BANK OF COMMERCE COMBINED FINANCIAL STATEMENTS OF THE TRUST AND MANAGED FUNDS

OPERATED BY THE TRUST SERVICES GROUP WITH SUPPLEMENTARY COMBINING INFORMATION

FINANCIAL STATEMENTS
December 31, 2024 and 2023

With Independent Auditors’ Report

REPORT OF INDEPENDENT AUDITORS

The Trust and Investment Committee
Bank of Commerce - Trust Services Group
San Miguel Properties Centre
No. 7, St. Francis Street
Mandaluyong City

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of the Trust and Managed Funds operated by the Trust Services Group (TSG) of Bank of Commerce, which comprise the combined statements of financial position as at December 31, 2024 and 2023, and the combined statements of income, combined statements of comprehensive income and combined statements of changes in accountabilities for the years then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the combined financial statements present fairly, in all material respects, the combined financial position of the Trust and Managed Funds operated by the TSG of Bank of Commerce as at December 31, 2024 and 2023, and their combined financial performance for the years then ended in accordance with the Financial Reporting Package for Trust Institutions (FRPTI) prescribed by the Bangko Sentral ng Pilipinas (BSP) as described in Note 2 to the combined financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are independent of the Trust and Managed Funds and the TSG of Bank of Commerce 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the combined financial statements of the Trust and Managed Funds operated by the Trust Services Group of Bank of Commerce, which describes the basis of preparation of its financial statements. As stated in Note 2, the Trust and Managed Funds' financial statements were prepared in accordance with the requirements of the Bangko Sentral ng Pilipinas (BSP) under BSP Circular No. 653 containing the guidelines in the preparation of audited financial statements for trust institutions. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with the FRPTI prescribed by the BSP as described in Note 2 to the combined financial statements, and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, the management of TSG is responsible for assessing the Trust and Managed Funds' 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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust and Managed Funds' financial reporting process.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 Philippine Standards on Auditing 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 combined financial statements.

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

- Identify and assess the risks of material misstatement of the combined 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 TSG's internal control for the Trust and Managed Funds.

- 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 Trust and Managed Funds' 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 combined 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 Trust and Managed Funds to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined 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.

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 combined 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 25 to the combined financial statements is presented for purposes of filing with the BSP and is not a required part of the combined financial statements. Such supplementary information is the responsibility of the management of the TSG. The supplementary combining information has been subjected to the auditing procedures applied in our audits of the combined financial statements and in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

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*
SEC Accreditation No. 102309-SEC, Group A, valid for five (5) years
  covering the audit of 2022 to 2026 financial statements
Tax Identification No. 920-961-311
BIR Accreditation No. 08-001987-038-2022
  Issued June 27, 2022; valid until June 27, 2025
PTR No. MKT 10467183
  Issued January 2, 2025 at Makati City

**Qualified to audit 2024 financial statements under BSP Circular No. 1210 Series of 2025, Revised Framework on the Selection of External Auditors. On March 31, 2025, the BSP approved the renewal inclusion of the Firm in the List of Selected EAs of BSFIs-Group A valid for 5 years.*

April 29, 2025
Makati City, Metro Manila

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April 29, 2025
Makati City, Metro Manila

BANK OF COMMERCE

COMBINED STATEMENTS OF FINANCIAL POSITION OF THE TRUST AND MANAGED FUNDS OPERATED BY THE TRUST SERVICES GROUP WITH SUPPLEMENTARY COMBINING INFORMATION DECEMBER 31, 2024

		Trust				Agency		
	Note	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
ASSETS								
Due from Bangko Sentral ng Pilipinas	*7*	P -	P -	P45,886,272	P -	P -	P -	P45,886,272
Deposits in Banks	*8*	46,659,774	142,057,605	67,784,431	250,795,924	1,490,568,515	3,983,762,269	5,981,628,518
Financial Assets at Fair Value through Profit or Loss	*9*	259,813,905	646,508,018	365,138,305	2,132,082	9,847,930,824	7,400,112,964	18,521,636,098
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	*10*	-	30,173,718	1,338,784,881	169,277,990	5,059,022,587	10,981,994,524	17,579,253,700
Financial Assets at Amortized Cost	*11*	-	-	-	-	3,465,000,000	-	3,465,000,000
Loans and Receivables	*12*	2,444,164	6,157,811	15,375,297	2,444,391	22,891,784,508	3,682,835,954	26,601,042,125
Investment Properties	*14*	-	62,665,250	10,160,774	-	-	-	72,826,024
Other Assets	*15*	375,163	484,450	2,856,268	597,276	46,305,160	91,750,910	142,369,227
		P309,293,006	P888,046,852	P1,845,986,228	P425,247,663	P42,800,611,594	P26,140,456,621	P72,409,641,964
ACCOUNTABILITIES								
Principal and Accumulated Earnings								
Principal		P310,141,162	P857,487,741	P1,714,139,661	P406,229,756	P156,751,763,330	P30,434,349,204	P190,474,110,854
Accumulated Earnings (Losses)		(2,492,028)	25,126,157	109,690,180	8,002,853	(114,042,880,957)	(4,114,378,537)	(118,016,932,332)
Net Unrealized Gains (Losses) on Financial Assets at FVOCI	*10*	-	(441,730)	16,326,566	1,770,272	(114,545,648)	(257,640,716)	(354,531,256)
Other Accountabilities	*16*	1,643,872	5,874,684	5,829,821	9,244,782	206,274,869	78,126,670	306,994,698
		P309,293,006	P888,046,852	P1,845,986,228	P425,247,663	P42,800,611,594	P26,140,456,621	P72,409,641,964

See Notes to the Combined Financial Statements.

BANK OF COMMERCE

COMBINED STATEMENTS OF FINANCIAL POSITION OF THE TRUST AND MANAGED FUNDS OPERATED BY THE TRUST SERVICES GROUP WITH SUPPLEMENTARY COMBINING INFORMATION DECEMBER 31, 2023

		Trust				Agency		
	Note	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
ASSETS								
Due from Bangko Sentral ng Pilipinas	*7*	P -	P -	P44,335,272	P -	P -	P -	P44,335,272
Deposits in Banks	*8*	33,005,353	189,067,614	128,461,856	474,952,357	2,138,365,242	2,838,864,900	5,802,717,322
Financial Assets at Fair Value through Profit or Loss	*9*	223,252,983	755,929,429	320,098,597	13,521,018	8,615,059,274	6,652,326,365	16,580,187,666
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	*10*	-	22,068,562	1,156,930,757	122,145,508	3,513,347,970	9,087,958,314	13,902,451,111
Financial Assets at Amortized Cost	*11*	-	-	-	-	3,465,000,000	-	3,465,000,000
Loans and Receivables	*12*	3,407,022	5,211,731	15,020,046	2,463,952	28,458,353,963	3,752,635,531	32,237,092,245
Investment Properties	*14*	-	62,665,250	10,160,774	-	-	-	72,826,024
Other Assets	*15*	300,357	1,510,684	109,516	(114,572)	11,383,458	15,693,658	28,883,101
		P259,965,715	P1,036,453,270	P1,675,116,818	P612,968,263	P46,201,509,907	P22,347,478,768	P72,133,492,741
ACCOUNTABILITIES								
Principal and Accumulated Earnings								
Principal		P250,627,997	P1,058,716,423	P1,541,753,489	P603,316,286	P156,434,963,348	P27,167,970,233	P187,057,347,776
Accumulated Earnings (Losses)		(3,640,323)	(25,948,659)	36,864,002	(3,024,231)	(110,130,767,302)	(4,354,327,148)	(114,480,843,661)
Net Unrealized Gains (Losses) on Financial Assets at FVOCI	*10*	-	(862,818)	2,255,081	1,851,728	(257,016,777)	(505,402,120)	(759,174,906)
Other Accountabilities	*16*	12,978,041	4,548,324	94,244,246	10,824,480	154,330,638	39,237,803	316,163,532
		P259,965,715	P1,036,453,270	P1,675,116,818	P612,968,263	P46,201,509,907	P22,347,478,768	P72,133,492,741

See Notes to the Combined Financial Statements.

BANK OF COMMERCE

COMBINED STATEMENTS OF INCOME
OF THE TRUST AND MANAGED FUNDS OPERATED
BY THE TRUST SERVICES GROUP
WITH SUPPLEMENTARY COMBINING INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024

		Trust				Agency		
	Note	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
INCOME								
Interest income on:								
Loans and receivables	*12*	**P -**	**P -**	**P70,430**	**P -**	**P2,231,716,739**	**P271,706,563**	**P2,503,493,732**
Financial assets at FVPL	*9*	**2,955,123**	**23,001,819**	**-**	**-**	**66,020,423**	**4,753,437**	**96,730,802**
Financial assets at FVOCI	*10*	**-**	**1,061,998**	**70,862,102**	**10,309,140**	**269,765,750**	**646,104,125**	**998,103,115**
Financial assets at amortized cost	*11*	**-**	**-**	**-**	**-**	**269,823,700**	**-**	**269,823,700**
Deposits in banks	*8*	**1,823,280**	**7,795,081**	**630,403**	**11,971,910**	**93,061,766**	**197,047,326**	**312,329,766**
Long term negotiable certificate of deposit		**-**	**25,694**	**38,882**	**-**	**4,944,584**	**18,208,881**	**23,218,041**
TOTAL INTEREST INCOME		**4,778,403**	**31,884,592**	**71,601,817**	**22,281,050**	**2,935,332,962**	**1,137,820,332**	**4,203,699,156**
Trading and securities gains (losses) - net	*18*	**(3,155,297)**	**16,059,075**	**26,696,551**	**177,866**	**233,261,169**	**161,447,047**	**434,486,411**
Other income	*19*	**9,741,778**	**9,850,989**	**9,879,036**	**187,834**	**532,572,676**	**462,859,743**	**1,025,092,056**
TOTAL INCOME		**11,364,884**	**57,794,656**	**108,177,404**	**22,646,750**	**3,701,166,807**	**1,762,127,122**	**5,663,277,623**
EXPENSES								
Provision for (reversal of) credit and impairment losses	*13*	**-**	**91,161**	**1,700,646**	**236,658**	**(268,519,662)**	**34,121,324**	**(232,369,873)**
Trust fees		**1,302,433**	**3,069,026**	**4,620,515**	**5,144,753**	**99,893,649**	**71,491,149**	**185,521,525**
Other expenses		**2,247,447**	**1,618,766**	**1,026,923**	**769,191**	**4,153,319**	**6,494,794**	**16,310,440**
TOTAL EXPENSES		**3,549,880**	**4,778,953**	**7,348,084**	**6,150,602**	**(164,472,694)**	**112,107,267**	**30,537,908**
INCOME BEFORE FINAL TAX		**7,815,004**	**53,015,703**	**100,829,320**	**16,496,148**	**3,865,639,501**	**1,650,019,855**	**5,693,815,531**
FINAL TAX	*23*	**(586,190)**	**(1,940,887)**	**(12,435,229)**	**(3,063,946)**	**(581,009,300)**	**(255,532,645)**	**(854,568,197)**
NET INCOME		**P7,228,814**	**P51,074,816**	**P88,394,091**	**P13,432,202**	**P3,284,630,201**	**P1,394,487,210**	**P4,839,247,334**

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BANK OF COMMERCE

COMBINED STATEMENTS OF INCOME
OF THE TRUST AND MANAGED FUNDS OPERATED
BY THE TRUST SERVICES GROUP
WITH SUPPLEMENTARY COMBINING INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

		Trust				Agency		
	Note	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
INCOME								
Interest income on:								
Loans and receivables	*12*	P -	P1,806	P1,905,701	P -	P2,460,788,297	P233,553,650	P2,696,249,454
Financial assets at FVPL	*9*	4,578,375	26,769,717	53,625	-	55,955,339	1,582,060	88,939,116
Financial assets at FVOCI	*10*	-	8,184	39,990,747	8,371,336	236,065,348	594,183,882	878,619,497
Financial assets at amortized cost	*11*	-	-	-	-	417,085,078	-	417,085,078
Deposits in banks	*8*	6,236,478	7,195,207	20,344,830	9,222,832	122,471,631	135,966,318	301,437,296
Long term negotiable certificate of deposit		15,417	256,249	-	-	5,431,490	21,311,332	27,014,488
TOTAL INTEREST INCOME		10,830,270	34,231,163	62,294,903	17,594,168	3,297,797,183	986,597,242	4,409,344,929
Trading and securities gains (losses) - net	*18*	24,879,647	16,196,066	13,765,604	977,721	1,076,890,887	(66,987,615)	1,065,722,310
Foreign exchange gains (losses) - net		-	-	-	-	-	(837)	(837)
Other income	*19*	3,002,169	12,288,462	4,732,337	1,237,447	321,433,182	219,901,188	562,594,785
TOTAL INCOME		38,712,086	62,715,691	80,792,844	19,809,336	4,696,121,252	1,139,509,978	6,037,661,187
EXPENSES								
Provision for (reversal of) credit and impairment losses	*13*	-	(2,261,295)	501,865	1,036,594	(655,950,033)	(33,384,869)	(690,057,738)
Trust fees	*21*	1,492,613	3,731,710	4,076,887	4,859,864	101,818,002	57,207,889	173,186,965
Other expenses		1,328,216	1,797,002	4,560,927	1,361,505	12,977,726	11,399,408	33,424,784
TOTAL EXPENSES		2,820,829	3,267,417	9,139,679	7,257,963	(541,154,305)	35,222,428	(483,445,989)
INCOME BEFORE FINAL TAX		35,891,257	59,448,274	71,653,165	12,551,373	5,237,275,557	1,104,287,550	6,521,107,176
FINAL TAX	*23*	1,694,541	1,830,037	11,114,502	2,509,901	638,631,413	197,445,314	853,225,708
NET INCOME		P34,196,716	P57,618,237	P60,538,663	P10,041,472	P4,598,644,144	P906,842,236	P5,667,881,468

See Notes to the Combined Financial Statements.

BANK OF COMMERCE

COMBINED STATEMENTS OF COMPREHENSIVE INCOME OF THE TRUST AND MANAGED FUNDS OPERATED BY THE TRUST SERVICES GROUP WITH SUPPLEMENTARY COMBINING INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

		Trust				Agency		
	Note	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
NET INCOME		**P7,228,814**	**P51,074,816**	**P88,394,091**	**P13,432,202**	**P3,284,630,201**	**P1,394,487,210**	**P4,839,247,334**
OTHER COMPREHENSIVE INCOME (LOSS)								
Item that may not be reclassified to profit or loss								
Net change in fair value of equity securities held at FVOCI	*10*	**-**	**-**	**-**	**115,758**	**-**	**-**	**115,758**
Items that may be reclassified to profit or loss								
Net change in fair value of debt securities held at FVOCI taken to profit or loss	*10*	**-**	**345,830**	**12,396,043**	**(677,323)**	**128,302,343**	**231,176,267**	**371,543,160**
Net change in fair value of debt securities held at FVOCI		**-**	**75,258**	**1,675,443**	**1,691,070**	**14,168,786**	**16,585,137**	**34,195,694**
TOTAL COMPREHENSIVE INCOME		**P7,228,814**	**P51,495,904**	**P102,465,577**	**P14,561,707**	**P3,427,101,330**	**P1,642,248,614**	**P5,245,101,946**

See Notes to the Combined Financial Statements.

BANK OF COMMERCE

COMBINED STATEMENTS OF COMPREHENSIVE INCOME OF THE TRUST AND MANAGED FUNDS OPERATED BY THE TRUST SERVICES GROUP WITH SUPPLEMENTARY COMBINING INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2023

		Trust				Agency		
	Note	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
NET INCOME		P34,196,716	P57,618,237	P60,538,663	P10,041,472	P4,598,644,144	P906,842,236	P5,667,881,468
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may not be reclassified to profit or loss								
Net change in fair value of equity securities held at FVOCI	*10*	-	-	-	195,625	178,321	38,026	411,972
Items that may be reclassified to profit or loss								
Net change in fair value of debt securities held at FVOCI taken to profit or loss	*10*	-	(250,704)	2,019,913	(3,260,735)	2,891,172	78,950,277	80,349,923
Net change in fair value of debt securities held at FVOCI		-	(117,249)	6,610,447	(162,335)	(117,082,035)	(5,811,991)	(116,563,163)
TOTAL COMPREHENSIVE INCOME		P34,196,716	P57,250,284	P69,169,023	P6,814,027	P4,484,631,602	P980,018,548	P5,632,080,200

See Notes to the Combined Financial Statements.

BANK OF COMMERCE

COMBINED STATEMENTS OF CHANGES IN ACCOUNTABILITIES OF THE TRUST AND MANAGED FUNDS OPERATED BY THE TRUST SERVICES GROUP WITH SUPPLEMENTARY COMBINING INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

		Trust				Agency		
	Note	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
PRINCIPAL AND ACCUMULATED EARNINGS								
Principal								
Balance at January 1, 2024		**P250,627,997**	**P1,058,716,423**	**P1,541,753,489**	**P603,316,286**	**P156,434,963,348**	**P27,167,970,233**	**P187,057,347,776**
Contributions		**3,656,402,722**	**898,870,812**	**2,734,940,817**	**7,150,769,264**	**494,524,023,342**	**48,951,040,076**	**557,916,047,033**
Withdrawals		**(3,596,889,557)**	**(1,100,099,494)**	**(2,562,554,644)**	**(7,347,855,794)**	**(494,207,223,360)**	**(45,684,661,105)**	**(554,499,283,955)**
Balance at December 31, 2024		**310,141,162**	**857,487,741**	**1,714,139,661**	**406,229,756**	**156,751,763,330**	**30,434,349,204**	**190,474,110,854**
Accumulated Earnings (Losses)								
Balance at January 1, 2024		**(3,640,323)**	**(25,948,659)**	**36,864,002**	**(3,024,231)**	**(110,130,767,302)**	**(4,354,327,148)**	**(114,480,843,661)**
Net income (loss)		**7,228,814**	**51,074,816**	**88,394,091**	**13,432,202**	**3,284,630,201**	**1,394,487,210**	**4,839,247,334**
Withdrawals		**(6,080,519)**	**-**	**(15,567,913)**	**(2,405,118)**	**(7,196,743,856)**	**(1,154,538,599)**	**(8,375,336,005)**
Balance at December 31, 2024		**(2,492,028)**	**25,126,157**	**109,690,180**	**8,002,853**	**(114,042,880,957)**	**(4,114,378,537)**	**(118,016,932,332)**
OTHER RESERVES								
Net Unrealized Gain (Loss) on Financial Assets at FVOCI	*10*							
Balance at January 1, 2024		**-**	**(862,818)**	**2,255,081**	**1,851,728**	**(257,016,777)**	**(505,402,120)**	**(759,174,906)**
Net fair value change on FVOCI securities taken to profit or loss			**345,830**	**12,396,043**	**(677,323)**	**128,302,343**	**231,176,267**	**371,543,160**
Net fair value change on FVOCI securities taken to OCI - net of ECL		**-**	**75,258**	**1,675,442**	**595,867**	**14,168,786**	**16,585,137**	**33,100,490**
Balance at December 31, 2024		**-**	**(441,730)**	**16,326,566**	**1,770,272**	**(114,545,648)**	**(257,640,716)**	**(354,531,256)**
OTHER ACCOUNTABILITIES	*16*	**1,643,872**	**5,874,684**	**5,829,821**	**9,244,782**	**206,274,869**	**78,126,670**	**306,994,698**
		P309,293,006	**P888,046,852**	**P1,845,986,228**	**425,247,663**	**P42,800,611,594**	**P26,140,456,621**	**P72,409,641,964**

See Notes to the Combined Financial Statements.

BANK OF COMMERCE

COMBINED STATEMENTS OF CHANGES IN ACCOUNTABILITIES OF THE TRUST AND MANAGED FUNDS OPERATED BY THE TRUST SERVICES GROUP WITH SUPPLEMENTARY COMBINING INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	Trust			Other Fiduciary	Agency		Combined
		Unit Investment Trust Funds	Institutional Accounts	Individual Accounts		Institutional Accounts	Individual Accounts	
PRINCIPAL AND ACCUMULATED EARNINGS								
Principal								
Balance at January 1, 2023		P365,013,354	P1,139,585,672	P1,443,262,464	P430,044,644	P160,561,287,809	P21,039,229,352	P184,978,423,295
Contributions		80,524,965	31,927,941	262,717,499	184,256,014	149,562,375,059	14,828,074,821	164,949,876,299
Withdrawals		(194,910,322)	(112,797,190)	(164,226,474)	(10,984,372)	(153,688,699,520)	(8,699,333,940)	(162,870,951,818)
Balance at December 31, 2023		250,627,997	1,058,716,423	1,541,753,489	603,316,286	156,434,963,348	27,167,970,233	187,057,347,776
Accumulated Earnings (Losses)								
Balance at January 1, 2023		(14,981,134)	(43,529,901)	69,662,840	102,365	(111,165,347,820)	(2,435,602,942)	(113,589,696,592)
Net income (loss)		34,196,716	57,618,237	60,538,664	10,041,471	4,598,644,144	906,842,236	5,667,881,468
Withdrawals		(22,855,905)	(40,036,995)	(93,337,502)	(13,168,067)	(3,564,063,626)	(2,825,566,442)	(6,559,028,537)
Balance at December 31, 2023		(3,640,323)	(25,948,659)	36,864,002	(3,024,231)	(110,130,767,302)	(4,354,327,148)	(114,480,843,661)
OTHER RESERVES								
Net Unrealized Gain (Loss) on Financial Assets at FVOCI	10	-	(494,865)	(6,375,279)	5,274,798	(142,825,914)	(578,540,406)	(722,961,666)
Balance at January 1, 2023								
Net fair value change on FVOCI securities taken to profit or loss		94,254	2,493,880	(14,566)	-	(13,179,553)	1,601,818	(9,004,167)
Net fair value change on FVOCI securities taken to OCI - net of ECL		94,254	2,125,927	8,615,794	(3,423,070)	(127,370,416)	74,740,104	(45,217,407)
Balance at December 31, 2023		-	(862,818)	2,255,081	1,851,728	(257,016,777)	(505,402,120)	(759,174,906)
OTHER ACCOUNTABILITIES	16	12,978,041	4,548,324	94,244,246	10,824,480	154,330,638	39,237,803	316,163,532
		P259,965,715	P1,036,453,270	P1,675,116,818	P612,968,263	P46,201,509,907	P22,347,478,768	P72,133,492,741

See Notes to the Combined Financial Statements.

BANK OF COMMERCE

NOTES TO THE COMBINED FINANCIAL STATEMENTS OF THE TRUST AND MANAGED FUNDS OPERATED BY THE TRUST SERVICES GROUP

1. Reporting Entity

The Trust Services Group (the "TSG") holds the mandate for the trust and fiduciary business of Bank of Commerce (the "Bank"). The authority to perform trust and other business is the power conferred by the General Banking Act and existing laws to the Bank which has been specifically qualified and authorized to engage in trust operations on January 15, 1965 under Republic Act No. 337, as amended, and Section 4404 of the Manual of Regulations, Book IV, as promulgated by the Monetary Board of the Bangko Sentral ng Pilipinas (BSP).

The TSG is organizationally, operationally and functionally separate and distinct from the other departments and businesses of the Bank. Under local regulations, the TSG is allowed to perform asset management activities in its capacity as Trustee or Investment Manager.

The combined financial statements of the Trust and Managed Funds were endorsed by the Trust and Investment Committee to BOD for its approval on April 25, 2025. The combined financial statements were approved and authorized for issue by the BOD on April 29, 2025.

2. Basis of Preparation

Statement of Compliance

The combined financial statements of the TMF operated by the TSG have been prepared in compliance with the Financial Reporting Package for Trust Institutions (FRPTI) prescribed by the BSP. Under the BSP guidelines, the trust/investment management department of a bank is required to adopt the Philippine Financial Reporting Standards (PFRS) Accounting Standards as issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) for purposes of preparing the audited financial statements of its trust and other fiduciary and investment management activities, except for certain requirements by the BSP. Such requirements are based on the following BSP memorandum and circulars:

a. BSP memorandum dated October 16, 1990, as amended;
b. Revised Manual of Accounts for Trust, Other Fiduciary Business and Investment Activities dated February 14, 2002;
c. BSP Circular No. 494, *Guidelines on the Adoption of Philippine FRP and Philippine Accounting Standards*, dated September 20, 2005;
d. BSP Circular No. 609, *Financial Reporting Package for Trust Institutions,* dated May 26, 2008;
e. BSP Circular No. 641, *Amendments to the Financial Reporting Package for Trust Institutions,* dated January 22, 2009;
f. BSP Circular No. 653, *Guidelines in the Preparation of Audited Financial Statements for Trust Institutions,* dated May 5, 2009; and
g. BSP Circular No. 1023, *Guidelines on the Adoption of Philippine Financial Reporting Standards 9 (PFRS 9),* December 4, 2018.
h. Submission of Supervisory Reports through the BSP Financial Institution Portal for BSP Memorandum No. M-2020-073 for Submission of FRPTI.

The combined financial statements of the TMF operated by the TSG have been prepared in compliance with BSP Circular No. 653, which differs from PFRS Accounting Standards such that no statement of cash flows is presented. BSP Circular No. 653 provides, among others, that a complete set of combined financial statements shall comprise of the following:

- Statements of financial position as at the end of the period;

- Statements of income for the period;

- Statements of changes in accountabilities, which shall show a reconciliation of the net carrying amount at the beginning and end of the period of the following accounts: (i) principal; (ii) accumulated earnings; and (iii) net unrealized gain (loss) on available-for-sale (AFS) securities, separately disclosing the change in each of the foregoing accounts;

- Notes, which shall comprise a summary of material accounting policies and other disclosure requirements provided under PFRS Accounting Standards or Philippine Accounting Standards (PASs). Provided, that for purposes of complying with the disclosure of the nature and extent of risks arising from financial instruments as required under PFRS 7, *Financial Instruments: Disclosures*, disclosure statements may be made based on the general categories of contractual relationships (i.e., Unit Investment Trust Fund (UITF) - Trust, Institutional - Trust, and Individual - Trust; Other Fiduciary; Institutional - Agency, and Individual - Agency; and Special Purpose Trust) of the trust/investment management department of a bank with its clients.

The combined statements of financial position, statements of income, statement of comprehensive income and statement of changes in accountabilities shall be presented for each of the general categories of contractual relationships (i.e. UITF - Trust, Institutional - Trust, and Individual - Trust; Other Fiduciary; Institutional - Agency, and Individual - Agency; and Special Purpose Trust) of the trust/investment management department of a bank with its clients.

Basis of Measurement
The combined financial statements of the TMF operated by the TSG have been prepared on a historical cost basis, except for the following items:

Items	Measurement Bases
Financial assets and financial liabilities at fair value through profit or loss (FVPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Investment properties	Fair value*

**Except those investment properties measured at cost.*

Functional and Presentation Currency
The combined financial statements of the TMF operated by the TSG include accounts maintained in Philippine Peso (PHP) and United States Dollar (USD) which are their respective functional currencies. For financial reporting purposes, USD accounts are translated into PHP (See Note 3, *Foreign Currency Transactions and Translations*). All financial information presented in PHP have been rounded off to the nearest peso, except when otherwise indicated.

Presentation of Financial Statements
The TMF presents its combined statements of financial position broadly in 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 17.

3. Summary of Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements. There is no new standard, amendment or interpretation mandatorily effective starting January 1, 2024 that has a material impact to the TMF's financial statements. The TMF has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Foreign Currency Transactions and Translations
The combined financial statements of the TMF operated by the TSG are maintained in PHP and USD which are the respective functional currencies of each of the fund accounts. For financial reporting purposes, foreign currency-denominated assets and accountabilities are translated to PHP, the presentation currency.

Material foreign exchange differences arising from translation of foreign currency denominated assets and liabilities from USD functional currency to PHP are recorded under "Cumulative Translation Adjustment" account in the combined statements of financial position.

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 foreign-currency denominated income and expenses are translated to their equivalent in PHP based on the Bankers Association of the Philippines (BAP) weighted average rate (WAR) for the reporting period.

Classification and Measurement
Financial Assets
The TSG classifies its financial assets in the following categories: financial assets at amortized cost, financial assets at FVOCI, and financial assets at FVPL.

Debt Instruments
Financial Assets at Amortized Cost (AC)
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest (SPPI).

Debt financial assets meeting these criteria are measured initially at fair value plus transaction costs. These financial assets are subsequently measured at amortized cost using the effective interest method less any loss allowance. 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 recognized under "Interest income calculated using the effective interest method" in the combined statements of income.

When such financial assets are sold or disposed of, the cumulative gain or loss is recognized as “Trading and securities gains (losses) - net” in the combined statements of income.

These assets include bonds issued by private companies under “Financial Assets at Amortized Cost”, and other financial assets which include “Due from BSP”, “Deposits in Banks - net”, “Loans and Receivables - net”, Dividend receivable and Due from brokers presented under “Other Assets”.

Financial Assets at FVOCI
A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specific dates to cash flows that are SPPI.

Debt financial assets meeting these criteria are measured initially at fair value plus transaction costs. These instruments are subsequently measured at fair value with gains and losses due to changes in fair value recognized under “Net Unrealized Gain (Loss) on Financial Assets at FVOCI” in the combined statements of financial position. Interest earned on these instruments is recognized under “Interest income calculated using the effective interest method” in the combined statements of income.

These assets include investments in quoted government and corporate securities under “Financial Assets at FVOCI” in the combined statements of financial position (see Note 10).

Financial Assets at FVPL
All other financial assets not measured at amortized cost or at FVOCI are classified as measured at FVPL.

This category includes held-for-trading (HFT) investments.

HFT investments are recorded in the combined statements of financial position at fair value. Changes in fair value relating to the held-for-trading positions are recognized in “Trading and securities gains (losses) - net” in the combined statements of income. Interest earned is recorded under “Interest income on financial assets at FVPL” in the combined statements of income.

The TSG may, at initial recognition, irrevocably designate financial assets that are debt instruments as measured at FVPL, subject to the following requirements:

- The TSG has in place appropriate risk management systems including related risk management policies, procedures, and controls; and

- The TSG applies the fair value option only to instruments for which fair values can be reliably estimated.

In addition, on initial recognition, the TSG may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets include investments in government and corporate securities under "Financial Assets at FVPL" in the combined statements of financial position (see Note 9).

Equity Instruments
Financial assets that are equity instruments shall be classified under any of the following categories:

a. Financial assets measured at FVPL which shall include financial assets HFT; or

b. Financial assets at FVOCI which shall consist of:

    i. Equity instruments that are irrevocably designated at FVOCI at initial recognition that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3, *Business Combinations,* applies; or

    ii. Financial assets mandatorily measured at fair value. These include investments in equity instruments which do not have quoted price in an active market for an identical instrument.

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 Gain (Loss) on Financial Assets at FVOCI" account in the accountabilities section of the combined statements of financial position. In limited circumstances, PFRS 9, *Financial Instruments*, permits an entity to use the cost as an appropriate estimate of the fair value of unquoted equity investments on cases such as:

- When insufficient more recent information is available to measure fair value; or

- When there is a wide range of possible fair value measurements and cost represents the best estimate of fair value in the range.

Dividends earned from equity instruments are recognized in the combined statements of income as "Dividend income" when the TSG's right to receive payment has been established.

Quoted equity securities and unquoted equity securities under Bank of Commerce Retirement Fund are classified under "Financial Assets at FVPL" in the combined statements of financial position (see Note 9). Other unquoted equity securities are classified under "Financial Assets at FVOCI" in the combined statements of financial position (see Note 10).

Business Model in Managing Financial Assets
The TSG made an assessment of the objective of a business model in which an asset is held at a portfolio level 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 operation and the operation of those policies in practice. In particular, whether management's strategy focuses in earning contractual interest income, 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 portfolio is evaluated and reported to the TSG's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

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

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

Assessment of Whether Contractual Cash Flows are Solely Payments of Principal and Interest
As part of TSG's classification process, TSG assesses the contractual term 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, TSG 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.

Financial Liabilities at Amortized Cost
Other accountabilities at amortized cost are issued financial instruments or their components, which are not classified and designated as financial liabilities at FVPL. After initial measurement, these accountabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

This category consists of Accrued trust fees and Due to broker under "Other Accountabilities" account in the combined statements of financial position (see Note 16).

Impairment of Financial Assets
The TSG on behalf of the trustors, recognizes Expected Credit Losses (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 TSG 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. Financial instruments falling within this stage have objective evidence of impairment thus requiring the recognition of lifetime ECL.

Definition of "Default" and "Cure"
The TSG 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 TSG 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 TSG). 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 are received for at least six (6) months. This definition is consistent with the definition of non-performing loans (NPL) under Section 304 of Manual of Regulations for Banks (MORB), *Past Due Accounts and Non-Performing Loans*.

Credit Risk at Initial Recognition
The TMF 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 TSG 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 TSG 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 TSG'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 TSG 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 was done to reflect the current trends in business and credit cycle. Macroeconomic forecasts were 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 TSG supplemented internal assessments with regulatory thresholds to arrive at the LGD assumption. LGD estimation also considered 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 TSG is exposed to.

Forward-looking Information
The TSG 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 TSG enhanced its ECL methodology by incorporating multiple future macroeconomic expectations in order to estimate credit losses on the basis of probability-weighted outcomes. The TSG 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 TSG found significant relationships between MEVs and credit risk which vary by product type. Forward looking MEVs used include Remittances, Stock Exchange Index, Consumer Outlook, Foreign Exchange rates and Gross Domestic Product (Agriculture). 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.

Refer to Notes 4 and 13 on the changes made in the ECL parameters in the current period.

Restructured Loans
Where possible, the TSG 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 TSG 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 TSG 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 "Other Income" in the statements of income.

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

<u>Derecognition of Financial Assets and Financial Liabilities</u>
(i) 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 TMF retain the right to receive cash flows from the asset, but have assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

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

Where the TMF have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, and have 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 trustors' continuing involvement in the asset. Continuing involvement that takes the form of a guarantee, if any, over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the TMF could be required to repay.

(ii) 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 combined statements of income.

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

Offsetting
Financial assets and financial liabilities are offset with the net amount reported in the combined 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 combined statements of financial position.

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

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

Investment Properties

Investment property consists of property held to earn rentals and/or for capital appreciation but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment property, except for land, is measured at cost including transaction costs less accumulated depreciation and amortization and any accumulated impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Land is stated at cost less any impairment in value.

The TSG applies the cost model in accounting for investment properties other than those held by certain institutional accounts (i.e. pre-need, employment benefit accounts such as retirement and pension funds with long-term commitment and insurance companies). Depreciation is computed on a straight-line basis over the estimated useful life (EUL) of 10 years. The EUL and 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 acquired.

The carrying amounts of the investment properties other than those held by certain institutional accounts are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and where the carrying amounts exceed the estimated recoverable amount, the assets or cash-generating units (CGU) are written down to their recoverable amounts.

The TSG applies the fair value model to other investment properties held by certain institutional accounts. These investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of these investment properties are recognized in the combined statements of income in the period they arise. Fair value is determined by reference to market-based evidence. The valuations performed by the appraisers are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property.

Investment properties are derecognized when they have either been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on retirement or disposal of investment properties are recognized as gain/loss on sale of investment property under “Other income” in the combined statements of income in the year of retirement or disposal.

Impairment of Non-financial Assets
At each reporting-date, the TSG assesses whether there is any indication of impairment on its investment properties 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 TSG makes a formal estimate of the recoverable amount. The recoverable amount is the fair value less costs to sell of the investment properties and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset (or CGU) is considered impaired and is written down to its recoverable amount. In assessing fair value less costs to sell, 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 CGU).

An impairment loss is charged against operations in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the combined statements of income.

Fair Value Measurement
'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.

When available, TSG measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the TSG uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If TSG determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in the combined statements of income on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability is measured at fair value, the benchmark or reference prices based on the interpolated yields derived from BSP-approved guidelines shall be used.

Portfolio of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by TSG on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustments of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The TSG recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

Revenue Recognition

Revenue is recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled.

Determining Whether the TSG is Acting as a Principal or an Agent

The TSG acts as an agent of the trustors. The TSG assesses its revenue arrangements against the following indicators to determine whether it is acting as a principal or an agent:

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

The trustors are acting as principals and the TSG is an agent in the assessment of revenue based on the criteria above.

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

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 TSG revises its estimates of payments or receipts. The change in carrying amount is recognized in 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 TSG 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 Trust reverts to calculating interest income on a gross basis.

Trading and Securities Gains (Losses) - net
Trading and securities gains (losses) - net represent results arising from trading activities of FVOCI securities and financial assets at FVPL (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 the TMF’s right to receive the dividends is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders have approved the divided for unlisted equity shares.

<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 TMF and can be measured reliably.

Trust Fees
Trust fees are accrued as incurred and are generally charged against the income of the fund as a percentage of the funds managed. Trust fees may be (a) a flat rate or absolute amount; (b) a percentage of the total trust fund value or the average fund value within a specified period; or (c) any other value stated in the agreement or contract.

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

Final Tax
Tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Taxes represent withholding tax of 15.00% from foreign-currency denominated investments and 20.00% from peso-denominated investments accruing to the trustors.

Tax expense substantially represents final withholding taxes on income of the TSG accruing to the trustors.

Principal and Accumulated Earnings (Losses)
Principal refers to funds and/or property that have been set aside by the owner or the person legally empowered, which are held in a trust, fiduciary or investment management capacity by the TSG and eventually to be delivered to a person entitled to such principal and the accumulated (losses) earnings derived therefrom.

Accumulated earnings (losses) refers to the accumulated profits arising from the use of the principal.

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

4. Critical Judgments and Estimates

The preparation of the combined financial statements in conformity with the FRPTI prescribed by the BSP requires the TSG, to make judgments and estimates that affect the reported amounts of assets, liabilities, income, 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 TSG's accounting policies, management has made the following judgments, apart from those involving estimations, which may have the most significant effect on amounts recognized in the combined financial statements.

(a) *Business Model Assessment*

Debt securities held are classified based on the TSG's business models for managing the debt securities which are determined and assessed at the portfolio level that reflects how groups of debt securities are managed together to achieve the particular business objectives (e.g. to collect contractual cash flows or to trade to realize fair value changes) of the respective business model.

The TSG's business models for managing debt securities held determine the nature and source of the cash flows resulting from the investments. As such, the assessment of the business models for managing the debt securities is subject to judgment that is not determined by a single factor or activity. Instead, the TSG must consider all relevant evidence that is available at the date of the assessment.

(b) *Assessment of Whether Contractual Cash Flows are Solely Payments of Principal and Interest*

The classification of a financial asset is based on whether, on specified dates, the contractual terms of the financial asset give rise to cash flows are SPPI on the principal amount outstanding. This involves assessment of whether the contractual cash flows that are SPPI are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest. As such, the TSG applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set and the contractual terms that change the timing or amount of the cash flows.

Classification of Financial Instruments

In determining the classification of financial assets under PFRS 9, the TSG 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 TSG 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 TSG considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

(c) *Functional Currency*
The TSG exercised its judgment in determining the functional currency of the TMF such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant thereto. In making this judgment, the TSG considered the following:

a. the currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which the sales price for its financial instruments and services are denominated and settled);

b. the currency in which funds from financing activities are generated; and

c. the currency in which receipts from operating activities are usually retained.

Based on the economic substance of the underlying circumstances relevant to the TMF, the functional currencies of the TMF have been determined to be PHP and USD. These are the currencies of the primary economic environment in which the TSG operates. Thus, mainly influence the income and costs arising from the TMF's operations.

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 year are discussed below:

(a) *Expected Credit Losses on Financial Assets*

The TSG reviews its financial assets at amortized cost and debt securities at FVOCI 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 TSG 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 were aligned across all credit portfolios;
- PD segmentation was 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 was adjusted to its present value of expected cash flows using risk-adjusted interest rate. The final LGD estimates were 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;

- TSG used 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 were 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, TSG 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.

(b) Fair Value of Financial Instruments

The fair value of financial instruments traded in active markets (such as those classified under FVPL and FVOCI securities) are based on quoted market prices at the reporting date. Where the fair values of financial assets and financial liabilities (including derivatives) recognized in the combined statements of financial position cannot be derived from active markets, they 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.

The fair values of financial assets at FVPL and FVOCI are disclosed in Notes 9 and 10, respectively.

(c) Impairment of Investment Properties

The TSG, on behalf of the trustors, assesses impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the TSG considers important which could trigger an impairment review include the following:

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

The TSG recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

As at December 31, 2024 and 2023, no allowance for impairment of investment properties was recognized in the TMF's books.

5. Financial Risk Management

Overview

The TSG risk management framework seeks to foster the continuous monitoring of the risk environment and an integrated evaluation of risks and their interdependencies. It includes the responsibility for exercising and implementing risk approval instructions and effective monitoring of all risks such as credit, market, and liquidity risk.

The TSG believes that effective risk management shall not only minimize potential or actual losses but will likewise optimize earnings. Its risk mission and objectives target periodic, consistent and accurate measurement of risks for more effective management. It is also an objective to always consider risk and return on all transactions and exposures to ensure adequate returns on principal contributions. Risk mitigation strategies form part of risk management activities.

Risk Management Framework

As duly constituted and authorized by the BOD, the TIC has management oversight for establishing and maintaining a sound risk management system for the TSG. The TIC is responsible for developing and implementing adequate policies, procedures and practices for trust and fiduciary activities, which are consistent with the objectives, risk tolerances and intent of the BOD. Likewise, the TIC ensures that the policies and procedures consistently address material areas of risk, and are reviewed frequently, and modified when necessary to remain appropriate, sound and responsive to significant changes in the TMF's activities. Moreover, the TIC approves and reviews the institutional tolerance for risks such as setting counterparty limits, investment limits, and trader's limits, business strategies and risk philosophy.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from all transactions that give rise to actual, contingent or potential claims against any counterparty, obligor or borrower.

The TSG shares with and follows the credit and risk management policies of the Bank. The TSG'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 in the circulars issued by the 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. Moreover, the TSG seeks approval from the TIC with regard to credit risk parameters and counterparty limits of trust investments.

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 TSG 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 through financial ratio analysis based on the latest available financial information of the borrower. It 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.

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.

Facility Risk Factor:

(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

As at December 31, 2024 and 2023, the TMF's past due loans are clean. Loans and receivables that are classified under neither past due nor impaired have been assessed to have satisfactory credit standing.

Impairment Assessment
The TSG recognizes impairment losses based on the results of its individual and collective assessment of its credit exposures. Impairment takes place when there is a presence of known difficulties in the servicing of cash flows by counterparties, a significant credit rating downgrade takes place, infringement of the original terms of the contract, or when there is an inability to pay principal or interest overdue beyond a certain threshold. These and other factors, either singly or together with other factors, constitute observable events and/or data that meet the definition of an objective evidence of impairment.

Maximum Exposure to Credit Risk before Effect of Any Collateral and Other Credit Enhancements

The table below shows the maximum exposure to on-book credit risk exposures of TSG (gross of allowance for impairment and credit losses). The maximum exposure is shown at gross, before the effect of mitigation through the use of any master netting and collateral agreements.

		As at December 31, 2024						
		Trust				Agency		
	Note	**Unit Investment Trust Funds**	**Institutional Accounts**	**Individual Accounts**	**Other Fiduciary**	**Institutional Accounts**	**Individual Account+s**	**Combined**
Due from BSP	*7*	**P -**	**P -**	**P45,886,272**	**P -**	**P -**	**P -**	**P45,886,272**
Deposits in banks	*8*	**46,659,774**	**142,057,605**	**67,981,892**	**252,893,532**	**1,504,307,735**	**4,021,442,353**	**6,035,342,890**
Financial assets at FVPL:								
Investment in corporate bonds		**201,634,447**	**266,105,059**	**-**	**-**	**537,312,244**	**188,660**	**1,005,240,410**
Investment in government securities		**7,019,448**	**187,846,796**	**-**	**-**	**920,943,607**	**-**	**1,115,809,851**
Investment in USD-denominated ROP bonds		**35,050,450**		**-**	**-**	**-**	**-**	**35,050,450**
Revaluation MTM		**(408,273)**	**8,451,316**	**-**	**-**	**12,918,056**	**1,705**	**20,962,804**
Investment in UITF		**-**	**-**	**99,386,040**	**-**	**5,049,330**	**55,454,447**	**159,889,817**
Investment in Mutual Funds		**-**	**-**	**100,840,436**	**-**	**-**	**12,301,153**	**113,141,589**
	9	**243,296,072**	**462,403,171**	**200,226,476**	**-**	**1,476,223,237**	**67,945,965**	**2,450,094,921**
Financial assets at FVOCI:								
Quoted debt securities		**-**	**30,173,718**	**1,338,784,881**	**169,169,790**	**5,059,019,987**	**10,981,994,524**	**17,579,142,900**
	10	**-**	**30,173,718**	**1,338,784,881**	**169,169,790**	**5,059,019,987**	**10,981,994,524**	**17,579,142,900**
Financial Assets at Amortized Cost	*11*							
Debt securities		**-**	**-**	**-**	**-**	**3,500,000,000**	**-**	**3,500,000,000**
						3,500,000,000	**-**	**3,500,000,000**
Loans and receivables:								
Commercial loans		**-**	**-**	**-**	**-**	**24,856,426,466**	**3,584,361,450**	**28,440,787,916**
Unquoted debt securities classified as loans (UDSCL)		**-**	**-**	**-**	**-**	**-**	**1,000,000**	**1,000,000**
Sales contract receivables		**-**	**-**	**-**	**44,084,703**			**44,084,703**
Other receivables		**2,444,164**	**6,210,412**	**15,530,548**	**2,469,082**	**599,399,045**	**192,044,382**	**818,097,633**
	12	**2,441,164**	**6,210,412**	**15,530,548**	**46,553,785**	**25,455,825,511**	**3,777,405,832**	**29,303,970,252**
Other assets*	*15*	**36,657**	**351,268**	**1,230,361**	**-**	**45,784,986**	**88,604,184**	**136,007,456**
Total credit risk exposure		**P292,436,667**	**P641,196,174**	**P1,669,640,430**	**P468,617,107**	**P37,041,161,456**	**P18,937,392,858**	**P59,050,444,691**

**Excludes other miscellaneous assets*

		As at December 31, 2023						
		Trust				Agency		
	Note	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
Due from BSP	7	P -	P -	P44,335,272	P -	P -	P -	P44,335,272
Deposits in banks	8	33,005,353	189,102,375	128,637,647	477,293,217	2,159,683,829	2,865,194,526	5,852,916,947
Financial assets at FVPL:								
Investment in corporate bonds		85,026,140	358,083,541	-	-	588,524,107	503,689	1,032,137,477
Investment in government securities		68,828,106	157,647,087	-	4,618,921	260,746,772	-	491,840,886
Investment in USD-denominated ROP bonds		52,001,492	-	-	-	-	-	52,001,492
Revaluation MTM		1,188,644	(21,652,879)	-	11,810	(12,718,607)	20,091	(33,150,941)
Investment in UITF		-	-	123,622,450	-	-	38,062,628	161,685,078
Investment in Mutual Funds		-	-	124,584,349	-	-	64,035,055	188,619,404
	9	207,044,382	494,077,749	248,206,799	4,630,731	836,552,272	102,621,463	1,893,133,396
Financial assets at FVOCI:								
Quoted debt securities		-	22,068,562	1,156,930,757	122,037,309	3,513,314,170	9,087,958,314	13,902,309,112
	10	-	22,068,562	1,156,930,757	122,037,309	3,513,314,170	9,087,958,314	13,902,451,112
Financial Assets at Amortized Cost	11							
Debt securities		-	-	-	-	3,500,000,000	-	3,500,000,000
		-	-	-	-	3,500,000,000	-	3,500,000,000
Loans and receivables:								
Commercial loans		-	-	3,500,000	-	30,791,949,883	3,681,034,844	34,476,484,727
Unquoted debt securities classified as loans (UDSCL)		-	-	-	-	-	1,000,000	1,000,000
Sales contract receivables		-	-	-	44,084,703	-	-	44,084,703
Other receivables		3,407,022	5,213,668	11,671,764	2,488,840	505,554,164	158,984,836	687,320,294
	12	3,407,022	5,213,668	15,171,764	46,573,543	31,297,504,047	3,841,019,680	35,208,889,724
Other assets*	15	300,357	1,510,698	109,512	(116,936)	11,383,457	15,693,627	28,880,715
Total credit risk exposure		P243,757,114	P711,973,052	P1,593,391,751	P650,417,864	P41,318,437,775	P15,912,487,610	P60,430,465,166

**Excludes other miscellaneous assets*

Maximum exposures for financial instruments, except for “Loans and Receivables”, recorded at fair value as shown above represent the maximum risk exposure as at respective reporting dates but not the maximum risk exposure that could arise in the future as a result of changes in value. All commercial loans are deemed clean.

Risk Concentrations of the Maximum Exposure to Credit Risk
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the TMF's performance to developments affecting a particular industry.

The distribution of commercial loans by industry sector of the TMF, before taking into account collateral held or other credit enhancements (maximum exposure) follows:

	2024		2023	
	Amount	**%**	Amount	%
Holding company	**P12,433,192,911**	43.7	P15,895,327,728	46.2
Electricity, gas, steam and air-conditioning supply	**10,253,666,337**	36.1	10,271,801,074	29.9
Transportation and storage	**2,071,900,000**	7.3	1,824,021,515	5.3
Mining and quarrying		0.0	2,707,403,900	7.9
Manufacturing (various industries)	**1,969,000,000**	6.9	2,297,000,000	6.7
Financial and insurance activities	**919,618,020**	3.2	-	
Accommodation and food service activities	**568,000,000**	2.0	690,275,000	2.0
Administrative and support service activities (real estate)	**129,200,000**	0.5	151,089,214	0.4
Information communications technology	**68,000,000**	0.2	545,744,862	1.6
Others	**28,210,648**	0.1	6,321,434	0.0
	P28,440,787,916	100.0	P34,388,984,727	100.0

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. The TIC constantly monitors the credit risk concentration of the Trust and Managed Funds.

As of December 31, 2024, the holding company and power utility sectors reached 43.7% and 36.1%, respectively. As of December 31, 2023, the holding company and power utility sectors reached 46.2% and 29.9%, respectively. These pertain to directional loan transactions wherein TSG acts and facilitates based on the direction of the client under an IMA arrangement.

Credit Quality Per Class of Financial Assets
Credit risk rating is an integral part of TSG's management of credit risk. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. An Internal Credit Risk Rating System for the TMF was approved by the TIC on June 26, 2018 and by the BOD on July 31, 2018. This system aims to institutionalize a standard borrower risk rating based on the borrower's creditworthiness determined by both quantitative and qualitative factors in order to maintain an accurate and consistent risk rating across its credit portfolio. Risk ratings are assessed annually for non-impaired and impaired accounts.

The table below shows the credit quality by class of financial assets (gross of allowance for impairment and credit losses) of the TMF:

	December 31, 2024				
	Unit Investment Trust Funds				
	Neither Past Due nor Individually Impaired				
	High Grade	Standard Grade	Unrated	Past Due or Impaired	Total
Deposits in banks	**P46,659,774**	**P -**	**P -**	**P -**	**P46,659,774**
Financial assets at FVPL:					
Quoted debt securities	**243,296,072**	**-**	**-**	**-**	**243,296,072**
	243,296,072	**-**	**-**	**-**	**243,296,072**
Loans and receivables:					
Other receivables	**-**	**2,444,164**	**-**	**-**	**2,444,164**
Other assets*	**-**	**-**	**36,657**	**-**	**36,657**
	P289,955,846	**P2,444,164**	**P36,657**	**P -**	**P292,436,667**

**Excludes other miscellaneous assets*

	December 31, 2023				
	Unit Investment Trust Funds				
	Neither Past Due nor Individually Impaired				
	High Grade	Standard Grade	Unrated	Past Due or Impaired	Total
Deposits in banks	P33,005,353	P -	P -	P -	P33,005,353
Financial assets at FVPL:					
Quoted debt securities	207,044,382	-	-	-	207,044,382
	207,044,382	-	-	-	207,044,382
Loans and receivables:					
Other receivables	-	3,407,022	-	-	3,407,022
Other assets*	-	-	300,357	-	300,357
	P240,049,735	P3,407,022	P300,357	P -	P243,757,114

**Excludes other miscellaneous assets*

	December 31, 2024				
	Institutional Trust Accounts				
	Neither Past Due nor Individually Impaired				
	High Grade	Standard Grade	Unrated	Past Due or Impaired	Total
Deposits in banks	**P142,057,605**	**P -**	**P -**	**P -**	**P142,057,605**
Financial assets at FVPL:					
Quoted debt securities	**462,403,170**	**-**	**-**	**-**	**462,403,170**
	462,403,170	**-**	**-**	**-**	**462,403,170**
FVOCI securities:					
Quoted debt securities	**30,173,718**	**-**	**-**	**-**	**30,173,718**
	30,173,718	**-**	**-**	**-**	**30,173,718**
Loans and receivables:					
Commercial loans	**-**	**-**	**-**	**-**	**-**
Other receivables	**-**	**6,210,412**	**-**	**-**	**6,210,412**
Other assets*	**-**	**-**	**351,268**	**-**	**351,268**
	P634,634,494	**P6,210,412**	**P351,268**	**P -**	**P641,196,173**

**Excludes other miscellaneous assets*

	December 31, 2023				
	Institutional Trust Accounts				
	Neither Past Due nor Individually Impaired				
	High Grade	Standard Grade	Unrated	Past Due or Impaired	Total
Deposits in banks	P189,102,375	P -	P -	P -	P189,102,375
Financial assets at FVPL:					
Quoted debt securities	494,077,749	-	-	-	494,077,749
	494,077,749	-	-	-	494,077,749
FVOCI securities:					
Quoted debt securities	22,068,562	-	-	-	22,068,562
	22,068,562	-	-	-	22,068,562
Loans and receivables:					
Commercial loans	-	-	-	-	-
Other receivables	-	5,213,668	-	-	5,213,668
	-	5,213,668	-	-	5,213,668
Other assets*	-	-	1,510,698	-	1,510,698
	P705,248,686	P5,213,668	P1,510,698	P -	P711,973,052

**Excludes other miscellaneous assets*

	December 31, 2024				
	Individual Trust Accounts				
	Neither Past Due nor Individually Impaired				
	High Grade	**Standard Grade**	**Unrated**	**Past Due or Impaired**	**Total**
Due from BSP	**P45,886,272**	**P -**	**P -**	**P -**	**P45,886,272**
Deposits in banks	**67,981,892**	**-**	**-**	**-**	**67,981,892**
Financial assets at FVPL:					
Quoted debt security	**-**	**-**	**-**	**-**	**-**
Investment in UITF	**99,386,040**	**-**	**-**	**-**	**99,386,040**
Investment in Mutual Funds	**100,840,436**	**-**	**-**	**-**	**100,840,436**
	200,226,476	**-**	**-**	**-**	**200,226,476**
FVOCI securities:					
Quoted debt securities	**1,338,784,881**	**-**	**-**	**-**	**1,338,784,881**
Loans and receivables:					
Commercial Loans					
Other receivables	**-**	**15,530,548**	**-**	**-**	**15,530,548**
Other assets*	**-**	**-**	**1,230,361**	**-**	**1,230,361**
	P**1,652,879,521**	**P15,530,548**	**P1,230,361**	**P -**	P1,**669,640,430**

**Excludes other miscellaneous assets*

	December 31, 2023				
	Individual Trust Accounts				
	Neither Past Due nor Individually Impaired				
	High Grade	Standard Grade	Unrated	Past Due or Impaired	Total
Due from BSP	P44,335,272	P -	P -	P -	P44,335,272
Deposits in banks	128,637,647	-	-	-	128,637,647
Financial assets at FVPL:					
Quoted debt security	-	-	-	-	-
Investment in UITF	123,622,450	-	-	-	123,622,450
Investment in Mutual Funds	124,584,349	-	-	-	124,584,349
	248,206,799	-	-	-	248,206,799
FVOCI securities:					
Quoted debt securities	1,156,930,757	-	-	-	1,156,930,757
Loans and receivables:					
Commercial Loans	-	3,500,000	-	-	3,500,000
Other receivables	-	11,671,764	-	-	11,671,764
Other assets*	-	-	109,512	-	109,512
	P1,578,110,475	P15,171,764	P109,512	P -	P1,593,391,751

**Excludes other miscellaneous assets*

	December 31, 2024				
	Other Fiduciary Accounts				
	Neither Past Due nor Individually Impaired				
	High Grade	Standard Grade	Unrated	Past Due or Impaired	Total
Deposits in banks	**P252,893,532**	**P -**	**P -**	**P -**	**P252,893,532**
Financial assets at FVPL:					
Quoted debt securities	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**
Quoted debt securities	**169,169,790**	**-**	**-**	**-**	**169,169,790**
	169,169,790	**-**	**-**	**-**	**169,169,790**
Loans and receivables:					
Sales contract receivables	**-**	**-**	**-**	**44,084,703**	**44,084,703**
Other receivables	**-**	**2,469,082**	**-**	**-**	**2,469,082**
	-	**2,469,082**	**-**	**44,084,703**	**46,553,785**
Other assets*	**-**	**-**	**-**	**-**	**-**
	P**422,063,322**	**P2,469,082**	**P -**	**P44,084,703**	P**468,617,107**

	December 31, 2023				
	Other Fiduciary Accounts				
	Neither Past Due nor Individually Impaired				
	High Grade	Standard Grade	Unrated	Past Due or Impaired	Total
Deposits in banks	P477,293,217	P -	P -	P -	P477,293,217
Financial assets at FVPL:					
Quoted debt securities	4,630,731	-	-	-	4,630,731
	4,630,731	-	-	-	4,630,731
Quoted debt securities	122,037,309	-	-	-	122,037,309
	122,037,309	-	-	-	122,037,309
Loans and receivables:					
Sales contract receivables	-	-	-	44,084,703	44,084,703
Other receivables	-	2,488,840	-	-	2,488,840
	-	2,488,840	-	44,084,703	46,573,543
Other assets*	-	-	(116,936)	-	(116,936)
	P603,961,257	P2,488,840	(P116,936)	P44,084,703	P650,417,864

	December 31, 2024				
	Agency Institutional Accounts				
	Neither Past Due nor Individually Impaired				
	High Grade	Standard Grade	Unrated	Past Due or Impaired	Total
Deposits in banks	**P1,504,307,735**	**P -**	**P -**	**P -**	**P1,504,307,735**
Financial assets at FVPL:					
Quoted debt securities	**1,471,173,907**	**-**	**-**	**-**	**1,471,173,907**
Investments in UITF	**5,049,330**	**-**	**-**	**-**	**5,049,330**
	1**,476,223,237**	**-**	**-**	**-**	**1,476,223,237**
FVOCI securities:					
Quoted debt securities	**5,059,019,987**	**-**	**-**	**-**	**5,059,019,987**
	5,059,019,987	**-**	**-**	**-**	**5,059,019,987**
Financial assets as amortized cost	**3,500,000,000**	**-**	**-**	**-**	**3,500,000,000**
Loans and receivables:					
Commercial loans	**-**	**24,856,426,466**	**-**	**-**	**24,856,426,466**
Other receivables	**-**	**599,399,045**	**-**	**-**	**599,399,045**
	-	**25,455,825,511**	**-**	**-**	**25,455,825,511**
Other assets*	**-**	**-**	**45,784,986**	**-**	**45,784,986**
	P**11,539,550,**959	**P25,455,825,511**	**P45,787,986**	**P -**	P**37,041,161,456**

**Excludes other miscellaneous assets*

	December 31, 2023				
	Agency Institutional Accounts				
	Neither Past Due nor Individually Impaired				
	High Grade	Standard Grade	Unrated	Past Due or Impaired	Total
Deposits in banks	P2,159,683,829	P -	P -	P -	P2,159,683,829
Financial assets at FVPL:					
Quoted debt securities	836,552,272	-	-	-	836,552,272
	836,552,272	-	-	-	836,552,272
FVOCI securities:					
Quoted debt securities	3,513,314,170	-	-	-	3,513,314,170
	3,513,314,170	-	-	-	3,513,314,170
Financial assets as amortized cost	3,500,000,000	-	-	-	3,500,000,000
Loans and receivables:					
Commercial loans	-	30,791,949,883	-	-	30,791,949,883
Other receivables	-	505,554,164	-	-	505,554,164
	-	31,297,504,047	-	-	31,297,504,047
Other assets*	-	-	11,383,457	-	11,383,457
	P10,009,550,271	P31,297,504,047	P11,383,457	P -	P41,318,437,775

Excludes other miscellaneous assets

	December 31, 2024				
	Agency Individual Accounts				
	Neither Past Due nor Individually Impaired				
	High Grade	**Standard Grade**	**Unrated**	**Past Due or Impaired**	**Total**
Deposits in banks	**P4,021,442,353**	**P -**	**P -**	**P -**	**P4,021,442,353**
Financial assets at FVPL:					
Quoted debt securities	**190,365**	**-**	**-**	**-**	**190,365**
Investments in UITF	**55,454,447**	**-**	**-**	**-**	**55,454,447**
Investment in mutual funds	**12,301,153**	**-**	**-**	**-**	**12,301,153**
	67,945,965	**-**	**-**	**-**	**67,945,965**
FVOCI securities:					
Quoted debt securities	**10,981,994,524**	**-**	**-**	**-**	**10,981,994,524**
	10,981,994,524	**-**	**-**	**-**	**10,981,994,524**
Loans and receivables:					
Commercial loans	**-**	**3,578,040,016**	**-**	**6,321,434**	**3,584,361,450**
UDSCL	**-**	**-**	**1,000,000**	**-**	**1,000,000**
Other receivables	**-**	**192,044,381**	**-**	**-**	**192,044,381**
	-	**3,770,084,397**	**1,000,000**	**6,321,434**	**3,777,405,831**
Other assets*	**-**	**-**	**88,604,184**	**-**	**88,604,184**
	P15,071,382,842	**P3,770,084,397**	**P89,604,184**	**P6,321,434**	**P18,937,392,857**

Excludes other miscellaneous assets

	December 31, 2023				
	Agency Individual Accounts				
	Neither Past Due nor Individually Impaired				
	High Grade	Standard Grade	Unrated	Past Due or Impaired	Total
Deposits in banks	P2,865,194,526	P -	P -	P -	P2,865,194,526
Financial assets at FVPL:					
Quoted debt securities	523,780	-	-	-	523,780
Investments in UITF	38,062,628	-	-	-	38,062,628
Investment in mutual funds	64,035,055	-	-	-	64,035,055
	102,621,463	-	-	-	102,621,463
FVOCI securities:					
Quoted debt securities	9,087,958,314	-	-	-	9,087,958,314
	9,087,958,314	-	-	-	9,087,958,314
Loans and receivables:					
Commercial loans	-	3,674,713,410	-	6,321,434	3,681,034,844
UDSCL	-	-	1,000,000	-	1,000,000
Other receivables	-	158,984,836	-	-	158,984,836
	-	3,833,698,246	1,000,000	6,321,434	3,841,019,680
Other assets*	-	-	15,693,627	-	15,693,627
	P12,055,774,303	P3,833,698,246	P16,693,627	P6,321,434	P15,912,487,610

Excludes other miscellaneous assets

	December 31, 2024				
	Combined				
	Neither Past Due nor Individually Impaired				
	High Grade	**Standard Grade**	**Unrated**	**Past Due or Impaired**	**Total**
Due from BSP	**P45,886,272**	**P -**	**P -**	**P -**	**P45,886,272**
Deposits in banks	**6,035,342,890**	**-**	**-**	**-**	**6,035,342,890**
Financial assets at FVPL:					
Quoted debt securities	**2,177,063,514**	**-**	**-**	**-**	**2,177,063,514**
Investment in UITF	**159,889,817**	**-**	**-**	**-**	**159,889,817**
Investment in mutual funds	**113,141,589**	**-**	**-**	**-**	**113,141,589**
	2,450,094,920	**-**	**-**	**-**	**2,450,094,920**
FVOCI securities:					
Quoted debt securities	**17,579,142,900**	**-**	**-**	**-**	**17,579,142,900**
	17,579,142,900	**-**	**-**	**-**	**17,579,253,700**
Financial assets at amortized cost	**3,500,000,000**	**-**	**-**	**-**	**3,500,000,000**
Loans and receivables:					
Commercial loans	**-**	**28,434,466,482**	**-**	**6,321,434**	**28,440,787,916**
UDSCL	**-**	**-**	**1,000,000**	**-**	**1,000,000**
Sales contract receivable	**-**	**-**	**-**	**44,084,703**	**44,084,703**
Other receivables	**-**	**818,097,633**	**-**	**-**	**818,097,633**
	-	**29,252,564,115**	**1,000,000**	**50,406,137**	**29,303,970,252**
Other assets*	**-**	**-**	**136,007,456**	**-**	**136,007,456**
	P29,610,466,983	**P29,252,564,115**	**P137,007,456**	**P50,406,137**	**P59,050,444,691**

**Excludes other miscellaneous assets*

	December 31, 2023				
	Combined				
	Neither Past Due nor Individually Impaired				
	High Grade	Standard Grade	Unrated	Past Due or Impaired	Total
Due from BSP	P44,335,272	P -	P -	P -	P44,335,272
Deposits in banks	5,852,916,947	-	-	-	5,852,916,947
Financial assets at FVPL:					
Quoted debt securities	1,542,828,914	-	-	-	1,542,828,914
Investment in UITF	161,685,078	-	-	-	161,685,078
Investment in mutual funds	188,619,404	-	-	-	188,619,404
Unquoted equity securities	-	-	10,014,200	-	10,014,200
	1,893,133,396	-	10,014,200	-	1,903,147,596
FVOCI securities:					
Quoted debt securities	13,902,309,112	-	-	-	13,902,309,112
	13,902,309,112	-	-	-	13,902,309,112
Financial assets at amortized cost	3,500,000,000	-	-	-	3,500,000,000
Loans and receivables:					
Commercial loans	-	34,470,163,293	-	6,321,434	34,476,484,727
UDSCL	-	1,000,000	-	-	1,000,000
Sales contract receivable	-	-	-	44,084,703	44,084,703
Other receivables	-	687,320,294	-	-	687,320,294
	-	35,158,483,587	-	50,406,137	35,208,889,724
Other assets*	-	-	28,880,715	-	28,880,715
	P25,192,694,727	P35,158,483,587	P38,894,915	P50,406,137	P60,440,479,366

**Excludes other miscellaneous assets*

The table below shows the credit quality by class of financial assets of the TMF presented subject to impairment by ECL stages at combined level:

	December 31, 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Due from BSP				
High grade	**P45,886,272**	**P -**	**P -**	**45,886,272**
Carrying amount	**45,886,272**	**-**	**-**	**45,886,272**
Deposits in Banks				
High grade	**6,035,342,890**	**-**	**-**	**6,035,342,890**
Gross carrying amount	**6,035,342,890**	**-**	**-**	**6,035,342,890**
Loss allowance	**(53,714,372)**	**-**	**-**	**(53,714,372)**
Carrying amount	**5,981,628,518**	**-**	**-**	**5,981,628,518**
FVOCI Debt Securities				
High grade	**17,579,142,900**	**-**	**-**	**17,579,142,900**
Gross carrying amount	**17,579,142,900**	**-**	**-**	**17,579,142,900**
Loss allowance	**(181,175,103)**	**-**	**-**	**(181,175,103)**
Carrying amount - fair value	**17,397,967,797**	**-**	**-**	**17,397,967,797**
Loans and Receivables				
Standard grade	**5,657,718,020**	**18,445,532,895**	**4,337,537,000**	**28,440,787,915**
Past due or impaired	**-**	**-**	**44,084,703**	**44,084,700**
Gross carrying amount	**5,657,718,020**	**18,445,532,895**	**4,381,621,703**	**28,484,872,619**
Loss allowance	**(56,577,180)**	**(700,112,539)**	**(1,738,807,661)**	**(2,539,582,079)**
Carrying amount	**5,601,140,840**	**17,745,420,356**	**2,598,729,343**	**25,945,290,540**
AC Debt Securities				
High grade	**3,500,000,000**	**-**	**-**	**3,500,000,000**
Gross carrying amount	**3,500,000,000**			**3,500,000,000**
Loss allowance	**-**	**-**	**-**	**-**
Carrying Amount	**3,500,000,000**	**-**	**-**	**3,500,000,000**
Other Assets*		**-**	**-**	
Unrated	**136,007,456**	**-**	**-**	**136,007,456**
Carrying amount	**136,007,456**	**-**	**-**	**136,007,456**
Total carrying amount	**P32,662,630,883**	**P17,745,420,356**	**P2,598,729,343**	**P53,006,780,582**

**Excludes other miscellaneous assets*

	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Due from BSP				
High grade	P44,335,272	P -	P -	P44,335,272
Carrying amount	44,335,272	-	-	44,335,272
Deposits in Banks				
High grade	5,852,916,947	-	-	5,852,916,947
Gross carrying amount	5,852,916,947	-	-	5,852,916,947
Loss allowance	(50,199,625)	-	-	(50,199,625)
Carrying amount	5,802,717,322	-	-	5,802,717,322
FVOCI Debt Securities				
High grade	13,902,309,112	-	-	13,902,309,112
Gross carrying amount	13,902,309,112	-	-	13,902,309,112
Loss allowance	(148,190,371)	-	-	(148,190,371)
Carrying amount - fair value	13,754,118,741	-	-	13,754,118,741
Loans and Receivables				
Standard grade	6,177,921,515	19,273,346,311	9,025,216,900	34,476,484,726
Past due or impaired	-	-	44,084,703	44,084,703
Gross carrying amount	6,177,921,515	19,273,346,311	9,069,301,603	34,520,569,429
Loss allowance	(61,779,215)	(435,180,401)	(2,474,837,863)	(2,971,797,479)
Carrying amount	6,116,142,300	18,838,165,910	6,594,463,740	31,548,771,950
AC Debt Securities				
High grade	3,465,000	-	-	3,465,000
Gross carrying amount	3,465,000	-	-	3,465,000
Loss allowance	-	-	-	-
Carrying amount	3,465,000	-	-	3,465,000
Other Assets*				
Unrated	28,880,715	-	-	28,880,715
Carrying amount	28,880,715	-	-	28,880,715
Total carrying amount	P25,749,659,350	P18,838,165,910	P6,594,463,740	P51,182,289,000

**Excludes other miscellaneous assets*

Sensitivity of ECL to Future Economic Conditions
The ECL are sensitive to judgments and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. The TSG performed a sensitivity analysis on the ECL allowance recognized on financial assets whose loss allowances are affected by forward-looking scenarios, i.e. Commercial loans under Loans and receivables account and Financial assets at FVOCI for the years ended December 31, 2024 and 2023.

The tables below show the ECL allowance assuming the optimistic and pessimistic scenarios were weighted 100.0% instead of applying scenario probability weights.

	December 31, 2024			
		ECL Allowance		
	Gross Exposure	**Optimistic**	**Pessimistic**	**Probability - weighted**
Commercial loans	**P28,440,787,916**	**P2,338,312,159**	**P2,581,998,547**	**P2,460,155,353**
Financial assets at FVOCI	**17,579,142,900**	**181,175,103**	**181,175,103**	**181,175,103**
	P46,019,930,816	**P2,519,487,262**	**P2,763,173,650**	**P2,641,330,456**

	December 31, 2023			
		ECL Allowance		
	Gross Exposure	Optimistic	Pessimistic	Probability - weighted
Commercial loans	P34,476,484,727	P3,759,147,632	P4,769,081,443	P4,264,114,537
Financial assets at FVOCI	13,908,335,353	223,633,757	223,633,757	223,633,757
	P48,384,820,080	P3,982,781,389	P4,992,715,200	P4,487,748,294

The ECL of the financial assets above are assessed based on loss rates as calculated by specific forward-looking scenario weights. However, when the initially computed loss rate is below 1.0% on a per-instrument level, the final loss rate to be used is 1.0%.

As at December 31, 2024 and 2023, initially calculated loss rates for the entire financial assets at FVOCI portfolio were below 1.0% under the optimistic, pessimistic and probability-weighted scenarios. As such, for purposes of sensitivity analysis, the same loss rate of 1.0% was applied across all scenarios, resulting in similar ECL allowance.

Liquidity Risk
Liquidity risk is the risk to the TMF's earnings and capital arising from the inability to meet funding requirements in a timely manner. As at December 31, 2024 and 2023, all other accountabilities are due and demandable. To ensure sufficient liquidity, the TSG has a set of internal limits that allocates a portion of its liabilities into cash, investment securities and other liquid assets.

The TSG ensures that sufficient liquid assets are available to meet short-term funding requirements. Liquidity is monitored on a daily basis and is ready for any stress-related situations. A contingency funding plan, which covers quantitative and procedural measures is in place and may be applied under different stress scenarios. The TSG manages its liquidity risk by keeping a diversified pool of assets under different tenors as reflected in the portfolio mix. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration of stress factors relating to both the market in general and specific investment positions made by the TSG.

The table below summarizes the maturity profile of financial assets and liabilities of the Trust as at December 31, 2024 and 2023 (in millions).

	December 31, 2024					
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
Assets						
Due from BSP	**P46**	**P -**	**P -**	**P -**	**P -**	**P46**
Deposits in bank	**3,268**	**1,921**	**846**	**-**	**-**	**6,035**
Financial assets at FVPL	**144**	**164**	**16,623**	**831**	**759**	**18,521**
Financial assets at FVOCI	**314**	**797**	**3,926**	**8,056**	**4,485**	**17,578**
Financial assets at AC	**-**	**-**	**-**	**3,500**	**-**	**3,500**
Loans and receivables	**10,767**	**15,112**	**366**	**3,059**	**-**	**29,304**
Other Assets *	**-**	**136**	**-**	**-**	**-**	**136**
	P14,539	**P18,130**	**P21,761**	**P15,446**	**P5,244**	**P75,120**
Accountabilities						
Other accountabilities	**P307**	**P -**	**P -**	**P -**	**P -**	**P307**

**excludes Miscellaneous Assets*

	December 31, 2023					
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
Assets						
Due from BSP	P44	P -	P -	P -	P -	P -
Deposits in bank	3,684	1,354	218	596	-	5,852
Financial assets at FVPL	110	143	15,322	880	136	16,591
Financial assets at FVOCI	135	550	3,209	8,296	1,713	13,903
Financial assets at AC	-	-	-	-	3,500	3,500
Loans and receivables	19,476	11,389	1,410	2,889	45	35,209
Other Assets *	4	24	-	-	-	28
	P23,453	P13,430	P20,159	P12,661	P5,394	P75,127
Accountabilities						
Other accountabilities	P316	P -	P -	P -	P -	P316

**excludes Miscellaneous Assets*

Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity prices and other market changes. The exposure of the TMF to market risk emanates from its foreign exchange transactions, debt and equity securities.

Interest Rate Risk

Interest rate risk is the risk that the changes in the market interest rates will reduce the TMF’s current or future earnings and/or economic value.

The following table demonstrates the sensitivity of the combined statements of income and “Net unrealized gains (losses) on financial assets at FVOCI” to a reasonably possible change in interest rates, with all other variables held constant. The sensitivity of the combined statements of income and “Net unrealized gains (losses) on financial assets at FVOCI” is the effect of the assumed changes in the interest rates on the fair value of the securities held as at December 31, 2024 and 2023.

Changes in interest rates	**2024**		2023	
(in basis points)	**+100**	**-100**	+100	-100
Trading and investment securities gain on financial assets at FVPL:				
Unit investment trust funds	**P24,268,429**	**(P24,268,429)**	P1,754,653	(P1,754,653)
Institutional trust accounts	**118,131,724**	**(118,131,724)**	9,174,171	(9,174,171)
Institutional agency accounts	**-**	**-**	-	-
Other fiduciary	**-**	**-**	-	-
Institutional agency accounts	**443,532,156**	**(443,532,156)**	19,876,458	(19,876,458)
Individual agency accounts	**82,772**	**(82,772)**	10,065	(10,065)
	586,015,081	**(586,015,081)**	30,815,347	(30,815,347)
Interest income:				
Unit investment trust funds	**2,842,916**	**(2,842,916)**	3,050,370	(3,050,370)
Institutional trust accounts	**8,986,319**	**(8,986,319)**	10,087,511	(10,087,511)
Individual trust accounts	**17,492,480**	**(17,492,480)**	15,854,736	(15,854,736)
Other fiduciary	**5,651,953**	**(5,651,953)**	5,708,894	(5,708,894)
Institutional agency accounts	**472,263,091**	**(472,263,091)**	509,585,592	(509,585,592)
Individual agency accounts	**243,137,273**	**(243,137,273)**	203,036,569	(203,036,569)
	750,374,032	**(750,374,032)**	747,323,672	(747,323,672)
Net unrealized gains (losses) on financial assets at FVOCI:				
Institutional trust accounts	**10,212,063**	**(10,212,063)**	865,507	(865,507)
Individual trust accounts	**178,393,769**	**(178,393,769)**	19,457,628	(19,457,628)
Other fiduciary	**4,857,411**	**(4,857,411)**	877,206	(877,206)
Institutional agency accounts	**1,391,290,960**	**(1,391,290,960)**	124,092,910	(124,092,910)
Individual agency accounts	**3,021,991,739**	**(3,021,991,739)**	262,192,991	(262,192,991)
	4,606,745,942	**(4,606,745,942)**	407,486,242	(407,486,242)
Total impact on accountabilities	**P5,943,135,055**	**(P5,943,135,055)**	P1,185,625,261	(P1,185,625,261)

The following table presents information on the interest repricing profile of the TMF’s interest bearing financial assets and liabilities as at December 31, 2024 and 2023:

	December 31, 2024								
In Millions	**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**
Assets									
Due from BSP	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	**P46**	**P46**
Deposits in bank	**2,787**	**1,921**	**226**	**620**	**-**	**-**	**-**	**481**	**6,035**
Financial assets at FVPL	**144**	**164**	**123**	**156**	**435**	**396**	**759**	**16,344**	**18,521**
Financial assets at FVOCI	**314**	**797**	**533**	**3,393**	**3,543**	**4,513**	**4,485**	**-**	**17,578**
Financial assets at AC	**-**	**-**	**-**	**-**	**-**	**3,500**	**-**	**-**	**3,500**
Commercial loans	**10,767**	**15,112**	**178**	**188**	**2,196**	**-**	**-**	**-**	**28,441**
Unquoted debt securities classified as loans					**1**				
Sales contract receivables	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**44**	**44**
Other receivables	**-**	**-**	**-**	**-**	**-**	**818**	**-**	**-**	**818**
	14,012	**17,994**	**1,060**	**4,357**	**6,175**	**9,227**	**5,244**	**16,915**	**74, 984**
Accountabilities									
Other accountabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**307**	**307**
Total Periodic Gap	**14,012**	**17,994**	**1,060**	**4,357**	**6,175**	**9,227**	**5,244**	**17,222**	**75,291**
Cumulative Net Mismatch	**P14,012**	**P32,006**	**P33,066**	**P37,423**	**P43,598**	**P52,825**	**P58,069**	**P75,291**	**P -**

In Millions	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
	December 31, 2023								
Assets									
Due from BSP	P -	P -	P -	P -	P -	P -	P -	P44	P44
Deposits in bank	3,036	1,354	189	29	596	-	-	649	5,853
Financial assets at FVPL	110	143	140	135	705	175	136	15,047	16,591
Financial assets at FVOCI	135	550	298	2,911	4,505	3,791	1,713	-	13,903
Financial assets at AC	-	-	-	-	-	-	3,500	-	3,500
Commercial loans	19,476	11,389	692	718	6	2,196	-	-	34,477
Unquoted debt securities classified as loans	-	-	-	-	-	1	-	-	1
Sales contract receivables	-	-	-	-	-	44	-	44	88
Other receivables	-	-	-	-	-	687	-	-	687
	22,757	13,436	1,319	3,793	5,812	6,894	5,349	15,784	75,144
Accountabilities									
Other accountabilities	-	-	-	-	-	-	-	(316)	(316)
Total Periodic Gap	22,757	13,436	1,319	3,793	5,812	6,894	5,349	15,468	74,828
Cumulative Net Mismatch	P22,757	P36,193	P37,512	P41,305	P47,117	P54,011	P59,360	P74,828	P -

TSG monitors the mismatches in the repricing of the TMF's combined assets and liabilities through the interest rate gap resorts. To ensure that the TMF's net interest income is protected, the ITC has a set limit for the maximum repricing gap, either positive or negative, for tenors up to one (1) year. These limits are reviewed and form part of the TMF's risk appetite statements.

Equity Price Risk
Equity price risk is the risk that the fair value of equity instruments decreases as the result of changes in the levels of equity indices and the value of individual stocks. The trading equity price risk exposure arises from the TMF's investment portfolio in shares which are being traded in the Philippines Stock Exchange (PSE) and shares that are no longer quoted or has no active market.

The following table sets forth, for 2024 and 2023, the corresponding changes resulting from the impact of changes in the PSE index (PSEi) in the TMF's trading and investment securities on financial assets at FVPL and unrealized gains or losses on financial assets at FVOCI:

	2024		2023	
Changes in PSEi	**8.62%**	**-8.62%**	87.32%	-87.32%
Trading and investment securities gain on financial assets at FVPL:				
Unit investment trust funds	**P3,157,971**	**(P3,157,971)**	P14,152,771	(P14,152,771)
Institutional trust accounts	**32,146,080**	**(32,146,080)**	219,907,881	(219,907,881)
Individual trust accounts	**6,835,175**	**(6,835,175)**	62,773,348	(62,773,348)
Other Fiduciary	**929,293**	**(929,293)**	7,718,078	(7,718,078)
Institutional agency accounts	**532,437,696**	**(532,437,696)**	6,885,529,679	(6,885,529,679)
Individual agency accounts	**463,825,544**	**(463,825,544)**	5,720,318,896	(5,720,318,896)
	1,039,331,759	**(1,039,331,759)**	12,910,400,653	(12,910,400,653)
Net unrealized gains (losses) on financial assets at FVOCI:				
Institutional trust accounts	**-**	**-**	8,731,642	(8,731,642)
Individual trust accounts	**-**	**-**	-	-
Other Fiduciary	**-**	**-**	139,078	(139,078)
Institutional agency accounts	**9,328**	**(9,328)**	2,270	(2,270)
Individual agency accounts	**-**	**-**	-	-
	9,328	**(9,328)**	8,872,990	(8,872,990)
Total impact on accountabilities	**P1,039,341,087**	**(P1,039,341,087)**	P12,919,273,643	(P12,919,273,643)

Currency Risk
Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at December 31, 2024 and 2023, the TMF's exposure to foreign currency risk is minimal.

The table below summarizes the TSG's exposure to foreign exchange risk as at December 31, 2024 and 2023 Included in the table are the TSG's assets and liabilities at carrying amounts in USD (in thousands).

	December 31 2024	December 31 2023
Assets		
Deposits in banks	**$20,986**	$6,721
Financial assets at FVPL	**1,277**	1,147
Financial assets at FVOCI	**13,951**	13,025
Loans and receivables	**568**	241
Total Assets	**36,785**	21,134
Other Accountabilities		
Other accountabilities	**157**	46
Net Exposure	**$36,626**	$21,088
In PHP	**P2,118,612**	P1,167,618

Change in currency rates are based on the historical movements of each currency for the same period (in millions).

	Philippine Peso Appreciates by	**Effect on Profit before Tax**	**Philippine Peso Depreciates by**	**Effect on Profit before Tax**
December 31, 2024				
Currency				
USD	**P2.48**	**(P90.65)**	**P2.48**	**P90.65**

	Philippine Peso Appreciates by	Effect on Profit before Tax	Philippine Peso Depreciates by	Effect on Profit before Tax
December 31, 2023				
Currency				
USD	P0.39	(P8.12)	(P0.39)	P8.12

6. Categories and Fair Value Measurement

The methods and assumptions used by the TSG in estimating the fair values of financial and nonfinancial assets and liabilities are as follows:

Due from BSP and Deposits in Banks - Fair values approximate carrying amounts considering the short-term nature of the instruments, and that these instruments are subject to an insignificant risk of change in value.

Investments in Quoted Debt and Equity Securities - Fair values are generally based on quoted market prices as at reporting date.

Loans and Receivables - The estimated fair value of long-term receivables from customers and sales contract receivables are equivalent 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 commercial loans, accrued interest receivables and other receivables 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.

The valuations procedures have been performed in accordance with the International Valuation Standards (2017 Edition) and Philippine Valuation Standards (2nd Edition 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP).

Other Assets - The carrying value of other assets approximates the fair values due to the short-term maturities of these assets. These are mainly comprised of dividend receivable, due from brokers and other miscellaneous assets.

Accountabilities - For other financial liabilities at amortized cost, the carrying amount approximates fair value considering that these liabilities are currently due and demandable.

Fair Value Hierarchy

The TSG evaluates the material accuracy of the valuations incorporated in the financial statements as they can involve a high degree of judgement and estimation in determining the carrying values of financial assets and financial liabilities at the reporting date.

For certain financial instruments, the TSG may use data that is not readily observable in current markets. If the TSG uses unobservable market data, then the TSG needs to exercise more judgement to determine fair value depending on the significance of the unobservable input to the overall valuation. Generally, the TSG derives unobservable inputs from other relevant market data and compares them to observed transaction prices where available.

The TSG 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) prices in active markets for identical assets or liabilities;

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

- 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 combined financial statements on a recurring basis, such as financial assets at FVPL and FVOCI, TSG 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. Particularly, 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.

Valuation from external appraisers are subject to quality assurance by the Bank to ensure that the minimum requirements and standards for appraisals are met. The minimum requirements and standards entail consistency and accuracy of the information in the appraisal reports. The appraisal undertaking must comply with the provisions of the Philippine Valuation Standards (PVS). Market value is defined by PVS as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

The following table provides the fair value hierarchy of the TMF's assets and liabilities measured at fair value and those for which fair values should be disclosed:

	Unit Investment Trust Funds				
	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:					
Quoted debt securities	**P243,296,071**	**P243,296,071**	**P -**	**P -**	**P243,296,071**
Quoted equity securities	**16,517,833**	**16,517,833**	**-**	**-**	**16,517,833**
	P259,813,904	**P259,813,904**	**P -**	**P -**	**P259,813,904**

	Unit Investment Trust Funds				
	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:					
Quoted debt securities	P207,044,383	P207,044,383	P -	P -	P207,044,383
Quoted equity securities	16,208,601	16,208,601	-	-	16,208,601
	P223,252,984	P223,252,984	P -	P -	P223,252,984

	Institutional Trust Accounts				
	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:					
Quoted debt securities	**P462,403,164**	**P462,403,164**	**P -**	**P -**	**P462,403,164**
Quoted equity securities	**184,104,847**	**184,104,847**	**-**	**-**	**184,104,847**
Financial assets at FVOCI:					
Quoted debt securities	**30,173,718**	**30,173,718**	**-**	**-**	**30,173,718**
Non-financial Assets					
Investment properties	**62,665,250**	**-**	**-**	**62,665,250**	**62,665,250**
	P739,346,979	**P676,681,729**	**P -**	**P62,665,250**	**P739,346,979**

	Institutional Trust Accounts				
	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:					
Quoted debt securities	P494,077,751	P494,077,751	P -	P -	P494,077,751
Quoted equity securities	251,851,680	251,851,680	-	-	251,851,680
Unquoted equities securities	10,000,000	-	-	10,000,000	10,000,000
Financial assets at FVOCI:					
Quoted debt securities	22,068,562	22,068,562	-	-	22,068,562
Non-financial Assets					
Investment properties	62,665,250	-	-	62,665,250	62,665,250
	P840,663,243	P767,997,993	P -	P72,665,250	P840,663,243

	Individual Trust Accounts				
	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:					
Quoted debt securities	**P164,911,829**	**P164,911,829**	**P -**	**P -**	**P164,911,829**
Quoted equity securities					
Investments in UITF	**99,386,039**	**99,386,039**	**-**	**-**	**99,386,039**
Investments in Mutual Funds	**100,840,436**	**100,840,436**	**-**	**-**	**100,840,436**
Financial assets at FVOCI:					
Quoted debt securities	**1,338,784,881**	**1,338,784,881**	**-**	**-**	**1,338,784,881**
Non-financial Assets					
Investment properties	**10,160,774**	**-**	**-**	**10,160,774**	**10,160,774**
	P1,714,083,959	**P1,703,923,185**	**P -**	**P10,160,774**	**P1,714,083,959**

	Individual Trust Accounts				
	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:					
Quoted debt securities	P71,891,798	P71,891,798	P -	P -	P71,891,798
Quoted equity securities	-	-	-	-	-
Investments in UITF	123,622,450	123,622,450	-	-	123,622,450
Investments in Mutual Funds	124,584,348	124,584,348	-	-	124,584,348
Financial assets at FVOCI:					
Quoted debt securities	1,156,930,757	1,156,930,757	-	-	1,156,930,757
Non-financial Assets					
Investment properties	10,160,774	-	-	10,160,774	10,160,774
	P1,487,190,127	P1,477,029,353	P -	P10,160,774	P1,487,190,127

	Other Fiduciary Accounts 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:					
Quoted debt securities	**P2,132,082**	**P2,132,082**	**P -**	**P -**	**P2,132,082**
Quoted equity securities					
Financial assets at FVOCI:					
Quoted debt securities	**169,169,790**	**169,169,790**	**-**	**-**	**169,169,790**
Quoted equity securities					
Unquoted equity securities	**108,200**	**-**	**-**	**108,200**	**108,200**
	P171,410,072	**P171,301,872**	**P -**	**P108,20**	**P171,410,072**

	Other Fiduciary Accounts 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:	P4,630,731	P4,630,731	P -	P -	P4,630,731
Quoted debt securities					
Quoted equity securities	8,890,287	8,890,287	-	-	8,890,287
Financial assets at FVOCI:					
Quoted debt securities	122,037,309	122,037,309	-	-	122,037,309
Quoted equity securities	-	-	-	-	-
Unquoted equity securities	108,199	-	-	108,199	108,199
	P135,666,526	P135,558,327	P -	P108,199	P135,666,526

	Agency Institutional Accounts 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:					
Quoted debt securities	**P1,471,173,907**	**P1,471,173,907**	**P -**	**P -**	**P1,471,173,907**
Quoted equity securities	**8,371,643,988**	**8,371,643,988**	**-**	**-**	**8,371,643,988**
Unquoted equity securities	**63,600**	**-**	**-**	**63,600**	**63,600**
Investment in UITF	**5,049,330**	**5,049,330**	**-**	**-**	**5,049,330**
Financial assets at FVOCI:					
Quoted debt securities	**5,059,019,987**	**5,059,019,987**	**-**	**-**	**5,059,019,987**
Unquoted equity securities	**2,600**	**-**	**-**	**2,600**	**2,600**
	P14,906,953,412	**P14,906,887,212**	**P -**	**P66,200**	**P14,906,953,412**

	Agency Institutional Accounts 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:					
Quoted debt securities	P836,552,273	P836,552,273	P -	P -	P836,552,273
Quoted equity securities	7,778,492,801	7,778,492,801	-	-	7,778,492,801
Unquoted equity securities	14,200	-	-	14,200	14,200
Financial assets at FVOCI:					
Quoted debt securities	3,513,314,170	3,513,314,170	-	-	3,513,314,170
Unquoted equity securities	33,800	-	-	33,800	33,800
	P12,128,407,244	P12,128,359,244	P -	P48,000	P12,128,407,244

	Agency Individual Accounts December 31, 2024				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial assets at FVPL:					
Quoted debt securities	**P190,365**	**P190,365**	**P -**	**P -**	**P190,365**
Quoted equity securities	**7,332,167,000**	**7,332,167,000**	**-**	**-**	**7,332,167,000**
Investments in UITF	**55,454,447**	**55,454,447**	**-**	**-**	**55,454,447**
Investments in Mutual Funds	**12,301,153**	**12,301,153**	**-**	**-**	**12,301,153**
Financial assets at FVOCI:					
Quoted debt securities	**10,981,994,524**	**10,981,994,524**	**-**	**-**	**10,981,994,524**
	P18,382,107,489	**P18,382,107,489**	**P -**	**P -**	**P18,382,107,489**

	Agency Individual Accounts				
	December 31, 2023				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial assets at FVPL:					
Quoted debt securities	P523,781	P523,781	P -	P -	P523,781
Quoted equity securities	6,549,704,902	6,549,704,902	-	-	6,549,704,902
Investments in UITF	38,062,628	38,062,628	-	-	38,062,628
Investments in Mutual Funds	64,035,055	64,035,055	-	-	64,035,055
Financial assets at FVOCI:					
Quoted debt securities	9,087,958,314	9,087,958,314	-	-	9,087,958,314
	P15,740,284,680	P15,740,284,680	P -	P -	P15,740,284,680

	Combined				
	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:					
Quoted debt securities	**P2,177,063,514**	**P2,177,063,514**	**P -**	**P -**	**P2,177,063,514**
Quoted equity securities	**16,071,477,580**	**16,071,477,580**	**-**	**-**	**16,071,477,580**
Unquoted equity securities	**63,600**	**-**	**-**	**63,600**	**63,600**
Investments in UITF	**159,889,817**	**159,889,817**	**-**	**-**	**159,889,817**
Investments in Mutual Funds	**113,141,589**	**113,141,589**	**-**	**-**	**113,141,589**
Financial assets at FVOCI:					
Quoted debt securities	**17,579,142,900**	**17,579,142,900**	**-**	**-**	**17,579,142,900**
Quoted equity securities					
Unquoted equity securities	**110,800**	**-**	**-**	**110,800**	**110,800**
Non-financial Assets					
Investment properties	**72,826,024**	**-**	**-**	**72,826,024**	**72,826,024**
	P36,173,715,824	**P36,100,715,400**	**P -**	**P73,000,424**	**P36,173,715,824**

	Combined				
	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:					
Quoted debt securities	P1,542,828,919	P1,542,828,919	P -	P -	P1,542,828,919
Quoted equity securities	14,677,040,069	14,677,040,069	-	-	14,677,040,069
Unquoted equity securities	10,014,200	-	-	10,014,200	10,014,200
Investments in UITF	161,685,078	161,685,078	-	-	161,685,078
Investments in Mutual Funds	188,619,403	188,619,403	-	-	188,619,403
Financial assets at FVOCI:					
Quoted debt securities	13,902,309,112	13,902,309,112	-	-	13,902,309,112
Quoted equity securities	-	-	-	-	-
Unquoted equity securities	141,999	-	-	141,999	141,999
Non-financial Assets					
Investment properties	72,826,024	-	-	72,826,024	72,826,024
	P30,555,464,804	P30,472,482,581	P -	P82,982,223	P30,555,464,804

As at December 31, 2024 and 2023, the fair value gain from investment properties amounted to nil , respectively. As at December 31, 2024 and 2023, investment properties carried at cost amounting to P72.8 million have a Level 3 fair value.

The carrying values of the TSG's financial assets and liabilities, not included in the tables above, as reflected in the statements of financial position and related notes approximate their respective fair values.

For 2024 and 2023, there have been no transfers into and out of the levels 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 instrument is based on cost which approximates its fair value. These include equity securities which represent ordinary shares that are not quoted on any market. The TSG does not intend to dispose of this investment in the foreseeable future.

7. Due from BSP

This account consists of:

	As at December 31, 2024						
		Trust			Agency		
	Unit Investment Trust Funds	**Institutional Accounts**	**Individual Accounts**	**Other Fiduciary**	**Institutional Accounts**	**Individual Accounts**	**Combined**
Demand deposit account	**P -**	**P -**	**P45,886,272**	**P -**	**P -**	**P -**	**P45,886,272**

	As at December 31, 2023						
		Trust			Agency		
	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
Demand deposit account	P -	P -	P44,335,272	P -	P -	P -	P44,335,272

BSP Circular No. 1025 series of 2018 amended *Subsection X405.5/4405Q.5 of the MORB* states that in addition to the basic security deposit, banks/institutions authorized to engage in trust and other fiduciary business shall maintain reserves on TOFA - Others, except accounts held under administratorship, trust under indenture, custodianship & safekeeping, employee benefit plans under trust, escrow, personal trust (testamentary), executorship, guardianship, life insurance trust, pre-need plans, PERA, legislated and quasi-judicial trust, and specialized institutional accounts under trust. The required reserve for TOFA-Others is 17.0% of the investment management assets based on the seven-day week and TSG is compliant with it as at December 31, 2024.

The demand deposit account maintained by TSG with BSP is designed to facilitate the outright transactions or the direct purchase/sale by BSP of its holdings of government securities from/to banking institutions. When the BSP buys securities, it pays for them by directly crediting its counterparty's Demand Deposit Account with the BSP. The transaction thus increases the buyer's holdings of central bank reserves and expands the money supply. Conversely, when the BSP sells securities, the buyer's payment causes the money supply to contract. Demand deposit account of the TSG as at December 31, 2024 and 2023 are noninterest bearing.

8. Deposits in Banks

This account consists of:

	Note	Unit Investment Trust Funds	Trust Institutional Accounts	Trust Individual Accounts	Other Fiduciary	Agency Institutional Accounts	Agency Individual Accounts	Combined
		As at December 31, 2024						
Savings deposit		**P -**	**P5,282,081**	**P48,235,809**	**P43,132,734**	**P130,385,737**	**P254,420,781**	**P481,457,142**
Time deposit		**46,659,774**	**136,775,524**	**19,746,083**	**209,760,798**	**1,373,921,998**	**3,767,021,571**	**5,553,885,749**
		46,659,774	**142,057,605**	**67,981,892**	**252,893,532**	**1,504,307,735**	**4,021,442,352**	**6,035,342,890**
Less allowance for credit losses	*13*	**-**	**-**	**(197,461)**	**(2,097,608)**	**(13,739,220)**	**(37,680,083)**	**(53,714,372)**
		P46,659,774	**P142,057,605**	**P67,784,431**	**P250,795,924**	**P1,490,568,515**	**P3,983,762,269**	**P5,981,628,518**

	Note	Unit Investment Trust Funds	Trust Institutional Accounts	Trust Individual Accounts	Other Fiduciary	Agency Institutional Accounts	Agency Individual Accounts	Combined
		As at December 31, 2023						
Savings deposit		P420,314	P7,986,257	P111,058,523	P243,207,180	P27,825,121	P258,224,275	P648,721,670
Time deposit		32,585,039	181,116,118	17,579,124	234,086,037	2,131,858,708	2,606,970,251	5,204,195,277
		33,005,353	189,102,375	P128,637,647	477,293,217	2,159,683,829	2,865,194,526	5,852,916,947
Less allowance for credit losses	*13*	-	(34,761)	(175,791)	(2,340,860)	(21,318,587)	(26,329,626)	(50,199,625)
		P33,005,353	P189,067,614	P128,461,856	P474,952,357	P2,138,365,242	P2,838,864,900	P5,802,717,322

In 2024 and 2023, time deposit placements earned interest at a fixed rate per annum ranging from 1.00% to 6.50% and 0.65% to 6.75%, respectively. On the other hand, savings deposit placements earned interest at a fixed rate per annum ranging from 0.00% to 0.13% in 2024 and 2023.

Combined interest income from deposits in banks amounted to P312.33 million and P301.44 million in 2024 and 2023, respectively. Combined interest income denominated in foreign currency amounted to P24.67 million and P13.19 million in 2024 and 2023.

9. Financial Assets at FVPL

This account consists of quoted government securities, corporate bonds, USD-denominated Republic of the Philippines (ROP) bonds, and equity securities which are held for trading purposes.

	As at December 31, 2024						
		Trust			Agency		
	Unit Investment Trust Funds	**Institutional Accounts**	**Individual Accounts**	**Other Fiduciary**	**Institutional Accounts**	**Individual Accounts**	**Combined**
Investment in equity securities	**P16,517,833**	**P184,104,848**	**P164,911,829**	**P2,132,082**	**P8,371,707,588**	**P7,332,167,000**	**P16,071,541,180**
Investment in corporate bonds	**201,634,447**	**266,105,059**	**-**	**-**	**537,312,244**	**188,660**	**1,005,240,410**
Investment in government securities	**7,019,448**	**187,846,796**	**-**	**-**	**920,943,607**	**-**	**1,115,809,851**
Investment in USD-denominated ROP bonds	**35,050,450**	**-**	**-**	**-**	**-**	**-**	**35,050,450**
Revaluation MTM	**(408,273)**	**8,451,315**	**-**	**-**	**12,918,055**	**1,704**	**20,962,801**
Investments in UITF	**-**	**-**	**99,386,040**	**-**	**5,049,330**	**55,454,447**	**159,889,817**
Investments in Mutual Funds	**-**	**-**	**100,840,436**	**-**	**-**	**12,301,153**	**113,141,589**
	P259,813,905	**P646,508,018**	**P365,138,305**	**P2,132,082**	**P9,847,930,824**	**P7,400,112,964**	**P18,521,636,098**

	As at December 31, 2023						
		Trust			Agency		
	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
Investment in equity securities	P16,208,601	P261,851,680	P71,891,798	P8,890,287	P7,778,507,002	P6,549,704,902	P14,687,054,270
Investment in corporate bonds	85,026,140	358,083,541	-	-	588,524,107	503,689	1,032,137,477
Investment in government securities	68,828,106	157,647,087	-	4,618,921	260,746,772	-	491,840,886
Investment in USD-denominated ROP bonds	52,001,492	-	-	-	-	-	52,001,492
Revaluation MTM	1,188,644	(21,652,879)	-	11,810	(12,718,607)	20,091	(33,150,941)
Investments in UITF	-	-	123,622,450	-	-	38,062,628	161,685,078
Investments in Mutual Funds	-	-	124,584,349	-	-	64,035,055	188,619,404
	P223,252,983	P755,929,429	P320,098,597	P13,521,018	P8,615,059,274	P6,652,326,365	P16,580,187,666

Financial assets at FVPL bear interest at a fixed rate per annum ranging from 2.62% to 9.00% and from 1.38% to 9.50% in 2024 and 2023, respectively.

In 2024 and 2023, interest income from financial assets at FVPL amounted to P96.73 million and P88.94 million. Trading and securities gains (losses) - net from financial assets at FVPL amounted to P434.49 million and (P1.06) billion in 2024 and 2023, respectively. Dividend income (included under "Other income" in the combined statements of income) received from financial assets at FVPL amounted to P1.01 billion and to P550.54 million in 2024 and 2023, respectively (see Note 19).

In 2024, the interest income on financial assets at FVPL, interest income on financial assets at FVOCI and interest income on financial assets at amortized cost are presented as a separate line item in the combined statements of income to properly reflect the nature of the income. In the previous year, these are presented under "Interest income on trading and investment securities". The change in presentation is done to present separately each material class of interest income to achieve a more appropriate presentation.

10. Financial Assets at FVOCI

This account consists of:

	As at December 31, 2024						
		Trust			Agency		
	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
Quoted debt securities	**P -**	**P30,173,718**	**P1,338,784,881**	**P169,169,790**	**P5,059,019,987**	**P10,981,994,524**	**P17,579,142,900**
Quoted equity securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Unquoted equity securities	**-**	**-**	**-**	**P108,200**	**P2,600**	**-**	**P110,800**
	P -	**P30,173,718**	**P1,338,784,881**	**P169,277,990**	**P5,059,022,587**	**P10,981,994,524**	**P17,579,253,700**

	As at December 31, 2023						
		Trust			Agency		
	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
Quoted debt securities	P -	P22,068,562	P1,156,930,757	P122,037,309	P3,513,314,170	P9,087,958,314	P13,902,309,112
Quoted equity securities	-	-	-	-	-	-	-
Unquoted equity securities	-	-	-	108,199	33,800	-	141,999
	P -	P22,068,562	P1,156,930,757	P122,145,508	P3,513,347,970	P9,087,958,314	P13,902,451,111

Combined interest income from FVOCI debt securities in 2024 and 2023 amounted to P998.10 million and P878.62 million, respectively. Combined dividend income (included under "Other income" in the combined statements of income) received from equity financial assets at FVOCI in 2024 and 2023 amounted to nil (see Note 19).

As at December 2024 and 2023, combined debt securities consist of government securities amounting to P2.74 billion and P1.61 billion, corporate bonds amounting to P15.24 billion and P13.05 billion, and USD-denominated ROP bonds at P154.69 million and P139.72 million, respectively.

Net Unrealized Gains (Losses) on Financial Assets at FVOCI

The net movements of net unrealized gains (losses) on financial assets at FVOCI are as follow:

		As at December 31, 2024						
			Trust			**Agency**		
	Note	**Unit Investment Trust Funds**	**Institutional Accounts**	**Individual Accounts**	**Other Fiduciary**	**Institutional Accounts**	**Individual Accounts**	**Combined**
Balance at beginning of year		**P -**	**(P862,818)**	**P2,255,081**	**P1,851,728**	**(P257,016,777)**	**(P505,402,120)**	**(P759,174,906)**
Less: Net realized gains (losses) taken to profit or loss	*10*	**-**	**345,830**	**12,396,043**	**(677,323)**	**128,302,343**	**231,176,267**	**371,543,160**
Add: Net unrealized gains (losses) recognized in OCI	*10*	**-**	**-**	**-**	**115,758**	**-**	**-**	**115,758**
ECL on debt securities at FVOCI	*13*	**-**	**75,258**	**1,675,443**	**480,109**	**14,168,786**	**16,585,137**	**32,984,733**
Balance at end of year		**P -**	**(P441,730)**	**P16,326,566**	**P1,770,272**	**(P114,545,648)**	**(P257,640,716)**	**(P354,531,256)**

		As at December 31, 2023						
			Trust			Agency		
	Note	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
Balance at beginning of year		P -	(P494,865)	(P6,375,279)	P5,274,798	(P142,825,914)	(P578,540,406)	(P722,961,666)
Less: Net realized gains (losses) taken to profit or loss	*10*	(94,254)	(2,493,880)	14,566	-	13,179,553	(1,601,818)	9,004,167
Add: Net unrealized gains (losses) recognized in OCI	*10*	94,254	2,243,175	2,005,347	(3,296,628)	(10,288,381)	80,590,122	71,347,889
ECL on debt securities at FVOCI	*13*	-	(117,248)	6,610,447	(126,442)	(117,082,035)	(5,850,018)	(116,565,296)
Balance at end of year		P -	(P862,818)	P2,255,081	P1,851,728	(P257,016,777)	(P505,402,120)	(P759,174,906)

As at December 31, 2024 and 2023, the allowance for credit losses on debt securities at FVOCI recognized under "Net unrealized gains (losses) on financial assets at FVOCI" account amounted to P181.18 million and P148.19 million, respectively (see Note 13).

11. Financial Assets at Amortized Cost

This account consists of bonds issued by private companies with interest rates per annum of 4.0% to 7.85% and 7.45% to 7.85% in 2024 and 2023, respectively. The TMF earned interest amounting to P269.82 million and P417.0 million in 2024 and 2023, respectively.

Financial assets at amortized cost under agency institutional accounts amounts to P3.47 billion and P3.47 billion in 2024 and 2023, respectively.

12. Loans and Receivables

This account consists of:

		As at December 31, 2024						
			Trust			Agency		
	Note	**Unit Investment Trust Funds**	**Institutional Accounts**	**Individual Accounts**	**Other Fiduciary**	**Institutional Accounts**	**Individual Accounts**	**Combined**
Commercial loans		**P -**	**P -**	**P -**	**P -**	**P24,856,426,466**	**P3,584,361,450**	**P28,440,787,916**
Unquoted debt securities classified as loans (UDSCL)		**-**	**-**	**-**			**1,000,000**	**1,000,000**
Sales contracts receivables		**-**	**-**	**-**	**44,084,703**	**-**	**-**	**44,084,703**
Other receivables		**2,444,164**	**6,210,412**	**15,530,548**	**2,469,082**	**599,399,045**	**192,044,382**	**818,097,633**
		2,444,164	**6,210,412**	**15,530,548**	**46,553,785**	**25,455,825,511**	**3,777,405,832**	**29,303,970,252**
Less allowance for credit and impairment losses	*13*	**-**	**(52,601)**	**(155,251)**	**(44,109,394)**	**(2,564,041,003)**	**(94,569,878)**	**(2,702,928,127)**
		P2,444,164	**P6,157,811**	**P15,375,297**	**P2,444,391**	**P22,891,784,508**	**P3,682,835,954**	**P26,601,042,125**

		As at December 31, 2023						
			Trust			Agency		
	Note	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
Commercial loans		P -	P -	P3,500,000	P -	P30,791,949,883	P3,681,034,844	P34,476,484,727
Unquoted debt securities classified as loans (UDSCL)		-	-	-	-	-	1,000,000	1,000,000
Sales contracts receivables		-	-	-	44,084,703	-	-	44,084,703
Other receivables		3,407,022	5,213,668	11,671,764	2,488,840	505,554,164	158,984,836	687,320,294
		3,407,022	5,213,668	15,171,764	46,573,543	31,297,504,047	3,841,019,680	35,208,889,724
Less allowance for credit and impairment losses	*13*	-	(1,937)	(151,718)	(44,109,591)	(2,839,150,084)	(88,384,149)	(2,971,797,479)
		P3,407,022	P5,211,731	P15,020,046	P2,463,952	P28,458,353,963	P3,752,635,531	P32,237,092,245

UDSCL refers to debt securities, with fixed or determinable payments that are not quoted in an active market. These are debt securities which give the holder the right to receive quarterly interest payments. UDSCL principal is redeemed upon maturity. Unlike commercial loans, which is evidenced by promissory notes, UDSCL is evidenced by a statement coming from the counterparty referred.

Sales contract receivables (SCR) represent zero percent interest bearing outstanding balances of buyers of pre-sold condominium units.

Other receivables from customers pertain to accrued interest and accounts receivable which mainly consist of amounts due from customers and other parties under open-account arrangements, receivables from employees and other miscellaneous receivables.

Combined Interest Income on Loans and Receivables

This account consists of:

	December 31, 2024						
		Trust			**Agency**		
	Unit Investment Trust Funds	**Institutional Accounts**	**Individual Accounts**	**Other Fiduciary**	**Institutional Accounts**	**Individual Accounts**	**Combined**
Commercial loans	**P -**	**P -**	**P70,430**	**P -**	**P2,231,716,739**	**P271,654,063**	**P2,503,441,232**
UDSCL	**-**	**-**	**-**	**-**	**-**	**52,500**	**52,500**
	P -	**P -**	**P70,430**	**P -**	**P2,231,716,739**	**P271,706,563**	**P2,503,493,732**

	December 31, 2023						
		Trust			Agency		
	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
Commercial loans	P -	P1,806	P1,905,701	P -	P2,460,788,297	P232,295,575	P2,694,991,379
UDSCL	-	-	-	-	-	1,258,075	1,258,075
	P -	P1,806	P1,905,701	P -	P2,460,788,297	P233,553,650	P2,696,249,454

Loans and receivables earn interest at a fixed rate of 5.25 % to 16.25% and 5.25% to 17.50% in December 31, 2024 and 2023, respectively.

13. Allowance for Credit Impairment Losses

Movements in ECL allowances in 2024 and 2023 on financial assets are summarized as follows:

	December 31, 2024						
	Combined						
	Deposits in Banks (see Note 8)	**Sales Contract Receivables** (see Note 12)	**Commercial Loans and UDSCL** (see Note 12)	**Other Receivables** (see Note 12)	**Financial Assets at FVOCI** (see Note 10)	**Financial Assets at AC** (see Note 11)	**Total**
ECL allowance, January 1, 2023	**P50,199,625**	**P44,084,703**	**P2,874,034,812**	**P53,677,964**	**P148,190,371**	**P35,000,000**	**P3,205,187,475**
Provision (reversal) of credit and impairment loss	**3,514,747**	**(3)**	**(378,527,433)**	**109,658,084**	**32,984,732**	**-**	**(232,369,873)**
ECL allowance, December 31, 2024	**P53,714,372**	**P44,084,700**	**P2,495,507,379**	**P163,336,048**	**P181,175,103**	**P35,000,000**	**P2,972,817,602**

	December 31, 2023						
	Combined						
	Deposits in Banks (see Note 8)	Sales Contract Receivables (see Note 12)	Commercial Loans and UDSCL (see Note 12)	Other Receivables (see Note 12)	Financial Assets at FVOCI (see Note 10)	Financial Assets at AC (see Note 11)	Total
ECL allowance, January 1, 2023	P39,301,947	P48,717,586	P3,542,470,013	P -	P264,755,667	P -	P3,895,245,213
Provision (reversal) of credit and impairment loss	10,897,678	(4,632,883)	(668,435,201)	53,677,964	(116,565,296)	35,000,000	(690,057,738)
ECL allowance, December 31, 2023	P50,199,625	P44,084,703	P2,874,034,812	P53,677,964	P148,190,371	P35,000,000	P3,205,187,475

	December 31, 2024						
	Trust Institutional						
	Deposits in Banks (see Note 8)	**Sales Contract Receivables** (see Note 12)	**Commercial Loans and UDSCL** (see Note 12)	**Other Receivables** (see Note 12)	**Financial Assets at FVOCI** (see Note 10)	**Financial Assets at AC** (see Note 11)	**Total**
ECL allowance, January 1, 2024	**P34,761**	**P -**	**P -**	**P1,937**	**P234,387**	**P -**	**P271,085**
Provision for (reversal of) credit and impairment loss	**(34,761)**	**-**	**-**	**50,664**	**75,258**	**-**	**91,161**
ECL allowance, December 31, 2024	**P -**	**P -**	**P -**	**P 52,601**	**P309,645**	**P -**	**P362,246**

	December 31, 2023						
	Trust Institutional						
	Deposits in Banks (see Note 8)	Sales Contract Receivables (see Note 12)	Commercial Loans and UDSCL (see Note 12)	Other Receivables (see Note 12)	Financial Assets at FVOCI (see Note 10)	Financial Assets at AC (see Note 11)	Total
ECL allowance, January 1, 2023	P18,910	P2,161,835	P -	P -	P351,635	P -	P2,532,380
Provision for (reversal of) credit and impairment loss	15,851	(2,161,835)	-	1,937	(117,248)	-	(2,261,295)
ECL allowance, December 31, 2023	P34,761	P -	P -	P1,937	P234,387	P -	P271,085

	December 31, 2024						
	Trust Individual						
	Deposits in Banks (see Note 8)	**Sales Contract Receivables** (see Note 12)	**Commercial Loans and UDSCL** (see Note 12)	**Other Receivables** (see Note 12)	**Financial Assets at FVOCI** (see Note 10)	**Financial Assets at AC** (see Note 11)	**Total**
ECL allowance, January 1, 2023	**P175,791**	**P -**	**P35,000**	**P116,718**	**P11,688,470**	**P -**	**P12,015,979**
Provision for (reversal of) credit and impairment loss	**21,670**	**-**	**(35,000)**	**38,534**	**1,675,442**	**-**	**1,700,646**
ECL allowance, December 31, 2024	**P197,461**	**P -**	**P -**	**P 155,252**	**P13,363,912**	**P -**	**P13,716,625**

	December 31, 2023						
	Trust Individual						
	Deposits in Banks (see Note 8)	Sales Contract Receivables (see Note 12)	Commercial Loans and UDSCL (see Note 12)	Other Receivables (see Note 12)	Financial Assets at FVOCI (see Note 10)	Financial Assets at AC (see Note 11)	Total
ECL allowance, January 1, 2023	P6,436,091	P -	P -	P -	P5,078,023	P -	P11,514,114
Provision for (reversal of) credit and impairment loss	(6,260,300)	-	35,000	116,718	6,610,447	-	501,865
ECL allowance, December 31, 2023	P175,791	P -	P35,000	P116,718	P11,688,470	P -	P12,015,979

	December 31, 2024						
	Other Fiduciary						
	Deposits in Banks (see Note 8)	**Sales Contract Receivables** (see Note 12)	**Commercial Loans and UDSCL** (see Note 12)	**Other Receivables** (see Note 12)	**Financial Assets at FVOCI** (see Note 10)	**Financial Assets at AC** (see Note 11)	**Total**
ECL allowance, January 1, 2023	**P2,340,860**	**P44,084,703**	**P -**	**P24,888**	**P1,210,962**	**P -**	**P47,661,413**
Provision (reversal) of credit and impairment loss	**(243,252)**	**-**	**-**	**(197)**	**480,108**	**-**	**236,659**
ECL allowance, December 31, 2024	**P2,097,608**	**44,084,703**	**P -**	**P24,691**	**1,691,070**	**P -**	**47,898,072**

	December 31, 2023						
	Other Fiduciary						
	Deposits in Banks (see Note 8)	Sales Contract Receivables (see Note 12)	Commercial Loans and UDSCL (see Note 12)	Other Receivables (see Note 12)	Financial Assets at FVOCI (see Note 10)	Financial Assets at AC (see Note 11)	Total
ECL allowance, January 1, 2023	P2,899,531	P42,387,884	P -	P -	P1,337,404	P -	P46,624,819
Provision (reversal) of credit and impairment loss	(558,671)	1,696,819	-	24,888	(126,442)	-	1,036,594
ECL allowance, December 31, 2023	P2,340,860	44,084,703	P -	24,888	1,210,962	P -	47,661,413

	December 31, 2024						
	Agency Institutional						
	Deposits in Banks (see Note 8)	**Sales Contract Receivables** (see Note 12)	**Commercial Loans and UDSCL** (see Note 12)	**Other Receivables** (see Note 12)	**Financial Assets at FVOCI** (see Note 10)	**Financial Assets at AC** (see Note 11)	**Total**
ECL allowance, January 1, 2023	**P21,318,587**	**P -**	**P2,787,758,641**	**P51,391,443**	**P38,090,779**	**P35,000,000**	**P2,933,559,450**
Provision (reversal) of credit and impairment loss	**(7,579,367)**	**-**	**(384,146,331)**	**P109,037,250**	**14,168,787**	**-**	**(268,519,661)**
ECL allowance, December 31, 2024	**P13,739,220**	**P -**	**P2,403,612,310**	**P 160,428,693**	**P52,259,566**	**P35,000,000**	**P2,665,039,789**

	December 31, 2023						
	Agency Institutional						
	Deposits in Banks (see Note 8)	Sales Contract Receivables (see Note 12)	Commercial Loans and UDSCL (see Note 12)	Other Receivables (see Note 12)	Financial Assets at FVOCI (see Note 10)	Financial Assets at AC (see Note 11)	Total
ECL allowance, January 1, 2023	P13,723,096	P4,167,867	P3,416,445,706	P -	P155,172,814	P -	P3,589,509,483
Provision (reversal) of credit and impairment loss	7,595,491	(4,167,867)	(628,687,065)	51,391,443	(117,082,035)	35,000,000	(655,950,033)
ECL allowance, December 31, 2023	P21,318,587	P -	P2,787,758,641	P51,391,443	P38,090,779	P35,000,000	P2,933,559,450

	December 31, 2024						
	Agency Individual						
	Deposits in Banks (see Note 8)	**Sales Contract Receivables** (see Note 12)	**Commercial Loans and UDSCL** (see Note 12)	**Other Receivables** (see Note 12)	**Financial Assets at FVOCI** (see Note 10)	**Financial Assets at AC** (see Note 11)	**Total**
ECL allowance, January 1, 2023	**P26,329,626**	**P -**	**P86,241,171**	**P2,142,978**	**P96,965,773**	**P -**	**P211,679,548**
Provision (reversal) of credit and impairment loss	**11,350,457**	**-**	**5,653,899**	**531,831**	**16,585,137**	**-**	**34,121,324**
ECL allowance, December 31,2024	**P37,680,083**	**P -**	**P91,895,070**	**P2,674,809**	**P113,550,910**	**P -**	**P245,800,872**

	December 31, 2023						
	Agency Individual						
	Deposits in Banks (see Note 8)	Sales Contract Receivables (see Note 12)	Commercial Loans and UDSCL (see Note 12)	Other Receivables (see Note 12)	Financial Assets at FVOCI (see Note 10)	Financial Assets at AC (see Note 11)	Total
ECL allowance, January 1, 2023	P16,224,319	P -	P126,024,307	P -	P102,815,791	P -	P245,064,417
Provision (reversal) of credit and impairment loss	10,105,307	-	(39,783,136)	2,142,978	(5,850,018)	-	(33,384,869)
ECL allowance, December 31,2023	P26,329,626	P -	P86,241,171	P2,142,978	P96,965,773	P -	P211,679,548

All accounts above other than sales contract receivables, commercial loans and other receivables were carried at Stage 1 and there were no transfers into and out of Stage 1 in 2024.

Sales contract receivables (SCR) represent zero percent interest bearing outstanding balances of buyers of pre-sold condominium units. As at December 31, 2024, the outstanding SCR only pertains to Legaspi Place. For both 2024 and 2023, the SCR pertaining to Legaspi Place continued to be impaired in full amounting to P44.1 million and is carried at Stage 3.

Commercial loans are carried under Stage 1, 2, or 3 with movements in the assigned stages in 2024. The table below summarizes the movement in ECL allowances on commercial loans for 2024 and 2023.

	December 31, 2024						
	Trust				Agency		
	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
Stage 1							
ECL allowance, January 1, 2023	P -	P -	P 35,000	P -	P32,082,280	P29,661,936	P61,779,216
Provision for credit and impairment losses	-	-	(35,000)	-	(9,377,750)	4,210,714	(5,202,036)
Transfer from Stage 1	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-
	-	-	-	-	22,704,530	33,872,650	56,577,180
Stage 2							
ECL allowance, January 1, 2023	-	-	-	-	327,853,682	9,554,051	337,407,733
Provision for credit and impairment losses	-	-	-	-	369,677,871	(6,973,067)	362,704,805
Transfer from Stage 1	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-
	-	-	-	-	697,531,553	2,580,984	700,112,538
Stage 3							
ECL allowance, January 1, 2023	-	-	-	-	2,427,822,679	47,015,184	2,474,837,863
Provision for credit and impairment losses	-	-	-	-	(744,446,452)	8,416,250	(736,030,202)
Transfer from Stage 1	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-
	-	-	-	-	1,683,376,227	55,431,434	1,738,807,661
Total							
ECL allowance, January 1, 2023	-	-	35,000	-	2,787,758,641	86,231,171	P2,874,024,812
Provision for credit and impairment losses	-	-	(35,000)	-	(384,146,332)	5,653,898	(378,527,433)
Transfer from Stage 1	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-
	P -	P -	P -	P -	P2,403,612,310	P91,885,069	P2,495,497,379

	December 31, 2023						
	Trust				Agency		
	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
Stage 1							
ECL allowance, January 1, 2022	P -	P -	P -	P -	P9,511,487	P6,403,660	P15,915,147
Provision for credit and impairment losses	-	-	35,000	-	22,570,793	23,258,276	45,864,069
Transfer from Stage 1	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-
	-	-	35,000	-	32,082,280	29,661,936	61,779,216
Stage 2							
ECL allowance, January 1, 2022	-	-	-	-	1,792,130,617	-	1,792,130,617
Provision for credit and impairment losses	-	-	-	-	(1,464,276,935)	9,554,051	(1,454,722,884)
Transfer from Stage 1	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-
	-	-	-	-	327,853,682	9,554,051	337,407,733
Stage 3							
ECL allowance, January 1, 2022	-	-	-	-	1,614,803,603	119,620,647	1,734,424,250
Provision for credit and impairment losses	-	-	-	-	813,019,076	(72,605,463)	740,413,613
Transfer from Stage 1	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-
	-	-	-	-	2,427,822,679	47,015,184	2,474,837,863
Total							
ECL allowance, January 1, 2022	-	-	-	-	3,416,445,707	126,024,307	3,542,470,014
Provision for credit and impairment losses	-	-	35,000	-	(628,687,066)	(39,793,136)	(668,445,202)
Transfer from Stage 1	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-
Transfer from Stage 3	-	-	-	-	-	-	-
	P -	P -	P35,000	P -	P2,787,758,641	P86,231,171	P2,874,024,812

The ECL allowance on financial assets at FVOCI is included in the “Net unrealized (losses) gains on financial assets at FVOCI” account in the statements of financial position (see Note 10).

As at December 31, 2024 and 2023, there were no ECL allowance for financial assets classified under “Due from BSP” and “Other assets” accounts in the combined statements of financial position.

14. Investment Properties

This account consists of:

	December 31, 2024						
	Trust				**Agency**		
	Unit Investment Trust Funds	**Institutional Accounts**	**Individual Accounts**	**Other Fiduciary**	**Institutional Accounts**	**Individual Accounts**	**Combined**
At cost:							
Investment in real estate	**P -**	**P -**	**P14,290,761**	**P -**	**P -**	**P -**	**P14,290,761**
Accumulated depreciation	**-**	**-**	**(4,129,987)**	**-**	**-**	**-**	**(4,129,987)**
	-	**-**	**10,160,774**	**-**	**-**	**-**	**10,160,774**
At fair value:							
Investment in real estate	**-**	**62,665,250**	**-**	**-**	**-**	**-**	**62,665,250**
	P -	**P62,665,250**	**P10,160,774**	**P -**	**P -**	**P -**	**P72,826,024**

	December 31, 2023						
	Trust				Agency		
	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
At cost:							
Investment in real estate	P -	P -	P14,290,761	P -	P -	P -	P14,290,761
Accumulated depreciation	-	-	(4,129,987)	-	-	-	(4,129,987)
	-	-	10,160,774	-	-	-	10,160,774
At fair value:							
Investment in real estate	-	62,665,250	-	-	-	-	62,665,250
	P -	P62,665,250	P10,160,774	P -	P -	P -	P72,826,024

Investment properties carried at cost under Individual Trust account consist of a residential property (land and land improvement) situated in Quezon City. The land improvement amounting to P4.1 million is fully depreciated since 2011 but still in use as of December 31, 2024.

Investment properties carried at fair value under Institutional Trust accounts consist of condominium units amounting to P9.7 million in 2024 and 2023. Both assets are recorded at fair value in accordance with the Pre-need Trust Fund Agreement issued by the Insurance Commission. The cost of the condominium units held as investment property amounted to P1.6 million while the columbary vaults' cost is equivalent to its fair value. Fair value gain from investment properties amounted to nil in 2024 and 2023.

15. Other Assets

This account consists of:

	December 31, 2024						
	Trust				Agency		
	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
Dividend receivable	**P36,657**	**P351,268**	**P1,230,361**	**P -**	**P45,784,986**	**P88,604,184**	**P136,007,456**
Due from brokers	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other miscellaneous assets	**338,506**	**133,182**	**1,625,907**	**597,276**	**520,174**	**3,146,726**	**6,361,771**
	P375,163	**P484,450**	**P2,856,268**	**P597,276**	**P46,305,160**	**P91,750,910**	**P142,369,227**

	December 31, 2023						
	Trust				Agency		
	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
Dividend receivable	P -	(P348,476)	(P90,386)	(P116,936)	P8,956,542	P15,693,627	P24,094,371
Due from brokers	300,357	1,859,174	199,898	-	2,426,915	-	4,786,344
Other miscellaneous assets	-	(14)	4	2,364	1	31	2,386
	P300,357	P1,510,684	P109,516	(P114,572)	P11,383,458	P15,693,658	P28,883,101

Dividend receivable pertains to the dividends earned by TMF from its investments in quoted and unquoted equity securities. Due from brokers pertain to receivables arising from sale transactions of equity investments transacted through authorized brokers and shall be reversed upon settlement date (i.e. T+3 days).

16. Other Accountabilities

This account consists of:

	December 31, 2023						
	Trust				Agency		
	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
Due to broker	**P -**	**P -**	**P -**	**P -**	**P -**	**P5,999,931**	**P5,999,931**
Accrued trust fees	**1,244,445**	**5,372,450**	**3,171,630**	**8,768,715**	**89,061,005**	**37,395,090**	**145,013,335**
Accounts payable	**-**	**3,507**	**-**	**-**	**-**	**117,500**	**121,007**
Miscellaneous liabilities	**399,427**	**498,727**	**2,658,191**	**476,067**	**117,213,864**	**34,614,149**	**155,860,425**
	P1,643,872	**P5,874,684**	**P5,829,821**	**P9,244,782**	**P206,274,869**	**P78,126,670**	**P306,994,698**

	December 31, 2023						
	Trust				Agency		
	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
Due to broker	P11,899,809	P1,058,208	P91,350,821	P1,836,605	P1,860,415	(P1)	P108,005,857
Accrued trust fees	221,860	2,990,527	533,425	8,505,910	48,747,346	14,195,290	75,194,358
Accounts payable	-	3,507	31,250	-	39,533	2,968,151	3,042,441
Miscellaneous liabilities	456,668	152,269	500	4,500	2,098	(273,023)	343,012
Withholding tax payables	399,704	343,813	2,328,250	477,465	103,681,246	22,347,386	129,577,864
	P12,978,041	P4,548,324	P94,244,246	P10,824,480	P154,330,638	P39,237,803	P316,163,532

Due to broker pertains to accounts not yet settled that are related to trading transactions entered by the TSG in a buying position. Accrued trust fees are the trust fees payable by the client to the Trust itself in connection with its investment management services.

Miscellaneous liabilities are mainly withholding taxes payable and other payables remaining outstanding at the end of the year. Other payables outstanding include withdrawals already initiated but not yet cleared by TSG.

17. Maturity Analysis of Assets and Liabilities

The table below shows assets and liabilities as at December 31, 2024 and 2023 analyzed according to when they are expected to be recovered or settled (amounts in thousands):

	2024			2023		
	Less than 12 Months	**Over 12 Months**	**Total**	Less than 12 Months	Over 12 Months	Total
Financial Assets - gross						
Due from BSP	**P45,886**	**P -**	**P45,886**	P44,335	P -	P44,335
Deposits in banks	**6,035,343**	**-**	**6,035,343**	5,256,455	596,462	5,852,917
Financial assets at FVPL:						
Debt securities	**586,887**	**1,590,177**	**2,177,064**	527,081	1,015,748	1,542,829
Quoted equity securities	**16,071,477**	**-**	**16,071,477**	14,677,040	-	14,677,040
Investments in UITF	**159,889**	**-**	**159,889**	161,685	-	161,685
Investments in Mutual Funds	**113,141**	**-**	**113,141**	188,620	-	188,620
Unquoted equity securities	**64**	**-**	**64**	10,014	-	10,014
Financial assets at FVOCI:						
Quoted debt securities	**17,579,143**	**-**	**17,579,143**	3,893,710	10,008,599	13,902,309
Unquoted equity securities	**111**	**-**	**111**	142	-	142
Financial assets at AC:						
Debt securities	**-**	**3,500,000**	**3,500,000**	-	3,500,000	3,500,000
Loans and receivables:	**-**	**-**	**-**			
Commercial loans	**26,244,809**	**2,195,979**	**28,440,788**	32,275,005	2,201,480	34,476,485
UDSCL	**-**	**1,000**	**1,000**	-	1,000	1,000
SCR	**44,085**	**-**	**44,085**	-	44,085	44,085
Other receivables	**-**	**818,098**	**818,098**	425,767	261,553	687,320
Other assets*	**136,007**	**-**	**136,007**	28,881	-	28,881
	67,016,842	**8,105,254**	**75,122,096**	57,488,735	17,628,927	75,117,662
Non-financial Assets – gross						
Investment properties	**-**	**76,956**	**76,956**	-	76,956	76,956
Other assets	**-**	**6,362**	**6,362**	-	2	2
	-	**83,318**	**83,318**	-	76,958	76,958
	67,016,842	**8,188,572**	**75,205,414**	57,488,735	17,705,885	75,194,620
Less:						
Allowance for impairment and credit losses	**(2,791,642)**	**-**	**(2,791,642)**	(3,056,997)	-	(3,056,997)
Accumulated depreciation	**-**	**(4,130)**	**(4,130)**	-	(4,130)	(4,130)
Total Assets	**P64,225,200**	**8,184,442**	**P72,409,642**	P 54,431,738	17,701,755	72,133,493
Financial Liabilities						
Other accountabilities	**(P306,995)**	**P -**	**(P306,995)**	(P316,164)	P -	(P316,164)
Total	**(P306,995)**	**P -**	**(P306,995)**	(P316,164)	P -	(P316,164)

**excludes miscellaneous assets*

18. Trading and Securities Gains (Losses) - net

This account consists of:

	For the Year Ended December 31, 2024						
		Trust			Agency		
	Unit Investment Trust Funds	**Institutional Accounts**	**Individual Accounts**	**Other Fiduciary**	**Institutional Accounts**	**Individual Accounts**	**Combined**
Realized gains (losses) on financial assets at FVPL - net	**(P3,223,904)**	**P9,596,775**	**P13,346,473**	**P177,866**	**P215,675,733**	**P163,033,883**	**P398,606,826**
Realized gains (losses) on FVOCI securities - net	**68,607**	**6,462,300**	**(31,806)**	**-**	**17,536,106**	**(4,226,565)**	**19,808,642**
Unrealized gains (losses) on financial assets at FVPL	**-**	**-**	**13,381,884**	**-**	**49,330**	**2,639,729**	**16,070,943**
	(P3,155,297)	**P16,059,075**	**P26,696,551**	**P177,866**	**P233,261,169**	**P161,447,047**	**P434,486,411**

		For the Year Ended December 31, 2023						
			Trust			Agency		
	Note	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
Realized gains (losses) on financial assets at FVPL - net		P24,785,393	P13,702,186	P3,475,641	P977,721	P1,090,070,440	(P70,571,705)	P1,062,439,676
Realized gains (losses) on FVOCI securities - net	*10*	94,254	2,493,880	(14,566)	-	(13,179,553)	1,601,818	(9,004,167)
Unrealized gains (losses) on financial assets at FVPL		-	-	10,304,529	-	-	1,982,272	12,286,801
		P24,879,647	P16,196,066	P13,765,604	P977,721	P1,076,890,887	(P66,987,615)	P1,065,722,310

19. Other Income

This account consists of:

For the Year Ended December 31, 2024

		Trust			Agency		
	Unit Investment Trust Funds	**Institutional Accounts**	**Individual Accounts**	**Other Fiduciary**	**Institutional Accounts**	**Individual Accounts**	**Combined**
Dividend income	**P831,186**	**P8,050,743**	**P9,879,036**	**P187,834**	**P530,302,719**	**P462,484,251**	**P1,011,735,769**
Investment in Debt and Other Securities - Market Gains	**8,253,145**	**1,329,758**	**-**	**-**	**2,008,280**	**4,879**	**11,596,062**
Investment in Government Securities - Market Gains	**449,893**	**470,488**	**-**	**-**	**261,677**	**-**	**1,182,058**
Miscellaneous income	**207,554**	**-**	**-**	**-**	**-**	**370,613**	**578,167**
	P9,741,778	**P9,850,989**	**P9,879,036**	**P187,834**	**P532,572,676**	**P462,859,743**	**P1,025,092,056**

For the Year Ended December 31, 2023

		Trust			Agency		
	Unit Investment Trust Funds	Institutional Accounts	Individual Accounts	Other Fiduciary	Institutional Accounts	Individual Accounts	Combined
Dividend income	P825,563	P11,925,779	P3,716,451	P202,034	P319,433,723	P214,438,366	P550,541,915
Miscellaneous income	181,311	227,068	1,015,886	1,035,413	1,870,203	5,462,822	9,792,703
Investment in Government Securities - Market Gains	24,115	1,363	-	-	-	-	25,478
Investment in Debt and Other Securities – Market Gains	1,971,180	134,252	-	-	129,256	-	2,234,688
	P3,002,169	P12,288,462	P4,732,337	P1,237,447	P321,433,182	P219,901,188	P562,594,785

20. Long-term Leases

The Trust Services Group, on behalf of the trustors, has entered commercial property leases on some of its investment properties as lessor. These non-cancellable leases have remaining non-cancelable lease terms of 10 to 20 years. No rental income was recognized in 2024 and 2023 because the Insurance Commission (IC) has issued an Order against Provident Plans International Corporation (PPIC) to cease and desist from doing business and simultaneously placing it under Conservatorship effective December 19, 2017 pursuant to Section 255 of the Insurance Code of the Philippines as amended by Republic Act No. 10607 and placed PPIC under receivership effective October 10, 2019. The undersigned was designated ex-officio Receiver of the company pursuant to Section 50 of the Pre-Need Code of the Philippines.

As at December 31, 2024 and 2023, the TSG has no future minimum rental receivables under non-cancelable operating leases has no future minimum rental receivables under non-cancelable operating leases.

21. Related Party Transactions

The Bank, through the TSG, is considered by the TMF as a related party on the basis of the management role performed by the TSG for such funds. The Bank's retirement plan is managed and administered by TSG and is covered by an IMA Agreement (agency relationship).

Trust fees incurred by the TSG are reported as part of the Bank's service charges, fees and commission account. As at December 31, 2024 and 2023, trust fees reported by the TSG in its combined statements of income amounted to P185.5 million and P173.2 million, respectively. Unremitted and accrued trust fees payable of the TMF amounted to P145.01 million and P75.19 million as at December 31, 2024 and 2023, respectively (see Note 16). The frequency, manner and basis of computation for collecting trust fees may vary depending on the provision stipulated on the agreement or contract.

The TMF also has outstanding loans to its related parties with tenor of less than a year (see Note 25).

22. Trust Reserves

In compliance with the requirements of the existing BSP Circular No. 998, Security Deposit for the Faithful Performance of Investment Management Activities, and BSP Circular No. 1032, Amendments to the Guidelines on the Basic Security Deposit Requirement, the Trust shall deposit with the BSP eligible securities equivalent to 1% of the book value of the total investment management assets. As at December 31, 2024 and 2023, government securities with a total face value of P759.92 million and P746.60 million, respectively, were deposited by the TSG with the BSP as security deposit for the faithful performance of trust functions.

BSP regulations require that UITF shall be exempt from the provisions on statutory and liquidity reserves of the manual of regulations applicable to trust funds in general.

23. Final Tax

This represents final withholding taxes of 10.0%, 25.0%, and 20.0% for PHP and USD-denominated dividend and interest income, respectively, of the TMF accruing to the trustors. For the years ended December 31, 2024 and 2023, the combined final tax expense reported amounted to P854.57 million and P853.22 million, respectively.

24. UITFs

	2024				2023			
	Diversity Peso Bond UITF	**Diversity Dollar Bond UITF**	**Diversity Money Market Fund**	**Diversity Focused Fund**	Diversity Peso Bond UITF	Diversity Dollar Bond UITF	Diversity Money Market Fund	Diversity Focused Fund
Net Asset Value (NAV)	**P9,794,902**	**$686,029**	**P242,896,606**	**P17,004,385**	P3,786,657	$1,061,071	P167,209,549	P17,239,950
Outstanding units	**5,442,923**	**344,089**	**191,916,775**	**23,811,987**	2,378,687	529,525	137,883,385	26,170,719
NAV per unit	**P1.80**	**$1.99**	**P1.27**	**P0.71**	P1.59	$2.00	P1.21	P0.66

As at December 31, 2024 and 2023, the NAV per unit for each UITF product is computed as the subscription and redemption units based on the present day's NAV per unit using the current market reference source provided by the Philippine Dealing Exchange Corporation.

25. Supplementary Information Required Under Section 174 and Appendix 55 of the Manual of Regulations for Banks and Revenue Regulations 15-2010

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*:*

(a) Notes to the Financial Statements

a. *Regulatory ratios* - Under the current banking regulations and for reporting purposes, BASEL III framework ratios such as capital adequacy ratio, leverage ratio, liquidity coverage ratio and net stable funding ratio are determined on combined level of the Bank, i.e., RBU and FCDU books. There are no separate ratios in the books of the TSG.

b. *Provisioning methodology and key assumptions used in determining allowance for credit losses* - please refer to 2, 3, 4 and 5.

c. *Accounting policies* - please refer to Notes 2 and 3.

(b) Supplemental Information

a. *Financial Performance Indicators*

The following basic ratios measure the financial performance of the TSG:

		2024	2023
a.	Net income (loss)	**P4,839,247,334**	P5,667,881,468
b.	Average total equity	**71,959,988,233**	71,241,484,155
	Return on average equity (a/b)	**6.72%**	7.96%
c.	Net income (loss)	**P4,839,247,334**	P5,667,881,468
d.	Average total assets	**72,271,567,353**	71,503,184,150.00
	Return on average assets (c/d)	**6.70%**	7.93%
e.	Net interest income (loss)	**P4,203,699,156**	P4,409,344,929
f.	Average interest earning assets	**72,113,115,166**	71,344,799,286
	Net interest margin (e/f)	**5.83%**	6.18%

Note: Average balances were determined as the average of the current and previous calendar balances of the respective statements of financial position accounts.

b. *Description of Capital Instruments Issued* - not applicable to the TSG.

c. *Significant Credit Exposures* - please refer to Note 5.

d. *Breakdown of Total Loans as to security and status*

Consumer Lending

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.

The table below shows an analysis of performing and non-performing consumer loans as at December 31, 2024 and 2023:

	2024	2023
Performing	**P28,434,466,482**	P34,470,163,293
Non-performing	**6,321,434**	6,321,434
	P28,440,787,916	P34,476,484,727

Performing and non-performing commercial loans of the TSG, net of loss allowances as at December 31, 2024 and 2023 amounted to P25.95 billion and P31.60 billion, respectively. Non-performing loans are fully provided.

Consumer loans are unsecured loans as at December 31, 2024 and 2023.

e. *Information on Related Party Loans*

As stated in BSP Circular No. 914 Section 2, Chapter E, *Loans and Credit Accommodations to Directors, Officers, Stockholders and their Related Interests (DOSRI)/Subsidiaries/Affiliates,* as amended by BSP Circular 970, *Enhanced Corporate Governance Guidelines for BSP-Supervised Financial Institutions Amending the Manual of Regulations for Non-Bank Financial Institutions,* dated August 22, 2017, related parties shall cover the entity's subsidiaries as well as affiliates and any party, including their subsidiaries, affiliates, and special purpose entities that the entity exerts direct or indirect control over the entity; the directors; officer; stockholders; and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interests may pose potential conflict with the interest of the financial institution, hence, is identified as a related party.

As at December 31, 2024 and 2023, the TSG has no outstanding loan and other credit accommodations with certain DOSRI.

		2024		2023	
	Particulars	**DOSRI Loans**	**Related Party Loans (inclusive of DOSRI)**	DOSRI Loans	Related Party Loans (inclusive of DOSRI)
1.	Outstanding loans	**P -**	**P28,440,787,916**	P -	P34,476,484,727
2.	Percent of DOSRI/Related Party Loans to total loan portfolio	**-**	**14.21%**	-	27.37%
3.	Percent of unsecured DOSRI/Related Party loans to total DOSRI/Related Party loans	**-**	**100%**	-	100.00%
4.	Percent of past due DOSRI/Related Party loans to total DOSRI/Related Party loans	**-**	**0.00%**	-	0.00%
5.	Percent of non-performing	**-**	**0.00%**	-	0.00%
	DOSRI/Related Party loans to total DOSRI/Related Party loans	**-**	**0.00%**	-	0.00%

f. *Aggregate Amount of Secured Liabilities and Assets pledged as Security*

The assets pledged by the TSG 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 TSG when the underlying transaction is terminated but, in the event of the TSG's default, the counterparty is entitled to apply the collateral in order to settle the liability.

No asset is being pledged by the TSG to secure outstanding liabilities as at December 31, 2024 and 2023.

g. *Commitments and Contingencies*

In the normal course of business, the TSG enters into various commitments and incurs contingent liabilities that are not presented in the accompanying financial statements. The TSG does not anticipate any material losses as a result of these commitments and contingent liabilities.

There were no off-balance sheet commitments and contingent liabilities as at December 31, 2024 and 2023.