



Office of the EVP and Chief Financial Officer


Trunk Lines: 8526-3131 to 70/8891-6040 to 70
Local: 4474

CERTIFICATION

I, **FRANCIS B. ALBALATE**, is a duly authorized representative of Philippine National Bank ("PNB"), a universal banking corporation organized and existing under the laws of the Republic of the Philippines under SEC Registration No. AS096-005555, with principal office address at the PNB Financial Center, Pres. Diosdado Macapagal Blvd., Pasay City, Metro Manila, on oath state that:

1. On behalf of PNB, I have caused this Audited Financial Statements of PNB and its Subsidiaries as of December 31, 2024 and 2023, and for the years ended December 31, 2024, 2023 and 2022 to be prepared;
2. I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
3. PNB will comply with the requirements set forth in SEC Notice dated May 12, 2021 for a complete and official submission of reports and/or documents through electronic mail; and
4. I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of the filing fee.


IN WITNESS WHEREOF, I have hereunto set my hand on February 25, 2025, in Pasay City, Metro Manila.


FRANCIS B. ALBALATE
 Executive Vice President and
 Chief Financial Officer

FEB 25 2025

SUBSCRIBED AND SWORN to before me this _____ in
Pasay City, affiant exhibited to me his SSS ID No. 33-1489981-0.

Doc. No. 152
Page No. 35
Book No. IV
Series of 2025.


ATTY. EDGARDO V. SATUR
 Notary Public for and in Pasay City
 9th Floor, Legal Group, PNB Financial Center
 Pres. Diosdado Macapagal Blvd., Pasay City
 Commission No. 24-49 until 12-31-2025
 PTR No. PC 8838576 / 01-04-2025 / Pasay City
 Roll No. 34783, IBP OR No. 486971 / 12-24-2024
 MCLE Compliance No. VIII-0011373

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. February 25, 2025
Date of Report (Date of earliest event reported)
2. SEC Identification Number ASO96-005555 3. BIR Tax Identification No. 000-188-209-000
4. PHILIPPINE NATIONAL BANK
Exact name of registrant as specified in its charter
5. PHILIPPINES 6. (Use Only)
Province, country or other jurisdiction of incorporation Industry Classification Code:
7. PNB Financial Center, Pres. Diosdado Macapagal Blvd., Pasay City, Metro Manila 1300
Address of principal office
Postal Code
8. (632) 8526-3131 to 70/(632) 8891-6040 to 70
Issuer's telephone number, including area code
9. Not Applicable
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	1,525,764,850

11. Indicate the item numbers reported herein: Item 9

Attached is a copy of the Audited Financial Statements of Philippine National Bank and Subsidiaries as of December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PHILIPPINE NATIONAL BANK

Issuer

February 25, 2025

Date



FRANCIS B. ALBALATE

Executive Vice President & Chief Financial Officer

Signature and Title*

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	6	-	0	0	5	5	5	5
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COMPANY NAME

P	H	I	L	I	P	P	I	N	E		N	A	T	I	O	N	A	L		B	A	N	K		A	N	D		S
U	B	S	I	D	I	A	R	I	E	S																			

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

P	N	B		F	i	n	a	n	c	i	a	l		C	e	n	t	e	r	,		P	r	e	s	i	d	e	n	
t		D	i	o	s	d	a	d	o		M	a	c	a	p	a	g	a	l		B	o	u	l	e	v	a	r	d	
		,		P	a	s	a	y		C	i	t	y																	

Form Type

A	A	F	S
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address <input style="width: 90%;" type="text" value="pantallonms@pnb.com.ph"/>	Company's Telephone Number <input style="width: 90%;" type="text"/>	Mobile Number <input style="width: 90%;" type="text"/>
No. of Stockholders <input style="width: 90%;" type="text" value="35,918"/>	Annual Meeting (Month / Day) <input style="width: 90%;" type="text" value="04/29"/>	Fiscal Year (Month / Day) <input style="width: 90%;" type="text" value="12/31"/>

CONTACT PERSON INFORMATION

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

Name of Contact Person <input style="width: 90%;" type="text" value="Mr. Mark S. Pantallon"/>	Email Address <input style="width: 90%;" type="text"/>	Telephone Number/s <input style="width: 90%;" type="text" value="8891-6040 to 70"/>	Mobile Number <input style="width: 90%;" type="text"/>
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CONTACT PERSON'S ADDRESS

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

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



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Philippine National Bank

Report on the Consolidated and Parent Company Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements* section of our report. We are independent of the Group and the Parent Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) 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 IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Applicable to the audit of the consolidated and parent company financial statements

Adequacy of Allowance for Credit Losses on Loans and Receivables

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

Allowance for credit losses on loans and receivables as of December 31, 2024 amounted to ₱42.2 billion for the Group and the Parent Company. Provision for credit losses in 2024 amounted to ₱3.8 billion and ₱3.7 billion for the Group and the Parent Company, respectively.

The disclosures related to the allowance for credit losses on loans and receivables are included in Note 16 of the financial statements.

Audit response

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

We (a) assessed the Group's and the Parent Company's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts, credit risk management policies and practices in place; (c) tested the Group's and the Parent Company's application of internal credit risk rating system by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in the Group's and the Parent Company's records



and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations, and the effects of any financial support and credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) evaluated the forward-looking information used for overlay through corroboration of publicly available information and our understanding of the Group's and the Parent Company's lending portfolios and broader industry knowledge; and (h) tested the effective interest rate used in discounting the expected loss.

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

We recalculated impairment provisions on a sample basis. We involved our internal specialist in the performance of the above procedures.

We reviewed the completeness of the disclosures made in the financial statements.

Impairment Testing of Goodwill

As of December 31, 2024, the goodwill of the Group and the Parent Company amounted to ₱10.2 billion and ₱10.3 billion, respectively, as a result of the acquisition of Allied Banking Corporation in 2013. Under PFRS Accounting Standards, the Group and the Parent Company are required to test the amount of goodwill for impairment annually. Goodwill has been allocated to three cash generating units (CGUs) namely Retail Banking, Corporate Banking, and Treasury. The Group and the Parent Company performed the impairment testing using the value in use calculation. The annual impairment test is significant to our audit because it involves significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically estimates of loan and deposit growth rates, interest margin, discount rates, and long-term growth rate.

The disclosures related to goodwill impairment are included in Note 14 to the financial statements.

Audit response

We involved our internal specialist in evaluating the methodology and the assumptions used by the Group and the Parent Company. We compared the key assumptions used, such as loan and deposit growth rates, interest margin and long-term growth rate to the historical performance of the CGUs and to economic and industry forecasts. We tested the parameters used in the derivation of the discount rate against market data. We also reviewed the disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Information

The other information consists of the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditor's report.



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

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

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

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

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

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

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

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

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Parent Company to express an opinion on the consolidated and parent company financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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



Report on the Supplementary Information Required Under Revenue Regulations 15-2010 and Section 174 of the Manual of Regulations for Banks (MORB)

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 39 and with Section 174 of the MORB in Note 40 to the financial statements are presented for purposes of filing with the Bureau of Internal Revenue and Bangko Sentral ng Pilipinas, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of Philippine National Bank. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is
Ray Francis C. Balagtas.

SYCIP GORRES VELAYO & CO.



Ray Francis C. Balagtas

Partner

CPA Certificate No. 108795

Tax Identification No. 216-950-288

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

BIR Accreditation No. 08-001998-107-2023, September 12, 2023, valid until September 11, 2026

PTR No. 10465263, January 2, 2025, Makati City

February 25, 2025



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(In Thousands)

	Consolidated		Parent Company	
	December 31		December 31	
	2024	2023	2024	2023
ASSETS				
Cash and Other Cash Items	₱20,638,033	₱21,151,391	₱20,522,258	₱21,052,526
Due from Bangko Sentral ng Pilipinas (Notes 7 and 17)	55,128,316	95,410,350	55,128,316	95,410,350
Due from Other Banks (Note 33)	20,183,894	21,243,856	11,478,178	13,626,624
Interbank Loans Receivable (Notes 8 and 33)	22,787,194	35,634,440	21,282,167	33,437,319
Securities Held Under Agreements to Resell (Notes 8 and 35)	103,480,119	69,694,538	103,480,119	69,694,538
Trading and Investment Securities				
Financial Assets at Fair Value Through Profit or Loss (FVTPL) (Note 9)	17,920,985	10,516,864	17,770,142	10,363,259
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (Note 9)	211,742,783	164,531,492	211,270,334	164,136,971
Investment Securities at Amortized Cost (Note 9)	112,422,382	123,200,427	112,040,395	122,730,465
Loans and Receivables (Notes 10 and 33)	636,819,625	616,710,746	622,392,170	602,158,763
Property and Equipment (Note 11)	10,195,539	10,754,018	9,372,895	9,862,219
Investments in Subsidiaries and an Associate (Note 12)	3,446,613	3,199,124	21,630,204	20,567,070
Investment Properties (Note 13)	15,964,267	14,579,558	15,544,917	14,111,607
Deferred Tax Assets (Note 30)	7,460,676	6,981,726	7,478,726	6,929,669
Intangible Assets (Note 14)	1,084,955	1,301,726	1,007,460	1,214,890
Goodwill (Note 14)	10,184,843	10,184,843	10,325,201	10,325,201
Other Assets (Note 15)	8,150,629	5,454,301	7,533,619	4,752,685
TOTAL ASSETS	₱1,257,610,853	₱1,210,549,400	₱1,248,257,101	₱1,200,374,156
LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 17 and 33)				
Demand	₱244,369,119	₱228,405,865	₱244,265,215	₱228,144,045
Savings	575,335,527	541,009,449	574,238,560	540,063,571
Time	147,368,732	145,752,061	144,142,631	141,770,924
Long Term Negotiable Certificates	4,598,770	12,803,543	4,598,770	12,803,543
	971,672,148	927,970,918	967,245,176	922,782,083
Financial Liabilities at FVTPL (Notes 18, 23 and 35)	924,053	555,811	921,693	555,811
Bills and Acceptances Payable (Notes 19, 33 and 35)	20,208,451	20,162,603	20,208,451	20,162,603
Lease Liabilities (Notes 29 and 33)	3,808,997	3,832,884	3,722,719	3,723,316
Accrued Taxes, Interest and Other Expenses (Note 20)	8,798,553	10,465,373	8,582,094	10,049,650
Bonds Payable (Note 21)	17,304,421	41,490,871	17,304,421	41,490,871
Income Tax Payable	159,233	180,364	76,516	103,470
Other Liabilities (Note 22)	18,106,056	14,741,922	17,071,589	13,553,863
	1,040,981,912	1,019,400,746	1,035,132,659	1,012,421,667
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Capital Stock (Note 25)	61,030,594	61,030,594	61,030,594	61,030,594
Capital Paid in Excess of Par Value (Note 25)	32,116,560	32,116,560	32,106,560	32,106,560
Surplus Reserves (Notes 10, 25 and 32)	4,967,037	4,677,930	4,967,037	4,677,930
Surplus (Note 25)	113,663,851	91,979,317	113,823,592	92,174,169
Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Notes 9 and 33)	142,134	(1,722,653)	142,134	(1,722,653)
Remeasurement Losses on Retirement Plan (Note 28)	(2,655,218)	(2,728,542)	(2,655,218)	(2,728,542)
Accumulated Translation Adjustment (Note 25)	2,357,844	1,999,668	2,357,844	1,999,668
Other Equity Reserves (Notes 12 and 25)	1,189,003	248,830	1,330,690	390,517
Share in Aggregate Reserves on Life Insurance Policies (Note 12)	21,209	24,246	21,209	24,246
Other Equity Adjustment	13,959	13,959	-	-
	212,846,973	187,639,909	213,124,442	187,952,489
NON-CONTROLLING INTERESTS (Note 12)	3,781,968	3,508,745	-	-
	216,628,941	191,148,654	213,124,442	187,952,489
TOTAL LIABILITIES AND EQUITY	₱1,257,610,853	₱1,210,549,400	₱1,248,257,101	₱1,200,374,156

See accompanying Notes to Financial Statements.



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF INCOME

(In Thousands, Except Earnings per Share)

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	2024	2023	2022
INTEREST INCOME ON						
Loans and receivables (Notes 10 and 33)	₱43,803,454	₱40,757,927	₱34,424,531	₱43,035,508	₱40,119,733	₱33,794,036
Investment securities at amortized cost and FVOCI (Note 9)	16,777,707	12,608,170	8,154,922	16,733,356	12,560,530	8,143,092
Interbank loans receivable and securities held under agreements to resell (Note 8)	4,644,161	3,368,565	954,603	4,564,414	3,360,981	896,683
Deposits with banks and others (Notes 7, 12 and 33)	1,637,256	2,607,973	1,417,661	1,335,615	2,252,437	1,330,052
Financial assets at FVTPL (Note 9)	596,012	251,894	292,685	587,577	243,483	284,251
	67,458,590	59,594,529	45,244,402	66,256,470	58,537,164	44,448,114
INTEREST EXPENSE ON						
Deposit liabilities (Notes 17 and 33)	16,429,535	13,005,646	5,371,667	16,400,951	12,971,817	5,383,153
Bonds payable (Note 21)	1,237,647	1,660,193	2,111,192	1,237,647	1,660,193	2,111,192
Bills payable and other borrowings (Notes 19, 29 and 33)	450,938	335,847	433,973	447,107	319,588	363,544
	18,118,120	15,001,686	7,916,832	18,085,705	14,951,598	7,857,889
NET INTEREST INCOME	49,340,470	44,592,843	37,327,570	48,170,765	43,585,566	36,590,225
Service fees and commission income (Notes 26 and 33)	6,961,870	6,591,256	6,997,609	6,238,388	5,754,883	5,563,369
Service fees and commission expense	1,447,236	1,266,613	1,429,195	1,336,278	1,150,389	935,945
NET SERVICE FEES AND COMMISSION INCOME	5,514,634	5,324,643	5,568,414	4,902,110	4,604,494	4,627,424
OTHER OPERATING INCOME						
Net gains on sale or exchange of assets (Note 26)	1,995,042	4,541,567	7,775,154	1,991,310	4,621,894	7,770,001
Foreign exchange gains - net (Note 23)	1,169,286	1,367,409	1,608,281	961,949	1,149,699	1,149,444
Trading and investment securities gains (losses) - net (Notes 9 and 33)	647,580	394,103	(1,280,783)	646,118	394,755	(1,277,759)
Equity in net earnings (losses) of subsidiaries and an associate (Note 12)	419,505	268,093	(56,060)	831,256	560,393	747,341
Miscellaneous (Note 27)	688,971	871,394	1,136,692	500,029	624,907	721,433
TOTAL OTHER OPERATING INCOME	4,920,384	7,442,566	9,183,284	4,930,662	7,351,648	9,110,460
TOTAL OPERATING INCOME	59,775,488	57,360,052	52,079,268	58,003,537	55,541,708	50,328,109
PROVISION FOR IMPAIRMENT, CREDIT AND OTHER LOSSES (Note 16)	3,868,111	5,923,054	7,198,117	3,782,256	5,700,264	7,305,653
IMPAIRMENT IN VALUE OF GOODWILL (Note 14)	-	1,036,567	-	-	1,036,567	-
OPERATING EXPENSES						
Compensation and fringe benefits (Notes 25, 28 and 33)	10,668,601	10,464,071	9,762,776	9,902,026	9,709,419	9,012,641
Taxes and licenses (Note 30)	5,230,401	4,852,190	5,225,595	5,186,919	4,778,102	5,120,690
Depreciation and amortization (Note 11)	3,659,014	3,976,069	4,225,746	3,548,348	3,720,234	3,909,420
Occupancy and equipment-related costs (Note 29)	1,117,892	916,735	1,099,876	973,739	797,259	952,932
Miscellaneous (Note 27)	8,953,772	8,218,171	8,051,942	8,677,415	7,948,947	7,810,430
TOTAL OPERATING EXPENSES	29,629,680	28,427,236	28,365,935	28,288,447	26,953,961	26,806,113
INCOME BEFORE INCOME TAX	26,277,697	21,973,195	16,515,216	25,932,834	21,850,916	16,216,343
PROVISION FOR INCOME TAX (Note 30)	5,099,732	4,007,375	4,931,228	4,896,173	3,847,968	4,684,025
NET INCOME	₱21,177,965	₱17,965,820	₱11,583,988	₱21,036,661	₱18,002,948	₱11,532,318
ATTRIBUTABLE TO:						
Equity Holders of the Parent Company (Note 31)	₱21,052,896	₱17,979,257	₱11,532,318			
Non-controlling Interests	125,069	(13,437)	51,670			
	₱21,177,965	₱17,965,820	₱11,583,988			
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 31)	₱13.80	₱11.78	₱7.56	₱13.79	₱11.80	₱7.56

See accompanying Notes to Financial Statements.



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	2024	2023	2022
NET INCOME	₱21,177,965	₱17,965,820	₱11,583,988	₱21,036,661	₱18,002,948	₱11,532,318
OTHER COMPREHENSIVE INCOME (LOSS)						
<i>Items that recycle to profit or loss in subsequent periods:</i>						
Net change in unrealized gains (losses) on debt securities at FVOCI, net of tax (Note 9)	1,479,784	2,505,660	(4,764,711)	1,479,801	2,485,994	(4,754,670)
Share in changes in net unrealized gains (losses) on financial assets at FVOCI of subsidiaries and an associate (Notes 9 and 12)	(49,895)	362,392	(885,481)	(35,694)	382,058	(902,788)
	1,429,889	2,868,052	(5,650,192)	1,444,107	2,868,052	(5,657,458)
Accumulated translation adjustment	514,591	(341,822)	1,102,022	(44,871)	(109,124)	421,609
Share in changes in accumulated translation adjustment of subsidiaries and an associate (Note 12)	–	–	–	403,047	(205,655)	389,442
	1,944,480	2,526,230	(4,548,170)	1,802,283	2,553,273	(4,846,407)
<i>Items that do not recycle to profit or loss in subsequent periods:</i>						
Net change in unrealized gains on equity securities at FVOCI (Note 9)	1,336,767	1,368,570	394,654	1,322,549	1,368,570	401,920
Remeasurement gains (losses) on retirement plan (Note 28)	84,068	(493,906)	495,353	83,262	(512,517)	489,953
Share in changes in aggregate reserves (losses) on life insurance policies (Note 12)	(3,037)	(111,850)	762,490	(3,037)	(111,850)	762,490
Share in changes in remeasurement gains (losses) of subsidiaries and an associate (Note 12)	3,417	(8,275)	7,708	(9,938)	6,920	12,169
	1,421,215	754,539	1,660,205	1,392,836	751,123	1,666,532
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	3,365,695	3,280,769	(2,887,965)	3,195,119	3,304,396	(3,179,875)
TOTAL COMPREHENSIVE INCOME	₱24,543,660	₱21,246,589	₱8,696,023	₱24,231,780	₱21,307,344	₱8,352,443
ATTRIBUTABLE TO:						
Equity holders of the Parent Company	₱24,266,891	₱21,283,653	₱8,352,443			
Non-controlling interests	276,769	(37,064)	343,580			
	₱24,543,660	₱21,246,589	₱8,696,023			

See accompanying Notes to Financial Statements.



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

(In Thousands)

Consolidated

	Capital Stock (Note 25)	Capital Paid in Excess of Par Value (Note 25)	Surplus Reserves (Notes 10, 25 and 32)	Surplus (Note 25)	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Notes 9 and 33)	Remeasurement Losses on Retirement Plan (Note 28)	Accumulated Translation Adjustment (Note 25)	Other Equity Reserves (Notes 12 and 25)	Share in Aggregate Reserves (Losses) on Life Insurance Policies (Note 12)	Other Equity Adjustment	Total	Non- controlling Interests (Note 12)	Total Equity
Balance at January 1, 2024	₱61,030,594	₱32,116,560	₱4,677,930	₱91,979,317	(₱1,722,653)	(₱2,728,542)	₱1,999,668	₱248,830	₱24,246	₱13,959	₱187,639,909	₱3,508,745	₱191,148,654
Total comprehensive income (loss) for the year	–	–	–	21,052,896	2,766,656	92,200	358,176	–	(3,037)	–	24,266,891	276,769	24,543,660
Share swap transaction (Notes 9 and 25)	–	–	–	894,900	(894,900)	–	–	940,173	–	–	940,173	–	940,173
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	289,107	(289,107)	–	–	–	–	–	–	–	–	–
Transfer of remeasurement gains on retirement plan of a subsidiary	–	–	–	18,876	–	(18,876)	–	–	–	–	–	–	–
Sale of FVOCI equity securities	–	–	–	6,969	(6,969)	–	–	–	–	–	–	–	–
Declaration of dividends by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(3,546)	(3,546)
Balance at December 31, 2024	₱61,030,594	₱32,116,560	₱4,967,037	₱113,663,851	₱142,134	(₱2,655,218)	₱2,357,844	₱1,189,003	₱21,209	₱13,959	₱212,846,973	₱3,781,968	₱216,628,941
Balance at January 1, 2023	₱61,030,594	₱32,116,560	₱4,929,242	₱73,748,748	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱248,830	₱136,096	₱13,959	₱166,356,256	₱3,549,378	₱169,905,634
Total comprehensive income (loss) for the year	–	–	–	17,979,257	4,236,622	(505,597)	(314,779)	–	(111,850)	–	21,283,653	(37,064)	21,246,589
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	(251,312)	251,312	–	–	–	–	–	–	–	–	–
Declaration of dividends by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(3,569)	(3,569)
Balance at December 31, 2023	₱61,030,594	₱32,116,560	₱4,677,930	₱91,979,317	(₱1,722,653)	(₱2,728,542)	₱1,999,668	₱248,830	₱24,246	₱13,959	₱187,639,909	₱3,508,745	₱191,148,654
Balance at January 1, 2022	₱61,030,594	₱32,116,560	₱5,147,440	₱61,998,232	(₱703,737)	(₱2,725,067)	₱1,503,396	₱248,830	(₱626,394)	₱13,959	₱158,003,813	₱3,219,143	₱161,222,956
Total comprehensive income (loss) for the year	–	–	–	11,532,318	(5,255,538)	502,122	811,051	–	762,490	–	8,352,443	343,580	8,696,023
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	(218,198)	218,198	–	–	–	–	–	–	–	–	–
Declaration of dividends by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(13,345)	(13,345)
Balance at December 31, 2022	₱61,030,594	₱32,116,560	₱4,929,242	₱73,748,748	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱248,830	₱136,096	₱13,959	₱166,356,256	₱3,549,378	₱169,905,634



Parent Company

	Capital Stock (Note 25)	Capital Paid in Excess of Par Value (Note 25)	Surplus Reserves (Notes 10, 25 and 32)	Surplus (Note 25)	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Notes 9 and 33)	Remeasurement Losses on Retirement Plan (Note 28)	Accumulated Translation Adjustment (Note 25)	Other Equity Reserves (Notes 12 and 25)	Share in Aggregate Reserves (Losses) on Life Insurance Policies (Note 12)	Total Equity
Balance at January 1, 2024	₱61,030,594	₱32,106,560	₱4,677,930	₱92,174,169	(₱1,722,653)	(₱2,728,542)	₱1,999,668	₱390,517	₱24,246	₱187,952,489
Total comprehensive income (loss) for the year	–	–	–	21,036,661	2,766,656	73,324	358,176	–	(3,037)	24,231,780
Share swap transaction (Notes 9 and 25)	–	–	–	894,900	(894,900)	–	–	940,173	–	940,173
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	289,107	(289,107)	–	–	–	–	–	–
Sale of FVOCI equity securities	–	–	–	6,969	(6,969)	–	–	–	–	–
Balance at December 31, 2024	₱61,030,594	₱32,106,560	₱4,967,037	₱113,823,592	₱142,134	(₱2,655,218)	₱2,357,844	₱1,330,690	₱21,209	₱213,124,442
Balance at January 1, 2023	₱61,030,594	₱32,106,560	₱4,929,242	₱73,919,909	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱390,517	₱136,096	₱166,645,145
Total comprehensive income (loss) for the year	–	–	–	18,002,948	4,236,622	(505,597)	(314,779)	–	(111,850)	21,307,344
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	(251,312)	251,312	–	–	–	–	–	–
Balance at December 31, 2023	₱61,030,594	₱32,106,560	₱4,677,930	₱92,174,169	(₱1,722,653)	(₱2,728,542)	₱1,999,668	₱390,517	₱24,246	₱187,952,489
Balance at January 1, 2022	₱61,030,594	₱32,106,560	₱5,147,440	₱62,169,393	(₱703,737)	(₱2,725,067)	₱1,503,396	₱390,517	(₱626,394)	₱158,292,702
Total comprehensive income (loss) for the year	–	–	–	11,532,318	(5,255,538)	502,122	811,051	–	762,490	8,352,443
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	(218,198)	218,198	–	–	–	–	–	–
Balance at December 31, 2022	₱61,030,594	₱32,106,560	₱4,929,242	₱73,919,909	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱390,517	₱136,096	₱166,645,145

See accompanying Notes to Financial Statements.



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

(In Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	₱26,277,697	₱21,973,195	₱16,515,216	₱25,932,834	₱21,850,916	₱16,216,343
Adjustments for:						
Provision for impairment, credit and other losses (Note 16)	3,868,111	5,923,054	7,198,117	3,782,256	5,700,264	7,305,653
Net gains on sale or exchange of assets (Note 26)	(1,995,042)	(4,541,567)	(7,775,154)	(1,991,310)	(4,621,894)	(7,770,001)
Depreciation and amortization (Note 11)	3,659,014	3,976,069	4,225,746	3,548,348	3,720,234	3,909,420
Amortization of discount on investment securities	(4,084,207)	(2,888,201)	(935,770)	(4,078,854)	(2,891,341)	(936,131)
Impairment in value of goodwill (Note 14)	–	1,036,567	–	–	1,036,567	–
Unrealized foreign exchange losses (gains) on bonds, bills and acceptances payable	1,520,650	(209,842)	6,502,018	1,520,650	(209,842)	6,491,373
Net losses (gains) on financial assets at FVTPL (Note 9)	(647,529)	(399,339)	211,235	(646,118)	(400,113)	208,211
Equity in net losses (earnings) of subsidiaries and an associate (Note 12)	(419,505)	(268,093)	56,060	(831,256)	(560,393)	(747,341)
Amortization of transaction costs on borrowings (Notes 17 and 21)	55,568	90,011	105,480	55,568	90,011	105,480
Net losses (gains) on financial assets at FVOCI and investment securities at amortized cost (Note 9)	(51)	5,236	1,069,548	–	5,358	1,069,548
Accretion to interest income of loss on loan modifications	–	–	(369,152)	–	–	(369,152)
Changes in operating assets and liabilities:						
Decrease (increase) in amounts of:						
Interbank loan receivable (Note 8)	1,753,121	1,828,975	(4,854,939)	1,767,496	2,407,631	(4,656,651)
Financial assets at FVTPL	(6,756,591)	(2,770,324)	3,609,221	(6,760,765)	(2,767,461)	3,606,381
Loans and receivables	(25,952,926)	(32,170,920)	4,448,687	(25,991,600)	(32,262,933)	4,995,515
Other assets	(3,692,159)	(2,608,270)	(243,158)	(4,350,333)	(2,505,688)	(1,340,408)
Increase (decrease) in amounts of:						
Financial liabilities at FVTPL	368,241	(483,965)	148,245	365,882	(483,965)	148,430
Deposit liabilities	51,906,002	56,719,665	(23,726,210)	52,667,865	56,128,172	(32,924,438)
Accrued taxes, interest and other expenses	(1,484,782)	1,435,027	1,518,737	(1,323,623)	1,623,234	1,139,793
Other liabilities	3,424,027	(1,584,110)	616,446	3,572,811	(1,053,706)	1,084,236
Net cash generated from (used in) operations	47,799,639	45,063,168	8,320,373	47,239,851	44,805,051	(2,463,739)
Income taxes paid	(4,143,625)	(3,919,287)	(2,050,109)	(3,989,317)	(3,826,112)	(1,802,246)
Net cash provided by (used in) operating activities	43,656,014	41,143,881	6,270,264	43,250,534	40,978,939	(4,265,985)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from:						
Disposal/maturities of financial assets at FVOCI	766,333,935	562,251,372	643,902,197	765,428,317	561,071,652	643,888,779
Maturities/early redemptions of investment securities at amortized cost	33,710,884	64,078,361	141,160,199	33,622,909	61,007,188	141,171,532
Disposal of investment properties	1,902,551	5,113,184	6,844,641	1,896,842	4,874,843	6,842,374
Disposal of property and equipment	166,638	1,295,493	108,253	147,322	1,022,920	32,546
Cash dividends from a subsidiary (Note 12)	–	–	–	–	448,900	1,092,000
Return of investment (Note 12)	122,500	–	–	122,500	–	7,500,000
Acquisitions of:						
Financial assets at FVOCI	(804,940,569)	(562,081,002)	(638,254,305)	(804,003,310)	(561,446,524)	(637,154,487)
Investment securities at amortized cost	(23,674,291)	(76,625,183)	(162,392,791)	(23,674,291)	(73,223,330)	(162,392,791)
Software cost (Note 14)	(946,940)	(598,969)	(881,572)	(943,546)	(597,165)	(848,426)
Property and equipment (Note 11)	(445,446)	(419,859)	(547,083)	(435,986)	(407,645)	(535,981)
Additional investments in an associate (Note 12)	–	–	(392,000)	–	–	(392,000)
Net cash used in investing activities	(27,770,738)	(6,986,603)	(10,452,461)	(27,839,243)	(7,249,161)	(796,454)

(Forward)



	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	2024	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES						
Settlement of bills and acceptances payable	(P209,254,316)	(P136,027,137)	(P277,002,294)	(P209,254,316)	(P134,014,712)	(P274,908,050)
Proceeds from issuances of bills and acceptances payable	209,632,516	140,964,503	237,506,670	209,632,516	140,044,415	236,171,512
Payment of principal portion of lease liabilities (Note 29)	(1,127,583)	(1,314,516)	(1,113,225)	(1,052,523)	(1,232,928)	(1,068,038)
Settlement of LTNCD (Note 17)	(8,220,000)	–	–	(8,220,000)	–	–
Proceeds from issuance of bonds payable (Note 21)	17,303,959	–	–	17,303,959	–	–
Settlement of bonds payable (Note 21)	(43,383,750)	(16,560,000)	–	(43,383,750)	(16,560,000)	–
Net cash used in financing activities	(35,049,174)	(12,937,150)	(40,608,849)	(34,974,114)	(11,763,225)	(39,804,576)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,163,898)	21,220,128	(44,791,046)	(19,562,823)	21,966,553	(44,867,015)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	21,151,391	22,217,915	27,552,773	21,052,526	22,103,095	27,454,459
Due from Bangko Sentral ng Pilipinas	95,410,350	94,701,360	161,001,912	95,410,350	94,701,360	161,001,912
Due from other banks	21,243,856	26,010,183	27,222,083	13,626,624	17,599,374	19,324,000
Interbank loans receivable (Note 8)	30,955,766	9,782,452	30,453,378	29,934,920	8,824,713	29,042,376
Securities held under agreements to resell	69,694,538	64,523,863	15,796,673	69,694,538	64,523,863	15,796,673
	238,455,901	217,235,773	262,026,819	229,718,958	207,752,405	252,619,420
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	20,638,033	21,151,391	22,217,915	20,522,258	21,052,526	22,103,095
Due from Bangko Sentral ng Pilipinas	55,128,316	95,410,350	94,701,360	55,128,316	95,410,350	94,701,360
Due from other banks	20,183,894	21,243,856	26,010,183	11,478,178	13,626,624	17,599,374
Interbank loans receivable (Note 8)	19,861,641	30,955,766	9,782,452	19,547,264	29,934,920	8,824,713
Securities held under agreements to resell	103,480,119	69,694,538	64,523,863	103,480,119	69,694,538	64,523,863
	P219,292,003	P238,455,901	P217,235,773	P210,156,135	P229,718,958	P207,752,405
OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDENDS						
Interest paid	P18,168,830	P13,298,198	P7,312,461	P18,120,709	P13,269,068	P7,256,130
Interest received	62,770,452	55,438,281	43,082,036	61,559,767	54,445,224	42,297,774
Dividends received	–	–	–	–	448,900	1,092,000

See accompanying Notes to Financial Statements.



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(Amounts in Thousand Pesos except When Otherwise Indicated)

1. Corporate Information

Philippine National Bank (PNB or the Parent Company) is a universal bank established in the Philippines in 1916. On June 21, 1989, PNB's shares were listed with the Philippine Stock Exchange (PSE). As of December 31, 2024 and 2023, the shares of PNB are held by the following:

	2024	2023
LT Group, Inc. (LTG) (indirect ownership through its various holding companies)	59.83%	59.83%
PCD Nominee Corporation*	14.35%	14.44%
Other stockholders owning less than 10% each	25.82%	25.73%
	100.00%	100.00%

* Acts as a trustee-nominee for PNB shares lodged under the PCD system

PNB's immediate parent company, LTG, and ultimate parent company, Tangent Holdings Corporation, are also incorporated in the Philippines.

The Parent Company provides a full range of banking and other financial services, which include deposit-taking, lending, bills discounting, trade finance, foreign exchange dealings, treasury operations, wealth management, fund transfers, remittance and trust services. The Parent Company operates through its 631 domestic branches as of December 31, 2024 and 2023, as it continues to streamline its physical branch network through consolidation and expand customer reach via its digital channels. As of the same dates, the Parent Company has 71 overseas branches, representative offices, remittance centers and subsidiaries in 17 locations in Asia, North America and Europe.

The subsidiaries of the Parent Company are engaged in a number of diversified financial and related businesses such as remittance, banking, investment banking, leasing, stock brokerage and/or related services. The Parent Company and the subsidiaries are collectively referred hereinto as the Group.

The principal place of business of the Parent Company is at PNB Financial Center, President Diosdado Macapagal Boulevard, Pasay City, Metro Manila, Philippines.

2. Summary of Material Accounting Policies

2.1 Basis of Preparation of the Financial Statements

The Group prepared the accompanying financial statements on a historical cost basis, except for the following accounts which are measured at fair value:

- financial assets and liabilities at fair value through profit or loss (FVTPL); and
- financial assets at fair value through other comprehensive income (FVOCI).

The financial statements of the Parent Company which include its Head Office in Pasay City, Philippines, and all of its domestic and foreign branches, reflect the accounts maintained in its Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of RBU and FCDU is Philippine pesos (₱ or PHP) and United States Dollar (USD), respectively. The individual financial statements of these units are combined and any inter-unit accounts and transactions are eliminated. The presentation currency is the PHP.



The Group presents the amounts in the financial statements to the nearest thousand pesos (₱000), unless otherwise stated.

2.2 Statement of Compliance

The Group prepared these financial statements in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards include all applicable PFRS Accounting Standards, Philippine Accounting Standards (PAS) and interpretations as approved by the Financial Reporting Standards Council (FRSC) and adopted by the Philippine Securities and Exchange Commission (SEC).

2.3 Presentation of the Financial Statements

The Group presents the statements of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 24.

The Group generally presents financial assets and financial liabilities at their gross amounts in the statement of financial position, unless the offsetting criteria under PFRS Accounting Standards are met. The Group does not also set off items of income and expenses, unless offsetting is required or permitted by PFRS Accounting Standards, or is specifically disclosed in the Group's accounting policies.

The Group presents its consolidated financial statements and parent company financial statements side-by-side to comply with the requirements of the Bangko Sentral ng Pilipinas (BSP).

2.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. The financial statements of the subsidiaries are prepared on the same reporting period as the Parent Company using consistent accounting policies. In the consolidation, the Group eliminates in full all significant intra-group balances, transactions, and results of intra-group transactions.

The Group consolidates its subsidiaries from the date on which the Group obtains control over the subsidiary (see definition of 'control' in *2.12 Investments in Subsidiaries, Associates and Joint Ventures*). For partially-owned subsidiaries, the Group attributes the subsidiary's income, expenses and components of other comprehensive income (OCI) to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in deficit balances of the NCI. NCI represents the portion of profit or loss and the net assets not held by the Group, which are presented separately in the consolidated financial statements. NCI consists of the amount attributed to such interest from the date of business combination and its share in any changes in equity of the subsidiary.

When the Group's ownership interest in a subsidiary changes but does not result in a loss of control, the Group adjusts the carrying amounts of the controlling interests and the NCI to their new relative interests in the subsidiary. The Group recognizes any difference between the amount by which the NCI is adjusted and the fair value of the consideration paid or received directly in equity as 'Other equity reserves', which is attributed to the owners of the Parent Company.



Consolidation of a subsidiary ceases when the Group loses control over the subsidiary. In such circumstances, the Group derecognizes the assets (including goodwill), liabilities, NCI, and other components of equity of the subsidiary, and recognizes the consideration received and any investment retained at their fair values. The Group records any resulting difference in the statement of income as ‘Gain on loss of control of subsidiaries - net’.

2.5 Foreign Currency Translation

For financial reporting purposes, the Group translates all accounts in the FCDU books and foreign currency-denominated accounts in the RBU books into their equivalents in Philippine pesos. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements are measured using that functional currency.

2.5.1 Transactions and Balances

As at reporting date, the Group translates the following foreign currency-denominated accounts in the RBU in Philippine peso using:

Financial statement accounts in RBU	Exchange rate
Monetary assets and liabilities	Bankers Association of the Philippines (BAP) closing rate at end of year
Income and expenses	Rate prevailing at transaction date
Non-monetary items measured at historical cost in a foreign currency	Rate at the date of initial transaction
Non-monetary items measured at fair value in a foreign currency	Rate at the date when fair value is determined

The Group recognizes in the statement of income any foreign exchange differences arising from revaluation of monetary assets and liabilities. For non-monetary items measured at fair values, the Group recognizes any foreign exchange differences arising from revaluation in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

2.5.2 FCDU and Overseas Branches and Subsidiaries

As at the reporting date, the Group translates the assets and liabilities of the FCDU and overseas branches and subsidiaries in Philippine peso at the BAP closing rate prevailing at the reporting date, and their income and expenses at the average exchange rate for the year. Foreign exchange differences arising on translation are taken directly to OCI under ‘Accumulated translation adjustment’. Upon disposal of a foreign entity or upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in OCI relating to the particular foreign operation is recognized in the statement of income.

2.6 Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new pronouncements effective as at January 1, 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements.



- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
The amendments clarify:
 - That only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current;
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*
The amendments clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right-of-use retained.

2.7 Business Combinations

The Group accounts for business combinations using the acquisition method. Under this method, the Group measures the acquisition cost as the aggregate of the acquisition-date fair value of the consideration transferred and any amount of NCI in the acquiree. The Group then allocates that cost to the acquired identifiable assets and liabilities based on their respective fair values. Any excess acquisition cost over the fair value of the net assets acquired is allocated to goodwill (see related accounting policy under 2.13.3 *Intangible Assets*). If the fair value of the net assets acquired exceeds the acquisition cost, the gain is recognized in the statement of income. The Group recognizes any acquisition-related costs as administrative expenses as they are incurred. The Group also recognizes any contingent consideration to be transferred by the acquirer at its fair value at the acquisition date.

In business combinations involving entities under common control, the Group determines whether or not the business combination has commercial substance. When there is commercial substance, the Group accounts for the transaction using the acquisition method as discussed above. Otherwise, the Group accounts for the transaction similar to a pooling of interests (i.e., the assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values, and any resulting difference with the fair value of the consideration given is accounted for as an equity transaction).

2.8 Fair Value Measurement

Fair value is the price that the Group would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The fair value measurement is based on the presumption that these transactions take place either:

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



The principal or the most advantageous market must be accessible to the Group. The Group measures the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. If an asset or a liability measured at fair value has both bid and ask prices, the Group uses the price within the bid-ask spread, which is the most representative of fair value in the circumstances.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described in Note 5, based on the lowest level input that is significant to the fair value measurement as a whole.

2.9 'Day 1' Difference

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

2.10 Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items (COCI), amounts due from BSP and other banks, interbank loans receivable and securities held under agreements to resell that are convertible to known amounts of cash, with original maturities of three months or less from dates of placements and that are subject to an insignificant risk of changes in fair value. Due from BSP includes statutory reserves required by the BSP, which the Group considers as cash equivalents wherein drawings can be made to meet cash requirements.

2.11 Financial Instruments

2.11.1 Initial Recognition of Financial Instruments

The Group recognizes purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace on settlement date (i.e., the date that an asset is delivered to or by the Group), while derivatives are recognized on trade date (i.e., the date that the Group commits to purchase or sell). The Group recognizes deposits, amounts due to banks and customers and loans when cash is received by the Group or advanced to the borrowers.



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

2.11.2 Classification and Subsequent Measurement of Financial Instruments

The Group classifies and measures financial assets at FVTPL unless these are measured at FVOCI or at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing those financial assets.

The Group first assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test ('solely payments of principal and interest' or SPPI test). For the purpose of the SPPI test, principal is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium or discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. In contrast, contractual terms that introduce a more than insignificant 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 SPPI. In such cases, the financial asset is required to be measured at FVTPL. Only financial assets that pass the SPPI test are eligible to be measured at FVOCI or at amortized cost.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

For financial liabilities, the Group classifies them as either financial liabilities at FVTPL or financial liabilities at amortized cost.

Financial assets at FVTPL

Financial assets at FVTPL include the following:

- Financial assets held for trading – those acquired for the purpose of selling or repurchasing in the near term;
- Derivative instruments – contracts entered into by the Group (such as currency forwards, currency swaps, interest rate swaps and warrants) as a service to customers and as a means of reducing or managing their respective financial risk exposures, as well as for trading purposes;
- Financial assets that are not SPPI, irrespective of the business model; or
- Debt financial assets designated upon initial recognition at FVTPL – those assets where the Group applied the fair value option at initial recognition if doing so eliminates or significantly reduces an accounting mismatch

The Group carries financial assets at FVTPL in the statement of financial position at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The Group recognizes any gains or losses arising from changes in fair values of financial assets at FVTPL directly in the statement of income under 'Trading and investment securities gains (losses) - net', except for currency forwards and currency swaps, where fair value changes are included under 'Foreign exchange gains - net'.



Financial assets at FVOCI

Financial assets at FVOCI include debt and equity securities, which are subsequently measured at fair value. The Group recognizes the unrealized gains and losses arising from the fair valuation of financial assets at FVOCI, net of tax, in the statement of comprehensive income as ‘Net change in unrealized gain (loss) on financial assets at FVOCI’.

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

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

The Group reports the effective yield component of debt securities at FVOCI, as well as the impact of restatement on foreign currency-denominated debt securities at FVOCI, in the statement of income. When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in OCI is recognized as ‘Trading and investment securities gain (loss) - net’ in the statement of income. The Group recognizes the expected credit losses (ECL) arising from impairment of such financial assets in OCI with a corresponding charge to ‘Provision for impairment, credit and other losses’ in the statement of income (see related accounting policy under *2.11.5 Impairment of Financial Assets*).

Equity securities designated at FVOCI are those that the Group made an irrevocable election at initial recognition to present in OCI the subsequent changes in fair value. The Group recognizes the dividends earned on holding the equity securities at FVOCI in the statement of income when the right to payment has been established. Gains and losses on disposal of these equity securities at FVOCI are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the OCI is reclassified to ‘Surplus’ or any other appropriate equity account upon disposal. The Group does not subject equity securities at FVOCI to impairment assessment.

Financial assets at amortized cost

Financial assets at amortized cost are debt financial assets that meet both of the following conditions:

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

This accounting policy relates to the statement of financial position captions ‘Due from Bangko Sentral ng Pilipinas’, ‘Due from other banks’, ‘Interbank loans receivable’, ‘Securities held under agreements to resell’, ‘Investment securities at amortized cost’, and ‘Loans and receivables’.

The Group subsequently measures financial assets at amortized cost using the effective interest method of amortization, less allowance for credit losses. The Group includes the amortization in ‘Interest income’, and the ECL arising from impairment of such financial assets in ‘Provision for impairment, credit and other losses’ in the statement of income (see related accounting policy under *2.11.5 Impairment of Financial Assets*).



Financial liabilities at FVTPL

These are recorded in the statements of financial position at fair value with changes in fair value recognized in 'Trading and securities gain/(loss) - net', with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in OCI and do not get recycled to the statement of income. Interest incurred is accrued in 'Interest expense' using the EIR, taking into account any discount/premium and qualifying transaction costs being an integral part of the instrument.

Financial liabilities at amortized cost

The Group classifies issued financial instruments or their components which are not designated at FVTPL, as financial liabilities at amortized cost under 'Deposit liabilities', 'Bills and acceptances payable', 'Bonds payable' or other appropriate financial liability accounts. The substance of the contractual arrangement for these instruments results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

The Group capitalizes the costs incurred in connection with the issuance of debt securities (other than those designated at FVTPL) and amortizes over the terms of the instruments using the effective interest method. The Group includes any unamortized debt issuance costs in the carrying value of the related debt instruments in the statement of financial position.

The Group subsequently measures financial liabilities at amortized cost using the effective interest method of amortization.

Repurchase and reverse repurchase agreements

The Group does not derecognize from the statement of financial position securities sold under agreements to repurchase at a specified future date ('repos'). Instead, the Group recognizes the corresponding cash received, including accrued interest, as a loan to the Group, reflecting the economic substance of such transaction.

Conversely, the Group does not recognize securities purchased under agreements to resell at a specified future date ('reverse repos'). The Group is not permitted to sell or repledge the securities in the absence of default by the owner of the collateral. The Group recognizes the corresponding cash paid, including accrued interest, as a loan to the counterparty. The difference between the purchase price and resale price is treated as interest income and is accrued over the life of the agreement using the effective interest method.

2.11.3 Reclassification of Financial Instruments

Subsequent to initial recognition, the Group may reclassify its financial assets only when there is a change in the business models for managing these financial assets. Reclassification of financial liabilities is not allowed.



2.11.4 Derecognition of Financial Instruments

Financial Assets

The Group derecognizes a financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) when:

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

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

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing recovery. If a write-off is later recovered, any amounts formerly charged are credited to ‘Recoveries’ under ‘Miscellaneous Income’ in the statements of income.

Financial liabilities

The Group derecognizes a financial liability when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the Group treats such an exchange or modification as a derecognition of the original liability and recognition of a new liability, and Group recognizes the difference in the respective carrying amounts in the statement of income.

2.11.5 Impairment of Financial Assets

ECL methodology

The Group’s loss impairment method on financial instruments applies a forward-looking ECL approach, which covers all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. The ECL allowance is based on the credit losses expected to arise on a 12-month duration if there has been no significant increase in credit risk (SICR) of the financial instrument since origination (12-month ECL). Otherwise, if an SICR is observed, then the Group extends its ECL estimation until the end of the life of the financial instrument (Lifetime ECL). Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.



Staging assessment

The Group categorizes financial instruments subject to the ECL methodology into three stages:

- Stage 1 – comprised of all non-impaired financial instruments which have not experienced an SICR since initial recognition. The Group recognizes 12-month ECL for Stage 1 financial instruments.
- Stage 2 – comprised of all non-impaired financial instruments which have experienced an SICR since initial recognition. The Group recognizes Lifetime ECL for Stage 2 financial instruments.
- Stage 3 – comprised of financial instruments which have objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on their estimated future cash flows. The Group recognizes Lifetime ECL for Stage 3 (credit-impaired) financial instruments.

Definition of “default” and “cure”

The Group considers default to have occurred when:

- the obligor is past due for more than 90 days on any material credit obligation to the Group; or
- the obligor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing collateral, as applicable.

The Group no longer considers an instrument to be in default when it no longer meets any of the default criteria and has exhibited satisfactory and acceptable track record for six consecutive payment periods, subject to applicable rules and regulations of the BSP.

Determining SICR

At each reporting date, the Group assesses whether the credit risk on a loan or credit exposure has increased significantly since initial recognition. The Group’s assessment of SICR involves looking at both the qualitative and quantitative elements, as well as if the loan or credit exposure is unpaid for at least 30 days (“backstop”).

The Group assesses SICR on loans or credit exposures having potential credit weaknesses based on current and/or forward-looking information that warrant management’s close attention. Such weaknesses, if left uncorrected, may affect the repayment of these exposures. The loan or credit exposure also exhibits SICR if there are adverse or foreseen adverse economic or market conditions that may affect the counterparty’s ability to meet the scheduled repayments in the future.

The Group looks at the quantitative element through statistical models or credit ratings process or scoring process that captures certain information, which the Group considers as relevant in assessing changes in credit risk. The Group also looks at the number of notches downgrade of credit risk rating (CRR) or certain thresholds for the probabilities of default being generated from statistical models to determine whether SICR has occurred subsequent to initial recognition date.

Transfer between stages

The Group transfers credit exposures from Stage 1 to Stage 2 if there is an SICR from initial recognition date. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer an SICR since initial recognition, then the Group reverts them to Stage 1.

The Group transfers credit exposures from Stage 3 (non-performing) to Stage 1 (performing) when there is sufficient evidence to support their full collection. Such exposures should exhibit both of the following indicators:

- quantitative – characterized by payments made within an observation period; and
- qualitative – pertain to the results of assessment of the borrower’s financial capacity.



Generally, the Group considers that full collection is probable when payments of interest and/or principal are received for at least six months.

Modified or restructured loans and other credit exposures

In certain circumstances, the Group modifies the original terms and conditions of a credit exposure to form a new loan agreement or payment schedule, which may be provided depending on the borrower's current or expected financial difficulties. Modifications may include, but are not limited to, change in interest rate and terms, principal amount, maturity date and schedule of periodic payments.

If modifications are considered by the Group as substantial based on qualitative factors, the loan is derecognized as discussed under *2.11.4 Derecognition of Financial Instruments*.

If a loan or credit exposure has been renegotiated or modified without resulting in derecognition, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded, based on the change in cash flows discounted at the loan's original effective interest rate (EIR). The Group also assesses whether there has been a SICR by comparing the risk of default at reporting date based on modified terms, and the risk of default at initial recognition date based on original terms. Derecognition decisions and classification between Stages 2 and 3 are determined on a case-by-case basis.

Purchased or originated credit-impaired loans

The Group considers a loan as credit-impaired on purchase or origination if there is evidence of impairment at the time of initial recognition (i.e., acquired/purchased at a deep discounted price). The Group recognizes the cumulative changes in Lifetime ECL since initial recognition as a loss allowance for purchased or originated credit-impaired loan.

Measurement of ECL

ECLs are generally measured based on the risk of default over one of two different time horizons, depending on whether there has been SICR since initial recognition. ECL calculations are based on the following components:

- Probability of default (PD) – an estimate of the likelihood that a borrower will default on its obligations over the next 12 months for Stage 1 or over the remaining life of the credit exposure for Stages 2 and 3.
- Loss-given-default (LGD) – an estimate of the loss arising in case where default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from any collateral.
- Exposure-at-default (EAD) – an estimate of the exposure at a future/default date taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, expected drawdown on committed facilities and accrued interest from missed payments.
- Discount rate – represents the rate to be used to discount an expected loss to present value at the reporting date using the original EIR determined at initial recognition.

In measuring ECL, the Group considers forward-looking information depending on the credit exposure. The Group applies experienced credit judgment, which is essential in assessing the soundness of forward-looking information and in ensuring that these are adequately supported. Forward-looking macroeconomic information and scenarios consider:

- factors that may affect the general economic or market conditions in which the Group operates, such as gross domestic product growth rates, foreign exchange rates, inflation rate, among others;
- changes in government policies, rules and regulations, such as adjustments to policy rates;



- other factors pertinent to the Group, including the proper identification and mitigation of risks such as incidences of loan defaults or losses.

The Group also measures ECL by evaluating a range of possible outcomes and using reasonable and supportable pieces of information that are available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2.11.6 Financial Guarantees and Undrawn Loan Commitments

The Group gives loan commitments and financial guarantees consisting of letters of credit, letters of guarantees, and acceptances.

Financial guarantees are contracts that require the Group as issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. The Group initially recognizes financial guarantees on trade receivables at fair value under 'Bills and acceptances payable' or 'Other liabilities' in the statement of financial position. Subsequent to initial recognition, the Group measures these financial guarantees at the higher of:

- the initial fair value less any cumulative amount of income or amortization recognized in the statement of income; and
- the ECL determined under PFRS 9.

Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer.

The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position.

The Group estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to financial guarantees and loan commitments without outstanding drawn amounts is recognized in 'Allowance for credit losses' under 'Loans and receivables'.

2.12 Investments in Subsidiaries, Associates and Joint Ventures

The Group's subsidiaries pertain to investees where the Group demonstrates control. The Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., those existing rights that give the Group the current ability to direct the relevant activities of the investee);
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, such as contractual arrangements with other voting shareholders of the investee, rights arising from other contractual arrangements, or any potential voting rights of the Group.

The Group's associate pertains to the investee over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's joint venture pertains to joint arrangements



whereby the Group and other parties have joint control of the arrangement and have rights to the net assets of the arrangement.

The Group accounts for its investments in subsidiaries, associates and joint venture under the equity method of accounting. Under this method, the Group carries the investment in the statement of financial position at cost plus post-acquisition changes in the share in the net assets of the investee less accumulated impairment losses, if any (see related accounting policy under 2.13.5 *Impairment of Nonfinancial Assets*). The Group reflects its share in the results of operations of the investee and any impairment losses in the statement of income. When there has been a change recognized in the investee's OCI, the Group recognizes its share in any changes and discloses this in the statement of comprehensive income. The Group eliminates any profits or losses arising from transactions between the Group and the investee to the extent of the interest of the Group in the investee. Once the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

When a change in ownership interest in a subsidiary occurs which results in a loss of control over the subsidiary, the Parent Company:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the related OCI recorded in equity and recycles the same to statement of income or 'Surplus';
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in the statement of income; and
- Reclassifies the Parent Company's share of components' gains (losses) previously recognized in OCI to profit or loss or surplus, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Upon loss of control over a subsidiary or significant influence over an associate, the Group measures and recognizes any retained investment at its fair value. Any resulting difference between the aggregate of the investee's carrying amount upon disposal and the fair value of the retained investment, and proceeds from disposal is recognized in the statement of income.

For transactions where ownership interest in a subsidiary, associate or joint venture that did not result in a loss of control or significant influence, as applicable, the Parent Company recognizes the gain or loss in the profit and loss representing the difference between the proceeds from sale and the carrying value of the investment.

2.13 Other Nonfinancial Assets

2.13.1 Property and Equipment

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use (see related accounting policy under 2.16.5 *Expenditures on Nonfinancial Assets*).

The Group carries its land at cost less any impairment in value, and its depreciable properties such as buildings, right-of-use assets, furniture, fixtures and equipment, long-term leasehold land, and leasehold improvements at cost less accumulated depreciation and amortization and any impairment in value (see related accounting policy under 2.13.5 *Impairment of Nonfinancial Assets*).



For right-of-use assets included under 'Property and equipment', see related accounting policy under *2.18.1 Group as a Lessee Under Lease Contracts*.

2.13.2 Investment Properties and Chattel Mortgage Properties

The Group initially measures investment properties and chattel mortgage properties initially at cost, including transaction costs (see related accounting policy under *2.16.5 Expenditures on Nonfinancial Assets*). When the investment property or chattel mortgage property is acquired through an exchange transaction, the Group measures the asset at its fair value, unless the fair value of such an asset cannot be reliably measured in which case the asset acquired is measured at the carrying amount of asset given up. The Group recognizes any gain or loss on exchange in the statement of income under 'Net gains (losses) on sale or exchange of assets'.

Foreclosed properties are classified under 'Investment properties' upon:

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

Subsequent to initial recognition, the Group carries the investment properties and chattel mortgage properties at cost less accumulated depreciation (for depreciable properties) and any impairment in value (see related accounting policy under *2.13.5 Impairment of Nonfinancial Assets*).

The Group transfers assets to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Conversely, the Group transfers out of investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

2.13.3 Intangible Assets

The Group initially measures separately acquired intangible assets at cost, and the intangible assets acquired in a business combination at their fair values at the date of acquisition. The Group does not capitalize internally generated intangibles, excluding capitalized development costs, and reflects in profit or loss the related expenditures in the period in which the expenditure is incurred.

Intangibles with finite lives

The Group capitalizes software costs, included in 'Intangible assets', on the basis of the cost incurred to acquire and bring to use the specific software (see related accounting policy under *2.16.5 Expenditures on Nonfinancial Assets*).

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

Following initial recognition, intangibles with finite lives are measured at cost less accumulated amortization and any accumulated impairment losses (see related accounting policy under *2.13.5 Impairment of Nonfinancial Assets*).



Goodwill

The Group initially measures goodwill acquired in a business combination at cost. With respect to investments in an associate, the Group includes goodwill in the carrying amount of the investments. Goodwill is not amortized, but is tested for impairment annually or more frequently if events or changes in circumstances that the carrying value may be impaired (see related accounting policy under *2.13.5 Impairment of Nonfinancial Assets*).

2.13.4 Derecognition of Nonfinancial Assets

The Group derecognizes a nonfinancial asset when it has either been disposed of or when the asset is permanently withdrawn from use and no future benefit is expected from its disposal. The Group recognizes any gains or losses on the disposal of a nonfinancial asset in the statement of income under 'Net gains (losses) on sale or exchange of assets' in the period the asset is derecognized.

2.13.5 Impairment of Nonfinancial Assets

Property and equipment, investment properties, intangible assets with finite lives, chattel mortgage properties, and investments in subsidiaries and an associate

At each reporting date, the Group assesses whether there is any indication that its property and equipment, investment properties, intangible assets with finite lives, chattel mortgage properties, and investments in subsidiaries and an associate may be impaired. When an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use (VIU) and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit (CGU) to which it belongs.

When the carrying amount of an asset exceeds its recoverable amount, the Group considers the asset as impaired and writes the asset down to its recoverable amount. In assessing VIU, the Group discounts the estimated future cash flows 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.

The Group charges the impairment loss against current operations. At each reporting date, the Group assesses whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the recoverable amount and reverses a previously recognized impairment loss only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal recognized in the statement of income 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. After such reversal, the Group adjusts the depreciation and amortization in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Goodwill

The Group performs its annual impairment test of goodwill every fourth quarter, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The Group determines impairment for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated (or to the aggregate carrying amount of a group of CGUs to which the goodwill relates but cannot be allocated), the Group recognizes an impairment loss immediately in the statement of



income under ‘Impairment in value of goodwill’. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

2.14 Equity

2.14.1 Capital Stock

The Group measures capital stock at par value for all shares issued and outstanding. When the shares are sold at a premium, the Group credits the difference between the proceeds and the par value to ‘Capital paid in excess of par value’. ‘Surplus’ represents accumulated earnings (losses) of the Group less dividends declared.

2.14.2 Reserves Recorded in Equity

The reserves recorded in equity in the statement of financial position include:

- Remeasurement losses on retirement plan – pertains to the remeasurement comprising actuarial gains or losses on the present value of the defined benefit obligation, net of return on plan assets (see related accounting policy under *2.17.1 Retirement Under Defined Benefit Plan*).
- Accumulated translation adjustment – used to record exchange differences arising from the translation of the FCDU accounts and foreign operations (i.e., overseas branches and subsidiaries) to Philippine peso (see related accounting policy under *2.5.2 FCDU and Overseas Branches and Subsidiaries*).
- Net unrealized gains (losses) on financial assets at FVOCI – comprises changes in fair value of financial assets at FVOCI (see related accounting policy under *2.11.2 Classification and Subsequent Measurement of Financial Instruments*).

2.14.3 Dividends

The Group recognizes dividends on common shares as a liability and deduction against ‘Surplus’ when approved by the Board of Directors (BOD) of the Parent Company. The Group measures the liability to distribute dividends at the carrying amount of the dividends, except for distributions of non-cash assets where the Group measures the liability at the fair value of the assets to be distributed. At the end of each reporting period and at the date of settlement, the Group reviews and adjusts the carrying amount of the non-cash assets declared as dividends, with any changes in the carrying amount of the non-cash dividends recognized in equity as adjustments to the amount of distribution.

For dividends that are approved after the reporting date, the Group discloses them in the financial statements as an event after the reporting date.

2.14.4 Share Issuance Costs

For underwriting, share registration, and other share issuance costs and taxes incurred in connection with the issuance of equity securities, the Group accounts for these costs as reduction of equity against ‘Capital paid in excess of par value’. If the ‘Capital paid in excess of par value’ is not sufficient, the share issuance costs are charged against the ‘Surplus’. For transaction costs that relate jointly to the offering and listing of the shares, the Group allocates the costs to those transactions (i.e., reduction against equity for those allocated to offering of shares, and expensed for those allocated to listing of shares) using a basis of allocation that is rational and consistent with similar transactions.



2.15 Revenue Recognition

Revenue is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements except for brokerage transactions.

2.15.1 Interest Income

Interest on interest-bearing financial assets at FVTPL and held-for-trading investments is recognized based on contractual rate. Interest on financial instruments measured at amortized cost and FVOCI are recognized based on effective interest method of accounting to calculate the amortized cost of a financial asset or a financial liability and allocate the interest income or interest expense.

The Group records interest income using the EIR, which 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. In calculating EIR, the Group considers all contractual terms of the financial instrument (for example, prepayment options), and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. The Group adjusts the carrying amount of the financial instrument through 'Interest income' in the statement of income based on the original EIR.

When a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3, the Group 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 Group reverts to calculating interest income on a gross basis.

The Group defers the commitment fees for loans that are likely to be drawn down (together with any incremental costs) and includes them as part of the EIR of the loan. These are amortized using EIR and recognized as 'Interest income' over the expected life of the loan.

The Group recognizes income on direct financing leases and receivables financed using the effective interest method and any unearned discounts are shown as deduction against 'Loans and receivables'. Unearned discounts are amortized over the term of the note or lease using the effective interest method and consist of:

- transaction and finance fees on finance leases and loans and receivables financed with long-term maturities; and
- excess of the aggregate lease rentals plus the estimated residual value of the leased equipment over its cost.

2.15.2 Service Fees and Commission Income

The Group earns fee and commission income from diverse range of services it provides to its customers:

Fees from services that are provided over a certain period of time

The Group accrues fees earned for the provision of services over a period of time. These fees include investment fund fees, custodian fees, fiduciary fees, credit-related fees, trust fees, portfolio and other management fees, and advisory fees.



Bancassurance fees

The Group recognizes non-refundable access fees on a straight-line basis over the term of the period of the provision of the access. Milestone fees or variable and fixed earn-out fees are recognized in reference to the stage of achievement of the milestones.

Fee income from providing transaction services

The Group recognizes the fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, only upon completion of the underlying transaction. For fees or components of fees that are linked to a certain performance, the Group recognizes revenue after fulfilling the corresponding criteria. These fees include underwriting fees, corporate finance fees, remittance fees, brokerage fees, commissions, deposit-related and other credit-related fees.

The Group recognizes loan syndication fees as revenue when the syndication has been completed and the Group retains no part of the loans for itself or retains part at the same EIR as the other participants.

2.15.3 Credit Card Fees

Interchange fees and revenue from rewards redeemed

The Group takes up as income the interchange fees under 'Service fees and commission income' upon receipt from member establishments of charges arising from credit availments by the Group's cardholders. These discounts are computed based on certain agreed rates and are deducted from amounts remitted to the member establishments.

The Group operates a loyalty points program which allows customers to accumulate points when they purchase from member establishments using the issued card of the Group. The points can then be redeemed for free products subject to a minimum number of points being redeemed.

The Group allocates a portion of the consideration received from discounts earned and interchange fees from credit cards to the reward points based on the estimated stand-alone selling prices. The Group defers the amount allocated to the loyalty program and recognizes revenue only when the loyalty points are redeemed or the likelihood of the credit cardholder redeeming the loyalty points becomes remote. The Group includes the deferred balance under 'Other liabilities' in the statement of financial position.

Commissions on credit cards

The Group recognizes commissions earned as revenue upon receipt from member establishments of charges arising from credit availments by credit cardholders. These commissions are computed based on certain agreed rates and are deducted from amounts remittable to member establishments.

Commissions on installment credit sales

The Group records the purchases by the credit cardholders, collectible on installment basis, at the cost of the items purchased plus certain percentage of cost. The Group recognizes the excess over cost as 'Unearned and other deferred income', which is shown as a deduction from 'Loans and receivables' in the statement of financial position. The Group amortizes and recognizes as 'Interest income' the unearned and other deferred income over the installment terms using the effective interest method.



2.15.4 Trading and Investment Securities Gains - Net

The Group recognizes in 'Trading and investment securities gains - net' the results arising from trading activities, all gains and losses from changes in fair value of financial assets and financial liabilities at FVTPL, and gains and losses from disposal of debt securities at FVOCI.

2.15.5 Gain on Sale or Exchange of Assets

The Group recognizes gain on sale or exchange of assets upon completion of the earning process upon transfer of control and when the collectability of the sales price is reasonably assured.

2.15.6 Other Income

Rental income

The Group accounts for rental income arising on leased properties on a straight-line basis over the lease terms, which is recorded in the statement of income under 'Miscellaneous income' (see related accounting policy under 2.18.2 *Group as a Lessor Under Lease Contracts*).

Dividend income

The Group recognizes dividend income when the Group's right to receive payment is established.

2.16 Expenditures

2.16.1 Borrowing Costs

The Group recognizes borrowing costs as 'Interest expense' in the year in which these costs are incurred. Borrowing costs consist of interest expense calculated using the effective interest method that the Group incurs in connection with deposit-taking activities and borrowing of funds.

2.16.2 Operating Expenses

This encompasses those expenses that arise in the course of the ordinary activities of the Group, as well as any losses incurred. These are recognized in the statement of income as they are incurred.

2.16.3 Taxes and Licenses

This includes all other taxes, local and national, including gross receipts taxes, documentary stamp taxes, real estate taxes, licenses and permit fees that are recognized when incurred.



2.16.4 Depreciation and Amortization

The Group computes for depreciation and amortization of depreciable assets using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives of the depreciable assets follow:

	Years
Property and equipment:	
Buildings	25 - 50
Right-of-use assets	1 - 25 or the lease term, whichever is shorter (provided that lease term is more than one year)
Furniture, fixtures and equipment	5
Long-term leasehold land	46 - 50
Leasehold improvements	10 or the lease term, whichever is shorter
Investment properties	10 - 25
Chattel mortgage properties	5
Intangible assets with finite lives:	
Software costs	5
CDI	10
CRI	3

The Group reviews periodically the useful life and the depreciation and amortization method to ensure that these are consistent with the expected pattern of economic benefits from the depreciable assets. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the depreciation and amortization period or method, as appropriate, and are treated as changes in accounting estimates.

2.16.5 Expenditures on Nonfinancial Assets

The Group charges against current operations the expenditures incurred after the nonfinancial assets (i.e., property and equipment, investment properties, software costs, and chattel mortgage properties) have been put into operation, such as repairs and maintenance. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of these nonfinancial assets beyond their originally assessed standard of performance, the Group capitalizes such expenditures as additional cost.

2.17 Employee Benefits

2.17.1 Retirement Under Defined Benefit Plan

At the end of the reporting period, the Group determines its net defined benefit liability (or asset) as the difference between the present value of the defined benefit obligation and the fair value of plan assets, adjusted for any effect of asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.



Defined benefit costs recognized in the statement of income consist of the following:

- service costs – include current service costs, past service costs (recognized when plan amendment or curtailment occurs) and gains or losses on non-routine settlements; and
- net interest on the net defined benefit liability or asset – pertains to the change during the period in the net defined benefit liability (or asset) that arises from the passage of time, which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Changes in the net defined benefit liability (or asset) also include remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling, excluding net interest on defined benefit liability (or asset). The Group recognizes these remeasurements immediately in OCI in the period in which they arise. The Group does not reclassify these remeasurements to profit or loss in subsequent periods.

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

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

2.17.2 Employee Leave Entitlement

The Group recognizes entitlements of employees to annual leave as a liability when they are accrued to the employees. The Group recognizes the undiscounted liability for leave expected to be settled wholly before 12 months after the end of the reporting period for services rendered by employees up to the end of the reporting period. For leave entitlements expected to be settled for more than 12 months after the reporting date, the Group engages an actuary to estimate the long-term liability, which is reported in 'Accrued taxes, interest and other expenses' in the statement of financial position.

2.18 Leases

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

2.18.1 Group as a Lessee Under Lease Contracts

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

- Right-of-use assets
At the commencement date of the lease (i.e., the date the underlying asset is available for use), the Group recognizes right-of-use assets measured at cost. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made



at or before the commencement date less any lease incentives received. Subsequent to initial recognition, the Group measures the right-of-use assets at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The Group presents the right-of-use assets in 'Property and equipment' and subjects it to impairment in line with the Group's policy on impairment of nonfinancial assets (see related accounting policy under *2.13.5 Impairment of Nonfinancial Assets*).

- Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term discounted using the Group's incremental borrowing rate, which is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The lease payments include fixed payments, any variable lease payments that depend on an index or a rate, and any amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

After the commencement date of the lease, the Group measures the lease liabilities by increasing the carrying amount to reflect interest on the lease liabilities (recorded in 'Interest expense on bills payable and other borrowings'), reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

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

The Group applies the short-term lease recognition exemption to its leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option, and the leases of low-value assets recognition exemption to its leases of ATM offsite locations and other equipment that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense under 'Occupancy and equipment-related costs' on a straight-line basis over the lease term.

2.18.2 Group as a Lessor Under Lease Contracts

For finance leases where the Group transfers substantially all the risks and rewards incidental to ownership of the leased item, the Group recognizes a lease receivable in the statement of financial position at an amount equivalent to the net investment (asset cost) in the lease. The Group includes all income resulting from the receivable in 'Interest income on loans and receivables' in the statement of income.

The residual value of leased assets, which approximates the amount of guaranty deposit paid by the lessee at the inception of the lease, is the estimated proceeds from the sale of the leased asset at the end of the lease term. At the end of the lease term, the residual value of the leased asset is generally applied against the guaranty deposit of the lessee when the lessee decides to buy the leased asset.

In operating leases where the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset, the Group recognizes rental income on a straight-line basis over the lease terms. The Group adds back the initial direct costs incurred in negotiating and arranging an operating lease to the carrying amount of the leased asset and recognizes them as rental income over the lease



term on the same basis. The Group recognizes contingent rents as revenue in the period in which they are earned.

2.19 Provisions

The Group recognizes provisions when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the Group recognizes the reimbursement as a separate asset but only when the reimbursement is virtually certain. The Group presents the expense relating to any provision in the statement of income, net of any reimbursement.

If the effect of the time value of money is material, the Group determines provisions 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. When discounting is used, the Group recognizes the increase in the provision due to the passage as 'Interest expense on bills payable and other borrowings'.

2.20 Contingencies

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

2.21 Income Taxes

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

2.21.1 Current Tax

The Group measures current tax assets and liabilities for the current periods at the amount expected to be recovered from or paid to the taxation authorities using the tax rates and tax laws that are enacted or substantively enacted at the reporting date.

2.21.2 Deferred Tax

The Group provides for deferred tax using the balance sheet method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The Group recognizes deferred tax liabilities for all taxable temporary differences, including asset revaluations. The Group recognizes deferred tax assets for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the



extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized.

The Group, however, does not recognize deferred tax on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income. The Group does not also provide deferred tax liabilities on non-taxable temporary differences associated with investments in domestic subsidiaries and an associate. With respect to investments in foreign subsidiaries, the Group does not recognize deferred tax liabilities, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces the recognized amount to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax asset to be utilized. The Group reassesses unrecognized deferred tax assets at each reporting date and recognizes amounts to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

The Group measures deferred tax assets and liabilities at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

For current and deferred tax relating to items recognized directly in OCI, the Group recognizes them also in OCI and not in the statement of income.

In the consolidated financial statements, the Group offsets deferred tax assets and liabilities if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes related to the same taxable entity and the same taxation authority.

When tax treatments involve uncertainty, the Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. If the Group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, the Group reflects the effect of the uncertainty for each uncertain tax treatment using the method the Group expects to better predict the resolution of the uncertainty.

2.22 Earnings Per Share

The Group computes for the basic earnings per share (EPS) by dividing net income for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period, after giving retroactive effect to any bonus issue, share split or reverse share split during the period.

The Group computes for the diluted EPS by dividing the aggregate of net income for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period, adjusted for the effects of any dilutive shares.



2.23 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Group's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members;
- significant investors and their subsidiaries and associates called affiliates;
- subsidiaries, joint ventures and associates and their respective subsidiaries; and
- post-employment benefit plans for the benefit of the Group's employees.

2.24 Events After the Reporting Date

The Group reflects in the financial statements any post-year-end event that provides additional information about the Group's position at the reporting date (adjusting event). The Group discloses post-year-end events that are not adjusting events, if any, when material to the financial statements.

2.25 Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Refer to Note 6 for the detailed disclosure on segment information.

2.26 Fiduciary Activities

The Group excludes from these financial statements the assets and income arising from fiduciary activities, together with related undertakings to return such assets to customers, where the Group acts in a fiduciary capacity such as nominee, trustee or agent.

2.27 Changes in Accounting Standards

Listed below are accounting standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements. The Group intends to adopt these standards when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have significant impact on the financial statements.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.



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

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Amendments to PAS 21, *Lack of exchangeability*
The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

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

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
The amendments clarify that a financial liability is derecognized on the ‘settlement date’, i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

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

- Annual Improvements to PFRS Accounting Standards—Volume 11
The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.



- Amendments to PFRS 9
 - a) Lessee Derecognition of Lease Liabilities

The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.
 - b) Transaction Price

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to ‘transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*’ with ‘the amount determined by applying PFRS 15’. The term ‘transaction price’ in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.
- Amendments to PFRS 10, *Determination of a ‘De Facto Agent’*

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.
- Amendments to PAS 7, *Cost Method*

The amendments to paragraph 37 of PAS 7 replaced the term ‘cost method’ with ‘at cost’, following the prior deletion of the definition of ‘cost method’.

Effective beginning on or after January 1, 2027

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

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

 - Required totals, subtotals and new categories in the statement of profit or loss
 - Disclosure of management-defined performance measures
 - Guidance on aggregation and disaggregation
- PFRS 19, *Subsidiaries without Public Accountability*

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

Deferred effectivity

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

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

On January 13, 2016, the FSRSC postponed the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.



3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in compliance with PFRS Accounting Standards requires the Group to make judgments and estimates that affect the reported amounts and disclosures. The Group continually evaluates judgments and estimates and uses as basis its historical experience and other factors, including expectations of future events. The Group reflects the effects of any changes in estimates in the financial statements as they become reasonably determinable.

3.1 Judgments

3.1.1 Assessment of Control Over a Subsidiary

The Group demonstrates control over an investee when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the following elements must all be present to exercise control over an investee:

- Power over the investee
 - Exposure, or rights, to variable returns from its involvement with the investee
 - The ability to use its power over the investee to affect the amount of the investor's returns
- The Group considers all facts and circumstances when assessing whether it controls an investee.

In making this assessment, the Group considers the following factors:

- The purpose and design of the investee
- What the relevant activities are and how decisions about those activities are made
- Whether the rights of the Group give it the current ability to direct the relevant activities
- Whether the Group is exposed, or has rights, to variable returns from its involvement with the investee
- Whether the Group has the ability to use its power over the investee to affect the amount of the investor's returns

The assessment of the Group on its control over a subsidiary is further discussed in Note 12.

3.1.2 Assessment of Significant Influence Over an Associate

The Group generally accounts for an investment as an associate when the Group holds 20% or more of the voting power of the investee company held directly or indirectly through subsidiaries, unless it can be clearly demonstrated that this is not the case.

In assessing whether the Group exercises significant influence over an investee company, the Group considers the following factors:

- Representation in the BOD or equivalent governing body of the investee company
- Participation in policy-making processes, including participation in decisions about dividends and other distributions
- Material transactions between the Group and the investee company
- Interchange of management personnel
- Provision of essential technical performance

The assessment of the Group on its significant influence over an investee company is further discussed in Note 12.



3.1.3 Classification of Financial Assets

The Group classifies its financial assets depending on the results of the SPPI test and on the business model used for managing those financial assets.

When performing the SPPI test, the Group applies judgment and evaluates relevant factors and characteristics such as the behavior and nature of contractual cash flows, its original currency denomination, the timing and frequency of interest rate repricing, contingent events that would alter the amount and/or timing of cash flows, leverage features, prepayment or extension options and other features that may modify the consideration for the time value of money.

As a second step, the Group performs business model assessment to reflect how financial assets are managed in order to generate net cash inflows based on the following factors:

- business objectives and strategies for holding the financial assets;
- performance measures and benchmarks being used to evaluate the Group's key management personnel accountable to the financial assets;
- risks associated to the financial assets and the tools applied in managing those risks;
- compensation structure of business units, including whether based on fair value changes of the investments managed or on the generated cash flows from transactions; and
- frequency and timing of disposals.

In applying judgment, the Group also considers the circumstances surrounding the transaction as well as the prudential requirements of the BSP.

3.1.4 Fair Valuation of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, the Group uses valuation techniques and mathematical models. The Group derives the inputs to these models from observable markets where possible, otherwise, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer-dated derivatives. For the valuation of nonmarketable unquoted equity securities, the Group considers a discount for lack of marketability, which is applied to the values determined by an independent valuation company (refer to Note 5 for the fair values of financial instruments).

3.1.5 Contingencies

The Group is currently involved in legal proceedings. The estimate of the probable cost for the resolution of claims has been developed in consultation with the aid of the outside legal counsels handling the Group's defense in these matters and is based upon an analysis of potential results. Management does not believe that the outcome of these matters will affect the results of operations. It is probable, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to the proceedings (refer to Note 34).



3.2 Accounting Estimates

3.2.1 Credit Losses on Financial Assets

The Group's ECL calculations are mainly derived from outputs of complex statistical models and expert judgment, with a number of underlying assumptions regarding the choice of variable inputs as well as their independencies. The Group considers the following elements of the ECL models, among others, as significant accounting judgments and estimates:

- segmentation of the portfolio, where the appropriate ECL approach and/or model is used, including whether assessments should be done individually or collectively;
- quantitative and qualitative criteria for determining whether there has been SICR as at a given reporting date and the corresponding transfers between stages;
- determination of expected life of the financial asset and expected recoveries from defaulted accounts;
- development of ECL models, including the various formulas and the choice of inputs;
- determination of correlations and interdependencies between risk factors, macroeconomic scenarios and economic inputs, such as inflation, policy rates and collateral values, and the resulting impact to PDs, LGDs and EADs; and
- selection of forward-looking information and determination of probability-weightings to derive the ECL.

While the interest and inflation rates have already stabilized, other 'black swan' events (such as geopolitical tensions and extreme El Niño phenomenon and other climate conditions) may still potentially occur. In response to such potential risk, the Group reviews on a monthly basis its loan portfolio, particularly for accounts that have shown or are beginning to show increases in credit risk. The Group performs comprehensive review of the default profile of its accounts to determine if there are factors or indicators not captured in the risk rating model. If there are noted weaknesses in the model, where possible, the Group recalibrates the parameter estimates to the ECL models to incorporate internal default experience, as well as most recent available external data affecting each segment of the Group's loan portfolio.

The Group revisits the segmentation of its portfolio based on industry vulnerability and resiliency assessment. The Group also reassesses the framework for macroeconomic overlay, incorporating stress scenarios to ensure that changes in economic conditions are captured in the ECL calculations.

Refer to Note 16 for the details of the carrying values of financial assets subject to ECL and for the details of the ECL.

3.2.2 Recognition of Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses and temporary differences to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the availability of future taxable income in reference to financial forecast and tax strategies. The Group takes into consideration the loan portfolio and deposit growth rates in assessing its taxable income forecast.

The Group reassesses its business plan, as well as tax strategies, in the next three to five years, considering various economic scenarios including recovery outlook and effects on specific industries of the rising interest rates, inflation, and other 'black swan' events (see further discussion of these events under *3.2.1 Credit Losses on Financial Assets*).



Refer to Note 30.3 for the carrying amount of recognized and unrecognized deferred tax assets.

3.2.3 Impairment of Goodwill

The Group conducts an annual review for any impairment in the value of goodwill. Goodwill is written down for impairment where the recoverable amount is insufficient to support its carrying value. The recoverable amount of the CGU is determined based on a VIU calculation, which considers the present value of cash flow projections from financial budgets approved by senior management and BOD of the Parent Company covering a three-year period. The assumptions used in the calculation of VIU are sensitive to estimates of future cash flows from business, interest margins, discount rates, projected long-term growth rates (derived based on the forecast local gross domestic product) used to extrapolate cash flows beyond the budget period.

Estimating future earnings involves judgment which takes into account past and actual performance and expected developments in the respective markets and in the overall macro-economic environment. Similar with its considerations discussed under 3.2.2 *Recognition of Deferred Tax Assets*, the Group revisits its business plan and applies judgment to reassess the projections of future cash flows as of December 31, 2024, considering various economic scenarios and recovery outlook.

The carrying values of the Group's goodwill, accumulated impairment losses, and key assumptions used in determining VIU are disclosed in Note 14.3.

4. Financial Risk Management Objectives and Policies

The Parent Company's BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. As delegated by the BOD, the Risk Oversight Committee (ROC) is mandated to set risk appetite, approve frameworks, policies and processes for managing risk, and accept risks beyond the approval discretion provided to management. The ROC advises on the overall current and future risk appetite and strategy and assists in overseeing the implementation of those strategies and business plans by senior management. Details of the Parent Company's risk framework are discussed under the Risk Management Disclosure Section of the Parent Company's annual report.

The Group's activities are principally related to the development, delivery, servicing and use of lending and financial instruments. Risk is inherent in these activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability.

The Group defines material risks (at group level) as those risks from any business activity large enough to significantly threaten the Bank's capital position to drop below its desired level; resulting in either an increase in risk-weighted assets or a reduction in earnings and/or qualifying capital which translate into a reduction in CAR by 20 basis points (bps).

On the other hand, risks not significant enough to impact to the CAR by less than 20 bps will also be considered "material" by the Group if these fall under the following:

- Pillar 1 risks, i.e., Credit, Market, and Operational Risks;
- Other risks under BSP Cir. No. 510, i.e., Interest Rate Risk in the Banking Book (IRRBB), Liquidity Risk, Reputational Risk and Strategic Business Risk;
- Information Technology Risk (BSP Cir. No. 808);



- Information Security / Cyber Security Risk (BSP Cir. No. 982) and
- Further risks identified as “material” by the Board and Management Committees are included in the list being monitored such as Data Privacy Risk and Human Resource Risk.

Resulting from the assessments based on the premise identified above, the Bank agrees on and reviews on a regular basis the material risks that need focus using the three lines model. For the assessment period 2024-2026, these are based on the following eleven (11) material risks which are grouped under Pillar 1 and Pillar 2 risks covered in the Bank’s Internal Capital Adequacy Assessment Process (ICAAP) Document submission to BSP, and required for monitoring.

Types and definition of each of these risks are discussed hereunder:

Pillar 1 Risks:

1. Credit Risk (includes Counterparty and Country Risks)
2. Market Risk
3. Operational Risk

Pillar 2 Risks:

4. Credit Concentration Risk
5. Interest Rate Risk in the Banking Book (IRRBB)
6. Liquidity Risk
7. Reputational Risk
8. Strategic Business Risk
9. Information Security / Cyber Security / Data Privacy Risk
10. Information Technology
11. Human Resource Risk

The Enterprise Risk Management Group (ERMG) provides support for the ROC in its role of formulating the risk management strategy, the development and maintenance of the internal risk management framework, and the definition of the governing risk management principles. The ERMG provides assistance to the Asset/Liability Committee (ALCO) on capital management and the Board Strategy and Policy Committee (BSPC) on the management of regulatory capital.

The mandate of the ERMG involves:

- Implementing the risk management framework of identifying, measuring, controlling and monitoring the various risk-taking activities of the Group, inherent in all financial institutions;
- Providing services to the risk-taking units and personnel in the implementation of risk mitigation strategies; and
- Establishing recommended limits based on the results of its analysis of exposures.

4.2 Credit Risk

Credit risk is the non-recovery of credit exposures (on-and-off balance sheet exposures). Managing credit risk also involves monitoring of migration risk, concentration risk, country risk and settlement risk. The Group manages its credit risk at various levels (i.e., strategic level, portfolio level down to individual transaction).

The credit risk management of the entire loan portfolio is under the direct oversight of the ROC and Executive Committee. Credit risk assessment of individual borrower is performed by the business sector, remedial management group and credit management group. Risk management is embedded in the entire credit process, i.e., from credit origination to remedial management, as applicable.



Among the tools used by the Group in identifying, assessing and managing credit risk include:

- Documented credit policies and procedures: sound credit granting process, risk asset acceptance criteria, target market and approving authorities;
- System for administration and monitoring of exposure;
- Post approval review of implemented loans;
- Work out system for managing problem credits;
- Regular review of the sufficiency of valuation reserves;
- Monitoring of adequacy of capital for credit risk via the Capital Adequacy Ratio (CAR) report;
- Monitoring of breaches in regulatory and internal limits;
- Credit risk management monitoring and reporting;
- Diversification;
- Internal risk rating system for corporate accounts;
- Credit scoring for retail accounts; and
- Active loan portfolio management undertaken to determine the quality of the loan portfolio and identify: portfolio growth, movement of loan portfolio, adequacy of loan loss reserves, trend of nonperforming loans (NPLs), and concentration risk (per classified account, per industry, clean exposure, large exposure, contingent exposure, currency, security, facility, demographic, etc.)

The Group follows the BOD-approved policy on the generic classification of loans based on the type of borrowers and the purpose of the loan. The loan portfolio is grouped based on the underlying risk characteristics that are expected to respond in a similar manner to macroeconomic factors and forward-looking conditions.

4.2.1 Credit-Related Commitments

The exposures represent guarantees, standby letters of credit (LCs) issued by the Parent Company and documentary/commercial LCs which are written undertakings by the Parent Company. To mitigate this risk, the Parent Company requires hard collaterals for standby LC lines while commercial LCs are collateralized by the underlying shipments of goods to which they relate.

4.2.2 Derivative Financial Instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position.

4.2.3 Collateral and Other Credit Enhancements

As a general rule, character is the single most important consideration in granting loans. However, collaterals are requested to mitigate risk. The loan value and type of collateral required depend on the assessment of the credit risk of the borrower or counterparty. The Group follows guidelines on the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For corporate accounts - deposit hold-outs, guarantees, securities, physical collaterals (e.g., real estate, chattels, inventory, etc.); generally, commercial, industrial and residential lots are preferred
- For retail lending - mortgages on residential properties and vehicles financed
- For securities lending and reverse repurchase transactions - cash or securities

The disposal of the foreclosed properties is handled by the Acquired Assets Management Group which adheres to the general policy of disposing assets at the highest possible market value.

Management regularly monitors the market value of the collateral and requests additional collateral in accordance with the underlying agreement. The existing market value of the collateral is considered during the review of the adequacy of the allowance for credit losses. Generally, collateral is not held



over loans and advances to banks except for reverse repurchase agreements. The Group is not permitted to sell or repledge the collateral held over loans and advances to counterparty banks and BSP in the absence of default by the owner of the collateral.

4.2.4 Maximum Exposure to Credit Risk After Collateral Held or Other Credit Enhancements

An analysis of the maximum exposure to credit risk after taking into account any collateral held or other credit enhancements for the Group and the Parent Company is shown below:

	Consolidated			
	2024			
	Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Securities held under agreements to resell	₱103,480,119	₱104,909,516	₱-	₱103,480,119
Loans and receivables:				
Receivables from customers:				
Corporates	567,369,203	168,917,808	474,138,853	93,230,350
Local government units (LGU)	1,656,292	-	1,656,292	-
Credit Cards	16,524,978	-	16,524,978	-
Retail small and medium enterprises (SME)	4,441,602	2,412,899	2,763,520	1,678,082
Housing Loans	22,988,322	27,775,258	8,020,645	14,967,677
Auto Loans	5,579,760	8,985,903	1,286,153	4,293,607
Others	7,515,747	4,815,580	4,322,668	3,193,079
Other receivables	10,743,721	-	10,743,721	-
	₱740,299,744	₱317,816,964	₱519,456,830	₱220,842,914

	Consolidated			
	2023			
	Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Securities held under agreements to resell	₱69,694,538	₱57,785,321	₱11,909,217	₱57,785,321
Loans and receivables:				
Receivables from customers*				
Corporates	543,916,216	273,902,143	449,262,028	94,654,188
Local government units (LGU)	2,196,034	-	2,196,034	-
Credit Cards	13,917,733	-	13,917,733	-
Retail small and medium enterprises (SME)	4,378,793	2,397,801	2,795,942	1,582,851
Housing Loans	23,772,977	22,519,180	12,306,138	11,466,839
Auto Loans	5,397,484	11,004,455	1,265,709	4,131,775
Others	10,660,220	5,751,145	6,683,514	3,976,706
Other receivables	12,465,631	-	12,465,631	-
	₱686,399,626	₱373,360,045	₱512,801,946	₱173,597,680

*Receivables from customers exclude residual value of the leased asset (Note 10)

	Parent Company			
	2024			
	Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Securities held under agreements to resell	₱103,480,119	₱104,909,516	₱-	₱103,480,119
Loans and receivables:				
Receivables from customers:				
Corporates	554,283,497	146,521,191	472,932,651	81,350,846
LGU	1,656,292	-	1,656,292	-
Credit Cards	16,524,978	-	16,524,978	-
Retail SME	4,441,602	2,412,899	2,763,520	1,678,082
Housing Loans	22,226,195	26,475,861	8,082,178	14,144,017
Auto Loans	5,579,760	8,985,903	1,286,153	4,293,607
Others	7,316,826	4,609,807	4,209,400	3,107,426
Other receivables	10,363,020	-	10,363,020	-
	₱725,872,289	₱293,915,177	₱517,818,192	₱208,054,097



	Parent Company			
	2023			
	Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Securities held under agreements to resell	₱69,694,538	₱57,785,321	₱11,909,217	₱57,785,321
Loans and receivables:				
Receivables from customers:				
Corporates	530,880,927	253,218,981	448,830,738	82,050,189
LGU	2,196,034	–	2,196,034	–
Credit Cards	13,917,733	–	13,917,733	–
Retail SME	4,379,081	2,395,958	2,795,941	1,583,140
Housing Loans	23,013,792	21,089,659	12,306,138	10,707,654
Auto Loans	5,397,484	11,004,455	1,265,709	4,131,775
Others	10,572,322	5,535,712	6,683,515	3,888,807
Other receivables	11,801,390	–	11,801,390	–
	₱671,853,301	₱351,030,086	₱511,706,415	₱160,146,886

The maximum credit risk, without taking into account the fair value of any collateral and netting agreements, is limited to the amounts on the statement of financial position plus commitments to customers such as unused commercial letters of credit, outstanding guarantees and others.

4.2.5 Credit Risk Concentrations

Credit risk concentrations can arise whenever a significant number of borrowers have similar characteristics. The Group analyzes the credit risk concentration to an individual borrower, related group of accounts, industry, geographic, internal rating buckets, currency, term and security. For risk concentration monitoring purposes, the financial assets are broadly categorized into (1) loans and receivables and (2) trading and investment securities. To mitigate risk concentration, the Group constantly checks for breaches in regulatory and internal limits. Clear escalation process and override procedures are in place, whereby any excess in limits are covered by appropriate approving authority to regularize and monitor breaches in limits.

Limit per client or counterparty

For each CRR, the Parent Company sets limits per client or counterparty based on the regulatory Single Borrowers Limit. For trading and investment securities, the Group limits investments to government issues and securities issued by entities with high-quality investment ratings.

Geographic concentration

The table below shows the credit risk exposures, before taking into account any collateral held or other credit enhancements, categorized by geographic location:

	Consolidated				
	2024				
	Loans and receivables		Trading and investment securities	Other financial assets*	Total
	Amount	%			
Philippines	₱590,193,321	92.68	₱327,197,919	₱126,003,788	₱1,043,395,028
Asia (excluding the Philippines)	27,502,193	4.32	5,543,839	43,064,412	76,110,444
USA and Canada	17,024,502	2.67	1,342,723	6,943,463	25,310,688
Other European Union Countries	1,780,062	0.28	4,731,069	3,184,968	9,696,099
Oceania	168,739	0.03	–	56,660	225,399
Middle East	52,795	0.07	3,106,304	7,902	3,167,001
United Kingdom	98,013	0.01	164,296	22,765,803	23,028,112
	₱636,819,625	100.00	₱342,086,150	₱202,026,996	₱1,180,932,771

* Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)



Consolidated					
2023					
	Loans and receivables*		Trading and investment securities	Other financial assets**	Total
	Amount	%			
Philippines	₱591,914,148	95.98	₱265,175,918	₱126,073,582	₱983,163,648
Asia (excluding the Philippines)	15,018,425	2.44	17,836,070	88,779,062	121,633,557
USA and Canada	6,846,096	1.11	2,869,744	6,479,262	16,195,102
Other European Union Countries	1,937,498	0.31	7,155,246	11,070	9,103,814
Middle East	58,267	0.01	3,877,003	3,132	3,938,402
United Kingdom	447,750	0.07	1,334,802	1,036,563	2,819,115
Oceania	482,904	0.08	–	2,770	485,674
	₱616,705,088	100.00	₱298,248,783	₱222,385,441	₱1,137,339,312

*Loans and receivables exclude residual value of the leased asset. (Note 10)

** Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)

Parent Company					
2024					
	Loans and receivables		Trading and investment securities	Other financial assets*	Total
	Amount	%			
Philippines	₱589,617,070	94.73	₱326,739,735	₱126,130,132	₱1,042,486,937
Asia (excluding the Philippines)	13,736,617	2.21	5,543,027	33,984,841	53,264,485
USA and Canada	16,993,941	2.73	960,736	6,657,226	24,611,903
Other European Union Countries	1,780,062	0.29	4,731,069	3,173,875	9,685,006
Oceania	168,738	0.03	–	53,766	222,504
Middle East	52,795	0.01	3,106,304	7,230	3,166,329
United Kingdom	42,947	0.01	–	21,788,860	21,831,807
	₱622,392,170	100.00	₱341,080,871	₱191,795,930	₱1,155,268,971

*Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)

Parent Company					
2023					
	Loans and receivables		Trading and investment securities	Other financial assets*	Total
	Amount	%			
Philippines	₱591,118,755	98.17	₱264,793,162	₱127,884,433	₱983,796,350
Asia (excluding the Philippines)	1,411,033	0.23	17,831,085	80,102,024	99,344,142
USA and Canada	6,804,220	1.13	2,399,782	4,563,214	13,767,216
Other European Union Countries	1,887,267	0.31	7,155,246	–	9,042,513
Middle East	58,267	0.01	3,877,003	2,478	3,937,748
United Kingdom	396,318	0.07	1,174,417	29	1,570,764
Oceania	482,903	0.08	–	–	482,903
	₱602,158,763	100.00	₱297,230,695	₱212,552,178	₱1,111,941,636

*Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)



Concentration by industry

The tables below show the industry sector analysis of financial assets at amounts before taking into account the fair value of the loan collateral held or other credit enhancements.

	Consolidated				
	2024				
	Loans and receivables		Trading and investment securities	Other financial assets**	Total
	Amount	%			
Primary target industry:					
Financial intermediaries	₱95,402,771	14.98	₱1,697,498	₱143,572,258	₱240,672,527
Wholesale and retail	110,724,538	17.39	16,309,984	–	127,034,522
Electricity, gas and water	100,473,295	15.78	8,251,366	–	108,724,661
Manufacturing	62,254,787	9.78	70,453	–	62,325,240
Transport, storage and communication	34,460,783	5.41	–	73	34,460,856
Agriculture, hunting and forestry	5,424,089	0.85	–	–	5,424,089
Public administration and defense	1,554,338	0.24	–	–	1,554,338
Secondary target industry:					
Government	1,656,292	0.26	281,476,704	58,013,102	341,146,098
Real estate, renting and business activities	105,531,826	16.57	235,681	13,588	105,781,095
Construction	37,948,520	5.96	–	–	37,948,520
Others*	81,388,386	12.78	34,044,464	427,975	115,860,825
	₱636,819,625	100.00	₱342,086,150	₱202,026,996	₱1,180,932,771

*Others include the following sectors - Other community, social and personal services, private household, hotel and restaurant, education, mining and quarrying, and health and social work.

**Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)

	Consolidated				
	2023				
	Loans and receivables*		Trading and investment securities	Other financial assets***	Total
	Amount	%			
Primary target industry:					
Financial intermediaries	₱91,681,525	14.87	₱10,488,016	₱123,166,842	₱225,336,383
Wholesale and retail	115,293,880	18.70	–	–	115,293,880
Electricity, gas and water	83,771,939	13.58	16,561,739	–	100,333,678
Manufacturing	58,057,181	9.41	1,831	–	58,059,012
Transport, storage and communication	44,878,471	7.28	–	56	44,878,527
Agriculture, hunting and forestry	5,016,667	0.81	–	–	5,016,667
Public administration and defense	1,532,772	0.25	–	–	1,532,772
Secondary target industry:					
Government	2,182,895	0.35	229,288,990	99,168,727	330,640,612
Real estate, renting and business activities	106,896,515	17.33	9,226,998	13,866	116,137,379
Construction	31,039,992	5.03	–	–	31,039,992
Others**	76,353,251	12.38	32,681,209	35,950	109,070,410
	₱616,705,088	100.00	₱298,248,783	₱222,385,441	₱1,137,339,312

*Loans and receivables exclude residual value of the leased asset (Note 10)

**Others include the following sectors - Other community, social and personal services, private household, hotel and restaurant, education, mining and quarrying, and health and social work.

***Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)



Parent Company					
2024					
	Loans and receivables		Trading and investment securities	Other financial assets**	Total
	Amount	%			
Primary target industry:					
Financial intermediaries	₱94,979,255	15.26	₱1,695,695	₱133,355,678	₱230,030,628
Wholesale and retail	104,940,102	16.86	16,309,984	-	121,250,086
Electricity, gas and water	100,473,295	16.14	8,162,809	-	108,636,104
Manufacturing	60,256,428	9.86	68,577	-	60,325,005
Transport, storage and communication	33,939,953	5.45	-	-	33,939,953
Agriculture, hunting and forestry	5,269,973	0.85	-	-	5,269,973
Public administration and defense	1,554,338	0.25	-	-	1,554,338
Secondary target industry:					
Government	1,656,292	0.27	280,799,512	58,013,102	340,468,906
Real estate, renting and business activities	102,434,092	16.46	-	-	102,434,092
Construction	37,948,520	6.10	-	-	37,948,520
Others*	78,939,922	12.68	34,044,294	427,150	113,411,366
	₱622,392,170	100.00	₱341,080,871	₱191,795,930	₱1,155,268,971

*Others include the following sectors - Other community, social and personal services, private household, hotel and restaurant, education, mining and quarrying, and health and social work.

**Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15).

Parent Company					
2023					
	Loans and receivables		Trading and investment securities	Other financial assets**	Total
	Amount	%			
Primary target industry:					
Financial intermediaries	₱91,212,592	15.15	₱10,482,090	₱113,347,506	₱215,042,188
Wholesale and retail	109,258,099	18.14	-	-	109,258,099
Electricity, gas and water	83,771,939	13.91	16,561,739	-	100,333,678
Manufacturing	56,032,844	9.31	-	-	56,032,844
Transport, storage and communication	44,465,431	7.38	-	-	44,465,431
Agriculture, hunting and forestry	4,863,360	0.81	-	-	4,863,360
Public administration and defense	1,532,772	0.25	-	-	1,532,772
Secondary target industry:					
Government	2,182,895	0.36	228,528,393	99,168,727	329,880,015
Real estate, renting and business activities	103,358,190	17.16	8,977,434	-	112,335,624
Construction	30,981,430	5.15	-	-	30,981,430
Others*	74,499,211	12.37	32,681,039	35,945	107,216,195
	₱602,158,763	100.00	₱297,230,695	₱212,552,178	₱1,111,941,636

*Others include the following sectors - Other community, social and personal services, private household, hotel and restaurant, education, mining and quarrying, and health and social work.

**Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15).

The internal limit of the Parent Company based on the Philippine Standard Industry Classification sub-industry is 12.00% for primary industry, 8.00% for regular industry, 30.00% for power industry and 25.00% for activities of holding companies versus total loan portfolio.

The latest internal industry limits structure of the Parent Company calculates the capital required for the exposure under each industry and industry clusters and expressing these as percentage to total qualifying capital. The internal limits model also considers projected bookings and paydowns.



4.2.6 Credit Quality Per Class of Financial Assets

Loans and receivables

The segmentation of the Group’s loan portfolio is based on the underlying risk characteristics that are expected to respond in a similar manner to macroeconomic factors and forward-looking conditions.

Generally, the Group’s exposures can be categorized as either of the following:

- Non-Retail Portfolio – consists of debt obligations of sovereigns, financial institutions, corporations, partnerships, or proprietorships. In particular, the Group’s Non-Retail Portfolio segments are as follows: Sovereigns, Financial Institutions, Specialized Lending (e.g., Project Finance), Large Corporates, Middle Market and Commercial SME, government-owned and controlled corporations and LGUs.
- Retail Portfolio – consists of exposures to individual person/s or to a small business, and are not usually managed on an individual basis but as groups of exposures with similar credit risk characteristics. This includes Credit Cards, Consumer Loans and Retail SME, among others.

The credit quality of the Non-Retail Portfolio is evaluated and monitored using external ratings and internal credit risk rating system. The Parent Company maintains a two-dimensional risk rating structure: that is, there is a borrower risk rating (BRR) and a facility risk rating (FRR).

The Group developed specific borrower rating models to capture specific and unique risk characteristics of each of the Non-Retail Portfolio segments. The BRR is measured based on financial condition of the borrower combined with an assessment of non-financial factors such as management, industry outlook and market competition. The BRR models captures overlays and early warning signals as well. The Group uses a single scale with 26 risk grades for all its BRR models.

The 26-risk grade internal default masterscale is a representation of a common measure of relative default risk associated with the obligors/counterparties. The internal default masterscale is mapped to a global rating scale.

FRR, on the other hand, assesses potential loss of the Group in case of default, which considers collateral type and level of collateralization of the facility. The FRR has 9 grades, i.e. FRR A to FRR I.

The CRR or final credit risk rating shall be expressed in alphanumeric terms, e.g. CRR 1A which is a combination of the general creditworthiness of the borrower (BRR 1) and the potential loss of the Group in the event of the borrower’s default (FRR A).

The credit quality and corresponding BRRs of the Group’s receivables from customers are defined below:

Credit quality	26-Grade BRR system
High S&P Equivalent Global Rating: AAA to BBB-	<p><i>BRR 1 Excellent</i> Borrower has an exceptionally strong capacity to meet its financial commitments. No existing disruptions or future disruptions are highly unlikely. Probability of going into default in the coming year is very minimal/low.</p> <p><i>BRR 2 Very Strong</i> Borrower has a very strong capacity to meet its financial commitments. No existing disruptions or future disruptions are unlikely. It differs from BRR 1 borrowers only to a small degree. Probability of going into default in the coming year is very minimal/low.</p> <p><i>BRR 3 Strong</i> Borrower has a strong capacity to meet its financial commitments. No existing disruptions or future disruptions are unlikely. However, adverse economic conditions or changing circumstances could lead to somewhat lesser capacity to meet financial obligations than in higher-rated borrowers. Probability of going into default in the coming year is very minimal/low.</p>



Credit quality	26-Grade BRR system
	<p><i>BRR 4-6 Good</i> Borrower has an adequate capacity to meet its financial commitments in the normal course of its business. With identified disruptions from external factors but company has or will likely overcome. Default possibility is minimal/low.</p> <p><i>BRR 7-9 Satisfactory</i> Borrower under this rating scale basically possesses the characteristics of borrowers rated as BRR 4 to BRR 6 with slightly lesser quality. Default possibility is minimal/low.</p> <p><i>BRR 10-12 Adequate</i> Borrower has an adequate capacity to meet its financial commitments under the normal course of business. However, adverse economic conditions and changing circumstances are more likely to weaken the borrower's capacity to meet its financial commitments. Default possibility is minimal/low.</p>
Standard S&P Equivalent Global Rating: BB+ to BB-	<p><i>BRR 13-15 Average</i> Borrower still has the capacity to meet its financial commitments and withstand normal business cycles, however, any prolonged unfavorable economic and/or market conditions would create an immediate deterioration beyond acceptable levels. With identified disruptions from external forces, impact on the borrower is uncertain. Default is a possibility.</p> <p><i>BRR 16-18 Acceptable</i> Borrower under this rating scale basically possesses the characteristics of borrowers rated as BRR 13 to BRR 15 with slightly lesser quality. Default is a possibility.</p> <p><i>BRR 19-20 Vulnerable</i> Borrower is less vulnerable in the near term than other low-rated borrowers. However, it faces major ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the borrower's inadequate capacity to meet its financial commitment. Default is a possibility</p>
Substandard S&P Equivalent Global Rating: B+ to CCC-	<p><i>BRR 21-22 Weak</i> Borrower is more vulnerable than the borrowers rated BRR 19 and BRR 20 but the borrower currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the borrower's capacity or willingness to meet its financial commitments. Default is more than a possibility.</p> <p><i>BRR 23-25 Watchlist</i> Borrower is currently vulnerable and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments. Borrower may already be experiencing losses and impaired capital in the case of BRR 25.</p>
Impaired S&P Equivalent Global Rating:	<p><i>BRR 26 Default</i> Default will be a general default. Borrower will fail to pay all or substantially all of its obligations as they come due.</p>

For the Retail Portfolio, such as Retail SME, Credit Cards, Housing and Auto Loans, credit scoring is being used in evaluating the creditworthiness of the borrower.

The table below shows the credit quality of the Group's and the Parent Company's receivables from customers, gross of allowance for credit losses and unearned and other deferred income, but net of residual values of leased assets, as of December 31, 2024 and 2023:

	Consolidated			
	2024			
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail – Corporate				
High	₱241,339,078	₱743,741	₱–	₱242,082,819
Standard	251,875,284	4,763,028	–	256,638,312
Substandard	36,969,593	19,858,092	–	56,827,685
Impaired	–	–	33,775,933	33,775,933
	530,183,955	25,364,861	33,775,933	589,324,749
Subject to Scoring and Unrated				
Non-Retail	9,287,762	136,615	934,239	10,358,616
Corporate	7,640,893	113,281	876,195	8,630,369
LGU	1,646,870	23,334	58,044	1,728,247
<i>(Forward)</i>				



Consolidated				
2024				
	Stage 1	Stage 2	Stage 3	Total
Retail	₱47,567,948	₱956,133	₱8,040,719	₱56,564,799
Auto Loans	5,382,399	35,654	807,414	6,225,467
Housing Loans	21,169,482	317,380	5,297,651	26,784,513
Retail SME	4,370,985	123,985	995,964	5,490,934
Credit Card	16,645,082	479,114	939,689	18,063,885
Others	6,901,421	343,569	1,589,410	8,834,400
	63,757,131	1,436,316	10,564,367	75,757,815
	₱593,941,086	₱26,801,177	₱44,340,301	₱665,082,564

Consolidated				
2023				
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail – Corporate				
High	₱220,424,136	₱7,449	₱–	₱220,431,585
Standard	240,184,925	6,625,961	–	246,810,886
Substandard	46,358,670	20,816,814	–	67,175,484
Impaired	–	–	32,477,009	32,477,009
	506,967,731	27,450,224	32,477,009	566,894,964
Subject to Scoring and Unrated				
Non-Retail	7,232,740	39,071	561,123	7,832,934
Corporate	5,049,454	10,066	497,906	5,557,426
LGU	2,183,286	29,005	63,217	2,275,508
Retail	43,676,730	863,802	10,876,864	55,417,396
Auto Loans	5,215,073	22,973	1,263,450	6,501,496
Housing Loans	20,089,818	248,682	7,962,437	28,300,937
Retail SME	4,163,286	151,785	1,067,047	5,382,118
Credit Card	14,208,553	440,362	583,930	15,232,845
Others	8,572,845	2,087,517	1,667,140	12,327,502
	59,482,315	2,990,390	13,105,127	75,577,832
	₱566,450,046	₱30,440,614	₱45,582,136	₱642,472,796

Parent Company				
2024				
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail - Corporate				
High	₱234,976,619	₱–	₱–	₱234,976,619
Standard	246,214,981	4,763,028	–	250,978,009
Substandard	36,851,794	19,858,092	–	56,709,886
Impaired	–	–	33,775,932	33,775,932
	518,043,393	24,621,121	33,775,932	576,440,446
Subject to Scoring and Unrated				
Non-Retail	9,287,762	136,615	934,239	10,358,616
Corporate	7,640,893	113,281	876,195	8,630,369
LGU	1,646,870	23,334	58,044	1,728,247
Retail	46,801,777	950,986	7,987,260	55,740,023
Auto Loans	5,382,399	35,654	807,414	6,225,467
Housing Loans	20,403,311	312,234	5,244,192	25,959,737
Retail SME	4,370,985	123,985	995,964	5,490,934
Credit Card	16,645,082	479,114	939,689	18,063,885
Others	6,819,797	343,569	1,589,410	8,752,776
	62,909,336	1,431,170	10,510,909	74,851,415
	₱580,952,730	₱26,052,291	₱44,286,840	₱651,291,861



	Parent Company			
	2023			
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail - Corporate				
High	₱212,827,838	₱-	₱-	₱212,827,838
Standard	235,059,187	6,625,961	-	241,685,148
Substandard	46,331,524	20,816,814	-	67,148,338
Impaired	-	-	32,450,434	32,450,434
	494,218,549	27,442,775	32,450,434	554,111,758
Subject to Scoring and Unrated				
Non-Retail	7,255,065	39,071	561,123	7,855,259
Corporate	5,071,779	10,066	497,906	5,579,751
LGU	2,183,286	29,005	63,217	2,275,508
Retail	42,940,643	863,802	10,830,680	54,635,125
Auto Loans	5,215,073	22,973	1,263,450	6,501,496
Housing Loans	19,353,830	248,682	7,921,406	27,523,918
Retail SME	4,163,187	151,785	1,061,894	5,376,866
Credit Card	14,208,553	440,362	583,930	15,232,845
Others	8,484,938	2,087,517	1,667,139	12,239,594
	58,680,646	2,990,390	13,058,942	74,729,978
	₱552,899,195	₱30,433,165	₱45,509,376	₱628,841,736

The analysis of past due status of receivables from customers that are subject to scoring and unrated follows:

	Consolidated				
	2024				
	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	₱252,972	₱127,239	₱119,802	₱5,095,857	₱5,595,870
Auto Loans	19,684	28,772	35,676	758,937	843,068
Retail SME	34,626	5,563	8,886	949,477	998,552
Credit Card	682,120	405,750	342,506	683,022	2,113,397
LGU	7,523	-	-	50,521	58,044
Others	264,959	76,299	20,592	1,430,469	1,792,319
Total	₱1,261,884	₱643,623	₱527,462	₱8,968,283	₱11,401,250

	Consolidated				
	2023				
	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	₱165,082	₱198,072	₱229,491	₱7,628,653	₱8,221,298
Auto Loans	15,179	19,465	15,345	1,236,458	1,286,447
Retail SME	33,596	15,968	12,582	1,627,173	1,689,319
Credit Card	635,084	367,041	309,380	552,928	1,864,433
LGU	12,696	-	-	50,521	63,217
Others	27,096	35,749	203,642	1,599,257	1,865,744
Total	₱888,733	₱636,295	₱770,440	₱12,694,990	₱14,990,458

	Parent Company				
	2024				
	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	₱252,854	₱127,239	₱119,802	₱5,042,398	₱5,542,294
Auto Loans	19,684	28,772	35,676	758,937	843,068
Retail SME	34,626	5,563	8,886	949,477	998,552
Credit Card	682,120	405,750	342,506	683,022	2,113,397
LGU	7,523	-	-	50,521	58,044
Others	263,503	75,385	20,592	1,430,469	1,789,949
Total	₱1,260,310	₱642,709	₱527,462	₱8,914,824	₱11,345,304



Parent Company					
2023					
	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	₱164,017	₱197,248	₱229,491	₱7,576,116	₱8,166,872
Auto Loans	15,179	19,465	15,345	1,236,458	1,286,447
Retail SME	33,596	4,985	12,287	1,042,248	1,093,116
Credit Card	635,084	367,041	309,380	552,928	1,864,433
LGU	12,696	—	—	50,521	63,217
Others	24,945	34,264	107,904	1,508,203	1,675,316
Total	₱885,517	₱623,003	₱674,407	₱11,966,474	₱14,149,401

Trading and investment securities and other financial assets

In ensuring quality investment portfolio, the Group uses the credit risk rating based on the external ratings of eligible external credit rating institutions (i.e. Moody's Investors Service) as follows:

- Aaa to Aa3 - fixed income are judged to be of high quality and are subject to very low credit risk, but their susceptibility to long-term risks appears somewhat greater.
- A1 to A3 - fixed income obligations are considered upper-medium grade and are subject to low credit risk, but have elements present that suggest a susceptibility to impairment over the long term.
- Baa1 and below - represents those investments which fall under any of the following grade:
 - Baa1, Baa2, Baa3 - fixed income obligations are subject to moderate credit risk. They are considered medium grade and as such protective elements may be lacking or may be characteristically unreliable.
 - Ba1, Ba2, Ba3 - obligations are judged to have speculative elements and are subject to substantial credit risk.
 - B1, B2, B3 - obligations are considered speculative and are subject to high credit risk.
 - Caa1, Caa2, Caa3 - are judged to be of poor standing and are subject to very high credit risk.
 - Ca - are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
 - C - are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.

Below are the financial assets of the Group and the Parent Company, gross of allowance for credit losses, excluding receivables from customers, which are monitored using external ratings.

Consolidated						
2024						
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP ^{1/}	₱—	₱—	₱—	₱—	₱55,128,316	₱55,128,316
Due from other banks	4,915,242	11,127,337	1,037,804	17,080,383	3,108,255	20,188,638
Interbank loans receivables	3,240,924	17,814,043	—	21,054,967	1,738,365	22,793,332
Securities held under agreements to resell	—	12,581,872	12,355,747	24,937,619	78,588,740	103,526,359
Financial assets at FVOCI						
Government securities	1,640,210	2,933,248	135,510,598	140,084,056	27,740,717	167,824,773
Private debt securities	949,491	202,950	291,643	1,444,084	14,134,116	15,578,200
Quoted equity securities	88,557	—	170	88,727	2,742,550	2,831,277
Unquoted equity securities	—	—	—	—	25,508,533	25,508,533
Investment securities at amortized cost						
Government securities	437,694	805,453	81,099,109	82,342,256	14,475,124	96,817,380
Private debt securities	753,184	523,078	713,605	1,989,867	13,762,605	15,752,472
Financial assets at amortized cost						
Loans and receivables - Others ^{2/}	—	—	—	—	14,791,311	14,791,311

^{1/} 'Due from BSP' is composed of interest-earning short-term placements with the BSP and a demand deposit account to support the regular operations of the Parent Company.

^{2/} Loans and receivables - Others is composed of Accrued interest receivable, Accounts receivable, Sales contracts receivable and other miscellaneous receivables (Note 10).



Consolidated						
2023						
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP ^{1/}	₱-	₱-	₱-	₱-	₱95,410,350	₱95,410,350
Due from other banks	3,421,092	13,010,926	4,012,095	20,444,113	809,641	21,253,754
Interbank loans receivables	8,816,134	22,454,811	-	31,270,945	4,371,540	35,642,485
Securities held under agreements to resell	21,931,098	22,580,867	25,196,725	69,708,690	-	69,708,690
Financial assets at FVOCI						
Government securities	1,526,582	3,542,452	119,142,990	124,212,024	160,386	124,372,410
Private debt securities	-	3,633,167	10,547,385	14,180,552	-	14,180,552
Quoted equity securities	-	-	170	170	1,049,025	1,049,195
Unquoted equity securities	-	-	-	-	24,929,335	24,929,335
Investment securities at amortized cost						
Government securities	476,340	7,029,234	96,971,058	104,476,632	56,750	104,533,382
Private debt securities	-	12,300,109	6,522,771	18,822,880	-	18,822,880
Financial assets at amortized cost						
Loans and receivables - Others ^{2/}	-	-	-	-	17,485,597	17,485,597

^{1/} 'Due from BSP' is composed of interest-earning short-term placements with the BSP and a demand deposit account to support the regular operations of the Parent Company.

^{2/} Loans and receivables - Others is composed of Accrued interest receivable, Accounts receivable, Sales contracts receivable and other miscellaneous receivables (Note 10).

Parent Company						
2024						
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP ^{1/}	₱-	₱-	₱-	₱-	₱55,128,316	₱55,128,316
Due from other banks	331,819	7,775,537	285,567	8,392,923	3,090,030	11,482,953
Interbank loans receivables	1,735,350	17,814,043	-	19,549,393	1,738,365	21,287,758
Securities held under agreements to resell	-	12,581,872	12,355,747	24,937,619	78,588,740	103,526,359
Financial assets at FVOCI						
Government securities	1,336,741	2,933,248	135,683,158	139,953,147	27,576,421	167,529,568
Private debt securities	949,491	199,434	291,643	1,440,568	14,134,116	15,574,684
Quoted equity securities	-	-	-	-	2,657,550	2,657,550
Unquoted equity securities	-	-	-	-	25,508,532	25,508,532
Investment securities at amortized cost						
Government securities	55,707	805,453	81,099,109	81,960,269	14,475,124	96,435,393
Private securities	753,184	523,078	713,605	1,989,867	13,762,605	15,752,472
Financial assets at amortized cost						
Loans and receivables - Others ^{2/}	-	-	-	-	14,084,022	14,084,022

^{1/} 'Due from BSP' is composed of interest-earning short-term placements with the BSP and a demand deposit account to support the regular operations of the Parent Company.

^{2/} Loans and receivables - Others is composed of Accrued interest receivable, Accounts receivable, Sales contracts receivable and other miscellaneous receivables (Note 10).

Parent Company						
2023						
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP ^{1/}	₱-	₱-	₱-	₱-	₱95,410,350	₱95,410,350
Due from other banks	1,228,363	10,349,227	1,268,254	12,845,844	790,653	13,636,497
Interbank loans receivables	6,619,013	22,454,811	-	29,073,824	4,371,540	33,445,364
Securities held under agreements to resell	21,931,098	22,580,867	25,196,725	69,708,690	-	69,708,690
Financial assets at FVOCI						
Government securities	1,223,772	3,542,452	119,315,550	124,081,774	-	124,081,774
Private debt securities	-	3,604,452	10,547,385	14,151,837	-	14,151,837
Quoted equity securities	-	-	-	-	974,025	974,025
Unquoted equity securities	-	-	-	-	24,929,335	24,929,335
Investment securities at amortized cost						
Government securities	6,379	7,029,234	96,971,058	104,006,671	56,749	104,063,420
Private securities	-	12,300,109	6,522,771	18,822,880	-	18,822,880
Financial assets at amortized cost						
Loans and receivables - Others ^{2/}	-	-	-	-	16,547,558	16,547,558

^{1/} 'Due from BSP' is composed of interest-earning short-term placements with the BSP and a demand deposit account to support the regular operations of the Parent Company.

^{2/} Loans and receivables - Others is composed of Accrued interest receivable, Accounts receivable, Sales contracts receivable and other miscellaneous receivables (Note 10).

4.3 Liquidity Risk and Funding Management

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Group's inability to meet its obligations when they come due without incurring unacceptable losses or costs.



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

Liquidity risk is monitored and controlled primarily by a gap analysis of maturities of relevant assets and liabilities reflected in the maximum cumulative outflow (MCO) report, as well as an analysis of available liquid assets. The MCO focuses on a 12-month period wherein the 12-month cumulative outflow is compared to the acceptable MCO limit set by the BOD. Furthermore, an internal liquidity ratio has been set to determine sufficiency of liquid assets over deposit liabilities.

Liquidity is monitored by the Parent Company on a daily basis through the Global Markets Group. Likewise, the ERMG monitors the static liquidity via the MCO under normal and stressed scenarios.

The table below shows the liquidity information of financial assets and financial liabilities which includes coupon cash flows categorized based on the expected date on which the asset will be realized and the liability will be settled. For other assets, the analysis into maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date the assets will be realized.

	Consolidated					Total
	2024					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	
Financial Assets						
COCI	₱20,638,033	₱-	₱-	₱-	₱-	₱20,638,033
Due from BSP and other banks	79,665,312	-	-	-	-	79,665,312
Interbank loans receivable	14,391,519	8,269,891	-	237,736	-	22,899,146
Securities held under agreements to resell	86,336,489	17,442,188	45,606	-	-	103,824,283
Financial assets at FVTPL:						
Government securities	6,019,858	37,152	327,922	3,428,645	10,851,259	20,664,836
Private debt securities	1,963	501,293	161,953	76	2,500	667,785
Equity securities	2,866	-	-	-	-	2,866
Derivative assets:						
Gross contractual receivable	63,016,118	17,487,420	4,695,516	1,177,732	718,884	87,095,670
Gross contractual payable	(62,348,904)	(17,225,028)	(4,630,933)	(1,148,725)	(657,203)	(86,010,793)
Financial assets at FVOCI:						
Government securities	45,163,800	23,772,893	3,594,679	27,001,776	96,698,783	196,231,931
Private debt securities	102,545	1,612,398	338,704	2,077,196	14,916,954	19,047,797
Equity securities	-	-	-	-	28,339,810	28,339,810
Investment securities at amortized cost						
Government securities	1,783,091	3,145,770	4,701,366	3,260,697	121,298,519	134,189,443
Private debt securities	5,935,265	159,585	640,783	4,501,535	7,708,861	18,946,029
Financial assets at amortized cost:						
Receivables from customers	129,354,666	112,113,503	39,252,192	36,802,831	485,624,853	803,148,045
Other receivables	12,220,461	1,254,881	432,752	65,212	818,003	14,791,309
Other assets	427,311	-	-	-	20,162	447,473
Total financial assets	₱402,710,393	₱168,571,946	₱49,560,540	₱77,404,711	₱766,341,385	₱1,464,588,975
Financial Liabilities						
Deposit liabilities:						
Demand	₱244,799,109	₱-	₱-	₱-	₱-	₱244,799,109
Savings *	392,374,872	-	-	-	-	392,374,872
Time and LTNCDs *	184,634,425	119,952,066	22,108,662	9,754,371	5,045,284	341,494,808
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual payable	30,063,432	17,447,332	12,617,891	1,356,393	-	61,485,048
Gross contractual receivable	(29,925,130)	(17,133,537)	(12,163,154)	(1,339,194)	-	(60,561,015)
Bills and acceptances payable	974,286	2,537,017	3,611,405	8,057,956	14,566	15,195,230
Bonds payable	-	-	-	-	21,573,430	21,573,430
Accrued interest payable and accrued other expenses payable	3,735,521	20,240	160,435	45,689	350	3,962,235
Other liabilities	11,510,963	-	-	-	1,626,812	13,137,775
Total financial liabilities	₱838,167,478	₱122,823,118	₱26,335,239	₱17,875,215	₱28,260,442	₱1,033,461,492

* High-yield savings accounts are included under time deposits



Consolidated						
2023						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets						
COCI	₱21,151,391	₱-	₱-	₱-	₱-	₱21,151,391
Due from BSP and other banks	120,467,205	-	-	-	-	120,467,205
Interbank loans receivable	28,531,370	5,489,107	967,360	1,023,160	-	36,010,997
Securities held under agreements to resell	69,812,071	-	-	-	-	69,812,071
Financial assets at FVTPL:						
Government securities	4,293,988	534,211	39,479	91,568	3,586,581	8,545,827
Private debt securities	-	29,925	18,982	994,562	662,057	1,705,526
Equity securities	2,771	-	-	-	-	2,771
Derivative assets:						
Gross contractual receivable	87,949,838	17,614,366	2,099,656	445,073	30,329	108,139,262
Gross contractual payable	(87,391,376)	(17,458,363)	(2,070,466)	(441,124)	(29,191)	(107,390,520)
Financial assets at FVOCI:						
Government securities	33,489,750	46,204,757	1,285,139	2,180,240	47,001,705	130,161,591
Private debt securities	938,132	1,112,484	1,987,338	2,370,435	9,479,822	15,888,211
Equity securities	1,411,318	-	-	-	24,567,213	25,978,531
Investment securities at amortized cost						
Government securities	6,209,327	4,081,976	5,719,142	4,000,317	124,961,338	144,972,100
Private debt securities	1,347,263	3,824,893	1,334,269	1,704,803	27,484,727	35,695,955
Financial assets at amortized cost:						
Receivables from customers	149,406,393	61,186,611	28,126,108	23,386,574	510,204,415	772,310,101
Other receivables	14,812,784	665,550	387,899	242,420	1,376,947	17,485,600
Other assets	383,478	-	-	-	18,779	402,257
Total financial assets	₱452,815,703	₱123,285,517	₱39,894,906	₱35,998,028	₱749,344,722	₱1,401,338,876
Financial Liabilities						
Deposit liabilities:						
Demand	₱229,771,379	₱-	₱-	₱-	₱-	₱229,771,379
Savings *	367,397,521	-	-	-	-	367,397,521
Time and LTNCDs *	190,633,688	98,114,877	16,667,382	19,935,772	14,354,806	339,706,525
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual payable	53,574,196	7,507,070	3,406,282	673,361	-	65,160,909
Gross contractual receivable	(53,334,823)	(7,274,163)	(3,340,990)	(657,783)	-	(64,607,759)
Bills and acceptances payable	6,019,964	10,282,130	2,290,375	503,601	1,139,259	20,235,329
Bonds payable	-	15,134	-	42,762,166	-	42,777,300
Accrued interest payable and accrued other expenses payable	4,683,312	54,751	217,492	113,428	479,288	5,548,271
Other liabilities	8,054,665	2,755	-	76,930	1,215,351	9,349,701
Total financial liabilities	₱806,799,902	₱108,702,554	₱19,240,541	₱63,407,475	₱17,188,704	₱1,015,339,176

* High-yield savings accounts are included under time deposits

Parent Company						
2024						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets						
COCI	₱20,522,258	₱-	₱-	₱-	₱-	₱20,522,258
Due from BSP and other banks	68,407,714	-	-	-	-	68,407,714
Interbank loans receivable	13,799,929	7,577,478	-	-	-	21,377,407
Securities held under agreements to resell	86,350,640	17,442,188	-	-	-	103,792,828
Financial assets at FVTPL:						
Government securities	6,019,858	37,152	327,922	3,428,645	10,851,259	20,664,836
Private debt securities	1,963	499,831	12,266	76	2,500	516,636
Equity securities	-	-	-	-	-	-
Derivative assets:						
Gross contractual receivable	63,016,045	17,487,373	4,694,825	1,177,732	718,884	87,094,859
Gross contractual payable	(62,348,904)	(17,225,028)	(4,630,933)	(1,148,725)	(657,203)	(86,010,793)
Financial assets at FVOCI:						
Government securities	45,163,800	23,766,870	3,429,917	26,993,976	96,344,183	195,698,746
Private debt securities	102,545	1,612,346	338,651	2,077,081	14,912,826	19,043,449
Equity securities	-	-	-	-	28,166,082	28,166,082
Investment securities at amortized cost:						
Government securities	1,783,091	3,145,770	4,673,697	3,260,697	120,933,945	133,797,200
Private debt securities	5,935,265	159,585	640,783	4,501,535	7,708,861	18,946,029

(Forward)



Parent Company						
2024						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial assets at amortized cost:						
Receivables from customers	₱125,410,180	₱108,111,242	₱37,907,583	₱35,037,355	₱482,137,644	₱788,604,004
Other receivables	11,618,507	1,212,223	423,072	16,772	813,447	14,084,021
Other assets	426,650	–	–	–	500	427,150
Total financial assets	₱386,209,541	₱163,827,030	₱47,817,783	₱75,345,144	₱761,932,928	₱1,435,132,426
Financial Liabilities						
Deposit liabilities:						
Demand	₱244,265,623	₱–	₱–	₱–	₱–	₱244,265,623
Savings *	391,145,423	–	–	–	–	391,145,423
Time and LTNCDS *	183,443,376	117,002,007	18,847,934	9,272,776	4,988,759	333,554,852
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual receivable	30,062,057	17,446,351	12,617,887	1,356,393	–	61,482,688
Gross contractual payable	(29,925,130)	(17,133,537)	(12,163,154)	(1,339,176)	–	(60,560,997)
Bills and acceptances payable	974,286	2,537,017	3,611,405	8,057,956	14,565	15,195,229
Bonds payable	–	–	–	–	21,573,430	21,573,430
Accrued interest payable and accrued other expenses payable	3,741,442	11,470	160,435	–	–	3,913,347
Other liabilities	10,854,712	–	–	–	1,626,812	12,481,524
Total financial liabilities	₱834,561,789	₱119,863,308	₱23,074,507	₱17,347,949	₱28,203,566	₱1,023,051,119

* High-yield savings accounts are included under time deposits

Parent Company						
2023						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets						
COCI	₱21,052,526	₱–	₱–	₱–	₱–	₱21,052,526
Due from BSP and other banks	109,049,601	–	–	–	–	109,049,601
Interbank loans receivable	27,292,838	4,711,253	733,840	1,023,160	–	33,761,091
Securities held under agreements to resell	69,812,071	–	–	–	–	69,812,071
Financial assets at FVTPL:						
Government securities	4,293,988	534,211	39,479	91,568	3,586,581	8,545,827
Private debt securities	–	28,463	17,295	991,188	509,839	1,546,785
Equity securities	–	–	–	–	–	–
Derivative assets:						
Gross contractual receivable	87,949,731	17,611,825	2,097,320	445,073	30,329	108,134,278
Gross contractual payable	(87,391,376)	(17,458,363)	(2,070,466)	(441,124)	(29,191)	(107,390,520)
Financial assets at FVOCI:						
Government securities	33,489,750	46,204,757	1,195,094	2,094,355	46,631,505	129,615,461
Private debt securities	938,132	1,112,051	1,986,905	2,369,485	9,443,984	15,850,557
Equity securities	1,336,148	–	–	–	24,567,213	25,903,361
Investment securities at amortized cost:						
Government securities	6,172,842	4,010,826	5,708,076	3,972,550	124,620,081	144,484,375
Private debt securities	1,347,262	3,824,893	1,334,269	1,704,803	27,484,727	35,695,954
Financial assets at amortized cost:						
Receivables from customers	145,196,835	57,624,975	27,195,621	21,636,212	506,344,765	757,998,408
Other receivables	14,282,566	649,818	2,968	240,464	1,371,742	16,547,558
Other assets	382,847	–	–	–	500	383,347
Total financial assets	₱435,205,761	₱118,854,709	₱38,240,401	₱34,127,734	₱744,562,075	₱1,370,990,680
Financial Liabilities						
Deposit liabilities:						
Demand	₱229,138,969	₱–	₱–	₱–	₱–	₱229,138,969
Savings *	366,321,763	–	–	–	–	366,321,763
Time and LTNCDS *	190,347,584	94,660,837	13,823,464	19,360,573	14,335,168	332,527,626

(Forward)



	Parent Company					Total
	2023					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual receivable	₱53,574,196	₱7,507,070	₱3,406,282	₱673,361	₱-	₱65,160,909
Gross contractual payable	(53,334,823)	(7,274,163)	(3,340,990)	(657,765)	-	(64,607,741)
Bills and acceptances payable	6,019,964	10,282,130	2,290,375	503,601	1,139,258	20,235,328
Bonds payable	-	15,134	-	42,762,166	-	42,777,300
Accrued interest payable and accrued other expenses payable	4,689,505	21,230	46,193	44,728	478,314	5,279,970
Other liabilities	7,366,066	2,756	-	76,930	1,215,351	8,661,103
Total financial liabilities	₱804,123,224	₱105,214,994	₱16,225,324	₱62,763,594	₱17,168,091	₱1,005,495,227

* High-yield savings accounts are included under time deposits

4.3.1 BSP Reporting for Liquidity Positions and Leverage

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

- over a 30-calendar day horizon, an adequate level of unencumbered high-quality liquid assets (HQLA) that consist of cash or assets that can be converted into cash to offset the net cash outflows they could encounter under a liquidity stress scenario; and
- a stable funding profile in relation to the composition of their assets and off-balance sheet activities.

To monitor the liquidity levels, the Group computes for its Liquidity Coverage Ratio (LCR), which is the ratio of HQLA to the total net cash outflows. As of December 31, 2024 and 2023, LCR reported to the BSP with certain adjustments is shown in the table below:

	Consolidated		Parent Company	
	2024	2023	2024	2023
LCR	254.46%	271.54%	244.55%	295.74%

The Group also computes for its Net Stable Funding Ratio (NSFR), which is the ratio of the available stable funding to the required stable funding. Both LCR and NSFR should be maintained no lower than 100.00% on a daily basis under normal situations. As of December 31, 2024 and 2023, NSFR reported to the BSP with certain adjustments is shown in the table below (amounts, except ratios, are expressed in millions):

	Consolidated		Parent Company	
	2024	2023	2024	2023
Available stable funding	₱955,109	₱894,199	₱943,044	₱884,747
Required stable funding	598,326	595,019	600,847	597,380
NSFR	159.63%	150.28%	156.95%	148.10%

4.4 Market Risk

Market risk is the risk to earnings or capital arising from adverse movements in factors that affect the market value of instruments, products, and transactions in an institutions' overall portfolio. Market risk arises from market making, dealing, and position taking in interest rate, foreign exchange and equity markets. The succeeding sections provide discussion on the impact of market risk on the Parent Company's trading and structural portfolios.



4.4.1 Trading Market Risk

Trading market risk exists in the Parent Company as the values of its trading positions are sensitive to changes in market rates such as interest rates, foreign exchange rates and equity prices. The Parent Company is exposed to trading market risk in the course of market making as well as from taking advantage of market opportunities. For internal monitoring of the risks in the trading portfolio, the Parent Company uses the Value at Risk (VaR) as a primary risk measurement tool. It adopts both the Parametric VaR methodology and Historical Simulation Methodology (with 99.00% confidence level) to measure the Parent Company's trading market risk. Both the Parametric models and Historical Simulation models were validated. Volatilities used in the parametric are updated on a daily basis and are based on historical data for a rolling 400-day period while yields and prices in the historical VaR approach are also updated daily. The ERMG reports the VaR utilization and breaches to limits to the risk taking personnel on a daily basis and to the ALCO and ROC on a monthly basis. All risk reports discussed in the ROC meeting are noted by the BOD. The VaR figures are back tested to validate the robustness of the VaR model. Results of backtesting on a rolling one year period are reported also to the ROC.

The parametric VaR models are designed to measure market risk in a normal market environment. The models assume that any changes occurring in the risk factors affecting the normal market environment will follow a normal distribution. The use of VaR has limitations because it is based on historical volatilities in market prices and assumes that future price movements will follow a statistical distribution. Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, the probability of large market movements may be under-estimated if changes in risk factors fail to align with historical movements. VaR may also be under- or over- estimated due to the assumptions placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99.00% confidence level.

VaR estimates the potential loss on the current portfolio assuming a specified time horizon and level of confidence at 99.00%. The use of a 99.00% confidence level means that, within a one day horizon, losses exceeding the VaR figure should occur, on average, not more than once every one hundred days.

The validity of the assumptions underlying the Parent Company's VaR models can only be checked by appropriate backtesting procedures. Backtesting is a formal statistical framework that consists of verifying that actual losses are within the projected VaR approximations. The Parent Company adopts both the clean backtesting and dirty backtesting approaches approach in backtesting. Clean backtesting, consists of comparing the VaR estimates with some hypothetical profit or loss (P&L) values of the portfolio, having kept its composition unchanged. In this case, the same portfolio is repriced or marked-to-market at the end of the time interval and the hypothetical P&L is then compared with the VaR. The other method, called dirty backtesting, consists of comparing the VaR estimates with the actual P&L values at the end of the time horizon. This method, however, may pose a problem if the portfolio has changed drastically because of trading activities between the beginning and the end of the time horizon since VaR models assume that the portfolio is "frozen" over the horizon. The Parent Company uses the regulatory 3-zone (green, yellow and red) boundaries in evaluating the backtesting results.

The VaR models undergo close monitoring and regular review of the model's parameters and assumptions to determine model quality.



To complement the VaR approximations, the Parent Company conducts stress testing on a quarterly basis, the results of which are being reported to the BOD. Scenarios used in the conduct of stress test are event driven and represent the worst one-off event of a specific risk factor. Results of stress testing are analyzed in terms of the impact to earnings and capital.

Since VaR is an integral part of the Parent Company's market risk management, VaR limits have been established annually for all financial trading activities and exposures. Calculated VaR compared against the VaR limits are monitored. Limits are based on the tolerable risk appetite of the Parent Company.

The tables below show the trading VaR (in millions):

Trading Portfolio	Foreign Exchange*	Interest Rate	Equities Price	Total VaR**
December 29, 2024	₱15.74	₱239.88	₱-	₱255.63
Average Daily	8.45	171.61	-	180.06
Highest	24.10	425.89	-	443.69
Lowest	1.31	70.83	-	73.49

* *FX VaR is the bankwide foreign exchange risk*

** *The high and low for the total portfolio may not equal the sum of the individual components as the highs and lows of the individual trading portfolios may have occurred on different trading days*

Trading Portfolio	Foreign Exchange*	Interest Rate	Equities Price	Total VaR**
December 29, 2023	₱3.99	₱86.63	₱-	₱90.62
Average Daily	9.26	133.08	-	142.34
Highest	33.27	313.88	-	320.92
Lowest	1.78	62.67	-	67.76

* *FX VaR is the bankwide foreign exchange risk*

** *The high and low for the total portfolio may not equal the sum of the individual components as the highs and lows of the individual trading portfolios may have occurred on different trading days*

4.4.2 Non-Trading Market Risk

Interest rate risk

The Group seeks to ensure that exposure to fluctuations in interest rates are kept within acceptable limits. Interest margins may increase as a result of such changes but may be reduced or may create losses in the event that unexpected movements arise.

Repricing mismatches will expose the Group to interest rate risk. The Group measures the sensitivity of its assets and liabilities to interest rate fluctuations by way of a "repricing gap" analysis using the repricing characteristics of its financial instrument positions tempered with approved assumptions. To evaluate earnings exposure, interest rate sensitive liabilities in each time band are subtracted from the corresponding interest rate assets to produce a "repricing gap" for that time band. The difference in the amount of assets and liabilities maturing or being repriced over a one year period would then give the Group an indication of the extent to which it is exposed to the risk of potential changes in net interest income. A negative gap occurs when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. Vice versa, positive gap occurs when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities.



During a period of rising interest rates, a company with a positive gap is better positioned because the company's assets are refinanced at increasingly higher interest rates increasing the net interest margin of the company over time. During a period of falling interest rates, a company with a positive gap would show assets repricing at a faster rate than one with a negative gap, which may restrain the growth of its net income or result in a decline in net interest income.

For risk management purposes, the loan accounts are assessed based on next repricing date, thus as an example, if a loan account is scheduled to reprice three years from year-end report date, slotting of the account will be based on the date of interest repricing. Deposits with no specific maturity dates are excluded in the one-year repricing gap except for the portion of volatile regular savings deposits which are assumed to be withdrawn during the one year period and assumed to be replaced by a higher deposit rate.

The Group uses the Earnings at Risk (EaR) methodology to measure the likely interest margin compression in case of adverse change in interest rates given the Group's repricing gap. The repricing gap covering the one-year period is multiplied by an assumed change in interest rates to yield an approximation of the change in net interest income that would result from such an interest rate movement. The Parent Company's BOD sets a limit on the level of EaR exposure tolerable to the Group. EaR exposure and compliance to the EaR limit is monitored every two weeks and reported monthly by the ERMG and subject to a quarterly stress test.

The following table sets forth the repricing gap position of the Group and the Parent Company:

	Consolidated					Total
	2024					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	
Financial Assets*						
Due from BSP and other banks	₱38,455,828	₱7,681,906	₱3,454,493	₱4,415,792	₱21,304,191	₱75,312,210
Interbank loans receivable and securities held under agreements to resell	108,224,491	17,800,638	–	242,184	–	126,267,313
Receivables from customers and other receivables - gross**	157,138,553	68,585,452	21,366,921	61,472,690	104,245,092	412,808,708
Total financial assets	₱303,818,872	₱94,067,996	₱24,821,414	₱66,130,666	₱125,549,283	₱614,388,231
Financial Liabilities*						
Deposit liabilities:						
Savings	₱158,681,470	₱72,692,839	₱27,724,999	₱51,339,044	₱264,897,175	₱575,335,527
Time***	82,979,912	40,903,297	6,699,749	5,023,468	11,762,306	147,368,732
Bonds payable	–	–	–	–	17,304,421	17,304,421
Bills and acceptances payable	7,869,449	2,324,009	2,295,405	7,719,588	–	20,208,451
Total financial liabilities	₱249,530,831	₱115,920,145	₱36,720,153	₱64,082,100	₱293,963,902	₱760,217,131
Repricing gap	₱54,288,041	(₱21,852,149)	(₱11,898,739)	₱2,048,566	(₱168,414,619)	(₱145,828,900)
Cumulative gap	54,288,041	32,435,892	20,537,153	22,585,719	(145,828,900)	

* Financial instruments that are not subject to repricing/rollforward were excluded

** Receivables from customers excludes residual value of leased assets (Note 10)

***Excludes LTNCD



Consolidated						
2023						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets*						
Due from BSP and other banks	₱58,150,792	₱9,072,894	₱3,369,531	₱8,901,479	₱37,159,510	₱116,654,206
Interbank loans receivable and securities held under agreements to resell	98,092,798	5,439,375	733,899	1,062,906	–	105,328,978
Receivables from customers and other receivables - gross**	161,955,806	49,845,326	28,901,960	39,616,354	104,403,594	384,723,040
Total financial assets	₱318,199,396	₱64,357,595	₱33,005,390	₱49,580,739	₱141,563,104	₱606,706,224
Financial Liabilities*						
Deposit liabilities:						
Savings	₱158,675,307	₱56,242,019	₱27,795,826	₱49,149,862	₱249,146,435	₱541,009,449
Time***	81,037,001	40,011,529	6,280,461	5,894,523	12,528,547	145,752,061
Bonds payable	–	–	–	41,490,871	–	41,490,871
Bills and acceptances payable	10,303,062	5,296,850	1,746,803	185,016	2,630,872	20,162,603
Total financial liabilities	₱250,015,370	₱101,550,398	₱35,823,090	₱96,720,272	₱264,305,854	₱748,414,984
Repricing gap	₱68,184,026	(₱37,192,803)	(₱2,817,700)	(₱47,139,533)	(₱122,742,750)	(₱141,708,760)
Cumulative gap	68,184,026	30,991,223	28,173,523	(18,966,010)	(141,708,760)	

* Financial instruments that are not subject to repricing/rollforward were excluded

** Receivables from customers excludes residual value of leased assets (Note 10)

***Excludes LTNCD

Parent Company						
2024						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets*						
Due from BSP and other banks	₱33,464,849	₱5,593,770	₱1,899,764	₱4,386,159	₱21,261,952	₱66,606,494
Interbank loans receivable and securities held under repurchase agreement	107,900,848	16,861,438	–	–	–	124,762,286
Receivable from customers and other receivables - gross**	157,138,553	68,585,452	21,366,921	61,472,689	104,245,092	412,808,708
Total financial assets	₱298,504,250	₱91,040,660	₱23,266,685	₱65,858,848	₱125,507,044	₱604,177,487
Financial Liabilities*						
Deposit liabilities:						
Savings	₱158,530,209	₱72,580,213	₱27,612,373	₱51,165,635	₱264,350,130	₱574,238,560
Time***	87,650,002	40,764,217	6,585,830	4,955,855	4,186,727	144,142,631
Bonds payable	–	–	–	–	17,304,421	17,304,421
Bills and acceptances payable	7,869,449	2,324,009	2,295,405	7,719,588	–	20,208,451
Total financial liabilities	₱254,049,660	₱115,668,439	₱36,493,608	₱63,841,077	₱285,841,278	₱755,894,062
Repricing gap	₱44,454,590	(₱24,627,779)	(₱13,226,923)	(₱2,017,771)	(₱160,334,234)	(₱151,716,575)
Cumulative gap	44,454,590	19,826,811	6,599,888	8,617,659	(151,716,575)	

* Financial instruments that are not subject to repricing/rollforward were excluded.

** Receivable from customers excludes residual value of leased assets (Note 10).

***Excludes LTNCD.



	Parent Company					Total
	2023					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	
Financial Assets*						
Due from BSP and other banks	₱53,163,321	₱8,466,394	₱3,186,263	₱7,166,464	₱37,054,532	₱109,036,974
Interbank loans receivable and securities held under repurchase agreement	96,853,751	4,713,657	733,899	830,550	-	103,131,857
Receivable from customers and other receivables - gross**	161,955,806	49,845,326	28,901,960	39,616,354	104,403,594	384,723,040
Total financial assets	₱311,972,878	₱63,025,377	₱32,822,122	₱47,613,368	₱141,458,126	₱596,891,871
Financial Liabilities*						
Deposit liabilities:						
Savings	₱158,566,530	₱56,141,908	₱27,695,715	₱48,995,714	₱248,663,704	₱540,063,571
Time***	85,305,839	39,796,870	6,226,047	5,871,308	4,570,860	141,770,924
Bonds payable	-	-	-	41,490,871	-	41,490,871
Bills and acceptances payable	10,109,071	5,266,998	1,738,607	-	3,047,927	20,162,603
Total financial liabilities	₱253,981,440	₱101,205,776	₱35,660,369	₱96,357,893	₱256,282,491	₱743,487,969
Repricing gap	₱57,991,438	(₱38,180,399)	(₱2,838,247)	(₱48,744,525)	(₱114,824,365)	(₱146,596,098)
Cumulative gap	57,991,438	19,811,039	16,972,792	(31,771,733)	(146,596,098)	

* Financial instruments that are not subject to repricing/rollforward were excluded

** Receivables from customers excludes residual value of leased assets (Note 10)

***Excludes LTNCD

The following table sets forth, for the year indicated, the impact of changes in interest rates on the Group's and the Parent Company's repricing gap for the years ended December 31, 2024 and 2023:

	Consolidated			
	2024		2023	
	Statement of Income	Equity	Statement of Income	Equity
+50bps	₱135,755	₱135,755	₱119,977	₱119,977
-50bps	(135,755)	(135,755)	(119,977)	(119,977)
+100bps	271,509	271,509	239,954	239,954
-100bps	(271,509)	(271,509)	(239,954)	(239,954)

	Parent Company			
	2024		2023	
	Statement of Income	Equity	Statement of Income	Equity
+50bps	₱73,918	₱73,918	₱66,058	₱66,058
-50bps	(73,918)	(73,918)	(66,058)	(66,058)
+100bps	147,837	147,837	132,116	132,116
-100bps	(147,837)	(147,837)	(132,116)	(132,116)

In addition to EaR, the Parent Company also employs economic value-based measures that assess the present value of the expected net cash flows of assets and liabilities, particularly those that are interest-bearing, discounted to reflect market rates. At the same time that fluctuations in interest rates will affect the Parent Company's earnings, these will also have an impact on its net worth or capital position. In coming up with present values, the relevant risk-free rate shall be used to formulate discount factors. Resulting weighted net positions across tenors are aggregated to determine the Economic Value of Equity (EVE) per book and per major currency under different shock scenarios.

Delta EVE is the difference between the total net present value of expected asset and liability cash flows when discounted at prevailing market rates and when discounted against shocked interest rates. Delta EVE is computed based on several interest rate shock scenarios (e.g. parallel up, parallel down, short rates up, short rates down, steepening rates, flattening rates). The scenario with the most



negative Delta EVE, pertaining to the highest decline in net present value, is compared to the medium to long-term Delta EVE trigger, which corresponds to a percentage of the Parent Company's Common Equity Tier 1 (CET1) capital.

The maximum negative Delta EVE capital coming from the steepening rates scenario is at ₱10.5 billion or 7.85% of CET1 and ₱6.2 billion or 5.43% of CET1, as of December 31, 2024 and December 31, 2023, respectively.

As of December 31, 2024, the maximum negative Delta EVE is at ₱10.5 billion or 7.85% of CET1 capital coming from the parallel up rates scenario.

Foreign currency risk

Foreign exchange is the risk to earnings or capital arising from changes in foreign exchange rates. The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financials and cash flows.

Foreign currency liabilities generally consist of foreign currency deposits in the Parent Company's FCDU books, accounts made in the Philippines or which are generated from remittances to the Philippines by Filipino expatriates and overseas Filipino workers who retain for their own benefit or for the benefit of a third party, foreign currency deposit accounts with the Parent Company and foreign currency-denominated borrowings appearing in the regular books of the Parent Company.

Foreign currency deposits are generally used to fund the Parent Company's foreign currency-denominated loan and investment portfolio in the FCDU. Banks are required by the BSP to match the foreign currency liabilities with the foreign currency assets held through FCDUs. In addition, the BSP requires a 30.00% liquidity eligible reserve on all foreign currency liabilities held through FCDUs. Outside the FCDU, the Parent Company has additional foreign currency assets and liabilities in its foreign branch network.

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

The table below summarizes the exposure to foreign exchange rate risk excluding those under the FCDU, categorized by currency (amounts in Philippine peso equivalent).

	Consolidated					
	2024			2023		
	USD	Others*	Total	USD	Others*	Total
Assets						
COCI and due from BSP	₱116,927	₱823,342	₱940,269	₱119,469	₱425,096	₱544,565
Due from other banks	11,386,859	4,193,010	15,579,869	11,638,822	3,863,354	15,502,176
Interbank loans receivable and securities held under agreements to resell	1,993,708	3,683,161	5,676,869	15,134,491	4,827,144	19,961,635
Loans and receivables	18,941,355	11,721,952	30,663,307	26,835,528	11,551,544	38,387,072
Financial assets at FVTPL	812	–	812	5,029	–	5,029
Financial assets at FVOCI	975,132	1,579,942	2,555,074	866,362	732,743	1,599,105
Investment securities at amortized cost	381,987	621,679	1,003,666	476,337	624,203	1,100,540
Other assets	13,371,776	963,598	14,335,374	11,779,548	1,030,816	12,810,364
Total assets	47,168,556	23,586,684	70,755,240	66,855,586	23,054,900	89,910,486
Liabilities						
Deposit liabilities	₱8,740,905	₱8,643,238	₱17,384,143	₱8,849,451	₱8,963,600	₱17,813,051
Derivative liabilities	2,413	–	2,413	1	–	1
Bills and acceptances payable	8,221,706	79,267	8,300,973	10,510,491	–	10,510,491
Accrued interest payable	41,372	1,580	42,952	86,808	21,671	108,479
Other liabilities	7,719,166	2,301,882	10,021,048	9,378,454	2,494,000	11,872,454
Total liabilities	24,725,562	11,025,967	35,751,529	28,825,205	11,479,271	40,304,476
Net Exposure	₱22,442,994	₱12,560,717	₱35,003,711	₱38,030,381	₱11,575,629	₱49,606,010

*Other currencies pertain to third currencies



	Parent Company					
	2024			2023		
	USD	Others*	Total	USD	Others*	Total
Assets						
COCI and due from BSP	₱52,070	₱246,546	₱298,616	₱51,226	₱167,776	₱219,002
Due from other banks	5,738,354	923,894	6,662,248	6,136,432	1,144,815	7,281,247
Interbank loans receivable and securities held under agreements to resell	1,594,955	2,573,865	4,168,820	14,362,997	3,348,733	17,711,730
Loans and receivables	16,779,768	22,100	16,801,868	24,700,030	24,636	24,724,666
Financial assets at FVTPL	–	–	–	44	–	44
Financial assets at FVOCI	975,132	1,415,646	2,390,778	866,362	572,357	1,438,719
Investment securities at amortized cost	–	621,679	621,679	6,376	624,203	630,579
Other assets	13,364,004	–	13,364,004	11,745,510	–	11,745,510
Total assets	38,504,283	5,803,730	44,308,013	57,868,977	5,882,520	63,751,497
Liabilities						
Deposit liabilities	2,404,861	5,314,275	7,719,136	2,275,877	5,538,066	7,813,943
Derivative liabilities	53	–	53	1	–	1
Bills and acceptances payable	8,221,706	79,267	8,300,973	10,510,491	–	10,510,491
Accrued interest payable	41,372	1,580	42,952	54,986	1,499	56,485
Other liabilities	7,309,695	1,877,022	9,186,717	9,036,932	1,996,722	11,033,654
Total liabilities	17,977,687	7,272,144	25,249,831	21,878,287	7,536,287	29,414,574
Net Exposure	₱20,526,596	(₱1,468,414)	₱19,058,182	₱35,990,690	(₱1,653,767)	₱34,336,923

* Other currencies pertain to third currencies

The exchange rates used to convert the Group and the Parent Company's US dollar-denominated assets and liabilities into Philippine peso were ₱57.85 to USD1.00 as of December 31, 2024 and ₱55.37 to USD1.00 as of December 31, 2023. The following tables set forth the impact of the range of reasonably possible changes in the USD:PHP exchange rate on the Group and the Parent Company's income before income tax and equity which includes the impact on the income (due to the revaluation of monetary assets and liabilities) for the years ended December 31, 2024 and 2023:

	2024			
	Consolidated		Parent Company	
	Statement of Income	Equity	Statement of Income	Equity
+1.00%	₱215,387	(₱225,138)	₱195,515	(₱205,266)
-1.00%	(215,387)	225,138	(195,515)	205,266
	2023			
	Consolidated		Parent Company	
	Statement of Income	Equity	Statement of Income	Equity
+1.00%	₱371,640	(₱380,304)	₱351,243	(₱359,907)
-1.00%	(371,640)	380,304	(351,243)	359,907

The Group and the Parent Company do not expect the impact of the volatility on other currencies to be material.



5. Fair Value Measurement

The Group uses the following methods and assumptions in estimating the fair value of its assets and liabilities:

Assets and Liabilities	Fair value methodologies
Cash equivalents	At carrying amounts due to their relatively short-term maturity
Derivatives	Based on either: <ul style="list-style-type: none"> • quoted market prices; • prices provided by independent parties; or • prices derived using acceptable valuation models
Debt securities	For quoted securities – based on market prices from debt exchanges For unquoted securities ¹ – estimated using either: <ul style="list-style-type: none"> • quoted market prices of comparable investments; or • discounted cash flow methodology
Equity securities	For quoted securities – based on market prices from stock exchanges For unquoted securities – estimated using either: <ul style="list-style-type: none"> • quoted market prices of comparable investments ²; or • adjusted net asset value method ³ and applying a discount for lack of marketability
Loans and receivables	For loans with fixed interest rates – estimated using the discounted cash flow methodology ⁴ For loans with floating interest rates – at their carrying amounts
Investment properties	Appraisal by independent external and in-house appraisers based on highest and best use of the property (i.e., current use of the properties) ⁵ using either: <ul style="list-style-type: none"> • market data approach ⁶; or • replacement cost approach ⁷
Short-term financial liabilities	At carrying amounts due to their relatively short-term maturity
Long-term financial liabilities	For quoted debt issuances – based on market prices from debt exchanges For unquoted debt issuances – estimated using the discounted cash flow methodology ⁸

Notes:

¹ using interpolated PHP BVAL rates provided by the Philippine Dealing and Exchange Corporation (for government securities) and PHP BVAL rates plus additional credit spread (for corporate/private securities)

² using the most relevant multiples (e.g., earnings, book value)

³ measures the company's value by adjusting the carrying value of its assets to their fair values, and then subtracting the fair value of its liabilities

⁴ using the current incremental lending rates for similar loans

⁵ considering other factors such as size, shape and location of the properties, price per square meter, reproduction costs new, time element, discount, among others

⁶ using recent sales of similar properties within the same vicinity and considering the economic conditions prevailing at the time of the valuations and comparability of similar properties sold

⁷ estimating the investment required to duplicate the property in its present condition

⁸ using the current incremental borrowing rates for similar borrowings



Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities:

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

The Group and the Parent Company held the following assets and liabilities measured at fair value, and at cost but for which fair values are disclosed:

	Consolidated				Total
	Carrying Value	Level 1	Level 2	Level 3	
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	P16,181,821	P9,280,986	P6,900,835	P-	P16,181,821
Private debt securities	649,191	646,996	2,195	-	649,191
Derivative assets	1,087,107	-	1,087,107	-	1,087,107
Equity securities	2,866	2,866	-	-	2,866
Financial assets at FVOCI:					
Government securities	167,824,773	84,332,614	83,492,159	-	167,824,773
Equity securities	28,339,810	2,390,053	671,154	25,278,603	28,339,810
Private debt securities	15,578,200	8,144,021	7,434,179	-	15,578,200
	P229,663,768	P104,797,536	P99,587,629	P25,278,603	P229,663,768
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	P924,053	P-	P924,053	P-	P924,053
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	P112,422,382	P44,626,557	P67,159,150	P-	P111,785,707
Receivables from customers**	626,089,235	-	-	657,189,212	657,189,212
	P738,511,617	P44,626,557	P67,159,150	P657,189,212	P768,974,919
Nonfinancial Assets					
Investment property:					
Land***	P12,656,948	P-	P-	P30,731,999	P30,731,999
Buildings and improvements***	3,307,319	-	-	5,820,255	5,820,255
	P15,964,267	P-	P-	P36,552,254	P36,552,254
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	P147,368,732	P-	P-	P147,177,687	P147,177,687
LTNCDs	4,598,770	-	4,541,491	-	4,541,491
Bonds payable	17,304,421	-	17,001,745	-	17,001,745
Bills payable	14,152,442	-	-	14,152,442	14,152,442
	P183,424,365	P-	P21,543,236	P161,330,129	P182,873,365

* Net of expected credit losses (Note 9)

** Net of expected credit losses and unearned and other deferred income (Note 10)

*** Net of impairment losses (Note 13)



Consolidated					
2023					
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	₱8,174,405	₱2,633,602	₱5,540,803	₱-	₱8,174,405
Private debt securities	1,590,489	914,210	676,279	-	1,590,489
Derivative assets	749,199	-	749,199	-	749,199
Equity securities	2,771	2,771	-	-	2,771
Financial assets at FVOCI:					
Government securities	124,372,410	46,682,566	77,689,844	-	124,372,410
Equity securities	25,978,530	200,709	1,014,081	24,763,740	25,978,530
Private debt securities	14,180,552	6,944,140	7,236,412	-	14,180,552
	₱175,048,356	₱57,377,998	₱92,906,618	₱24,763,740	₱175,048,356
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱555,811	₱-	₱555,811	₱-	₱555,811
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	₱123,200,427	₱24,840,676	₱98,730,596	₱-	₱123,571,272
Receivables from customers**	604,188,788	-	-	623,817,129	623,817,129
	₱727,389,215	₱24,840,676	₱98,730,596	₱623,817,129	₱747,388,401
Nonfinancial Assets					
Investment property:					
Land***	₱12,359,795	₱-	₱-	₱26,228,453	₱26,228,453
Buildings and improvements***	2,219,763	-	-	7,975,404	7,975,404
	₱14,579,558	₱-	₱-	₱34,203,857	₱34,203,857
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	₱145,752,061	₱-	₱-	₱145,538,240	₱145,538,240
LTNCDs	12,803,543	-	12,586,489	-	12,586,489
Bonds payable	41,490,871	-	40,625,938	-	40,625,938
Bills payable	10,607,626	-	-	10,559,411	10,559,411
	₱210,654,101	₱-	₱53,212,427	₱156,097,651	₱209,310,078

* Net of expected credit losses (Note 9)

** Net of expected credit losses and unearned and other deferred income (Note 10)

*** Net of impairment losses (Note 13)

Parent Company					
2024					
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	₱16,181,821	₱9,280,986	₱6,900,835	₱-	₱16,181,821
Private debt securities	502,026	499,831	2,195	-	502,026
Derivative assets	1,086,295	-	1,086,295	-	1,086,295
Financial assets at FVOCI:					
Government securities	167,529,568	83,864,849	83,664,719	-	167,529,568
Equity securities	28,166,082	2,389,883	497,596	25,278,603	28,166,082
Private debt securities	15,574,684	8,144,021	7,430,663	-	15,574,684
	₱229,040,476	₱104,179,570	₱99,582,303	₱25,278,603	₱229,040,476
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱921,693	₱-	₱921,693	₱-	₱921,693

(Forward)



Parent Company					
2024					
	Carrying Value	Level 1	Level 2	Level 3	Total
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost					
Investment securities at amortized cost*	P112,040,395	P44,244,571	P67,159,150	P-	P111,403,721
Receivables from customers**	612,043,695	-	-	643,143,671	643,143,671
	P724,084,090	P44,244,571	P67,159,150	P643,143,671	P754,547,392
Nonfinancial Assets					
Investment property:					
Land***	P12,089,552	P-	P-	P30,395,861	P30,395,861
Buildings and improvements***	3,455,365	-	-	5,755,096	5,755,096
	15,544,917	P-	P-	36,150,957	36,150,957
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	P144,142,631	P-	P-	P143,951,586	P143,951,586
LTNCDs	4,598,770	-	4,541,491	-	4,541,491
Bonds payable	17,304,421	-	17,001,745	-	17,001,745
Bills payable	14,152,442	-	-	14,152,442	14,152,442
	P180,198,264	P-	P21,543,236	P158,104,028	P179,647,264

* Net of expected credit losses (Note 9)

** Net of expected credit losses and unearned and other deferred income (Note 10)

*** Net of impairment losses (Note 13)

Parent Company					
2023					
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	P8,174,405	P2,633,602	P5,540,803	P-	P8,174,405
Private debt securities	1,444,641	768,361	676,280	-	1,444,641
Derivative assets	744,213	-	744,213	-	744,213
Financial assets at FVOCI:					
Government securities	124,081,774	46,219,370	77,862,404	-	124,081,774
Equity securities	25,903,360	200,539	939,081	24,763,740	25,903,360
Private debt securities	14,151,837	6,915,425	7,236,412	-	14,151,837
	P174,500,230	P56,737,297	P92,999,193	P24,763,740	P174,500,230
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	P555,811	P-	P555,811	P-	P555,811
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost					
Investment securities at amortized cost*	P122,730,465	P24,370,714	P98,730,596	P-	P123,101,310
Receivables from customers**	590,301,047	-	-	609,930,601	609,930,601
	P713,031,512	P24,370,714	P98,730,596	P609,930,601	P733,031,911
Nonfinancial Assets					
Investment property:					
Land***	P11,807,630	P-	P-	P25,628,608	P25,628,608
Buildings and improvements***	2,303,976	-	-	7,806,117	7,806,117
	P14,111,606	P-	P-	P33,434,725	P33,434,725
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	P141,770,924	P-	P-	P141,557,103	P141,557,103
LTNCDs	12,803,543	-	12,586,489	-	12,586,489
Bonds payable	41,490,871	-	40,625,938	-	40,625,938
Bills payable	10,607,626	-	-	10,559,411	10,559,411
	P206,672,964	P-	P53,212,427	P152,116,514	P205,328,941

* Net of expected credit losses (Note 9)

** Net of expected credit losses and unearned and other deferred income (Note 10)

*** Net of impairment losses (Note 13)



As of December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

The following table summarizes the significant unobservable inputs used to calculate the fair value of Level 3 financial assets at FVOCI of the Group and the Parent Company as of December 31, 2024 and 2023 and the range of values indicating the highest and lowest level input used in the valuation techniques.

	Significant Unobservable Input	2024		2023	
		-2%	+2%	-2%	+2%
Equity securities	Discount for lack of marketability	₱601,974	(₱601,974)	₱588,436	(₱588,436)

For certain unquoted equity securities, the Group imputes a discount for lack of marketability which is a valuation consideration often based on observed data and empirical evidence. Certain valuation studies suggest that private companies typically sell at lower transaction pricing multiples than similar public companies.

6. Segment Information

6.1 Business Segments

The Group's operating businesses are determined and managed separately according to the nature of services provided and the different markets served with each segment representing a strategic business unit. The Group's business segments follow:

- Retail Banking - principally handling individual customer's deposits, and providing consumer type loans, credit card facilities and fund transfer facilities;
- Corporate Banking - principally handling loans and other credit facilities and deposit accounts for corporate and institutional customers;
- Treasury - principally providing money market, trading and treasury services, as well as the management of the Group's funding operations by use of Treasury bills, government securities and placements and acceptances with other banks, through treasury and wholesale banking; and
- Other Segments - include, but not limited to, trust, leasing, remittances and other support services. Other support services of the Group comprise of operations and finance.

Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is credited to or charged against business segments based on pool rate which approximates the marginal cost of funds.

For management purposes, business segment report is done on a quarterly basis. Business segment information provided to the BOD, the chief operating decision maker (CODM), is based on the reportorial requirements under the Regulatory Accounting Principles (RAP) of the BSP, which differ from PFRS due to the manner of provisioning for impairment and credit losses, measurement of investment properties, and the fair value measurement of financial instruments. The report submitted to CODM represents only the results of operation for each of the reportable segment.



Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment revenues pertain to the net interest margin and other operating income earned by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

The Group has no significant customer which contributes 10.00% or more of the consolidated revenue.

Business segment information of the Group follows:

	2024					
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	(P2,452,001)	P30,293,075	P21,578,661	P	(P79,265)	P49,340,470
Inter-segment	31,620,138	(18,404,659)	(13,215,479)	-	-	-
Net interest margin after inter-segment transactions	29,168,137	11,888,416	8,363,182	-	(79,265)	49,340,470
Other income	5,327,067	2,906,587	1,635,190	1,647,580	365,830	11,882,254
Segment revenue	34,495,204	14,795,003	9,998,372	1,647,580	286,565	61,222,724
Other expenses	14,742,420	7,046,665	1,357,644	1,079,763	286,565	24,513,057
Segment result	P19,752,784	P7,748,338	P8,640,728	P567,817	P-	36,709,667
Unallocated expenses						10,431,970
Income before income tax						26,277,697
Income tax						5,099,732
Net income						21,177,965
Non-controlling interests						125,069
Net income for the year attributable to equity holders of the Parent Company						P21,052,896
Other segment information:						
Capital expenditures	P215,994	P78,006	P15,021	P6,951	P-	P315,972
Unallocated capital expenditures						1,076,413
Total capital expenditures						P1,392,386
Depreciation and amortization	P1,053,740	P670,686	P22,533	P146,894	P-	P1,893,854
Unallocated depreciation and amortization						1,765,162
Total depreciation and amortization						P3,659,014
Provision for impairment, credit and other losses	P318,822	P3,450,344	P53,875	P45,071	P-	P3,868,111

* The adjustments and eliminations column mainly represent the RAP to PFRS Accounting Standards adjustments



2023						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	(₱717,463)	₱28,943,234	₱16,370,415	₱91,085	(₱94,428)	₱44,592,843
Inter-segment	28,959,163	(16,642,135)	(12,317,028)	-	-	-
Net interest margin after inter-segment transactions	28,241,700	12,301,099	4,053,387	91,085	(94,428)	44,592,843
Other income	5,053,691	6,180,122	1,433,814	1,580,429	(214,234)	14,033,822
Segment revenue	33,295,391	18,481,221	5,487,201	1,671,514	(308,662)	58,626,665
Other expenses	13,242,125	9,270,074	1,133,976	1,844,253	(308,662)	25,181,766
Segment result	₱20,053,266	₱9,211,147	₱4,353,225	(₱172,739)	₱-	33,444,899
Unallocated expenses						11,471,704
Income before income tax						21,973,195
Income tax						4,007,375
Net income						17,965,820
Non-controlling interests						(13,437)
Net income for the year attributable to equity holders of the Parent Company						₱17,979,257
Other segment information:						
Capital expenditures	₱348,679	₱147,739	₱5,350	₱141,085	₱-	₱642,853
Unallocated capital expenditures						375,975
Total capital expenditures						₱1,018,828
Depreciation and amortization	₱1,182,493	₱424,316	₱19,483	₱293,714	₱-	₱1,920,006
Unallocated depreciation and amortization						2,056,063
Total depreciation and amortization						₱3,976,069
Provision for impairment, credit and other losses	₱160,141	₱5,804,991	(₱69,600)	₱27,522	₱-	₱5,923,054

* The adjustments and eliminations column mainly represent the RAP to PFRS adjustments

2022						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	₱1,067,003	₱27,860,354	₱8,535,524	₱20,517	(₱155,828)	₱37,327,570
Inter-segment	20,436,564	(13,698,864)	(6,737,700)	-	-	-
Net interest margin after inter-segment transactions	21,503,567	14,161,490	1,797,824	20,517	(155,828)	37,327,570
Other income	5,008,794	8,159,543	(128,555)	3,629,778	(488,667)	16,180,893
Segment revenue	26,512,361	22,321,033	1,669,269	3,650,295	(644,495)	53,508,463
Other expenses	13,047,668	9,261,629	628,690	2,069,057	(644,495)	24,362,549
Segment result	₱13,464,693	₱13,059,404	₱1,040,579	₱1,581,238	₱-	29,145,914
Unallocated expenses						12,630,698
Income before income tax						16,515,216
Income tax						4,931,228
Net income						11,583,988
Non-controlling interests						51,670
Net income for the year attributable to equity holders of the Parent Company						₱11,532,318
Other segment information:						
Capital expenditures	₱166,520	₱26,621	₱19,998	₱9,628	₱-	₱222,767
Unallocated capital expenditures						1,205,888
Total capital expenditures						₱1,428,655
Depreciation and amortization	₱1,308,317	₱399,629	₱45,770	₱351,829	₱-	₱2,105,545
Unallocated depreciation and amortization						2,120,201
Total depreciation and amortization						₱4,225,746
Provision for (reversal of) impairment, credit and other losses	₱840,755	₱5,281,808	(₱8,104)	₱1,083,658	₱-	₱7,198,117

* The adjustments and eliminations column mainly represent the RAP to PFRS adjustments



As of December 31, 2024						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Segment assets	₱720,134,571	₱355,055,573	₱85,145,453	₱114,961,848	(₱17,686,592)	₱1,257,610,853
Segment liabilities	₱696,116,123	₱294,672,764	₱46,098,678	₱23,847,015	(₱19,752,668)	₱1,040,981,912

* The adjustments and eliminations column mainly represent the RAP to PFRS adjustments

As of December 31, 2023						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Segment assets	₱681,077,435	₱296,973,331	₱162,833,376	₱91,208,829	(₱21,543,571)	₱1,210,549,400
Segment liabilities	₱655,716,486	₱277,504,592	₱73,979,402	₱34,548,168	(₱22,347,902)	₱1,019,400,746

* The adjustments and eliminations column mainly represent the RAP to PFRS adjustments

6.2 Geographical Segments

Although the Group's businesses are managed on a worldwide basis, the Group operates in four principal geographical areas of the world. The distribution of assets, liabilities, credit commitments, capital expenditures, and revenues by geographic region of the Group follows:

	Non-current Assets*		Liabilities		Credit Commitments	
	2024	2023	2024	2023	2024	2023
Philippines	₱512,659,841	₱483,441,271	₱1,004,841,665	₱981,819,485	₱53,614,874	₱46,642,445
Asia (excluding Philippines)	14,987,916	15,782,479	32,134,134	31,573,388	-	-
USA and Canada	2,705,244	2,486,207	3,879,385	5,895,426	-	-
United Kingdom	645	328	126,728	112,447	-	-
	₱530,353,646	₱501,710,285	₱1,040,981,912	₱1,019,400,746	₱53,614,874	₱46,642,445

* Gross of allowance for impairment and credit losses (Note 16) and unearned and other deferred income (Note 10)

	Capital Expenditures			Revenues		
	2024	2023	2022	2024	2023	2022
Philippines	₱1,369,057	₱1,015,634	₱1,394,685	₱75,345,161	₱69,828,059	₱59,259,052
Asia (excluding Philippines)	818	2,173	33,178	2,956,452	2,639,017	1,221,488
USA and Canada	2,227	1,021	792	913,107	1,042,962	839,476
United Kingdom	6,570	-	-	126,124	118,313	105,279
	₱1,378,672	₱1,018,828	₱1,428,655	₱79,340,844	₱73,628,351	₱61,425,295

The Philippines is the home country of the Parent Company, which is also the main operating company. The Group offers a wide range of financial services as discussed in Note 1. Additionally, most of the remittance services are managed and conducted in Asia, Canada, USA and United Kingdom. The areas of operations include all the primary business segments.

7. Due from Bangko Sentral ng Pilipinas

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Demand deposit (Note 17)	₱44,628,316	₱78,372,794	₱44,628,316	₱78,372,794
Overnight deposit facility (ODF)	10,500,000	15,000,000	10,500,000	15,000,000
Term deposit facility (TDF)	-	2,037,556	-	2,037,556
	₱55,128,316	₱95,410,350	₱55,128,316	₱95,410,350



In 2024, 2023 and 2022, the combined interest income on ODF and TDF of the Group and the Parent Company amounted to ₱1.0 billion, ₱1.8 billion and ₱1.2 billion, respectively, with interest rates ranging from:

	2024	2023	2022
ODF	5.25% - 6.00%	5.00% - 6.00%	1.50% - 5.00%
TDF	6.00% - 6.65%	6.28% - 6.75%	1.66% - 6.43%

8. Interbank Loans Receivable and Securities Held Under Agreements to Resell

8.1 Interbank Loans Receivables

Interbank loans receivables of the Group and the Parent Company bear interest ranging from:

	2024	2023	2022
Peso-denominated	5.9% - 6.6%	5.5% - 6.4%	1.5% - 6.4%
Foreign currency-denominated	0.0% - 5.6%	0.9% - 6.1%	0.4% - 5.3%

The amount of the Group's and the Parent Company's interbank loans receivable considered as cash and cash equivalents follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Interbank loans receivable	₱22,793,332	₱35,642,485	₱21,287,758	₱33,445,364
Less: Allowance for credit losses (Note 16)	6,138	8,045	5,591	8,045
	22,787,194	35,634,440	21,282,167	33,437,319
Less: Interbank loans receivable not considered as cash and cash equivalents	2,925,553	4,678,674	1,734,903	3,502,399
	₱19,861,641	₱30,955,766	₱19,547,264	₱29,934,920

8.2 Securities Held Under Agreements to Resell

Securities held under agreements to resell bear interest ranging from 4.42% to 6.85% in 2024, from 4.20% to 7.00% in 2023, and from 2.00% to 5.50% in 2022. As of December 31, 2024 and 2023, allowance for credit losses on securities held under agreements to resell amounted to ₱46.2 million and ₱14.2 million, respectively (refer to Note 16.2).

The fair value of the treasury bills pledged under these agreements as of December 31, 2024 and 2023 amounted to ₱104.9 billion and ₱57.8 billion for the Group and the Parent Company (refer to Note 35).

8.3 Interest Income on Interbank Loans Receivable and Securities Held Under Agreements to Resell

In 2024, 2023 and 2022, interest income on interbank loans receivable and securities held under agreements to resell amounted to ₱4.6 billion, ₱3.4 billion, and ₱954.6 million, respectively, for the Group and ₱4.6 billion, ₱3.4 billion, and ₱896.7 million, respectively, for the Parent Company.



9. Trading and Investment Securities

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Financial assets at FVTPL	₱17,920,985	₱10,516,864	₱17,770,142	₱10,363,259
Financial assets at FVOCI	211,742,783	164,531,492	211,270,334	164,136,971
Investment securities at amortized cost	112,422,382	123,200,427	112,040,395	122,730,465
	₱342,086,150	₱298,248,783	₱341,080,871	₱297,230,695

9.1 Financial Assets at FVTPL

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Government securities	₱16,181,821	₱8,174,405	₱16,181,821	₱8,174,405
Private debt securities	649,191	1,590,489	502,026	1,444,641
Derivative assets (Notes 23 and 35)	1,087,107	749,199	1,086,295	744,213
Equity securities	2,866	2,771	–	–
	₱17,920,985	₱10,516,864	₱17,770,142	₱10,363,259

The nominal interest rates of debt securities at FVTPL of the Group and the Parent Company range from:

	2024	2023	2022
Government securities	0.6% - 8.6%	1.4% - 8.6%	1.4% - 8.0%
Private debt securities	4.9% - 6.9%	2.8% - 8.8%	4.9% - 6.9%

9.2 Financial Assets at FVOCI

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Government securities (Note 19)	₱167,824,773	₱124,372,410	₱167,529,568	₱124,081,774
Private debt securities (Note 19)	15,578,200	14,180,552	15,574,684	14,151,837
Equity securities				
Quoted	2,831,277	1,049,195	2,657,550	974,025
Unquoted (Note 33)	25,508,533	24,929,335	25,508,532	24,929,335
	₱211,742,783	₱164,531,492	₱211,270,334	₱164,136,971

Unquoted equity securities include the Parent Company's retained 49.00% interest in PNB Holdings Corporation (PNB Holdings) amounting to ₱25.1 billion and ₱24.6 billion as of December 31, 2024 and 2023, respectively (refer to Note 12.4). The fair value was determined using the adjusted net asset value method as discussed in Note 5. Further, the Parent Company applied 16.50% discount, being a non-listed company, by referring to a number of recent initial public offerings of comparative entities.



In April 2024, the Bank and PAL Holdings, Inc. completed a share swap transaction wherein the Bank exchanged the 19.86 million PAL shares held to 309.15 million PAL Holdings, Inc. shares. The share swap transaction resulted in the recycling of OCI to Surplus in the amount of ₱894.90 million and recognition of Other Equity Reserves amounting to ₱940.17 million. PAL Holdings, Inc. shares are recognized in the books as FVOCI amounting ₱1.53 billion as of December 31, 2024.

The effective interest rates of debt securities at FVOCI of the Group and the Parent Company range from:

	2024	2023	2022
Government securities	0.6% - 14.9%	0.2% - 19.1%	0.2% - 26.2%
Private debt securities	0.5% - 6.9%	0.5% - 6.4%	0.5% - 6.4%

As of December 31, 2024 and 2023, the fair value of FVOCI in the form of government bonds pledged to fulfill its collateral requirements with securities sold under repurchase agreement transactions amounted to ₱12.0 billion and ₱6.5 billion, respectively (refer to Note 19.1). The counterparties have an obligation to return the securities to the Parent Company once the obligations have been settled. In case of default, the counterparties have the right to hold the securities and sell them as settlement of the repurchase agreement.

The movements in ‘Net unrealized gains (losses) on financial assets at FVOCI’ of the Group and the Parent Company are as follows:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Balance at the beginning of the year	(₱1,722,653)	(₱5,959,275)	(₱1,722,653)	(₱5,959,275)
Changes in fair values:				
Debt securities	1,455,450	2,581,505	1,457,367	2,558,481
Equity securities	1,336,767	1,368,570	1,322,549	1,368,570
Share swap transaction	(894,900)	-	(894,900)	-
Share in net unrealized gains (losses) of subsidiaries and an associate (Note 12)	(49,895)	362,392	(35,694)	382,058
Provisions for (reversals of) credit losses (Note 16)	23,250	(75,912)	21,401	(72,676)
Sale of equity securities	(6,969)	-	(6,969)	-
Realized losses (gains) on sale of debt securities	51	(122)	-	-
	141,101	(1,722,842)	141,101	(1,722,842)
Income tax effect (Note 30)	1,033	189	1,033	189
	₱142,134	(₱1,722,653)	₱142,134	(₱1,722,653)

As of December 31, 2024 and 2023, the allowance for credit losses on debt securities at FVOCI (included in ‘Net unrealized losses on financial assets at FVOCI’) amounted to ₱68.1 million and ₱45.7 million, respectively, for the Group, and ₱68.1 million and ₱46.8 million, respectively, for the Parent Company (refer to Note 16.2). Movements in ECL on debt securities at FVOCI are mostly driven by movements in the corresponding gross figures.



9.3 Investment Securities at Amortized Cost

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Government securities (Notes 19 and 32)	₱96,817,380	₱104,533,382	₱96,435,393	₱104,063,420
Private debt securities	15,752,472	18,822,880	15,752,472	18,822,880
	112,569,852	123,356,262	112,187,865	122,886,300
Less allowance for credit losses (Note 16)	147,470	155,835	147,470	155,835
	₱112,422,382	₱123,200,427	₱112,040,395	₱122,730,465

The effective interest rates of investment securities at amortized cost of the Group and the Parent Company range from:

	2024	2023	2022
Government securities	0.8% - 7.5%	0.8% - 7.5%	0.8% - 7.5%
Private debt securities	1.0% - 8.3%	1.0% - 8.3%	0.8% - 8.3%

In 2024 and 2023, movements in allowance for expected credit losses on investment securities at amortized cost are mostly driven by newly originated assets which mostly remained in Stage 1.

As of December 31, 2024 and 2023, the fair value of investment securities at amortized cost in the form of government bonds pledged to fulfill its collateral requirements with securities sold under repurchase agreements transactions amounted to ₱2.4 billion and ₱5.5 billion, respectively, with corresponding carrying value of the same amount (refer to Note 19.1). As of December 31, 2024 and 2023, government securities with carrying values of ₱1.9 billion and ₱1.8 billion, respectively, are deposited with the BSP in compliance with trust regulations (refer to Note 32).

As of December 31, 2024 and 2023, the Group set aside government securities booked under 'Investment securities at amortized cost' with total carrying value of ₱363.4 million and ₱363.3 million, respectively, as liquidity cover for 50.0% of the outstanding balances of electronic money (e-money) products in compliance with BSP Circular 1166, *Amendments to the Regulations on Electronic Money and the Operations of Electronic Money Issuers in the Philippines*. This is on top of the fund held in trust to cover for the other 50.0% of the outstanding e-money balances (refer to Note 15).

9.4 Interest Income on Investment Securities at Amortized Cost and FVOCI

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Financial assets at FVOCI	₱10,407,888	₱5,509,001	₱4,442,846	₱10,375,649	₱5,468,097	₱4,432,605
Investment securities at amortized cost	6,369,819	7,099,169	3,712,076	6,357,707	7,092,433	3,710,487
	₱16,777,707	₱12,608,170	₱8,154,922	₱16,733,356	₱12,560,530	₱8,143,092



9.5 Trading and Investment Securities Gains (Losses) - net

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Financial assets at FVTPL						
Government securities	₱619,254	₱411,828	(₱146,580)	₱619,254	₱411,828	(₱146,580)
Private debt securities	29,295	(12,928)	(64,458)	27,979	(12,280)	(61,631)
Equity securities	95	(170)	(197)	-	(44)	-
Derivatives (Note 23)	(1,115)	609	-	(1,115)	609	-
Financial assets at FVOCI						
Private debt securities	51	122	(1,058,318)	-	-	(1,058,318)
Government securities	-	-	-	-	-	-
Investment securities at amortized cost	-	(5,358)	(11,230)	-	(5,358)	(11,230)
	₱647,580	₱394,103	(₱1,280,783)	₱646,118	₱394,755	(₱1,277,759)

Trading losses on investment securities at amortized cost pertain to investments which were redeemed by the respective issuers prior to their contractual maturity.

10. Loans and Receivables

10.1 Breakdown of Loans and Receivables

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Receivables from customers:				
Loans and discounts	₱627,885,539	₱607,065,797	₱614,772,869	₱593,955,389
Credit card receivables	18,063,885	15,232,845	18,063,885	15,232,845
Customers' liabilities on acceptances (Note 19)	6,126,005	9,533,137	6,012,626	9,533,137
Customers' liabilities on letters of credit and trust receipts	9,177,471	8,688,649	9,177,471	8,559,900
Bills purchased (Note 22)	3,829,665	1,949,627	3,265,010	1,560,465
Lease contracts receivable (Note 29)	-	8,399	-	-
	665,082,565	642,478,454	651,291,861	628,841,736
Other receivables:				
Accrued interest receivable	8,783,078	8,179,147	8,625,740	8,007,891
Accounts receivable	3,964,379	5,180,198	3,451,030	4,468,991
Sales contract receivables	1,589,298	3,760,162	1,565,601	3,722,879
Miscellaneous	454,556	366,090	441,651	347,797
	14,791,311	17,485,597	14,084,022	16,547,558
	679,873,876	659,964,051	665,375,883	645,389,294
Less: Unearned and other deferred income	845,862	681,399	828,479	663,303
Allowance for credit losses (Note 16)	42,208,389	42,571,906	42,155,234	42,567,228
	₱636,819,625	₱616,710,746	₱622,392,170	₱602,158,763

Included in 'Surplus reserves' is the amount of ₱4.2 billion and ₱3.9 billion as of December 31, 2024 and 2023, respectively, which pertains to the excess of 1.00% general loan loss provisions over the computed ECL for Stage 1 accounts as prescribed by BSP Circular 1011, *Guidelines on the Adoption of PFRS 9* (refer to Note 25.3).



Below is the reconciliation of loans and receivables as to classes:

	Consolidated								
	2024								
	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables	Total
Receivables from customers:									
Loans and discounts	₱581,108,848	₱1,728,247	₱-	₱5,337,167	₱26,744,123	₱6,225,467	₱6,741,687	₱-	₱627,885,539
Credit card receivables	-	-	18,063,885	-	-	-	-	-	18,063,885
Customers' liabilities on letters of credit and trust receipts	8,949,225	-	-	134,477	-	-	93,769	-	9,177,471
Customers' liabilities on acceptances (Note 19)	6,126,005	-	-	-	-	-	-	-	6,126,005
Bills purchased (Note 22)	1,694,021	-	-	19,290	-	-	2,116,354	-	3,829,665
	597,878,099	1,728,247	18,063,885	5,490,934	26,744,123	6,225,467	8,951,810	-	665,082,565
Other receivables:									
Accrued interest receivable	-	-	-	-	-	-	-	8,783,078	8,783,078
Accounts receivable	-	-	-	-	-	-	-	3,964,379	3,964,379
Sales contract receivables (Note 33)	-	-	-	-	-	-	-	1,589,298	1,589,298
Miscellaneous	-	-	-	-	-	-	-	454,556	454,556
	597,878,099	1,728,247	18,063,885	5,490,934	26,744,123	6,225,467	8,951,810	14,791,311	679,873,876
Less: Unearned and other deferred income	541,796	8,246	-	14,873	(362)	(95,094)	389,733	(13,330)	845,862
Allowance for credit losses (Note 16)	29,967,100	63,709	1,538,907	1,034,459	3,756,163	740,801	1,046,330	4,060,920	42,208,389
	₱567,369,203	₱1,656,292	₱16,524,978	₱4,441,602	₱22,988,322	₱5,579,760	₱7,515,747	₱10,743,721	₱636,819,625
	Consolidated								
	2023								
	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables	Total
Receivables from customers:									
Loans and discounts	₱553,835,945	₱2,275,508	₱-	₱5,313,357	₱28,300,937	₱6,501,496	₱10,838,554	₱-	₱607,065,797
Credit card receivables	-	-	15,232,845	-	-	-	-	-	15,232,845
Customers' liabilities on acceptances (Note 19)	9,533,137	-	-	-	-	-	-	-	9,533,137
Customers' liabilities on letters of credit and trust receipts	8,531,369	-	-	63,517	-	-	93,763	-	8,688,649
Bills purchased (Note 22)	551,939	-	-	2,503	-	-	1,395,185	-	1,949,627
Lease contracts receivable (Note 29)	-	-	-	8,399	-	-	-	-	8,399
	572,452,390	2,275,508	15,232,845	5,387,776	28,300,937	6,501,496	12,327,502	-	642,478,454
Other receivables:									
Accrued interest receivable	-	-	-	-	-	-	-	8,179,147	8,179,147
Accounts receivable	-	-	-	-	-	-	-	5,180,198	5,180,198
Sales contract receivables (Note 33)	-	-	-	-	-	-	-	3,760,162	3,760,162
Miscellaneous	-	-	-	-	-	-	-	366,090	366,090
	572,452,390	2,275,508	15,232,845	5,387,776	28,300,937	6,501,496	12,327,502	17,485,597	659,964,051
Less: Unearned and other deferred income	254,664	9,183	-	15,728	(354)	(1,287)	402,252	1,213	681,399
Allowance for credit losses (Note 16)	28,281,510	70,291	1,315,112	987,597	4,528,314	1,105,299	1,265,030	5,018,753	42,571,906
	₱543,916,216	₱2,196,034	₱13,917,733	₱4,384,451	₱23,772,977	₱5,397,484	₱10,660,220	₱12,465,631	₱616,710,746
	Parent Company								
	2024								
	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables	Total
Receivables from customers:									
Loans and discounts	₱568,979,597	₱1,728,247	₱-	₱5,337,167	₱25,959,737	₱6,225,467	₱6,542,654	₱-	₱614,772,869
Credit card receivables	-	-	18,063,885	-	-	-	-	-	18,063,885
Customers' liabilities on acceptances (Note 19)	6,012,626	-	-	-	-	-	-	-	6,012,626
Customers' liabilities on letters of credit and trust receipts	8,949,225	-	-	134,477	-	-	93,769	-	9,177,471
Bills purchased (Note 22)	1,129,366	-	-	19,290	-	-	2,116,354	-	3,265,010
	585,070,814	1,728,247	18,063,885	5,490,934	25,959,737	6,225,467	8,752,777	-	651,291,861
Other receivables:									
Accrued interest receivable	-	-	-	-	-	-	-	8,625,740	8,625,740
Accounts receivable	-	-	-	-	-	-	-	3,451,030	3,451,030
Sales contract receivables	-	-	-	-	-	-	-	1,565,601	1,565,601
Miscellaneous	-	-	-	-	-	-	-	441,651	441,651
	585,070,814	1,728,247	18,063,885	5,490,934	25,959,737	6,225,467	8,752,777	14,084,022	665,375,883
Less: Unearned and other deferred income	524,413	8,246	-	14,873	(362)	(95,094)	389,733	(13,330)	828,479
Allowance for credit losses (Note 16)	30,262,904	63,709	1,538,907	1,034,459	3,733,904	740,801	1,046,218	3,734,332	42,155,234
	₱554,283,497	₱1,656,292	₱16,524,978	₱4,441,602	₱22,226,195	₱5,579,760	₱7,316,826	₱10,363,020	₱622,392,170



	Parent Company								Total
	2023								
	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables	
Receivables from customers:									
Loans and discounts	P541,592,975	P2,275,508	P-	P5,310,846	P27,523,918	P6,501,496	P10,750,646	P-	P593,955,389
Credit card receivables	-	-	15,232,845	-	-	-	-	-	15,232,845
Customers' liabilities on acceptances (Note 19)	9,533,137	-	-	-	-	-	-	-	9,533,137
Customers' liabilities on letters of credit and trust receipts	8,402,620	-	-	63,517	-	-	93,763	-	8,559,900
Bills purchased (Note 22)	162,777	-	-	2,503	-	-	1,395,185	-	1,560,465
	559,691,509	2,275,508	15,232,845	5,376,866	27,523,918	6,501,496	12,239,594	-	628,841,736
Other receivables:									
Accrued interest receivable	-	-	-	-	-	-	-	8,007,891	8,007,891
Accounts receivable	-	-	-	-	-	-	-	4,468,991	4,468,991
Sales contract receivables	-	-	-	-	-	-	-	3,722,879	3,722,879
Miscellaneous	-	-	-	-	-	-	-	347,797	347,797
	559,691,509	2,275,508	15,232,845	5,376,866	27,523,918	6,501,496	12,239,594	16,547,558	645,389,294
Less: Unearned and other deferred income	237,284	9,183	-	15,019	(361)	(1,287)	402,252	1,213	663,303
Allowance for credit losses (Note 16)	28,573,298	70,291	1,315,112	982,766	4,510,487	1,105,299	1,265,020	4,744,955	42,567,228
	P530,880,927	P2,196,034	P13,917,733	P4,379,081	P23,013,792	P5,397,484	P10,572,322	P11,801,390	P602,158,763

10.2 Lease Contract Receivables

An analysis of the Group's lease contract receivables as of December 31, 2023 follows:

	2023
Minimum lease payments	
Due within one year	P7
Due beyond one year but not over five years	2,734
	2,741
Residual value of leased equipment	
Due within one year	5,658
Due beyond one year but not over five years	-
	5,658
Gross investment in lease contract receivables (Note 29)	P8,399

As of December 31, 2024, the Group's lease contract receivables are already reduced to nil as these were part of PMLFC and PMERC portfolio which are now in the process of winding down and liquidation (refer to Note 12.3).

10.3 Interest Income on Loans and Receivables

As of December 31, 2024 and 2023, 72.6% and 69.6%, respectively, of the total receivables from customers of the Group were subject to interest repricing. As of December 31, 2024 and 2023, 72.7% and 70.6%, respectively, of the total receivables from customers of the Parent Company were subject to interest repricing. Remaining receivables carry annual fixed interest rates ranging from 1.1% to 9.0% in 2024, 2023 and 2022 for foreign currency-denominated receivables, and from 1.1% to 31.5% in 2024, 2023 and 2022 for peso-denominated receivables.

Sales contract receivables bear fixed interest rates per annum ranging from 5.0% to 12.0% in 2024, 5.0% to 20.2% in 2023 and from 4.2% to 20.2% in 2022.



11. Property and Equipment

11.1 Details of Property and Equipment

The composition of and movements in property and equipment follow:

Consolidated 2024								
	Land	Building	Furniture, Fixtures and Equipment	Long-term Leasehold Land	Construction in-Progress	Leasehold Improvements	Right-of- Use Asset – Bank Premises (Note 33)	Total
Cost								
Balance at beginning of year	₱4,932,017	₱3,577,231	₱7,782,684	₱593,532	₱315,619	₱1,879,925	₱5,945,050	₱25,026,058
Additions	–	44,446	336,944	–	23,622	40,434	950,548	1,395,994
Disposals	(3,735)	(16,589)	(324,250)	–	–	(17)	–	(344,591)
Transfers/others	(14,779)	789	(150,776)	14,198	(20,999)	7,181	(790,224)	(954,610)
Balance at end of year	4,913,503	3,605,877	7,644,602	607,730	318,242	1,927,523	6,105,374	25,122,851
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	2,393,257	6,679,411	84,691	–	1,467,076	2,514,313	13,138,748
Depreciation and amortization	–	157,730	494,427	6,214	–	80,602	1,126,875	1,865,848
Disposals	–	(9,028)	(307,710)	–	–	(17)	–	(316,755)
Transfers/others	–	3,884	(121,800)	7,127	–	5,539	(780,058)	(885,308)
Balance at end of year	–	2,545,843	6,744,328	98,032	–	1,553,200	2,861,130	13,802,533
Allowance for Impairment Losses (Note 16)	539,725	585,054	–	–	–	–	–	1,124,779
Net Book Value at End of Year	₱4,373,778	₱474,980	₱900,274	₱509,698	₱318,242	₱374,323	₱3,244,244	₱10,195,539

Consolidated 2023								
	Land	Building	Furniture, Fixtures and Equipment	Long-term Leasehold Land	Construction in-Progress	Leasehold Improvements	Right-of- Use Asset – Bank Premises (Note 33)	Total
Cost								
Balance at beginning of year	₱5,141,182	₱3,687,368	₱8,401,453	₱596,131	₱318,387	₱1,910,242	₱5,827,262	₱25,882,025
Additions	–	30,186	347,062	–	–	42,611	1,425,032	1,844,891
Disposals	(133,753)	(134,384)	(943,887)	–	–	(12,296)	–	(1,224,320)
Transfers/others	(75,412)	(5,939)	(21,944)	(2,599)	(2,768)	(60,632)	(1,307,244)	(1,476,538)
Balance at end of year	4,932,017	3,577,231	7,782,684	593,532	315,619	1,879,925	5,945,050	25,026,058
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	2,253,174	6,031,338	79,837	–	1,899,884	2,475,358	12,739,591
Depreciation and amortization	–	179,089	759,545	6,039	–	108,134	1,311,843	2,364,650
Disposals	–	(38,760)	(590,285)	–	–	(12,296)	–	(641,341)
Transfers/others	–	(246)	478,814	(1,185)	–	(528,646)	(1,272,888)	(1,324,152)
Balance at end of year	–	2,393,257	6,679,411	84,691	–	1,467,076	2,514,313	13,138,748
Allowance for Impairment Losses (Note 16)	539,725	593,567	–	–	–	–	–	1,133,292
Net Book Value at End of Year	₱4,392,292	₱590,407	₱1,103,273	₱508,841	₱315,619	₱412,849	₱3,430,737	₱10,754,018

Parent Company 2024								
	Land	Building	Furniture, Fixtures and Equipment	Construction in-Progress	Leasehold Improvements	Right-of- Use Asset – Bank Premises (Note 33)	Total	
Cost								
Balance at beginning of year	₱4,932,018	₱3,500,371	₱6,724,154	₱315,619	₱1,781,197	₱6,252,240	₱23,505,599	
Additions	–	44,446	330,196	23,622	37,722	936,169	1,372,155	
Disposals	(3,735)	(16,589)	(279,942)	–	–	–	(300,266)	
Transfers/others	(14,780)	(1,254)	(10,027)	(20,999)	569	(785,053)	(831,544)	
Balance at end of year	4,913,503	3,526,974	6,764,381	318,242	1,819,488	6,403,356	23,745,944	
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	2,377,063	5,827,361	–	1,377,400	2,928,264	12,510,088	
Depreciation and amortization	–	156,526	475,784	–	77,348	1,079,792	1,789,450	
Disposals	–	(9,028)	(279,165)	–	–	–	(288,193)	
Transfers/others	–	2,738	(2,805)	–	1,421	(764,429)	(763,074)	
Balance at end of year	–	2,527,299	6,021,175	–	1,456,169	3,243,627	13,248,270	
Allowance for Impairment Losses (Note 16)	539,725	585,054	–	–	–	–	1,124,779	
Net Book Value at End of Year	₱4,373,778	₱414,621	₱743,206	₱318,242	₱363,319	₱3,159,729	₱9,372,895	



Parent Company							
2023							
	Land	Building	Furniture, Fixtures and Equipment	Construction in-Progress	Leasehold Improvements	Right-of-Use Asset – Bank Premises (Note 33)	Total
Cost							
Balance at beginning of year	₱5,141,182	₱3,610,134	₱6,533,522	₱318,387	₱1,801,393	₱6,262,643	₱23,667,261
Additions	–	30,186	335,769	–	41,690	1,292,130	1,699,775
Disposals	(133,753)	(134,384)	(121,735)	–	–	–	(389,872)
Transfers/others	(75,411)	(5,565)	(23,402)	(2,768)	(61,886)	(1,302,533)	(1,471,565)
Balance at end of year	4,932,018	3,500,371	6,724,154	315,619	1,781,197	6,252,240	23,505,599
Accumulated Depreciation and Amortization							
Balance at beginning of year	–	2,237,967	4,898,086	–	1,800,558	2,942,730	11,879,341
Depreciation and amortization	–	177,908	619,994	–	105,509	1,263,995	2,167,406
Disposals	–	(38,760)	(121,262)	–	–	–	(160,022)
Transfers/others	–	(52)	430,543	–	(528,667)	(1,278,461)	(1,376,637)
Balance at end of year	–	2,377,063	5,827,361	–	1,377,400	2,928,264	12,510,088
Allowance for Impairment Losses (Note 16)	539,725	593,567	–	–	–	–	1,133,292
Net Book Value at End of Year	₱4,392,293	₱529,741	₱896,793	₱315,619	₱403,797	₱3,323,976	₱9,862,219

The total recoverable value of certain property and equipment of the Group and the Parent Company for which impairment loss has been recognized amounted to ₱1.5 billion as of December 31, 2024 and 2023, the carrying value of which amounted to ₱2.5 billion as of December 31, 2024 and 2023.

Certain property and equipment of the Parent Company with carrying amount of ₱79.9 million and ₱90.0 million are temporarily idle as of December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, property and equipment of the Parent Company with gross carrying amount of ₱16.4 billion and ₱14.3 billion are fully depreciated but are still being used.

Gain on disposal of property and equipment in 2024, 2023 and 2022 amounted to ₱138.8 million, ₱712.5 million, and ₱34.9 million, respectively, for the Group and ₱135.2 million, ₱793.1 million and ₱32.0 million, respectively, for the Parent Company (refer to Note 26.2).

11.2 Depreciation and Amortization

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Depreciation						
Property and equipment (Note 33)	₱1,865,848	₱2,364,650	₱2,436,663	₱1,789,450	₱2,167,406	₱2,174,918
Investment properties (Note 13)	215,569	191,153	152,917	195,518	167,339	128,095
Chattel mortgage properties	417,005	296,105	242,260	417,145	285,610	235,884
Amortization of intangible assets (Note 14)						
	1,160,592	1,124,161	1,393,906	1,146,235	1,099,879	1,370,523
	₱3,659,014	₱3,976,069	₱4,225,746	₱3,548,348	₱3,720,234	₱3,909,420



12. Investments in Subsidiaries and an Associate

The consolidated financial statements of the Group include:

Industry	Principal Place of Business/Country of Incorporation	Functional Currency	Percentage of Ownership	
			Direct	Indirect
Subsidiaries				
Allied Integrated Holdings, Inc. (AIHI) ^(a)	Holding Company	Philippines	100.00	–
PNB Capital and Investment Corporation (PNB Capital)	Investment	- do -	100.00	–
PNB Securities, Inc. (PNB Securities)	Securities Brokerage	- do -	100.00	–
PNB Corporation – Guam ^(b)	Remittance	USA	100.00	–
PNB International Investments Corporation (PNB IIC)	Investment	- do -	100.00	–
PNB Remittance Centers, Inc. (PNB RCI) ^(c)	Remittance	- do -	–	100.00
PNB RCI Holding Co. Ltd. (PNB RHCL) ^(d)	Holding Company	- do -	–	100.00
PNB Remittance Co. (Canada) ^(e)	Remittance	Canada	–	100.00
PNB Europe PLC (PNB Europe)	Banking	United Kingdom	100.00	–
Allied Commercial Bank (ACB)	Banking	China	99.04	–
PNB-Mizuho Leasing and Finance Corporation (PMLFC) ^(f)	Leasing/Financing	Philippines	75.00	–
PNB-Mizuho Equipment Rentals Corporation (PMERC) ^(g)	Rental	- do -	–	75.00
PNB Global Remittance & Financial Co. (HK) Ltd. (PNB GRF)	Remittance	Hong Kong	100.00	–
Allied Banking Corporation (Hong Kong) Limited (ABCHKL)	Banking	- do -	51.00	–
ACR Nominees Limited ^(h)	Service	- do -	–	51.00
Oceanic Holding (BVI) Ltd. (OHBVI) ⁽ⁱ⁾	Holding Company	British Virgin Islands	27.78	–
Associate				
Allianz-PNB Life Insurance, Inc. (APLII)	Insurance	Philippines	44.00	–

^(a) In the process of winding down and liquidation after shortening of corporate life until December 31, 2022

^(b) Ceased operations on June 30, 2012 and license status became dormant thereafter

^(c) Owned through PNB IIC

^(d) Owned through PNB RCI

^(e) Owned through PNB RHCL

^(f) In the process of winding down and liquidation after shortening of corporate life until March 31, 2024

^(g) Owned through PMLFC; In the process of winding down and liquidation after shortening of corporate life until December 31, 2024

^(h) Owned through ABCHKL

⁽ⁱ⁾ Controlled through the Parent Company's combined voting rights of 70.56% which arises from its direct ownership of 27.78%, and voting rights of 42.78% assigned by certain stockholders of OHBVI to the Parent Company through a voting trust agreement

The details of this account follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Investment in Subsidiaries				
ACB	₱–	₱–	₱6,087,520	₱6,087,520
AIHI	–	–	3,435,041	3,435,041
PNB IIC	–	–	2,028,202	2,028,202
PNB Europe PLC	–	–	1,327,393	1,327,393
ABCHKL	–	–	947,586	947,586
PNB Capital	–	–	850,000	850,000
PNB GRF	–	–	753,061	753,061
PMLFC	–	–	481,943	481,943
OHBVI	–	–	291,841	291,841
PNB Securities	–	–	62,351	62,351
PNB Corporation – Guam	–	–	7,672	7,672
	–	–	16,272,610	16,272,610
Investment in an Associate – APLII	3,242,589	3,365,089	3,242,589	3,365,089
Accumulated equity in net earnings (losses) of subsidiaries and an associate:				
Balance at beginning of year	426,972	158,879	(170,449)	(281,942)
Equity in net earnings (losses) for the year	419,505	268,093	831,256	560,393
Cash dividends declared by a subsidiary	–	–	–	(448,900)
	846,477	426,972	660,807	(170,449)
Accumulated share in:				
Aggregate reserves on life insurance policies	21,209	24,246	21,209	24,246
Net unrealized losses on financial assets at FVOCI (Note 9)	(666,910)	(617,015)	(622,589)	(586,895)
Accumulated translation adjustments	–	–	1,968,140	1,565,092
Remeasurement gains (losses) on retirement plan	3,248	(168)	87,439	97,377
	(642,453)	(592,937)	1,454,199	1,099,820
	₱3,446,613	₱3,199,124	₱21,630,204	₱20,567,070



The Parent Company underwent a quasi-reorganization which was approved by the SEC on November 7, 2002. As of December 31, 2024 and 2023, the acquisition cost of the investments in the Parent Company's separate financial statements includes the balance of ₱2.1 billion consisting of the translation adjustment and accumulated equity in net earnings of investee companies, net of dividends subsequently received from the quasi-reorganization date, that were offset against capital deficit on restructuring date and are not available for dividend declaration.

12.1 Investment in AIHI

On February 10, 2022, the SEC approved the decrease of AIHI's authorized capital stock from ₱15.0 billion divided into 149,975,000 common shares with par value of ₱100 each and the 25,000 preferred shares with par value of ₱100 each to ₱3.0 billion divided into 30,000,000 common shares with par value of ₱100 each. Consequently, on February 18, 2022, out of the ₱10.5 billion subscribed and paid-up capital of the Parent Company in AIHI, the latter returned ₱7.5 billion to the Parent Company.

AIHI's corporate term ended on December 31, 2022 but, as provided by law, it will continue to exist as a body corporate for another three years to generally wind up its affairs, including the disposal of its properties and distribution of its assets.

12.2 Investment in PNB Capital

On October 27, 2023 and December 16, 2022, the BOD of PNB Capital approved the declaration of cash dividends amounting to ₱448.9 million and ₱792.0 million, respectively, which were subsequently paid to the Parent Company on December 27, 2023 and December 22, 2022, respectively.

12.3 Investment in PMLFC

On June 24, 2022, the BOD of the Parent Company approved the amendment to the Articles of Incorporation of PMLFC, shortening its corporate term to March 31, 2024. On December 23, 2022 the SEC approved the above amendment. The Parent Company and its joint venture partner, Mizuho Leasing Co. Ltd., mutually agreed to wind up the operations of PMLFC due to the impact of the COVID-19 pandemic to the operations of the joint venture company and the domestic leasing industry. On the other hand, on November 22, 2023, the SEC approved the amendment to the Articles of Incorporation of PMERC, the wholly-owned subsidiary of PMLFC, to shorten its corporate term to December 31, 2024. To date, the winding-up process for both PMLFC and PMERC is ongoing.

In 2023 and 2022, PMLFC transferred to the Parent Company certain receivables via direct purchase or assignment. The Parent Company also accepted in 2023 certain properties of PMLFC and PMERC as partial settlement of their outstanding loans with the Parent Company. The remaining loans were eventually written off as of December 31, 2023 (refer to Note 33.1).

As of December 31, 2024 and 2023, the carrying value of the Parent Company's equity investment in PMLFC is already reduced to nil. However, by virtue of the Parent Company's commitment to provide further funding in PMLFC, the Parent Company recognized additional losses amounting to ₱18.6 million and ₱144.2 million in 2024 and 2023, respectively, representing its share in the accumulated net losses of PMLFC.



12.4 Investment in PNB Holdings

As of December 31, 2020, PNB owns all of the 2,551,000 shares issued by PNB Holdings, with par value of ₱100 per share. On January 13, 2021, the SEC approved the increase in the authorized capital stock of PNB Holdings from ₱500.0 million divided into 5,000,000 shares with par value of ₱100 per share, to ₱50.5 billion divided into 505,000,000 shares with the same par value. On the same date, the Parent Company proceeded with the subscription of additional 466,770,000 shares of PNB Holdings shares in exchange for certain real estate properties with fair values of ₱46.7 billion.

On April 23, 2021, the Parent Company's BOD approved the property dividend declaration of up to 239,353,710 common shares of PNB Holdings, representing 51.00% ownership, with a par value of ₱100 per share, to all stockholders of record as of May 18, 2021, or ₱23.9 billion.

On December 24, 2021, the SEC approved the property dividend declaration. On the same date, the Parent Company assessed that it has lost control over PNB Holdings, and accordingly classified its retained interest of 49.00% in PNB Holdings as financial asset at FVOCI with no recycling to profit or loss, in accordance with PFRS 9. Such investment was remeasured from its carrying amount of ₱6.6 billion to its fair value as of December 24, 2021 of ₱23.0 billion, resulting in a gain on remeasurement of ₱16.5 billion and ₱16.4 billion in the 2021 consolidated and parent company financial statements, respectively (refer to Note 33).

Further, the Group and the Parent Company recognized gain on loss of control over PNB Holdings of ₱17.0 billion and ₱17.1 billion in the 2021 consolidated and parent company financial statements, respectively. On December 21, 2021, the Parent Company was able to secure ruling from the Bureau of Internal Revenue (BIR) that the transfer of properties to PNB Holdings is not subject to tax, except for documentary stamps tax (DST). Further, on March 10, 2022, the Parent Company was able to secure another ruling from the BIR that the property dividends distribution is exempt from tax, except for DST.

The Parent Company was able to demonstrate loss of control over PNB Holdings because of the following:

- Declaration of 51.00% ownership in PNB Holdings as property dividends;
- Execution of proxy in favor of LTG for the remaining 49.00% held by the Group;
- Appointment of key management personnel by the BOD of PNB Holdings, resulting in the Group having no officers and staff participating in the day-to-day operations of PNB Holdings; and
- Approval of the SEC of the property dividend declaration and distribution to all stockholders as of May 18, 2021.

The foregoing corporate actions were taken by PNB and LTG to allow PNB to focus on its core banking business. These demonstrate that the Group no longer exercises control over PNB Holdings as certain elements of control under PFRS 10, *Consolidated Financial Statements*, are no longer demonstrated.

Further, the Group no longer has a significant influence over PNB Holdings by virtue of the execution of a proxy in favor of LTG to vote all shares registered in the name of PNB on any and all matters in the Annual Stockholders' Meeting of PNB Holdings and the fact that LTG controls both PNB and PNB Holdings.



12.5 Investment in PNB General Insurers Co., Inc. (PNB Gen)

On December 29, 2020, the Parent Company and PNB Holdings entered into a Sale and Purchase Agreement (SPA) for the sale of all their respective shareholdings in PNB Gen to Alliedbankers Insurance Corporation (ABIC), an affiliate, for a total purchase price of ₱1.5 billion, which was paid as follows:

- PNB Holdings Purchase Price (₱521.8 million) – fully paid on December 28, 2020; and
- PNB Purchase Price (₱1.0 billion) – paid in four tranches until April 30, 2021, earning interest at 6.00% per annum.

The SPA also provides for a grant of an exclusive bancassurance arrangement with ABIC with a minimum guaranteed term of 15 years for an additional consideration of ₱50.0 million to the Parent Company, on top of the total purchase price.

On December 29, 2020, the Insurance Commission approved the above transaction. As of December 31, 2020, only the sale of PNB Holdings of its shares in PNB Gen met all the closing conditions for the sale. Accordingly, PNB Holdings closed and completed the sale of its 34.25% shareholdings in PNB Gen, with the excess of the purchase price over the carrying value of the proportionate interest of ₱344.7 million treated as an equity transaction in the consolidated financial statements of the Group as ‘Other equity reserves’.

In 2021, the Parent Company completed the sale of its shares in PNB Gen, recognizing loss on sale amounting to ₱149.5 million and ₱134.9 million for the Group and the Parent Company, respectively, which was recorded under ‘Gain on loss of control of subsidiaries - net’. Also in 2021, the Parent Company received interest income of ₱14.1 million from ABIC for this transaction.

12.6 Material Non-Controlling Interests

Proportion of equity interest held by material NCI follows:

	Principal Activities	Equity interest of NCI		Accumulated balances of material NCI		Profit allocated to material NCI	
		2024	2023	2024	2023	2024	2023
ABCHKL	Banking	49.00%	49.00%	₱2,430,334	₱2,230,261	₱98,054	₱71,784
OHBVI	Holding Company	72.22%	72.22%	1,165,390	1,095,965	19,968	24,332

The following table presents financial information of ABCHKL (unaudited) as of December 31, 2024 and 2023:

	2024	2023
Statement of Financial Position		
Current assets	₱11,075,821	₱10,285,643
Non-current assets	1,718,803	2,043,382
Current liabilities	7,232,400	7,177,792
Non-current liabilities	670,967	668,288
Statement of Comprehensive Income		
Revenues	₱546,924	₱477,646
Expenses	346,815	331,148
Net income	200,109	146,498
Total comprehensive income	414,956	110,472

(Forward)



	2024	2023
Statement of Cash Flows		
Net cash provided used in operating activities	(₱87,328)	(₱804,162)
Net cash provided by investing activities	35,753	35,392

The following table presents financial information of OHBVI (unaudited) as of December 31, 2024 and 2023:

	2024	2023
Statement of Financial Position		
Current assets	₱1,613,622	₱1,517,493
Statement of Comprehensive Income		
Revenues/Net income/Total comprehensive income	₱27,649	₱33,692
Statement of Cash Flows		
Net cash provided by operating activities	₱96,129	₱23,442

12.7 Investment in APLII

On June 6, 2016, the Parent Company entered into agreements with Allianz SE (Allianz), a German company engaged in insurance and asset management, for the sale of the 51.00% interest in PNB Life Insurance, Inc. (PNB Life) for a total consideration of USD66.0 million to form a new joint venture company named “Allianz-PNB Life Insurance, Inc.”; and a 15-year exclusive distribution access to the branch network of the Parent Company (Exclusive Distribution Rights or EDR).

The purchase consideration of USD66.0 million was allocated between the sale of the 51.00% interest in PNB Life and the EDR amounting to USD44.9 million (₱2.1 billion) and USD21.1 million (₱1.0 billion), respectively. The consideration allocated to the EDR was recognized as ‘Deferred revenue - Bancassurance’ (Note 22) and is amortized to income over 15 years from date of sale. The Parent Company also receives variable annual and fixed bonus earn-out payments based on milestones achieved over the 15-year term of the distribution agreement.

After receiving approvals from the BSP on December 6, 2022 and June 14, 2021, the Parent Company recorded additional investments in APLII amounting to ₱392.0 million and ₱245.0 million, respectively. On June 27, 2024, the Parent Company recorded return of investment amounting to ₱122.5 million.

Summarized financial information of APLII (unaudited) as of December 31, 2024 and 2023 follows:

	2024	2023
Current assets	₱3,045,524	₱2,181,489
Noncurrent assets	135,662,332	113,166,291
Total assets	138,707,856	115,347,780
Current liabilities	2,136,824	1,404,749
Noncurrent liabilities	132,365,045	110,327,928
Total liabilities	134,501,869	111,732,677
Net assets	4,205,987	3,615,103
Percentage of ownership of the Group	44%	44%
Share in the net assets of the associate	₱1,850,634	₱1,590,645



The difference between the share in the net assets of APLII and the carrying value of the investments represents premium on acquisition/retained interest.

Summarized statement of comprehensive income of APLII (unaudited) in 2024 and 2023 follows:

	2024	2023
Revenues	₱7,900,955	₱6,867,294
Costs and expenses	6,919,372	6,257,991
Net income (loss)	981,583	609,303
Other comprehensive loss	(470,126)	(357,591)
Total comprehensive income (loss)	₱511,457	₱251,712
Group's share in comprehensive income (loss)	₱225,041	₱110,753

12.8 Significant Restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the regulatory supervisory frameworks within which insurance and banking subsidiaries operate.

13. Investment Properties

This account consists of real properties as follows:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Foreclosed or acquired in settlement of loans	₱15,784,863	₱14,399,995	₱15,365,513	₱13,932,044
Held for lease	179,404	179,563	179,404	179,563
Total	₱15,964,267	₱14,579,558	₱15,544,917	₱14,111,607

The composition of and movements in this account follow:

	Consolidated		
	2024		
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱14,262,534	₱4,465,437	₱18,727,971
Additions	998,131	1,270,489	2,268,620
Disposals	(288,870)	(107,707)	(396,577)
Transfers/others	3,989	(41,807)	(37,818)
Balance at end of year	14,975,784	5,586,412	20,562,196
Accumulated Depreciation			
Balance at beginning of year	-	1,829,513	1,829,513
Depreciation (Note 11)	-	215,569	215,569
Disposals	-	(65,592)	(65,592)
Transfers/others	-	(1,658)	(1,658)
Balance at end of year	-	1,977,832	1,977,832
Allowance for Impairment Losses (Note 16)	2,318,836	301,261	2,620,097
Net Book Value at End of Year	₱12,656,948	₱3,307,319	₱15,964,267



	Consolidated		
	2023		
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱14,471,137	₱3,337,560	₱17,808,697
Additions	1,475,118	1,498,014	2,973,132
Disposals	(1,689,521)	(336,100)	(2,025,621)
Transfers/others	5,800	(34,037)	(28,237)
Balance at end of year	14,262,534	4,465,437	18,727,971
Accumulated Depreciation			
Balance at beginning of year	–	1,838,042	1,838,042
Depreciation (Note 11)	–	191,153	191,153
Disposals	–	(199,165)	(199,165)
Transfers/others	–	(517)	(517)
Balance at end of year	–	1,829,513	1,829,513
Allowance for Impairment Losses (Note 16)	1,902,739	416,161	2,318,900
Net Book Value at End of Year	₱12,359,795	₱2,219,763	₱14,579,558

	Parent Company		
	2024		
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱13,709,658	₱4,352,211	₱18,061,869
Additions	998,131	1,270,489	2,268,620
Disposals	(288,870)	(96,711)	(385,581)
Transfers/others	(11,243)	(3,922)	(15,165)
Balance at end of year	14,407,676	5,522,067	19,929,743
Accumulated Depreciation			
Balance at beginning of year	–	1,656,063	1,656,063
Depreciation (Note 11)	–	195,518	195,518
Disposals	–	(60,305)	(60,305)
Transfers/others	–	(1,845)	(1,845)
Balance at end of year	–	1,789,431	1,789,431
Allowance for Impairment Losses (Note 16)	2,318,124	277,271	2,595,395
Net Book Value at End of Year	₱12,089,552	₱3,455,365	₱15,544,917

	Parent Company		
	2023		
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱13,915,473	₱3,188,687	₱17,104,160
Additions	1,475,118	1,498,014	2,973,132
Disposals	(1,689,521)	(336,100)	(2,025,621)
Transfers/others	8,588	1,610	10,198
Balance at end of year	13,709,658	4,352,211	18,061,869
Accumulated Depreciation			
Balance at beginning of year	–	1,688,372	1,688,372
Depreciation (Note 11)	–	167,339	167,339
Disposals	–	(199,165)	(199,165)
Transfers/others	–	(483)	(483)
Balance at end of year	–	1,656,063	1,656,063
Allowance for Impairment Losses (Note 16)	1,902,027	392,172	2,294,199
Net Book Value at End of Year	₱11,807,631	₱2,303,976	₱14,111,607

Foreclosed properties of the Parent Company still subject to redemption period by the borrowers amounted to ₱2.2 billion and ₱581.7 million, as of December 31, 2024 and 2023, respectively.



The total recoverable value of investment properties of the Group and the Parent Company that were impaired amounted to ₱13.4 billion and ₱9.6 billion as of December 31, 2024 and 2023, respectively. Valuations were derived on the basis of recent sales of similar properties in the same area as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made.

For the Group and the Parent Company, direct operating expenses on investment properties that generated rental income during the year (other than depreciation and amortization), included under 'Litigation and assets acquired expenses', amounted to ₱16.8 million, ₱33.0 million and ₱29.2 million in 2024, 2023, and 2022, respectively. Direct operating expenses on investment properties that did not generate rental income included under 'Litigation and assets acquired expenses', amounted to ₱231.7 million, ₱397.6 million and ₱208.3 million in 2024, 2023, and 2022, respectively (refer to Note 27.2).

14. Goodwill and Intangible Assets

These accounts consist of:

	Consolidated				Parent Company			
	2024		2023		2024		2023	
	Software Cost	Goodwill	Software Cost	Goodwill	Software Cost	Goodwill	Software Cost	Goodwill
Cost								
Balance at beginning of year	₱6,039,747	₱10,184,843	₱5,480,963	₱11,221,410	₱6,983,715	₱10,325,201	₱6,423,046	₱11,361,768
Additions	946,940	–	598,969	–	943,546	–	597,165	–
Impairment in value	–	–	–	(1,036,567)	–	–	–	(1,036,567)
Others	(26,534)	–	(40,185)	–	(31,743)	–	(36,496)	–
	6,960,153	10,184,843	6,039,747	10,184,843	7,895,518	10,325,201	6,983,715	10,325,201
Accumulated amortization								
Balance at beginning of year	4,738,021	–	3,637,073	–	5,768,825	–	4,689,462	–
Amortization (Note 11)	1,160,592	–	1,104,129	–	1,146,235	–	1,079,847	–
Others	(23,415)	–	(3,181)	–	(27,002)	–	(484)	–
	5,875,198	–	4,738,021	–	6,888,058	–	5,768,825	–
Net Book Value at End of Year	₱1,084,955	₱10,184,843	₱1,301,726	₱10,184,843	₱1,007,460	₱10,325,201	₱1,214,890	₱10,325,201

14.1 Software Cost

Software cost as of December 31, 2024 and 2023 includes capitalized development costs amounting to ₱2.0 billion, related to the Parent Company's core banking system.

14.2 Goodwill

The Parent Company accounted for the business combination with ABC under the acquisition method of PFRS 3. The Group has elected to measure the NCI in the acquiree at proportionate share of identifiable assets and liabilities. The business combination resulted in the recognition of goodwill amounting to ₱13.4 billion, allocated to the three CGUs which are also reportable segments.

Goodwill is reviewed for impairment annually in the fourth quarter of the reporting period, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The impairment test is done by comparing the recoverable amount of each CGU with its carrying amount. The carrying amount of a CGU is derived based on its net assets plus the amount of goodwill allocated to the CGU. The recoverable amount is the higher of a CGU's fair value less costs to sell and its VIU.



In 2023 and 2021, the goodwill impairment test performed by the Parent Company resulted in an impairment in value of ₱1.0 billion in the Treasury CGU and ₱2.2 billion in the Corporate Banking CGU, respectively, with the recoverable amounts being lower than their carrying amounts.

As of December 31, 2024 and 2023, goodwill for each CGU amounted to:

	Gross carrying amount	Accumulated impairment in value	Net carrying amount
Retail Banking	₱6,110,312	₱–	₱6,110,312
Corporate Banking	4,190,365	2,153,997	2,036,368
Treasury	3,074,730	1,036,567	2,038,163
	₱13,375,407	₱3,190,564	₱10,184,843

As of December 31, 2024 and 2023, management believes that the carrying value of the goodwill will not materially exceed its recoverable value after consideration of all reasonably possible changes in the key assumptions discussed below.

The recoverable amounts of the CGUs have been determined on the basis of the VIU calculation using the discounted cash flows (DCF) model. The DCF model uses earnings projections based on financial budgets approved by senior management and the BOD of the Parent Company covering a three-year period and are discounted to their present value. Estimating future earning involves judgment which takes into account past and actual performance and expected developments in the respective markets and in the overall macro-economic environment.

The following rates were applied to the cash flow projections:

	2024			2023		
	Retail Banking	Corporate Banking	Treasury	Retail Banking	Corporate Banking	Treasury
Pre-tax discount rate	11.43%	11.43%	11.43%	11.92%	11.92%	10.06%
Projected growth rate	5.73%	5.73%	5.73%	5.30%	5.30%	5.30%

The calculation of VIU is most sensitive to estimates of future cash flows from the business, interest margin, discount rates, projected long-term growth rates (derived based on the forecast local gross domestic product) used to extrapolate cash flows beyond the budget period.

The discount rate applied has been determined based on cost of equity for the Retail, Corporate Banking and Treasury CGUs. The cost of equity is derived using the capital asset pricing model which is comprised of a market risk premium, risk-free interest rate and the beta factor, all of which were obtained from external sources of information.

15. Other Assets

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Financial				
Fund for electronic money products	₱400,000	₱350,000	₱400,000	₱350,000
Returned checks and other cash items	25,003	28,298	25,003	28,298
Security deposits (Note 33)	19,662	18,279	–	–
Miscellaneous	2,808	5,680	2,147	5,049
	447,473	402,257	427,150	383,347

(Forward)



	Consolidated		Parent Company	
	2024	2023	2024	2023
Nonfinancial				
Deferred charges (Note 33)	₱3,969,199	₱2,065,324	₱3,965,120	₱2,060,909
Creditable withholding taxes	1,467,670	1,309,256	1,253,129	1,098,777
Real estate inventories held under development (Note 33)	521,114	519,448	521,114	519,448
Prepaid expenses	474,397	362,254	391,743	305,023
Documentary stamps on hand	406,790	471,092	406,703	470,537
Retirement asset (Note 28)	302,797	17,283	302,797	—
Stationeries and supplies	81,937	99,536	81,767	99,283
Chattel mortgage properties - net of depreciation	75,432	304,817	75,432	304,817
Other investments	26,842	26,335	22,970	22,609
Miscellaneous	1,427,061	912,319	1,135,727	523,505
	8,753,239	6,087,664	8,156,502	5,404,908
	9,200,712	6,489,921	8,583,652	5,788,255
Less allowance for credit and impairment losses (Note 16)	1,050,083	1,035,620	1,050,033	1,035,570
	₱8,150,629	₱5,454,301	₱7,533,619	₱4,752,685

‘Fund for electronic money products’ represents the fund set up held in trust by the Parent Company’s Trust Banking Group (TBG) for the specific purpose of liquidation of balances of e-money products of the Group in compliance with BSP Circular 1166. Such amount held in the trust account shall not fall below the required minimum balance of at least 50.0% of the outstanding e-money balances. The remaining 50.0% are covered by government securities booked under ‘Investment securities at amortized cost’ amounting to ₱364.0 million and ₱364.3 million as of December 31, 2024 and 2023, respectively (refer to Note 9.3).

‘Deferred charges’ include the share of the Group in the cost of transportation equipment acquired under the Group’s car plan, rental payment made on bank premises, and expense prepayments expected to benefit the Bank for a future period exceeding one (1) year which are amortized monthly over five years.

‘Real estate inventories held under development’ represent parcels of land contributed by the Parent Company under joint arrangements with real estate developers to be developed as residential condominium units and subdivision lots.

‘Chattel mortgage properties’ pertain to motor vehicles, equipment and assets other than real estate properties, which were acquired by the Group in settlement of loans. As of December 31, 2024 and 2023, accumulated depreciation on the chattel mortgage properties amounted to ₱511.5 million and ₱337.6 million, respectively, for the Group and ₱511.5 million and ₱337.6 million, respectively, for the Parent Company. As of December 31, 2024 and 2023, the total recoverable value of certain chattel mortgage properties of the Group and the Parent Company that were impaired is at ₱396.5 million and ₱264.3 million, respectively.

‘Miscellaneous financial assets’ include revolving fund, petty cash fund and miscellaneous cash and other cash items. ‘Miscellaneous nonfinancial assets’ include postages, refundable deposits, notes taken for interest and sundry debits.



16. Impairment, Credit and Other Losses

16.1 Provision for Impairment, Credit and Other Losses

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Provision for credit losses	₱3,772,753	₱5,613,112	₱7,159,781	₱3,725,453	₱5,390,322	₱7,171,812
Provision for impairment and other losses	95,358	309,942	38,336	56,803	309,942	133,841
	₱3,868,111	₱5,923,054	₱7,198,117	₱3,782,256	₱5,700,264	₱7,305,653

16.2 Allowance for Impairment and Credit Losses

Changes in the allowance for credit losses on financial assets follow:

	Consolidated					
	2024					
	Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Total
Balance at beginning of year	₱14,152	₱9,898	₱8,045	₱45,673	₱155,835	₱233,603
Provisions (reversals)	32,088	(5,154)	(1,907)	23,250	(8,365)	39,912
Balance at end of year	₱46,240	₱4,744	₱6,138	₱68,923	₱147,470	₱273,515

	Consolidated					
	2023					
	Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Total
Balance at beginning of year	₱2,188	₱9,898	₱1,369	₱121,585	₱3,847,850	₱3,982,890
Provisions (reversals)	11,964	–	6,676	(75,912)	(15,770)	(73,042)
Accounts charged-off	–	–	–	–	(3,676,245)	(3,676,245)
Balance at end of year	₱14,152	₱9,898	₱8,045	₱45,673	₱155,835	₱233,603

	Parent Company					
	2024					
	Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Total
Balance at beginning of year	₱14,152	₱9,873	₱8,045	₱46,776	₱155,835	₱234,681
Provisions (reversals)	32,088	(5,099)	-2,454	21,401	(8,365)	37,571
Balance at end of year	₱46,240	₱4,774	₱5,591	₱68,177	₱147,470	₱272,252

	Parent Company					
	2023					
	Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Total
Balance at beginning of year	₱2,188	₱9,873	₱1,369	₱119,452	₱3,847,850	₱3,980,732
Provisions (reversals)	11,964	–	6,676	(72,676)	(15,770)	(69,806)
Accounts charged-off	–	–	–	–	(3,676,245)	(3,676,245)
Balance at end of year	₱14,152	₱9,873	₱8,045	₱46,776	₱155,835	₱234,681

Movements in the allowance for impairment and other losses on non-financial assets follow:



	Consolidated				2023			
	2024				2023			
	Property and Equipment	Investment Properties	Other Assets	Total	Property and Equipment	Investment Properties	Other Assets	Total
Balance at beginning of year	₱1,133,292	₱2,318,900	₱1,035,620	₱4,487,812	₱1,168,887	₱2,175,669	₱1,041,840	₱4,386,396
Provisions (reversals)		199,452	(104,093)	95,359	(38)	166,099	143,881	309,942
Disposals	(8,513)	(17,078)	(26,745)	(52,336)	(35,557)	(27,151)	(248)	(62,956)
Transfers and others	-	118,823	145,301	264,124	-	4,283	(149,853)	(145,570)
Balance at end of year	₱1,124,779	₱2,620,097	₱1,050,083	₱4,794,959	₱1,133,292	₱2,318,900	₱1,035,620	₱4,487,812

	Parent Company				2023			
	2024				2023			
	Property and Equipment	Investment Properties	Other Assets	Total	Property and Equipment	Investment Properties	Other Assets	Total
Balance at beginning of year	₱1,133,292	₱2,294,199	₱1,035,570	₱4,463,061	₱1,168,887	₱2,150,968	₱1,025,047	₱4,344,902
Provisions (reversals)	-	162,755	(105,952)	56,803	(38)	166,099	143,881	309,942
Disposals	(8,513)	(17,078)	(26,745)	(52,336)	(35,557)	(27,151)	(248)	(62,956)
Transfers and others	-	155,520	147,160	302,680	-	4,283	(133,110)	(128,827)
Balance at end of year	₱1,124,779	₱2,595,396	₱1,050,033	₱4,770,208	₱1,133,292	₱2,294,199	₱1,035,570	₱4,463,061

The reconciliation of allowance for loans and receivables are shown below:

	Consolidated				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	₱1,774,187	₱2,895,028	₱23,612,295	₱28,281,510	1,455,038	5,954,356	17,270,216	24,679,610
Newly originated assets which remained in Stage 1 at yearend	807,286	-	-	807,286	825,411	-	-	825,411
Newly originated assets which moved to Stages 2 and 3 at yearend	-	704,905	397,431	1,102,336	-	1,498,636	6,158,611	7,657,247
Transfers to Stage 1	25,920	(25,799)	(121)	-	22,816	(22,816)	-	-
Transfers to Stage 2	(70,148)	839,542	(769,394)	-	(572,482)	647,566	(75,084)	-
Transfers to Stage 3	(280,840)	(346,220)	627,060	-	(331,606)	(3,394,552)	3,726,158	-
Accounts charged off	-	-	(686,290)	(686,290)	-	-	(27,654)	(27,654)
Effect of collections, foreclosures, and provision	(10,376)	(907,908)	1,380,542	462,258	375,010	(1,788,162)	(3,439,952)	(4,853,104)
Ending Balance	2,246,029	3,159,548	24,561,523	29,967,100	1,774,187	2,895,028	23,612,295	28,281,510
LGU								
Beginning Balance	391	6,684	63,216	70,291	472	8,471	65,694	74,637
Effect of collections, foreclosures, and provision	(104)	(1,306)	(5,172)	(6,582)	(81)	(1,787)	(2,478)	(4,346)
Ending Balance	287	5,378	58,044	63,709	391	6,684	63,216	70,291
Credit Cards								
Beginning Balance	508,446	109,883	696,783	1,315,112	491,509	83,742	712,977	1,288,228
Newly originated assets which remained in Stage 1 at yearend	78,851	-	-	78,851	57,305	-	-	57,305
Newly originated assets which moved to Stages 2 and 3 at yearend	-	11,526	17,272	28,798	-	6,813	9,999	16,812
Transfers to Stage 1	49,370	(37,696)	(11,674)	-	22,578	(16,917)	(5,661)	-
Transfers to Stage 2	(16,596)	18,469	(1,873)	-	(17,425)	17,465	(40)	-
Transfers to Stage 3	(33,449)	(19,173)	52,622	-	(25,370)	(12,031)	37,401	-
Accounts charged off	-	-	(799,638)	(799,638)	-	-	(892,571)	(892,571)
Effect of collections, foreclosures, and provision	3,026	25,255	887,503	915,784	(20,151)	30,811	834,678	845,338
Ending Balance	589,648	108,264	840,995	1,538,907	508,446	109,883	696,783	1,315,112
Retail SMEs								
Beginning Balance	188,665	10,116	788,816	987,597	200,621	26,631	1,337,812	1,565,064
Newly originated assets which remained in Stage 1 at yearend	114,737	-	-	114,737	180,263	-	-	180,263
Newly originated assets which moved to Stages 2 and 3 at yearend	-	13,621	12,785	26,406	-	5,923	63,619	69,542
Transfers to Stage 1	946	(946)	-	-	110	-	(110)	-
Transfers to Stage 2	(115)	430	(315)	-	(1,051)	2,229	(1,178)	-
Transfers to Stage 3	(26,339)	(6,257)	32,596	-	-	(80,052)	80,052	-
Accounts charged off	-	-	(115,370)	(115,370)	-	-	(400,532)	(400,532)
Effect of collections, foreclosures, and provision	1,071	3,095	16,923	21,089	(191,278)	55,385	(290,847)	(426,740)
Ending Balance	278,965	20,059	735,435	1,034,459	188,665	10,116	788,816	987,597

(Forward)
Housing Loans



	Consolidated							
	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Beginning Balance	₱525,896	₱47,197	₱3,955,221	₱4,528,314	₱447,670	₱115,108	₱3,785,067	₱4,347,845
Newly originated assets which remained in Stage 1 at yearend	50,745	–	–	50,745	49,994	–	–	49,994
Newly originated assets which moved to Stages 2 and 3 at yearend	–	2,016	13,444	15,460	–	2,099	14,561	16,660
Transfers to Stage 1	50,769	(3,234)	(47,535)	–	43,356	(6,424)	(36,932)	–
Transfers to Stage 2	(39,521)	53,677	(14,156)	–	(30,074)	43,180	(13,106)	–
Transfers to Stage 3	(60,880)	(25,729)	86,609	–	(260,638)	(124,595)	385,233	–
Effect of collections, foreclosures, and provision	(430,615)	(15,134)	(392,607)	(838,356)	275,588	17,829	(179,602)	113,815
Ending Balance	96,394	58,793	3,600,976	3,756,163	525,896	47,197	3,955,221	4,528,314
Auto Loans								
Beginning Balance	25,693	686	1,078,920	1,105,299	20,844	2,253	1,497,222	1,520,319
Newly originated assets which remained in Stage 1 at yearend	5,154	–	–	5,154	6,218	–	–	6,218
Newly originated assets which moved to Stages 2 and 3 at yearend	–	695	2,708	3,403	–	125	450	575
Transfers to Stage 1	188	(20)	(168)	–	600	(131)	(469)	–
Transfers to Stage 2	(459)	479	(20)	–	(476)	525	(49)	–
Transfers to Stage 3	(8,167)	(2,091)	10,258	–	(21,039)	(10,155)	31,194	–
Accounts charged off	–	–	(32,938)	(32,938)	–	–	(47,526)	(47,526)
Effect of collections, foreclosures, and provision	138	1,429	(341,684)	(340,117)	19,546	8,069	(401,902)	(374,287)
Ending Balance	22,547	1,178	717,076	740,801	25,693	686	1,078,920	1,105,299
Other Loans								
Beginning Balance	71,794	264,708	928,528	1,265,030	15,780	78,197	1,168,060	1,262,037
Newly originated assets which remained in Stage 1 at yearend	4,194	–	–	4,194	42,043	–	–	42,043
Newly originated assets which moved to Stages 2 and 3 at yearend	–	–	23	23	–	45,824	24,687	70,511
Transfers to Stage 1	3,029	(85)	(2,944)	–	1,364	(244)	(1,120)	–
Transfers to Stage 2	(1,894)	5,594	(3,700)	–	(148,740)	216,224	(67,484)	–
Transfers to Stage 3	(2,523)	(44,240)	46,763	–	(42,076)	(6,097)	48,173	–
Accounts charged off	–	–	(19,654)	(19,654)	–	–	–	–
Effect of collections, foreclosures, and provision	(42,742)	(121,731)	(38,790)	(203,263)	203,423	(69,196)	(243,788)	(109,561)
Ending Balance	31,858	104,246	910,226	1,046,330	71,794	264,708	928,528	1,265,030
Other Receivables								
Beginning Balance	131,275	37,316	4,850,162	5,018,753	87,993	148,230	3,970,848	4,207,071
Newly originated assets which remained in Stage 1 at yearend	4,970	–	–	4,970	3,310	–	–	3,310
Newly originated assets which moved to Stages 2 and 3 at yearend	–	2,971	5,511	8,482	–	7,901	117,793	125,694
Transfers to Stage 1	320	(268)	(52)	–	162	(138)	(24)	–
Transfers to Stage 2	(346)	2,209	(1,863)	–	(4,115)	4,177	(62)	–
Transfers to Stage 3	3,426	(3,615)	189	–	(3,463)	(421,743)	425,206	–
Accounts charged off	–	–	(1,271,421)	(1,271,421)	–	–	(48,607)	(48,607)
Effect of collections, foreclosures, and provision	40,969	550	258,617	300,136	47,388	298,889	385,008	731,285
Ending Balance	180,614	39,163	3,841,143	4,060,920	131,275	37,316	4,850,162	5,018,753
Total Loans and Receivables								
Beginning Balance	3,226,347	3,371,618	35,973,941	42,571,906	2,719,927	6,416,988	29,807,896	38,944,811
Newly originated assets which remained in Stage 1 at yearend	1,065,937	–	–	1,065,937	1,164,544	–	–	1,164,544
Newly originated assets which moved to Stages 2 and 3 at yearend	–	735,734	449,174	1,184,908	–	1,567,321	6,389,720	7,957,041
Transfers to Stage 1	130,542	(68,048)	(62,494)	–	90,986	(46,670)	(44,316)	–
Transfers to Stage 2	(129,079)	920,400	(791,321)	–	(774,363)	931,366	(157,003)	–
Transfers to Stage 3	(408,772)	(447,325)	856,097	–	(684,192)	(4,049,225)	4,733,417	–
Accounts charged off	–	–	(2,925,311)	(2,925,311)	–	–	(1,416,890)	(1,416,890)
Effect of collections, foreclosures, and provision	(438,633)	(1,015,750)	1,765,332	310,949	709,445	(1,448,162)	(3,338,883)	(4,077,600)
Ending Balance	₱3,446,342	₱3,496,629	₱35,265,418	₱42,208,389	₱3,226,347	₱3,371,618	₱35,973,941	₱42,571,906



	Parent Company							
	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	₱1,648,613	₱2,895,028	₱24,029,657	₱28,573,298	1,671,731	5,954,139	18,336,117	25,961,987
Newly originated assets which remained in Stage 1 at yearend	807,286	-	-	807,286	825,411	-	-	825,411
Newly originated assets which moved to Stages 2 and 3 at yearend	-	704,905	397,431	1,102,336	-	1,498,636	6,158,611	7,657,247
Transfers to Stage 1	25,920	(25,799)	(121)	-	22,816	(22,816)	-	-
Transfers to Stage 2	(70,148)	839,542	(769,394)	-	(572,482)	647,566	(75,084)	-
Transfers to Stage 3	(280,840)	(346,220)	627,060	-	(331,606)	(3,394,552)	3,726,158	-
Accounts charged off	-	-	(686,290)	(686,290)	-	-	(27,654)	(27,654)
Loan settlement through dacion and assignment (Note 33)	-	-	-	-	-	-	(1,404,582)	(1,404,582)
Effect of collections, foreclosures, and provision	(403,414)	(907,908)	1,777,596	466,274	32,743	(1,787,945)	(2,683,909)	(4,439,111)
Ending Balance	1,727,417	3,159,548	25,375,939	30,262,904	1,648,613	2,895,028	24,029,657	28,573,298
LGU								
Beginning Balance	391	6,684	63,216	70,291	472	8,471	65,694	74,637
Effect of collections, foreclosures, and provision	(104)	(1,306)	(5,172)	(6,582)	(81)	(1,787)	(2,478)	(4,346)
Ending Balance	287	5,378	58,044	63,709	391	6,684	63,216	70,291
Credit Cards								
Beginning Balance	508,446	109,883	696,783	1,315,112	491,509	83,742	712,977	1,288,228
Newly originated assets which remained in Stage 1 at yearend	78,851	-	-	78,851	57,305	-	-	57,305
Newly originated assets which moved to Stages 2 and 3 at yearend	-	11,526	17,272	28,798	-	6,813	9,999	16,812
Transfers to Stage 1	49,370	(37,696)	(11,674)	-	22,578	(16,917)	(5,661)	-
Transfers to Stage 2	(16,596)	18,469	(1,873)	-	(17,425)	17,465	(40)	-
Transfers to Stage 3	(33,449)	(19,173)	52,622	-	(25,370)	(12,031)	37,401	-
Accounts charged off	-	-	(799,638)	(799,638)	-	-	(892,571)	(892,571)
Effect of collections, foreclosures, and provision	3,026	25,255	887,503	915,784	(20,151)	30,811	834,678	845,338
Ending Balance	589,648	108,264	840,995	1,538,907	508,446	109,883	696,783	1,315,112
Retail SMEs								
Beginning Balance	188,665	10,105	783,996	982,766	182,003	23,329	798,798	1,004,130
Newly originated assets which remained in Stage 1 at yearend	114,737	-	-	114,737	180,263	-	-	180,263
Newly originated assets which moved to Stages 2 and 3 at yearend	-	13,621	12,785	26,406	-	5,923	63,619	69,542
Transfers to Stage 1	946	(946)	-	-	110	-	(110)	-
Transfers to Stage 2	(115)	430	(315)	-	(1,051)	2,229	(1,178)	-
Transfers to Stage 3	(26,339)	(6,257)	32,596	-	-	(80,052)	80,052	-
Accounts charged off	-	-	(115,370)	(115,370)	-	-	(401,774)	(401,774)
Effect of collections, foreclosures, and provision	1,071	3,106	21,743	25,920	(172,660)	58,676	244,589	130,605
Ending Balance	278,965	20,059	735,435	1,034,459	188,665	10,105	783,996	982,766
Housing Loans								
Beginning Balance	524,616	47,197	3,938,674	4,510,487	445,982	114,780	3,776,024	4,336,786
Newly originated assets which remained in Stage 1 at yearend	50,745	-	-	50,745	49,994	-	-	49,994
Newly originated assets which moved to Stages 2 and 3 at yearend	-	2,016	13,444	15,460	-	2,099	14,561	16,660
Transfers to Stage 1	50,769	(3,234)	(47,535)	-	43,356	(6,424)	(36,932)	-
Transfers to Stage 2	(39,521)	53,677	(14,156)	-	(30,074)	43,180	(13,106)	-
Transfers to Stage 3	(60,880)	(25,729)	86,609	-	(260,638)	(124,595)	385,233	-
Effect of collections, foreclosures, and provision	(28,829)	(15,180)	(798,779)	(842,788)	275,996	18,157	(187,106)	107,047
Ending Balance	496,900	58,747	3,178,257	3,733,904	524,616	47,197	3,938,674	4,510,487
Auto Loans								
Beginning Balance	25,693	686	1,078,920	1,105,299	20,844	2,253	1,497,222	1,520,319
Newly originated assets which remained in Stage 1 at yearend	5,154	-	-	5,154	6,218	-	-	6,218
Newly originated assets which moved to Stages 2 and 3 at yearend	-	695	2,708	3,403	-	125	450	575
Transfers to Stage 1	188	(20)	(168)	-	600	(131)	(469)	-
Transfers to Stage 2	(459)	479	(20)	-	(476)	525	(49)	-
Transfers to Stage 3	(8,167)	(2,091)	10,258	-	(21,039)	(10,155)	31,194	-
Accounts charged off	-	-	(32,938)	(32,938)	-	-	(47,526)	(47,526)
Effect of collections, foreclosures, and provision	138	1,429	(341,684)	(340,117)	19,546	8,069	(401,902)	(374,287)
Ending Balance	22,547	1,178	717,076	740,801	25,693	686	1,078,920	1,105,299

(Forward)



	Parent Company							
	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Other Loans								
Beginning Balance	₱71,784	₱264,708	₱928,528	₱1,265,020	₱15,739	₱64,561	₱1,181,666	₱1,261,966
Newly originated assets which remained in Stage 1 at yearend	4,194	–	–	4,194	42,043	–	–	42,043
Newly originated assets which moved to Stages 2 and 3 at yearend	–	–	23	23	–	45,824	24,687	70,511
Transfers to Stage 1	3,029	(85)	(2,944)	–	1,364	(244)	(1,120)	–
Transfers to Stage 2	(1,894)	5,594	(3,700)	–	(148,740)	216,224	(67,484)	–
Transfers to Stage 3	(2,523)	(44,240)	46,763	–	(42,076)	(6,097)	48,173	–
Accounts charged off	–	–	(19,654)	(19,654)	–	–	–	–
Effect of collections, foreclosures, and provision	(42,758)	(121,731)	(38,876)	(203,365)	203,454	(55,560)	(257,394)	(109,500)
Ending Balance	31,832	104,246	910,140	1,046,218	71,784	264,708	928,528	1,265,020
Other Receivables								
Beginning Balance	22,665	32,893	4,689,397	4,744,955	34,342	37,308	3,926,135	3,997,785
Newly originated assets which remained in Stage 1 at yearend	4,970	–	–	4,970	3,310	–	–	3,310
Newly originated assets which moved to Stages 2 and 3 at yearend	–	2,971	5,511	8,482	–	7,901	117,793	125,694
Transfers to Stage 1	320	(268)	(52)	–	162	(138)	(24)	–
Transfers to Stage 2	(346)	2,209	(1,863)	–	(4,115)	4,177	(62)	–
Transfers to Stage 3	3,426	(3,615)	189	–	(3,463)	(421,743)	425,206	–
Accounts charged off	–	–	(1,269,650)	(1,269,650)	–	–	(49,305)	(49,305)
Effect of collections, foreclosures, and provision	35,247	550	209,778	245,575	(7,571)	405,388	269,654	667,471
Ending Balance	66,282	34,740	3,633,310	3,734,332	22,665	32,893	4,689,397	4,744,955
Total Loans and Receivables								
Beginning Balance	2,990,873	3,367,184	36,209,171	42,567,228	2,862,622	6,288,583	30,294,633	39,445,838
Newly originated assets which remained in Stage 1 at yearend	1,065,937	–	–	1,065,937	1,164,544	–	–	1,164,544
Newly originated assets which moved to Stages 2 and 3 as at year-end	–	735,734	449,174	1,184,908	–	1,567,321	6,389,720	7,957,041
Transfers to Stage 1	130,542	(68,048)	(62,494)	–	90,986	(46,670)	(44,316)	–
Transfers to Stage 2	(129,079)	920,975	(791,896)	–	(774,363)	931,366	(157,003)	–
Transfers to Stage 3	(408,772)	(447,325)	856,097	–	(684,192)	(4,049,225)	4,733,417	–
Accounts charged off	–	–	(2,923,540)	(2,923,540)	–	–	(1,418,830)	(1,418,830)
Loan settlement through dacion and assignment (Note 33)	–	–	–	–	–	–	(1,404,582)	(1,404,582)
Effect of collections, foreclosures, and provision	(435,623)	(1,016,360)	1,712,684	260,701	331,276	(1,324,191)	(2,183,868)	(3,176,783)
Ending Balance	₱3,213,878	₱3,492,160	₱35,449,196	₱42,155,234	₱2,990,873	₱3,367,184	₱36,209,171	₱42,567,228

16.3 Gross Carrying Amounts of Loans and Receivables

Movements of the gross carrying amounts of loans and receivables are shown below:

	Consolidated							
	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	₱511,739,263	₱27,482,301	₱32,976,162	₱572,197,726	₱439,476,954	₱73,633,834	₱27,884,820	₱540,995,608
Newly originated assets which remained in Stage 1 at yearend	313,540,235	–	–	313,540,235	256,828,762	–	–	256,828,762
Newly originated assets which moved to Stages 2 and 3 at yearend	–	14,542,849	6,213,419	20,756,268	–	12,486,650	7,244,151	19,730,801
Transfers to Stage 1	1,626,834	(1,538,339)	(88,495)	–	20,808,870	(20,808,870)	–	–
Transfers to Stage 2	(1,709,484)	3,688,218	(1,978,734)	–	(2,438,133)	2,776,640	(338,507)	–
Transfers to Stage 3	(496,633)	(1,087,075)	1,583,708	–	(851,326)	(5,941,406)	6,792,732	–
Accounts charged off	–	–	(686,290)	(686,290)	–	–	(27,654)	(27,654)
Collections and other movements	(287,030,529)	(18,416,515)	(3,024,592)	(308,471,636)	(202,085,864)	(34,664,547)	(8,579,380)	(245,329,791)
Ending Balance	537,669,686	24,671,439	34,995,178	597,336,303	511,739,263	27,482,301	32,976,162	572,197,726
LGU								
Beginning Balance	2,183,286	28,139	54,900	2,266,325	2,753,214	35,320	56,658	2,845,192
Collections and other movements	(536,416)	(5,529)	(4,379)	(546,324)	(569,928)	(7,181)	(1,758)	(578,867)
Ending Balance	1,646,870	22,610	50,521	1,720,001	2,183,286	28,139	54,900	2,266,325

(Forward)



	Consolidated							
	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit Cards								
Beginning Balance	₱14,208,553	₱440,362	₱583,930	₱15,232,845	₱13,157,391	₱315,914	₱909,376	₱14,382,681
Newly originated assets which remained in Stage 1 at yearend	1,980,502	-	-	1,980,502	1,165,134	-	-	1,165,134
Newly originated assets which moved to Stages 2 and 3 at yearend	-	52,126	31,425	83,551	-	29,616	18,927	48,543
Transfers to Stage 1	149,502	(125,603)	(23,899)	-	69,818	(62,026)	(7,792)	-
Transfers to Stage 2	(319,966)	323,698	(3,732)	-	(325,428)	325,528	(100)	-
Transfers to Stage 3	(547,031)	(87,958)	634,989	-	(424,262)	(52,755)	477,017	-
Accounts charged off	-	-	(799,638)	(799,638)	-	-	(892,571)	(892,571)
Collections and other movements	1,685,900	(112,752)	(6,523)	1,566,625	565,900	(115,915)	79,073	529,058
Ending Balance	17,157,460	489,873	416,552	18,063,885	14,208,553	440,362	583,930	15,232,845
Retail SMEs								
Beginning Balance	4,153,369	151,456	1,067,223	5,372,048	3,995,703	342,969	1,961,582	6,300,254
Newly originated assets which remained in Stage 1 at yearend	3,539,950	-	-	3,539,950	3,924,066	-	-	3,924,066
Newly originated assets which moved to Stages 2 and 3 at yearend	-	114,725	50,153	164,878	-	112,457	72,686	185,143
Transfers to Stage 1	7,659	(7,659)	-	-	4,227	-	(4,227)	-
Transfers to Stage 2	(810)	2,953	(2,143)	-	(21,867)	31,237	(9,370)	-
Transfers to Stage 3	(71,839)	(7,659)	79,498	-	-	(119,106)	119,106	-
Accounts charged off	-	-	(115,370)	(115,370)	-	-	(401,774)	(401,774)
Collections and other movements	(3,267,400)	(129,967)	(88,078)	(3,485,445)	(3,748,760)	(216,101)	(670,780)	(4,635,641)
Ending Balance	4,360,929	123,849	991,283	5,476,061	4,153,369	151,456	1,067,223	5,372,048
Housing Loans								
Beginning Balance	20,130,870	248,682	7,921,739	28,301,291	18,886,113	673,099	9,029,811	28,589,023
Newly originated assets which remained in Stage 1 as at yearend	3,162,128	-	-	3,162,128	3,153,824	-	-	3,153,824
Newly originated assets which moved to Stages 2 and 3 at yearend	-	17,757	44,110	61,867	-	14,017	48,035	62,052
Transfers to Stage 1	1,577,780	(105,411)	(1,472,369)	-	1,234,984	(167,456)	(1,067,528)	-
Transfers to Stage 2	(209,603)	281,574	(71,971)	-	(160,577)	225,036	(64,459)	-
Transfers to Stage 3	(204,135)	(105,411)	309,546	-	(819,808)	(407,824)	1,227,632	-
Collections and other movements	(3,287,196)	(19,811)	(1,473,794)	(4,780,801)	(2,163,666)	(88,190)	(1,251,752)	(3,503,608)
Ending Balance	21,169,844	317,380	5,257,261	26,744,485	20,130,870	248,682	7,921,739	28,301,291
Auto Loans								
Beginning Balance	5,216,360	22,973	1,263,450	6,502,783	5,017,858	102,192	1,970,284	7,090,334
Newly originated assets which remained in Stage 1 at yearend	2,515,108	-	-	2,515,108	2,513,456	-	-	2,513,456
Newly originated assets which moved to Stages 2 and 3 at yearend	-	18,900	24,820	43,720	-	4,842	4,158	9,000
Transfers to Stage 1	32,064	(3,394)	(28,670)	-	78,374	(17,998)	(60,376)	-
Transfers to Stage 2	(15,561)	16,513	(952)	-	(15,461)	16,928	(1,467)	-
Transfers to Stage 3	(40,217)	(3,394)	43,611	-	(83,541)	(33,541)	117,082	-
Accounts charged off	-	-	(32,938)	(32,938)	-	-	(47,526)	(47,526)
Collections and other movements	(2,230,304)	(15,944)	(461,864)	(2,708,112)	(2,294,326)	(49,450)	(718,705)	(3,062,481)
Ending Balance	5,477,450	35,654	807,457	6,320,561	5,216,360	22,973	1,263,450	6,502,783
Other Loans								
Beginning Balance	8,187,643	2,087,478	1,650,129	11,925,250	9,131,926	1,546,924	1,976,100	12,654,950
Newly originated assets which remained in Stage 1 at yearend	5,119,859	-	-	5,119,859	6,201,837	-	-	6,201,837
Newly originated assets which moved to Stages 2 and 3 at yearend	-	-	31	31	-	1,244,295	39,581	1,283,876
Transfers to Stage 1	47,303	(3,435)	(43,868)	-	38,851	(7,370)	(31,481)	-
Transfers to Stage 2	(7,521)	22,220	(14,699)	-	(619,725)	836,675	(216,950)	-
Transfers to Stage 3	(11,694)	(3,435)	15,129	-	(141,647)	(20,036)	161,683	-
Accounts charged off	-	-	(19,654)	(19,654)	-	-	-	-
Collections and other movements	(6,441,872)	(1,755,234)	(266,303)	(8,463,409)	(6,423,599)	(1,513,010)	(278,804)	(8,215,413)
Ending Balance	6,893,718	347,594	1,320,765	8,562,077	8,187,643	2,087,478	1,650,129	11,925,250
Other Receivables								
Beginning Balance	11,130,475	270,041	6,083,868	17,484,384	15,069,109	289,229	3,828,316	19,186,654
Newly originated assets which remained in Stage 1 at yearend	1,312,023	-	-	1,312,023	1,334,540	-	-	1,334,540
Newly originated assets which moved to Stages 2 and 3 at yearend	-	64,105	40,349	104,454	-	49,057	126,499	175,556
Transfers to Stage 1	23,996	(13,905)	(10,091)	-	123,622	(118,182)	(5,440)	-
Transfers to Stage 2	(6,040)	17,059	(11,019)	-	(23,562)	24,591	(1,029)	-
Transfers to Stage 3	(6,464)	(8,587)	15,051	-	(9,949)	(925,493)	935,442	-
Accounts charged off	-	-	(1,271,421)	(1,271,421)	-	-	(49,305)	(49,305)
Collections and other movements	(3,667,397)	(154,373)	996,971	(2,824,799)	(5,363,285)	950,839	1,249,385	(3,163,061)
Ending Balance	8,786,593	174,340	5,843,708	14,804,641	11,130,475	270,041	6,083,868	17,484,384

(Forward)



	Consolidated							
	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Total Loans and Receivables								
Beginning Balance	₱576,949,819	₱30,731,432	₱51,601,401	₱659,282,652	₱507,488,268	₱76,939,481	₱47,616,947	₱632,044,696
Newly originated assets which remained in Stage 1 at yearend	331,169,805	-	-	331,169,805	275,121,619	-	-	275,121,619
Newly originated assets which moved to Stages 2 and 3 at yearend	-	14,810,462	6,404,307	21,214,769	-	13,940,934	7,554,037	21,494,971
Transfers to Stage 1	3,465,138	(1,797,746)	(1,667,392)	-	22,358,746	(21,181,902)	(1,176,844)	-
Transfers to Stage 2	(2,268,985)	4,352,235	(2,083,250)	-	(3,604,753)	4,236,635	(631,882)	-
Transfers to Stage 3	(1,378,013)	(1,303,519)	2,681,532	-	(2,330,533)	(7,500,161)	9,830,694	-
Accounts charged off	-	-	(2,925,311)	(2,925,311)	-	-	(1,418,830)	(1,418,830)
Collections and other movements	(304,775,214)	(20,610,125)	(4,328,562)	(329,713,901)	(222,083,528)	(35,703,555)	(10,172,721)	(267,959,804)
Ending Balance	₱603,162,550	₱26,182,739	₱49,682,725	₱679,028,014	₱576,949,819	₱30,731,432	₱51,601,401	₱659,282,652
	Parent Company							
	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	₱499,062,930	₱27,447,702	₱32,943,593	₱559,454,225	₱427,520,330	₱73,589,787	₱28,922,622	₱530,032,739
Newly originated assets which remained in Stage 1 at yearend	311,255,404	-	-	311,255,404	249,130,331	-	-	249,130,331
Newly originated assets which moved to Stages 2 and 3 at yearend	-	14,542,849	5,601,615	20,144,464	-	12,486,650	7,244,151	19,730,801
Transfers to Stage 1	1,626,834	(1,538,339)	(88,495)	-	20,808,870	(20,808,870)	-	-
Transfers to Stage 2	(1,709,484)	3,688,218	(1,978,734)	-	(2,438,133)	2,776,640	(338,507)	-
Transfers to Stage 3	(496,633)	(1,087,075)	1,583,708	-	(851,326)	(5,941,406)	6,792,732	-
Accounts charged off	-	-	(686,290)	(686,290)	-	-	(27,654)	(27,654)
Loan settlement through dacion and assignment (Note 33)	-	-	-	-	-	-	(1,404,582)	(1,404,582)
Collections and other movements	(284,347,175)	(18,416,515)	(2,857,712)	(305,621,402)	(195,107,142)	(34,655,099)	(8,245,169)	(238,007,410)
Ending Balance	₱525,391,876	₱24,636,840	₱34,517,685	₱584,546,401	₱499,062,930	₱27,447,702	₱32,943,593	₱559,454,225
LGU								
Beginning Balance	2,183,286	28,139	54,900	2,266,325	2,753,214	35,320	56,658	2,845,192
Collections and other movements	(536,416)	(5,529)	(4,379)	(546,324)	(569,928)	(7,181)	(1,758)	(578,867)
Ending Balance	1,646,870	22,610	50,521	1,720,001	2,183,286	28,139	54,900	2,266,325
Credit Cards								
Beginning Balance	14,208,553	440,362	583,930	15,232,845	13,157,391	315,914	909,376	14,382,681
Newly originated assets which remained in Stage 1 at yearend	1,980,502	-	-	1,980,502	1,165,134	-	-	1,165,134
Newly originated assets which moved to Stages 2 and 3 at yearend	-	52,126	31,425	83,551	-	29,616	18,927	48,543
Transfers to Stage 1	149,502	(125,603)	(23,899)	-	69,818	(62,026)	(7,792)	-
Transfers to Stage 2	(319,966)	323,698	(3,732)	-	(325,428)	325,528	(100)	-
Transfers to Stage 3	(547,031)	(87,958)	634,989	-	(424,262)	(52,755)	477,017	-
Accounts charged off	-	-	(799,638)	(799,638)	-	-	(892,571)	(892,571)
Collections and other movements	1,685,900	(112,752)	(6,523)	1,566,625	565,900	(115,915)	79,073	529,058
Ending Balance	17,157,460	489,873	416,552	18,063,885	14,208,553	440,362	583,930	15,232,845
Retail SMEs								
Beginning Balance	4,153,253	151,473	1,057,121	5,361,847	3,544,176	317,549	1,078,655	4,940,380
Newly originated assets which remained in Stage 1 at yearend	3,539,950	-	-	3,539,950	3,924,066	-	-	3,924,066
Newly originated assets which moved to Stages 2 and 3 at yearend	-	114,725	50,153	164,878	-	112,457	72,686	185,143
Transfers to Stage 1	7,659	(7,659)	-	-	4,227	-	(4,227)	-
Transfers to Stage 2	(810)	2,953	(2,143)	-	(21,867)	31,237	(9,370)	-
Transfers to Stage 3	(71,839)	(7,659)	79,498	-	-	(119,106)	119,106	-
Accounts charged off	-	-	(115,370)	(115,370)	-	-	(401,774)	(401,774)
Collections and other movements	(3,267,284)	(129,984)	(77,976)	(3,475,244)	(3,297,349)	(190,664)	202,045	(3,285,968)
Ending Balance	4,360,929	123,849	991,283	5,476,061	4,153,253	151,473	1,057,121	5,361,847
Housing Loans								
Beginning Balance	19,354,191	248,682	7,921,406	27,524,279	18,020,708	640,238	9,002,446	27,663,392
Newly originated assets which remained in Stage 1 at yearend	3,162,128	-	-	3,162,128	3,046,281	-	-	3,046,281
Newly originated assets which moved to Stages 2 and 3 at yearend	-	17,757	44,110	61,867	-	14,017	48,035	62,052
Transfers to Stage 1	1,577,780	(105,411)	(1,472,369)	-	1,234,984	(167,456)	(1,067,528)	-
Transfers to Stage 2	(204,457)	276,428	(71,971)	-	(160,577)	225,036	(64,459)	-
Transfers to Stage 3	(193,797)	(105,411)	299,208	-	(819,808)	(378,350)	1,198,158	-
Accounts charged off	-	-	-	-	-	-	-	-
Collections and other movements	(3,292,172)	(19,811)	(1,476,192)	(4,788,175)	(1,967,397)	(84,803)	(1,195,246)	(3,247,446)
Ending Balance	20,403,673	312,234	5,244,192	25,960,099	19,354,191	248,682	7,921,406	27,524,279

(Forward)



	Parent Company							
	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Auto Loans								
Beginning Balance	₱5,216,360	₱22,973	₱1,263,450	₱6,502,783	₱5,017,858	₱102,192	₱1,970,284	₱7,090,334
Newly originated assets which remained in Stage 1 at yearend	2,515,108	-	-	2,515,108	2,513,456	-	-	2,513,456
Newly originated assets which moved to Stages 2 and 3 at yearend	-	18,900	24,820	43,720	-	4,842	4,158	9,000
Transfers to Stage 1	32,064	(3,394)	(28,670)	-	78,374	(17,998)	(60,376)	-
Transfers to Stage 2	(15,561)	16,513	(952)	-	(15,461)	16,928	(1,467)	-
Transfers to Stage 3	(40,217)	(3,394)	43,611	-	(83,541)	(33,541)	117,082	-
Accounts charged off	-	-	(32,938)	(32,938)	-	-	(47,526)	(47,526)
Collections and other movements	(2,230,304)	(15,944)	(461,864)	(2,708,112)	(2,294,326)	(49,450)	(718,705)	(3,062,481)
Ending Balance	5,477,450	35,654	807,457	6,320,561	5,216,360	22,973	1,263,450	6,502,783
Other Loans								
Beginning Balance	8,099,735	2,087,478	1,650,129	11,837,342	9,039,529	1,546,924	1,976,100	12,562,553
Newly originated assets which remained in Stage 1 at yearend	5,119,859	-	-	5,119,859	6,201,837	-	-	6,201,837
Newly originated assets which moved to Stages 2 and 3 at yearend	-	-	31	31	-	1,244,295	39,581	1,283,876
Transfers to Stage 1	47,303	(3,435)	(43,868)	-	38,851	(7,370)	(31,481)	-
Transfers to Stage 2	(3,492)	18,191	(14,699)	-	(616,273)	833,223	(216,950)	-
Transfers to Stage 3	(11,694)	(3,435)	15,129	-	(141,647)	(20,036)	161,683	-
Accounts charged off	-	-	(19,654)	(19,654)	-	-	(49,305)	(49,305)
Collections and other movements	(6,439,617)	(1,755,234)	(379,683)	(8,574,534)	(6,422,562)	(1,509,558)	(278,804)	(8,210,924)
Ending Balance	6,812,094	343,565	1,207,385	8,363,044	8,099,735	2,087,478	1,650,129	11,837,342
Other Receivables								
Beginning Balance	10,449,820	266,357	5,830,168	16,546,345	13,979,637	279,963	3,663,985	17,923,585
Newly originated assets which remained in Stage 1 at yearend	1,312,023	-	-	1,312,023	1,334,540	-	-	1,334,540
Newly originated assets which moved to Stages 2 and 3 at year-end	-	64,105	40,350	104,455	-	49,057	126,499	175,556
Transfers to Stage 1	23,996	(13,905)	(10,091)	-	123,622	(118,182)	(5,440)	-
Transfers to Stage 2	(6,040)	17,059	(11,019)	-	(23,562)	24,591	(1,029)	-
Transfers to Stage 3	(6,463)	(8,587)	15,050	-	(9,949)	(925,493)	935,442	-
Accounts charged off	-	-	(1,269,650)	(1,269,650)	-	-	(49,305)	(49,305)
Collections and other movements	(3,404,203)	(154,373)	962,755	(2,595,821)	(4,954,468)	956,421	1,160,016	(2,838,031)
Ending Balance	8,369,133	170,656	5,557,563	14,097,352	10,449,820	266,357	5,830,168	16,546,345
Total Loans and Receivables								
Beginning Balance	562,728,128	30,693,166	51,304,697	644,725,991	493,032,843	76,827,887	47,580,126	617,440,856
Newly originated assets which remained in Stage 1 at yearend	328,884,974	-	-	328,884,974	267,315,645	-	-	267,315,645
Newly originated assets which moved to Stages 2 and 3 as at year-end	-	14,810,462	5,792,473	20,602,935	-	13,940,934	7,554,037	21,494,971
Transfers to Stage 1	3,465,138	(1,797,746)	(1,667,392)	-	22,358,746	(21,181,902)	(1,176,844)	-
Transfers to Stage 2	(2,259,810)	4,343,060	(2,083,250)	-	(3,601,301)	4,233,183	(631,882)	-
Transfers to Stage 3	(1,367,674)	(1,303,519)	2,671,193	-	(2,330,533)	(7,470,687)	9,801,220	-
Accounts charged off	-	-	(2,923,540)	(2,923,540)	-	-	(1,418,830)	(1,418,830)
Loan settlement through dacion and assignment (Note 33)	-	-	-	-	-	-	(1,404,582)	(1,404,582)
Collections and other movements	(301,831,271)	(20,610,142)	(4,301,574)	(326,742,987)	(214,047,272)	(35,656,249)	(8,998,548)	(258,702,069)
Ending Balance	₱589,619,485	₱26,135,281	₱48,792,607	₱664,547,373	₱562,728,128	₱30,693,166	₱51,304,697	₱644,725,991

17. Deposit Liabilities

17.1 Regulatory Reserve Requirements

As of December 31, 2024 and 2023, peso deposit liabilities are subject to reserves equivalent to 9.5%, while peso-denominated LTNCDs are subject to reserves equivalent to 4.0%.

Available reserves booked under 'Due from BSP' amounted to ₱44.6 billion and ₱78.4 billion as of December 31, 2024 and 2023, respectively (refer to Note 7).



17.2 LTNCDs

LTNCDs issued by the Parent Company consist of:

Issue Date	Maturity Date	Face Value	Coupon Rate	Interest Repayment Terms	Carrying Value	
					2024	2023
October 11, 2019	April 11, 2025	₱4,600,000	4.38%	Quarterly	₱4,598,770	₱4,591,288
February 27, 2019	August 27, 2024	8,220,000	5.75%	Quarterly	–	8,212,255
					₱4,598,770	₱12,803,543

17.3 Interest Expense on Deposit Liabilities

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Savings	₱9,560,100	₱6,989,245	₱1,589,891	₱9,553,020	₱6,984,663	₱1,605,241
Time	6,130,302	5,036,686	2,437,557	6,111,730	5,010,322	2,434,206
LTNCDs	526,326	776,034	1,140,954	526,326	776,034	1,140,954
Demand	212,807	203,681	203,265	209,875	200,798	202,752
	₱16,429,535	₱13,005,646	₱5,371,667	₱16,400,951	₱12,971,817	₱5,383,153

As of December 31, 2024 and 2023, noninterest-bearing deposit liabilities amounted to ₱26.8 billion and ₱27.1 billion, respectively, for the Group, and ₱27.0 billion and ₱27.7 billion, respectively, for the Parent Company.

The remaining deposit liabilities of the Group and the Parent Company generally earn annual fixed interest rates ranging from:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Peso-denominated	0.10% - 6.1%	0.10% - 7.50%	0.10% - 6.12%	0.10% - 6.1%	0.10% - 7.50%	0.10% - 6.12%
Foreign currency-denominated	0.03% - 5.5%	0.10% - 6.10%	0.00% - 5.50%	0.03% - 5.5%	0.10% - 6.10%	0.00% - 5.50%

In 2024, 2023 and 2022, interest expense on LTNCDs for both the Group and the Parent Company includes amortization of transaction costs amounting to ₱15.2 million, ₱23.5 million and ₱29.6 million, respectively. Unamortized transaction costs of the LTNCDs amounted to ₱1.3 million and ₱16.5 million as of December 31, 2024 and 2023, respectively.

18. Financial Liabilities at Fair Value Through Profit or Loss

As of December 31, 2024 and 2023, this account consists of currency forwards and spots with negative fair values amounting to ₱0.9 billion and ₱0.6 billion, respectively, for the Group and Parent Company (refer to Notes 23 and 35).



19. Bills and Acceptances Payable

19.1 Information on Bills and Acceptances Payable

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Bills payable to:				
Foreign banks	₱11,828,038	₱10,607,231	₱11,828,038	₱10,607,231
BSP and local banks	2,324,404	395	2,324,404	395
	14,152,442	10,607,626	14,152,442	10,607,626
Acceptances outstanding (Note 10)	6,056,009	9,554,977	6,056,009	9,554,977
	₱20,208,451	₱20,162,603	₱20,208,451	₱20,162,603

The following are the carrying values and fair values of government debt securities pledged and transferred under Bills payable transactions of the Group and the Parent Company:

	2024		2023	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets at FVOCI (Note 9.2)	₱11,859,179	₱11,859,179	₱6,464,743	₱6,464,743
Investment securities at amortized cost (Note 9.3)	2,392,401	2,397,775	5,472,805	5,478,115
	₱14,251,580	₱14,256,954	₱11,937,548	₱11,942,858

19.2 Interest Expense on Bills Payable and Other Borrowings

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Lease liabilities (Note 29)	₱175,831	₱171,570	₱171,885	₱172,824	₱168,285	₱170,692
Bills payable	191,541	129,031	229,600	192,131	118,534	163,385
Others	83,566	35,246	32,488	82,152	32,769	29,467
	₱450,938	₱335,847	₱433,973	₱447,107	₱319,588	₱363,544

Bills payable of the Group and the Parent Company earn annual fixed interest rates ranging from:

	2024	2023	2022
Peso-denominated	5.8% - 6.6%	6.0% - 6.8%	1.9% - 5.5%
Foreign currency-denominated	0.0% - 5.6%	0.0% - 5.4%	0.3% - 4.3%

20. Accrued Taxes, Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Accrued taxes and other expenses	₱6,652,716	₱8,037,426	₱6,456,764	₱7,660,923
Accrued interest (Note 33)	2,145,837	2,427,947	2,125,330	2,388,727
	₱8,798,553	₱10,465,373	₱8,582,094	₱10,049,650



Accrued taxes and other expenses consist of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Financial liabilities:				
Promotional expenses	₱1,100,694	₱1,708,628	₱1,100,500	₱1,531,463
Rent and utilities payable	414,424	339,271	410,792	332,363
Information technology-related expenses	145,090	617,853	145,090	617,853
Repairs and maintenance	105,759	171,579	105,759	171,579
Professional fees	50,431	282,993	25,877	237,985
	1,816,398	3,120,324	1,788,018	2,891,243
Nonfinancial liabilities:				
Monetary value of leave credits	1,813,772	1,846,704	1,784,289	1,805,054
PDIC insurance premiums	1,093,893	1,055,331	1,078,415	1,039,853
Other taxes and licenses	775,776	889,776	757,116	878,562
Employee benefits	103,099	206,970	95,198	177,333
Other expenses	1,049,778	918,321	953,728	868,878
	4,836,318	4,917,102	4,668,746	4,769,680
	₱6,652,716	₱8,037,426	₱6,456,764	₱7,660,923

‘Other expenses’ include janitorial, representation and entertainment, communication and other operating expenses.

21. Bonds Payable

This account consists of:

Issue Date	Maturity Date	Face Value	Coupon Rate	Interest Repayment Terms	Carrying Value	
					2024	2023
October 23, 2024	October 23, 2029	USD 300,000	4.85%	Semi-annually	₱17,304,421	₱-
June 27, 2019	September 27, 2024	750,000	3.28%	Semi-annually	-	41,490,871
		USD1,050,000			₱17,304,421	₱41,490,871

On October 14, 2024, The Parent Company issued US\$300 million benchmark-sized Sustainability Regulation S offering of 5-year senior notes (the “Notes”) under its US\$2 billion Euro Medium Term Note programme (the “Programme”). The 5-year bond was priced at T+102 basis points, with a fixed coupon rate of 4.85%.

The Parent Company’s issued bonds are fixed-rate medium-term senior notes, which are drawdowns from its Medium Term Note Programme (the MTN Programme) established on April 13, 2018 with an initial nominal size of US\$1.0 billion. On June 14, 2019, the Parent Company increased the size of its MTN Programme to US\$2.0 billion. Both issuances are listed in the Singapore Exchange Securities Trading Limited.

As of December 31, 2024 and 2023, the unamortized transaction costs of bonds payable amounted to ₱49.1 million and ₱26.3 million, respectively. In 2024 and 2023, amortization of transaction costs amounting to ₱38.7 million and ₱66.5 million, respectively, were charged to ‘Interest expense on bonds payable’ in the statements of income.



22. Other Liabilities

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Financial				
Accounts payable	₱3,714,056	₱2,988,517	₱3,379,103	₱2,661,756
Bills purchased - contra (Note 10)	3,196,612	1,362,515	3,196,612	1,362,515
Due to other banks (Note 33)	2,038,261	744,625	1,861,960	509,915
Dormant credits	1,700,209	1,280,886	1,625,299	1,215,351
Manager's checks and demand drafts outstanding	1,383,750	1,296,191	1,383,750	1,296,191
Accounts payable - electronic money	759,059	628,449	759,059	628,449
Payment order payable	180,883	221,340	180,883	221,340
Deposits on lease contracts	72,975	76,028	72,975	76,028
Transmission liability	48,612	49,101	-	-
Margin deposits and cash letters of credit	27,719	686,130	6,244	673,639
Deposit for keys on safety deposit boxes	15,639	15,919	15,639	15,919
	13,137,775	9,349,701	12,481,524	8,661,103
Nonfinancial				
Due to Treasurer of the Philippines	1,431,240	1,444,009	1,431,240	1,444,009
Provisions (Notes 12 and 34)	878,874	1,068,215	848,300	992,950
Deferred revenue - Credit card-related	598,593	672,373	598,593	672,373
Withholding tax payable	473,641	374,139	470,812	370,340
Deferred revenue - Bancassurance (Note 12)	322,031	395,231	322,031	395,231
Deferred tax liabilities (Note 30)	167,524	166,091	-	-
SSS, Philhealth, Employer's compensation premiums and Pag-IBIG contributions payable	65,404	54,638	65,301	54,617
Retirement benefit liability (Note 28)	9,455	281,585	-	269,390
Miscellaneous	1,021,519	935,940	853,788	693,850
	4,968,281	5,392,221	4,590,065	4,892,760
	₱18,106,056	₱14,741,922	₱17,071,589	₱13,553,863

'Deferred revenue - Bancassurance' pertains to the allocated portion of the consideration received for the disposal of APLII related to the EDR and the exclusive bancassurance arrangement for the non-life insurance business with ABIC (refer to Note 12.7). In 2024 and 2023, amortization of other deferred revenue amounting to ₱73.2 million were recognized under 'Service fees and commission income' (refer to Note 26.1).

'Miscellaneous' include interoffice floats, remittance-related payables, overages, advance rentals and sundry credits.

23. Derivative Financial Instruments

The tables below show the fair values of the derivative financial instruments entered into by the Group and the Parent Company, recorded as 'Financial assets at FVTPL' (refer to Note 9.1) or 'Financial liabilities at FVTPL' (refer to Note 18), together with the notional amounts.

The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding as of December 31, 2024 and 2023 and are not indicative of either market risk or credit risk (amounts in thousands, except average forward rate).



Consolidated				
2024				
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
USD	₱296,412	₱251,056	USD1.00	3,957,296
SGD	2,230	-	0.74	70
EUR	-	140,877	1.04	32,133
JPY	-	7,510	0.01	1,613,534
CNY	-	48	0.14	6,300
GBP	-	31	1.25	815
SELL:				
USD	706,649	518,175	1.00	1,199,419
EUR	75,962	340	1.04	36,133
SGD	1,895	20	0.74	3,107
CAD	1,121	-	0.69	1,000
GBP	924	22	1.25	1,795
JPY	826	-	0.01	53,344
NZD	682	-	0.56	500
HKD	406	1,213	0.13	2,953,553
PHP	-	4,749	0.02	3,186,225
AUD	-	12	0.62	500
	₱1,087,107	₱924,053		

*The notional amounts pertain to original currencies.

Consolidated				
2023				
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
JPY	₱90,263	₱190,651	USD0.01	17,322,000
USD	40,763	351,871	1.00	1,344,799
SGD	456	-	0.76	11
SELL:				
USD	615,180	7,147	1.00	1,661,278
HKD	2,493	1	0.13	345,477
GBP	44	395	1.27	1,970
SGD	-	2,840	0.76	863
EUR	-	2,006	1.11	3,300
CAD	-	405	0.76	800
PHP	-	300	0.02	830,850
NZD	-	195	0.63	400
	₱749,199	₱555,811		

*The notional amounts pertain to original currencies.



Parent Company				
2024				
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
USD	₱296,006	₱249,876	USD1.00	1,006,743
SGD	2,230	-	0.74	70
EUR	-	140,876	1.04	32,133
JPY	-	7,510	0.01	1,613,534
CNY	-	48	0.14	6,300
GBP	-	31	1.25	815
SELL:				
USD	706,649	518,175	1.00	1,199,419
EUR	75,962	340	1.04	36,133
SGD	1,895	20	0.74	3,107
CAD	1,121	-	0.69	1,000
GBP	924	22	1.25	1,795
JPY	826	-	0.01	53,344
NZD	682	-	0.56	500
PHP	-	4,749	0.13	3,186,225
HKD	-	33	0.02	3,000
AUD	-	13	0.62	500
	₱1,086,295	₱921,693		

*The notional amounts pertain to original currencies.

Parent Company				
2023				
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
USD	₱38,270	₱351,871	USD1.00	1,300,926
JPY	90,263	190,651	0.01	17,322,000
SGD	456	-	0.76	11
SELL:				
USD	615,180	7,147	0.02	1,661,278
SGD	-	2,840	0.76	863
EUR	-	2,006	1.11	3,300
CAD	-	405	0.76	800
GBP	44	395	1.27	1,970
PHP	-	300	0.02	830,850
NZD	-	195	0.63	400
HKD	-	1	0.13	2,700
	₱744,213	₱555,811		

*The notional amounts pertain to original currencies.



The rollforward analysis of net derivative assets in 2024 and 2023 follows:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Balance at the beginning of the year:				
Derivative assets	₱749,199	₱1,361,951	₱744,213	₱1,359,828
Derivative liabilities	555,811	1,039,776	555,811	1,039,776
	193,388	322,175	188,402	320,052
Changes in fair value				
Currency forwards and spots*	(74,512)	(135,968)	(79,497)	(136,672)
Interest rate swaps and warrants**	(1,115)	609	(1,115)	609
	(75,627)	(135,359)	(80,612)	(136,063)
Net availments (settlements)	45,293	6,572	56,812	4,413
Balance at end of year:				
Derivative assets	1,087,107	749,199	1,086,295	744,213
Derivative liabilities	924,053	555,811	921,693	555,811
	₱163,054	₱193,388	₱164,602	₱188,402

* Presented as part of 'Foreign exchange gains - net'

** Recorded under 'Trading and investment securities gains - net' (refer to Note 9.5)

24. Maturity Analysis of Assets and Liabilities

The following tables show an analysis of assets (gross of allowance for impairment and credit losses) and liabilities of the Group and Parent Company analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from reporting date:

	Consolidated					
	2024			2023		
	Less than Twelve Months	Over Twelve Months	Total	Less than Twelve Months	Over Twelve Months	Total
Financial Assets						
Cash and other cash items	₱20,638,033	₱-	₱20,638,033	₱21,151,391	₱-	₱21,151,391
Due from BSP	55,128,316	-	55,128,316	95,410,350	-	95,410,350
Due from other banks	20,188,638	-	20,188,638	21,253,754	-	21,253,754
Interbank loans receivable (Note 8)	22,793,332	-	22,793,332	35,642,485	-	35,642,485
Securities held under agreements to resell (Note 8)	103,526,359	-	103,526,359	69,708,690	-	69,708,690
Financial assets at FVTPL (Note 9)	17,920,985	-	17,920,985	10,516,864	-	10,516,864
Financial assets at FVOCI (Note 9)	125,158,359	86,584,424	211,742,783	112,174,065	52,357,427	164,531,492
Investment securities at amortized cost (Note 9)	17,873,615	94,696,237	112,569,852	21,997,197	101,359,065	123,356,262
Loans and receivables (Note 10)	330,821,051	349,052,823	679,873,874	311,983,380	347,975,013	659,958,393
Other assets (Note 15)	427,311	20,162	447,473	383,478	18,779	402,257
	714,475,999	530,353,646	1,244,829,645	700,221,654	501,710,284	1,201,931,938
Nonfinancial Assets						
Property and equipment (Note 11)	-	25,122,850	25,122,850	-	25,026,058	25,026,058
Investment in an associate (Note 12)	-	3,446,613	3,446,613	-	3,199,124	3,199,124
Investment properties (Note 13)	-	20,562,196	20,562,196	-	18,727,971	18,727,971
Deferred tax assets (Note 30)	-	7,460,676	7,460,676	-	6,981,726	6,981,726
Goodwill (Note 14)	-	10,184,843	10,184,843	-	10,184,843	10,184,843
Intangible assets (Note 14)	-	10,004,004	10,004,004	-	8,329,479	8,329,479
Residual value of leased assets (Note 10)	-	-	-	5,658	-	5,658
Other assets (Note 15)	6,942,022	1,811,217	8,753,239	4,517,656	1,570,008	6,087,664
	6,942,022	78,592,399	85,534,421	4,523,314	74,019,209	78,542,523

(Forward)



	Consolidated					
	2024			2023		
	Less than Twelve Months	Over Twelve Months	Total	Less than Twelve Months	Over Twelve Months	Total
Less: Allowance for impairment and credit losses (Note 16)			₱47,207,940			₱47,247,648
Unearned and other deferred income (Note 10)			845,859			681,399
Accumulated depreciation and amortization (Notes 11, 13 and 14)			24,699,414			21,996,014
			₱1,257,610,853			₱1,210,549,400
Financial Liabilities						
Deposit liabilities (Note 17)	₱966,381,587	₱5,290,561	₱971,672,148	₱917,137,058	₱10,833,860	₱927,970,918
Financial liabilities at FVTPL (Note 18)	924,053	–	924,053	555,811	–	555,811
Bills and acceptances payable (Note 19)	20,208,451	–	20,208,451	19,047,156	1,115,447	20,162,603
Accrued interest payable (Note 20)	2,145,487	350	2,145,837	2,426,973	974	2,427,947
Accrued other expenses payable (Note 20)	1,816,398	–	1,816,398	3,120,324	–	3,120,324
Bonds payable (Note 21)	–	17,304,421	17,304,421	41,490,871	–	41,490,871
Other liabilities (Note 22)	11,510,963	1,626,812	13,137,775	8,134,350	1,215,351	9,349,701
	1,002,986,939	24,222,144	1,027,209,083	991,912,543	13,165,632	1,005,078,175
Nonfinancial Liabilities						
Lease liabilities (Note 29)	997,127	2,811,870	3,808,997	815,279	3,017,605	3,832,884
Accrued taxes and other expenses (Note 20)	3,204,301	1,632,017	4,836,318	3,529,374	1,387,728	4,917,102
Income tax payable	159,233	–	159,233	180,364	–	180,364
Other liabilities (Note 22)	2,294,638	2,673,643	4,968,281	2,188,421	3,203,800	5,392,221
	6,655,299	7,117,530	13,772,829	6,713,438	7,609,133	14,322,571
	₱1,009,642,238	₱31,339,674	₱1,040,981,912	₱998,625,981	₱20,774,765	₱1,019,400,746
Parent Company						
	2024			2023		
	Less than Twelve Months	Over Twelve Months	Total	Less than Twelve Months	Over Twelve Months	Total
Financial Assets						
Cash and other cash items	₱20,522,258	₱–	₱20,522,258	₱21,052,526	₱–	₱21,052,526
Due from BSP	55,128,316	–	55,128,316	95,410,350	–	95,410,350
Due from other banks	11,482,953	–	11,482,953	13,636,497	–	13,636,497
Interbank loans receivable (Note 8)	21,287,758	–	21,287,758	33,445,364	–	33,445,364
Securities held under agreements to resell (Note 8)	103,526,359	–	103,526,359	69,708,690	–	69,708,690
Financial assets at FVTPL (Note 9)	17,770,142	–	17,770,142	10,363,259	–	10,363,259
Financial assets at FVOCI (Note 9)	125,166,623	86,103,711	211,270,334	112,186,240	51,950,731	164,136,971
Investment securities at amortized cost (Note 9)	17,845,947	94,341,918	112,187,865	21,859,529	101,026,771	122,886,300
Loans and receivables (Note 10)	319,396,422	345,979,459	665,375,881	301,689,657	343,699,637	645,389,294
Other assets (Note 15)	426,650	500	427,150	382,847	500	383,347
	692,553,428	526,425,588	1,218,979,016	679,734,959	496,677,639	1,176,412,598
Nonfinancial Assets						
Property and equipment (Note 11)	–	23,745,945	23,745,945	–	23,505,599	23,505,599
Investment in subsidiaries and an associate (Note 12)	–	21,630,204	21,630,204	–	20,567,070	20,567,070
Investment properties (Note 13)	–	19,929,744	19,929,744	–	18,061,869	18,061,869
Deferred tax assets (Note 30)	–	7,478,726	7,478,726	–	6,929,669	6,929,669
Goodwill (Note 14)	–	10,325,201	10,325,201	–	10,325,201	10,325,201
Intangible assets (Note 14)	–	9,747,958	9,747,958	–	8,836,155	8,836,155
Other assets (Note 15)	6,349,157	1,807,345	8,156,502	3,839,071	1,565,837	5,404,908
	6,349,157	94,665,123	101,014,280	3,839,071	89,791,400	93,630,471
Less: Allowance for impairment and credit losses (Note 16)			47,129,515			47,218,194
Unearned and other deferred income (Note 10)			828,479			663,302
Accumulated amortization and depreciation (Notes 11, 13 and 14)			23,778,201			21,787,417
			₱1,248,257,101			₱1,200,374,156

(Forward)



	Parent Company					
	2024			2023		
	Less than Twelve Months	Over Twelve Months	Total	Less than Twelve Months	Over Twelve Months	Total
Financial Liabilities						
Deposit liabilities (Note 17)	₱962,448,890	₱4,796,286	₱967,245,176	₱912,423,822	₱10,358,261	₱922,782,083
Financial liabilities at FVTPL (Note 18)	921,693	–	921,693	555,811	–	555,811
Bills and acceptances payable (Note 19)	20,208,451	–	20,208,451	19,047,156	1,115,447	20,162,603
Accrued interest payable (Note 20)	2,125,330	–	2,125,330	2,388,727	–	2,388,727
Accrued other expenses payable (Note 20)	1,788,018	–	1,788,018	2,891,243	–	2,891,243
Bonds payable (Note 21)	–	17,304,421	17,304,421	41,490,871	–	41,490,871
Other liabilities (Note 22)	10,854,712	1,626,812	12,481,524	7,445,752	1,215,351	8,661,103
	998,347,094	23,727,519	1,022,074,613	986,243,382	12,689,059	998,932,441
Nonfinancial Liabilities						
Lease liabilities (Note 29)	928,850	2,793,869	3,722,719	770,705	2,952,611	3,723,316
Accrued taxes and other expenses (Note 20)	3,048,642	1,620,104	4,668,746	3,381,952	1,387,728	4,769,680
Income tax payable	76,516	–	76,516	103,470	–	103,470
Other liabilities (Note 22)	1,956,451	2,633,614	4,590,065	1,759,137	3,133,623	4,892,760
	6,010,459	7,047,587	13,058,046	6,015,264	7,473,962	13,489,226
	₱1,004,357,553	₱30,775,106	₱1,035,132,659	₱992,258,646	₱20,163,021	₱1,012,421,667

25. Equity

25.1 Capital Stock

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

	Shares	Amount
Common - ₱40 par value		
Authorized	1,750,000,001	₱70,000,000
Issued and outstanding		
Balance at the beginning and end of the year	1,525,764,850	₱61,030,594

The history of share issuances of the Parent Company since its initial public offering follows:

Date	Type of issuance	Number of common shares	Par value	Offer price
July 2019	Stock rights	276,625,172	₱40.00	₱43.38
February 2014	Stock rights	162,931,262	40.00	71.00
February 2013	Share-for-share swap with ABC common and preferred shares	423,962,500	40.00	97.90
September 2000	Pre-emptive stock rights	71,850,215	100.00	60.00
September 1999	Stock rights	68,740,086	100.00	137.80
December 1995	Third public offering	7,200,000	100.00	260.00
April 1992	Second public offering	8,033,140	100.00	265.00
June 1989	Initial public offering	10,800,000	100.00	100.00

In January 2013, the SEC approved the conversion of the Parent Company's 195,175,444 authorized preferred shares into common shares, thereby increasing its authorized common shares to 1,250,000,001. Further, in July 2014, the SEC approved the Parent Company's Articles of Incorporation for the increase in authorized capital by 500,000,000 common shares to 1,750,000,001.

The Parent Company's shares are listed in the PSE. As of December 31, 2024 and 2023, the Parent Company had 35,918 and 36,081 stockholders, respectively.



On July 22, 2019, the Parent Company successfully completed its Stock Rights Offering (SRO) of 276,625,172 common shares with a par value of ₱40.0 per share at a price of ₱43.38 each, raising gross proceeds of ₱12.0 billion. Out of the total transaction costs from the SRO, underwriting fees amounting to ₱10.0 million paid to PNB Capital, being one of the joint lead managers, was eliminated against ‘Capital paid in excess of par value’ in the consolidated financial statements.

25.2 Surplus

The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11-2008 differs to a certain extent from the computation following BSP guidelines.

As of December 31, 2024 and 2023, surplus amounting to ₱9.6 billion, representing the balances of the following equity items that have been applied to eliminate the Parent Company’s deficit through quasi-reorganizations in 2002 and 2000 (refer to Note 12), is not available for dividend declaration without prior approval from the SEC and the BSP:

Revaluation increment on land and buildings	₱7,691,808
Accumulated translation adjustment	1,315,685
Accumulated equity in net earnings of investees	563,048
	₱9,570,541

25.3 Surplus Reserves

This account consists of:

	2024	2023
Reserves under BSP Circular 1011 (Note 10)	₱4,187,284	₱3,912,672
Reserves for trust business (Note 32)	674,753	660,258
Reserves for self-insurance	105,000	105,000
	₱4,967,037	₱4,677,930

‘Reserves under BSP Circular 1011’ represents the appropriation for the excess of 1% general loan loss provisions over the computed ECL for Stage 1 accounts in accordance with BSP Circular 1011.

‘Reserves for self-insurance’ represents the amount set aside to cover losses due to fire or defalcation by, and other unlawful acts, of the Parent Company’s personnel or third parties.

25.4 Accumulated Translation Adjustment

As part of the Group’s rehabilitation program in 2002, the SEC approved on November 7, 2002 the application of the accumulated translation adjustment of ₱1.6 billion to eliminate the Parent Company’s remaining deficit of ₱1.3 billion, including ₱0.6 billion accumulated equity in net earnings as of December 31, 2001, after applying the total reduction in par value amounting to ₱7.6 billion.

The SEC approval is subject to the following conditions:

- remaining translation adjustment of ₱310.7 million as of December 31, 2001 (shown as part of ‘Capital paid in excess of par value’ in the statement of financial position) will not be used to wipe out losses that may be incurred in the future without prior approval of SEC;
- for purposes of dividend declaration, any future surplus account of the Parent Company shall be restricted to the extent of the deficit wiped out by the translation adjustment.



25.5 Other Equity Reserves

On August 26, 2016, the Parent Company's BOD approved the grant of centennial bonus to its employees, officers and directors on record as of July 22, 2016, in the form of the Parent Company's shares of stock. The acquisition and distribution of the estimated 3.0 million shares were over a period of five years, were subject to service conditions. The grant is accounted for as equity-settled share-based payments. Grant date was April 27, 2017 when the fair value of the centennial bonus shares was at ₱65.20. In 2021, the Parent Company awarded 306 thousand centennial bonus shares and applied the settlement of the awards against 'Other equity reserves' amounting to ₱29.0 million.

As discussed in Note 9.2, the Bank and PAL Holdings, Inc. completed a share swap transaction in April 2024 wherein the Bank exchanged the 19.86 million PAL shares held to 309.15 million PAL Holdings, Inc. shares. The share swap transaction resulted in the recycling of OCI to Surplus in the amount of ₱894.90 million and recognition of Other Equity Reserves amounting to ₱940.17 million. PAL Holdings, Inc. shares are recognized in the books as FVOCI amounting P1.53 billion as of December 31, 2024.

25.6 Capital Management

The primary objectives of the Group's capital management are to ensure that it complies with externally imposed capital requirements and it maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Parent Company and its financial allied subsidiaries are subject to the regulatory requirements of the BSP. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Parent Company may adjust the amount of dividend payment to shareholders, return capital structure, or issue capital securities. No changes were made in the objectives, policies and processes from the previous periods. The Group has complied with all externally imposed capital requirements throughout the year.

25.6.1 BSP Reporting for Capital Management

Under existing BSP regulations, the determination of the Group's compliance with regulatory requirements and ratios is based on the amount of the Group's unimpaired capital (regulatory net worth) reported to the BSP, which is determined based on RAP, which differ from PFRS Accounting Standards in some respects. In addition, the risk-based capital ratio of a bank or Capital Adequacy Ratio (CAR), expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% at all times for both solo basis (head office and branches) and consolidated basis (Parent Company and subsidiaries engaged in financial allied undertakings but excluding insurance companies). Qualifying capital and risk-weighted assets are computed based on RAP. Risk-weighted assets consist of total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the MB of the BSP.

On May 16, 2002, the BSP approved the booking of additional appraisal increment on properties of ₱431.8 million and recognition of the same in determining the CAR, and booking of translation adjustment of ₱1.6 billion representing the increase in peso value of the investment in foreign subsidiaries for purposes of the quasi-reorganization and rehabilitation of the Parent Company, provided that the same shall be excluded for dividend purposes.



As of December 31, 2024 and 2023, CAR reported to the BSP with certain adjustments is shown in the table below (amounts, except ratios, are expressed in millions):

Consolidated	2024		2023	
	Actual	Required	Actual	Required
CET1 Capital (Gross)	₱207,245		₱182,490	
Less: Regulatory Adjustments to CET1	48,157		47,253	
CET1 Capital (Net) / Tier 1 Capital	159,088		135,237	
Add: Tier 2 Capital	7,345		6,822	
Total qualifying capital	₱166,433	₱82,815	₱142,059	₱80,251
Total risk-weighted assets	₱828,154		₱802,506	
CET1 / Tier 1 capital ratio	19.21%		16.85%	
Total capital ratio	20.10%		17.70%	

Parent Company	2024		2023	
	Actual	Required	Actual	Required
CET1 Capital (Gross)	₱202,695		₱178,004	
Less: Regulatory Adjustments to CET1	66,225		64,326	
CET1 Capital (Net) / Tier 1 Capital	136,470		113,678	
Add: Tier 2 Capital	7,130		6,602	
Total qualifying capital	₱ 143,600	₱80,179	₱120,280	₱77,514
Total risk-weighted assets	₱801,791		₱775,138	
CET1 / Tier 1 capital ratio	17.02%		14.67%	
Total capital ratio	17.91%		15.52%	

BSP regulations set out a minimum CET1 ratio of 6.0% and Tier 1 capital ratio of 7.5%; capital conservation buffer of 2.5% comprised of CET1 capital; and total CAR of 10.0%.

In line with its ICAAP document, the Parent Company maintains a capital level that not only meets the BSP's CAR requirement, but also covers all material risks that it may encounter in the course of its business. The ICAAP process highlights close integration of capital planning and strategic management with risk management. The Parent Company has in place a risk management framework that involves a collaborative process for assessing and managing identified Pillar 1 and Pillar 2 risks. The Parent Company complies with the required annual submission of updated ICAAP.

25.6.2 BSP Reporting for Basel III Leverage Ratio

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

As of December 31, 2024 and 2023, BLR reported to the BSP with certain adjustments is shown in the table below (amounts, except ratios, are expressed in millions):

	Consolidated		Parent Company	
	2024	2023	2024	2023
Tier 1 capital	₱157,434	₱135,237	₱136,471	₱113,678
Total exposure measure	1,295,205	1,242,728	1,267,623	1,213,940
BLR	12.16%	10.88%	10.77%	9.36%

BLR is computed based on RAP.



26. Other Operating Income

26.1 Service Fees and Commission Income

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Deposit-related	₱1,888,995	₱1,773,546	₱1,585,441	₱1,888,997	₱1,773,546	₱1,585,441
Loan-related	1,167,087	1,098,218	1,122,258	1,153,321	1,086,777	1,114,379
Credit card-related	1,141,819	816,028	669,862	1,141,819	816,028	669,862
Remittance (Note 33)	677,432	674,873	680,875	358,390	353,722	357,161
Interchange fees	591,637	647,084	458,456	591,637	647,084	458,456
Bancassurance (Note 22)	469,038	476,056	873,039	469,038	476,056	873,039
Underwriting fees	321,111	433,172	1,032,640	–	–	–
Trust fees (Note 32)	379,959	373,721	317,782	379,959	373,721	317,782
Miscellaneous	324,792	298,558	257,256	255,227	227,949	187,249
	₱6,961,870	₱6,591,256	₱6,997,609	₱6,238,388	₱5,754,883	₱5,563,369

‘Credit card-related fees’ and ‘Interchange fees’ were generated from the credit card business of the Parent Company.

‘Miscellaneous’ includes income from securities brokering activities and other fees and commission.

26.2 Net Gains on Sale or Exchange of Assets

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Net gains from foreclosure and repossession of investment properties	₱1,002,157	₱238,112	₱1,751,739	₱1,002,157	₱238,112	₱1,751,739
Net gains from sale of investment properties	569,409	3,277,077	5,703,909	569,409	3,276,848	5,701,642
Net gains from sale of other assets	284,675	313,864	241,807	284,496	313,864	241,807
Net gains from sale of property and equipment (Note 11)	138,801	712,514	34,913	135,248	793,070	32,027
Net gains from sale of receivables	–	–	42,786	–	–	42,786
	₱1,995,042	₱4,541,567	₱7,775,154	₱1,991,310	₱4,621,894	₱7,770,001

27. Miscellaneous Income and Expenses

27.1 Miscellaneous Income

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Recoveries	₱169,156	₱215,834	₱303,435	₱168,903	₱215,178	₱221,253
Income from assets acquired	148,891	74,074	95,736	148,891	74,074	95,736
Rental income (Notes 29 and 33)	116,604	257,758	275,865	74,020	133,392	47,345
Dividends	25,093	50,833	51,211	23,196	11,189	11,139
Others	229,227	272,895	410,445	85,019	191,074	345,960
	₱688,971	₱871,394	₱1,136,692	₱500,029	₱624,907	₱721,433



‘Others’ consist of income from wire transfers, tellers’ overages, and loan-related penalty payments received by the Group, and other income relating to loans, credit card and trade transactions.

27.2 Miscellaneous Expenses

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Secretarial, janitorial and messengerial	₱2,150,609	₱1,939,219	₱1,790,422	₱2,141,634	₱1,929,196	₱1,779,543
Insurance	1,957,262	2,000,871	1,778,214	1,941,535	1,985,502	1,763,300
Marketing expenses	1,487,066	794,060	1,070,147	1,479,877	787,800	1,063,239
Information technology	887,861	1,001,111	1,193,975	852,990	968,654	1,165,865
Litigation and assets acquired expenses (Note 13)	492,334	662,610	373,740	492,315	661,214	373,549
Travelling	454,731	331,658	339,868	448,431	325,628	333,898
Stationery and supplies	286,864	217,194	269,669	277,570	208,160	260,333
Management and other professional fees	250,228	274,788	279,363	200,311	225,202	220,880
Common use service area (CUSA) charges (Note 33)	219,235	220,143	188,770	219,235	220,143	188,772
Entertainment, amusement and recreation (EAR) (Note 30)	168,122	30,031	154,987	151,706	16,778	145,423
Postage, telephone and cable	156,991	153,964	156,800	123,335	124,527	127,895
Value-added tax on leases	138,676	187,479	141,988	138,676	187,479	141,988
Freight	50,455	45,676	41,599	50,450	45,666	41,547
Repairs and maintenance	45,777	49,585	79,303	45,777	49,585	79,303
Fuel and lubricants	12,185	14,620	16,301	10,083	11,232	13,751
Others (Note 33)	195,376	295,162	176,796	103,490	202,181	111,144
	₱8,953,772	₱8,218,171	₱8,051,942	₱8,677,415	₱7,948,947	₱7,810,430

‘Others’ include stationery and supplies used, donation, fines, penalties, periodicals, magazines and other charges.

28. Retirement Plan

The Parent Company and certain subsidiaries of the Group have separate funded, noncontributory defined benefit retirement plans covering substantially all its officers and regular employees. Under these retirement plans, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements.

The amounts of net defined benefit asset/(liability) in the statements of financial position follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Net plan assets (included in ‘Other assets – miscellaneous’) (Note 15)	₱302,797	₱17,283	₱302,797	₱–
Retirement benefit liability (included in ‘Other liabilities’) (Note 22)	9,455	281,585	–	269,390
	₱293,342	(₱264,302)	₱302,797	(₱269,390)



The Parent Company also provides certain post-employee benefit through a guarantee of a specified return on contributions in one of its employee investment plans (EIP).

The latest actuarial valuations for these retirement plans were made as of December 31, 2024.

The following table shows the actuarial assumptions as of December 31, 2024 and 2023 used in determining the retirement benefit obligation of the Group:

	Consolidated		Parent Company			
			Regular Plans		EIP	
	2024	2023	2024	2023	2024	2023
Discount rate	6.10% - 6.12%	6.03% - 7.15%	6.12%	6.03%	6.12%	6.03%
Salary rate increase	5.00% - 10.00%	5.00% - 10.00%	5.00%	5.00%	-	-

The Group and the Parent Company employ asset-liability matching strategies to maximize investment returns at the least risk to reduce contribution requirements while maintaining a stable retirement plan. Retirement plans are invested to ensure that liquid funds are available when benefits become due, to minimize losses due to investment pre-terminations and maximize opportunities for higher potential returns at the least risk.

The current plan assets of the Group and the Parent Company are allocated to cover benefit payments in the order of their proximity to the present time. Expected benefit payments are projected and classified into short-term or long-term liabilities. Investment instruments that would match the liabilities are identified. This strategy minimizes the possibility of the asset-liability match being distorted due to the Group's and the Parent Company's failure to contribute in accordance with its general funding strategy.



The changes in the fair value of plan assets and present value obligation and are as follows:

	Consolidated												
	2024												
	Net benefit costs *						Remeasurements in other comprehensive income						
	January 1, 2024	Current service cost	Past service cost	Net interest	Settlement loss	Subtotal	Benefits paid	Return on plan asset excluding amount included in net interest	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions by employer	December 31, 2024
Fair value of plan assets	₱8,553,223	₱-	₱-	₱514,478	(₱21,594)	₱492,884	(₱895,037)	₱92,270	₱-	₱-	₱92,270	₱1,038,037	₱9,281,377
Present value of pension obligation	8,817,525	529,998	1,793	528,971	(7,588)	1,053,174	(895,037)	-	(45,106)	57,479	12,373	-	8,988,035
	(₱264,302)	(529,998)	(₱1,793)	(₱14,493)	(14,006)	(₱560,290)	₱-	₱92,270	₱45,106	(₱57,479)	₱79,897	₱1,038,037	₱293,342

*Net benefit costs are included in 'Compensation and fringe benefits' in the statements of income

In 2024, PNB Capital and PNB Securities amended certain provisions of its defined benefit retirement plan and EIP, resulting in the recognition of past service costs amounting to ₱1.8 million.

	Consolidated												
	2023												
	Net benefit costs *						Remeasurements in other comprehensive income						
	January 1, 2023	Current service cost	Past service cost	Net interest	Settlement loss	Subtotal	Benefits paid	Return on plan asset excluding amount included in net interest	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions by employer	December 31, 2023
Fair value of plan assets	₱7,883,698	₱-	₱-	₱545,884	₱-	₱545,884	(₱909,969)	(₱123,225)	₱-	₱-	(₱123,225)	₱1,156,835	₱8,553,223
Present value of pension obligation	8,262,548	518,273	-	569,815	508	1,088,596	(909,969)	-	398,325	(21,975)	376,350	-	8,817,525
	(₱378,850)	(₱518,273)	₱-	(₱23,931)	(₱508)	(₱542,712)	₱-	(₱123,225)	(₱398,325)	₱21,975	(₱499,575)	₱1,156,835	(₱264,302)

*Net benefit costs are included in 'Compensation and fringe benefits' in the statements of income

In 2023, as part of the winding down of PMLFC, it has settled its obligations to all plan members under its defined benefit retirement plan, recognizing settlement loss amounting to ₱0.5 million.



Parent Company												
2024												
Net benefit costs *					Remeasurements in other comprehensive income							
January 1, 2024	Current service cost	Past service cost	Net interest	Subtotal	Benefits paid	Return on plan asset excluding amount included in net interest	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions by employer	December 31, 2024	
Fair value of plan assets	₱8,496,808	₱-	₱-	₱512,358	₱512,358	(₱893,922)	₱92,314	₱-	₱92,314	₱1,036,922	₱9,244,480	
Present value of pension obligation	8,766,198	524,106	-	526,310	1,050,416	(893,922)	-	64,010	18,991	-	8,941,683	
	(₱269,390)	(₱524,106)	₱-	(₱13,952)	(₱538,058)	₱-	₱92,314	(₱64,010)	₱45,019	₱73,323	₱1,036,922	₱302,797

*Net benefit costs are included in 'Compensation and fringe benefits' in the statements of income

Parent Company												
2023												
Net benefit costs *					Remeasurements in other comprehensive income							
January 1, 2023	Current service cost	Past service cost	Net interest	Subtotal	Benefits paid	Return on plan asset excluding amount included in net interest	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions by employer	December 31, 2023	
Fair value of plan assets	₱7,823,268	₱-	₱-	₱542,152	₱542,152	(₱899,272)	(₱120,898)	₱-	(₱120,898)	₱1,151,558	₱8,496,808	
Present value of pension obligation	8,205,719	508,794	-	566,258	1,075,052	(899,272)	-	407,223	384,699	-	8,766,198	
	(₱382,451)	(₱508,794)	₱-	(₱24,106)	(₱532,900)	₱-	(₱120,898)	(₱407,223)	₱22,524	(₱505,597)	₱1,151,558	(₱269,390)

*Net benefit costs are included in 'Compensation and fringe benefits' in the statements of income



The Group and the Parent Company expect to contribute ₱49.8 million and ₱34.2 million, respectively, to the defined benefit plans in 2025. The average duration of the retirement liability of the Group and the Parent Company as of December 31, 2024 is 14 years.

Shown below is the maturity analysis of the undiscounted benefit payments:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Less than one year	₱2,087,036	₱2,006,787	₱2,086,609	₱2,006,149
More than one year to five years	5,591,080	5,561,003	5,567,348	5,536,660
More than five years to 10 years	4,327,867	4,216,312	4,299,336	4,181,267
More than 10 years to 15 years	4,073,951	3,796,315	4,054,070	3,776,079
More than 15 years	8,396,828	7,756,720	8,059,770	7,387,120

The fair values of plan assets by each class as at the end of the reporting periods are as follows:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Cash and cash equivalents (Note 33)	₱1,278,835	₱2,704,983	₱1,272,878	₱2,692,996
Equity investments				
Electricity, gas and water	1,167,625	1,023,715	1,167,625	1,023,715
Real estate, renting and business activities	1,095,950	377,728	1,092,132	376,478
Manufacturing	569,242	549,340	569,242	549,340
Financial institutions (Note 33)	217,952	157,649	216,170	152,059
Others	47,810	50,946	44,302	42,631
Debt investment				
Government securities	2,720,023	2,296,273	2,706,530	2,283,209
Private debt securities	457,976	218,317	451,613	212,419
Investment in UITFs (Note 33)	956,607	566,714	954,822	556,626
Loans and receivables	668,250	561,330	668,250	561,330
Interest and other receivables	102,890	48,797	102,647	48,493
	9,283,160	8,555,792	9,246,211	8,499,296
Accrued expenses	(1,783)	(2,569)	(1,731)	(2,488)
	₱9,281,377	₱8,553,223	₱9,244,480	₱8,496,808

All equity and debt investments held have quoted prices in active markets. Fair value of investments in UITFs is based on their published net asset value per share. The remaining plan assets do not have quoted market prices in an active market, thus, their fair value is determined using the discounted cash flow methodology, using the Group's current incremental lending rates for similar types of loans and receivables.

The fair value of the plan assets as of December 31, 2024 and 2023 for the Group includes investments in the Parent Company shares of stock with fair value amounting to ₱227.7 million and ₱152.1 million, respectively (refer to Note 33.3).

The plan assets have diverse investments and do not have any concentration risk.



The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	2024			
	Consolidated		Parent Company	
	Possible fluctuations	Increase (decrease)	Possible fluctuations	Increase (decrease)
Discount rate	+1.00%	(₱477,127)	+1.00%	(₱472,397)
	-1.00%	531,118	-1.00%	525,378
Salary increase rate	+1.00%	497,980	+1.00%	492,376
	-1.00%	(472,301)	-1.00%	(467,537)
Employee turnover rate	+10.00%	58,540	+10.00%	58,074
	-10.00%	(58,540)	-10.00%	(58,074)

	2023			
	Consolidated		Parent Company	
	Possible fluctuations	Increase (decrease)	Possible fluctuations	Increase (decrease)
Discount rate	+1.00%	(₱476,282)	+1.00%	(₱470,919)
	-1.00%	531,114	-1.00%	524,667
Salary increase rate	+1.00%	491,712	+1.00%	485,411
	-1.00%	(460,915)	-1.00%	(455,512)
Employee turnover rate	+10.00%	61,646	+10.00%	61,050
	-10.00%	(61,646)	-10.00%	(61,050)

Full actuarial valuations were performed to test the sensitivity of the defined benefit obligation to a 1.00% increment in salary increase rate and a 1.00% decrement in the discount rate. The results also provide a good estimate of the sensitivity of the defined benefit obligation to a 1.00% decrement in salary increase rate and a 1.00% increment in the discount rate.

29. Leases

29.1 Group as Lessee

The Group has entered into commercial leases for its branch sites, ATM offsite location and other equipment. These non-cancellable leases have lease terms of 1 to 25 years. Most of these lease contracts include escalation clauses, an annual rent increase of 2.00% to 10.00%. The Group's right-of-use assets pertain to its corporate, branch sites and subsidiaries' offices under lease arrangements.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Rent expense charged against current operations (included in 'Occupancy and equipment-related costs' in the statements of income) amounted to ₱395.6 million, ₱264.1 million and ₱270.2 million in 2024, 2023 and 2022, respectively, for the Group, of which ₱291.7 million, ₱187.0 million and ₱201.6 million in 2024, 2023, and 2022, respectively, pertain to the Parent Company. Rent expenses in 2024, 2023 and 2022 pertain to expenses from short-term leases and leases of low-value assets.

As of December 31, 2024 and 2023, the Group has no contingent rent payable.



As of December 31, 2024 and 2023, the carrying amounts of ‘Lease liabilities’ are as follows:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Balance at beginning of year	₱3,832,884	₱3,636,391	₱3,723,316	₱3,604,077
Additions	956,755	1,340,509	907,278	1,185,129
Payments	(1,127,583)	(1,314,516)	(1,052,523)	(1,232,928)
Interest expense (Note 19)	175,831	171,570	172,824	168,285
Transfers	(28,890)	(1,070)	(28,176)	(1,247)
	₱3,808,997	₱3,832,884	₱3,722,719	₱3,723,316

The Parent Company has lease contracts with its affiliates (Note 33).

Future minimum rentals payable under non-cancelable leases follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Within one year	₱1,119,742	₱1,072,255	₱1,064,269	₱987,562
Beyond one year but not more than five years	3,138,644	3,171,247	3,048,968	3,057,198
More than five years	265,883	388,583	152,045	292,988
	₱4,524,269	₱4,632,085	₱4,265,282	₱4,337,748

29.2 Group as Lessor Under Operating Leases

The Parent Company has entered into commercial property leases on its investment properties. These non-cancelable leases have lease terms of one to five years. Some leases include escalation clauses (such as 5.00% per year). In 2024, 2023 and 2022, total rent income (included under ‘Miscellaneous income’) amounted to ₱116.6 million, ₱257.8 million and ₱275.9 million, respectively, for the Group and ₱74.0 million, ₱133.4 million and ₱47.3 million, respectively, for the Parent Company (refer to Note 27.1).

Future minimum rentals receivable of the Group under non-cancelable operating leases follow:

	2024	2023
Within one year	₱35,891	₱246,175
Beyond one year but not more than five years	42,254	77,745
	₱78,145	₱323,920

29.3 Group as Lessor Under Finance Leases

Leases where the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased asset are classified as finance leases and are presented as receivable at an amount equal to the Group’s net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group’s net investment outstanding in respect of the finance lease (effective interest method). Lease payments relating to the period are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

The future minimum lease receivables under finance leases are disclosed under ‘Loans and Receivables’ in Note 10.2.



30. Income and Other Taxes

30.1 Philippine Tax Landscape and Regulations

Under Philippine tax laws, the Parent Company and certain subsidiaries are subject to percentage and other taxes (presented as ‘Taxes and licenses’ in the statements of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax and documentary stamp tax.

Income taxes include the corporate income tax, discussed below, and final taxes paid which represents final withholding tax on gross interest income from government securities and other deposit substitutes and income from the FCDU transactions. These income taxes, as well as the deferred tax benefits and provisions, are presented as ‘Provision for income tax’ in the statements of income.

On March 26, 2021, Republic Act No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law. CREATE reduced the RCIT rate from 30.00% to 25.00% depending on the criteria set by the law effective July 1, 2020. With the implementation of CREATE, interest expense allowed as a deductible expense shall be reduced by 20.00% of the interest income subjected to final tax, compared to the 33.00% reduction prior to the CREATE.

The regulations also provide for MCIT of 2.00% (prior to CREATE) and 1.00% from (July 1, 2020 to June 30, 2023 before reverting to 2.00%) on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Group’s and the Parent Company’s income tax liability and taxable income, respectively, over a three-year period from the year of inception. For the taxable years 2021 and 2020, the NOLCO incurred can be carried over as a deduction for the next five (5) consecutive taxable years, pursuant to Revenue Regulations (RR) No. 25-2020.

Current tax regulations also provide for the ceiling on the amount of EAR expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Parent Company and some of its subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue. EAR charged against current operations (included in ‘Miscellaneous expenses’ in the statements of income) amounted to ₱168.1 million in 2024, ₱30.0 million in 2023, and ₱155.0 million in 2022 for the Group, and ₱151.7 million in 2024, ₱16.8 million in 2023, and ₱145.4 million in 2022 for the Parent Company (refer to Note 27.2).

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is subject to 10.00% income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units (OBUs) is taxed at 15.00%. Income derived by the FCDU from foreign currency-denominated transactions with non-residents, OBUs, local commercial banks including branches of foreign banks, is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% income tax.



30.2 Provision for Income Tax

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Current						
Regular	₱1,589,423	₱1,404,428	₱3,463,008	₱1,460,234	₱1,327,057	₱3,238,970
Final	4,011,481	2,914,558	1,807,104	3,980,539	2,877,681	1,784,869
	5,600,904	4,318,986	5,270,112	5,440,773	4,204,738	5,023,839
Deferred	(501,172)	(311,611)	(338,884)	(544,600)	(356,770)	(339,814)
	₱5,099,732	₱4,007,375	₱4,931,228	₱4,896,173	₱3,847,968	₱4,684,025

30.3 Deferred Taxes

The amounts of net deferred tax assets in the statements of financial position follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Deferred tax assets	₱7,460,676	₱6,981,726	₱7,478,726	₱6,929,669
Deferred tax liabilities (Note 22)	167,524	166,091	–	–
	₱7,293,152	₱6,815,635	₱7,478,726	₱6,929,669

The components of net deferred tax assets reported in the statements of financial position follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Deferred tax assets on:				
Allowance for impairment, credit and other losses	₱9,700,391	₱9,281,393	₱9,776,691	₱9,331,283
Accumulated depreciation on properties	546,490	512,469	546,490	512,469
Accrued expenses	444,217	493,210	442,771	451,264
Unrealized trading losses on financial assets	230,423	–	230,423	–
Deferred revenues	114,373	185,317	114,373	185,317
Retirement liability	50,842	50,428	–	–
Unrealized losses on financial assets at FVTPL and FVOCI	17,332	–	17,300	–
Others	6,587	10,202	–	–
	11,110,655	10,533,019	11,128,048	10,480,333
Deferred tax liabilities on:				
Fair value adjustments on asset foreclosures and dacion transactions	1,917,719	1,590,559	1,769,381	1,442,221
Revaluation increment on land and buildings	898,676	1,516,383	898,676	1,516,383
Unrealized foreign exchange gains	538,754	186,371	538,754	186,339
Gain on remeasurement of previously held interest	246,651	246,651	246,651	246,651
Fair value adjustments due to business combination	119,659	155,541	119,659	155,541
Retirement assets	75,699	–	75,699	–
Unrealized gains on financial assets at FVTPL and FVOCI	502	3,571	502	3,529
Others	19,843	18,308	–	–
	3,817,503	3,717,384	3,649,322	3,550,664
	₱7,293,152	₱6,815,635	₱7,478,726	₱6,929,669



As of December 31, 2024 and 2023, the Group's net deferred tax liabilities as disclosed in 'Other liabilities' (refer to Note 22) include deferred tax liabilities on fair value adjustments due to business combination amounting to ₱148.3 million.

Benefit from deferred tax charged to OCI pertains to deferred tax on remeasurement gains on retirement plan amounting to ₱0.8 million and nil in 2024 and 2023, respectively, for the Group.

Provision for deferred tax charged directly to OCI pertains to deferred tax on net unrealized losses on financial assets at FVOCI amounting to ₱1.0 million for the Group and the Parent Company in 2024, and ₱0.2 million for the Group and the Parent Company in 2023.

Unrecognized deferred tax assets

The Parent Company and certain subsidiaries did not recognize deferred tax assets on the following unused tax credit and losses and temporary differences since they believe that the related tax benefits will not be realized in the future:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Allowance for impairment and credit losses	₱4,459,922	₱8,262,820	₱4,459,922	₱8,262,820
Unamortized past service cost	2,099,740	1,576,711	2,099,740	1,576,711
NOLCO	972,676	959,254	–	–
Lease liability	564,752	402,146	562,990	399,340
Derivative liabilities	–	555,811	–	555,811
Unrealized losses on financial assets	–	147,661	–	147,661
Unrealized foreign exchange loss	–	95,747	–	95,747
Retirement liability	–	269,391	–	269,391
	₱8,097,090	₱12,269,541	₱7,122,652	₱11,307,481

Details of the Group's NOLCO follow:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2020	₱89,960	₱–	₱89,960	2025
2021	50,841	–	50,841	2026
2022	830,749	–	830,749	2025
2023	1,126	–	1,126	2026
	₱972,676	₱–	₱972,676	

Unrecognized deferred tax liabilities

As of December 31, 2024 and 2023, there was a deferred tax liability of ₱986 million and ₱895.9 million for temporary differences of ₱3.9 billion and ₱3.6 billion related to investment in certain subsidiaries, respectively. However, this liability was not recognized because the Parent Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.



30.4 Statutory Income Tax Reconciliation

The reconciliation between the statutory income tax rate to effective income tax rate follows:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Statutory income tax rate	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Tax effects of:						
Net unrecognized deferred tax assets	(7.03)	(11.20)	(6.04)	(7.13)	(11.74)	(6.36)
Non-deductible expenses	5.62	12.28	14.69	5.20	12.16	13.73
Tax-paid income	(3.12)	(2.76)	(2.01)	(3.14)	(2.82)	(2.05)
FCDU loss (income) before tax	(0.75)	(0.61)	1.49	(0.76)	(0.61)	1.52
Tax-exempt income	(0.29)	(4.36)	(2.91)	(0.29)	(4.38)	(2.96)
Optional standard deduction	(0.02)	(0.11)	(0.36)	–	–	–
Effective income tax rate	19.41%	18.24%	29.86%	18.88%	17.61%	28.88%

31. Earnings Per Share

Earnings per share attributable to equity holders of the Parent Company is computed as follows:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
a) Net income attributable to equity holders of the Parent Company	₱21,052,896	₱17,979,257	₱11,532,318	₱21,036,661	₱18,002,948	₱11,532,318
b) Weighted average number of common shares for basic earnings per share (Note 25)	1,525,765	1,525,765	1,525,765	1,525,765	1,525,765	1,525,765
c) Basic/Diluted earnings per share (a/b)	₱13.80	₱11.78	₱7.56	₱13.79	₱11.80	₱7.56

In 2024, 2023 and 2022, there are no potential common shares with dilutive effect on the basic earnings per share.

32. Trust Operations

Securities and other properties held by the Parent Company through its TBG in fiduciary or agency capacities for its customers are not included in the accompanying statements of financial position since these are not assets of the Parent Company. Such assets held in trust were carried at a value of ₱190.6 billion and ₱168.0 billion as of December 31, 2024 and 2023, respectively. In connection with the trust functions of the Parent Company, government securities amounting to ₱1.9 billion and ₱1.8 billion (included under ‘Investment securities at amortized cost’) as of December 31, 2024 and 2023, respectively, are deposited with the BSP in compliance with trust regulations (refer to Note 9.3).

Trust fee income in 2024, 2023 and 2022 amounting to ₱380.0 million, ₱373.7 million and ₱317.8 million, respectively, is included under ‘Service fees and commission income’ (refer to Note 26.1).

In compliance with existing banking regulations, the Parent Company transferred from surplus to surplus reserves the amounts of ₱14.5 million, ₱29.9 million and ₱24.7 million in 2024, 2023 and 2022, respectively, which correspond to 10.00% of the net income realized in the preceding years from its trust, investment management and other fiduciary business until such related surplus reserve constitutes 20.00% of its regulatory capital (refer to Note 25.3).



33. Related Party Transactions

33.1 Summary of Significant Related Party Transactions

Details on significant related party transactions of the Group and the Parent Company follow (transactions with subsidiaries have been eliminated in the consolidated financial statements). Transactions reported under subsidiaries represent companies where the Parent Company has control, while those under related parties represent companies which are under common control.

Category	2024		Nature, Terms and Conditions
	Amount/ Volume	Outstanding Balance	
Significant Investors			
Deposit liabilities		₱3,054,420	Peso and foreign currency deposits with annual rates ranging from 0.00% to 6.25%
Net deposits	₱777,494		Net deposits during the period
Interest expense	123,710		Interest expense on deposits
Accrued interest payable		8,729	Accrued interest on deposit liabilities
Subsidiaries			
Credit facilities		11,293,839	Includes omnibus line and revocable revolving credit lines, domestic bills purchase lines and letters of credit/ trust receipt lines; also includes irrevocable standby letters of credit;
Interbank loans receivable		3,015	Foreign currency-denominated interbank term loans with interest rates ranging from 2.95% to 5.05% with ACB, including foreign exchange revaluations
Availments	162,078		
Settlements and other movements	211,743		
Due from other banks		197,801	Foreign currency-denominated demand deposits
Accrued interest receivable		2	Interest accrual on receivables from customers and interbank loans receivable
Accounts receivable		36,152	Related to remittance transactions and amounts which are subject to clearing
Deposit liabilities		4,230,583	Peso and foreign currency-denominated deposits with annual fixed interest rates ranging from 0.0% to 5.70% and maturities up to 4 years
Net deposits	1,075,214		Net withdrawals during the period
Bills payable		-	Foreign currency-denominated bills payable with ACB with interest rate of 4.0%
Availments	28,300		
Settlements	28,300		
Due to other banks		13,880	Foreign currency-denominated clearing accounts used for funding and settlement of remittances
Accrued interest payable		30,733	Accrued interest on deposit liabilities and bills payable
Interest income	1,549		Interest income on receivables from customers, due from other banks and interbank loans receivable
Interest expense	213,269		Interest expense on deposit liabilities and bills payable
Miscellaneous other income	3,271		Management and other professional fees; includes share of subsidiaries in maintenance costs of the HR system
Securities transactions			
Purchases	5,026,632		Outright purchase of securities
Sales	1,621,332		Outright sale of securities
Trading loss	431		Loss from sale of investment securities

(Forward)



2024			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Other Related Parties			
Receivables from customers		₱43,455,926	Partly secured by real estate, vehicles, deposits, government securities, among others; with interest rates ranging from 2.75% to 12.00% with remaining maturity terms ranging from 2 days to over 24 years and payment terms ranging from monthly to quarterly payments; with aggregate allowance for credit losses of ₱87.8 million including foreign exchange revaluations.
Loan releases	₱195,397,876		
Loan collections and other movements	207,240,908		
Credit facilities		92,058,444	Includes omnibus line and revocable revolving credit lines and domestic bills purchase lines; also includes irrevocable standby letters of credit which are partly secured by either cash or government securities
Sales contract receivable		734	Receivable from sale of property paid in installments; with interest rate of 6.0% and maturing in July 2027
Financial assets at FVOCI		26,687,751	Majority represents the retained 49.00% interest in PNB Holdings, with unrealized gain of ₱2.1 billion recorded in OCI (refer to Note 12.4 for further discussion)
Accrued interest receivable		175,958	Accrued interest on receivables from customers
Security deposit		175,513	Amount given to fulfill the terms of the lease contract
Accounts Receivable		116,760	Receivable from conveyance of real estate inventories held under development
Right-of-use assets		2,959,837	Lease of office space with terms up to 10 years and the corresponding accumulated amortization
Accumulated depreciation of right-of-use assets		1,236,440	
Deposit liabilities		49,367,453	Peso-denominated and foreign currency-denominated demand, savings and time deposits with maturity terms ranging from 7 days to over 5 years and with interest rates ranging from 0.0% to 6.88%
Net deposits	3,033,990		
Accrued interest payable		162,221	
Lease liabilities		1,920,896	Lease of office space with terms ranging from 20 months to 10 years
Accrued other expenses		655,134	Unamortized portion of income related to the bancassurance agreement with ABIC
Deferred revenue		37,778	
Accrued other expenses		655,134	Unamortized portion of income related to the bancassurance agreement with ABIC
Deferred revenue		37,778	
Service fees and commission income	3,333		Amortization of fees under the bancassurance agreement with ABIC
Interest income	1,621,730		Interest income on receivables from customers
Interest expense	1,678,513		Interest expense on deposit liabilities, bonds payable, bills payable and lease liabilities
Depreciation expense	463,922		Depreciation of right-of-use asset relating to leases of office spaces
Occupancy and equipment-related costs	109,984		Rentals from short-term leases
Miscellaneous expenses	691,214		Includes CUSA charges for the Parent Company's share in common areas on premises owned by PNB Holdings; promotional expenses for Mabuhay Miles redemption; includes management fees paid to Eton Properties Philippines, Inc.; and other expenses

(Forward)



2024			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Securities transactions			
Purchases	₱16,557,303		Outright purchase of securities
Sales	12,200,349		Outright sale of securities
Trading gain	4,671		Gain from sale of securities
Associate			
Credit facilities		₱120,000	Pre-settlement risk line
Deposit liabilities		881,014	Peso and foreign currency-denominated deposits with annual interest rates ranging from 0.01% to 5%
Net deposits	752,849		
Accrued interest payable		2	Accrued interest on deposit liabilities
Rental deposits		27	Advance rental and security deposits received for three months
Deferred revenue		322,031	Unamortized portion of income related to the sale of APLII
Service fees and commission income	73,199		Bancassurance fees earned based on successful referrals and income related to the sale of APLII
Interest expense	1,036		Interest expense on deposit liabilities
Key Management Personnel			
Loans to officers		162,370	Housing loans to senior officers with interest rates ranging from 3% to 17.55%; Secured and unimpaired
Loan releases	₱204,885		
Loan collections	43,586		
Accrued interest receivable		399	Accrued interest on loans
Interest income	9,811		Interest income on housing loans
Deposit liabilities		910,771	Peso and foreign currency-denominated deposits with interest rates ranging from 0.0% to 4.75%
Net deposits	42,921		Net deposits during the period
Interest expense	10,368		Interest expense on deposits
Accrued interest payable		1,227	Accrued interest on deposit liabilities
Sales Contract Receivable		1,359	Receivable from personnel with interest rate of 5%, and maturing from Dec 2025 to Aug 2027
2023			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Significant Investors			
Deposit liabilities		₱2,276,926	Peso and foreign currency deposits with annual rates ranging from 0.00% to 6.25%
Net deposits	₱953,917		Net deposits during the period
Interest expense	65,774		Interest expense on deposits
Accrued interest payable		2,188	Accrued interest on deposit liabilities
Subsidiaries			
Receivables from customers		–	Peso loans with terms ranging from 31 days to 354 days with annual rate of 9.00%; with reversal of provisions amounting to ₱165.6 million; written off in December 2023 (see discussion below)
Loan releases	465,142		
Loan collections	165,560		
Loan settlement through dacion and assignment	1,404,582		
Credit facilities		10,638,270	Includes omnibus line and revocable revolving credit lines, domestic bills purchase lines and letters of credit/ trust receipt lines; also includes irrevocable standby letters of credit;

(Forward)



2023

Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Interbank loans receivable		₱52,680	Foreign currency-denominated interbank term loans with interest rates ranging from 3.92% to 3.94% with ACB
Availments	₱83,579		
Settlements	46,606		
Due from other banks		288,020	Foreign currency-denominated demand deposits
Accrued interest receivable		1,076	Interest accrual on receivables from customers and interbank loans receivable
Accounts receivable		17,276	Related to remittance transactions and amounts which are subject to clearing
Deposit liabilities		3,155,369	Peso and foreign currency-denominated deposits with annual fixed interest rates ranging from 0.0% to 4.95% and maturities up to 4 years
Net withdrawals	339,101		Net withdrawals during the period
Bills payable		–	Foreign currency-denominated bills payable with ACB with interest rate of 4.0%
Settlements	13,758		
Due to other banks		65	Foreign currency-denominated clearing accounts used for funding and settlement of remittances with GRFC, IIC, PNB Europe, and ACB
Accrued interest payable		21,113	Accrued interest on deposit liabilities and bills payable
Interest income	187,821		Interest income on receivables from customers, due from other banks and interbank loans receivable
Interest expense	201,534		Interest expense on deposit liabilities and bills payable
Service fees and commission income	5,209		Various services rendered by PNB to its subsidiaries covered by a service level agreement; also includes PNB's share in service fees
Miscellaneous other income	2,580		Management and other professional fees; includes share of subsidiaries in maintenance costs of the HR system
Service fees and commission expense	57		Fees and other commission expense
Securities transactions			
Purchases	1,097,734		Outright purchase of securities
Sales	690,027		Outright sale of securities
Trading loss	42		Loss from sale of investment securities
Other Related Parties			
Receivables from customers		55,298,956	Partly secured by real estate, vehicles, deposits, government securities, among others; with interest rates ranging from 2.75% to 12.00% with remaining maturity terms ranging from 7 days to over 8 years and payment terms ranging from monthly to quarterly payments; with aggregate allowance for credit losses of ₱169.6 million
Loan releases	31,771,690		
Loan collections	18,659,908		
Credit facilities		77,116,535	Includes omnibus line and revocable revolving credit lines and domestic bills purchase lines; also includes irrevocable standby letters of credit which are partly secured by either cash or government securities
Sales contract receivable		2,173	Receivable from sale of property paid in installments; with interest rate of 5.0% and maturing in July 2027
Financial assets at FVOCI		24,587,068	Majority represents the retained 49.00% interest in PNB Holdings, with unrealized gain of ₱1.7 billion recorded in OCI (refer to Note 12.4 for further discussion)
Accrued interest receivable		297,551	Accrued interest on receivables from customers
Security deposit		176,082	Amount given to fulfill the terms of the lease contract
Right-of-use assets		3,136,508	Lease of office space with terms up to 10 years and the

(Forward)



2023

Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Accumulated depreciation of right-of-use assets		₱1,081,498	corresponding accumulated amortization
Deposit liabilities		46,333,463	Peso-denominated and foreign currency-denominated demand, savings and time deposits with maturity terms ranging from 7 days to over 13 years
Net deposits	₱5,980,997		Net deposits during the period
Accrued interest payable		267,825	Accrued interest payable from various deposits
Bills payable		–	Short-term borrowings with interest rate of 6.41%
Availment	400,000		
Settlement	400,000		
Lease liabilities		2,107,960	Lease of office space with terms ranging from 20 months to 10 years
Accrued other expenses		402,589	Accruals in relation to promotional and utilities expenses
Deferred revenue		41,111	Unamortized portion of income related to the bancassurance agreement with ABIC
Service fees and commission income	3,334		Amortization of fees under the bancassurance agreement with ABIC
Interest income	1,997,271		Interest income on receivables from customers
Interest expense	1,644,192		Interest expense on deposit liabilities, bonds payable, bills payable and lease liabilities
Depreciation expense	671,137		Depreciation of right-of-use asset relating to leases of office spaces
Occupancy and equipment-related costs	760,547		Rentals from short-term leases
Miscellaneous expenses	572,875		Includes CUSA charges for the Parent Company's share in common areas on premises owned by PNB Holdings; promotional expenses for Mabuhay Miles redemption; includes management fees paid to Eton Properties Philippines, Inc.; and other expenses
Rental income	151		Payment received for the use or occupation of property
Service fees and commission expenses	114		Fees and other commission expense
Securities transactions			
Purchases	7,106,329		Outright purchase of securities
Sales	9,103,280		Outright sale of securities
Remittance transactions			
Fund transfers	3,957,891		Peso equivalent of funds transferred
Service fees	10,976		Income share and commission on remittance transactions
Purchase of merchandise	249		Cost of various merchandise purchased
Associate			
Credit facilities		120,000	Pre-settlement risk line
Deposit liabilities		128,165	Peso and foreign currency-denominated deposits with annual interest rates ranging from 0% to 0.10%
Net withdrawals	339,881		
Accrued interest payable		41	Accrued interest on deposit liabilities
Rental deposits		27	Advance rental and security deposits received for three months
Deferred revenue		548,993	Unamortized portion of income related to the sale of APLII
Service fees and commission income	431,287		Bancassurance fees earned based on successful referrals and income related to the sale of APLII
Interest expense	1,300		Interest expense on deposit liabilities

(Forward)



2023

Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Key Management Personnel			
Loans to officers		₱1,071	Housing loans to senior officers with interest rates ranging from 3% to 15%; Secured and unimpaired
Loan releases	₱1,071		
Loan collections	2,778		
Accrued interest receivable		12	Accrued interest on loans
Interest income	277		Interest income on housing loans
Deposit liabilities		119,449	Peso and foreign currency-denominated deposits with interest rates ranging from 0.0% to 4.75%
Net deposits	118,975		Net deposits during the period
Interest expense	3,372		Interest expense on deposits
Accrued interest payable		801	Accrued interest on deposit liabilities

Remedies over a loan exposure to a related party

In April 2022, the Parent Company entered into a dacion agreement with a related party over an investment property with fair value at the time of dacion of ₱1.4 billion in settlement of certain loans. The remedy to settle the loan also provided for the conversion of the remaining debt to equity shares of the former borrower, where the Bank received 19.9 million shares. These shares were subsequently subjected to a share swap, as discussed in Note 9.2.

Transactions relating to the investment in PNB Holdings

As discussed in Note 12.4, the Parent Company executed a proxy in favor of LTG to vote for the remaining 49.00% held by the Group in PNB Holdings. As a result, the Group accounted for its retained interest in PNB Holdings as financial asset at FVOCI with no recycling to profit and loss. The Group and the Parent Company recognized in 2021 a gain of ₱33.5 billion from the loss of control and remeasurement of the retained interest in PNB Holdings (refer to Note 12.4).

In relation to the property dividend declaration, the Parent Company, as a withholding agent, remitted ₱404.4 million to the BIR in January 2022, representing final withholding taxes on the property dividends of concerned stockholders. This was recorded under 'Accounts receivable' in the statement of financial position. The Parent Company collected ₱162.7 million of its receivable from stockholders in 2024.

Financial assets at FVTPL traded through PNB Securities

As of December 31, 2024 and 2023, the Parent Company's financial assets at FVTPL include equity securities traded through PNB Securities with a fair value of ₱2.9 million and ₱2.6 million, respectively. The Parent Company recognized trading gains (losses) amounting to ₱0.2 million in 2024, (₱0.04 million) in 2023 and ₱0.1 million in 2022 from the transactions facilitated by PNB Securities.

Joint arrangements with Eton Properties Philippines, Inc. (EPPI)

The Parent Company and EPPI signed two agreements for the development of two real estate properties of the Parent Company included under 'Other assets' (refer to Note 15) and with carrying values of ₱1.2 billion at the time of signing. EPPI and the Group are under common control. These two projects are among the Parent Company's strategies in reducing its non-performing assets. The Parent Company made available the aforementioned properties which was approved by BSP. EPPI, on the other hand, provided its resources and technical expertise for the development of the properties. Income from the sale of the properties are shared by the Parent Company and EPPI in accordance with the terms of the agreement.



In July 2016, the Parent Company executed deeds of conveyance to EPPI on the areas of the land under the arrangement. The execution of the deeds of conveyance was made to facilitate the issuance of the condominium certificates of title to the buyers.

On December 27, 2024, EPPI and the Bank have agreed to terminate the arrangement due to market conditions. The termination of the arrangement involved the settlement of unsold condominium units and undeveloped properties between EPPI and the Bank. As of December 31, 2024, the carrying value of the properties subject of the arrangement included in 'Other assets' amounted to ₱220.64 million representing undeveloped property.

Transactions with PMLFC and PMERC

The Parent Company entered into the following transactions with PMLFC and PMERC as part of their winding down procedures:

- On various dates in 2022 and 2023, PMLFC transferred to the Parent Company certain receivables either via direct purchase or assignment. Details are as follows:

Year of transfer	Underlying contract	Aggregate carrying values	Total consideration paid
2022	Direct Purchase	₱122,306	₱115,866
2023	Direct Purchase	51,235	51,612
	Receivables Purchase Agreement	287,040	278,998
	Deed of Assignment	210,734	185,572

- On various dates in 2023, the BOD of the Parent Company approved to accept certain properties of PMLFC and PMERC as settlement through dacion en pago to partially pay their respective outstanding loans to the Parent Company. Details are as follows:

Date of BOD approval	Borrower	Subject properties/ assets	Aggregate fair values	Dacion amount
April 28, 2023	PMLFC	Condominium units	₱100,258	₱100,258
April 28, 2023	PMERC	Equipment and other properties held for lease (EOPL)	261,407	245,984
December 15, 2023	PMLFC	Repossessed chattels	7,867	3,933

In 2023, rental income amounting to ₱54.6 million from the EOPL that were subject of the April 2023 dacion have accrued to the Parent Company after the dacion was implemented.

- Considering the transfer of the major assets of PMLFC and PMERC to the Parent Company and no other remaining leivable properties of PMLFC and PMERC to foreclose, on December 15, 2023, the BOD of the Parent Company approved to write off the remaining balance of the loans of PMLFC and PMERC amounting to ₱736.4 million and ₱242.4 million, respectively.



33.2 Remuneration of Key Management Personnel and Directors

The compensation of the key management personnel for the Group and Parent Company follows:

	2024	2023	2022
Short-term employee benefits	₱527,036	₱526,038	₱517,114
Post-employment benefits	60,916	53,041	47,424
	₱587,952	₱579,079	₱564,538

Non-executive directors are entitled to a per diem as follows: ₱50,000 for each BOD meeting attended and ₱25,000 for each BOD committee meeting attended, provided that in no case shall the total per diem exceed ₱0.25 million per month for committee meetings. No other emoluments are granted to non-executive directors of the Parent Company except for the aforementioned per diem. There is no profit-sharing arrangement between the Parent Company and its BOD. In 2024 and 2023, total per diem given to non-executive directors amounted to ₱96.3 million and ₱71.3 million, respectively, recorded in ‘Miscellaneous expenses’ in the statements of income. Directors’ remuneration covers all BOD activities and membership of committees and subsidiary companies.

33.3 Transactions with Retirement Plans

Management of the retirement funds of the Group and the Parent Company is handled by TBG. The fair values and carrying values of the funds of the Group amounted to ₱9.3 billion and ₱8.6 billion as of December 31, 2024 and 2023, respectively, and the fair values of the funds of the Parent Company amounted to ₱9.2 billion and ₱8.5 billion as of December 31, 2024 and 2023, respectively.

Relevant information on transactions with the retirement plans follows:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Investment in PNB UITFs	₱946,347	₱559,461	₱944,562	₱556,626
Deposits with PNB	13,274	313,976	10,774	313,813
Investment in PNB shares	227,678	152,059	227,678	152,059
Investment in Mutual Fund PNB	1,782			
Total Fund Assets	₱1,189,081	₱1,025,496	₱1,183,014	₱1,022,498
Unrealized gain (loss) on PNB shares	₱75,618	(₱4,110)	₱75,618	(₱4,110)
Unrealized gain on PNB UITF	11,535	1,440	11,535	1,440
Interest income	12,860	27,584	11,345	26,063
	100,013	24,914	98,498	23,393
Trust fees	(10,220)	(9,496)	(10,066)	(9,350)
Net Fund Income	₱89,793	₱15,418	₱88,432	₱14,043

As of December 31, 2024 and 2023, the retirement funds of the Group and the Parent Company include 8,219,406 PNB shares, respectively, classified as financial assets at FVTPL. There are no limitations and restrictions over the PNB shares while the corresponding voting rights are exercised by a trust officer or any of its designated alternate officer of TBG.

In addition to the regular retirement funds, TBG also manages the funds of the Parent Company’s EIP and fund for e-money products.



34. Provisions, Contingent Liabilities and Other Commitments

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities that are not presented in the financial statements including several suits and claims which remain unsettled. The Group and its legal counsel believe that any losses arising from these contingencies which are not specifically provided for will not have a material adverse effect on the financial statements.

There were no significant settlements made in 2024 and 2023.

In the ordinary course of the Group's operations, certain entities within the Group have pending tax assessments/claims which are in various stages of protest/appeal with the tax authorities, the amounts of which cannot be reasonably estimated. Management believes that the bases of said protest/appeal are legally valid such that the ultimate resolution of these assessments/claims would not have material effects on the consolidated financial position and results of operations.

35. Offsetting of Financial Assets and Liabilities

The effects of rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreements or similar arrangements to the Group and the Parent Company's financial statements are disclosed in the succeeding tables.

Consolidated

2024						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments [d]	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative assets	₱87,097,900	₱86,010,793	₱1,087,107	₱104,745	₱-	₱982,362
Securities held under agreements to resell (Note 8)	103,480,119	-	103,480,119	-	104,909,516	-
Total	₱190,578,019	₱86,010,793	₱104,567,226	₱104,745	₱104,909,516	₱982,362
2023						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments [d]	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative assets	₱108,139,719	₱107,390,520	₱749,199	₱37,098	₱-	₱712,101
Securities held under agreements to resell (Note 8)	69,694,538	-	69,694,538	-	57,785,321	11,909,217
Total	₱177,834,257	₱107,390,520	₱70,443,737	₱37,098	₱57,785,321	₱12,621,318



2024						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
Derivative liabilities	₱61,485,068	₱60,561,015	₱924,053	₱350,702	₱-	₱573,351
Securities sold under agreements to repurchase (Notes 9 and 19)*	12,338,999	-	12,338,999	-	14,221,461	-
Total	₱73,824,067	₱60,561,015	₱13,263,052	₱350,702	₱14,221,461	₱573,351

* Included in bills and acceptances payable in the statements of financial position

2023						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
Derivative liabilities	₱65,163,569	₱64,607,758	₱555,811	₱196,010	₱-	₱359,801
Securities sold under agreements to repurchase (Notes 9 and 19)*	10,053,531	-	10,053,531	-	11,972,805	-
Total	₱75,217,100	₱64,607,758	₱10,609,342	₱196,010	₱11,972,805	₱359,801

* Included in bills and acceptances payable in the statements of financial position

Parent Company

2024						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
Derivative assets	₱87,097,088	₱86,010,793	₱1,086,295	₱102,386	₱-	₱983,909
Securities held under agreements to resell (Notes 8 and 19)	103,480,119	-	103,480,119	-	104,909,516	-
Total	₱190,577,207	₱86,010,793	₱104,566,414	₱102,386	104,909,516	₱983,909

2023						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
Derivative assets	₱108,134,733	₱107,390,520	₱744,213	₱37,098	₱-	₱707,115
Securities held under agreements to resell (Notes 8 and 19)	69,694,538	-	69,694,538	-	57,785,321	11,909,217
Total	₱177,829,271	₱107,390,520	₱70,438,751	₱37,098	₱57,785,321	₱12,616,332



2024						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative liabilities	₱61,482,708	₱60,561,015	₱921,693	₱348,343	₱-	₱573,350
Securities sold under agreements to repurchase (Notes 9 and 19)*	12,338,999	-	12,338,999	-	14,221,461	-
Total	₱73,821,707	₱60,561,015	₱13,260,692	₱348,343	₱14,221,461	₱573,350

* Included in bills and acceptances payable in the statements of financial position

2023						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative liabilities	₱65,163,569	₱64,607,758	₱555,811	₱196,010	₱-	₱359,801
Securities sold under agreements to repurchase (Notes 9 and 19)*	10,053,531	-	10,053,531	-	11,972,805	-
Total	₱75,217,100	₱64,607,758	₱10,609,342	₱196,010	₱11,972,805	₱359,801

* Included in bills and acceptances payable in the statements of financial position

The amounts disclosed in column (d) include those rights to set-off amounts that are only enforceable and exercisable in the event of default, insolvency or bankruptcy. This includes amounts related to financial collateral both received and pledged, excluding the extent of over-collateralization.

36. Events After the Reporting Date

There are no significant reportable events which occurred from December 31, 2024 until the date of this report.

37. Notes to Statements of Cash Flows

37.1 Cash Flows from Financing Activities

The changes in liabilities arising from financing activities in 2024 and 2023 follow:

	Consolidated		
	2024		
	Beginning balance	Net cash flows	Ending balance
Bills and acceptances payable	₱20,162,603	₱378,200	₱20,208,451
Bonds payable	41,490,871	(26,079,791)	17,304,421
Lease liabilities	3,832,884	(1,127,583)	3,808,997
	₱65,486,358	(₱26,829,174)	₱41,321,869



Consolidated				
2023				
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱14,980,373	₱4,937,366	₱244,864	₱20,162,603
Bonds payable	58,439,097	(16,560,000)	(388,226)	41,490,871
Lease liabilities	3,636,391	(1,314,516)	1,511,009	3,832,884
	₱77,055,861	(₱12,937,150)	₱1,367,647	₱65,486,358

Parent Company				
2024				
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱20,162,603	₱378,200	(₱332,352)	₱20,208,451
Bonds payable	41,490,871	(26,079,791)	1,893,341	17,304,421
Lease liabilities	3,723,316	(1,052,523)	1,051,926	3,722,719
	₱65,376,790	(₱26,754,114)	₱2,612,915	₱41,235,591

Parent Company				
2023				
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱13,888,035	₱6,029,703	₱244,865	₱20,162,603
Bonds payable	58,439,097	(16,560,000)	(388,226)	41,490,871
Lease liabilities	3,604,077	(1,232,928)	1,352,167	3,723,316
	₱75,931,209	(₱11,763,225)	₱1,208,806	₱65,376,790

Others include the effects of foreign exchange revaluations, additional lease liabilities, amortization of transaction costs, and accretion of interest.

37.2 Non-Cash Transactions

The following are non-cash transactions of the Group and the Parent Company in 2024 and 2023 relating to their long-term leases:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Additions to right-of-use assets (Note 11)	₱950,548	₱1,425,032	₱936,169	₱1,292,130
Additional lease liabilities (Note 29)	956,755	1,340,509	907,278	1,185,129

On December 17, 2021, the BOD of PNB Capital approved the declaration of cash dividends amounting to ₱300.0 million. The Parent Company received such cash dividends from PNB Capital on June 29, 2022 (refer to Note 12.2).

The Group and the Parent Company acquired investment properties through foreclosure, dacion and rescission amounting to ₱2.3 billion, ₱3.0 billion, and ₱4.3 billion in 2024, 2023 and 2022, respectively (refer to Note 13). Included in the foreclosures in 2024 and 2023 are dacion transactions in settlement of certain loans in exchange for an investment property (refer to Note 33.1). Foreclosures in 2023 also include the debt-to-equity conversion of the remaining loan exposures of a former borrower (refer to Note 33.1).

The Group and the Parent Company applied creditable withholding taxes against its income tax payable amounting to ₱1.5 billion, ₱1.2 billion and ₱2.4 billion in 2024, 2023 and 2022, respectively.



38. Approval of the Release of the Financial Statements

The accompanying financial statements of the Group and of the Parent Company were authorized for issue by the Parent Company's BOD on February 25, 2025.

39. Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010, which provides that the notes to the financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

39.1 Taxes Paid or Accrued During the Taxable Year

The Parent Company paid or accrued the following types of taxes for the tax period January to December 2024 (in absolute amounts):

Taxes and licenses

	Amount
Gross receipts tax	₱2,705,491,144
Documentary stamp taxes	4,200,000,000
Real estate tax	38,153,906
Local taxes	211,094,722
Others	101,375,401
	₱7,256,115,173

Withholding taxes

	Remitted	Outstanding
Withholding taxes on compensation and benefits	₱963,287,855	₱177,975,255
Final income taxes withheld on interest on deposits and yield on deposit substitutes	2,672,422,915	233,287,067
Expanded withholding taxes	240,096,410	22,821,111
Withholding taxes on the amount withdrawn from the decedent's deposit account	21,808,620	2,114,025
VAT withholding taxes	46,206,773	3,454,043
Other final taxes	263,128,522	34,488,472
	₱4,206,951,095	₱474,139,973

39.2 Tax Cases and Assessments

As of December 31, 2024 and 2023, the Parent Company has no final tax assessment but has outstanding cases filed in courts for various claims for tax refund. Management is of the opinion that the ultimate outcome of these cases will not have a material impact on the financial statements of the Parent Company.



40. Report on the Supplementary Information Required Under Section 174 of the Manual of Regulations for Banks

40.1 Basic Quantitative Indicators of Financial Performance

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Return on average equity	10.39%	9.95%	7.00%	10.49%	10.15%	7.10%
Return on average assets	1.72%	1.53%	0.99%	1.72%	1.54%	0.99%
Net interest margin on average earning assets	4.50%	4.23%	3.61%	4.50%	4.23%	3.62%

40.2 Description of Capital Instruments Issued

As of December 31, 2024 and 2023, the Parent Company has only one class of capital stock, which are common shares.

40.3 Significant Credit Exposures as to Industry Sector

An industry sector analysis of the Group's and the Parent Company's receivables from customers before taking into account allowance for credit losses is shown below.

	Consolidated				Parent Company			
	2024		2023		2024		2023	
	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%
Primary target industry:								
Wholesale and retail	₱118,612,698	17.86	₱122,887,990	19.15	₱112,781,724	17.34	₱116,820,739	18.60
Financial intermediaries	96,992,698	14.60	92,281,412	14.38	97,024,603	14.92	92,321,118	14.70
Electricity, gas and water	100,800,669	15.18	83,942,305	13.08	100,800,669	15.50	83,942,305	13.36
Manufacturing	68,291,738	10.28	63,947,942	9.96	66,250,095	10.19	61,863,476	9.85
Transport, storage and communication	35,413,742	5.33	46,249,754	7.21	34,979,930	5.38	45,835,091	7.30
Agriculture, hunting and forestry	8,960,007	1.35	8,187,717	1.28	8,801,474	1.35	8,032,017	1.28
Public administration and defense	1,739,998	0.26	4,101,202	0.64	1,739,998	0.27	4,101,202	0.65
Secondary target industry:								
Real estate, renting and business activities	109,274,926	16.45	110,728,706	17.25	106,134,407	16.32	107,586,053	17.13
Construction	46,132,885	6.95	38,833,938	6.05	46,132,885	7.09	38,775,374	6.17
Others	78,017,344	11.74	70,637,302	11.00	75,817,596	11.64	68,902,271	10.96
	₱664,236,705	100.00	₱641,798,268	100.00	₱650,463,381	100.00	₱628,179,646	100.00



40.4 Breakdown of Total Loans

40.4.1 As to Security

The information relating to receivables from customers (gross of allowance for credit losses) as to secured and unsecured and as to collateral follows:

	Consolidated				Parent Company			
	2024		2023		2024		2023	
	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%
Secured:								
Real estate mortgage	₱68,136,306	10.26	₱126,721,614	19.74	₱57,583,167	8.85	₱115,956,460	18.46
Chattel mortgage	6,919,452	1.04	15,319,855	2.39	6,824,061	1.05	15,104,719	2.40
Bank deposit hold-out	3,855,505	0.58	7,439,901	1.16	3,686,444	0.57	7,195,384	1.15
Others	17,558,212	2.64	1,551,354	0.24	16,404,021	2.52	191,774	0.03
	96,469,475	14.52	151,032,724	23.53	84,497,693	12.99	138,448,337	22.04
Unsecured	567,767,230	85.48	490,765,544	76.47	565,965,689	87.01	489,731,309	77.96
	₱664,236,705	100.00	₱641,798,268	100.00	₱650,463,382	100.00	₱628,179,646	100.00

40.4.2 As to Status

The table below shows the status of the Group and the Parent Company's loans (gross allowance for credit losses) as to performing and non-performing loans (NPL) per product line:

	Consolidated			
	2024		2023	
	Performing	NPL	Performing	NPL
Corporate	₱564,341,348	₱34,714,958	₱541,116,157	₱33,347,894
Commercial	12,490,418	1,547,719	14,804,205	2,493,093
Credit cards	17,060,935	1,002,950	14,394,103	838,742
Consumer	25,364,872	7,700,175	24,647,541	10,156,533
	₱619,257,573	₱44,965,802	₱594,962,006	₱46,836,262

	Parent Company			
	2024		2023	
	Performing	NPL	Performing	NPL
Corporate	₱552,110,058	₱34,156,343	₱528,492,120	₱33,228,430
Commercial	12,291,386	1,547,719	15,315,245	1,883,944
Credit cards	17,060,935	1,002,950	14,394,103	838,742
Consumer	24,633,945	7,646,716	23,923,855	10,103,207
	₱606,096,324	₱44,353,728	₱582,125,323	₱46,054,323

Loans and receivables are considered NPL, even without any missed contractual payments, when 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, are considered NPL 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. Microfinance and other small loans with similar credit characteristics are considered NPL after contractual due date or after they have become past due. Restructured loans are considered NPL. However, if prior to restructuring, the loans were categorized as performing, such classification is retained.

NPLs remain classified as such until (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six (6) months; or (b) written-off.



In 2022, the Parent Company adopted BSP Memorandum No. M-2021-056, *Regulatory Treatment of Restructured Loans for Purposes of Measuring Expected Credit Losses*, which provides guidance on the regulatory treatment of loans with terms and conditions that have been modified due to the impact of the COVID-19 pandemic, especially consumption loans, for purposes of measuring ECL and classifying the accounts as NPL.

The table below shows the gross and net NPL ratios of the Group and the Parent Company as reported to the BSP (with certain adjustments) as of December 31, 2024 and 2023:

	2024		2023	
	Gross NPL	Net NPL	Gross NPL	Net NPL
Consolidated	5.68%	1.81%	6.26%	2.46%
Parent Company	5.72%	1.77%	6.29%	2.49%

40.5 Information on Related Party Loans

In the ordinary course of business, the Parent Company has loans and other transactions with its subsidiaries and affiliates, and with certain Directors, Officers, Stockholders and Related Interests (DOSRI). These loans and other transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. The amount of direct credit accommodations to each of the Parent Company's DOSRI, 70.00% of which must be secured, should not exceed the amount of their respective deposits and book value of their respective investments in the Parent Company.

In the aggregate, DOSRI loans generally should not exceed the Parent Company's equity or 15.00% of the its total loan portfolio, whichever is lower. Total outstanding exposures to each of the Parent Company's subsidiaries and affiliates shall not exceed 10.00% of the Group's net worth, the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding exposures to subsidiaries and affiliates shall not exceed 20.00% of the net worth of the Parent Company. As of December 31, 2024 and 2023, the Parent Company is in compliance with such regulations.

The information relating to the DOSRI loans of the Parent Company follows:

	2024		2023	
	DOSRI loans	Related party loans (inclusive of DOSRI loans)	DOSRI loans	Related party loans (inclusive of DOSRI loans)
Total outstanding loans	₱136,867	₱37,817,926	₱2,701	₱36,185,463
Percent of DOSRI/related party loans to total loan portfolio	0.02%	4.87%	0.00%	4.95%
Percent of unsecured DOSRI/related party loans to total DOSRI/related party loans	0.00%	85.25%	0.00%	83.48%
Percent of past due DOSRI/related party loans to total DOSRI/related party loans	0.00%	0.00%	45.40%	0.31%
Percent of non-performing DOSRI/related party loans to total DOSRI/related party loans	0.04%	0.00%	43.08%	0.31%

40.6 Aggregate Amount of Secured Liabilities and Assets Pledged as Security

As of December 31, 2024 and 2023, 'Bills payable' amounting to ₱12.3 billion and ₱10.1 billion in Note 19, respectively, are secured by a pledge of certain 'Financial assets at FVOCI' amounting to ₱12.0 billion and ₱6.5 billion respectively, and 'Investment securities at amortized cost' amounting to ₱5.5 billion.



40.7 Contingencies and Commitments Arising from Off-Balance Sheet Items

The following is a summary of various commitments, contingent assets and contingent liabilities at their equivalent peso contractual amounts as reported to BSP:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Derivative forwards	₱132,737,169	₱195,661,001	₱126,839,248	₱190,805,863
Trust department accounts	190,585,195	168,037,276	190,585,195	168,037,276
Standby letters of credit	77,763,321	65,344,786	77,493,348	65,255,715
Unutilized credit card lines	51,886,113	45,354,961	51,886,113	45,354,961
Deficiency claims receivable	27,250,819	23,953,740	27,250,819	23,953,740
Derivative spots	22,847,762	21,141,791	22,847,762	21,141,791
Unused commercial letters of credit	353,457	440,767	353,457	440,767
Inward bills for collection	1,019,948	434,566	996,613	431,741
Outward bills for collection	210,031	236,311	89,460	118,836
Confirmed export letters of credit	100,940	93,852	100,940	93,852
Items held as collateral	23,101	58,887	23,092	58,876
Shipping guarantees issued	21,284	23,101	21,284	20,975
Other contingent accounts	38,677	7,182	2,663	7,181

