(824)**	**505**	**-**
Net interest income	**1,507**	**1,399**	**5,240**	**276**	**689**	**9,111**
Non-interest income	**124**	**42**	**83**	**54**	**1,342**	**1,645**
Total revenues	**1,631**	**1,441**	**5,323**	**330**	**2,031**	**10,756**
Compensation and fringe benefits	**24**	**35**	**572**	**73**	**1,934**	**2,638**
General and administrative expenses	**74**	**19**	**1,217**	**46**	**1,584**	**2,940**
Taxes and licenses	**206**	**348**	**455**	**63**	**23**	**1,095**
Total expenses	**304**	**402**	**2,244**	**182**	**3,541**	**6,673**
Income (losses) before provision for credit losses and income tax expense	**P1,327**	**P1,039**	**P3,079**	**P148**	**(P1,510)**	**P4,083**
Provision for credit and impairment losses						**P139**
Share in net loss of an associate						**1**
Income tax expense						**918**
Net income						**P3,025**
Other Segment Information						
Capital expenditures	**P3**	**P6**	**P67**	**P8**	**P292**	**P376**
Depreciation and amortization	**P4**	**P4**	**P86**	**P8**	**P521**	**P623**

	December 31, 2024					
	Treasury Management Group	**Corporate Banking Group**	**Branch Banking Group**	**Consumer Group**	**Others**	**Total**
Statement of Financial Position						
Total assets	**P96,833**	**P121,696**	**P21,561**	**P15,249**	**P10,101**	**P265,440**
Total liabilities	**9,284**	**353**	**211,233**	**160**	**11,180**	**232,210**

	December 31, 2023					
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	Total
Statement of Income						
Net interest income:						
Third party	P2,908	P7,049	(P2,707)	P958	P88	P8,296
Intersegment	(2,269)	(5,723)	7,021	(662)	1,633	-
Net interest income	639	1,326	4,314	296	1,721	8,296
Non-interest income	140	73	96	52	1,318	1,679
Total revenues	779	1,399	4,410	348	3,039	9,975
Compensation and fringe benefits	23	33	668	77	1,468	2,269
General and administrative expenses	137	17	1,078	47	1,548	2,827
Taxes and licenses	197	314	425	60	67	1,063
Total expenses	357	364	2,171	184	3,083	6,159
Income (losses) before provision for credit losses and income tax expense	P422	P1,035	P2,239	P164	(P44)	P3,816
Provision for credit and impairment losses						P79
Share in net loss of an associate						1
Income tax expense						934
Net income						P2,802
Other Segment Information						
Capital expenditures	P6	P8	P156	P3	P226	P399
Depreciation and amortization	P4	P4	P59	P7	P415	P489

	December 31, 2023					
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	Total
Statement of Financial Position						
Total assets	P89,494	P96,924	P23,438	P13,022	P8,790	P231,668
Total liabilities	6,344	48	187,210	134	7,081	200,817

	December 31, 2022					
	Treasury Management Group	Corporate Banking Group	Branch Banking Group	Consumer Group	Others	Total
Statement of Income						
Net interest income:						
Third party	P2,171	P4,448	(P880)	P896	P47	P6,682
Intersegment	(1,602)	(3,157)	5,306	(542)	(5)	-
Net interest income	569	1,291	4,426	354	42	6,682
Non-interest income	116	154	89	40	1,035	1,434
Total revenues	685	1,445	4,515	394	1,077	8,116
Compensation and fringe benefits	20	28	620	68	1,236	1,972
General and administrative expenses	59	15	1,045	37	1,423	2,579
Taxes and licenses	143	215	433	52	90	933
Total expenses	222	258	2,098	157	2,749	5,484
Income (losses) before provision for credit losses and income tax expense	P463	P1,187	P2,417	P237	(P1,672)	P2,632
Provision for credit and impairment losses						P166
Share in net loss of an associate						-
Income tax expense						666
Net income						P1,800
Other Segment Information						
Capital expenditures	P6	P6	P57	P7	P86	P162
Depreciation and amortization	P4	P3	P53	P7	P365	P432

Non-Interest income consists of trading and investment securities gains (losses), service charges, fees and commissions, foreign exchange gains, gain on foreclosure, and sale of property and equipment and foreclosed assets and miscellaneous income.

General and administrative expenses consist of rent and utilities, depreciation and amortization, insurance, service fees and commissions, subscription fees, entertainment and recreation, management and professional fees, amortization of software costs and miscellaneous expense.

8. Interbank Loans Receivable and Securities Purchased under Resale Agreements

This account consists of:

	Note	**2024**	2023
Interbank loans receivable		**P3,587,849,088**	P2,141,147,187
SPURA		**-**	17,973,348,893
		3,587,849,088	20,114,496,080
Less allowance for credit losses	*17*	**484,360**	2,715,457
		P3,587,364,728	P20,111,780,623

Interbank loans receivable consists of short-term loans granted to other banks.

SPURA represents overnight lending placements with the BSP where the underlying securities cannot be sold or re-pledged to parties other than the BSP.

Interest income on SPURA and interbank loans receivable follows:

	2024	2023	2022
SPURA	**P430,247,101**	P746,318,560	P475,286,408
Interbank loans receivable	**111,800,877**	129,387,516	63,872,487
	P542,047,978	P875,706,076	P539,158,895

SPURA bears interest rates ranging from 5.9% to 6.7% in 2024, from 5.5% to 6.4% in 2023 and from 2.0% to 5.5% in 2022.

Peso-denominated interbank loans receivable bear interest rates ranging from 5.8% to 6.6% in 2024, from 5.5% to 6.5% in 2023 and from 1.8% to 5.0% in 2022. Dollar-denominated interbank loans receivable bear interest rates ranging from 4.2% to 5.8%, from 3.0% to 5.6%, and from 0.5% to 3.8% in 2024, 2023 and 2022, respectively.

9. Financial Assets and Liabilities at Fair Value through Profit or Loss

Financial assets at FVPL consist of:

	2024	2023
Government securities held-for-trading	**P2,782,360,563**	P180,602,626
Derivative assets	**63,717,369**	27,685,000
Private debt securities	**29,555,862**	190,504,814
	P2,875,633,794	P398,792,440

Private debt securities pertain to investment in MRT III bonds that does not qualify as SPPI, thus, mandatorily classified and measured as financial assets at FVPL.

As at December 31, 2024, 2023, and 2022, financial assets at FVPL are adjusted for unrealized loss of P1.0 million and unrealized gain of P22.8 million and P3.0 million, respectively (see Note 28).

Derivative Financial Instruments

This includes warrants amounting to $0.05 million acquired by the Bank in June 2008. The warrants give the Bank the option or right to exchange its holding of certain Republic of the Philippines Global Bonds into peso-denominated government securities upon occurrence of a predetermined credit event. The warrants will mature in November 2032.

Forward swaps refer to spot purchase or sale of one currency against another with an offsetting agreement to sell or purchase the same currency at an agreed forward rate in the future. As at December 31, 2024, these pertain to 13 contracts with notional amount of $5 million each and three contracts with notional amount of $10 million each. As at December 31, 2023, these pertain to two contracts with notional amount of $1.0 million each, two contracts with notional amount of $5.0 million each and two contracts with notional amount of $10.0 million each.

The table below shows the fair values of derivative financial instruments entered into by the Bank, recorded as derivative assets or derivative liabilities, together with the notional amount. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amount indicates the volume of transactions outstanding as at December 31, 2024 and 2023 and is not indicative of either market risk or credit risk.

	December 31, 2024		December 31, 2023	
	Derivative Assets	**Notional Amount**	Derivative Assets	Notional Amount
Freestanding derivatives:				
Forwards	**P34,794,869**	**$50,000,000**	P -	$ -
Warrants	**28,922,500**	**50,000**	27,685,000	50,000
	P63,717,369	**$50,050,000**	P27,685,000	$50,000

	December 31, 2024		December 31, 2023	
	Derivative Liabilities	**Notional Amount**	Derivative Liabilities	Notional Amount
Freestanding derivatives:				
Forwards	**P45,214,075**	**$45,000,000**	P6,201,649	$32,000,000

10. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

	2024	2023
Government securities	**P19,036,826,434**	P10,850,047,722
Equity securities	**41,807,401**	193,757,106
	P19,078,633,835	P11,043,804,828

As at December 31, 2024 and 2023, the ECL allowance on debt securities at FVOCI included under "Net unrealized losses on financial assets at FVOCI" amounted to P1.9 million and P1.1 million, respectively (see Note 17).

Equity Securities
This account consists of ordinary shares from a foreign financial institution and a telecommunications company and club shares. The Bank has designated these equity securities at FVOCI as these are held for medium or long-term strategic investments rather than for trading.

Equity securities include the Bank's 3.07% equity interest in Banco National de Guinea Equatorial (BANGE) as part of its partnership with the National Government of the Republic of Equatorial Guinea. The carrying amount of the equity securities amounted to P19.1 million and P19.4 million, respectively, as at December 31, 2024 and 2023. Dividend income received from BANGE in 2024 and 2023 amounted to P2.5 million and P4.0 million, respectively, booked under "Miscellaneous Income" in the statements of income (see Note 31). No dividend was received from BANGE in 2022.

In 2024, 2023, and 2022, the Bank disposed club shares with carrying value of P98.7 million, P0.9 million, and P0.8 million, respectively, and transferred to "Retained earnings" account the realized gain of P82.3 million, P7.5 million, and P0.3 million in 2024, 2023, and 2022, respectively, in order to achieve the bank's strategy to derecognize from the books club shares that were no longer in use.

Dividend income from equity securities at FVOCI amounted to P3.9 million, P5.6 million, and P1.6 million in 2024, 2023, and 2022, respectively (see Note 31).

Net Unrealized Losses on Financial Assets at FVOCI

The movements of net unrealized gains (losses) on financial assets at FVOCI follow:

	Note	**2024**	2023	2022
Balance at beginning of year		**(P421,192,531)**	(P730,966,925)	(P156,154,761)
Net unrealized gains (losses) recognized as OCI		**(29,535,641)**	324,174,117	(574,495,027)
Realized gains taken to profit or loss	*28*	**(1,623,076)**	(6,964,361)	-
Effect of tax	*32*	**(946,234)**	(363,597)	-
ECL on debt securities at FVOCI	*17*	**838,797**	455,690	(27,137)
Net change in unrealized gains (losses) recorded in OCI		**(31,266,154)**	317,301,849	(574,522,164)
Realized gains taken to retained earnings		**(82,303,000)**	(7,527,455)	(290,000)
Balance at end of year		**(P534,761,685)**	(P421,192,531)	(P730,966,925)

11. Investment Securities at Amortized Cost

This account consists of:

	Note	**2024**	2023
Government securities		**P34,465,484,615**	P50,311,649,891
Private debt securities	*33*	**2,150,432,619**	2,165,662,758
		36,615,917,234	52,477,312,649
Less allowance for credit losses	*17*	**4,248,853**	6,209,355
		P36,611,668,381	P52,471,103,294

No investment securities at amortized cost were sold in 2024, 2023 and 2022.

12. Loans and Receivables

This account consists of:

	Note	2024	2023
Receivables from customers:			
Term loans		**P102,819,507,055**	P81,196,871,925
Agri-agra loans		**13,757,055,407**	11,681,545,957
Housing loans		**9,564,719,568**	8,454,302,941
Auto loans		**5,079,022,446**	4,123,415,068
Bills purchased, import bills and trust receipts	*22*	**1,227,464,415**	1,050,698,899
Direct advances		**364,009,899**	577,211,848
Others		**2,668,785,562**	2,368,875,299
		135,480,564,352	109,452,921,937
Less unearned interest income		**67,358,184**	45,387,843
		135,413,206,168	109,407,534,094
Accounts receivable		**1,573,836,315**	1,055,139,512
Accrued interest receivable:			
Loans and receivables		**1,065,846,459**	946,846,228
Trading and investment securities		**665,093,026**	483,609,311
Due from BSP and other banks		**20,766,667**	4,357,778
Interbank loans receivable and SPURA		**2,181,497**	8,257,598
Sales contract receivables		**334,864,748**	388,560,627
Unquoted debt securities		**291,578,217**	291,578,212
RCOCI		**5,152,412**	93,452
		139,372,525,509	112,585,976,812
Less allowance for credit losses	*17*	**2,867,185,128**	3,019,800,493
		P136,505,340,381	P109,566,176,319

Bills purchased, import bills and trust receipts include bills purchased with contra account in “Bills purchased - contra” under “Other Liabilities” in the statements of financial position amounting to P0.8 billion and P1.0 billion as at December 31, 2024 and 2023, respectively (see Notes 22 and 33). Bills purchased - contra represents liabilities arising from the outright purchases of checks due for clearing as a means of immediate financing offered by the Bank to its clients.

Other receivables from customers pertain to consumer loans such as benefit loans, salary loans, and credit cards.

Accounts receivable mainly consist of amounts due from customers and other parties under open-account arrangements, advances for buyers of foreclosed properties, receivables from employees and other miscellaneous receivables.

Sales contract receivables arise mainly from the sale of foreclosed properties booked under “Investment properties” accounts.

On March 25, 2020, Republic Act (RA) No. 11469, otherwise known as the Bayanihan to Heal as One Act ("Bayanihan 1") was enacted. Bayanihan 1 provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest falling due within the enhanced community quarantine period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, RA No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2"), was enacted. Under Bayanihan 2, a one-time 60-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interest, penalties, fees and other charges, thereby extending the maturity of the said loans.

Based on the Bank's assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets. The impact of loan modifications amounted to a loss of P29.6 million in 2020. In 2024, 2023 and 2022, accretion of loan modification that were recorded in "Interest income" in the statements of income amounted to P2.4 million, P3.4 million, and P5.1 million, respectively.

BSP Regulatory Reporting

As at December 31, 2024 and 2023, the breakdown of receivables from customers as to collateral follows (amounts in thousands, except percentages):

	2024		2023	
	Amount	**%**	Amount	%
Loans secured by:				
Real estate	**P14,346,526**	**10.6**	P6,564,727	6.0
Deposit hold-out	**4,968,854**	**3.7**	5,194,467	4.8
Continuing surety agreement	**4,761,602**	**3.5**	4,306,977	3.9
Deed of pledge	**4,552,022**	**3.4**	7,983,973	7.3
Chattel	**2,267,390**	**1.7**	2,280,780	2.1
Deed of assignment	**1,521,330**	**1.1**	1,362,971	1.2
Corporate guaranty	**1,079,000**	**0.8**	1,331,763	1.2
Others*	**20,975,312**	**15.4**	31,992,124	29.2
	54,472,036	**40.2**	61,017,782	55.7
Unsecured	**81,008,528**	**59.8**	48,435,140	44.3
	P135,480,564	**100.0**	P109,452,922	100.0

**Others include post-dated checks and various collaterals on omnibus loan and security agreement*

As at December 31, 2024 and 2023, information on the concentration of credit as to industry follows (amounts in thousands, except percentages):

	2024		2023	
	Amount	**%**	Amount	%
Electricity, gas, steam, and air-conditioning supply	**P45,497,015**	**33.6**	P39,122,670	35.8
Real estate activities	**25,014,466**	**18.5**	18,848,608	17.2
Construction	**12,386,390**	**9.1**	11,705,416	10.7
Manufacturing	**11,196,631**	**8.3**	10,917,610	10.0
Financial and insurance activities	**7,176,445**	**5.3**	2,554,721	2.3
Wholesale and retail trade, repair of motor vehicles and motorcycles	**7,043,723**	**5.2**	5,957,919	5.4
Information and communication	**5,792,384**	**4.3**	4,973,415	4.6
Agriculture, forestry and fishing	**3,871,709**	**2.8**	1,898,948	1.7
Accommodation and food service activities	**3,151,640**	**2.3**	1,549,064	1.4
Transportation and storage	**2,874,147**	**2.1**	1,328,555	1.2
Mining and quarrying	**1,966,730**	**1.5**	1,882,580	1.7
Water supply, sewerage, waste management and remediation activities	**1,324,212**	**1.0**	1,380,895	1.3
Administrative and support service activities	**206,588**	**0.1**	541,078	0.5
Others*	**7,978,484**	**5.9**	6,791,443	6.2
	P135,480,564	**100.0**	P109,452,922	100.0

**Others include Professional Activities, Education, Personal Consumption and other various activities*

BSP considers that concentration of credit risk exists when the total loan exposure to a particular industry or economic sector exceeds 30.0% of total loan portfolio or 10.0% of Tier 1 capital.

As at December 31, 2024 and 2023, the table above includes one industry group (electricity, gas, steam and air-conditioning supply) above the 30.0% of the total loan portfolio. However, the Bank has internal sub-classifications for renewable and non-renewable energy under electricity and power industry with separate limits (for renewable energy- 25.0% of the total loan portfolio, non-renewable energy- 30.0%). Existing exposures as at December 31, 2024 and 2023 for this industry are within the acceptable levels. As at December 31, 2024, existing exposures for renewable energy and non-renewable energy were at 12.0% and 21.6%, respectively, of the total loan portfolio. As at December 31, 2023, existing exposures for renewable energy and non-renewable energy were at 14.9% and 20.8%, respectively, of the total loan portfolio.

As at December 31, 2024, 10.0% of the Tier 1 capital amounted to P3.0 billion and the table above includes the nine industry groups (Electricity, gas, steam and air-conditioning supply, Real estate activities, Construction, Manufacturing, Financial and insurance activities, Wholesale and retail trade, repair of motor vehicles and motorcycles, Information and communications, Agriculture, forestry and fishing and Accommodation and food service activities) exceeding this level as of that date.

The table also includes the six industry groups (Electricity, gas, steam and air-conditioning supply, Real estate activities, Manufacturing, Construction, Wholesale and retail trade, repair of motor vehicles and motorcycles and Information and communications) above the 10.0% of Tier 1 capital (P2.7 billion) as at December 31, 2023.

The BROC and CRECOM constantly monitor these credit risk concentrations to ensure these are within the risk appetite of the Bank. Limits are set to allow SET to highlight any possible issues and to actively direct loans to preferred industries when faced with emerging concentration and potential industry decline.

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

As at December 31, 2024 and 2023, the breakdown of receivables from customers as to status, is as follows (amounts in thousands):

	December 31, 2024		
	Performing	**Non-performing**	**Total**
Corporate	**P116,539,281**	**P756,163**	**P117,295,444**
Consumers	**14,762,658**	**644,052**	**15,406,710**
Credit card	**1,537,700**	**248,451**	**1,786,151**
Others	**879,277**	**45,624**	**924,901**
	P133,718,916	**P1,694,290**	**P135,413,206**

	December 31, 2023		
	Performing	Non-performing	Total
Corporate	P92,720,144	P782,498	P93,502,642
Consumers	12,359,497	911,470	13,270,967
Credit card	1,361,326	217,212	1,578,538
Others	1,004,755	50,632	1,055,387
	P107,445,722	P1,961,812	P109,407,534

As at December 31, 2024 and 2023, the NPLs of the Bank, as reported to BSP, are as follows (in thousands):

	2024	2023
Gross NPLs	**P1,694,290**	P1,961,812
Less deductions as required by BSP	**1,027,873**	1,394,550
Net NPLs	**P666,417**	P567,262

Gross and net NPL ratios of the Bank are 1.25% and 0.49%, respectively, as at December 31, 2024 and 1.54% and 0.44%, respectively, as at December 31, 2023.

As at December 31, 2024 and 2023, restructured loans amounted to P0.9 billion and P1.0 billion, respectively. Restructured receivables which do not meet the requirements to be treated as performing receivables shall also be considered as NPLs. As at December 31, 2024 and 2023, restructured receivables from customers considered as NPLs amounted P668.2 million and P456.9 million, respectively.

On March 14, 2020, the BSP issued BSP Memorandum No. M-2020-008 Regulatory Reliefs for BSP-supervised financial institutions Affected by the COVID-19, as amended by M-2020-0032 dated April 27, 2020 and M-2020-0022 dated April 8, 2020. The said memorandum provides for certain temporary regulatory relief measures for financial institutions supervised by the BSP, as follows:

- Staggered booking of allowance for credit losses over a maximum of five years for all types of credits extended to individuals and businesses directly affected by COVID-19 as of March 8, 2020, subject to prior approval of the BSP;

- Exclusion from the computation of past due and non-performing classification, the loans by borrowers in affected areas which should have been reclassified as past due as of March 8, 2020, including those loans becoming past due or non-performing six months thereafter, subject to the following: (a) such loans shall be reported to the BSP; (b) the exclusion shall be allowed from March 8, 2020 until December 31, 2021; and (c) BSP documentary requirements for restructuring of loans may be waived provided that the Bank will adopt appropriate and prudent operational control measures;

- Non-imposition of monetary penalties for delays incurred in the submission of all supervisory reports to BSP due to be submitted from March 8, 2020 up to six months thereafter;

- Non-imposition of penalties on legal reserve deficiencies computed under Section 255 of the MORB starting from reserve week following March 8, 2020 up to six months thereafter, subject to prior approval of the BSP;

- Increase in the Single Borrower's Limit from 25.0% to 30.0% until March 31, 2021;

- Allowance of (a) loans to Micro, Small and Medium Enterprises and (b) loans to critically-impacted large enterprises as alternative mode of compliance with reserve requirements until December 31, 2021; and

- Provision of financial assistance to officers affected by the present health emergency, for the grant of loans, advances or any other forms of credit accommodations, subject to the submission by the Bank of a request for BSP approval within 30 calendar days from the approval thereof of the BOD.

As of December 31, 2024 and 2023, there has been no availment of the reliefs provided by BSP.

Interest Income on Loans and Receivables
This account consists of:

	2024	2023	2022
Receivables from customers:			
Term loans	**P6,855,178,084**	P6,145,776,140	P4,258,299,628
Agri-agra loans	**1,117,870,332**	817,533,328	117,546,235
Housing loans	**640,753,034**	566,980,066	533,304,245
Auto loans	**361,304,335**	297,279,192	247,631,545
Direct advances	**14,761,046**	18,960,417	15,944,868
Bills purchased, import bills and trust receipts	**6,355,704**	1,704,583	5,908,431
Others	**407,824,691**	371,451,465	264,901,980
	9,404,047,226	8,219,685,191	5,443,536,932
Sales contract receivable	**24,489,114**	24,987,312	21,691,954
	P9,428,536,340	P8,244,672,503	P5,465,228,886

**Others pertain to interest income from consumer loans such as benefit loans, salary loans, and credit cards.*

As at December 31, 2024, 2023, and 2022, 63.5%, 60.3%, and 55.7%, respectively, of the total receivables from customers were subject to periodic interest repricing.

Peso-denominated loans earn annual fixed interest rates ranging from 2.8% to 28.8% in 2024, from 2.5% to 28.8% in 2023, and from 1.6% to 54.0% in 2022. Dollar-denominated loans earn annual fixed interest rates ranging from 3.5% to 8.8% in 2024, from 3.5% to 9.8% in 2023, and 3.3% to 8.7% in 2022.

Sales contract receivables bear fixed interest rates ranging from 5.3% to 11.6% in 2024, 2023, and 2022.

13. Investment in an Associate

The movements in Bank's equity investment in BIC follow:

	Note	**2024**	2023	2022
Acquisition cost (24.26%-owned)		**P75,395,200**	P75,395,200	P75,395,200
Accumulated equity in net loss and OCI:				
Balance at beginning of year		**(33,935,650)**	(29,946,787)	(29,807,825)
Share in net loss		**(610,815)**	(782,580)	(133,185)
Share in other comprehensive loss		**(490,444)**	(3,206,283)	(5,777)
Balance at end of year		**(35,036,909)**	(33,935,650)	(29,946,787)
Allowance for impairment loss	*17*	**(5,925,786)**	(5,925,786)	(5,925,786)
	33	**P34,432,505**	P35,533,764	P39,522,627

The following table shows the summarized financial information of BIC:

	2024**	2023*	2022*
Assets	**P149,703,377**	P151,989,247	P162,417,769
Liabilities	**(7,772,193)**	(7,930,965)	(12,566,028)
Net assets	**141,931,184**	144,058,282	149,851,741
Revenues	**1,358,955**	1,128,538	4,110,788
Net loss for the year	**(2,187,063)**	(3,660,176)	(117,445)
Other comprehensive loss	**59,967**	(2,128,441)	(13,193,291)
Total comprehensive loss	**(2,127,096)**	(5,788,617)	(13,310,736)

** Based on 2022 and 2023 audited financial statements*
*** Based on 2024 unaudited financial information*

As at December 31, 2024 and 2023, the Bank's subscribed capital stock in BIC amounted to P75.8 million out of BIC's outstanding capital stock of P312.5 million.

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

The movements in property and equipment and right-of-use assets follow:

		December 31, 2024					
	Note	**Land**	**Buildings**	**Furniture, Fixtures and Equipment**	**Leasehold Improvements**	**Right-of-Use Assets** (Note 30)	**Total**
Cost							
Balance at January 1		**P41,569,630**	**P901,766,207**	**P1,918,604,702**	**P911,431,842**	**P1,136,772,123**	**P4,910,144,504**
Additions		**-**	**14,292,536**	**376,145,793**	**55,842,770**	**282,902,827**	**729,183,926**
Reclassification		**-**	**-**	**739,187**	**-**	**-**	**739,187**
Disposals		**-**	**-**	**(395,237,271)**	**-**	**(230,616,450)**	**(625,853,721)**
Balance at December 31		**41,569,630**	**916,058,743**	**1,900,252,411**	**967,274,612**	**1,189,058,500**	**5,014,213,896**
Less Accumulated Depreciation and Amortization							
Balance at January 1		**-**	**311,880,204**	**1,367,954,198**	**843,074,600**	**590,777,074**	**3,113,686,076**
Depreciation and amortization		**-**	**25,256,712**	**201,598,668**	**34,761,782**	**214,740,831**	**476,357,993**
Disposals		**-**	**-**	**(351,942,946)**	**-**	**(229,249,727)**	**(581,192,673)**
Balance at December 31		**-**	**337,136,916**	**1,217,609,920**	**877,836,382**	**576,268,178**	**3,008,851,396**
Allowance for impairment losses	*17*	**5,022,885**	**239,593**	**-**	**-**	**-**	**5,262,478**
Net Book Value at December 31		**P36,546,745**	**P578,682,234**	**P682,642,491**	**P89,438,230**	**P612,790,322**	**P2,000,100,022**

		December 31, 2023					
	Note	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-Use Assets (Note 30)	Total
Cost							
Balance at January 1		P41,569,630	P875,749,388	P1,628,976,165	P869,866,640	P1,035,535,118	P4,451,696,941
Additions		-	26,016,819	398,797,324	41,565,202	313,175,775	779,555,120
Disposals		-	-	(109,168,787)	-	(211,938,770)	(321,107,557)
Balance at December 31		41,569,630	901,766,207	1,918,604,702	911,431,842	1,136,772,123	4,910,144,504
Less Accumulated Depreciation and Amortization							
Balance at January 1		-	288,710,154	1,308,085,343	821,224,328	602,102,604	3,020,122,429
Depreciation and amortization		-	23,170,050	120,668,429	21,850,272	200,613,240	366,301,991
Disposals		-	-	(60,799,574)	-	(211,938,770)	(272,738,344)
Balance at December 31		-	311,880,204	1,367,954,198	843,074,600	590,777,074	3,113,686,076
Allowance for impairment losses	*17*	5,022,885	239,593	-	-	-	5,262,478
Net Book Value at December 31		P36,546,745	P589,646,410	P550,650,504	P68,357,242	P545,995,049	P1,791,195,950

		December 31, 2022					
	Note	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-Use Assets (Note 30)	Total
Cost							
Balance at January 1		P41,569,630	P872,187,818	P1,570,377,529	P853,087,118	P972,959,420	P4,310,181,515
Additions		-	3,561,570	162,015,036	16,779,522	159,277,079	341,633,207
Disposals		-	-	(103,416,400)	-	(96,701,381)	(200,117,781)
Balance at December 31		41,569,630	875,749,388	1,628,976,165	869,866,640	1,035,535,118	4,451,696,941
Less Accumulated Depreciation and Amortization							
Balance at January 1		-	265,538,777	1,261,865,760	799,505,168	504,717,541	2,831,627,246
Depreciation and amortization		-	23,171,377	96,886,118	21,719,160	194,086,444	335,863,099
Disposals		-	-	(50,666,535)	-	(96,701,381)	(147,367,916)
Balance at December 31		-	288,710,154	1,308,085,343	821,224,328	602,102,604	3,020,122,429
Allowance for impairment losses	*17*	5,022,885	1,133,017	-	-	-	6,155,902
Net Book Value at December 31		P36,546,745	P585,906,217	P320,890,822	P48,642,312	P433,432,514	P1,425,418,610

In 2024, 2023 and 2022, the net gains on sale of property and equipment included under "Gains on foreclosure and sale of property and equipment and foreclosed assets - net" account in the statements of income amounted to P0.6 million, P0.9 million and P0.1 million, respectively.

As at December 31, 2024 and 2023, the cost of fully depreciated property and equipment still in use amounted to P1.7 billion and P1.8 billion, respectively.

15. Investment Properties

The movements in investment properties follow:

		December 31, 2024		
	Note	**Land**	**Buildings**	**Total**
Balance at January 1		**P3,404,733,373**	**P1,397,867,451**	**P4,802,600,824**
Additions		**30,560,377**	**472,491,298**	**503,051,675**
Disposals		**(111,002,630)**	**(30,819,703)**	**(141,822,333)**
Write-off		**(6,929,672)**	**-**	**(6,929,672)**
Balance at December 31		**3,317,361,448**	**1,839,539,046**	**5,156,900,494**
Less Accumulated Depreciation				
Balance at January 1		**-**	**876,516,450**	**876,516,450**
Depreciation		**-**	**116,089,583**	**116,089,583**
Disposal		**-**	**(19,805,625)**	**(19,805,625)**
Write-off		**-**	**-**	**-**
Balance at December 31		**-**	**972,800,408**	**972,800,408**
Less Allowance for Impairment Losses	*17*	**186,597,978**	**4,731,948**	**191,329,926**
		P3,130,763,470	**P862,006,690**	**P3,992,770,160**

		December 31, 2023		
	Note	Land	Buildings	Total
Balance at January 1		P3,194,101,578	P1,232,705,893	P4,426,807,471
Additions		358,235,659	230,367,748	588,603,407
Disposals		(137,068,053)	(63,508,658)	(200,576,711)
Write-off		(10,535,811)	(1,697,532)	(12,233,343)
Balance at December 31		3,404,733,373	1,397,867,451	4,802,600,824
Less Accumulated Depreciation				
Balance at January 1		-	824,917,030	824,917,030
Depreciation		-	103,128,616	103,128,616
Disposal		-	(49,972,740)	(49,972,740)
Write-off		-	(1,556,456)	(1,556,456)
Balance at December 31		-	876,516,450	876,516,450
Less Allowance for Impairment Losses	*17*	245,057,307	4,900,569	249,957,876
		P3,159,676,066	P516,450,432	P3,676,126,498

		December 31, 2022		
	Note	Land	Buildings	Total
Balance at January 1		P3,223,880,496	P1,194,131,603	P4,418,012,099
Additions		84,976,590	84,393,604	169,370,194
Disposals		(114,755,508)	(45,819,314)	(160,574,822)
Balance at December 31		3,194,101,578	1,232,705,893	4,426,807,471
Less Accumulated Depreciation				
Balance at January 1		-	778,421,466	778,421,466
Depreciation		-	81,156,976	81,156,976
Disposal		-	(34,661,412)	(34,661,412)
Balance at December 31		-	824,917,030	824,917,030
Less Allowance for Impairment Losses	*17*	198,932,553	2,971,139	201,903,692
		P2,995,169,025	P404,817,724	P3,399,986,749

As at December 31, 2024 and 2023, the aggregate market value of investment properties amounted to P10.7 billion and P10.5 billion, respectively. Information about the fair value measurement of investment properties is presented in Note 6.

Gain on foreclosure and sale of investment properties included under "Gains on foreclosure and sale of property and equipment and foreclosed assets - net" consists of the following:

	2024	2023	2022
Gain on foreclosure	**P173,000,899**	P284,652,924	P63,491,307
Gain on assets sold	**149,917,862**	196,428,853	262,092,188
	P322,918,761	P481,081,777	P325,583,495

In 2022, rental income on investment properties (included in "Miscellaneous income" account in the statements of income) amounted P0.6 million (see Note 31). No rental income on investment properties was received in 2024 and 2023.

Direct operating expenses on investment properties that generated rental income (included under "Rent and utilities" account, "Litigation and acquired assets-related expenses" in "Other expenses - miscellaneous" account and "Taxes and licenses" account in the statements of income) amounted to P0.01 million in 2022. No direct operating expenses on investment properties that generated rental income were incurred in 2024 and 2023. Direct operating expenses on investment properties such as security and insurance expenses, included under "Rent and utilities" account, litigation expenses, included under "Litigation and acquired assets-related expenses" in "Other expenses - miscellaneous" account, and real estate taxes, included under "Taxes and licenses" account in the statements of income, that did not generate rental income in 2024, 2023, and 2022 amounted to P104.3 million, P83.7 million, and P91.6 million, respectively (see Note 31).

16. Other Assets

This account consists of:

	Note	**2024**	2023
Miscellaneous assets - TRB	*34*	**P4,348,088,462**	P4,348,092,231
Creditable withholding tax		**2,507,941,075**	2,099,842,660
Intangible assets*		**501,929,014**	369,413,076
Retirement assets	*29*	**427,290,277**	-
Sinking fund	*24*	**301,145,218**	290,118,112
Prepaid expenses		**236,300,582**	89,947,796
Documentary stamps		**166,665,788**	135,513,421
Other properties acquired*		**66,500,954**	73,493,952
Others		**212,297,920**	301,848,371
		8,768,159,290	7,708,269,619
Less allowance for impairment losses	*17*	**4,438,022,445**	4,438,055,610
		P4,330,136,845	P3,270,214,009

**net of accumulated amortization/depreciation, gross of allowance for impairment losses*

Miscellaneous Assets - TRB

This account includes non-performing assets (NPAs) amounting to P4.3 billion as at December 31, 2024 and 2023 which were assumed by the Bank in connection with the Purchase and Sale Agreement (PSA) entered into by the Bank with Traders Royal Bank (TRB) in 2002 (see Note 34). Pursuant to the requirements of PFRS, the allowance for impairment losses on the NPAs amounting to P4.3 billion as at December 31, 2024 and 2023, were charged in full in the period incurred.

For its separate prudential reporting to BSP, the Bank was allowed under the MB Resolution No. 1751, dated November 8, 2001, as further amended by MB Resolution No. 489, dated April 3, 2003 and pursuant to MB Resolution No. 1950, dated November 21, 2013, to defer the full recognition of the impairment losses. The Bank annually recognizes provisions for impairment losses to gradually meet the foregoing provisioning requirement based on the net yield earned by the Bank from the Financial Assistance Agreement (FAA) with Philippine Deposit Insurance Corporation (PDIC) until November 29, 2013 when the collateralized government securities was sold and the obligation was fully settled. In 2022, the Bank recognized P1.3 billion provisions for prudential reporting to BSP to fully recognize the impairment losses on the NPAs (see Note 34).

Intangible Assets

Intangible assets consist of:

	Note	**2024**	2023
Software costs*		**P441,929,014**	P309,413,076
Branch licenses		**60,000,000**	60,000,000
		501,929,014	369,413,076
Less allowance for impairment losses	*17*	**-**	-
		P501,929,014	P369,413,076

**net of accumulated amortization, gross of allowance for impairment losses*

Movements in software costs follow:

	2024	2023	2022
Cost			
Balance at January 1	**P1,074,904,202**	P1,027,748,294	P926,851,659
Additions	**228,113,759**	149,908,692	100,896,635
Write-off	**-**	(102,752,784)	-
Balance at end of year	**1,303,017,961**	1,074,904,202	1,027,748,294
Less Accumulated Amortization			
Balance at January 1	**765,491,126**	701,223,986	628,155,881
Amortization for the year	**95,597,821**	76,741,228	73,068,105
Write-off	**-**	(12,474,088)	-
Balance at end of year	**861,088,947**	765,491,126	701,223,986
Less Allowance for Impairment Losses	**-**	-	90,278,696
Net Book Value	**P441,929,014**	P309,413,076	P236,245,612

Other Properties Acquired
Movements in the other properties acquired follow:

	Note	**2024**	2023	2022
Cost				
Balance at January 1		**P283,409,284**	P245,108,000	P220,284,000
Additions		**71,813,000**	86,927,784	87,394,500
Disposals		**(148,067,726)**	(48,626,500)	(62,570,500)
Reclassification	*14*	**(2,299,000)**	-	-
Balance at end of year		**204,855,558**	283,409,284	245,108,000
Less Accumulated Depreciation				
Balance at January 1		**209,915,332**	201,981,840	199,868,958
Depreciation for the year		**30,719,655**	19,948,439	14,643,389
Disposals		**(100,872,272)**	(12,014,947)	(12,530,507)
Reclassification	*14*	**(1,408,111)**	-	-
Balance at end of year		**138,354,604**	209,915,332	201,981,840
Less Allowance for Impairment Losses		**-**	-	96,485
Net Book Value		**P66,500,954**	P73,493,952	P43,029,675

In 2024, 2023 and 2022, gain on foreclosure amounted to P3.6 million, P4.7 million and P3.5 million, respectively. Gain on sale of other properties acquired under "Gains on foreclosure and sale of property and equipment and foreclosed assets - net" amounted to P14.4 million, P8.7 million, and P11.2 million in 2024, 2023 and 2022, respectively.

Others include security deposit, unused supplies and forms and petty cash fund.

17. Allowance for Credit and Impairment Losses

Movements in ECL allowances in 2024, 2023 and 2022 on financial assets, other than loans and receivables, are summarized as follows (amounts in thousands):

	December 31, 2024					
	Due from BSP	**Due from Other Banks**	**Interbank Loans Receivable and SPURA** (Note 8)	**Financial Assets at FVOCI** (Note 10)	**Investment Securities at Amortized Cost** (Note 11)	**Total**
ECL allowance, January 1, 2024	**P3,277**	**P142**	**P2,715**	**P1,090**	**P6,209**	**13,433**
Provision for credit and impairment losses for the year	**3,192**	**366**	**(2,245)**	**836**	**(1,977)**	**172**
Foreign exchange differences	**-**	**8**	**14**	**3**	**17**	**42**
ECL allowance, December 31, 2024	**P6,469**	**P516**	**P484**	**P1,929**	**P4,249**	**P13,647**

	December 31, 2023					
	Due from BSP	Due from Other Banks	Interbank Loans Receivable and SPURA (Note 8)	Financial Assets at FVOCI (Note 10)	Investment Securities at Amortized Cost (Note 11)	Total
ECL allowance, January 1, 2023	P3,197	P141	P2,481	P634	P6,069	P12,522
Provision for credit and impairment losses for the year	80	2	238	456	145	921
Foreign exchange differences	-	(1)	(4)	-	(5)	(10)
ECL allowance, December 31, 2023	P3,277	P142	P2,715	P1,090	P6,209	P13,433

	December 31, 2022					
	Due from BSP	Due from Other Banks	Interbank Loans Receivable and SPURA (Note 8)	Financial Assets at FVOCI (Note 10)	Investment Securities at Amortized Cost (Note 11)	Total
ECL allowance, January 1, 2022	P6,125	P141	P2,583	P662	P5,761	P15,272
Provision for (reversal of) credit and impairment losses for the year	(2,928)	(7)	(144)	(37)	220	(2,896)
Foreign exchange differences	-	7	42	9	88	146
ECL allowance, December 31, 2022	P3,197	P141	P2,481	P634	P6,069	P12,522

All accounts above were carried at Stage 1 and there were no transfers into and out of Stage 1 in 2024, 2023 and 2022.

The ECL allowance on financial assets at FVOCI is included in the “Net unrealized losses on financial assets at FVOCI” account in the statements of financial position (see Note 10).

As at December 31, 2024 and 2023, ECL on off-balance sheet exposures amounted to P45.8 million and P23.7 million, respectively, (see Note 22). In 2024, 2023 and 2022, the Bank recognized provision for (reversal of) ECL on loan commitment and financial guarantees amounting to P22.1 million, (P10.0 million), and (P36.9 million), respectively.

In 2024 and 2023, the Bank recognized a reversal of allowance for credit losses on loans and receivables amounting to P10.8 million and P238.9 million, respectively, which is included under “Provision for credit and impairment losses” account in the statements of income, as a result of the recalibration of its existing ECL framework to incorporate the most recent data and developments in the macroeconomic environment of the Bank (see Notes 3 and 4). The amount of the effect in future periods is not disclosed because estimating the impact is impracticable.

The table below summarizes the movements in ECL allowances on loans and receivables in 2024, 2023 and 2022 (amounts in thousands).

	December 31, 2024										
	Term Loans	**Housing Loans**	**Auto Loans**	**Bills Purchased, Import Bills and Trust Receipts**	**Direct Advances**	**Agri Agra Loans**	**Others***	**Total Receivables from Customers**	**Sales Contract Receivables**	**Other Receivables****	**Total**
Stage 1											
ECL Loans, January 1, 2024	P190,471	P7,863	P3,948	P2,202	P107	P16,849	P39,707	P261,147	P2,825	P5,111	P269,083
Provision for credit and impairment losses	234,684	5,969	16,593	1,623	36	31,006	24,593	314,504	(363)	9,109	323,250
Transfer from Stage 1	(136,965)	(10,510)	(12,750)	-	(37)	(4,901)	(4,988)	(170,151)	(124)	(2,580)	(172,855)
Transfer from Stage 2	-	136	58	-	-	-	26	220	26	4	250
Transfer from Stage 3	-	120	1	-	-	-	1	122	25	1	148
Foreign exchange differences	698	1	-	-	-	414	102	1,215	-	9	1,224
	288,888	3,579	7,850	3,825	106	43,368	59,441	407,057	2,389	11,654	421,100
Stage 2											
ECL Loans, January 1, 2024	132,854	17,282	4,122	-	29	76	17,461	171,824	52	23,606	195,482
Provision for credit and impairment losses	(9,137)	(13,084)	(2,547)	-	(29)	(76)	(155)	(25,028)	(18)	4,531	(20,515)
Transfer from Stage 1	85,013	5,542	6,919	-	37	4,901	1,377	103,789	52	1,081	104,922
Transfer from Stage 2	(104,932)	(2,503)	(1,118)	-	-	-	(430)	(108,983)	(35)	(2,786)	(111,804)
Transfer from Stage 3	-	367	44	-	-	-	22	433	4	8	445
Foreign exchange differences	-	-	-	-	-	-	31	31	-	14	45
	103,798	7,604	7,420	-	37	4,901	18,306	142,066	55	26,454	168,575
Stage 3											
ECL Loans, January 1, 2024	407,680	172,340	232,543	89,470	121,242	185,708	186,626	1,395,609	54,151	1,105,475	2,555,235
Provision for credit and impairment losses	(94,399)	(101,281)	20,431	(12,679)	-	(47,424)	76,388	(158,964)	(217)	25,318	(133,863)
Transfer from Stage 1	51,952	4,968	5,831	-	-	-	3,611	66,362	72	1,499	67,933
Transfer from Stage 2	104,932	2,367	1,060	-	-	-	404	108,763	9	2,782	111,554
Transfer from Stage 3	-	(487)	(45)	-	-	-	(23)	(555)	(29)	(9)	(593)
Movement due to foreclosure/settlement	-	(4,523)	(16,409)	-	-	-	-	(20,932)	-	(2,852)	(23,784)
Write-off	(168,339)	-	-	(33,123)	(51,673)	-	(40,315)	(293,450)	-	(15,538)	(308,988)
Foreign exchange differences	2,941	117	-	2,259	-	-	134	5,451	-	4,565	10,016
	304,767	73,501	243,411	45,927	69,569	138,284	226,825	1,102,284	53,986	1,121,240	2,277,510
Total											
ECL Loans, January 1, 2024	731,005	197,485	240,613	91,672	121,378	202,633	243,794	1,828,580	57,028	1,134,192	3,019,800
Provision for credit and impairment losses	131,148	(108,396)	34,477	(11,056)	7	(16,494)	100,826	130,512	(598)	38,958	168,872
Transfer from Stage 1	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-	-	-	-	-
Movement due to foreclosure/settlement	-	(4,523)	(16,409)	-	-	-	-	(20,932)	-	(2,852)	(23,784)
Write-off	(168,339)	-	-	(33,123)	(51,673)	-	(40,315)	(293,450)	-	(15,538)	(308,988)
Foreign exchange differences	3,639	118	-	2,259	-	414	267	6,697	-	4,588	11,285
	P697,453	P84,684	P258,681	P49,752	P69,712	P186,553	P304,572	P1,651,407	P56,430	P1,159,348	P2,867,185

**Comprised of benefit loans, salary loans and credit cards.*
***Comprised of accrued interest receivables, accounts receivables and RCOCI*

	December 31, 2023										
	Term Loans	Housing Loans	Auto Loans	Bills Purchased, Import Bills and Trust Receipts	Direct Advances	Agri Agra Loans	Others*	Total Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
Stage 1											
ECL Loans, January 1, 2023	P180,639	P18,421	P35,735	P2,958	P120	P5,126	P57,970	P300,969	P2,632	P6,360	P309,961
Provision for credit and impairment losses	41,589	11,126	(25,378)	4,267	16	66,261	(15,519)	82,362	266	777	83,405
Transfer from Stage 1	(31,876)	(22,190)	(6,572)	(5,023)	(29)	(54,499)	(2,743)	(122,932)	(108)	(2,040)	(125,080)
Transfer from Stage 2	214	306	161	-	-	-	15	696	9	12	717
Transfer from Stage 3	-	200	2	-	-	-	3	205	26	3	234
Foreign exchange differences	(95)	-	-	-	-	(39)	(19)	(153)	-	(1)	(154)
	190,471	7,863	3,948	2,202	107	16,849	39,707	261,147	2,825	5,111	269,083
Stage 2											
ECL Loans, January 1, 2023	82,939	9,121	26,246	-	286	6,904	13,361	138,857	39	20,702	159,598
Provision for credit and impairment losses	50,129	(658)	(20,901)	-	(286)	124,381	3,572	156,237	(26)	6,945	163,156
Transfer from Stage 1	-	11,620	3,158	-	29	49	968	15,824	49	527	16,400
Transfer from Stage 2	(214)	(4,525)	(4,489)	-	-	(131,258)	(461)	(140,947)	(12)	(4,610)	(145,569)
Transfer from Stage 3	-	1,724	108	-	-	-	24	1,856	2	44	1,902
Foreign exchange differences	-	-	-	-	-	-	(3)	(3)	-	(2)	(5)
	132,854	17,282	4,122	-	29	76	17,461	171,824	52	23,606	195,482
Stage 3											
ECL Loans, January 1, 2023	465,848	144,276	341,668	88,174	133,007	17,663	612,085	1,802,721	54,298	1,134,017	2,991,036
Provision for credit and impairment losses	(36,546)	20,645	(107,031)	-	-	(17,663)	38,990	(101,605)	(181)	(31,153)	(132,939)
Transfer from Stage 1	31,876	10,570	3,414	5,023	-	54,450	1,775	107,108	59	1,513	108,680
Transfer from Stage 2	-	4,219	4,328	-	-	131,258	446	140,251	3	4,598	144,852
Transfer from Stage 3	-	(1,924)	(110)	-	-	-	(27)	(2,061)	(28)	(47)	(2,136)
Movement due to foreclosure/settlement	(9,580)	(5,422)	(9,726)	-	-	-	-	(24,728)	-	(1,340)	(26,068)
Write-off	(43,427)	-	-	(3,376)	(11,765)	-	(466,477)	(525,045)	-	(1,400)	(526,445)
Foreign exchange differences	(491)	(24)	-	(351)	-	-	(166)	(1,032)	-	(713)	(1,745)
	407,680	172,340	232,543	89,470	121,242	185,708	186,626	1,395,609	54,151	1,105,475	2,555,235
Total											
ECL Loans, January 1, 2023	729,426	171,818	403,649	91,132	133,413	29,693	683,416	2,242,547	56,969	1,161,079	3,460,595
Provision for credit and impairment losses	55,172	31,113	(153,310)	4,267	(270)	172,979	27,043	136,994	59	(23,431)	113,622
Transfer from Stage 1	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-	-	-	-	-
Movement due to foreclosure/settlement	(9,580)	(5,422)	(9,726)	-	-	-	-	(24,728)	-	(1,340)	(26,068)
Write-off	(43,427)	-	-	(3,376)	(11,765)	-	(466,477)	(525,045)	-	(1,400)	(526,445)
Foreign exchange differences	(586)	(24)	-	(351)	-	(39)	(188)	(1,188)	-	(716)	(1,904)
	P731,005	P197,485	P240,613	P91,672	P121,378	P202,633	P243,794	P1,828,580	P57,028	P1,134,192	P3,019,800

**Comprised of benefit loans, salary loans and credit cards.*
***Comprised of accrued interest receivables, accounts receivables and RCOCI*

	December 31, 2022										
	Term Loans	Housing Loans	Auto Loans	Bills Purchased, Import Bills and Trust Receipts	Direct Advances	Agri Agra Loans	Others*	Total Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
Stage 1											
ECL Loans, January 1, 2022	P99,790	P16,284	P33,420	P288	P3,416	P1,789	P11,915	P166,902	P2,623	P2,601	P172,126
Provision for credit and impairment losses	129,550	19,453	25,643	10,326	(3,024)	9,156	50,053	241,157	(5)	7,680	248,832
Transfer from Stage 1	(51,207)	(19,948)	(26,590)	(7,656)	(286)	(5,967)	(4,064)	(115,718)	(147)	(4,107)	(119,972)
Transfer from Stage 2	1,775	2,100	2,685	-	-	-	20	6,580	71	153	6,804
Transfer from Stage 3	-	530	577	-	-	-	2	1,109	90	28	1,227
Foreign exchange differences	731	2	-	-	14	148	44	939	-	5	944
	180,639	18,421	35,735	2,958	120	5,126	57,970	300,969	2,632	6,360	309,961
Stage 2											
ECL Loans, January 1, 2022	38,924	22,554	48,820	-	-	4,671	3,928	118,897	160	27,491	146,548
Provision for credit and impairment losses	61,651	(1,163)	(23,883)	-	-	(3,734)	9,063	41,934	(35)	(2,516)	39,383
Transfer from Stage 1	51,207	5,830	16,608	-	286	5,967	764	80,662	31	1,456	82,149
Transfer from Stage 2	(69,829)	(18,530)	(17,918)	-	-	-	(473)	(106,750)	(125)	(5,936)	(112,811)
Transfer from Stage 3	-	430	2,619	-	-	-	64	3,113	8	165	3,286
Foreign exchange differences	986	-	-	-	-	-	15	1,001	-	42	1,043
	82,939	9,121	26,246	-	286	6,904	13,361	138,857	39	20,702	159,598
Stage 3											
ECL Loans, January 1, 2022	623,300	136,588	446,902	76,426	163,188	17,663	601,570	2,065,637	54,719	1,104,169	3,224,525
Provision for credit and impairment losses	10,624	(19,544)	(100,930)	(249)	(30,181)	-	22,215	(118,065)	(493)	29,822	(88,736)
Transfer from Stage 1	-	14,118	9,982	7,656	-	-	3,300	35,056	116	2,651	37,823
Transfer from Stage 2	68,054	16,430	15,233	-	-	-	453	100,170	54	5,783	106,007
Transfer from Stage 3	-	(960)	(3,196)	-	-	-	(66)	(4,222)	(98)	(193)	(4,513)
Movement due to foreclosure/settlement	-	(2,436)	(26,323)	-	-	-	-	(28,759)	-	(1,649)	(30,408)
Write-off	(239,881)	-	-	-	-	-	(17,356)	(257,237)	-	(15,294)	(272,531)
Foreign exchange differences	3,751	80	-	4,341	-	-	1,969	10,141	-	8,728	18,869
	465,848	144,276	341,668	88,174	133,007	17,663	612,085	1,802,721	54,298	1,134,017	2,991,036
Total											
ECL Loans, January 1, 2022	762,014	175,426	529,142	76,714	166,604	24,123	617,413	2,351,436	57,502	1,134,261	3,543,199
Provision for credit and impairment losses	201,825	(1,254)	(99,170)	10,077	(33,205)	5,422	81,331	165,026	(533)	34,986	199,479
Transfer from Stage 1	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-	-	-	-	-
Movement due to foreclosure/settlement	-	(2,436)	(26,323)	-	-	-	-	(28,759)	-	(1,649)	(30,408)
Write-off	(239,881)	-	-	-	-	-	(17,356)	(257,237)	-	(15,294)	(272,531)
Foreign exchange differences	5,468	82	-	4,341	14	148	2,028	12,081	-	8,775	20,856
	P729,426	P171,818	P403,649	P91,132	P133,413	P29,693	P683,416	P2,242,547	P56,969	P1,161,079	P3,460,595

**Comprised of benefit loans, salary loans and credit cards.*
***Comprised of accrued interest receivables, accounts receivables and RCOCI*

The table below summarizes the movements in the gross carrying amounts of financial assets, other than loans and receivables, in 2024 and 2023 (amounts in thousands).

	December 31, 2024				
	Due from BSP	**Due from Other Banks**	**Interbank Loans Receivable and SPURA** (Note 8)	**Financial Assets at FVOCI** (Note 10)	**Investment Securities at Amortized Cost** (Note 11)
Gross carrying amount, January 1, 2024	**P24,275,196**	**P1,055,497**	**P20,114,496**	**P11,043,805**	**P52,477,313**
New assets purchased or originated	**1,021,419,244**	**96,270**	**3,157,038,787**	**8,570,288**	**98,754,644**
Assets derecognized or repaid	**(992,519,244)**	**(66,302)**	**(3,175,007,774)**	**(306,440)**	**(114,959,241)**
Other movements*	**(5,255,270)**	**2,734,436**	**1,442,340**	**(229,019)**	**343,201**
Gross carrying amount, December 31, 2024	**P47,919,926**	**P3,819,901**	**P3,587,849**	**P19,078,634**	**P36,615,917**

**Includes movements in outstanding balances and foreign exchange differences*

	December 31, 2023				
	Due from BSP	Due from Other Banks	Interbank Loans Receivable and SPURA (Note 8)	Financial Assets at FVOCI (Note 10)	Investment Securities at Amortized Cost (Note 11)
Gross carrying amount, January 1, 2023	P23,678,666	P1,044,396	P18,381,226	P5,805,051	P52,214,838
New assets purchased or originated	857,132,081	1,060	3,147,361,092	10,911,008	84,806,044
Assets derecognized or repaid	(854,932,081)	(36,818)	(3,143,921,917)	(5,963,068)	(84,500,328)
Other movements*	(1,603,470)	46,859	(1,705,905)	290,814	(43,241)
Gross carrying amount, December 31, 2023	P24,275,196	P1,055,497	P20,114,496	P11,043,805	P52,477,313

**Includes movements in outstanding balances and foreign exchange differences*

The table below summarizes the movements in the gross carrying amounts on loans and receivables in 2024 and 2023 (amounts in thousands).

	December 31, 2024										
	Term Loans	Housing Loans	Auto Loans	Bills Purchased, Import Bills and Trust Receipts	Direct Advances	Agri Agra Loans	Others*	Total Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
Stage 1											
Gross carrying amount, January 1, 2024	P80,214,649	P7,739,774	P3,723,011	P961,229	P452,422	P11,489,607	P1,985,562	P106,566,254	P282,515	P1,640,714	P108,489,483
New assets purchased or originated	59,559,399	2,388,621	2,421,148	355,689	225,095	6,530,101	567,081	72,047,134	94,525	1,357,801	73,499,460
Assets derecognized or repaid	(31,549,209)	(251,313)	(376,513)	(202,562)	(353,032)	(4,020,500)	(183,636)	(36,936,765)	(31,905)	(551,149)	(37,519,819)
Transfer from Stage 1	(2,433,734)	(173,748)	(88,718)	-	(962)	(170,000)	(17,838)	(2,885,000)	(11,858)	(135,818)	(3,032,676)
Transfer from Stage 2	-	77,518	8,490	-	-	-	2,171	88,179	2,542	1,177	91,898
Transfer from Stage 3	-	59,114	165	-	-	-	172	59,451	2,470	478	62,399
Other movements***	(6,074,858)	(734,934)	(1,019,072)	67,181	(31,331)	(380,594)	(140,128)	(8,313,736)	(99,339)	133,623	(8,279,452)
	99,716,247	9,105,032	4,668,511	1,181,537	292,192	13,448,614	2,213,384	130,625,517	238,950	2,446,826	133,311,293
Stage 2											
Gross carrying amount, January 1, 2024	538,543	171,144	46,914	-	1,674	6,231	88,814	853,320	5,171	30,438	888,929
New assets purchased or originated	-	-	-	-	-	-	-	-	-	-	-
Assets derecognized or repaid	(1,640)	(17,002)	(17,768)	-	(1,674)	(6,231)	(3,368)	(47,683)	(320)	(20,511)	(68,514)
Transfer from Stage 1	2,346,192	128,081	65,797	-	962	170,000	9,770	2,720,802	4,668	46,932	2,772,402
Transfer from Stage 2	(420,157)	(101,184)	(12,656)	-	-	-	(3,073)	(537,070)	(3,451)	(4,466)	(544,987)
Transfer from Stage 3	-	8,605	298	-	-	-	93	8,996	373	176	9,545
Other movements***	(40,255)	(14,146)	(11,344)	-	-	-	(3,904)	(69,649)	(1,399)	(4,017)	(75,065)
	2,422,683	175,498	71,241	-	962	170,000	88,332	2,928,716	5,042	48,552	2,982,310
Stage 3											
Gross carrying amount, January 1, 2024	443,680	543,309	350,703	89,470	121,242	185,708	253,848	1,987,960	100,875	1,118,730	3,207,565
New assets purchased or originated	-	-	-	-	-	-	-	-	-	-	-
Assets derecognized or repaid	(83,662)	(244,931)	(35,830)	(12,679)	-	-	(1,903)	(379,005)	(13,118)	(65,917)	(458,040)
Transfer from Stage 1	87,542	45,667	22,921	-	-	-	8,068	164,198	7,190	88,886	260,274
Transfer from Stage 2	420,157	23,666	4,166	-	-	-	902	448,891	909	3,289	453,089
Transfer from Stage 3	-	(67,719)	(463)	-	-	-	(265)	(68,447)	(2,843)	(654)	(71,944)
Write-off	(168,339)	-	-	(33,123)	(51,673)	-	(40,315)	(293,450)	-	(15,538)	(308,988)
Other movements***	(18,801)	(15,854)	(5,207)	2,259	-	(47,424)	83,853	(1,174)	(2,140)	280	(3,034)
	680,577	284,138	336,290	45,927	69,569	138,284	304,188	1,858,973	90,873	1,129,076	3,078,922
Total											
Gross carrying amount, January 1, 2024	81,196,872	8,454,227	4,120,628	1,050,699	575,338	11,681,546	2,328,224	109,407,534	388,561	2,789,882	112,585,977
New assets purchased or originated	59,559,399	2,388,621	2,421,148	355,689	225,095	6,530,101	567,081	72,047,134	94,525	1,357,801	73,499,460
Assets derecognized or repaid	(31,634,511)	(513,246)	(430,111)	(215,241)	(354,706)	(4,026,731)	(188,907)	(37,363,453)	(45,343)	(637,577)	(38,046,373)
Transfer from Stage 1	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-	-	-	-	-
Write-off	(168,339)	-	-	(33,123)	(51,673)	-	(40,315)	(293,450)	-	(15,538)	(308,988)
Other movements***	(6,133,914)	(764,934)	(1,035,623)	69,440	(31,331)	(428,018)	(60,179)	(8,384,559)	(102,878)	129,886	(8,357,551)
	P102,819,507	P9,564,668	P5,076,042	P1,227,464	P362,723	P13,756,898	P2,605,904	P135,413,206	P334,865	P3,624,454	P139,372,525

**Comprised of benefit loans, salary loans and credit cards.*
***Comprised of accrued interest receivables, accounts receivables and RCOCI*
****Includes movements in outstanding balances and foreign exchange differences*

	December 31, 2023										
	Term Loans	Housing Loans	Auto Loans	Bills Purchased, Import Bills and Trust Receipts	Direct Advances	Agri Agra Loans	Others*	Total Receivables from Customers	Sales Contract Receivables	Other Receivables**	Total
Stage 1											
Gross carrying amount,											
January 1, 2023	P85,152,447	P7,294,257	P3,115,110	P1,296,404	P466,443	P2,378,143	P1,808,374	P101,511,178	P263,227	P1,447,176	P103,221,581
New assets purchased or originated	39,963,570	1,369,112	1,913,726	14,983	382,112	10,075,693	531,274	54,250,470	154,270	742,125	55,146,865
Assets derecognized or repaid	(38,249,631)	(207,780)	(294,754)	(89,151)	(368,013)	(703,054)	(202,065)	(40,114,448)	(21,574)	(528,704)	(40,664,726)
Transfer from Stage 1	(61,876)	(180,668)	(48,317)	(5,023)	(1,674)	(59,181)	(13,235)	(369,974)	(10,881)	(87,181)	(468,036)
Transfer from Stage 2	142,500	88,312	35,256	-	-	-	1,862	267,930	953	3,985	272,868
Transfer from Stage 3	-	55,462	1,399	-	-	-	561	57,422	2,588	821	60,831
Other movements***	(6,732,361)	(678,921)	(999,409)	(255,984)	(26,446)	(201,994)	(141,209)	(9,036,324)	(106,068)	62,492	(9,079,900)
	80,214,649	7,739,774	3,723,011	961,229	452,422	11,489,607	1,985,562	106,566,254	282,515	1,640,714	108,489,483
Stage 2											
Gross carrying amount,											
January 1, 2023	960,125	182,084	127,407	-	2,641	142,076	65,034	1,479,367	4,038	35,963	1,519,368
New assets purchased or originated	-	-	-	-	-	-	-	-	-	-	-
Assets derecognized or repaid	(257,858)	(13,444)	(24,725)	-	(2,641)	(2,865)	(4,586)	(306,119)	(1,971)	(20,706)	(328,796)
Transfer from Stage 1	-	116,055	35,704	-	1,674	4,731	8,807	166,971	4,884	25,258	197,113
Transfer from Stage 2	(142,500)	(114,102)	(45,545)	-	-	(131,258)	(2,727)	(436,132)	(1,228)	(9,353)	(446,713)
Transfer from Stage 3	-	16,910	1,164	-	-	-	160	18,234	165	437	18,836
Other movements***	(21,224)	(16,359)	(47,091)	-	-	(6,453)	22,126	(69,001)	(717)	(1,161)	(70,879)
	538,543	171,144	46,914	-	1,674	6,231	88,814	853,320	5,171	30,438	888,929
Stage 3											
Gross carrying amount,											
January 1, 2023	470,462	746,113	409,507	88,174	133,007	17,663	684,460	2,549,386	115,357	1,146,132	3,810,875
New assets purchased or originated	-	-	-	-	-	-	-	-	-	-	-
Assets derecognized or repaid	(41,455)	(202,381)	(65,757)	-	-	(17,663)	(4,724)	(331,980)	(13,939)	(91,894)	(437,813)
Transfer from Stage 1	61,876	64,613	12,613	5,023	-	54,450	4,428	203,003	5,997	61,923	270,923
Transfer from Stage 2	-	25,790	10,289	-	-	131,258	865	168,202	275	5,368	173,845
Transfer from Stage 3	-	(72,372)	(2,563)	-	-	-	(721)	(75,656)	(2,753)	(1,258)	(79,667)
Write-off	(43,427)	-	-	(3,376)	(11,765)	-	(466,477)	(525,045)	-	(1,400)	(526,445)
Other movements***	(3,776)	(18,454)	(13,386)	(351)	-	-	36,017	50	(4,062)	(141)	(4,153)
	443,680	543,309	350,703	89,470	121,242	185,708	253,848	1,987,960	100,875	1,118,730	3,207,565
Total											
Gross carrying amount,											
January 1, 2023	86,583,034	8,222,454	3,652,024	1,384,578	602,091	2,537,882	2,557,868	105,539,931	382,622	2,629,271	108,551,824
New assets purchased or originated	39,963,570	1,369,112	1,913,726	14,983	382,112	10,075,693	531,274	54,250,470	154,270	742,125	55,146,865
Assets derecognized or repaid	(38,548,944)	(423,605)	(385,236)	(89,151)	(370,654)	(723,582)	(211,375)	(40,752,547)	(37,484)	(641,304)	(41,431,335)
Transfer from Stage 1	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-	-	-	-	-
Write-off	(43,427)	-	-	(3,376)	(11,765)	-	(466,477)	(525,045)	-	(1,400)	(526,445)
Other movements***	(6,757,361)	(713,734)	(1,059,886)	(256,335)	(26,446)	(208,447)	(83,066)	(9,105,275)	(110,847)	61,190	(9,154,932)
	P81,196,872	P8,454,227	P4,120,628	P1,050,699	P575,338	P11,681,546	P2,328,224	P109,407,534	P388,561	P2,789,882	P112,585,977

**Comprised of benefit loans, salary loans and credit cards.*
***Comprised of accrued interest receivables, accounts receivables and RCOCI*
****Includes movements in outstanding balances and foreign exchange differences*

Movements in allowance for impairment losses as at December 31, 2024, 2023 and 2022 for investment in associate and non-financial assets are summarized as follows (amounts in thousands):

	December 31, 2024				
	Investment in Associate (Note 13)	**Property and Equipment** (Note 14)	**Investment Properties** (Note 15)	**Other Assets** (Note 16)	**Total**
Balance at beginning of year	**P5,926**	**P5,262**	**P249,958**	**P4,438,056**	**P4,699,202**
Provision for impairment losses for the year	**-**	**-**	**(51,698)**	**(34)**	**(51,732)**
Write-off	**-**	**-**	**(6,930)**	**-**	**(6,930)**
Balance at end of year	**P5,926**	**P5,262**	**P191,330**	**P4,438,022**	**P4,640,540**

	December 31, 2023				
	Investment in Associate (Note 13)	Property and Equipment (Note 14)	Investment Properties (Note 15)	Other Assets (Note 16)	Total
Balance at beginning of year	P5,926	P6,156	P201,904	P4,611,829	P4,825,815
Provision for impairment losses for the year	-	(894)	58,731	(83,494)	(25,657)
Write-off	-	-	(10,677)	(90,279)	(100,956)
Balance at end of year	P5,926	P5,262	P249,958	P4,438,056	P4,699,202

	December 31, 2022				
	Investment in Associate (Note 13)	Property and Equipment (Note 14)	Investment Properties (Note 15)	Other Assets (Note 16)	Total
Balance at beginning of year	P5,926	P6,156	P191,276	P4,615,905	P4,819,263
Provision for impairment losses for the year	-	-	10,628	(4,076)	6,552
Balance at end of year	P5,926	P6,156	P201,904	P4,611,829	P4,825,815

18. Deposit Liabilities

Long-term Negotiable Certificates of Time Deposit (LTNCTD)

On March 17, 2020, the Bank issued unsecured LTNCTD with 4.5% fixed interest rate at par value of P5.0 billion and maturing on September 17, 2025. The issuance of the LTNCTD was approved by the BOD on June 25, 2019 and by the BSP on October 31, 2019. The issuance was listed in the Philippine Dealing and Exchange Corporation.

Reserve Requirement

On March 31, 2020, the BSP issued Circular No. 1082 reducing the reserve requirement to 12.0% effective on the reserve week starting on April 3, 2020. On June 23, 2023, the BSP reduced the reserve requirement to 9.5% effective on the reserve week starting on June 30, 2023, through the issuance of BSP Circular No. 1175. On September 20, 2024, the BSP issued Circular No. 1201 reducing the reserve requirement to 7.0% effective on the reserve week starting October 25, 2024.

As at December 31, 2024 and 2023, the Bank is in compliance with such reserve requirements. Due from BSP demand deposit account amounting to P12.0 billion and P17.1 billion as at December 31, 2024 and 2023, respectively, is available for meeting these reserve requirements as reported to BSP.

Due from BSP-Overnight Deposit Accounts earned annual interest rates ranging from 5.3% to 6.0% in 2024, from 5.0% to 6.0% in 2023, and from 1.5% to 5.0% in 2022. Due from BSP-Term Deposit Accounts earned annual interest rates ranging from 6.3% to 6.7%, from 6.4% to 6.8%, and from 1.7% to 6.4% in 2024, 2023, and 2022, respectively. Interest income on Due from BSP amounted to P368.3 million, P364.2 million, and P264.7 million in 2024, 2023, and 2022, respectively.

Interest expense on deposit liabilities follows:

	2024	2023	2022
Demand	**P88,483,830**	P67,813,429	P58,010,393
Savings	**2,504,250,516**	2,174,301,309	631,899,858
Time	**646,617,783**	502,742,516	118,116,108
LTNCTD	**226,323,900**	226,323,900	226,323,900
	P3,465,676,029	P2,971,181,154	P1,034,350,259

Peso-denominated deposits are subject to annual interest rates ranging from 0.1% to 6.5% in 2024 and 2023, and from 0.1% to 5.5% in 2022. Foreign currency-denominated deposits are subject to annual interest rates ranging from 0.1% to 5.5% in 2024 and 2023, and from 0.1% to 4.5% in 2022.

Insurance Expense

This account pertains to the PDIC insurance on deposits amounting to P384.0 million, P345.1 million, and P348.4 million in 2024, 2023, and 2022, respectively.

19. Bills Payable

This account consists of SSURA and short-term borrowings from local and foreign banks. As at December 31, 2024 and 2023, there were no short-term borrowings from local and foreign banks and no financial assets pledged and transferred under SSURA transactions.

Interest expense consists of:

	2024	2023	2022
SSURA	**P9,058,806**	P24,610,494	P -
Local banks	**1,815,681**	104,836	325,200
Foreign banks	**-**	128,142	-
Other borrowings	**4,258,384**	24,254,796	46,716,357
	P15,132,871	P49,098,268	P47,041,557

SSURA were subject to annual interest rates ranging from 4.9% to 5.1% in 2024 and from 5.3% to 5.7% in 2023.

Peso-denominated short-term borrowings from local banks are subject to annual interest rates ranging from 6.3% to 6.8% and from 1.9% to 2.5% in 2024 and 2022, respectively. There were no peso-denominated short-term borrowings from local banks in 2023. Foreign currency denominated short-term borrowings from local banks are subject to annual interest rate of 5.5%, interest rates ranging from 4.6% to 4.9%, and from 0.2% to 0.5% in 2024, 2023, and 2022, respectively.

Foreign currency denominated short-term borrowings from foreign banks are subject to annual interest rates ranging from 4.8% to 5.1% in 2023. There were no foreign currency denominated short-term borrowings from foreign banks in 2024 and 2022.

In 2024, 2023 and 2022, interest expense on other borrowings includes interest expense on tax settlement amounting to P4.3 million, P24.2 million and P46.7 million, respectively.

20. Bonds Payable

On May 16, 2024, the Bank issued P6.6 billion fixed rate bonds due on November 16, 2025. The bonds were priced at par with a coupon rate of 6.5635% payable on a quarterly basis commencing on August 16, 2024. The bonds were listed in Philippine Dealing and Exchange Corporation. Transaction costs on the issuance of bonds amounted to P59.2 million.

The P7.5 billion fixed rate bonds issued by the Bank on July 29, 2022 with a coupon rate of 5.0263% payable on a quarterly basis matured and was settled on July 29, 2024.

Interest expense on bonds payable amounted to P532.9 million, P413.0 million, and P173.8 million in 2024, 2023 and 2022, respectively. As at December 31, 2024 and 2023, unamortized bond transaction costs amounted to P35.3 million and P21.7 million, respectively.

21. Accrued Interest, Taxes and Other Expenses

This account consists of accruals for the following:

	Note	**2024**	2023
Interest payable:			
Deposit liabilities	*18*	**P211,707,577**	P292,928,209
Bonds payable	*20*	**44,043,546**	52,570,178
		255,751,123	345,498,387
Employee and other benefits		**226,500,304**	222,122,042
Insurance		**203,116,131**	183,357,397
Taxes payable		**116,688,935**	112,892,733
Fees and commissions		**72,329,788**	101,114,869
Management and professional fees		**35,201,526**	46,980,799
Penalties		**34,412,283**	171,456,762
Utilities expenses		**32,595,643**	53,734,548
Security		**27,319,769**	23,599,389
Building repairs and maintenance		**14,361,406**	20,033,164
Equipment-related expenses		**7,281,022**	38,508,624
Rent		**6,229,896**	4,600,248
Others		**66,405,394**	63,290,363
		P1,098,193,220	P1,387,189,325

Other accrued expenses include accruals for marketing and advertising, janitorial, messengerial, and various expenses attributable to the Bank's operations.

22. Other Liabilities

This account consists of:

	Note	2024	2023
Accounts payable		**P5,147,678,610**	P1,370,543,826
Payment orders payable		**2,991,807,839**	60,876,563
Bills purchased - contra	*12, 33*	**825,848,408**	951,269,458
Lease liability	*30*	**661,590,944**	593,364,435
Due to preferred shareholders	*24*	**301,145,218**	290,118,112
Other credits-dormant		**252,366,676**	233,264,121
Margin deposits		**227,000,000**	-
Due to Treasurer of the Philippines		**213,902,800**	213,714,158
Withholding tax payable		**182,032,305**	169,251,673
Unclaimed balances		**130,168,838**	35,780,120
ECL on off-balance sheet exposures	*17*	**45,843,821**	23,743,549
Retirement liability	*29*	**-**	126,139,504
Miscellaneous		**130,709,248**	125,115,684
		P11,110,094,707	P4,193,181,203

Accounts payable mainly pertains to advance loan payments from borrowers, settlement billings from credit card operations and proceeds from collections pending remittance to clients/payees.

Payment orders payable pertains to inward and outward remittances received by the Bank pending payment or application to designated deposit accounts.

Other credits - dormant account includes long outstanding Managers' Checks that are yet to be encashed by the payees, which have been outstanding for more than one (1) year from the dates of checks.

Margin deposits pertains to non-interest bearing deposits required on commercial letter of credits issued in favor of beneficiaries arising from movement of goods or services.

ECL on off-balance sheet exposures relate to committed credit line, credit card lines, outstanding guarantees and unused commercial letter of credits (see Note 38).

Miscellaneous include deposits for keys of safety deposit boxes, SSS payable, other provisions and unclaimed salaries of resigned employees.

23. Maturity Profile of Assets and Liabilities

The following tables present the maturity profile of the assets and liabilities of the Bank based on the amounts to be recovered or settled within and/or after more than 12 months after the reporting period (amounts in thousands):

		2024			2023		
	Note	**Within 12 Months**	**Over 12 Months**	**Total**	Within 12 Months	Over 12 Months	Total
Financial Assets - gross							
COCI		**P4,244,124**	**P -**	**P4,244,124**	P3,500,645	P -	P3,500,645
Due from BSP	*18*	**47,919,926**	**-**	**47,919,926**	24,275,196	-	24,275,196
Due from other banks		**3,819,901**	**-**	**3,819,901**	1,055,497	-	1,055,497
Interbank loans receivable and SPURA	*8*	**3,587,849**	**-**	**3,587,849**	20,114,496	-	20,114,496
Financial assets at FVPL:	*9*						
Government securities held-for-trading		**2,782,361**	**-**	**2,782,361**	180,603	-	180,603
Derivative assets		**34,795**	**28,922**	**63,717**	-	27,685	27,685
Private debt securities		**29,556**	**-**	**29,556**	-	190,505	190,505
Financial assets at FVOCI:	*10*						
Government securities		**-**	**19,036,827**	**19,036,827**	-	10,850,048	10,850,048
Equity securities		**-**	**41,807**	**41,807**	-	193,757	193,757
Investment securities at amortized cost - gross:	*11*						
Government securities		**6,882,006**	**27,583,479**	**34,465,485**	16,903,505	33,408,145	50,311,650
Private debt securities		**266,382**	**1,884,050**	**2,150,432**	78,770	2,086,893	2,165,663
Loans and receivables - gross:	*12*						
Receivable from customers:							
Term loans		**42,179,364**	**60,640,143**	**102,819,507**	30,997,471	50,199,401	81,196,872
Agri-agra loans		**6,132,221**	**7,624,835**	**13,757,056**	4,207,708	7,473,838	11,681,546
Housing loans		**481,442**	**9,083,278**	**9,564,720**	741,214	7,713,089	8,454,303
Auto loans		**579,843**	**4,499,179**	**5,079,022**	641,992	3,481,423	4,123,415
Bills purchased, import bills and trust receipts		**1,227,464**	**-**	**1,227,464**	1,050,699	-	1,050,699
Direct advances		**272,180**	**91,830**	**364,010**	477,724	99,488	577,212
Others		**1,975,573**	**693,212**	**2,668,785**	1,721,579	647,296	2,368,875
Accrued interest receivable		**1,753,888**	**-**	**1,753,888**	1,443,071	-	1,443,071
Accounts receivable		**1,573,836**	**-**	**1,573,836**	1,055,139	-	1,055,139
Sales contract receivables		**98,954**	**235,911**	**334,865**	123,040	265,521	388,561
Unquoted debt securities		**291,578**	**-**	**291,578**	291,578	-	291,578
RCOCI		**5,152**	**-**	**5,152**	93	-	93
Investment in associate	*13*	**-**	**75,395**	**75,395**	-	75,395	75,395
		126,138,395	**131,518,868**	**257,657,263**	108,860,020	116,712,484	225,572,504
Non-financial Assets - gross							
Property and equipment	*14*	**-**	**5,014,214**	**5,014,214**	-	4,910,145	4,910,145
Investment properties	*15*	**-**	**5,156,900**	**5,156,900**	-	4,802,601	4,802,601
Deferred tax assets	*32*	**-**	**447,021**	**447,021**	-	475,333	475,333
Other assets	*16*	**2,926,500**	**6,841,103**	**9,767,603**	2,351,268	6,332,408	8,683,676
		2,926,500	**17,459,238**	**20,385,738**	2,351,268	16,520,487	18,871,755
		P129,064,895	**P148,978,106**	**P278,043,001**	P111,211,288	P133,232,971	P244,444,259
Less:							
Allowance for credit and impairment losses	*17*			**P7,519,444**			P7,731,347
Accumulated depreciation and amortization	*14, 15, 16*			**4,981,095**			4,965,609
Unearned interest	*12*			**67,358**			45,388
Accumulated equity in net loss	*13*			**35,037**			33,936
Total				**P265,440,067**			P231,667,979

		2024			2023		
	Note	**Within 12 Months**	**Over 12 Months**	**Total**	Within 12 Months	Over 12 Months	Total
Financial Liabilities							
Deposit liabilities:	*18*						
Demand		**P63,961,972**	**P -**	**P63,961,972**	P54,569,494	P -	P54,569,494
Savings		**125,100,493**	**-**	**125,100,493**	109,667,913	-	109,667,913
Time		**17,637,099**	**278,974**	**17,916,073**	16,207,259	431,283	16,638,542
LTNCTD		**5,029,420**	**-**	**5,029,420**	-	5,029,420	5,029,420
Financial liabilities at FVPL	*9*	**45,214**	**-**	**45,214**	6,202	-	6,202
Bonds payable	*20*	**6,534,448**	**-**	**6,534,448**	7,478,265	-	7,478,265
Manager's checks		**1,414,092**	**-**	**1,414,092**	1,846,500	-	1,846,500
Accrued interest and other expenses*	*21*	**748,774**	**-**	**748,774**	1,047,574	-	1,047,574
Other liabilities**	*22*	**10,119,072**	**763,147**	**10,882,219**	3,174,414	699,632	3,874,046
		230,590,584	**1,042,121**	**231,632,705**	193,997,621	6,160,335	200,157,956
Non-financial Liabilities							
Accrued taxes and other expense payable	*21*	**349,419**	**-**	**349,419**	339,615	-	339,615
Other liabilities	*22*	**227,876**	**-**	**227,876**	192,995	126,140	319,135
		577,295	**-**	**577,295**	532,610	126,140	658,750
		P231,167,879	**P1,042,121**	**P232,210,000**	P194,530,231	P6,286,475	P200,816,706

**amounts exclude accruals of employee and other benefits, taxes payable and rent*
***amounts exclude withholding tax payable, retirement liability and ECL of loan commitments and financial guarantees*

Refer to Note 5 for the discussions on the Bank's policy on liquidity risk and funding management.

24. Capital

The Bank's capital stock consists of the following as at December 31:

	Shares			Amount		
	2024	2023	2022	**2024**	2023	2022
Authorized Capital Stock						
Common stock, P10 par value	**1,702,511,470**	1,702,511,470	1,702,511,470	**P17,025,114,700**	P17,025,114,700	P17,025,114,700
Preferred stock, P10 par value	**455,000,000**	455,000,000	455,000,000	**4,550,000,000**	4,550,000,000	4,550,000,000
	2,157,511,470	2,157,511,470	2,157,511,470	**P21,575,114,700**	P21,575,114,700	P21,575,114,700
Issued and Outstanding						
Common stock	**1,403,013,920**	1,403,013,920	1,403,013,920	**P14,030,139,200**	P14,030,139,200	P14,030,139,200
Preferred stock	**416,666,670**	416,666,670	416,666,670	**4,166,666,700**	4,166,666,700	4,166,666,700
	1,819,680,590	1,819,680,590	1,819,680,590	**P18,196,805,900**	P18,196,805,900	P18,196,805,900
Paid-in Surplus						
Common stock				**P5,995,503,421**	P5,995,503,421	P5,995,503,421
Preferred stock				**1,233,771,939**	1,233,771,939	1,233,771,939
				P7,229,275,360	P7,229,275,360	P7,229,275,360

The reconciliation of the number of shares outstanding at the beginning and at the end of the years follow:

	Common Shares			Preferred Shares		
	2024	2023	2022	**2024**	2023	2022
Balance as at January 1	**1,403,013,920**	1,403,013,920	1,122,411,120	**416,666,670**	416,666,670	416,666,670
Issuance during the year	**-**	-	280,602,800	**-**	-	-
Adjustment for 10-to-1 stock split	**-**	-	-	**-**	-	-
Balance as at December 31	**1,403,013,920**	1,403,013,920	1,403,013,920	**416,666,670**	416,666,670	416,666,670

Preferred shares are non-voting, except as provided by law, perpetual or non-redeemable, cumulative, convertible to common shares at the option of the holders after 5 years from issue date, subject to requirements under laws, rules and regulations, have preference over common shares in case of liquidation, dissolution, or winding up of the affairs of the Bank and subject to the other terms and conditions as may be fixed by the BOD, required under regulations, and to the extent permitted by applicable law.

The Bank has outstanding liability for the unpaid portion of the redemption price of preferred shares amounting to P301.1 million and P290.1 million as at December 31, 2024 and 2023, respectively, which is recorded as "Due to preferred shareholders" account under "Other liabilities" in Note 22 to the financial statements. As at December 31, 2024 and 2023, the related sinking fund which is recorded under "Other assets" account amounting to P301.1 million and P290.1 million, respectively, has been set up to fund the eventual settlement of this liability (see Note 16).

On April 8, 2010, the SEC approved the Bank's application for the increase in authorized capital stock from P6.0 billion, divided into 52.5 million common shares and 7.5 million preferred shares both with the par value of P100 each, to P22.0 billion divided into 212.5 million common shares and 7.5 million preferred shares both with the par value of P100 each. The related amendment to the Articles of Incorporation of the Bank relative to its proposed increase in authorized capital stock from P6.0 billion to P22.0 billion was approved by BSP and the SEC on March 26, 2010 and April 8, 2010, respectively.

During its meeting on January 18, 2011, the BOD of the Bank passed a resolution approving the following:

- the sale of fully paid shares of Valiant Ventures & Development Holdings, Inc. (Valiant) in the Bank to SMPI and SMCRP amounting to 2,800,000 shares and 1,972,735 shares, respectively; and

- the assignment of subscription rights of Valiant to SMPI amounting to 523,726 shares (Tranche 1) and 4,713,539 shares (Tranche 2).

In connection to this, the Bank secured the approval of the MB of BSP for such sale of shares and assignment of subscription of the shares of Valiant. This is mandated in BSP's MORB since the total shareholdings of Valiant entitles it to a board seat. The Board also approved that the sale of shares and assignment of subscription rights be recorded in the stock and transfer book of the Bank only after the approval of the MB has been obtained.

On March 30, 2011, the MB of BSP approved the sale of shares of Valiant. In 2011, the Bank's subscribed common stock totaling 59,741,113 shares have been fully paid in accordance with the subscription agreement.

On April 30, 2019, the BOD and the Stockholders approved to amend the Articles of Incorporation to deny pre-emptive rights. The said amendment was approved by the BSP on August 16, 2019 and by the SEC on September 5, 2019.

On January 30, 2020, the BOD and the Stockholders approved the amendment of the Articles of Incorporation to (a) reflect that the Bank's terms of existence shall be perpetual (b) retire 4,248,853 redeemed preferred shares thereby decreasing the Bank's authorized capital stock to P21,575,114,700 (c) reclassify 3,251,147 existing unissued preferred shares into new unissued preferred shares and (d) reclassify 42,248,853 existing unissued common shares into new unissued preferred shares. The amendments resulted in total new preferred shares of 45,500,000 with par value of P100 and decrease in common shares to 170,251,147 with par value of P100. These were approved by the BSP on May 21, 2020 and by the SEC on June 9, 2020.

On January 26, 2021, the BOD approved the issuance of 41,666,667 preferred shares to San Miguel Corporation at P132.0 per share. These shares will be issued out of the unissued Series 1 Preferred Shares of the Bank. On March 8, 2021, the Bank received from BSP a "No Objection" to the provisions in the indicative terms and conditions of these Preferred Shares, provided that the Bank shall continuously comply with the regulation for the inclusion of preferred shares as part of Additional Tier 1 capital under Appendix 59, Risk-based Capital Adequacy Framework for the Philippines Banking System, of the Manual Regulations for Banks. On June 29, 2021, the BOD approved the change of investor for preferred shares from San Miguel Corporation to SMC Equivest Corporation, a wholly owned subsidiary of San Miguel Corporation and an existing stockholder of the Bank. On August 5, 2021, the Bank issued 41,666,667 Series 1 Preferred Shares to SMC Equivest Corporation at P132.0 per share. Transaction costs on the issuance of preferred shares amounting to P99.6 million were charged against "Paid-in surplus".

On May 25, 2021 and July 8, 2021, the BOD and the Stockholders, respectively, approved the amendment of the Bank's Articles of Incorporation to the par value of common and preferred shares from One Hundred Pesos (P100.0) to Ten Pesos (P10.0). The amendment resulted in increase in common shares from 170,251,147 to 1,702,511,470 and increase in preferred shares from 45,500,000 to 455,000,000. This amendment was approved by the BSP on October 4, 2021 and by the SEC on November 2, 2021.

On October 28, 2021 and November 9, 2021, the BOD and Stockholders, respectively, approved the primary public offer and sale of up to 280,700,000 common shares from unissued capital stock. On February 15 and February 16, 2022, the SEC and the PSE, respectively, approved the application for the Initial Public Offer of the Bank. On March 31, 2022, the Bank listed its common shares with the PSE. The Bank offered and issued new common shares to the public up to 280,602,800 at P12.0 per share. Transaction costs on the issuance of common shares amounting to P108.6 million were charged against "Paid-in surplus".

On October 28, 2021 and November 9, 2021, the BOD and the Stockholders also approved the amendment to the Articles of Incorporate to align sections around the sale, assignment, and disposal of shares with the lock up requirements of the Philippine Stock Exchange. The By-laws were also amended to update sections on stockholders, the Board of Directors, certificates of stock and the transfer of shares of stock. On December 31, 2021, the BSP approved the request of the Bank to amend its Articles of Incorporation and By-laws. The amendment on the Bank's Articles of Incorporation and By-laws was approved by the SEC on January 28, 2022.

On February 22, 2022 and April 29, 2022, the BOD and the Stockholders, respectively, approved the amendments to the Articles of Incorporation to change its purpose from a Commercial Bank to a Universal Bank pursuant to BSP MB Resolution No. 1798 dated December 23, 2021. The By-laws were also amended to comply with Sections 28 and 52 of the Revised Corporation Code. The amendment on the Bank's Articles of Incorporation and By-laws was approved by the BSP on June 29, 2022 and by the SEC on August 9, 2022.

Subject to the approval of the relevant government regulatory agencies, the Stockholders and BOD approved on April 25, 2023 and February 28, 2023, respectively, the amendment of the Articles of Incorporation to increase the Bank's authorized capital stock from P21,575,114,700 (divided into 1,702,511,470 common shares and 455,000,000 preferred shares) to P28,198,773,840 (divided into 2,364,877,384 common shares and 455,000,000 preferred shares). As of December 31, 2024, the Bank is in process of completing the documentary requirements necessary to obtain BSP approval.

The Stockholders and BOD approved on April 30, 2024 and February 27, 2024, respectively, the amendments to the By-laws to (a) specify the date of the annual stockholders' meeting and (b) align with relevant rules and regulations, such as Section 132 of the MORB and Section 34 of the Revised Corporation Code. The Stockholders likewise approved on April 30, 2024 the authority to delegate to the BOD the power to amend or repeal the current by-laws or enact a new one. On August 22, 2024 and October 8, 2024, the BSP and SEC, respectively, approved the amendments to the By-laws.

Cash Dividend

On May 28, 2024, the BOD declared cash dividends amounting to P654.9 million or equivalent to P0.2512 per common share and P0.7260 per preferred share, payable on July 15, 2024 to all stockholders of record as of June 19, 2024.

Equity Restructuring

On March 29, 2021, the BOD approved the Bank to undergo equity restructuring to wipe out the deficit amounting to P51,156,715 as at December 31, 2020 through the use of the Bank's Paid-in surplus.

On July 12, 2021, the Bank received from BSP a "No Objection" response to its application for equity restructuring with the SEC, subject to the (i) Bank's compliance with the Commission's other requirements; and (ii) condition that the Bank shall provide BSP a certified true copy of SEC's approval of the equity restructuring within five (5) days from receipt thereof.

On October 14, 2021, the SEC approved the equity restructuring to wipe-out the deficit as at December 31, 2020 amounting to P51,156,715 against the Paid-in surplus of P5.6 billion subject to the conditions that the remaining Paid-in surplus of P5.5 billion cannot be applied for future losses that may be incurred by the Bank without prior approval of the SEC.

Capital Management

The Bank's capital base, comprised of capital stock, paid-in surplus and surplus reserves, is actively being managed to cover risks inherent in the Bank's operations. In 2009, SMPI and SMCRP infused additional capital amounting to P3.3 billion in the form of paid-up common stock. On February 18, 2010 and March 1, 2010, major stockholders infused P271.9 million and P2.1 billion, respectively, into the Bank in the form of advances for future stock subscriptions, which shall be treated as part of the Bank's paid-up capital upon the SEC's approval thereon and on the increase in the Bank's authorized capital stock.

On August 5, 2021, SMC Equivest Corporation infused additional capital amounting P5.5 billion in the form of paid-up preferred stock. This is in support of the application of the Bank for an upgrade of its commercial banking license to a universal banking license. On March 31, 2022, the Bank listed its common shares with the PSE and raised P3.4 billion in additional capital as part of the requirements for the upgrade.

Under Section 121 of the MORB, *Minimum Required Capital,* the minimum capitalization requirement applicable for the Bank (universal banks with more than 100 branches) amounted to P20.0 billion. The Bank achieved this level with the August 2021 infusion of additional capital mentioned above. On December 23, 2021, the BSP approved the upgrade of the Bank's banking license from commercial bank to universal bank (UB) subject to certain regulatory requirements. On October 24, 2022, the Bank received from the BSP the Certificate of Authority to Operate as a Universal Bank dated October 4, 2022. As at December 31, 2024 and 2023, the reported unimpaired capital of the Bank amounted to P32.1 billion and P29.7 billion, respectively.

The guidelines on Bank's ICAAP under Section 130 and Appendices 94, 95 and 96 of the MORB supplements the BSP's risk-based capital adequacy framework. In compliance with this new circular, the Bank has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Bank. The level and structure of capital are assessed and determined in light of the Bank's business environment, plans, performance, risks and budget; as well as regulatory edicts. The deadline for submission of ICAAP documents is March 31 of each year.

Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Bank's "unimpaired capital" (regulatory net worth) as reported to the BSP, which is determined on the basis of Regulatory Accounting Principles which differ from PFRS Accounting Standards in some respects.

The BSP sets and monitors compliance to minimum capital requirements for the Bank. In implementing current capital requirements, BSP issued Circular 538, *Revised Risk-Based Capital Adequacy Framework for Universal and Commercial Banks and their Subsidiary Banks and Quasi-Banks,* which implemented the Revised Risk-Based Capital Adequacy Framework under Basel II effective July 1, 2007. It requires the Bank to maintain a prescribed risk-based capital adequacy ratio (expressed as a percentage of qualifying capital to risk-weighted assets) of not less than 10.0%.

Under Section 125 and Appendix 59 of the MORB, the regulatory qualifying capital of the Bank consists of Tier 1 (core) and Tier 2 (supplementary) capital. Tier 1 capital comprised common stock, additional paid-in capital and surplus. Tier 2 composed upper tier 2 and lower tier 2. Upper tier 2 consists of preferred stock, revaluation increment reserve, general loan loss provision and deposit for common stock subscription. Lower tier 2 consists of the unsecured subordinated debt.

The following are the minimum capital requirements for UBs and KBs and their subsidiary banks and quasi-banks (QBs):

- 6.0% Common Equity Tier 1 (CET1)/Risk-Weighted Assets (RWAs)
- 7.5% Tier 1 Capital/RWAs, and
- 10.0% Total Qualifying Capital (Tier1 plus Tier2)/RWAs

The Qualifying Capital must consist of the sum of the following elements, net of required deductions: Tier 1-'going concern' [CET1 plus Additional Tier 1] and Tier 2 - 'gone concern.' A bank/quasi-bank must ensure that any component of capital included in qualifying capital complies with all the eligibility criteria for the particular category of capital in which it is included. The Circular further describes the elements/criteria that a domestic bank should meet for each capital category. Regulatory adjustments and calculation guidelines for each capital category are also discussed.

In conformity with the Basel III standards, a Capital Conservation Buffer (CCB) of 2.5% of RWAs, comprised of CET1 capital, has been required of U/KBs and their subsidiary banks and quasi-banks. This buffer is meant to promote the conservation of capital and build-up of adequate cushion that can be drawn down by banks to absorb losses during financial and economic stress.

The CET1 capital requirement includes as an additional capital buffer, the Countercyclical capital buffer (CcyB) of zero percent (0%) subject to upward adjustment to a rate determined by the MB when systemic conditions warrant but not to exceed two and a half percent (2.5%). Any increases in the CcyB rate shall be effective 12 months after announcement while decreases shall be effective immediately.

The countercyclical buffer requirement will extend the size of the capital conservation buffer. A bank shall not be subject to any restriction on distribution if the following conditions are met:

- Has positive retained earnings as of the preceding quarter and has complied with the requirements on the declaration of dividends as provided in the MORB;

- Has CET1 of more than the total required (minimum CET1 ratio of 6.0% plus CCB of 2.5% plus CcyB at the rate determined by the MB) before distribution; and

- Has complied with the minimum capital ratios (CET1 ratio of 6.0%, Tier 1 ratio of 7.5% and 10.0% CAR) after the distribution.

Otherwise, the policy framework of the capital conservation buffer on the restriction on distributions shall apply, except for drawdowns. Thresholds on the restriction on distribution shall consider the CcyB requirement as an extension of the capital conservation buffer.

As at December 31, 2024 and 2023, based on the CAR reports submitted to BSP, the Bank's CAR of 17.58% and 19.88%, respectively, exceeded the minimum 10.0% requirement as computed and monitored using the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios"), based on the Basel III framework. The increase in the CAR ratio was primarily due to the increase in undivided profits and decrease in the credit risk weighted amount of contingent account (domestic standby letters of credit).

The breakdown of the Bank's risk-weighted assets as at December 31, 2024 and 2023 as reported to BSP follows (amounts in thousands):

	2024	2023
Credit risk-weighted assets	**P160,363,565**	P131,091,150
Market-risk weighted assets	**14,407,072**	313,854
Operational risk-weighted assets	**1,512,215**	12,140,350
	P176,282,852	P143,545,354

The Bank is also required to maintain a minimum Tier 1 capital ratio of 7.5% in 2024 and 2023 (in millions) as reported to BSP which was compiled as per below:

	2024	2023
Tier 1 capital	**P29,638**	P27,396
Tier 2 capital	**1,347**	1,139
Total qualifying capital	**P30,985**	P28,535
CET1 capital	**P24,237**	P21,996
Risk-weighted assets	**P176,283**	P143,545
CET1 ratio	**13.75%**	15.32%
Tier 1 capital ratio	**16.81%**	19.09%
Total capital ratio	**17.58%**	19.88%

Certain adjustments are made to PFRS Accounting Standards results and reserves to calculate CAR which included the Bank's accounting of the following transactions that require different accounting treatments under PFRS Accounting Standards:

a) non-performing assets and operating losses of TRB capitalized as miscellaneous assets and subject to staggered allowance provisioning;

b) accounting for investment properties.

The recognition of the Bank for prudential reporting is based on the accounting treatment approved by BSP (see Notes 15 and 16).

Under Section 129 of the MORB Basel III, leverage ratio is designed to act as supplementary measure to the risk-based capital requirements. It is defined as the capital measure (numerator) divided by the exposure measure (denominator). The leverage ratio shall not be less than 5.0% computed on both solo (head office plus branches) and consolidated bases (parent bank plus subsidiary financial allied undertakings but excluding insurance companies).

The Bank exceeded the minimum leverage ratio of 5.0% as at December 31, 2024 and 2023 which was complied as per below breakdown (amounts in thousands):

	2024	2023
Capital measure	**P29,637,638**	P27,396,326
Exposure measure	**278,642,739**	246,764,987
Leverage ratio	**10.64%**	11.10%

The LCR framework under Section 145 of the MORB promotes short-term resilience of liquidity risk profile of a bank. The LCR is the ratio of HQLAs to total net cash outflows. Under normal situation, the value of the ratio should be no lower than 100.0% on a daily basis because the stock of unencumbered HQLA is intended to serve as a defense against the potential onset of liquidity stress. The compliance with the LCR minimum requirement commenced on January 01, 2018 and the prescribed minimum shall be set initially at 90% for 2018 and raised to the minimum level of 100% on January 01, 2019.

Based on the LCR reports submitted to the BSP as at December 31, 2024 and 2023, the Bank's LCR were 178.68% and 213.86%, respectively, which were above the prescribed minimum requirement set at 100.0%.

While the NSFR promotes long-term resilience of banks against liquidity risk and maintains stable funding profile in relation to the composition of its assets and off-balance sheet activities. The implementation of the minimum NSFR was phased-in, banks undergone observation period from July 1, 2018 up to December 31, 2018 while actual implementation commenced on January 01, 2019. The NSFR is the ratio of Bank's available stable funding to its required stable funding and shall maintain at least 100.0% at all times.

As at December 31, 2024 and 2023, the reported NSFR of 145% and 164%, respectively, exceeded the required minimum of 100%.

This applies to UB/KBs as well as their subsidiary banks and quasi-banks with the framework anchored on the international standards issued by the Basel Committee on Banking Supervision known as the Basel 3 reforms.

25. Surplus Reserve

	2024	2023	2022
Reserve for general provision - special reserve	**P939,993,441**	P877,491,849	P775,206,634
Reserve for trust business	**169,052,115**	157,512,612	148,200,862
Reserve for self-insurance	**60,000,000**	60,000,000	60,000,000
	P1,169,045,556	P1,095,004,461	P983,407,496

Reserve for General Provision - Special Reserve

The BSP, through Circular No. 1011, *Guidelines on the Adoption of the PFRS 9*, requires appropriation of the Bank's retained earnings in case the computed allowance for credit losses on loans based on PFRS 9 is less than the BSP required 1.0% general provision on outstanding Stage 1 on-balance sheet loans, except for accounts considered as risk-free under existing regulations. Additional appropriation for reserve for general provision amounted to P62.5 million, P102.3 million, and P218.6 million in 2024, 2023 and 2022, respectively.

Reserve for Trust Business
In compliance with BSP regulations, 10.0% of the Bank's profit from trust business is appropriated to surplus reserve. This yearly appropriation is required until the surplus reserve for trust business equals 20.0% of the Bank's authorized capital stock. Additional appropriation for reserve for trust business amounted to P11.5 million, P9.3 million, and P9.0 million in 2024, 2023 and 2022, respectively.

Reserve for Self-insurance
Reserve for self-insurance represents the amount set aside to cover losses due to fire, defalcation and other unlawful acts of the Bank's personnel or third parties. No additional appropriation for Reserve for self-insurance was made in 2024, 2023, and 2022.

26. Interest Income on Debt Securities

This account consists of:

	Note	2024	2023	2022
Investment securities at amortized cost:	*11*			
Government securities		**P1,751,627,968**	P1,716,340,695	P1,370,841,465
Private debt securities		**80,500,659**	85,656,947	100,869,054
Financial assets at FVOCI:	*10*			
Government securities		**854,777,572**	445,722,527	204,988,977
Private debt securities		**-**	-	5,085,038
		2,686,906,199	2,247,720,169	1,681,784,534
Financial assets at FVPL:	*9*			
Government securities held for trading		**126,909,743**	21,561,207	4,603,469
		P2,813,815,942	P2,269,281,376	P1,686,388,003

Foreign currency-denominated investment securities at amortized cost bear EIRs ranging from 0.8% to 5.3% in 2024 and 2023, and from 0.8% to 3.7% in 2022. Peso-denominated investment securities at amortized cost bear EIRs ranging from 2.3% to 8.1% in 2024 and 2023 and from 1.4% to 8.1% in 2022.

Foreign currency-denominated financial assets at FVOCI bear EIRs ranging from 2.6% to 4.5% in 2024 and 2023, and from 0.9% to 2.8% in 2022. Peso-denominated financial assets at FVOCI bear EIRs ranging from 3.6% to 6.8% in 2024, from 3.6% to 6.9% in 2023, and from 3.6% to 6.7% in 2022.

Foreign currency-denominated financial assets at FVPL bear annual interest rates ranging from 2.2% to 8.6% in 2024, from 1.6% to 8.6% in 2023, and from 0.2% to 8.6% in 2022. Peso-denominated financial assets at FVPL bear annual interest rates ranging from 2.6% to 8.6%, from 2.6% to 9.3%, and from 0.6% to 8.1% in 2024, 2023, and 2022, respectively.

27. Service Charges, Fees and Commissions

Service Charges, Fees and Commissions - Income
This account consists of:

	2024	2023	2022
Underwriter and arranger's fees	**P292,684,017**	P148,709,683	P95,900,297
Credit card fees	**190,895,182**	179,629,720	147,516,114
Trust income	**185,602,042**	174,904,628	152,971,718
Service charges	**161,058,043**	157,871,633	148,551,460
Letters of credit fees	**109,140,234**	77,530,188	122,780,721
Fees and commissions	**68,341,607**	55,744,047	48,792,533
Penalty charges	**23,763,728**	34,546,673	31,346,781
Remittance fees	**21,052,949**	37,065,138	41,087,314
Commitment fees	**9,352,113**	10,144,513	55,783,132
Telegraphic transfer fees	**3,979,921**	3,375,067	2,715,963
Others	**8,894,038**	6,858,195	10,185,844
	P1,074,763,874	P886,379,485	P857,631,877

Underwriter and arranger's fees are earned by the Bank as compensation for underwriting a public offering, placing an issue in the market or arranging a private placement of debt.

Service charges include charges on loans, ATM fees and deposit taking-related activities.

Others include commission on acceptance fee, insurance, auto and housing loans processing fee and sale of demand drafts.

Service Fees and Commissions - Expenses
This account consists of:

	2024	2023	2022
Transaction and service fees	**P328,732,411**	P273,919,598	P187,294,357
Mastercard fees	**95,687,054**	77,654,916	59,034,910
Fees and commissions	**63,644,608**	58,759,010	43,533,852
Others	**7,056,231**	7,590,497	3,466,436
	P495,120,304	P417,924,021	P293,329,555

Others include processing fees, handling fees and various other charges.

28. Trading and Investment Securities Gains (Losses) - net

This account consists of realized and unrealized gains (losses) from the following securities:

	Note	2024	2023	2022
Financial assets and liabilities at FVPL:				
Debt securities:				
Unrealized	9	**(P1,017,785)**	P22,810,265	P3,032,696
Realized		**(1,645,410)**	(19,188,811)	(32,249,257)
Equity securities:				
Realized		**-**	12,535	-
Financial assets at FVOCI	10	**1,623,076**	6,964,361	-
		(P1,040,119)	P10,598,350	(P29,216,561)

29. Employee Benefits

Compensation and Fringe Benefits

The details of the following accounts in 2024, 2023 and 2022 follow:

	2024	2023	2022
Salaries and allowances	**P1,504,714,424**	P1,326,204,346	P1,097,273,510
Bonuses	**508,400,000**	460,950,000	349,320,000
Employee benefits	**440,596,896**	337,516,981	293,658,369
Retirement benefits	**135,889,019**	91,753,151	123,585,814
Overtime	**47,195,764**	41,971,618	40,973,832
	P2,636,796,103	P2,258,396,096	P1,904,811,525

Retirement Plan

The Bank has a funded noncontributory defined benefit retirement plan covering its regular and permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the plan. Annual cost is determined using projected unit credit method.

The Bank's retirement benefits are based on the employee's years of service and a percentage of his gross monthly salary. An employee shall be retired and shall be entitled to full retirement benefits upon his attainment of 60 years of age.

An employee, upon reaching the age of 50 years and with the completion of no less than 10 years of service as a regular employee and with 30 days prior notice to the Bank, may retire at his option and shall be entitled to the retirement benefits.

An employee who has at least 10 years of service as a regular employee, but who has not reached the age of 50 years, may retire at his option and shall be entitled to the retirement benefits but such retirement benefit shall be subject to the pertinent requirements of the Bureau of Internal Revenue (BIR).

The Bank's retirement plan is registered with the BIR as a tax-qualified plan under RA No. 4917, as amended, and complies with the minimum retirement benefit specified under RA No. 7641, the "New Retirement Law."

The date of the last actuarial valuation is December 31, 2024. Valuations are performed on an annual basis.

As at December 31, 2024, 2023 and 2022, the principal actuarial assumptions used in determining retirement benefits liability for the Bank's retirement plan are shown below:

	2024	2023	2022
Average working life	**9.0**	13.0	13.0
Discount rate	**6.1%**	6.1%	7.6%
Future salary increases	**6.6%**	6.6%	6.6%

The mortality rates used in the valuation were based on the 1985 Unisex Annuity Table (UAT). The 1985 UAT was derived from the experience of the Government Service Insurance System from 01 January 1977 to 31 December 1981, a period of five years. The 1985 UAT has been adjusted to reflect improvements in mortality experience since its original construction. The disability rates used in the valuation were based on 100% of the adjusted 1952 Disability Table, reflecting improvement in Philippine disability experience.

The following table shows reconciliation from the opening balances to the closing balances for net retirement benefit liability (assets) and its components (in thousands).

	Defined Benefits Obligation			**Fair Value of Plan Assets**			**Net Retirement Benefit Liability (Asset)**		
	2024	2023	2022	**2024**	2023	2022	**2024**	2023	2022
Balance at January 1	**P1,343,134**	P1,027,606	P1,244,156	**(P1,216,994)**	(P1,100,754)	(P1,085,608)	**P126,140**	(P73,148)	P158,548
Included in Profit or Loss									
Current service cost	**128,195**	94,990	115,658	**-**	-	-	**128,195**	94,990	115,658
Interest expense (income)	**81,931**	77,119	62,208	**(74,237)**	(80,356)	(54,280)	**7,694**	(3,237)	7,928
	210,126	172,109	177,866	**(74,237)**	(80,356)	(54,280)	**135,889**	91,753	123,586
Included in OCI									
Remeasurement loss (gain):									
Actuarial loss (gain) arising from:									
Financial assumptions	**(50,935)**	167,475	(299,036)	**-**	-	-	**(50,935)**	167,475	(299,036)
Experience adjustment	**29,700**	81,345	18,033	**-**	-	-	**29,700**	81,345	18,033
Return on plan assets excluding interest income	**-**	-	-	**(12,811)**	39,176	96,178	**(12,811)**	39,176	96,178
	(21,235)	248,820	(281,003)	**(12,811)**	39,176	96,178	**(34,046)**	287,996	(184,825)
Others									
Contributions paid by the employer	**-**	-	-	**(655,273)**	(180,461)	(170,457)	**(655,273)**	(180,461)	(170,457)
Benefits paid	**(109,571)**	(105,401)	(113,413)	**109,571**	105,401	113,413	**-**	-	-
	(109,571)	(105,401)	(113,413)	**(545,702)**	(75,060)	(57,044)	**(655,273)**	(180,461)	(170,457)
Balance at December 31	**P1,422,454**	P1,343,134	P1,027,606	**(P1,849,744)**	(P1,216,994)	(P1,100,754)	**(P427,290)**	P126,140	(P73,148)

The movements of the remeasurement losses on retirement liability of the Bank follow:

	2024	2023	2022
Balance at beginning of year	**P365,718,897**	P77,723,200	P262,547,387
Remeasurement losses (gains) on:			
Defined benefits obligation	**(21,234,266)**	248,820,103	(281,002,208)
Plan assets	**(12,811,490)**	39,175,594	96,178,021
Net change in remeasurement losses (gains) recorded in OCI	**(34,045,756)**	287,995,697	(184,824,187)
Balance at end of year	**P331,673,141**	P365,718,897	P77,723,200

The actual return on plan assets amounted to P87.0 million and P41.2 million in 2024 and 2023, respectively.

Since the current fund assets cover the accrued liability and normal cost, the Bank does not expect to contribute to its defined benefits retirement plan in 2025.

The major categories of the fair value of plan assets as at December 31, 2024 and 2023 follow:

	2024	2023
Investment securities:		
Government and other debt securities	**P1,185,718,267**	P526,163,095
Quoted equity securities	**488,000,625**	339,884,175
Unquoted equity securities	**2,600**	2,600
Deposits with the bank	**47,946,914**	131,963,457
Loans receivables	**107,910,000**	206,022,617
Other receivables	**20,165,796**	12,958,486
Total Plan Assets	**P1,849,744,202**	P1,216,994,430

Sensitivity Analysis
Reasonably possible changes to one of the relevant actuarial assumptions, with all other assumptions constant, would have affected the net retirement liability of the Bank by the amounts shown below:

	December 31, 2024			
	Discount Rate		**Salary Increase Rate**	
	+1.00%	**-1.00%**	**+1.00%**	**-1.00%**
Present value of the defined benefit obligation	**P1,318,315,459**	**P1,541,173,741**	**P1,529,824,281**	**P1,326,241,221**
Fair value of plan assets	**(1,849,744,202)**	**(1,849,744,202)**	**(1,849,744,202)**	**(1,849,744,202)**
Net retirement liability (assets)	**(P531,428,743)**	**(P308,570,461)**	**(P319,919,921)**	**(P523,502,981)**

	December 31, 2023			
	Discount Rate		Salary Increase Rate	
	+1.00%	-1.00%	+1.00%	-1.00%
Present value of the defined benefit obligation	P1,225,926,087	P1,479,462,857	P1,468,882,977	P1,232,640,544
Fair value of plan assets	(1,216,994,429)	(1,216,994,429)	(1,216,994,429)	(1,216,994,429)
Net retirement liability (assets)	P8,931,658	P262,468,428	P251,888,548	P15,646,115

The maturity analyses of the undiscounted benefit payments as at December 31, 2024 and 2023 are as follows:

	2024	2023
1 - 5 years	**P737,989,897**	P541,608,869
6 - 10 years	**1,194,923,143**	1,101,752,171
11 - 15 years	**946,660,214**	1,086,406,759
16 years and up	**3,185,757,321**	5,407,534,068
	P6,065,330,575	P8,137,301,867

The defined benefit plans expose the Bank to actuarial risks, such as longevity risk, interest risk, and market (investment risk).

The overall investment policy and strategy of the retirement plan is based on the Bank's suitability assessment, as provided by its Trust Services Group, in compliance with BSP requirements.

The weighted average duration of the defined benefit obligations is 8 years and 9 years, respectively, as at December 31, 2024 and 2023. The expected average remaining working lives as at December 31, 2024 and 2023 are 9 years and 13 years, respectively.

30. Rent and Utilities

The table below shows the breakdown of rent and utilities in 2024, 2023, and 2022.

	2024	2023	2022
Security services	**P225,991,810**	P197,680,447	P220,318,339
Repairs and maintenance	**164,478,895**	199,706,881	187,630,410
Rent expense	**93,868,520**	81,928,780	68,792,512
Power, light, water	**76,876,406**	112,852,064	105,967,062
Janitorial services	**47,405,771**	42,226,915	38,559,704
Insurance	**14,074,959**	13,302,902	10,281,940
Total	**P622,696,361**	P647,697,989	P631,549,967

Insurance refers to the insurance for the Bank's property and equipment.

Bank as Lessee
The Bank leases the premises occupied by most of its branches. The lease contracts are for periods ranging from 1 to 15 years and are renewable upon mutual agreement between the Bank and the lessors. Various lease contracts include escalation clauses, most of which bear an annual rent increase ranging from 2.0% to 25.0%.

The Bank also leases parking space, ATM location, signage and storage with contract term of 1 year. These leases are short-term and/or leases of low value items. The Bank has elected not to recognize right-of-use assets and lease liabilities for these leases. Rent expenses related to these contracts are charged against current operations (included under "Rent and utilities" account in the statements of income).

Information about leases for which the Bank is a lessee is presented below:

Right-of-Use Assets
Right-of-use assets relate to leased branch and office premises. Details of right-of-use assets are presented within property and equipment (see Note 14).

Lease Liabilities
See Note 5 for maturity analysis of lease liabilities as at December 31, 2024 and 2023.

The table below shows the amounts recognized in the statements of income in 2024, 2023 and 2022 related to leases under PFRS 16 (amounts in millions).

	2024	2023	2022
Interest on lease liabilities	**P39.2**	P32.8	P28.2
Expenses relating to short-term leases	**78.2**	70.0	59.1
Expenses relating to lease of low-value assets, excluding short-term leases of low-value assets	**15.7**	12.0	9.7

Total cash outflow for leases recognized in 2024, 2023 and 2022 amounted to P340.3 million, P320.1 million, and P303.2 million, respectively.

Bank as Lessor
The Bank leases out its commercial properties for office space. The Bank has classified these leases as operating leases because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets.

Rental income recognized by the Bank on its commercial properties (shown under "Miscellaneous" in the statements of income) for the years ended December 31, 2024, 2023, and 2022 were P0.4 million, P1.6 million, and P1.8 million, respectively, and includes rental income on investment properties (Note 15). The Bank also recognized income from the use of safety deposit boxes amounted to P2.9 million in 2024 and P3.0 million in 2023 and 2022 (see Note 31).

As at December 31, 2024 and 2023, the Bank has no future rental receivables under non-cancellable operating lease.

31. Miscellaneous Income and Expenses

Miscellaneous Income
This account consists of:

	Note	**2024**	2023	2022
Passed-on GRT		**P30,904,732**	P50,377,835	P40,574,554
Dividend income	*10*	**3,855,229**	5,604,161	1,612,352
Rent income	*30*	**3,384,031**	4,602,172	4,834,797
Others		**64,431,027**	84,692,214	68,157,678
		P102,575,019	P145,276,382	P115,179,381

Others include recovery from charged-off assets and excess chattel fees. Recovery from charged-off assets amounted to P23.9 million, P71.1 million, and P56.1 million, respectively, in 2024, 2023 and 2022.

Miscellaneous Expenses
This account consists of:

	2024	2023	2022
Marketing	**P104,522,119**	P103,566,171	P57,421,253
Supervision and examination fee	**74,970,716**	83,011,437	67,926,910
Communications	**68,901,123**	79,890,227	77,156,091
Forms and supplies	**47,167,702**	51,808,966	45,915,052
Messengerial services	**40,360,550**	39,440,243	36,985,834
Litigation and acquired assets-related expenses	**39,850,996**	27,984,321	16,391,828
Transportation and travel	**32,538,500**	42,598,156	26,500,086
Membership dues	**22,817,813**	27,594,750	20,809,127
Fines and penalties	**584,538**	3,372,381	71,713,640
Others	**66,371,525**	60,526,331	125,759,860
	P498,085,582	P519,792,983	P546,579,681

Others include management fee on deposits, charges on correspondent banks, royalty fees, other provisions and postage.

32. Income and Other Taxes

Income and other taxes are comprised of RBU and FCDU taxes which are discussed as follows:

Regular Banking Unit
Under Philippine tax laws, the Bank is subject to percentage and other taxes (presented under "Taxes and licenses" account in the statements of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp taxes.

Income tax expense include corporate income tax, as discussed below, and final taxes paid at the rate of 20.0%, which is a final withholding tax on gross interest income from government securities and other deposit substitutes.

On March 26, 2021, R.A. No. 11534, *Corporate Recovery and Tax Incentives for Enterprises Act* (CREATE Law), was signed into law and took effect on April 11, 2021. The following are certain provisions of the National Internal Revenue Code of 1997 that were amended and relevant to the Bank:

- Regular corporate income tax rate is decreased from 30% to 25% starting July 1, 2020;

- Minimum corporate income tax rate is decreased from 2% to 1% starting July 1, 2020 until June 30, 2023;

- The allowable deduction for interest expense shall be reduced by 20% of interest income subjected to final tax, instead of the previous 33%; and

- The imposition of 10% tax on improperly accumulated retained earnings is repealed.

The MCIT and NOLCO may be applied against the Bank's income tax liability and taxable income, respectively, over a 3-year period from the year of incurrence.

In 2011, the BIR issued RR 4-2011, *Proper Allocation of Costs and Expenses amongst income earning of banks and Other Financial Institutions for Income Tax Reporting Purposes*, which requires banks to allocate and claim as deduction only those costs and expenses attributable to RBU to arrive at the taxable income of the RBU subject to regular income tax. Any cost or expense related with or incurred for the operations FCDU are not allowed as deduction from the RBU's taxable income. In computing for the amount allowable as deduction from RBU operations, all costs and expenses should be allocated between the RBU and FCDU by specific identification and by allocation. In a Decision dated December 1, 2021, the Supreme Court declared RR 4-2011 void for having issue ultra vires. It ruled that RR 4-2011 unduly contravened and expanded the provisions of the Tax Code. The Supreme Court Decision became final and executory on June 7, 2022, and was recorded in the Book of Entries of Judgement.

Foreign Currency Deposit Unit
RA No. 9294, the existing applicable tax regulation governing the taxation of FCDU, provides, among others, the following:

- Offshore income or the income derived by FCDUs from foreign currency transactions with nonresidents, Offshore Banking Units (OBUs) in the Philippines, local commercial banks including branches of foreign banks that may be authorized by BSP to transact business with FCDUs and other depository banks under the foreign currency deposit system shall be exempt from all taxes, except net income from such transactions as may be specified by the Secretary of Finance, upon recommendation by the MB to be subject to the regular income tax payable by banks.

- Gross onshore income or interest income from foreign currency loans granted by FCDUs to residents through offshore units in the Philippines or other depository banks under the expanded system shall be subject to final tax at a rate of 10.0%; and

- Interest income derived by resident individual or corporation on deposits with FCDUs and OBUs are subject to 15.0% final tax.

Income tax expense consists of:

	2024	2023	2022
Current:			
Final	**P773,895,471**	P728,807,543	P523,060,497
MCIT	**110,350,681**	-	-
RCIT	**6,155,999**	93,876,511	73,242,737
Tax benefit	**-**	(25,186,431)	(61,363,313)
	890,402,151	797,497,623	534,939,921
Deferred	**27,366,145**	136,393,568	131,415,328
	P917,768,296	P933,891,191	P666,355,249

The amount of tax benefit relates to MCIT of prior periods that was used to reduce current tax payable.

The amount of deferred income tax relates to the origination and reversal of temporary differences.

The reconciliation of the income tax expense computed at the statutory tax rate to the effective income tax shown in the statements of income follows:

	2024	2023	2022
Income before income tax expense	**P3,942,707,406**	P3,736,110,366	P2,466,423,849
Income tax at statutory rate	**P985,676,852**	P934,027,592	P616,605,962
Additions to (reductions in) income taxes resulting from the tax effects of:			
Nondeductible expenses	**219,014,569**	192,649,750	114,721,794
Tax paid income	**(207,327,724)**	(157,558,235)	(56,603,094)
Nontaxable income	**(38,977,837)**	(62,716,480)	(6,127,328)
Changes in unrecognized deferred tax assets	**(10,502,984)**	59,498,560	26,098,741
FCDU income	**(5,487,915)**	(25,552,958)	(23,316,140)
Others	**(24,626,665)**	(6,457,038)	(5,024,686)
Effective income tax	**P917,768,296**	P933,891,191	P666,355,249

The components of net deferred tax assets and deferred tax liabilities in the statements of financial position follow:

	Beginning Balance (December 31, 2023 Tax Effect)	**Amount (Charged) Credited to Profit or Loss**	**Amount Recognized in OCI**	**Ending Balance (December 31, 2024 Tax Effect)**
Deferred tax assets:				
Allowance for credit and impairment losses	**P594,762,020**	**(P32,137,234)**	**P -**	**P562,624,786**
Accumulated depreciation on foreclosed properties	**219,129,112**	**24,070,990**	**-**	**243,200,102**
Lease liability	**148,341,109**	**17,056,627**	**-**	**165,397,736**
Accrued employee benefits and other expenses	**164,455,579**	**(23,522,577)**	**-**	**140,933,002**
Unamortized past service cost	**-**	**142,862,686**	**-**	**142,862,686**
Unrealized loss on foreclosed properties	**60,786,237**	**(6,280,985)**	**-**	**54,505,252**
Excess of MCIT over RCIT	**-**	**43,060,009**	**-**	**43,060,009**
Accrued rent expense	**1,036,852**	**240,518**	**-**	**1,277,370**
	1,188,510,909	**165,350,034**	**-**	**1,353,860,943**
Deferred tax liability:				
Unrealized gain on foreclosed properties	**(436,144,626)**	**(34,575,534)**	**-**	**(470,720,160)**
Retirement benefits	**(59,894,848)**	**(129,846,007)**	**-**	**(189,740,855)**
Right-of-use asset	**(136,498,762)**	**(16,698,819)**	**-**	**(153,197,581)**
Unrealized foreign exchange gain	**(62,036,775)**	**(12,113,607)**	**-**	**(74,150,382)**
Gain on investment properties sold under installments	**(18,239,378)**	**3,240,548**	**-**	**(14,998,830)**
Unrealized gain on financial assets at FVPL	**-**	**(2,722,760)**	**-**	**(2,722,760)**
Unrealized gain on financial assets at FVOCI	**(363,597)**	**-**	**(946,234)**	**(1,309,831)**
	(713,177,986)	**(192,716,179)**	**(946,234)**	**(906,840,399)**
Net Deferred Tax Assets (Liabilities)	**P475,332,923**	**(P27,366,145)**	**(P946,234)**	**P447,020,544**

	Beginning Balance (December 31, 2022 Tax Effect)	Amount (Charged) Credited to Profit or Loss	Amount Recognized in OCI	Ending Balance (December 31, 2023 Tax Effect)
Deferred tax assets:				
Allowance for credit and impairment losses	P649,802,754	(P55,040,734)	P -	P594,762,020
Accumulated depreciation on foreclosed properties	206,229,257	12,899,855	-	219,129,112
Accrued employee benefits and other expenses	146,226,619	18,228,960	-	164,455,579
Lease liability	122,728,582	25,612,527	-	148,341,109
Unrealized loss on foreclosed properties	63,726,642	(2,940,405)	-	60,786,237
Accrued rent expense	1,467,162	(430,310)	-	1,036,852
Excess of MCIT over RCIT	25,186,431	(25,186,431)	-	-
	1,215,367,447	(26,856,538)	-	1,188,510,909
Deferred tax liability:				
Unrealized gain on foreclosed properties	(381,520,446)	(54,624,180)	-	(436,144,626)
Right-of-use asset	(108,358,128)	(28,140,634)	-	(136,498,762)
Unrealized foreign exchange gain	(52,974,799)	(9,061,976)	-	(62,036,775)
Retirement benefits	(37,717,776)	(22,177,072)	-	(59,894,848)
Gain on investment properties sold under installments	(22,706,210)	4,466,832	-	(18,239,378)
Unrealized gain on financial assets at FVOCI	-	-	(363,597)	(363,597)
	(603,277,359)	(109,537,030)	(363,597)	(713,177,986)
Net Deferred Tax Assets (Liabilities)	P612,090,088	(P136,393,568)	(P363,597)	P475,332,923

Management believes that certain future deductible items may not be realized in the near foreseeable future as future taxable income may not be sufficient for the related tax benefits to be realized. Accordingly, the Bank did not set up deferred tax assets on the following temporary differences:

	2024		2023		2022	
	Deductible Temporary Differences	**Deferred Tax Asset**	Deductible Temporary Differences	Deferred Tax Assets	Deductible Temporary Differences	Deferred Tax Assets
Allowance for credit and impairment losses	**P2,750,826,400**	**P687,706,600**	P2,826,627,838	P706,656,960	P3,169,422,869	P792,355,717
Unrealized loss on financial assets at FVPL	**-**	**-**	4,023,806	1,005,952	4,539,344	1,134,836
Others	**30,476,810**	**7,619,203**	168,557,986	42,139,497	216,589,515	54,147,379
Deferred tax items not recognized in profit or loss	**2,781,303,210**	**695,325,803**	2,999,209,630	749,802,409	3,390,551,728	847,637,932
Remeasurement losses on retirement liability	**331,673,141**	**82,918,285**	365,718,897	91,429,724	77,723,200	19,430,800
Unrealized loss on financial assets at FVOCI	**133,169**	**33,292**	-	-	-	-
Deferred tax items not recognized in OCI	**331,806,310**	**82,951,577**	365,718,897	91,429,724	77,723,200	19,430,800
	P3,113,109,520	**P778,277,380**	P3,364,928,527	P841,232,133	P3,468,274,928	P867,068,732

As at December 31, 2024 and 2023, the Bank has no carryforward NOLCO.

Details of the Bank's RBU excess MCIT over RCIT as at December 31, 2024 follow:

Inception Year	Amount	Applied	Balance	Expiry Year
2024	P43,060,009	P -	P43,060,009	2027

33. Related Party Transactions

The Bank has various transactions with its related parties and with certain directors, officers, stockholders and related interests (DOSRI). These transactions usually arise from normal banking activities such as lending, borrowing, deposit arrangements and trading of securities, among others. Under existing policies of the Bank, transactions with related parties are made substantially on the same terms as with other individuals and businesses of comparable risks.

Under current banking regulations, total outstanding loans, other credit accommodations and guarantees to each of the Bank's DOSRI shall be limited to an amount equivalent to their respective unencumbered deposits and book value of their paid-in capital contribution in the Bank provided, however, that unsecured loans, other credit accommodations and guarantees to each of the Bank's DOSRI shall not exceed 30.0% of their respective total loans, other accommodations and guarantees. Loans, other credit accommodations, and guarantees granted by the Bank to its DOSRI for the purpose of project finance, shall be exempted from the 30.0% unsecured individual ceiling during the project gestation phase provided that the Bank shall ensure that standard prudential controls in project finance loans designed to safeguard creditors' interests are in place, which may include pledge of the borrower's shares, assignment of the borrower's assets, assignment of all revenues and cash waterfall accounts, and assignment of project documents.

Except with the prior approval of the MB, the total outstanding loans, other credit accommodations and guarantees to DOSRI shall not exceed 15% of the total loan portfolio of the bank or 100.0% of net worth whichever is lower provided that in no case shall the total unsecured loans, other credit accommodations and guarantees to said DOSRI exceed 30.0% of the aggregate ceiling or the outstanding loans, other credit accommodations and guarantees, whichever is lower. For the purpose of determining compliance with the ceiling on unsecured loans, other credit accommodations and guarantees, banks shall be allowed to average their ceiling on unsecured loans, other credit accommodations and guarantees every week.

The total outstanding loans, other credit accommodations and guarantees to each of the bank's subsidiaries and affiliates shall not exceed 10.0% of the net worth of the lending bank provided that the unsecured loans, other credit accommodations and guarantees to each of said subsidiaries and affiliates shall not exceed 5.0% of such net worth provided that the total outstanding loans, other credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.0% of the net worth of the lending bank provided that these subsidiaries and affiliates are not related interest of any of the director, officer, and/or stockholder of the lending bank.

The following table shows information on related party loans (amounts in thousands, except percentages):

	2024		2023	
	DOSRI Loans	**Related Party Loans (inclusive of DOSRI)**	DOSRI Loans	Related Party Loans (inclusive of DOSRI)
Total outstanding loans	**P59**	**P52,840,911**	P166	P39,011,760
Percent of DOSRI/Related Party loans to total loans	**0.00%**	**39.02%**	0.00%	35.66%
Percent of unsecured DOSRI/Related Party loans to total DOSRI/Related Party loans	**0.00%**	**26.02%**	0.00%	21.14%
Percent of past due DOSRI/Related Party loans to total DOSRI/Related Party loans	**0.00%**	**0.00%**	0.00%	0.00%
Percent of non-performing DOSRI/Related Party loans to total DOSRI/Related Party loans	**0.00%**	**0.26%**	0.00%	0.35%

The details of significant related party transactions of the Bank follow (amounts in thousands):

Category	***Note***	**Amount/ Volume**	**Outstanding Balance**	**Nature, Terms and Conditions**
Associate	*13*			
2024				
Investment in an associate		**P -**	**P34,433**	**24.26% equity interests in BIC which is a stockholder of the Bank**
Share in net loss of an associate		**611**	**-**	**Share in net loss of BIC**
2023				
Investment in an associate		-	35,534	24.26% equity interests in BIC which is a stockholder of the Bank
Share in net loss of an associate		783	-	Share in net loss of BIC
2022				
Investment in an associate		-	39,523	24.26% equity interests in BIC which is a stockholder of the Bank
Share in net loss of an associate		133	-	Share in net loss of BIC

Unless otherwise stated, RPTs disclosed are unsecured.

Category	Note	Amount/Volume 2024	2023	2022	Outstanding Balance 2024	2023	Nature, Terms and Conditions
Other Related Parties							
Financial assets at FVOCI:	*10*						
Private debt securities		**P -**	P -	P -	**P -**	P -	Matured bond with interest rate of 6.6%.
Maturities		**-**	-	300,000	**-**	-	
Investment securities at amortized cost	*11*	**-**	-	-	**266,346**	345,110	Long-term bonds with interest rates ranging from 6.5% to 8.1% with maturity in 2025.
Maturities		**78,770**	36,570	-	**-**	-	Matured bond had interest rate of 7.8%
Loans and receivables - net:	*12*						
Receivables from customers:		**-**	-	-	**52,543,906**	38,819,027	Term, housing, auto, salary and personal loans with interest rates ranging from 4.8% to 19.1% and with maturity of less than 1 year to 20 years; Collateral includes real estate mortgage, unregistered chattel mortgage, hold-out on deposit, assignment of contract and concession agreement, continuing surety agreement, and pledge agreement on shares;
Availments		**139,453,828**	111,576,878	49,176,944	**-**	-	
Settlements		**123,122,822**	100,198,842	40,503,492	**-**	-	
Accrued interest receivables:		**-**	-	-	**340,694**	300,454	Accrued interest receivables on loans and long-term bonds;
Interest income		**3,787,163**	2,875,183	1,560,266	**-**	-	Interest income on loans and long-term bonds;
Deposit liabilities:	*18*	**-**	-	-	**77,724,567**	59,314,694	Consists of current, savings and time deposits which earn interest at the respective bank deposit rates
Deposits		**7,010,752,811**	6,166,071,245	5,689,342,609	**-**	-	
Withdrawals		**5,371,332,942**	5,048,087,644	4,888,848,456	**-**	-	
Accrued interest payable	*21*	**968,735**	967,838	260,241	**78,312**	127,398	Interest expense and accrued interest payable on deposits;
Accrued other expenses and other liabilities	*21, 22*	**357,287**	319,206	186,621	**2,945,125**	47,823	Accrued other expenses include professional fees, per diem of Directors and accruals for rent and utilities; On demand, unsecured and non-interest bearing; Other liabilities consist of inward remittance pending payment or application to designated deposit accounts and accounts payable to Bank's officers; On demand, unsecured and non-interest bearing.
Fees and other income	*27, 31*	**406,456**	219,010	292,932	**-**	-	Loan, underwriting, and investment-related fees and commission income, gain from the cash sale transactions of foreclosed properties and passed-on GRT
Commitments and contingent liabilities	*38*	**-**	-	-	**25,485,310**	24,544,851	Bank guarantees and outstanding letters of credit in favor of related party and committed credit line

Unless otherwise stated, RPTs disclosed are unsecured and balances are net of allowance

As at December 31, 2024 and 2023, outstanding bills purchased of related parties with contra account in “Other liabilities” amounted to P676.9 million and P772.8 million, respectively (see Notes 12 and 22).

Other related parties are companies linked directly or indirectly to the Bank through one or more intermediaries or are members of the same group, is controlled by, is under the same significant influence, or is under common control with the Bank.

The related party transactions shall be settled in cash.

As at December 31, 2024 and 2023, the allowance for credit losses on outstanding transactions with other related parties amounted to P332.6 million and P210.5 million, respectively. Provision for credit losses recorded in 2024, 2023 and 2022 on such related party transactions totaled to P122.1 million, P120.8 million and P4.5 million, respectively. Such outstanding transactions include investment securities at amortized cost, receivables from customers, and accrued interest receivable under the “Loans and receivables - net” account in the statements of financial position and commitment and contingent liabilities.

Transactions with Retirement Plan

The Bank’s retirement plan is managed and administered by the Bank’s Trust Services Group which is covered by an Investment Management Account (IMA) Agreement (agency relationship). The fair values of the plan assets are disclosed in Note 29.

Related unaudited financial information on assets/liabilities as at December 31, 2024 and 2023 and income/expense of the funds for the period ended December 31, 2024, 2023 and 2022 follow:

	2024	2023
Investment securities:		
Government and other debt securities	**P1,185,718,267**	P526,163,095
Quoted equity securities	**488,000,625**	339,884,175
Unquoted equity securities	**2,600**	2,600
Loans and other receivables	**128,075,796**	218,981,103
Deposits with the bank	**51,225,145**	133,299,081
Total Plan Assets	**P1,853,022,433**	P1,218,330,054
Trust fee payable	**P3,232,525**	P257,209
Due to broker	**-**	1,062,471
Other liabilities	**45,706**	15,944
Total Plan Liabilities	**3,278,231**	1,335,624
Net Plan Assets	**P1,849,744,202**	P1,216,994,430

Plan Income	**2024**	2023	2022
Interest income	**P60,316,990**	P46,133,203	P35,630,193
Trading and investment gains (losses) - net	**11,347,086**	(26,652,785)	(30,901,624)
Dividend income and others	**19,078,546**	28,632,767	8,901,291
	P90,742,622	P48,113,185	P13,629,860
Plan Expense			
Trust fees	**P3,493,486**	P3,257,172	P2,775,610
Other expenses	**2,107,923**	1,980,287	2,134,774
Provision for (reversal of) credit losses	**(1,882,383)**	1,219,179	2,258,204
	P3,719,026	P6,456,638	P7,168,588

As at December 31, 2024 and 2023, the retirement plan assets of the Bank include 730,670 shares of the Bank classified under financial assets at FVPL. The shares of the Bank were listed in the PSE on March 31, 2022. As at December 31, 2024 and 2023, the fair market value of the shares amounted to P4.9 million and P5.3 million, respectively. Limitations and restrictions are covered by the IMA Agreement and anything outside the IMA Agreement must be explicitly authorized by the Board of Trustees (BOT).

Interest income on deposit with the Bank amounted to P157,906, P40,334, and P4,257 in 2024, 2023 and 2022, respectively. Investments are subject to the limitations of the agreement and all other actions pertaining to the fund are to be executed only upon explicit authority by the BOT of the Fund.

The Bank's contribution to its defined benefits retirement plan amounted to P655.3 million and P180.5 million in 2024 and 2023, respectively. Benefits paid out of the Bank's plan assets amounted to P109.6 million and P105.4 million in 2024 and 2023, respectively (see Note 29).

Compensation of Key Management Personnel of the Bank

The remuneration of directors and other members of key management under "Compensation and fringe benefits" account in the statements of income for the years ended December 31, 2024, 2023 and 2022 follows:

	2024	2023	2022
Short-term employee benefits	**P820,006,634**	P711,101,785	P555,082,001
Post-employment benefits	**44,843,376**	30,278,540	37,075,744
	P864,850,010	P741,380,325	P592,157,745

34. Acquisition of Selected Assets and Assumption of Certain Liabilities of TRB

A summary of the significant transactions related to the PSA entered into by the Bank with TRB on November 9, 2001 follows:

a. TRB sold and transferred, in favor of the Bank, identified recorded assets owned by TRB both real and personal, or in which TRB has title or interest, and which are included and deemed part of the assets listed and referred to in TRB's Consolidated Statement of Condition (CSOC) as at August 31, 2001. The said assets are inclusive of the banking goodwill of TRB, bank premises, licenses to operate its head office and branches, leasehold rights and patents used in connection with its business or products. In consideration of the sale of identified recorded assets, the Bank assumed identified recorded TRB liabilities including contingent liabilities as listed and referred to in its CSOC as at August 31, 2001. The liabilities assumed do not include the liability for the payment of compensation, retirement pay, separation benefits and any labor benefits whatsoever arising from, incidental to, or connected with employment in, or rendition of employee services to TRB, whether permanent, regular, temporary, casual or contractual and items in litigation, both actual and prospective, against TRB.

b. The Bank is allowed to avail of certain BSP incentives including but not limited to the following: (a) full waiver of the liquidated damages on the emergency loan of TRB and penalties related to reserve deficiencies and all other outstanding penalties at the time of acquisition may be paid over a period of 1 year, (b) relocation of branches shall be allowed within 1 year from the date of BSP approval of the PSA. Relocation shall be allowed in accordance with BSP Circular No. 293. The 90-day notice requirement on branch relocation has been waived, and (c) availment of rediscounting facility window subject to present BSP regulations.

c. The Bank paid the outstanding emergency advances owed by TRB to BSP originally amounting to P2.4 billion through dacion en pago with mandatory buy-back agreement of certain assets of the Bank and TRB at a price set at 80.0% of the appraised value of those assets (see discussions on Settlement of Liabilities of TRB).

d. The Bank arranged with PDIC a liquidity facility for the first year following the effectivity date in the amount not to exceed 10.0% of the assumed deposit liabilities of TRB to service unanticipated withdrawals by TRB depositors, subject to terms and conditions as may be imposed by PDIC.

Settlement of Liabilities of TRB

Part of the liabilities of TRB assumed by the Bank includes P2.4 billion emergency advances from BSP. As settlement for the emergency advances, a dacion en pago with mandatory buy-back agreement involving certain bank premises and ROPA (with a dacion price equivalent to 80.0% of the average appraised value of the dacion properties) was executed. The dacion en pago with mandatory buy-back agreement contained the following significant terms and conditions:

a. The Bank may repurchase the bank premises and ROPA within 10 years from the execution of the agreement.

b. The buy-back price for the ROPA is the dacion price plus, if applicable, real estate taxes paid by BSP. The buy-back price for the bank premises used in operations shall be the dacion price plus 6.0% simple interest per annum plus 50.0% of rental rates based on prevailing rates in the locality as mutually agreed by the parties with a 4.3% yearly increment.

c. Any gain on sale of the dacion properties within the 10-year holding period, in excess or over the buy-back price, net of any taxes paid related to the sale, shall be shared 70-30 between the Bank and BSP, respectively.

As approved by BSP, properties of the Bank and TRB with net book value amounting to P2.3 billion fully settled the liabilities to BSP assumed by the Bank from TRB amounting to P2.4 billion at the time of dacion; the difference amounting to P102.0 million was credited to other deferred credits (ODC) account. Expenses incurred related to the dacion of properties were offset against ODC.

The Bank fully settled its emergency loan with BSP in June 2012 through cash settlement and permanent transfer of dacioned properties.

FAA

The summary of significant transactions related to the FAA entered into by the Bank with the PDIC, for acting as a “White Knight” by agreeing to the terms and conditions of the PSA with TRB, follows:

a. The PDIC granted the Bank a loan amounting to P1.8 billion representing the amount of insured deposits of TRB as at June 30, 2001, which should have been paid by PDIC under a closure scenario. The proceeds of the loan were used to purchase a 20-year government securities with a coupon rate of 15.0% per annum to be pledged as collateral for the loan. Yield on the 20-year government securities (net of 20.0% withholding tax and the 3.0% interest to be paid on the loan from PDIC) shall be used to offset on a staggered basis, for prudential reporting purposes, against TRB’s unbooked valuation reserves on NPAs with a total face value of P4.5 billion, which was approved by BSP to be booked as “Miscellaneous assets”.

   On November 29, 2013, the Bank fully settled its loan from PDIC amounting to P1.8 billion.

b. The Bank infused additional fresh capital amounting to P200.0 million in 2001 and commits to infuse additional capital in the event a shortfall in order to comply with BSP’s pertinent regulations on minimum capital requirement.

c. The Bank agrees to comply with certain regulatory requirements, to provide information as required by the PDIC, to pursue realization of performance targets based on the financial plan, to secure PDIC’s written consent for the appointment of an external auditor, and to entitle PDIC to appoint a consultant.

d. The Bank shall not, among others, without the prior written consent of PDIC, grant new DOSRI loans, make any single major or significant total capital expenditures within 5 years as defined in the FAA, establish new banking offices or branches, dispose all or substantial portion of its assets except in the ordinary course of business, declare or pay cash dividends, effect any profit sharing or distribution of bonuses to directors and officers of the Bank not in accordance with the financial plan and other transactions or activities not in accordance with the financial plan.

On September 22, 2009, the Bank and PDIC signed a Supplemental Agreement to the 2002 FAA with the following additional terms:

a. To the extent and in the context relevant to the terms of the FAA, PDIC hereby agrees to a limited adjustment of TRB's unbooked valuation reserves/deferred charges/accumulated operating losses, so as to include operating losses accumulated from the period October 2001 to July 2002 in the amount of P596.0 million which shall bring TRB's total unbooked valuation reserves, deferred charges and accumulated operating losses to P4.5 billion;

b. Extension of the FAA for such limited period as shall exactly be sufficient to fully set off on staggered basis the MA-TRB against the net yield of the new series 20-year government securities to be purchased to replace the maturing government securities in March 2022 and likewise to be pledged to PDIC; and

c. Income resulting from the difference between the dacion price and book value of the assets as collateral to BSP, if any, as well as future collections derived by the Bank from NPLs covered by the unbooked valuation reserves shall be deducted from the above amount of P4.5 billion. Such set-off shall be formally and officially reported by BSP to PDIC.

The foregoing Supplemental Agreement did not constitute a significant modification of the terms of the PDIC's below-market loan to the Bank. Had the modification been significant, it would have resulted to the derecognition of the old liability and the recognition of the new liability at its fair value.

In addition, as part of the PSA, there were transactions allowed and approved by BSP, which required different treatment under PFRS Accounting Standards. These transactions and their effects are described below:

<u>Assumption of NPAs of TRB</u>
In addition to the provisions of FAA and subsequent to the approval by BSP and PDIC to recognize NPAs of P144.2 million as miscellaneous assets, the Bank negotiated with BSP and PDIC to include as miscellaneous assets the additional operating losses of TRB amounting to P595.6 million incurred during the transition period of the Bank's assumption of TRB's assets and liabilities.

As at December 31, 2002, a portion of the additional operating losses of TRB amounting to P227.2 million was approved by BSP and PDIC to be included as additional miscellaneous assets. On April 28, 2003, BSP approved the deferral of operating losses amounting to P596.4 million (instead of P595.6 million which was previously negotiated by the Bank and P227.2 million which was previously approved by BSP) thereby increasing the TRB-related bookings to miscellaneous assets to P4.4 billion (see Note 16). NPL included under miscellaneous assets comprised TRB's loans amounting to P3.1 billion as at August 31, 2001 which is excluded in the determination of financial ratios, provisioning and computation of CAR based on the agreed term sheet. Also, BSP considered these miscellaneous assets as non-risk assets and are not subject to classification.

Pursuant to the requirements of PFRS, the allowance for impairment losses on the NPAs amounting to P4.3 billion as at December 31, 2024 and 2023 and P4.4 billion as at December 31, 2022 were charged in full in the period incurred (see Note 16).

For its separate prudential reporting to BSP, the Bank recognized P1.3 billion provisions to fully recognize the impairment losses on the NPAs in 2022 (see Note 16).

35. Notes to Statements of Cash Flows

The following is a summary of noncash activities of the Bank:

	2024	2023	2022
Noncash investing activities:			
Additions to investment properties and other properties acquired in settlement of loans	**P560,787,537**	P654,419,110	P251,831,964
Additions to ROU assets	**282,902,827**	313,175,775	159,277,079
Increase in sales contract receivables from sale of investment properties	**57,832,282**	108,020,017	88,212,765

The following table shows the reconciliation analysis of liabilities arising from financing activities for period ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
Beginning balance	**P8,071,629,499**	P7,933,164,363	P538,398,243
Additions to lease liabilities	**278,651,103**	307,649,056	155,593,019
Interest accretion	**84,791,505**	68,831,053	42,795,198
Cash flows during the year:			
Proceeds	**19,763,875,764**	3,147,150,433	15,004,528,892
Settlements	**(21,001,413,943)**	(3,385,165,406)	(7,808,150,989)
	(1,237,538,179)	(238,014,973)	7,196,377,903
Other adjustments	**(1,495,286)**	-	-
Ending balance	**P7,196,038,642**	P8,071,629,499	P7,933,164,363

Other adjustments pertain to reductions to lease liabilities due to pre-termination of lease contracts.

As allowed by PAS 7, short-term borrowings from other banks amounting to P13.3 billion, P3.1 billion, and P7.6 billion in 2024, 2023 and 2022, respectively, are presented in the statements of cash flows on a net basis. In 2024 and 2022, cash proceeds include issuance of bonds payable amounting to P6.5 billion and P7.5 billion, respectively. In 2024, cash settlements include settlement of matured bonds amounting to P7.5 billion.

The cash flows from interest and dividend received for the years 2023 and 2022 presented as operating activity in the additional information section of the statement of cash flows were revised to adjust for the cash flows from the interest and dividends received that were previously presented under investing activity. Such reclassification is necessary to align with the primary statement of cash flows and has no material impact to the overall statement of cash flow.

36. Financial Performance Indicators

Basic earnings per share amounts were computed as follows:

		2024	2023	2022
a.	Net income	**P3,024,939,110**	P2,802,219,175	P1,800,068,600
b.	Dividends on preferred shares*	**242,916,668**	187,916,668	148,958,335
c.	Net income to equity holders of the Bank	**2,782,022,442**	2,614,302,507	1,651,110,265
d.	Weighted average number of outstanding common shares	**1,403,013,920**	1,403,013,920	1,334,592,963
e.	Basic earnings per share (c/d)	**P1.98**	P1.86	P1.24

** potential dividends on preferred shares as these were not assumed to be converted.*

Diluted earnings per share attributable to equity holders of the Bank were computed as follows:

		2024	2023	2022
a.	Net income to equity holders of the Bank	**P3,024,939,110**	P2,802,219,175	P1,800,068,600
b.	Weighted average number of outstanding common shares and dilutive preferred shares:			
	Outstanding common shares*	**1,403,013,920**	1,403,013,920	1,334,592,963
	Potential common shares from assumed conversion of preferred shares	**416,666,670**	416,666,670	416,666,670
c.	Total weighted average common shares	**1,819,680,590**	1,819,680,590	1,751,259,633
d.	Diluted earnings per share (a/c)	**P1.66**	P1.54	P1.03

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

	2024	2023	2022
Return on average equity	**9.44%**	9.52%	7.01%
Return on average assets	**1.22%**	1.25%	0.86%
Net interest margin on average earning assets	**4.17%**	4.28%	3.73%

37. Events after the Reporting Date

On February 19, 2025, the dual-tranche fixed rate bonds due 2027 (Series C Bonds) and fixed rate bonds due 2030 (Series D Bonds), which were issued as the third tranche of the Bank’s increased P50.0 billion Peso Bond Programme, were listed on the Philippine Dealing and Exchange Corporation. Series C Bonds and Series D Bonds, with face value of P10.0 billion and P8.0 billion, respectively, are due on February 19, 2027 and May 19, 2030, respectively. The bonds were priced at par with coupon rate of 6.1942% for Series C Bonds and 6.3494% for Series D Bonds payable on a quarterly basis.

38. Supplementary Information Required under Section 174 and Appendix 55 of the MORB

The following supplementary information is required by Appendix 55 - Disclosure Requirements to the Audited Financial Statements to Section 174 of the MORB of the BSP, issued through BSP Circular No. 1074, *Amendment to Regulations on Financial Audit of Banks.*

(a) Notes to the Financial Statements

a. *Capital Position* - please refer to Note 24.

b. *Leverage Ratio and Total Exposure Measure* - please refer to Note 24.

c. *Liquidity Position* (Liquidity Coverage Ratio and Net Stable Funding Ratio) - please refer to Note 24.

d. *Provisioning Methodology and Key Assumptions Used in Determining Allowance for Credit Losses* - please refer to Notes 3 and 5.

e. *Accounting Policies* - please refer to Note 3*.*

(b) Supplemental Information

- *Financial Performance Indicators* - please refer to Note 36*.*

- *Description of Capital Instruments Issued* - please refer to Note 24.

- *Significant Credit Exposures* - please refer to Note 5.

- *Breakdown of Total Loans* as to:

  i. Security - please refer to Note 12
  ii. Status - please refer to Note 12

- *Information on Related Party Loans* - please refer to Note 33.

- Commitments and Contingencies

  In the normal course of operations, the Bank makes various commitments, such as guarantees, commitments to extend credit, etc., which are not reflected in the accompanying financial statements. The Bank does not anticipate any material losses as a result of these transactions.

The following is a summary of the Bank's commitments and contingencies at their peso equivalent contractual amounts arising from off-books accounts as at December 31, 2024 and 2023:

	2024	2023
Contingent assets:		
Future/spot exchange bought	**P3,412,855,000**	P2,683,155,542
Fixed income securities purchased	**25,619,362**	6,409,295,659
Outward bills for collection	**-**	5,575,925
	P3,438,474,362	P9,098,027,126
Commitments and contingent liabilities:		
Trust department accounts	**P72,733,928,823**	P72,133,492,741
Committed credit line	**15,658,499,835**	16,152,161,850
Unused commercial letters of credit	**10,207,552,133**	8,181,592,869
Future/spot exchange sold	**3,962,382,500**	3,181,038,760
Credit card lines	**3,866,333,335**	3,600,976,933
Outstanding guarantees	**2,229,592,892**	4,305,962,435
Retirement obligations	**154,519,260**	-
Late deposits/payments received	**59,173,307**	67,179,756
Fixed income securities sold	**25,619,362**	6,450,988
Inward Bills for Collection-Domestic	**1,272,590**	3,525,034
Items held for safekeeping/securities held as collateral	**64,100**	45,347
	P108,898,938,137	P107,632,426,713

Retirement obligations pertain to the estimated impact of the amendments to the Bank's retirement plan on past service cost, subject to certain conditions.

The Bank has several loan-related suits, claims and regulatory examinations that remain unsettled or ongoing. It is not practicable to estimate the potential financial impact of these contingencies. However, in the opinion of management, in consultation with its legal counsels, the suits and claims, if decided adversely, will not involve sums having a material effect on the Bank's financial statements.

Other Commitments

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

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

Trust Assets

Securities and other properties (other than deposits) held by the Bank in fiduciary or agency capacities for its customers are not included in the accompanying statements of financial position since these are not assets of the Bank. Total assets held by the Bank's Trust Services Group amounted to P72.7 billion (unaudited) and P72.1 billion (audited) as at December 31, 2024 and 2023, respectively.

In compliance with the requirements of current banking regulations relative to the Bank's trust functions, government securities with face value of P770.0 million as at December 31, 2024 and 2023, which have been included under "Investment securities at amortized cost" (see Note 11), are deposited with BSP.

Other relevant disclosures required by BSP Circular No. 1074 are in Notes 12, 24, 33 and 36.

39. Supplementary Information Required under Revenue Regulations (RR) No. 15-2010

The BIR has issued RR No. 15-2010 which requires certain tax information to be disclosed in a note to the separate financial statements. The Bank presented the required supplementary tax information as a separate schedule attached to its annual income tax return.

BANK OF COMMERCE
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
DECEMBER 31, 2024

	2024	2023
Audit services fees:		
Bank Proper September audit	**P -**	P1,754,000
Bank Proper December audit	**3,680,000**	3,394,550
Trust audit	**1,413,500**	700,000
Additional fee for 2023 Trust audit	**585,000**	-
Total Audit Fees	**5,678,500**	5,848,550
Non-audit services fees:		
Other assurance services	**2,035,000**	80,000
Tax services	**-**	-
All other services	**-**	-
Total Non-audit Fees	**2,035,000**	80,000
Total Audit and Non-audit Fees	**P7,713,500**	P5,928,550

Audit and Non-audit Fees of other related entities

	2024	2023
Audit fees	**P -**	P -
Non-audit services fees:		
Other assurance services	**-**	-
Tax services	**-**	-
All other services	**-**	-
Total Non-audit Fees	**-**	-
Total Audit and Non-audit Fees	**P -**	P -

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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING
WITH THE SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and the Stockholders
Bank of Commerce
San Miguel Properties Centre
No. 7, St. Francis Street
Mandaluyong City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Bank of Commerce (the "Bank") as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024 on which we have rendered our report dated March 25, 2025.

Our audits were made for the purpose of forming an opinion on the basic financial statements of the Bank taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Bank's management. Such additional components include:

- Reconciliation of Retained Earnings Available for Dividend Declaration
- Schedules Required by Annex 68-J of the Revised SRC Rule 68
- Relationship Map

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

Vanessa P. Macamos

VANESSA P. MACAMOS
Partner
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covering the audit of 2019 to 2023 financial statements*
Tax Identification No. 920-961-311
BIR Accreditation No. 08-001987-038-2022
Issued June 27, 2022; valid until June 26, 2025
PTR No. MKT 10467183
Issued January 2, 2025 at Makati City

**Renewal of accreditation in progress. Partner still qualified to audit of 2024 FS per BSP Circular No. 1210 Series of 2025, Revised Framework for Selecting External Auditors*

March 25, 2025
Makati City, Metro Manila

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REPORT OF INDEPENDENT AUDITORS
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and the Stockholders
Bank of Commerce
San Miguel Properties Centre
No. 7, St. Francis Street
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Bank of Commerce (the "Bank") as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 25, 2025.

Our audits were made for the purpose of forming an opinion on the basic financial statements of the Company taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the financial statements as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and no material exceptions were noted.

R.G. MANABAT & CO.

VANESSA P. MACAMOS
Partner
CPA License No. 0102309
BSP Accreditation No. 102309-BSP, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements*
Tax Identification No. 920-961-311
BIR Accreditation No. 08-001987-038-2022
Issued June 27, 2022; valid until June 26, 2025
PTR No. MKT 10467183
Issued January 2, 2025 at Makati City

**Renewal of accreditation in progress. Partner still qualified to audit of 2024 FS per BSP Circular No. 1210 Series of 2025, Revised Framework for Selecting External Auditors*

March 25, 2025
Makati City, Metro Manila

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

BANK OF COMMERCE

SUPPLEMENTARY SCHEDULES REQUIRED BY SRC RULE 68
DECEMBER 31, 2024

Philippine Securities and Exchange Commission (SEC) issued the Revised Securities Regulation Code Rule (SRC) 68. It prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by the Revised SRC Rule 68. These are presented for purposes of filing with the SEC and is not required part of the basic financial statements.

PART I

Schedule A:	Schedule of Financial Soundness Indicators
Schedule B:	Reconciliation of Retained Earnings Available for Dividend Declaration
Schedule C:	Relationship Map

PART II (Schedules Required by Annex 68-J of the Revised SRC Rule 68)

Schedule A:	Financial Assets
Schedule B:	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
Schedule C:	Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
Schedule D:	Long-Term Debt
Schedule E:	Indebtedness to Related Parties (Long-Term Loans from Related Companies)
Schedule F:	Guarantees of Securities of Other Issuers
Schedule G:	Capital Stock

BANK OF COMMERCE

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

AS OF DECEMBER 31, 2024 AND DECEMBER 31, 2023

RATIO	FORMULA	RATIO 2024	RATIO 2023
Current Ratio	Total current assets / Total current liabilities	**0.56**	0.57
Acid Test Ratio	Total current financial assets / Total current liabilities	**0.55**	0.56
Solvency Ratio	Net income before non-cash expenses / Total liabilities	**0.02**	0.02
Debt to Equity Ratio	Total liabilities / Total equity	**6.99**	6.51
Asset to Equity Ratio	Total assets / Total equity	**7.99**	7.51
Interest Rate Coverage Ratio	Net Income before interest and taxes / Interest expense	**1.97**	2.08
Return on Equity	Net income / Average total equity	**9.44%**	9.52%
Return on Asset	Net income / Average total assets	**1.22%**	1.25%
Net Profit Margin	Net income / Total revenues	**28.12%**	28.09%
OTHER RATIOS			
Net Interest Margin	Net interest income / Average interest-earning assets	**4.17%**	4.28%
Cost to Income Ratio	Total operating expense / Total revenues	**0.62**	0.62
Debt to Assets Ratio	Total liabilities / Total assets	**0.87**	0.87
Loans to Deposit Ratio	Total gross loans* / Total deposits	**0.64**	0.70
Non-performing Loans Cover	Allowance for credit losses on loans / Non-performing loans	**97.47%**	93.21%
Non-performing Loans Ratio**	Non-performing loans / Total gross loans	**1.25%**	1.54%
Net Non-performing Loans Ratio**	Net non-performing loans / Total gross loans	**0.49%**	0.44%
Capital Adequacy Ratio	Total qualifying capital / Total risk-weighted assets	**17.58%**	19.88%

**Gross loans include receivables from customers (loans), interbank loans receivable and securities purchased under resale agreements.*

***Computed based on BSP Circular 941*

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE YEAR ENDED DECEMBER 31, 2024

BANK OF COMMERCE

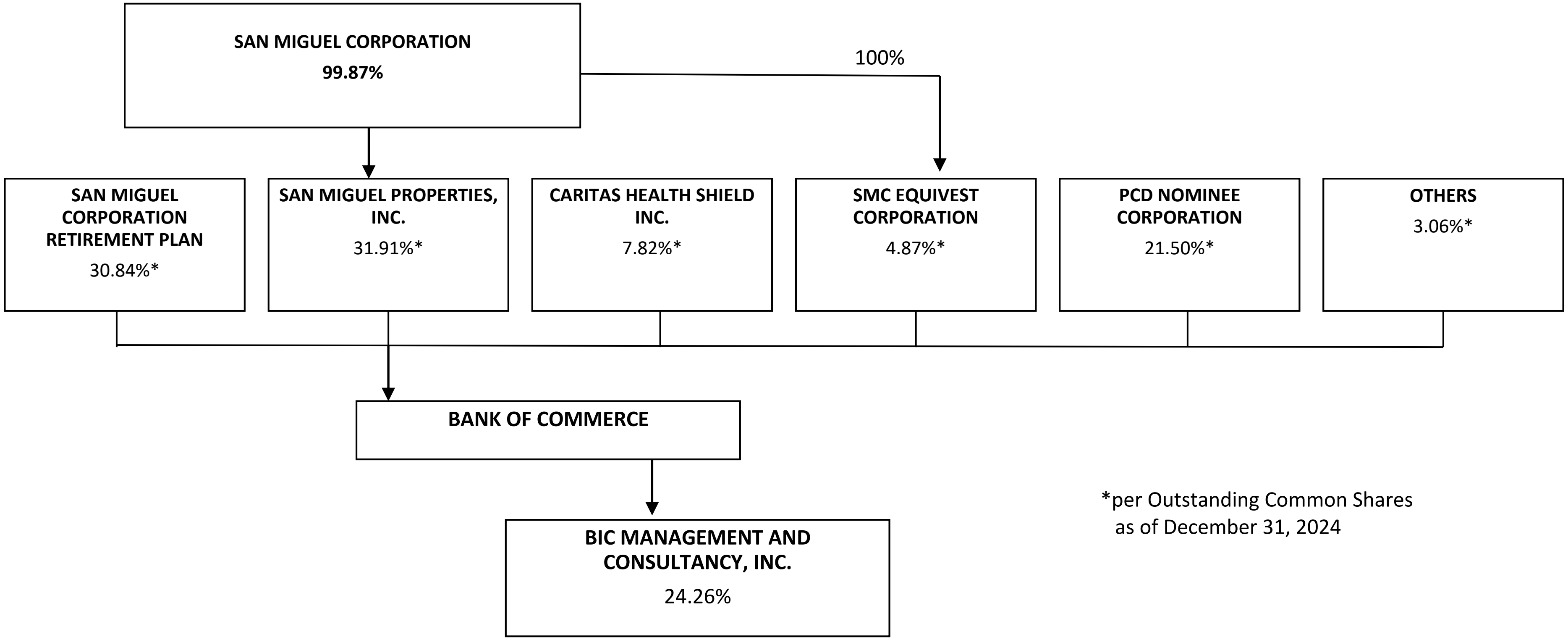
San Miguel Properties Centre, No.7 St. Francis Street, Mandaluyong City

Unappropriated Retained Earnings, beginning of reporting period		**P2,294,087,048**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Transfer of gain on equity securities at FVOCI realized through disposal	P82,303,000	**82,303,000**
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	(654,937,099)	
Retained earnings appropriated during the reporting period	(74,041,095)	**(728,978,194)**
Unappropriated Retained Earnings, as adjusted		**1,647,411,854**
Add: Net income for the current year		**3,024,939,110**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(222,451,145)	
Unrealized fair value gain of Investment Property	(129,944,055)	
Sub-total		**(352,395,200)**
Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to Cash and cash equivalents	186,110,324	
Reversal of previously fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	25,842,961	
Reversal of previously fair value gain of Investment Property	7,374,500	
Sub-total		**219,327,785**
Adjusted Net Income		**2,891,871,695**
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(11,541,800)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction	(13,544,393)	
Sub-total		**(25,086,193)**
Total Retained Earnings, end of reporting period available for dividend		**P4,514,197,356**

PART I - SCHEDULE C

BANK OF COMMERCE

RELATIONSHIP MAP
DECEMBER 31, 2024



BANK OF COMMERCE

SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2024
(in thousands)

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amounts Shown in the Statement of Financial Position	Value Based on Market Quotation at End of Reporting Period	Income Received and Accrued
Financial Assets at Fair Value through Profit of Loss				
Philippine government	**P2,660,109**	**P2,670,618**	**P2,670,618**	**P110,853**
Other government	**115,690**	**111,743**	**111,743**	**16,057**
Derivatives	**-**	**63,717**	**63,717**	**-**
Private corporations	**29,817**	**29,556**	**29,556**	**-**
		P2,875,634	**P2,875,634**	**P126,910**
Financial Assets at Fair Value through Other Comprehensive Income				
Philippine government	**P19,173,105**	**P19,036,827**	**P19,036,827**	**P854,777**
Equity securities	**162**	**41,807**	**41,807**	**3,855**
		P19,078,634	**P19,078,634**	**P858,632**
Investment Securities at Amortized Cost				
Philippine government	**P33,798,744**	**P34,461,471**	**P33,493,716**	**P1,722,542**
Private corporations	**2,042,347**	**2,150,197**	**1,980,906**	**80,501**
Other government	**-**	**-**	**-**	**29,086**
		P36,611,668	**P35,474,622**	**P1,832,129**

BANK OF COMMERCE

SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2024

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Ending Balance
			NONE TO REPORT				
			Indebtedness arise in the ordinary course of business.				

BANK OF COMMERCE

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS DECEMBER 31, 2024

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Period
NONE TO REPORT							
Financial statements are not for consolidation.							

BANK OF COMMERCE

SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2024

Type of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown under Caption “Current Portion of Long-Term Debt” in Related Balance Sheet	Amount Shown under Caption “Long-Term Debt” in Related Balance Sheet	Interest Rates	Amounts or Numbers of Periodic Installments	Maturity Dates
Long-term negotiable certificates of time deposit	P5,029,420,000	P5,029,420,000	P -	4.5000%	Quarterly interest payment	September 17, 2025
Bonds payable	6,569,750,000	6,534,447,698	-	6.5635%	Quarterly interest payment	November 16, 2025

BANK OF COMMERCE

SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES
(LONG TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2024

Name of Related Parties	Balance at Beginning of Year	Balance at End of Year	Nature, Terms and Conditions
NONE TO REPORT			
No long term loans from related companies.			

BANK OF COMMERCE

SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2024

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount of Guaranteed and Outstanding	Amount Owned by Person of which Statement is Filed	Nature of Guarantee
		NONE TO REPORT *No securities were guaranteed.*		

BANK OF COMMERCE

SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2024

Title of Issue	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*	Directors, Officers and Employees	Others
Common shares	1,702,511,470	1,403,013,920	-	1,060,517,880	633,440	341,862,600
Preferred Shares	455,000,000	416,666,670	416,666,670	416,666,670	-	-

* Include shares held by Principal/Substantial Stockholders
Required information is disclosed in Note 24: Capital Stock

ANNEX C - REPORTS ON SEC FORM 17-C

	Date of Disclosure	Subject	Report or Cirular No.
1	January 11, 2024	Public Ownership Report	CR00412-2024
2	January 15, 2024	List of Top 100 Stockholders (Common Shares)	CR00750-2024
3	February 14, 2024	Material Information/Transactions - BNCOM Published Balance Sheet as of December 31, 2023	C00724-2024
4	February 28, 2024	[Amend-2]Amendments to By-Laws - Amendment to the Bank's By-laws and Approval to Delegate Amendment, Repeal, or Enactment of New By-laws to the Board of Directors	C01051-2024
5	February 28, 2024	Notice of Annual or Special Stockholders' Meeting	C01052-2024
6	March 19, 2024	Material Information/Transactions - Approval of 2023 Audited Financial Statements	C01565-2024
7	March 19, 2024	Material Information/Transactions - BankCom caps its 60th year with 1.6x Net Income Growth	C01567-2024
8	March 19, 2024	Press Release - BankCom caps its 60th year with 1.6x Net Income Growth	C01568-2024
9	March 19, 2024	Information Statement	CR01494-2024
10	April 2, 2024	Information Statement	CR01641-2024
11	April 11, 2024	Public Ownership Report	CR01910-2024
12	April 11, 2024	Annual Report as of December 31, 2023	CR01931-2024
13	April 12, 2024	List of Top 100 Stockholders (Common Shares)	CR02162-2024
14	April 29, 2024	Material Information/Transactions - Notice of Participation in the Philippine Stock Exchange, Inc.'s STAR (Strengthening Access and Reach): Investor Day	C02617-2024
15	April 29, 2024	Notice of Analysts'/Investors' Briefing	C02618-2024
16	April 30, 2024	Press Release - Bank of Commerce Starts P5 Billion Second Tranche Peso Bond Offering	C02641-2024
17	April 30, 2024	Material Information/Transactions - Bank of Commerce Starts P5 Billion Second Tranche Peso Bond Offering	C02642-2024
18	May 2, 2024	Results of Annual or Special Stockholders' Meeting	C02663-2024
19	May 2, 2024	Results of Organizational Meeting of Board of Directors	C02664-2024
20	May 2, 2024	[Amend-3]Amendments to By-Laws	C02681-2024
21	May 8, 2024	Other SEC Forms, Reports and Requirements - 2024 General Information Sheet	CR03049-2024
22	May 10, 2024	Material Information/Transactions - Bank of Commerce Successfully Raises P6.57 Billion from its Second Tranche Peso Bond Offering	C02969-2024
23	May 10, 2024	Press Release - Bank of Commerce Successfully Raises P6.57 Billion from its Second Tranche Peso Bond Offering	C02970-2024
24	May 15, 2024	Press Release - BankCom registers 8% earnings growth in 1Q24	C03195-2024
25	May 15, 2024	Quarterly Report as of March 31, 2024	CR03355-2024
26	May 16, 2024	Press Release - Bank of Commerce successfully lists its P6.57 billion second tranche bond issuance at 1.3x oversubscribed	C03250-2024
27	May 16, 2024	Material Information/Transactions - Bank of Commerce successfully lists its P6.57 billion second tranche bond issuance at 1.3x oversubscribed	C03251-2024
28	May 29, 2024	Declaration of Cash Dividends	C03558-2024
29	May 29, 2024	Material Information/Transactions - Declaration of Cash Dividends to Preferred Shares	C03559-2024
30	May 29, 2024	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion) - Appointment of New Branch Banking Group Head, Early Retirement of HRMDD Head	C03577-2024
31	May 29, 2024	Initial Statement of Beneficial Ownership of Securities - SEC Form 23-A for Ms. Annalyn D. Delos Santos, new Branch Banking Group Head effective June 1, 2024	CR03769-2024
32	June 3, 2024	Integrated Annual Corporate Governance Report as of December 31, 2023	CR04023-2024
33	June 7, 2024	Material Information/Transactions - Bank of Commerce Published Balance Sheet as of March 31, 2024	C03858-2024
34	June 24, 2024	Change in Shareholdings of Directors and Principal Officers	C04170-2024
35	June 26, 2024	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion) - Resignation of Mr. Mariano T. Katipunan, Jr. and Election of Atty. Jose A. Barcelon as Nominee-Director of Caritas Health Shield, Inc. in Bank of Commerce.	C04210-2024

	Date of Disclosure	Subject	Report or Cirular No.
36	June 26, 2024	Initial Statement of Beneficial Ownership of Securities - SEC Form 23-A of Director Jose A. Barcelon	CR04405-2024
37	July 1, 2024	Statement of Changes in Beneficial Ownership of Securities - SEC Form 23-B of Mr. Laquindanum for shares acquired in the month of June 2024	CR04460-2024
38	July 15, 2024	Public Ownership Report	CR05095-2024
39	July 15, 2024	List of Top 100 Stockholders (Common Shares)	CR05184-2024
40	July 16, 2024	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion) - Appointment of OIC-Human Resources Management and Development Division	C04736-2024
41	July 16, 2024	Initial Statement of Beneficial Ownership of Securities - SEC Form 23-A for Ms. Cruz	CR05230-2024
42	July 19, 2024	[Amend-1]Other SEC Forms, Reports and Requirements - Amended 2024 General Information Sheet	CR05307-2024
43	July 31, 2024	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion) - Resignation of Chief Trust Officer and Trust Services Group (TSG) Head Mr. Gamalielh Ariel O. Benavides effective October 31, 2024 - Hiring of the following senior officers: a. Ms. Melanie P. Santos as Head of the Human Resource Management and Development Division effective September 16, 2024, and b. Mr. Don Carlo P. Hernandez as Chief Trust Officer and TSG Head effective November 4, 2024	C05041-2024
44	August 13, 2024	Material Information/Transactions - BankCom Published Balance Sheet as of June 30, 2024	C05450-2024
45	August 14, 2024	Material Information/Transactions - BankCom 1H24 Net profit at P1.42 billion with continued People and Technology investments	C05531-2024
46	August 14, 2024	Press Release - BankCom 1H24 Net profit at P1.42 billion with continued People and Technology investments	C05532-2024
47	August 14, 2024	Quarterly Report as of June 30, 2024	CR05766-2024
48	August 15, 2024	[Amend-1]Press Release - BankCom 1H24 Net profit at P1.42 billion with continued People and Technology investments	C05573-2024
49	September 13, 2024	[Amend-4]Amendments to By-Laws	C06030-2024
50	September 19, 2024	Initial Statement of Beneficial Ownership of Securities - SEC Form 23-A of Bank of Commerce's new HRMDD Head Ms. Melanie P. Santos	CR06218-2024
51	October 10, 2024	[Amend-5]Amendments to By-Laws -Amendment to the Bank's By-laws and Approval to Delegate Amendment, Repeal, or Enactment of New By-laws to the Board of Directors	C06454-2024
52	October 10, 2024	Public Ownership Report	CR06659-2024
53	October 14, 2024	List of Top 100 Stockholders (Common Shares)	CR06820-2024
54	November 5, 2024	Initial Statement of Beneficial Ownership of Securities	CR07281-2024
55	November 14, 2024	Material Information/Transactions - BankCom reports P2.21 billion earnings in 3Q24, up by 10%	C07304-2024
56	November 14, 2024	Press Release - BankCom reports P2.21 billion earnings in 3Q24, up by 10%	C07305-2024
57	November 14, 2024	Quarterly Report as of September 30, 2024	CR07582-2024
58	November 18, 2024	Material Information/Transactions - Bank of Commerce Published Balance Sheet as of September 30, 2024	C07379-2024
59	December 4, 2024	[Amend-1]Quarterly Report as of September 30, 2024	CR07905-2024

SUSTAINABILITY REPORT

CONTEXTUAL INFORMATION

Company Details	
Name of Organization	BANK OF COMMERCE (BankCom)
Location of Headquarters	San Miguel Properties Centre, 7 St. Francis Street, 1550 Mandaluyong City
Report Boundary: **Legal entities (e.g., subsidiaries) included in this report**	BankCom has no subsidiaries. *As such, this Report discloses the sustainability performance indicators limited to BankCom.*
Business Model, including Primary Activities, Brands, Products, and Services	An affiliate of San Miguel Corporation (SMC) since 2008, Bank of Commerce is a publicly-listed universal bank focused on helping its clients, communities and conglomerate partners by delivering the best choice of financial services harnessing the strengths of the SMC Group. Bank of Commerce is identified by its logo bearing the SMC symbols of escudo and cloverleaf, and by the trademark license short name "BankCom" granted by the Intellectual Property Office (IPO) in 2020. BankCom traces its origins to the Overseas Bank of Manila which opened in Binondo, Manila in 1963. BankCom saw a record high profit, with the net income up by 8% to ₱3.02 billion due to its core business growth, primarily from the expansion of corporate loans and program lending to SMC ecosystem clients. The Bank has a network of 140 branches (including the Head Office) and 267 Automated Teller Machines (ATMs) and cash kiosks (deposit and withdrawal) as of 31 December 2024 strategically located nationwide.
Reporting Period	January 1 to December 31, 2024
Reporting Frameworks	BankCom's annual Sustainability Report is guided by: - The Securities and Exchange Commission (SEC) recommendations - The United Nations Sustainable Development Goals (UN SDGs) - Reference to the Global Reporting Initiative (GRI) Standards
Highest Ranking Person responsible for this report	Antonio S. Laquindanum, EVP & Chief Financial Officer

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MATERIALITY PROCESS

BankCom determined its material topics through a review of the banking industry's most significant impacts aligned with the realization of the Bank's Vision and Core Purpose. Along with a study of material topics in the financial industry, the Bank referenced international standards on sustainability reporting, publicly available methodologies of third-party rating providers, and local regulations, particularly the circulars issued by the Bangko Sentral ng Pilipinas (BSP) on Sustainable Finance and the Implementation of the Environmental and Social Risk Management System (ESRMS). From there, the Bank considered which topics would be of interest and would likely affect its primary and secondary stakeholders. In addition, the Bank also considered the priority topics identified in the materiality analysis of its parent company, San Miguel Corporation.

This materiality process is managed by a cross-functional technical working group assigned to facilitate the Bank's ESRMS. As BankCom continues to improve its processes, enhance its policies and develop responsive products and services, its materiality process and topics will be reviewed and updated accordingly.

In 2024, BankCom engaged in a Strategic Planning Session to finalize the focus areas of the Bank in relation to the sustainability statement: ***'Harnessing BankCom's strengths, we envision a nation where our clients, people, and communities thrive together.'*** To work towards this goal, the Bank conducted a sustainability awareness survey and a sustainability workshop to discuss with BankCom's leadership the current ESG priorities of the Bank.

- Advancing Products Sustainably
  BankCom will offer comprehensive, customer-centric products with expanded coverage, driving competitiveness through integrated solutions and seamless services that elevate the customer experience.

- Resilient and Efficient Operations
  BankCom is committed to responsible and resilient operations, underpinned by strong corporate governance. The Bank will enhance operational efficiencies, assess its impact, and create an environment that benefits both the planet and its people.

- Responsible and Inclusive Finance
  BankCom will expand its portfolio, develop new sustainable products, and increase investments that drive sustainable growth.

- Working Towards Digitalization
  BankCom will drive digital transformation by improving efficiencies, optimizing data, and enhancing cybersecurity, while streamlining digital solutions to ensure greater customer security and convenience.

- Championing People
  BankCom will strengthen employee engagement, implement effective succession planning, foster career development, and provide capacity-building initiatives that lead to an effective and resilient team.

Material Topics

BankCom identified the following material topics:

- Direct economic value generated to stakeholders
- Products and Services Contribution to SDG
- Diversity, Equal Opportunity and Anti-Discrimination
- Customer Privacy
- Consumer Financial Protection
- Resource Consumption
- Environmental Impact Management

- Employee Hiring and Benefits
- Employee Training
- Occupational Health and Safety
- Community Involvement
- Procurement Practices
- Supply Chain Accreditation Policy
- Business Ethics and Anti-Corruption
- Climate Risk Management

ECONOMIC IMPACT

ECONOMIC PERFORMANCE

GRI 201-1, 201-2, 203-1, 203-2

As a universal bank, BankCom plays a vital role in driving economic growth by providing financial services across the country. The Bank has been instrumental to the viability and continued expansion of small- and medium-sized enterprises, middle-market establishments, and large corporations across various sectors, including beverages, food, packaging, energy, fuel and oil, infrastructure, property development and leasing, cement, car distributorship, and related financial services.

BankCom enables Filipino individuals and businesses to achieve their financial goals to manage day-to-day transactional needs through a range of services, including deposit, consumer credit, and corporate lending, trade, investment banking, trust, treasury management and remittance facilities.

With a network of 140 branches (including Head Office) located nationwide and online banking channels, BankCom provides retail and institutional financial consumers with secure and efficient access to professionally designed and executed financial products.

Economic Impact and Financial Performance

Disclosure Requirements	2022	2023	2024
	(in Php millions)		
Direct economic value generated (revenue)	**8,117**	**9,975**	**10,756**
Direct economic value distributed	**10,154**	**13,744**	**18,153**
Operating costs[1]	5,484	6,159	6,685
Employee wages and benefits[2]	1,905	2,258	2,621
Interest payments	1,283	3,466	4,053
Taxes paid / remitted to the government[3]	1,482	1,861	2,009
Community investments[4]	-	-	2,785
Economic value retained[5]	**(2,037)**	**(3,769)**	**(7,399)**

[1] *This includes payment to suppliers and third-party service providers*
[2] *The 2024 computation includes salaries and wages amounting to ₱2,060,310,187.68 and employee benefits amounting to ₱560,447,418.27.*
[3] *Provision for income tax, license payments and real property tax*
[4] *Investments to community involve donations and corporate social responsibility engagements conducted in 2024*
[5] *Computed as direct economic value generated less direct economic value distributed*

BankCom closed 2024 with an increase in the revenue amounting to ₱10,756 million, a 7.8% increase from last year's ₱9,975 million. This is driven by the Bank's consistent identification of new ways to maintain significant and sustainable profitability and growth.

Further, the Bank's economic impact extends beyond traditional business-related contributions, reflecting its commitment to supporting the economy through implementing corporate social responsibility initiatives and actively engaging with local suppliers, including small and medium enterprises.

Over the past three years, BankCom has been recognized by the local government of Mandaluyong City as one of the city's leading taxpayers. Additionally, the Bank has continuously demonstrated its dedication to community engagement by providing financial assistance through CSR programs, sponsorships, and donations to schools, charities, and non-profit organizations.

The Bank actively explores new methods and ways to enhance shareholder value while ensuring sustainable profitability. BankCom's key strategies focus on strengthening core business income, optimizing cross-selling efforts, increasing participation in capital markets, innovating products and services, and developing the SMC ecosystem along with its affiliates to support loan expansion.

At the heart of BankCom's growth strategy are digitalization and automation, which are crucial for navigating today's technological financial landscape. The Bank's agenda includes increased investment in information technology and financial technology infrastructure to significantly enhance customer service and touchpoints. BankCom's IT roadmap includes the integration of cash recycling solutions with a more robust and efficient ATM network, expanding a more stable source of fee revenue streams. Moreover, the Bank is undertaking introductions and/or expansions of digital banking solutions, particularly on the mobile app BankCom [Personal] and corporate internet banking or BankCom [Business] platform, ensuring accessibility and ease-of use for clients.

The Bank is relentlessly pursuing programs aimed at improving operational efficiency, expanding remittance partnerships to foster greater connectivity, strengthening branch and account management networks, and amplifying brand and product visibility in an increasingly competitive financial marketplace.

Beyond business pursuits, BankCom's Corporate Social Responsibility (CSR) program has contributed to community development and environmental stewardship through events organized in partnership with the San Miguel Foundation and partner clients.

Key risks identified	Stakeholders affected	Management approach
Changes in financial consumer preferences, income level, and purchasing power;	Employees Customers Shareholders Government Community	BankCom maintains a strong risk management framework to identify, assess, and mitigate financial risks that may impact its core businesses. The Bank's Risk Management Manual embodies this framework, outlining specific guidelines and processes on risk management. These are integrated into the operating policies of relevant units and undergo regular review by a designated Risk Management Officer. Additionally, BankCom formulates an annual Risk Appetite Statement to guide decision-making across various transactions. The Bank provides a monthly report to the Board Risk Oversight Committee (BROC) and the Board of Directors (BOD) which covers BankCom's current exposure across various risk types, including financial risk, credit, market, liquidity, operational, and information technology risks. Based on this information, the BROC and BOD make decisions regarding additional controls needed to effectively manage these risks.
Increases and changes in applicable taxes, taxation laws, tax incentives;		
Fluctuations in foreign currency exchange rates and interbank interest rates (Fed and BSP);		
Increases and changes in BSP reserve requirement ratio (RRR), ceiling on credit card interest rate, fund transfer fees, and other service fees.		
Climate change risks in BankCom's operations and value chain may result in increased costs due to physical risks[3] and reduced revenue due to legal, technology, market, and reputation risks.	Employees Customers Shareholders Community	Climate change risks likewise form part of BankCom's overall risk management framework through the ESRMS[1] BankCom implements a Compliance Program to ensure that any risk associated with non-compliance to laws and regulations, and business ethics are mitigated. It is implemented using a three-pronged approach: self-assessment by business units, independent compliance testing conducted by the Compliance Division, and validation by Internal Audit Division. BankCom's compliance policies and programs are overseen at the high-level by the Board and its Board-level committees. The Corporate Governance Committee (CGCOM) ensures due observance of corporate governance principles and guidelines across the Bank. Along with the Anti-Money Laundering (AML)
Failure of controls to identify and mitigate business ethics issues such as improper accounting practices, money laundering,	Government Shareholders	

[1] This is outlined in the Climate-related Risks and Opportunities section of this report.

bribery, aggressive and/or mis-selling of financial products and services may result in significant financial impact, not to mention long-term reputational damages.		Committee, they are tasked to oversee the effective implementation of the Bank's compliance with money laundering, proliferation financing and terrorist financing prevention program and policies. On the other hand, the BankCom's Related Party Transactions committee ensures that transactions with related parties are conducted at arm's length thereby ensuring instances of conflicts of interest are mitigated.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Governance

The role of governance bodies and senior management in assessing and managing climate-related risks and opportunities is captured in the Bank's Environmental and Social Risk Management Framework, embedded in the Bank's ESG and Sustainability Framework Manual ("ESG Manual").

- The **Board of Directors (BOD)** determines the overarching direction, implementation, and strategies of the Bank on sustainability. The Board leads the Bank's adoption of sustainability principles through incorporating them into the corporate governance framework as well as in the Bank's strategic objectives and operations, risk strategy, risk appetite and risk management policies and procedures. The Board approves BankCom's ESRMS, keeps track of its progress in meeting its environmental and social (E&S) strategic objectives and targets, and ensures that issues and challenges are addressed.

- Two Board-level bodies, the **Corporate Governance Committee (CGCOM)** and the **Board Risk Oversight Committee**, oversee BankCom's implementation of ESG regulations issued by the Securities and Exchange Commission (SEC) and the BSP. The CGCOM ensures that sustainability principles are integrated in the corporate governance framework, strategies, and operations of the Bank. One of the duties of the CGCOM is to oversee the reporting and disclosure of ESG information. This covers adherence with existing regulations and ethical obligations toward stakeholders. The BROC, on the other hand, oversees the Bank's adherence to the risk appetite statement, risk policy, and ESG-related risk limits.

- The **Senior Executive Team (SET)** is responsible for managing the execution of the Board-approved strategies and policies in relation to BankCom's sustainability objectives. They ensure that BankCom's activities are aligned with the overall E&S strategic objectives and target and that methodologies and tools that will effectively identify, quantify/measure, monitor and control E&S risks are adopted.

- The **ESG Project Team**, led by the Chief Risk Officer, Chief Compliance Officer, and the Corporate Communications and Consumer Protection Division Head, executes the approved direction and strategies as well as facilitates the adoption of tools to identify and assess E&S risks in relevant business units and oversee the formulation, approval, and implementation of policies, procedures, and processes to monitor and control identified E&S risks. The designated members apprise the BOD, CGCOM, and BROC on the Bank's exposures on E&S risks and status of implementation of the Bank's sustainability program.

- **Management-level Committees (Mgt Comm) and Process Owners** integrate E&S risks into the relevant risk management frameworks, operating policies, and procedure manuals, conducting proper identification, assessment, monitoring and mitigation of E&S risks.

- **The Internal Audit Division and Compliance Division** are responsible for assessing the Bank's adherence to policies related to managing E&S risks and evaluating the effectiveness and relevance of said policies.

Strategy

BankCom is aware that environmental concerns and climate change could seriously jeopardize the long-term viability of its core businesses and financial stability. First, there is a chance that the company could suffer financial losses as a result of structural damage brought on by earthquakes, flooding, and other extreme weather events. Second, when climate, environmental, or social risk impacts borrowers and/or their collateral, the lending institution's financial stability is put at risk.

BankCom is cognizant that environmental risks translate to financial risks, as both physical and transition[4] risks affect businesses, households and the economy. This will ultimately affect BankCom's level of exposure to financial, operational, and other types of risks.

Risk	
Acute Physical	Damage to property and assets arising from increased severity of extreme weather events
Chronic Physical	Changes in precipitation patterns and extreme variability in weather patterns, as well as rising mean temperatures and sea levels, which affect operations and facilities, resulting in loss/lower value of certain assets and that of our clients
Technology	Cost requirements to transition to lower carbon operations
Policy and Legal	Energy transition policies such as carbon tax, and enhanced disclosure requirements on emissions
Market	Shifting sentiment for high carbon companies, and increased cost of input materials which can affect borrowers
Reputation	Negative stakeholder feedback and/or increased investor concern/oversight

Opportunities	
Resource efficiency	Reduction of energy consumption
Energy Source	Use of green/low carbon sources resulting in energy efficiency and cost savings
Product and Services	Development of green products and services that cater to shifting consumer preferences and support sustainability initiatives of corporate clients

At the strategic level, both physical and transition risks are included in the formulation of BankCom's Risk Appetite Statement. It guides the decision making on various transactions of the Bank for each type of risk—credit, market, liquidity, operational, reputation, information technology. Further, climate considerations form part of the methodology of the stress testing activity under the internal capital adequacy assessment process (ICAAP). Credit stress test scenarios were applied to the high-risk industries in the Bank's portfolio that are particularly vulnerable to ESG factors such as climate change, social concerns and governance or reputational issues.

ICAAP: ESG-Related Stress Test

Credit stress test scenarios were applied to the high-risk industries in the Bank's portfolio that are particularly vulnerable to ESG factors such as climate change, social concerns and governance issues. The following industries were identified to have material risks in terms of portfolio size and ESG factors.

- **Agriculture:** The agriculture sector is vulnerable to environmental risks including extreme weather events, water scarcity and soil degradation. Severe climate events can negatively impact the production of agricultural crops leading to lower revenue and increase in credit losses.

- **Mining**: The mining industry in the Philippines is a significant producer of minerals and it is highly exposed to environmental risks (soil erosion, deforestation) as well as social risks (displacements of local communities, loss of livelihood, health risks, etc.). ESG risks could lead to regulatory fines and disrupt operations, which can negatively impact cash flow and increase credit losses.
- **Manufacturing:** The manufacturing industry contributes significantly to the economy. However, it is linked to environmental risks such as air and water pollution as well as social risks associated with labor abuses and poor working condition.
- **Energy and Utilities**: This sector could be heavily impacted by environmental factors, such as severe climate change, air pollution and water supply.
- **Real Estate:** The real estate sector is exposed to environmental risks and social risks related to displacement and access to affordable housing.
- **Transportation and Storage:** As economies transition to a low-carbon future, the transportation sector faces a wide range of transition risks. These might range from rising policy pressures to the phase-out of traditional carbon-intensive vehicles through the implementation of carbon prices and a shift in consumer preferences. Technological advancements in electric vehicles (EVs) and alternative fuels will also have a substantial impact on traditional firms in the sector. Along with transition risks, the transportation sector will also be exposed to physical risks as the impacts of climate change intensify. These physical risks, which include severe storms and flooding, sea level rise, and droughts, can impact the supply chains and operations of the sector[2].

Risk Management

The BSP has released a series of policies aimed at strengthening climate risk management of BSP-supervised financial institutions (BSFIs). In 2020, BSP issued Circular No. 1085 on the Sustainable Finance Framework. The Circular sets out the BSP's expectations on the integration of sustainability principles in the corporate governance and risk management frameworks and the strategic objectives and operations of banks. This was followed by Circular No. 1128 which provides specific guidance on how to integrate E&S Risk Management in the operational risk management and credit risk management of banks. BSP also issued Circular No. 1149 outlining the expectations on the integration of sustainability principles in the investment activities of banks. Additional regulatory policies have been issued by BSP such as Circular No. 1187, which introduces the adoption of the Philippine Sustainable Finance Taxonomy (SFTG) for banks. BankCom complies with the requirements of the BSP and has instituted an ESRMS. Through this, the identification, assessment, and management of climate risks are integrated in BankCom's credit risk and operational risk management system.

For its own operations, BankCom conducts physical hazard assessments in its branch site selection and monitoring and conducts the implementation of a supplier sustainability questionnaire (SSQ) to identify and understand sustainability risks in the supply chain. BankCom also regularly assesses and monitors climate risks through its Risk and Control Self-Assessment (RCSA) and Business Impact Analysis (BIA) Processes.

Physical risks from climate change are considered in the Bank's Business Continuity Plan. BankCom has a Business Continuity Management (BCM) Committee headed by the Branch Banking Group Head and composed of SET members, other senior executives, managers, and employees in critical positions. The BCM Committee provides direction and decision-making on proposals for new or amended business continuity facilities and policies, disaster recovery (DR) testing activities, and IT infrastructure requirements.

[2] *United Nations Environment Programme (2024). Climate Risks in the Transportation Sector. Geneva. Retrieved from https://www.unepfi.org/wordpress/wp-content/uploads/2024/05/Climate-Risks-in-the-Transportation-Sector.pdf (accessed 16 February 2025)*

On climate change impact on the Bank's lending portfolio, BankCom has already integrated ESG/climate consideration in the credit process through the updating of forms used in credit evaluation to identify, assess, measure and monitor ESG/climate risks. BankCom is also requiring its borrowers, whose projects have material environmental impact, to provide a copy of the Environmental Clearance Certificate (ECC) as one of the requirements to secure a loan facility.

BankCom has started to identify which industries in its credit portfolio have an increased risk of climate change impacts. The portfolio exposures to high-emitting sectors are disclosed in its Annual Report.

BankCom's ESG Project Team monitors existing and emerging regulatory requirements as well as conducts reviews of best practices and industry trends and regular stakeholder engagement to monitor emerging E&S risks. The results of these monitoring activities are reported to the BOD and/or relevant Board committees.

Metrics and Targets

BankCom has set a 30% limit to funding non-renewable energy sources (in Peso amount) that is aligned with the Department of Energy projections under a Clean Energy Scenario. Since 2023, the Bank measures the CO2 equivalent of its Scope 1 and 2 greenhouse gas emissions *(See Environmental Impact Management section for more information)*. The Bank is preparing a climate change strategy starting with the collection of baseline data on the aggregate emissions and emissions intensity of its operations and value chain and the conduct of climate risk assessments.

PROCUREMENT PRACTICES

Proportion of spending on local suppliers

Percentage of procurement budget used for significant locations of operations spent on local suppliers	2022	2023	2024
(a) Construction	67%	43%	59%
(b) Consumables	100%	100%	100%

Percentage of local* suppliers that underwent the accreditation process in 2024	97%

**Philippine-based*

***A number of renewal applicants were unable to complete the process within the year due to isolated case-to-case issues.*

BankCom recognizes the importance of suppliers in the success of its operations. BankCom's branches operate in strategic locations nationwide. In order to ensure the safety and convenience of its customers, proper, timely and cost-effective maintenance of these facilities is essential. This requires a dependable source of construction services and materials that meet the Bank's standards and criteria.

Moreover, in the course of fulfilling over-the-counter transactions at these branches, certain consumables need to be constantly replenished, such as account opening forms, transaction media, passbooks, and checkbooks. Particularly for materials which have stringent security requirements, such as checks, these require sourcing from local suppliers which are already accredited within the banking industry.

The Bank procures majority of its consumables from local businesses, contributing to the economy in areas where BankCom operates. BankCom acknowledges that procurement from local suppliers also helps support the environment through lower carbon footprint resulting from lower transportation costs, compared to procuring goods and services from foreign sources.

Among its local or Philippine-based suppliers, 97% underwent BankCom's accreditation process in 2024. *For more information, refer to Supply Chain Management section.*

BankCom continues to explore qualified local contractors and third-party service providers who have a track record with other banks or banking associations, and which can meet the Bank's requirements according to its standards. Further, the implementation of an Environmental and Social Risk Management System (ESRMS) covering the operations of the Bank created the opportunity to ensure sustainability considerations are extended to the Bank's supply chain, covering the suppliers' human rights, labor, and environmental management, among others, along with the sustainability elements of the products they offer. BankCom continues to explore qualified local contractors and third-party service providers who have a track record with other banks or banking associations, and which can meet the Bank's requirements according to its standards. Further, the implementation of an Environmental and Social Risk Management System (ESRMS) covering the operations of the Bank created the opportunity to ensure sustainability considerations are extended to the Bank's supply chain, covering the suppliers' human rights, labor, and environmental management, among others, along with the sustainability elements of the products they offer.

Key risks identified	Stakeholders affected	Management approach
While local procurement mitigates certain risks compared to foreign sourcing, BankCom may still be exposed to certain risks that may affect the effectiveness and quality of the supply chain. Any material deviation from policies and processes in supplier selection, negotiation, and delivery of materials and services concerned may severely affect BankCom's reputation and profits. Such could be the result of fraud and corruption, lack of fairness and transparency in third-party dealing, or lack of capacity to select and manage contracts. For example, the use of substandard materials and contractors or service providers with documentary deficiency (e.g., updated licenses) or known history of poor performance will negatively impact workmanship and actual cost, timeliness and quality of deliverables, and the Bank's reputation / compliance. These may affect the safety of BankCom's customers and employees, assessment of investors and stock analysts,	Suppliers Communities	BankCom has an established procurement process as well as an accreditation process for new suppliers. This ensures that the sourcing of services and materials is fair, cost-effective, and consistent with standards for quality and track record. A Bids and Awards Committee (BAC) executes the Bank's standards and policies on vendor accreditation and selection. BankCom's procurement and evaluation process for third party service providers, including the approval process, are documented in operating manuals and desk manuals which are reviewed regularly and updated accordingly. For example, proposals for branch repairs, renovations, and relocations are presented to the SET for approval. This includes a comparison of cost estimates submitted by candidates and remarks about previous engagements with them. Depending on the total cost, the proposal may be endorsed further to the BOD for approval. Another example is that every year, third party service providers are subject to a performance evaluation conducted by the concerned business or support unit. The results of the performance evaluation are used in making decisions when new requests for materials or services are submitted for canvassing. Moreover, suppliers and employees are expected to abide by BankCom's policy on solicitation or acceptance of gifts, favors and entertainment, including sponsoring of non-company activities and events.

and the image of its brand. In addition, failure to meet quality standards may result in requiring rework which entails additional time and cost. This may result in customer dissatisfaction, an increase in customer complaints, and potential negative publicity. In turn, this may result in customer attrition.		

ANTI-CORRUPTION

GRI 205-1, 205-2, 205-3, 206-1, 415-1

BankCom believes that banking is a public trust. BankCom, as a financial institution, places the interests of its customers and the public at the forefront of its existence. It firmly believes that maintaining public trust necessitates unwavering integrity, proven expertise, and dedicated effort. BankCom's core values revolve around enhancing the lives of its stakeholders, keeping their trust, striving for excellence, while ensuring prudence. BankCom does not tolerate bribery and corruption and is seriously committed to prevent money laundering, terrorist financing and proliferation financing. The Bank upholds the highest moral standards in the way it conducts business and makes sure it does not become a channel for illicit funds or a victim of money laundering. The Bank's policy commitments are backed by strong risk management and compliance programs against such unethical and illegal activities. These topics are a key focus of the Bank's corporate governance, risk management, compliance and human resource management programs.

Training on anti-corruption policies and procedures

Disclosure Requirements	2022	2023	2024
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to[1]	1,920 (100%)	1,976 (100%)	2,034 (100%)
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to[2]	100%	100%	100%
Percentage of directors and management that have received anti-corruption training	18 SET, 15 BOD (100%)	18 SET, 15 BOD (100%)	15 BOD, 5 Advisors 20 SET (100%)
Percentage of employees that have received anti-corruption training	1,920 (100%)	1,976 (100%)	2,034 (100%)

[3]Included in the New Employees' Orientation (NEO) as part of the Human Resources (HR) Module for Code of Discipline and Annual e-Learning Refresher Course for Anti-Money Laundering

[2]Policy is required to be signed by all existing/active suppliers and service providers - Part of the accreditation requirement is signing of bank form Exhibit No. 2 BankCom Policy on Solicitation and Acceptance of Gifts.

[3]In 2024, 5 Board of Directors and 4 Senior Executive Team attended the Anti-Money Laundering and Counter-Terrorism and Proliferation Financing (AML/CTPF) Course for Board of Directors (BOD) and Senior Management (SM) with Bankers Institute of the Philippines; 20 Senior Executive Team completed the Annual e-Learning Refresher Course for Anti-Money Laundering

The Bank continues to promote awareness and accountability on anti-corruption and anti-bribery through its E-Learning Training Program and New Employees Orientation (NEO) for employees, and Corporate Governance training for the BOD and SET.

Elements of anti-corruption or anti-bribery e.g., on conflict of interest, are included in the Bank's current training programs delving on anti-money laundering, financial consumer protection, and corporate governance. These are included in training courses on Corporate Governance, Anti-Money Laundering (AML), NEO, and those intended for branch officers and staff members. Training on AML is implemented bank-wide and on a regular basis. Employees are required to reach a minimum score of 80% to pass.

The Bank's Compliance Division, in partnership with HRMDD, constantly enhances the Bank's training program to equip BankCom personnel with appropriate knowledge to achieve the Bank's goal of promoting effective implementation of the AML/CFT policies and procedures in the entire organization.

Incidents of corruption

Disclosure Requirements	2022	2023	2024
Number of incidents in which directors were removed or disciplined for corruption	0	0	0
Number of incidents in which employees were dismissed or disciplined for corruption	0	0	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	0	0

Bribery and corruption have an adverse effect on the stability and legitimacy of financial institutions, translating to adverse impacts to the economy and society. Serious misconduct and unethical practices could lead to long-term reputational damage due to loss of confidence of stakeholders, particularly regulators, clients, and employees, in the Bank. BankCom has zero tolerance for solicitation and acceptance, directly or indirectly, of any gift, gratuity, commission or any form of payment from clients, business partners, suppliers and third-party service providers in connection with the Bank's leaders or employees' decision making in exchange of unnecessary favorable treatment.

In 2024, there are **no monetary losses** resulting from fraudulent activities brought by any entities against BankCom. Similarly, there are no cases arising from termination of contracts due to corruption.

Key risks identified	Stakeholders affected	Management approach
Corruption can occur during interactions or transactions between the Bank's employees and the parties they deal with, such as when securing decisions from government officials, clients, procurement, or hiring. Charitable and political donations and receiving and accepting gifts and entertainment can also be construed as bribery and corruption when proper procedures and designed limits are not followed. Conflicts of interest can occur in situations	Shareholders Depositors Customers Employees Government	The Bank has various policies in place to ensure that its actions and decisions comply with high standards of integrity and follow ethical and legal approaches. • **Trust Investment Guidelines** for BankCom employees, including portfolio managers and traders, cover instances of processing transactions belonging to the employee, relatives and related entities. BankCom employees are prohibited to use Bank proprietary information and other non-public information to advance their own interest. • **Related Party Transactions Policy** ensuring that certain transactions involving Related Parties, which present a heightened risk of conflicts of interest or the perception thereof, are entered into on arm's length bases and are consistent with the Bank's and its stakeholders' best interests. • **Policy on interlocking positions and secondment of Director and Officers**

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<td>when self-serving interests by individuals become a factor in their professional actions and decisions. This could include providing preferences to personal connections in hiring and procurement or exploiting their position or authority for personal gain such as self-dealing and distribution of non-public information.</td>
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- **Code of Professional and Ethical Standards for Treasury Personnel** covering responsible marketing and sales, insider trading, fair dealing, disclosure of conflicts of interest, among others.
- **Policy on solicitation or acceptance of gifts** prohibit soliciting and accepting gifts, favors and entertainment, including sponsoring of non-company activities and events.
- The Bank's **Code of Conduct** reiterates that employees should exercise responsible and ethical business practices, including avoiding conflict of interest. New employees are required to acknowledge the Code of Conduct during onboarding.

The Bank regularly reviews its policies, updates them whenever necessary, and communicates them to all its officers and employees through regular advisories and an annual training program.

The Bank has a **Whistleblowing Policy** that enables the protection of "whistleblowers" and conduct of due process in case of reports by employees and third parties on the commission of fraud, criminal offenses, corruption and bribery, serious danger, disregard of Bank policy, or deliberate concealment of the foregoing, by an employee or unit of the Bank. The Bank provides confidential channels for reporting persons and has a policy against reprisal or retaliation.

To prevent the risk from AML, the Bank has a **Money Laundering and Terrorist Financing Prevention Program (MTPP)** that ensures compliance with the Anti-Money Laundering law, rules, and regulations that is approved by its Board of Directors. It is regularly updated or as need arises to reflect the constantly evolving regulations, the emerging money laundering/terrorist financing risks, and global best practices.

The Corporate Governance Committee, a board-level committee, receives monthly reports on AML compliance and monitoring from the Anti-Money Laundering Management Department (AMLMD) of the Compliance Division. AML concerns are escalated to the AML Committee, a management group whose main duty is to oversee the Bank's effective and correct compliance with relevant laws and the Bank's MTPP. The AML Committee, which consists of representatives from Compliance Division, Risk Management Division, Operations Group, Treasury Group, Trust Services Group, Legal Services Group and Branch Banking Group, meets monthly or more frequently as needed.

The AMLMD is in charge of ensuring that the Bank's MTPP is implemented correctly and efficiently. This involves using a risk-based approach to implement

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<td>Money laundering, terrorism financing, and proliferation financing can occur when there is an ill-intent from individuals or entities to process monetary proceeds or accounts obtained from illegal sources and/or failure of processes to prevent and to detect their use, or attempted use, for money laundering or terrorist financing purposes or funds or financial services which are used for the proliferation of weapons of mass destruction.</td>
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		customer due diligence policies and procedures, record retention policies, a system for promptly capturing and reporting covered transactions, investigating suspicious alerts and reporting as necessary upon approval of the AML Committee, and creating and conducting regular and special training to Bank personnel. In addition, the Compliance Division of the Bank also conducts independent testing of branches and head office units, and is able to identify the segment in the operational process where money laundering, proliferation financing and terrorist financing risks are higher. The Bank's policies, processes, and procedures on preventing financial crime are outlined in the Bank's Wolfsberg Questionnaire available on the BankCom website.

Whistleblowing

BankCom builds a transparent, open and accountable work environment where employees are provided with the Guidelines on Whistleblowing. This manual is the formal mechanism for employees and third parties to report issues concerning integrity, human rights and labor rights, such us discriminatory acts, which shall protect employees from reprisal or retaliatory action, as well as to not be subjected to disciplinary actions.

ENVIRONMENTAL IMPACT

RESOURCE MANAGEMENT

Energy Consumption within the organization

Electricity Consumption	2022	2023	2024
Total electricity consumption (in kwh)	**6,162,541**	**5,429,641**	**5,739,031**
Head Office	1,600,987	1,648,431	1,702,042
Manila TAT Building	499,314	472,232	501,040
Branches	4,062,240	3,308,978	3,535,949
Electricity use intensity (kwh/employee)	**3,304.31**	**2,747.79**	**2,821.55**

Energy Saving	2022	2023	2024
Percentage of LED, CFL, and other energy-saving lamps to total electric lighting devices			
Head Office	LED (20%); CFL (80%)	LED (30%); CFL (70%)	LED (90%); CFL (10%)
Manila TAT Building	LED (10%); CFL (90%)	LED (10%); CFL (90%)	LED (100%); CFL (0%)

Fuel Consumption	2022	2023	2024
Total fuel consumption (in liters)	**28,420.25**	**182,942.57**	**3,315.95**
Head Office	17,871.45	8,627.72	140,441.00[2]
Manila TAT Building	2,300.00	750.00	550.00
Branches[1]	8,248.80	173,564.85	195,699.29

[1]*For the 2024 data, this is based on a sample data with averages applied across branches.*
[2]*Large difference is due to increase in number of samples in 2024*

BankCom's direct environmental impact is through its business operations, primarily in the resources consumed for the effective functioning of offices, branches, data centers, and other information technology and physical facilities. BankCom uses grid electricity to power its facilities and uses fuel for bank-assigned cars used for official business activities (i.e., motor pool) as well as for the regular testing / maintenance of generator sets and use during power interruptions.

Despite improvements in increasing clean energy capacity, the Philippines' source for energy generation is still mainly coal and natural gas. The burning of fossil fuels results in greenhouse gas emissions that directly contribute to worsening global warming. The Bank aims to manage its environmental impacts by identifying and pursuing ways to reduce operational carbon footprint through instituting resource management policies, evaluating the use of green technologies, and participating in activities to create positive environmental impacts. In 2024, the Bank saw a decrease in the generator sets (gensets)' energy consumption in both the Head Office and Manila TAT Building. This is likely due to the transition to energy-saying activities by the Bank. Further, the large increase of Head Office consumption in 2024 is due to the methodology used, reflecting the total fuel consumption for both diesel and gasoline.

One of the opportunities BankCom is looking at is shifting to energy-efficient technologies and/or renewable energy, which can have benefits for the organization such as lower energy costs and improved operational efficiency, differentiation from competition and attracting and retaining environmentally conscious customers and employees. The Bank is currently reviewing suggestions for streamlining different branch and transaction banking operations, through the Operations Committee, which may result in better management of working hours and physical facilities.

The Bank sees the adoption of modern technologies and energy-saving architectural designs for branch and head office operations. These include replacing desktops and old servers with more efficient laptops and IT hardware, and hard phones with virtual IP phones; designing branches with LED fixtures, right-sized air-conditioning systems, and readiness for possible installation of net metering systems in the future.

Similarly, ESG education for employees has been part of the new employee orientation since 2023. The ESG team has developed communication materials and infographics to encourage employees to be more conscious in using resources. The ESG team, together with the Operations Group, will explore applicable solutions and best practice recommendations to further improve sustainability in its own operations.

Key risks identified	Stakeholders affected	Management approach
As the government's policy gradually shifts towards promoting the use of energy-efficient technologies and boosting renewable energy use, BankCom may be affected in the following ways: • Higher energy costs due to the use of outdated and inefficient technologies • Reputational risk when benchmarked with other organizations with more pronounced sustainability initiatives within their operations • Regulatory penalties for failing to comply with potential environmental regulations promoting low-carbon operations	Regulators Employees Management	BankCom is mindful of its usage and looks for ways to reduce energy consumption. The Bank's General Services Division (GSD), which is part of the Operations Group, monitors the energy consumption of the Bank's physical facilities. The ESG Project Team works with GSD to come up with recommendations on how to manage energy consumption, e.g., shifting to LED lights, solar panels, and similar devices, and ultimately, to contribute to the achievement of the National Government's goals on energy. As early as 2005, BankCom had already issued a policy on cost management. The policy prescribes specific measures to manage the usage of the lighting system, air-conditioning system, electric fans and office appliances, and water conservation. The ESG Project Team is studying expanding this policy into a more comprehensive environmental management framework. The Bank also conducts regular preventive maintenance of generator sets and Bank-assigned vehicles. The Bank also continues to utilize online platforms to conduct meetings and webinars, which contributes to the reduction of fuel consumption for travel.

Water Consumption

Disclosure Requirements	2022	2023	2024
Total water consumption (in m^3)	**23,733.40**	**25,992.89**	**25,136.00**
(a) Head Office	7,206.00	8,685.00	10,433.00
(b) Manila TAT Building	2,533.00	763.00	1,434.00
(c) Branches	13,993.40	16,544.89	13,269.00
Water intensity (m^3/employee)	**12.72**	**13.15**	**12.36**

Water is used in BankCom's premises primarily to ensure cleanliness and upkeep of the facilities and maintain sanitation and hygiene for the health and safety of employees. BankCom is committed to ensure that uninterrupted and clean water supply is available to all its employees in its Head Office and Branches, while at the same time ensure water use is kept to a reasonable volume so as not to create water stress in the areas where it operates.

The continuing risk of a water shortage gives justification to the procurement and installation of water-saving fixtures, such as self-closing faucets and urinals that automatically flush after use as well as evaluate the use of water recycling technologies. Water conservation continues to be a part of the agenda for designing and constructing new branches and other physical facilities with water connection.

Key risks identified	Stakeholders affected	Management approach
Since banking is not a water-intensive business, the main risk for BankCom is the possibility of water unavailability or shortages particularly in water-stressed regions where it operates, which will impact the health and safety of its employees. This risk may be exacerbated by effects of climate change, such as drought and damage to water sources from extreme weather events and flooding, as well as increased demand from growing populations and economic facilities. This risk may result in additional financial costs as well as the inability to deliver access to clean and safe water, a basic human right	Employees	Water conservation has been on the management's agenda since 2005. An operations memorandum is in place which prescribes measures alongside other initiatives. These measures include immediately reporting to the building maintenance or GSD any faucet and other water fixtures found to be defective. Reminders on water conservation are also placed in washrooms and pantries with water facilities. The Bank's Operations Group will continue to make concerted efforts to identify and launch projects to manage water consumption of its branches and head office. This will include selecting building contractors with a good track record in terms of the durability and appropriateness of materials used for installing the water connection, plumbing, and water fixtures in branches and head office facilities. To better control the Bank's water use, the ESG Project Team will investigate appropriate solutions and best practice recommendations in collaboration with the Operations Group.

Circularity

Materials used by the organization (Paper)

Weight of Paper (kg)	2022	2023	2024
Paper Consumption (bond, computer papers, folders, etc)	36,060	22,950	N/A
Paper intensity (kg/employee)	19.33	11.61	N/A

In 2024, BankCom deferred its disposal and destruction of records due to a review in the retention period policy. As a result, there is currently no data available on paper consumption.

BankCom uses paper for communication with customers, issuance of statements of account, as well as for the management of internal documents such as account statements, loan agreements, and other legal documents required to be retained by the Bank. However, given the current technological landscape, automation and digitalization are at the core of the innovations that the Bank is currently implementing, and these activities are expected to decrease the need for paper in the future.

While paper use is inherent for banks, continued improvements in digital banking offers opportunities to reduce the need for paper through digitization and automation. BankCom continues to enhance its existing electronic banking delivery channels such the BankCom [Personal] mobile app and BankCom [Corporate] to reduce client paper requirements.

Key risks identified	Stakeholders affected	Management approach
Paper production is associated with environmental impacts such as water stress, greenhouse emissions, and forest degradation. As BankCom commits to reducing environmental impact, measures are undertaken to limit paper consumption and paper waste.	Communities	BankCom has started to roll out programs to reduce the need for paper. One example is the decision to replace paper brochures in the branches with QR-based, PDF versions which can be downloaded from the Bank's website. The Bank is also utilizing electronic statement in lieu of paper statements for trust management clients and credit card customers. Everyone is encouraged to use collaborative workspaces for business purposes, including general document review and approval, to minimize the amount of paper used internally.

ENVIRONMENTAL IMPACT MANAGEMENT

GHG Emissions

Disclosure Requirements	2023	2024
Direct (Scope 1) GHG Emissions (in MT CO2e)	441.95	1,089.69
Energy indirect (Scope 2) GHG Emissions (In MT CO2e)	3,887.73	4,109.50
Emissions intensity (MTCO2e/employee)	2.19	2.56

Last year, BankCom started to calculate its greenhouse gas emissions from within its own operations. The Bank's emissions arise from the use of diesel and gasoline for bank-issued vehicles and the purchase of grid electricity. Increased levels of GHG emissions emitted from the burning of fossil fuels contributes to the worsening of changes in the climate, translating to substantial negative impacts, losses and damages. In 2024, the reported data shows an increase due to the different sample size identified, compared to the previous year.

As discussed under Energy Consumption, opportunities arising from implementing low-carbon technologies include lower energy costs and improved operational efficiency, ability to differentiate itself from competition, and attract and retain environmentally conscious customers and employees. As a financial intermediary, there is an opportunity to tap into a market of consumers/corporate clients who wish to transition to energy-efficient and renewable energy technologies.

Key risks identified	Stakeholders affected	Management approach
The risks from GHG emissions are linked to climate change risks	Management Shareholders Customers Communities	As part of BankCom's climate risk management, the ESG Project Team, together with the Operations Group, monitors the emissions coming from the Bank's own operations. It is also in charge of preparing a strategy

(See Section on Climate-related Risks and Opportunities – Strategy). The risk to the Bank's own operations include policy and regulatory changes (i.e., pricing of emissions and additional climate reduction / transparency requirements), reputation (i.e., climate controversies), and physical risks (i.e., damage to assets, disruption of operations due to extreme weather events).	Regulators	for integrating sustainability in the Bank's own operations, including the mechanism to reduce energy use and transition to low-carbon technologies. BankCom also conducts physical hazard assessments in its branch site selection and monitoring. The Bank also regularly assesses and monitors climate risks through its Risk and Control Self-Assessment (RCSA) and Business Impact Analysis (BIA) Process.

SOCIAL IMPACT

EMPLOYEE MANAGEMENT

GRI 401-1, 2-7, 2-8, 2-9, 401-2, 401-3, 405-2

To ensure that BankCom operates at an optimum level and delivers outstanding performance, there is a need for talented and highly skilled individuals with a strong work ethic and professionalism as well as skills in client relations, strategy, communication and critical thinking. Beyond attracting the right individuals, it is also critical to sustain the Bank's capacity to operate and perform at a high level through cultivating and retaining committed and loyal employees.

It is in this context that a key focus of the sustainability program of BankCom is human capital development. BankCom is committed to investing in its human resources and constantly assessing and improving every step of the employee life cycle process (talent recruitment, onboarding, engagement, development and training, and retention). A key factor particularly in recruitment, engagement, and retention is the quality and competitiveness of the Bank's benefits program. BankCom offers its employees a comprehensive remuneration and benefits package that is regularly reviewed to ensure competitiveness with the industry.

BankCom's Workforce

Disclosure Requirements	2022	2023	2024
Attrition Rate*	**17.28%**	**15.73%**	**15.39%**
Total Number of Employees	**1,865**	**1,976**	**2,034**
By Age Group			
Under 30 years old	-	-	612
30 – 50 years old	-	-	1,070
Over 50 years old	-	-	352
By Gender			
Female	1,160 (62.20%)	1,210 (61.23%)	1,258 (61.85%)
Male	705 (37.80%	766 (38.76%)	776 (38.15%)
By Level			
Rank and File	-	-	984
Junior Officers	-	-	907
Senior Officers	-	-	143

**Attrition rate is calculated as the (no. of new hires – no. of turnover) / (average of total no. of employees of previous year and total no. of employees of current year)*

To improve the culture and decrease the attrition rate of the company, HRMDD organizes employee appreciation activities. The Bank's senior leaders and HRMDD often create awards for employees to show their gratitude in the exemplary performances of BankCom employees. In 2024, there is a slight decrease in the attrition rate from 2023, with 15.39%.

BankCom also cultivates a strong company culture that aligns to the core value of Malasakit of the SMC Group. In cooperation with San Miguel Foundation (SMF), CCCPD led BankCom employees in life-enriching corporate social responsibility (CSR) activities conducted at various locations during the year. These activities included reforestation/seed potting and coastal cleanup drives.

The Bank also provides upskilling programs, capacity-building and employee engagement activities as ways to retain employees. HRMDD has launched programs aimed at employee development and retention including free virtual, onsite, and offsite training for all levels of employees; management development programs for senior executives at the country's prestigious business-oriented academies; tuition reimbursements for employees taking up masters education; regular job evaluation to recognize expanded roles; employee engagement activities such as appreciation month; and various medical and mental health awareness programs.

Ratio of the lowest paid employee against the minimum wage[1]

Disclosure Requirements	2022	2023	2024
Probationary Employee	111%	106%	103%
Regular Employee	120%	102%	103%

[1]*Computation is as follows: Lowest Salary / ((Minimum Wage x 261 days) / 12 months))*

BankCom affirms its adherence to the 'Pay for Performance' philosophy wherein the structure is designed to uphold equality, providing both men and women with identical compensation for those of comparable roles and responsibilities. Gender does not play a role in the job offers or salary increases. The Bank's commitment to its philosophy, which emphasizes individual performance metrics, promotes fairness and encourages a high level of dedication and productivity among the workforce.

Diversity in governance bodies and workforce

Governance Bodies	By Gender		By Age Group		
	Male	Female	under 30	30-50	over 50
SET Members	12	7		7	12

Employees (by category)	By Gender		By Age Group		
	Male	Female	under 30	30-50	over 50
Rank and File	345	639	519	388	77
Junior Officers	353	554	93	633	181
Senior Officers	78	65		49	94

Promoting diversity, equality and inclusivity (DEI) at work has been recognized as an important aspect of the modern workplace due to its positive benefits for both the company and its employees. Promoting fair treatment and equal opportunities for employees from all walks of life allows the company to benefit from ideas and innovations coming from diverse perspectives and uncover skilled and talented employees that may be otherwise overlooked. Further, implementing DEI principles in all stages of the employee cycle communicates to employees that they are respected, treated fairly, and protected against discrimination and harassment by the company.

Discrimination is defined as the prejudicial treatment based on a person's protected attributes such as race, religion, age, gender and sexual orientation, disability, family status, among others. These manifests in denial of opportunities, exclusion, isolation, or harassment.

BankCom recognizes the immense value of DEI in driving success and fostering a positive work environment. A strong DEI culture promotes fair treatment and empowers employees, thereby fostering a sense of belongingness which has an observed impact on performance and commitment from employees, generating significant benefits for the organization.

The Bank provides equal employment opportunities to employees and applicants. Recruitment, compensation, training and development are based on the personal skills, knowledge, and capabilities of each candidate. Selection in key positions, promotions, and transfers is open to all qualified candidates and employees and is based solely on merit and aptitude.

BankCom does not condone discrimination. BankCom abides by related Philippine laws such as the RA 6725 Prohibition of Discrimination Against Women, RA 7877 Anti-Sexual Harassment Act, RA 8972 Solo Parents' Welfare Act, RA 10911 Anti-age Discrimination in Employment Act, RA 7277 Magna Carta of Disabled Persons.

Employee Benefits

List of Benefits*	2022		2023		2024	
	Male	Female	Male	Female	Male	Female
SSS (Loans)	139	265	116	236	220	413
PhilHealth (Certifications)	11	49	33	75	31	56
Pag-Ibig (Loans)	59	128	56	127	111	224
Parental Leave	37	78	34	73	1	24
Vacation Leaves	642	1073	439	647	780	1,262
Sick Leaves	394	681	301	455	509	861
Medical Benefits[1]	34	87	41	124	7	71
Housing Assistance[2]	285	492	323	508	N/A	N/A
Retirement Fund[3]	49	112	50	110	45	71
Further Education Support	4	2	2	2	2	1
Others						
Life Insurance	1	0	1	1	2	2
Accident Insurance	0	0	2	0	0	0
Emergency Leaves	327	580	335	532	398	660
Rice Subsidy	322	563	317	574	664	1,124
Clothing Allowance	667	1108	725	1132	776	1,258
Burial Assistance	12	31	19	49	26	23

**Those who availed the employee benefits*
[1]aside from Philhealth, SSS Sickness & Maternity
[2]aside from PAGIBIG
[3]aside from SSS

All regular employees are given various benefits. As competition for talent in the finance industry is growing, it gives the Bank an opportunity to look into other forms of remuneration such as in the areas of work-life balance, employee training and development, welfare, and supporting advocacies. Examples include support for dependent care, health management, and community involvement. The Bank also looks into upskilling/capacity building and employee engagement as ways to retain employees. HRMDD has launched programs aimed at employee development and retention including free virtual, onsite, and offsite training for all levels of employees; management development programs for senior executives at the country's prestigious business-oriented academies; tuition reimbursements for employees taking up masters education; regular job evaluation to recognize expanded roles; employee engagement activities such as appreciation month; and various medical and mental health awareness programs.

Key risks identified	Stakeholders affected	Management approach
High attrition rate due to dissatisfaction leading to impacts on: • recruiting, onboarding and training new individuals requires both financial and human resources; • for specialized positions where a certain level of knowledge and experience is needed, new employees may not be as proficient and thus this may lead to lower productivity from affected business units in the short run.; • the burden of work is delegated to remaining individuals which may result in burnout and dissatisfaction due to the increased workload, which in turn may lead to further attrition.	Employees Management	The Human Resource Management and Development Division (HRMDD) leads key initiatives in recruitment, organization development, and compensation and benefits. For its recruitment strategy, HRMDD utilized several approaches to attract talented individuals such as an employee referral program, online job fairs, and job search platforms and social media to increase reach of job postings. The Bank allows applicants to come from within the organization as a way to develop one's abilities in other areas within the Bank. Internal candidates, if qualified, are prioritized over external candidates. Meanwhile, for branch postings, local hiring is preferred. On the area of compensation and benefits, BankCom provides its employees competitive remuneration—with base pay, healthcare benefits and bonuses comprising its overall compensation package. Staff (rank-and-file) compensation is aligned to the collective bargaining agreement. BankCom's compensation package goes beyond salary and statutory benefits. BankCom's benefits package, depending on position and rank, includes various affordable financing programs; health management organization (HMO) program for employees and qualified dependents; life insurance, medical and optical allowance; study leave and scholarship reimbursement, as well as food allowances/free lunch. The Bank also maintains a retirement program which is managed professionally.

EMPLOYEE TRAINING AND DEVELOPMENT

BankCom advocates training and employee development to meet the objectives of providing employees with skills and competencies to be future-ready, and at the same time enabling the Bank as an organization to deliver on its mission and purpose for its customers and other stakeholders. Providing training and development opportunities is also part of employee engagement as it communicates the Bank's intention to support the career advancement and well-being of employees.

BankCom employs a strategic training management approach whereby high-potential and high-performing employees are determined through an appraisal system that measures performance in the areas of achieving financial goals, strengthening internal business processes, and enhancing visibility and relevance to customers. Based on these areas, an employee's strengths and potentials are identified and matched against a career path to determine gaps that can be addressed through external training, on-the-job mentoring, and other forms of management interventions. These are articulated in a Development Action Plan (DAP).

Training Hours

Disclosure Requirement	2023	2024
Total training hours provided to employees[6]	**60,614 hours**	**92,296 hours**
Female	-	55,504
Male	-	36,792
Average Training Hours per Employee[1]	**31 hours**	**45 hours**

[1]Computation is as follows: 75,486 total training hours / 2034 headcount as of December 2024. Each employee of BankCom was able to complete at least 5 Training Programs for year 2024

Disclosure Requirements	2022	2023	2024
Percentage (%) of Employees Offered E-Learning Training on:			
a. Information Security Awareness	100%	100%	100%
b. Financial Consumer Protection	100%	100%	100%
c. Business Continuity Management	100%	100%	100%
d. Anti-Money Laundering	100%	100%	100%

On another note, The BSP requires Philippine banks to conduct annual mandatory trainings on the areas of anti-money laundering, information security risk, financial consumer protection, and data privacy to ensure employee's continuous awareness of rules, standards and processes pertaining to these key risk topics in the banking industry.

BankCom continues to update its E-Learning Module and explore tools available in Microsoft Office 365 to disseminate relevant information. HRMDD manages limited subscriptions to selected employees in LinkedIn Learning and engages these learners to discover what these facilities have to offer.

The ESG Team, together with HRMDD, has continuously provided new employees with an introduction to ESG and Sustainability. The ESG Team likewise participates in external trainings and workshops and in doing so, has gathered information on ESG frameworks and best practices for banks that can be integrated into BankCom either through capacity building/training or technical solutions. The Team is expected to roll out a specialized training plan on ESG and sustainability for existing employees.

Performance Review

In BankCom, every employee participates in a formal performance evaluation and career development review, guaranteeing that 100% of its workforce receives constructive feedback and guidance. These reviews are conducted annually and involve a comprehensive assessment of the employee's contributions, goals, and opportunities for skill enhancement. The Bank is committed to fostering employee growth that is aligned with BankCom's objectives.

Key risks identified	Stakeholders affected	Management approach
Without continuous efforts to engage employees and upgrade their competencies through training: Skills may stagnate, and motivation may plateau, leading to a decline in productivity. • Employees may have low morale due to lack of employee development. • Employees may feel unhappy and dissatisfied, which can result in reduced productivity and increased staff turnover. • Lack of employee development or training can also result in an unsafe working environment. • Failure to conduct training sessions mandated by the BSP could result in legal and compliance issues. • Lack of knowledge of employees on topics of anti-money laundering, information security risk, financial consumer protection, and data privacy that could potentially expose BankCom to risks due to human errors or failure to comply with regulations.	Employees Management	BankCom, through HRMMD's leadership, conducted several trainings directed to advancing employees' technical and functional competencies: BRANCH AND HEAD OFFICE OFFICERS: Officership Training Program JUNIOR OFFICERS AND RANK & FILE Signature Verification and Forgery Detection Fraud & Forgery Detection and Prevention Effective Business Writing Workshop Effective Presentation Skills Presentation Skills Workshop EXECUTIVES AND JUNIOR OFFICERS Strategic Planning Civility in the Workplace Corporate Banking and Development Bootcamp Coaching for Managers Workshop Managing the Multigenerational Workforce Workshop Keys to Leadership INTERNAL AUDIT DIVISION – EXECUTIVES, JUNIOR OFFICERS AND RANK & FILE Root Cause Analysis and other Internal Audit Related Matters Workshop TRANSACTION SERVICES GROUP – RANK & FILE The Keys to Performance In addition, Members of the Board of Directors, Senior Executives, Junior Officers and Rank and File Employees had attended over 150 external trainings sponsored by the Bank. Examples of external trainings are those which touch on areas of operations, compliance and all other relevant areas of knowledge in Banking which are offered through the Bank Administration Institute of the Philippines (BAIPHIL) such as covering banking industry topics: AML/CTF, auditing, accounting, risk management, cybersecurity, data privacy and sustainability among others.

LABOR-MANAGEMENT RELATIONS AND STANDARDS

Hiring Guidelines

In relation to recruitment and selection, BankCom is dedicated to achieving its employment objectives through a proper and comprehensive screening process, from pre- to post-employment. The Bank exercises fairness in selecting applicants based on their overall qualifications. Aligned with its commitment to fostering an inclusive workplace, BankCom's hiring guidelines explicitly prohibit any form of discrimination on the basis of gender, status, age, or religion.

Collective Bargaining Agreements

BankCom has a collective bargaining agreement with the BankCom Employee Union (BCEU) where the purpose is to foster good labor-management relations, enforcing discipline and exacting efficiency and honesty in the performance of the employees' duties to ensure maximum productivity, peaceful adjustment and settlement of grievance disputes and differences which may arise.

Disclosure Requirements	2024
% of employees covered with Collective Bargaining Agreements (CBA)	All regular rank-and-file employees of the Bank* 984 Rank and File employees (793 BCEU members)
Number of consultations conducted with employees concerning employee-related policies	Zero

**"Regular rank-and-file employees" mean employees of the bank who, not being probationary, managerial or supervisory employees as defined by law, have been engaged to perform activities which are usually necessary or desirable in the usual business or trade of the Bank.*

Health and Safety

Occupational Health and Safety

Disclosure Requirement	2023	2024
Employees covered by an Occupational Health and Safety (OSH) System	100%	100%

As a recognized human right, initiatives that safeguard employees' health, safety, and well-being are prioritized at BankCom. Beyond national regulations requiring companies to institute an Occupational Health and Safety System, BankCom actively works beyond the prevention of harm but also in promoting and securing physical and mental health for employees. BankCom's commitment to health and safety is integrated in its policies and programs on internal communications, risk management and employee engagement.

BankCom is compliant with Republic Act (RA) 11058 and Department of Labor and Employment (DOLE) Department Order 198-18, acknowledging the company's obligation and responsibility to implement an OSH system to ensure the protection of workers and employees against injuries, illnesses, and death through safe and healthy working conditions and environment.

Labor Laws and Human Rights

Disclosure Requirement	2024
No. of legal actions or employee grievances involving forced or child labor	0

Drug-Free Workplace Policy

Employee health is highlighted by BankCom's initiatives in the workplace. The Bank strongly advocates for the safety and well-being of its employees, bearing in mind the adverse effects of dangerous drugs on its employees, the workplace, their family and the community. In this regard, the Bank implements a drug-free workplace policy to ensure alignment with its commitment as well as RA 9165 or the Comprehensive Dangerous Drugs Act of 2002.

Sexual Harassment Policy

BankCom recognizes the mutual respect, cooperation and understanding necessary for a working environment. It is the full support and recognition to the dignity and self-esteem of individuals that the Bank has created a Sexual Harassment Policy and Procedure in 2002. This policy shows commitment to a work environment that is free of sexual harassment and all forms of sexual intimidation and exploitation of its employees by their officers or co-workers.

CUSTOMER MANAGEMENT

At the core of BankCom's mission is customer satisfaction. Ensuring that every interaction is smooth, efficient and beneficial, the Bank prioritizes customer management through its financial education initiatives and proactive problem resolution.

Customer Satisfaction

In December 2024, the Branch Banking Group (BBG) conducted a short survey, gathering insights from 1,202 respondents. The participants rated their experiences with the Bank from a scale of 1 to 5, with 5 being the highest score. The Bank achieved a score of 4.89, reflecting a strong commitment to customer service and a high level of trust among its clients.

Complaint Management

In 2024, there were a total of 13,977 complaints logged, with 97% addressed, and 94% addressed within the normal 5-day turnaround time.

Marketing and labelling

There were no complaints and non-compliance in relation to marketing and labeling in 2024.

Disclosure Requirements	2023	2024
No. of substantiated complaints on marketing and labeling	0	0
No. of complaints addressed	0	0

Customer Privacy

In maintaining trust, BankCom acknowledges the importance of customer privacy, ensuring the security of sensitive financial information.

Disclosure Requirements	2023	2024
No. of substantiated complaints on customer privacy*	0	0
No. of complaints addressed	0	0

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms*

Consumer Financial Protection

During the year, BankCom launched the Train the Trainers session, equipping 211 Branch Managers and Branch Marketing Officers from the different branches nationwide, further broadening the initiative's reach. With 89 CSR Activities for consumer financial protection, BankCom has reached 2,663 stakeholders.

The **Train the Trainers Program** is designed to coach new trainers in Financial Literacy. The program will help develop a pool of trainers (BMs and BMOs) who can then teach financial literacy.

The program's objective is to equip branch personnel (BMs and BMOs) with the concepts of financial planning, budgeting, building, and improving savings, as well as the ability to apply them to real-life situations. This will provide branch personnel with the necessary skills, which will improve the financial literacy of both current and potential clients to reach as many people as possible so that they can influence their family members and friends with their knowledge of healthy money management skills. This will create a new generation of young people who are financially smart and will experience greater financial independence as adults.

The Bank also conducted series of Financial Literacy Programs to educate participants on the aspects of basic financial management (financial planning, saving, proper use of credit and basics of investing), digital literacy as well as cyber security (e-safety). BankCom collaborates with schools, community organizations, and businesses to ensure that those who will benefit most from the program are included. We identify the particular demographic categories—such as students (grade school, high school, college), low-income individuals, working professionals, or retirees in order to customize the modules.

For working professionals and/or retirees, the Bank usually conducts surveys to determine the FinLit requirements of potential participants. This also helps in customizing the program to address specific knowledge gaps.

- Diliman Preparatory School – Diliman Preparatory School (DPS)—Talk on Child Safety and Financial Literacy for top management, principals, department heads, staff, and selected faculty members of DPS.

  The 2-part talk aims to equip an educational institution like DPS on how to design and execute a child safety program and a financial literacy program. This is to promote partnership with clients on CSR, build the social aspect of the Bank's ESG program, and lead in FinLit.

- Better World Cubao - the San Miguel Foundation Inc., the corporate social responsibility arm of the San Miguel Corporation in partnership with Bank of Commerce, held a masterclass course on business, mainly focusing on marketing and finance, to help the Better World Cubao (BWC) members gain the basic knowledge needed that will help them become better entrepreneurs.

  Most BWC members run small businesses at home and without any formal training. The masterclass sessions would not only equip them with the right skills and mindset as businesswomen, but it would also give them the self-confidence to pursue their passion projects and business ideas.

- Navotas City Hall - Bank of Commerce, in coordination with Navotas City Hall, conducted financial literacy that covered topics like financial planning, budgeting, saving, digital literacy, and cybersecurity for local fishermen. This provides not only for fishermen's personal success but also for the fishing communities. By providing focused financial education, fishermen may better manage their finances, invest wisely, and move toward sustainable livelihoods

DATA SECURITY

BankCom implements robust security measures to safeguard customer data from unauthorized access and cyber threats. Likewise, compliance with strict regulatory standards and data protection laws further reinforces the Bank's commitment to ensure personal and financial details are handled with utmost care and confidentiality.

Disclosure Requirement	2023	2024
No. of data breaches, including leaks, thefts	0	0

COMMUNITY ENGAGEMENT

BankCom has reaffirmed its commitment to foster positive impacts within communities across the Philippines through its Corporate Social Responsibility (CSR) initiatives. The Bank actively contributes to various initiatives encouraging community engagement. Throughout the year, BankCom has participated in feeding programs, environment-centered activities, blood donation drives, and education-related initiatives to demonstrate its support for nation-building.

Mt. Purro Nature Reserve Seed Potting and Tree Planting

The Bank's dedication to environmental protection and community engagement was prominently displayed through various seed potting and tree planting events at Mount Purro Nature Reserve (MPNR) located in Brgy. Calawis, Antipolo City. Approximately 70 BankCom volunteers, including staff from Metro Manila branches, head office divisions, and members of the Senior Executive Team (SET), participated in potting seedlings and planting saplings to bolster the reforestation efforts in the Upper Marikina watershed.

As part of the San Miguel group's commitment, the Bank contributed to the San Miguel Foundation's "World of Trees, World of Good" initiative on June 29, 2024, in honor of Philippine Arbor Day. Additionally, BankCom organized two batches of seed potting and tree planting activities on September 28 and October 12, 2024, during which volunteers successfully potted 400 Lawaan seedlings and 200 Narra tree saplings.

Coastal Cleanup: Love our Rivers, Save our Oceans

In September, in a collective and proactive effort to protect and preserve the environment, BankCom employees participated in the annual Coastal Cleanup organized by the San Miguel Foundation Inc. (SMFI) at the Tanza Marine Tree Park in Navotas. With 600 volunteers, including 36 BankCom employees, the six-hour cleanup gathered 2,276 kilograms of waste. This underscores SMFI's intent to showcase the importance of community involvement in environmental conservation and safeguarding our oceans.

School kit packing

BankCom partnered with the non-profit organization, International Care Ministries, in providing 420 school kits to elementary students in the Visayas region. SET members were joined by volunteers from the Bacolod and Cebu branches as they packed school kits composed of a bag, scissors, pencil and case, sharpener, eraser, ABAKADA grammar book, water container, art paper, crayons and coloring book. The school kit packing activities on June 6 and 13, 2024 were held at the Lacson Bacolod Branch while the activity on July 5, 2024 was held at the Cebu Main Branch.

Better World Cubao: Women’s Day Nutrition Month

In August, the Bank organized a nutrition and financial literacy session for mothers and lolas from Better World Cubao. This workshop aimed to empower the participants by emphasizing the essential role of nutrition in maintaining health and well-being and its potential business opportunities. The attendees learned to prepare nutritious snacks, turn their creations into opportunities, and understand pricing through lessons on cost estimation. BankCom aimed to empower these women by equipping them with the knowledge to enhance their families’ nutrition and new avenues for income generation.

One Good Deed Day

As part of Team Malasakit’s initiative to bring smiles to the Better World Communities in time for the Christmas season, One Good Deed Day is annually activated where different San Miguel business units can support. For BankCom, a total of 82 donors heeded the call for monetary or in-kind donations, where the cumulative amount raised was ₱62,800.

Sponsorships for a Cause

In 2024, BankCom has been actively involved in sponsoring initiatives aimed at supporting various social causes including education, children's rights, and healthcare. This involvement began in April with a donation to the Rotary Club of Makati Dasmarinas (RCMD). The funds were designated for medical assistance, counseling services, basic needs provision, and environmental care. The Bank contributed to San Roque National High School's Brigada Eskwela program in October. This program, conducted annually, seeks to improve Philippine public school facilities by engaging the community in volunteer efforts. The goal is to create safe and conducive learning environments for students through collective action. In November, a sum was given to PhilAm International Nourishment of Youth, Inc. (P.I.N.O.Y., Inc.), an organization committed to enhancing the lives of underprivileged and abused children through various means including educational support, counseling, and recreational programs.

SUPPLY CHAIN MANAGEMENT

GRI 204-1, 414-1, 308-1

Supplier Accreditation Policy

Topic	Reference in supplier accreditation policy
Environmental Performance	Suppliers are required to submit information on policy and management programs focusing on the environmental impact of their operations/products

Forced Labor	Suppliers are required to provide information on their labor policies
Child labor	Suppliers are required to provide information on their labor policies
Human rights	Suppliers are required to provide information on how respect for human rights is integrated in their policies
Bribery and corruption	Suppliers are required to acknowledge the Bank's no-gift policy

BankCom's commitment to sustainability in its own operations is two-pronged: (1) ensuring resource efficiency and managing direct environment and social impacts and (2) implementing responsible sourcing and supply chain management practices. BankCom recognizes that organizations may have indirect environmental impacts through its business relationships, particularly through its supply chain. Beyond ensuring the quality or technical capability of products and services offered, it is now critical to ensure that vendors and third-party service providers are aware and are transparent about their environmental and social impacts, and to encourage them to start taking steps to manage these impacts by integrating sustainability into their own operations.

Sustainable and responsible sourcing and supply chain management starts with understanding the extent of environmental and social impact of suppliers and encouraging them to rethink unsustainable practices through raising awareness on sustainability. These steps are integrated in the supplier accreditation process of BankCom.

In its commitment to responsible and efficient operations, BankCom conducts supplier orientation on sustainability. The orientation involves providing an overview of sustainability in the Bank, the regulations aligned with the questionnaire, and an introduction on how to accomplish the supplier sustainability questionnaire. BankCom has a unique opportunity to extend its commitment to sustainability by raising awareness to suppliers and encourage them to rethink the ways they do business. It will allow BankCom to extend beyond its walls its commitment to sustainability and position itself as a leader in driving positive change within the industry.

ESG Factors in Credit Analysis

BankCom is slowly integrating ESG into its operations, with the credit analysis process as one of them.

ESG considerations are seamlessly integrated into the initial credit analysis process, which thoroughly identifies and assesses environmental and social (E&S) risks. This integration involves the use of specific templates designed to address these risks comprehensively. This documentation includes borrower disclosures that pertain to corporate governance, sustainability, and environmental compliance, alongside property hazard assessments. By connecting these elements, the evaluation process not only adheres to financial metrics but also reflects a strong commitment to integrating environmental and social governance throughout operations, fostering a culture of responsibility and sustainability.

Key risks identified	Stakeholders affected	Management approach
Disruptions in the supply chain may limit BankCom's ability to provide its services. These disruptions, which include labor disputes, environmental compliance, and production stoppages,	Suppliers Communities Customers	BankCom has updated the supplier vendor accreditation process to include requirements for ESG disclosures: • Suppliers are required to submit a supplier sustainability questionnaire (SSQ). The SSQ is a tool that helps us understand the environmental and social practices of our suppliers and how they manage sustainability-related risks in their business activities.

can be caused by environmental and social problems that the supplying firm does not handle or manage, such as health and safety, labor disputes, and reputational concerns. The consequences of climate change on suppliers, including physical and transition hazards, are another significant risk to the supply chain that could have a knock-on effect on the business.		• Suppliers are also required to acknowledge the Bank's no-gift policy which prohibits all employees and their immediate families from soliciting gifts, favors, and services starting any current or potential third-party provider. The Bank's SSQ and No-Gift Policy are communicated to all suppliers undergoing accreditation by the Procurement Management Department. Suppliers are required to provide documents such as a Business Continuity Self-Assessment and a Risk Profile Self-Assessment which requires information on risk topics such as human capital, information security and physical hazards.

UN SUSTAINABLE DEVELOPMENT GOALS

PRODUCT OR SERVICE CONTRIBUTION TO UN SDGS

Key products and services and their contribution to sustainable development.

Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution / Management Approach to Negative Impact
Bank Accounts BankCom provides various types of banking accounts: • Savings Account with Debit Card (Mastercard) • Savings Account with Passbook • Savings Account Plus • Checking Account • ElitePlus Checking Account • Complete Checking Account • Executive Payroll Account • US Dollar Savings Account • Euro Savings Account • Yuan Savings Account • Junior Smart Savers Savings Account • One Passbook Investment Account	 BankCom supports customers in building financial resiliency through savings by offering easily accessible, low maintenance savings and deposit accounts that cater to different populations, such as employees, students, and business owners. This helps the company contribute to **SDG 1**. It also helps achieve **SDG 8** since it gives small enterprises the financial credibility and savings they need to make capital expenditures that will grow their operations and eventually lead to the creation of jobs.	BankCom diligently fulfills its fiduciary obligation to safeguard the money entrusted to it by these depositors. The Bank's risk mission and objective is to consistently and accurately measure risks, to always consider risk and return in evaluating transactions and exposures while preserving and maintaining adequate risk-based capital and to ensure adequate returns on such capital. Risk mitigation strategies form an integral part of risk management activities. BankCom employs its ESRMS to proactively address environmental and social risks. This system ensures that any such risks, which may intersect with financial risks, are effectively managed both in the bank's core business transactions and in the management of its internal operations.
Consumer Loans BankCom also provides home, automobile, and salary loans for individual customers around the country. The Bank maintains partnerships with real estate developers as well as automobile dealers through its account officers to capture the market.	 These products align with **SDG 1** as it contributes to improvement in living standards through homeownership and increased mobility options for individuals. Salary loans foster economic resilience by reducing the reliance on predatory lending options. These accessible and fair financial solutions contribute to social equality and stability which is aligned with the	The Bank ensures that potential clients are properly informed of costs and conditions and diligently reviews and evaluates potential borrowers (know-your-customer, credit risk assessments) to ensure affordability and sustainability of the product for them. The Bank employs processes to prevent over-indebtedness and actively works out solutions for clients who are in, or at risk of default. These policies are covered by BankCom's

	goal of **SDG 8.**	FCP Framework
Branches With a network of 140 branches, BankCom provides a consistent and comprehensive financial experience for individual and business clients.	For clients who transact with merchants or other customers, these branches service their deposits to fund their personal or operating accounts, facilitate withdrawal through over-the-counter (OTC) or onsite ATMs, accept check clearing and encashment, and fulfill various account-related requests. BankCom also services the needs of business customers through its check releasing counters, deposit pickup facilities, and account maintenance for auto-credit and auto-debit arrangements performed by branches. By facilitating other products and services such as deposit and savings account and consumer, BankCom's branch networks support relevant **SDGs 1 and 8.**	BankCom implements training for Branch Staff on Fundamentals on Branch Operations and a Branch Officers Training Program. BankCom also ensures that all branch employees are aware and follow the Bank's FCP Framework ensuring quality delivery of service to branch clients.
Remittance BankCom develops and manages tie-ups with various partners to facilitate remittances from overseas Filipino workers (OFWs) mostly from the Middle East through its **SikapPinoy Asenso** program. An all-in-one service to help OFWs and their families handle their hard-earned money in the most convenient, secure, and smart way possible towards establishing a business of their own. Beyond providing a savings account and accessible remittance channels, SikapPinoy Asenso Program includes assistance to access business franchising opportunities (e.g. U-Franchise	This program helps Filipinos living abroad and their families manage their remittances, save money, and make investments. This primarily supports **SDG 1** as it makes it easier for money to be transferred to OFW families in need and promotes saving and investing, which helps the OFW and their families become financially resilient over the long term and end poverty cycles. Remittance channels support the macroeconomic growth and stability of the Philippine economy by facilitating the transfer of capital **(SDG 8).** Remittance schemes help OFWs and their families, especially the unbanked, become more integrated into the financial system **(SDG 10).**	BankCom diligently fulfills its fiduciary obligation to safeguard the money entrusted to it by the depositors. BankCom's risk mission and objective are to consistently and accurately measure risks, to always consider risk and return in evaluating transactions and exposures while preserving and maintaining adequate risk-based capital and to ensure adequate returns on such capital. Risk mitigation strategies form an integral part of risk management activities.

and Potato Corner for qualified BankCom OFW account holders. Products: • SikapPinoy OFW Savings Account • SikapPinoy Domestic Remit • SikapPinoy International Remit • E-Government Payments of OFWs		
Digital Channels BankCom's electronic banking channels consist of a mobile app and online banking channel designed for retail or individual customers, i.e., BankCom [Personal], a web-based channel specially made for corporate or institutional accounts, i.e., BankCom [Business], ATMs, Cash Kiosks, and point-of-sale (POS) terminals.	The objective of strengthening domestic financial institutions to increase access to banking, insurance, and financial services is supported by BankCom's digital banking channels **(SDG 8)**. These channels guarantee easy, quick, and accessible access to BankCom's services.	BankCom implements an IT security program composed of policies and processes to protect its information assets and IT resources. The program includes physical and technical safeguards covering topics such as, but not limited to, physical security, software and hardware controls, backup, storage, disposal and disaster security, internet and network security. This also covers personnel responsibilities such as IT asset management, information security training and incident management.
Financial Literacy Program BankCom's Financial Literacy Program is a comprehensive initiative designed to empower individuals with essential financial knowledge and skills. Through interactive workshops, educational resources, and tailored courses, the program aims to enhance understanding in budgeting, investing, and responsible financial management.	In order to reduce poverty and increase financial resilience **(SDG 1)**, BankCom works to empower adults with greater financial literacy, which in turn helps them make better financial decisions. By giving people from all backgrounds access to financial information and skills **(SDG 4),** financial literacy also helps to reduce inequality **(SDG 10).**	BankCom regularly reviews its Financial Literacy Program to ensure that updates in finance and banking (threats/risks, new products/services, standards) are incorporated.
Corporate Social Responsibility (CSR) Program		BankCom ensures that its CSR activities are strategic and aligned with its core values. BankCom has

The Bank not only prioritizes its financial performance but also focuses on making meaningful contributions to the development of the nation and welfare of the larger society. The Bank's Corporate Social Responsibility (CSR) efforts are geared toward fulfilling its long-standing commitment to community development, promoting financial literacy, and championing volunteer work • Total volunteers: **271** • Total volunteer hours: **869** • Total number of donors of in-kind donations: **3** • Total value of cash donations: **750,000** (including sponsorships)	BankCom employees volunteered in various coastal clean-ups organized by Team Malasakit of SMF where team members across all business units, BankCom included, volunteered to clean up coastal area across Metro Manila and Visayas. BankCom team members demonstrated their commitment to the community by organizing a seed potting activity at Mt. Purro in Antipolo. During a two-part event, employees and SET Members participated in potting seeds as a symbolic gesture of their dedication to the community they are a part of. The team collectively potted around 400 Lawaan seedlings and 200 Narra tree saplings. BankCom partnered with International Care Ministries in providing 420 school kits to elementary students in the Visayas region. The bags include pencils and a pencil case, sharpener, eraser, scissors, art paper, crayons, coloring book and ABAKADA grammar books.	instituted a CSR policy framework that will serve as a guiding document on the implementation of CSR activities. BankCom's CSR activities focus on expanding its financial literacy activities, supporting community development, and promoting environmental sustainability.
Corporate Loans BankCom extends loans and other credit facilities to corporate institutional, and middle market clients to support their working capital and/or capital expenditure requirements. Corporate lending may be in the form of term loans, credit lines, or project finance.	**Electricity and Gas** including renewable energy (RE) reflecting 12% of the outstanding portfolio **Real Estate** (commercial and residential)	BankCom's risk mission and objective is to consistently and accurately measure risks, to always consider risk and return in evaluating transactions and exposures while preserving and maintaining adequate risk-based capital and to ensure adequate returns on such capital. Risk mitigation strategies form an integral part of risk management activities.

The Bank's financing portfolio includes, among others: • **Electricity and Gas** including renewable energy (hydropower, solar, battery and other energy storage systems) • **Real Estate** (commercial and residential) • **Construction** • **Manufacturing** (e.g. Food and Beverage, Textile, Apparel, Furniture) • **Agriculture and Fishing** • **Water supply, sewerage, waste management and remediation activities**	**Construction** **Manufacturing** (e.g. Food and Beverage, Textile, Apparel, Furniture) **Agriculture and Fishing** **Water supply, sewerage, waste management and remediation activities**	BankCom employs its ESRMS to proactively address environmental and social risks. This system ensures that any such risks, which may intersect with financial risks, are effectively managed both in BankCom's core business transactions and in the management of its internal operations. This includes integration of ESG/climate information in credit forms used in credit evaluation to identify, assess, measure and monitor ESG/climate risks at the borrower level. BankCom is also requiring its borrowers, with material environmental impact, to provide a copy of the Environmental Clearance Certificate (ECC).
Loans for small enterprises • Small Business Loan – Term Loan • Small Business Loan – Business Credit Line	By offering loans to small businesses, BankCom advances the national financial inclusion strategy. It also promotes **SDGs 1 and 8**, which aim to reduce poverty by fostering the expansion of small businesses and the generation of jobs they generate. Because it gives small businesses access to capital, it also advances **SDG 10's** objective.	

GRI CONTENT INDEX

Statement of Use	Bank of Commerce has reported the information cited in this GRI Index for the period January 1, 2024 to December 31, 2024 with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	Contextual Information, p.1
	2-2 Entities included in the organization's sustainability reporting	Contextual Information, p.1
	2-3 Reporting period, frequency and contact point	Contextual Information, p.1
	2-6 Activities, value chain and other business relationships	Contextual Information, p.1
	2-7 Employees	Social Impact: Employee Management, pp.21 – 24
	2-19 Remuneration policies	Social Impact: Employee Management, pp.21 – 24
	2-22 Statement on sustainable development strategy	Materiality Process, p.4
	2-23 Policy commitments	Economic Impact: Anti-Corruption, pp.12 – 15
	2-30 Collective bargaining agreements	Social Impact: Labor-Management Relations and Standards, pp. 27 – 28
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Process, p.4
	3-2 List of material topics	Materiality Process: Material Topics, p.4
Direct economic value generated to stakeholders		
GRI 3: Material Topics 2021	3-3 Management of material topics	Economic Impact: Economic Performance, pp. 5- 7
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic Impact: Economic Performance, pp. 5- 7
	201-2 Financial implications and other risks and opportunities due to climate change	Economic Impact: Economic Performance, pp. 5- 7
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Social Impact: Employee Management, pp. 21 - 24
Procurement Practices		
GRI 3: Material Topics 2021	3-3 Management of material topics	Economic Impact: Procurement Practices, pp. 10 - 12
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Economic Impact: Procurement Practices, pp. 10 - 12
Business Ethics and Anti- Corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	Economic Impact: Anti-Corruption, pp. 12-15
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Economic Impact: Anti-Corruption, pp. 12-15

	205-2 Communication and training about anti-corruption policies and procedures	Economic Impact: Anti-Corruption, pp. 12-15
	205-3 Confirmed incidents of corruption and actions taken	Economic Impact: Anti-Corruption, pp. 12-15
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	Social Impact: Customer Management, pp. 28 - 30
	417-3 Incidents of non-compliance concerning marketing communications	Social Impact: Customer Management, pp. 28 – 30
Resource Consumption		
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Impact: Resource Management, pp. 16 - 19
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environmental Impact: Resource Management, pp. 16 – 19
	302-3 Energy intensity	Environmental Impact: Resource Management, pp. 16 – 19
	302-4 Reduction of energy consumption	Environmental Impact: Resource Management, pp. 16 – 19
GRI 303: Water and Effluents 2018	303-5 Water consumption	Environmental Impact: Resource Management, pp. 16 – 19
GRI 306: Waste 2020	306-3 Waste generated	Environmental Impact: Resource Management, pp. 16 – 19
Environmental Impact Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Impact: Environmental Impact Management, pp. 19 – 21
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environmental Impact: Environmental Impact Management, pp. 19 – 21
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Impact: Environmental Impact Management, pp. 19 – 21
	305-3 Other indirect (Scope 3) GHG emissions	Environmental Impact: Environmental Impact Management, pp. 19 – 21
	305-4 GHG emissions intensity	Environmental Impact: Environmental Impact Management, pp. 19 – 21
Supply Chain Accreditation Policy		
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Impact: Supply Chain Management, pp. 31 - 33
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Social Impact: Supply Chain Management, pp. 31 – 33
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Social Impact: Supply Chain Management, pp. 31 - 33
Employee Hiring and Benefits		
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Impact: Employee Management, pp. 21 – 24
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Social Impact: Employee Management, pp. 21 - 24
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social Impact: Employee Management, pp. 21 – 24

	401-3 Parental leave	Social Impact: Employee Management, pp. 21 – 24
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Social Impact: Labor-Management Relations and Standards, p.27
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Social Impact: Labor-Management Relations and Standards, p.27
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Social Impact: Labor-Management Relations and Standards, p.27
Occupational Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Impact: Labor-Management Relations and Standards, pp. 27 - 28
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Social Impact: Labor-Management Relations and Standards, pp. 27 - 28
Employee Training		
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Impact: Employee Training and Development, pp. 24 – 26
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Social Impact: Employee Training and Development, pp. 24 – 26
	404-2 Programs for upgrading employee skills and transition assistance programs	Social Impact: Employee Training and Development, pp. 24 – 26
	404-3 Percentage of employees receiving regular performance and career development reviews	Social Impact: Employee Training and Development, pp. 24 - 26
Diversity, Equal Opportunity and Anti-Discrimination		
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Impact: Employee Management, pp. 21 – 24
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Social Impact: Employee Management, pp. 21 – 24
	405-2 Ratio of basic salary and remuneration of women to men	Social Impact: Employee Management, pp. 21 – 24
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Social Impact: Employee Management, pp. 21 – 24
Community Involvement		
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Impact: Community Engagement, pp. 30 – 31
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social Impact: Community Engagement, pp. 30 – 31
Customer Privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Impact: Customer Management, pp. 28 - 29
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Social Impact: Customer Management, pp. 28 - 29