

April 15, 2025

PHILIPPINE STOCK EXCHANGE, INC.
6/F PSE Tower
5th Avenue corner 28th Street Bonifacio
Global City, Taguig City

Attention : **ATTY. JOHANNE DANIEL M. NEGRE**
Officer-in-Charge, Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.
29F BDO Equitable Tower 8751 Paseo de
Roxas Makati City

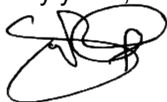
Attention : **ATTY. SUZY CLAIRE R. SELLEZA**
Head, Issuer Compliance and Disclosure Department

Mesdames / Gentlemen:

In compliance with the Philippine Stock Exchange's Continuing Disclosure Requirements, we submit an amended Definitive Information Statement that we furnished the Securities and Exchange Commission (SEC).

The amendment updates the Executive Compensation data based on the latest information submitted. This change does not have a material impact on the report.

Very truly yours,



ATTY. JOEL RAYMOND R. AYSON
Corporate Secretary

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
Information Statement Pursuant to Section 20
of the Securities Regulation Code**

1. Check the appropriate box:

☐ Preliminary Information Statement

☒ Definitive Information Statement

2. Name of Registrant as specified in its charter Security Bank Corporation

3. Makati City, Metro Manila, Philippines
Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number 6030

5. BIR Tax Identification Code 000-498-020-000

6. Security Bank Centre, 6776 Ayala Avenue, Makati City 0719
Address of principal office Postal Code

7. Registrant's telephone number, including area code (632) 8867-6788

8. 29 April 2025, 9:00 a.m., / To be held and conducted in a virtual platform or online format at
www.securitybank.com/asm
Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders
02 April 2025

10 In case of Proxy Solicitations:

Name of Person Filing the Statement / Solicitor : Security Bank Corporation

Address and Telephone No. : Security Bank Centre, 6776 Ayala Avenue, Makati City (632) 8867-6788

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA
(information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares
	Outstanding or Amount of Debt Outstanding
Common shares	753,538,887
Preferred shares (Unregistered)	1,000,000,000

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

Yes ☒ No ☐

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange Common Shares

25 March 2025

Dear Stockholder:

You are hereby notified that this year's regular meeting of the stockholders of **Security Bank Corporation** will be held on **Tuesday, 29 April 2025 at 9:00 a.m. via remote communication (virtual via online platform)**. The agenda for the meeting will be as follows:

1. Call to order
2. Proof of due notice of meeting and determination of a quorum
3. Approval of the minutes of the annual stockholders' meeting held on 07 May 2024
4. Annual report and ratification of acts of the Board of Directors, the Board Committees, the Management Committees, the Officers and Agents of the Bank for 2024
5. Election of Directors
6. Board Compensation
7. Appointment of External Auditors
8. Other Matters
9. Adjournment

For the purpose of determining the stockholders entitled to vote at the meeting, the record date is **25 March 2025**. The Stock and Transfer Books of the Corporation will be closed from **26 March 2025 to 29 April 2025**.

The SBC Board of Directors approved on January 28, 2025 in accordance with SEC rules a virtual stockholders' meeting for 2025. The meeting will be held online by remote communication and voting will be *in absentia*. The specific procedures for participating in the meeting through remote communication and voting *in absentia* are set forth in Appendix "A" hereof.

Registration to participate in the virtual meeting can be done at www.securitybank.com/asm from **9:00am on 01 April 2025 until 5:00pm on 10 April 2025**. Provided that, for shareholders who will appoint a proxy, the duly accomplished proxy forms must be submitted on or before **5:00 p.m. on 10 April 2025**. Please note that corporate shareholders are required to submit a proxy.

By registering to participate in the virtual stockholders meeting, a stockholder or a proxy or a representative of the stockholder agrees that SBC and its service providers will process their sensitive personal information necessary to verify their identity and authority. Please review the data privacy policy in the registration platform. A stockholder who fails to comply with the registration requirement will not be able to participate in the virtual stockholders' meeting.

If you are unable to join the meeting but wish to vote on items in the agenda, you may appoint the Chairman of the meeting as your proxy with specific voting instructions which will be duly counted. Please send your proxy on or before **10 April 2025 at 5:00pm** to the Office of the Corporate Secretary by email to sbc-asm@securitybank.com.ph.

Very truly yours,



ATTY. JOEL RAYMOND R. AYSON
Corporate Secretary

Appendix A

REQUIREMENTS FOR THE SBC ANNUAL STOCKHOLDERS' MEETING AND PROCEDURES FOR PARTICIPATION VIA REMOTE COMMUNICATION AND VOTING *IN ABSENTIA*

1. The platform for participation via remote communication and voting *in absentia* for the 2025 SBC Annual Stockholders' Meeting (the "Meeting") can be found online at www.securitybank.com/asm (the "Platform").
2. Only SBC stockholders as at record date **25 March 2025** (the "Stockholders") can use the Platform to participate in the Meeting via remote communication and vote *in absentia* on the matters in the Agenda, **provided** the Stockholder has (a) complied with the registration requirements, and (b) such registration has passed the validation process.
3. Registration to participate in the Meeting is from **9:00 am on 01 April 2025** until **5:00pm on 10 April 2025**. Provided that, for shareholders who will appoint a proxy, duly accomplished proxy must be submitted on or before **5:00 p.m. on 10 April 2025**.
4. Registration Procedure and Requirements

(Please note that SBC will request for consent to process sensitive personal information pursuant to the Data Privacy Act.)

a. Procedure:

To register in the Platform, log on to www.securitybank.com/asm and follow the instructions below. You may also access this using the QR code below. Stockholders should complete the online registration form and submit the same for validation:

- | | |
|--|--|
| <ol style="list-style-type: none">i. Proceed to www.securitybank.com/asmii. Click Registeriii. Carefully read the Agreement and Data Privacy Consentiv. Indicate full namev. Provide a valid and active email addressvi. Provide the required shareholder informationvii. Upload the supporting documents. |  |
|--|--|



SBC will evaluate and validate the information and documents furnished and uploaded. After passing the validation process, a username and password to access the Meeting will be sent to the email address provided.

b. Requirements:

- i. For Individual Stockholder with the shares recorded in their name:
 1. Valid and active email address of Stockholder
 2. Valid and active contact number of Stockholder
 3. Scanned copy of Stockholder's valid government-issued ID showing photo and personal details (in JPG format with a file size no larger than 10MB)
 4. Stockholders with joint accounts should also submit a scanned copy of an authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account (in JPG format with a file size no bigger than 10 MB)
 5. Individual stockholders who will appoint a proxy shall submit by **10 April 2025** the duly accomplished and signed proxy, and scanned copy of the Proxy's valid government-issued ID showing photo and personal details (in JPG format with a file size no bigger than 10 MB)

ii. For Individual Stockholder under a Broker account

1. Valid and active email address of Stockholder
2. Valid and active contact number of Stockholder
3. Broker's Certification on the Stockholder's number of shareholdings (in JPG format with a file size no bigger than 10 MB).

IMPORTANT: To facilitate the verification of account, please make sure that SBC is copied through sbc-asm@securitybank.com.ph and the stock and transfer agent STSI through jlherrera@stocktransfer.com.ph in all email correspondence with Broker regarding request for Broker's Certification.

4. Scanned copy of Stockholder's valid government-issued ID showing photo and personal details, preferably with residential address (in JPG format with a file size not bigger than 10 MB).
5. Individual stockholders who will appoint a proxy shall submit by **10 April 2025** the duly accomplished and signed proxy, and scanned copy of the Proxy's valid government-issued ID showing photo and personal details (in JPG format with a file size no bigger than 10 MB)

iii. For Corporate Stockholders (e.g. corporation, association, or partnership)

1. Duly accomplished and signed proxy submitted by **10 April 2025** (and validated by SBC)
2. Certification, signed by a duly authorized officer, partner or representative of such corporation, association, or partnership, that the person signing the proxy is authorized by the governing board or has the power under its by-laws, constitutive documents of such corporation, association, or partnership, to sign the Proxy (in JPG format with a file size no bigger than 10 MB)
 - a. A proxy form given by a broker or dealer in respect of shares of stock carried by such broker or dealer for the account of a customer must be supported by a sworn certification that the same is given with the express prior authorization of such customer.
 - b. If any customer of a broker or dealer who is the beneficial owner of shares of stock executes a sub-proxy, the broker or dealer shall certify that the signature on the sub-proxy is the true and genuine signature of its customer.
3. Valid and active email address of the Stockholder's Representative
4. Valid and active contact number of the Stockholder's Representative
5. Scanned copy of the valid government-issued ID of the person signing the Certification showing photo and personal details (in JPG format with a file size no bigger than 10 MB)
6. Scanned copy of the Proxy's valid government-issued ID showing photo and personal details (in JPG format with a file size no bigger than 10 MB).

SBC will validate the above registration requirements. Stockholders are advised to register as early as possible.

Stockholders who cannot or will opt not to use the Platform will be allowed to vote through a proxy with instructions to the Chairman of the meeting. Please submit the proxy with voting instructions (together with documents required for stockholders submitting a proxy) to the Office of the Corporate Secretary by email to sbc-asm@securitybank.com.ph on or before **5:00 p.m. on 10 April 2025**.

SBC reserves the right to request for additional information and original signed copies of the documents forming part of the Registration Requirements at a later time.

5. Validation of Registration

- a. Only Stockholders who registered **and** passed the validation process can use the Platform to participate in the Meeting.
- b. After registration and passing the validation process, the Stockholder will receive an email confirmation on his/her successful and validated registration together with a username and password for the participation in the Meeting via remote communication. The username and password will be required to access the Meeting on 29 April 2025 at 9:00 am at www.securitybank.com/asm.
- c. Stockholders with successful and validated registration may cast their votes until the voting on the agenda item is closed during the Meeting.

6. Voting

All agenda items indicated in the Notice of the Meeting will be set out in the digital absentee ballot and the registered Stockholder may vote as follows:

- a. For all items, except for Election of Directors, the registered Stockholder has the option to vote: For, Against or Abstain. The vote is considered cast for all the registered Stockholder's shares.
- b. For the Election of Directors, a Stockholder entitled to vote:
 - i. may vote such number of shares owned for as many persons as there are Directors to be elected; or
 - ii. may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of their shares; or
 - iii. may distribute them on the same principle among as many candidates as may be seen fit.
- c. The Company's stock transfer agent and Office of the Corporate Secretary will tabulate all votes received and will validate the results.
- d. Except for the Election of Directors, all the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting. For the Election of Directors, the top fifteen (15) nominees with the most number of votes are elected.

7. Participation at the virtual meeting

- a. The Stockholder will be required to enter his/her username and password to access the Meeting on 29 April 2025 at 9:00 am at www.securitybank.com/asm.
- b. The Platform will allow participants to send questions during the Meeting. To ensure a productive and orderly Meeting, however, Stockholders are encouraged to send their questions relating to items in the agenda of the Meeting on or before **10 April 2025** by email to sbc-asm@securitybank.com.ph. Relevant questions will be answered by concerned officers during the Meeting.
- c. A link to the recorded webcast of the Meeting will be posted on SBC's website after the Meeting.

For any questions or inquiries, including request for assistance in the registration process, please contact our Office of the Corporate Secretary through sbc-asm@securitybank.com.ph.



PROXY FORM

This Proxy is being solicited by Security Bank Corporation, on and in its behalf, in connection with the Annual Stockholders' Meeting of the Bank to be held on 29 April 2025, at 9:00 a.m., via Remote Communication.

KNOW ALL MEN BY THESE PRESENTS:

The undersigned stockholder hereby nominates, constitutes and appoints the **Chairman of the Meeting** or, in his absence, the **Corporate Secretary**, as his/her proxy to attend the Annual Meeting of Stockholders of **Security Bank Corporation** to be held on **29 April, 2025** via remote communication and at any adjournments and postponements thereof, and to vote the shares of the said Corporation standing in the name of the undersigned, with all the powers the undersigned would possess if personally present at such meeting, in accordance with the following authority:

Instructions: Please place a check in the appropriate box. Otherwise, you shall be deemed to have conferred discretionary authority in favor of the Chairman of the Meeting or, in his absence, the Corporate Secretary, to vote your shares in favor of the approval of the following matters.

Matters to be acted upon	Approve	Disapprove	Abstain
1. Approval of the minutes of the annual stockholders' meeting held on 07 May 2024	☐	☐	☐
2. Notation and approval of the Annual Report	☐	☐	☐
3. Ratification of acts, resolutions and proceedings of the Board of Directors, the Board Committees, the Management Committees, the Officers and Agents of the Corporation as reflected in the Minutes	☐	☐	☐

Instructions: Should you wish to withhold authority to vote for any of the following nominees, please strike out his or her name; otherwise, you shall be deemed to have voted for such nominee.

4. Nominees to the Board of Directors

(1)	Diana P. Aguilar	
(2)	Gerard H. Brimo	- Independent Director
(3)	Enrico S. Cruz	- Independent Director
(4)	Daniel S. Dy	
(5)	Frederick Y. Dy	
(6)	Esther Wileen S. Go	- Independent Director
(7)	Jikyeong Kang	- Independent Director
(8)	Nobuya Kawasaki	
(9)	Jose Perpetuo M. Lotilla	- Independent Director
(10)	Napoleon L. Nazareno	- Independent Director
(11)	Cirilo P. Noel	
(12)	Stephen G. Tan	- Independent Director
(13)	Maria Cristina A. Tingson	
(14)	Hirofumi Umeno	
(15)	Sanjiv Vohra	

- a. Vote for all nominees ☐
b. Withhold authority to vote for individual nominee/s (Please strike out his or her name above) ☐
c. Withhold vote for all nominees ☐

Matters to be acted upon	Approve	Disapprove	Abstain
5. Approval on the changes in the per diem policy of the Board of Directors.	☐	☐	☐

Matters to be acted upon	Approve	Disapprove	Abstain
5. Ratification of the selection by the Audit Committee and the Board of Directors of SyCip Gorres Velayo & Co. as external auditor.	☐	☐	☐

Revocability of Proxy

The shareholder may revoke the proxy issued by him at any time prior to its use by the party who is thereby authorized to exercise the same. The By-Laws do not provide for any formal procedure by which revocation may be done.

Proxy forms must be filed and received by the Office of the Corporate Secretary not later than **10 April 2025**. Forms received after the cut-off date will not be recognized and counted for the Annual Shareholders' Meeting.

Person Making the Solicitation

The solicitation of proxies is being undertaken by the Bank in order to obtain the required quorum and the required votes to approve the matters to be taken up at the annual meeting. The total estimated amount to be spent in connection with the release and sending of the proxy statements is approximately Php 250,000.00.

Procedure for Solicitation

Solicitation from stockholders will be by airmail, by ordinary mail, by electronic means, or by other legal means as allowed by law. The Bank, in coordination with its stock and transfer agent, may utilize the usual couriers and messengers to undertake the personal delivery of the proxy forms. No special contracts have been entered into. Costs will be limited to the normal costs of such services.

Who shall bear Cost of Solicitation

The costs of distributing the Information Statement and of soliciting the relevant proxies shall be borne by the Bank.

Interest of Certain Persons in Matters to be Acted Upon

The directors and officers do not have a substantial interest, direct or indirect, in any matter to be acted upon other than the ratification of all acts, resolutions and proceedings of the Board of Directors, the Board Committees, the Management Committees, Officers and Agents of the Corporation and election of the Board of Directors to office. The registrant has not received any written information from anyone seeking to oppose any action to be taken up in the meeting.

Should any other matter come properly before the stockholders which may require my vote, I hereby confer discretionary authority upon the Chairman of the meeting to vote my shares in the manner he deems fit.

This Proxy revokes and supersedes any proxy or proxies the undersigned may have previously executed and shall not apply in instances where the undersigned personally attends such stockholders' meeting.

IN WITNESS WHEREOF, the undersigned stockholder has executed this Proxy this _____ day of _____, 2025 in _____.

Signature of Stockholder

Printed Name of Stockholder

SIGNED IN THE PRESENCE OF:

Please submit the accomplished proxy form by email to sbc-asm@securitybank.com.ph not later than 10 April 2025. There is no need to notarize this proxy form.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GERARD H. BRIMO**, Filipino, of legal age, with postal address at Cromwell Street, Wack Wack Village, Mandaluyong City, 1555, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of Security Bank Corporation (SBC) since 30 April 2019.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Commonwealth Foods Inc.	Independent Director	2021 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SBC, as provided for in Section 38 of the Securities Regulation Code (SRC) and its Implementing Rules and Regulations (IRR) and other Securities and Exchange Commission (SEC) issuances.
4. I am not related to any director/officer/substantial shareholder of other companies other than the relationship provided under Rule 38.2.3 of the SRC.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as an independent director under the SRC and IRR, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of SBC of any changes in the abovementioned information within five days from its occurrence.


GERARD H. BRIMO
Affiant

SUBSCRIBED AND SWORN TO before me this 10 MAR 2025, affiant exhibiting to me his Passport ID Number P7274048B issued on July 27, 2021 in the Philippines – DFA NCR East

Doc. No. 713;
Page No. 39;
Book No. 2;
Series of 2025.




ATTY. DALEY ROSE A. LIMOSINERO, CPA
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-022 until December 31, 2026
Roll of Attorney No. 71800
PTR No. 10466863; 1/2/2025; Makati City
IBP No. 483726; 12/16/2024; MF2025; Laguna Chapter
MCLE Compliance No. VIII-0007533 until April 14, 2028
20/F Security Bank Centre, 6776 Ayala Ave., Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ENRICO S. CRUZ**, Filipino, of legal age, with postal address at Radish Street, Valle Verde 5, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of Security Bank Corporation (SBC) since 01 August 2019.
2. I am affiliated with the following company/organization:

Company/Organization	Position/Relationship	Period of Service
Maxicare Healthcare Corporation	Independent Director	August 2019 to present
AREIT Inc.	Independent Director	February 2020 to present
Security Bank Capital Investment Corporation	Independent Director	May 2020 to present
CIBI Information, Inc.	Independent Director	July 2020 to present
The Keepers Holdings, Inc.	Independent Director	November 2020 to present
DITO CME Holdings Corporation	Independent Director	December 2021 to present
Robinsons Retail Holdings Inc.	Independent Director	April 2022 to present
Maxilife Insurance Corporation	Independent Director	July 2022 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SBC, as provided for in Section 38 of the Securities Regulation Code (SRC) and its Implementing Rules and Regulations (IRR) and other Securities and Exchange Commission (SEC) issuances.
4. I am not related to any director/officer/substantial shareholder of other companies other than the relationship provided under Rule 38.2.3 of the SRC.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as an independent director under the SRC and IRR, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of SBC of any changes in the above mentioned information within five days from its occurrence.

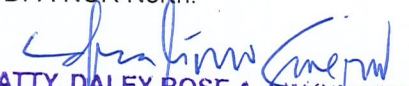

ENRICO S. CRUZ
Affiant

10 MAR 2025

SUBSCRIBED AND SWORN to before me this _____, affiant exhibited to me his Passport ID Number P7341447B issued on August 4, 2021 in DFA NCR North.

Doc. No. 711;
Page No. 39;
Book No. 2;
Series of 2025.




ATTY. DALEY ROSE A. LIMOSINERO, CPA
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-022 until December 31, 2026
Roll of Attorney No. 71800
PTR No. 10466883; 1/2/2025; Makati City
IBP No. 483726; 12/16/2024; MF2025; Laguna Chapter
MCLE Compliance No. VIII-0007533 until April 14, 2028
20/F Security Bank Centre, 6776 Ayala Ave., Makati City

CERTIFICATE OF INDEPENDENT DIRECTOR

I, **ESTHER WILEEN S. GO**, Filipino, of legal age, with postal address at the North Forbes, Forbes Park, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of Security Bank Corporation (SBC) since 27 April 2021.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
MediLink Network	President & CEO	2003 to present
Equicom Savings Bank	Director	2009 to present
ALG Holdings Inc.	Director	2012 to present
Lexington Healthcare Holdings Inc. *	Director	2019 to present
Equicom Health Solutions PTE Ltd. *	Director	2017 to present
Equicom Solutions, Inc.	President and Chairperson	2020 to present
Equicom Medical Inc. *	Director	2019 to present
Equicom Health Services Inc.	Director	2020 to present
Equicom Shared Services Inc. *	Director	2020 to present
Metro Dental Health Services Inc.	Director	2020 to present
Doctor Anywhere Philippines Inc.	Director and Treasurer	2021 to present
Maxicare Health Services Inc.	Director	2023 to present
Maxicare Life Insurance Corporation	Director	2022 to present
Maxicare Healthcare Corporation	Director	2022 to present

**inactive pending dissolution*

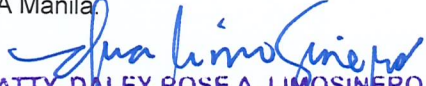
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SBC, as provided for in Section 38 of the Securities Regulation Code (SRC) and its Implementing Rules and Regulations (IRR) and other Securities and Exchange Commission (SEC) issuances.
4. I am not related to any director/officer/substantial shareholder of other companies other than the relationship provided under Rule 38.2.3 of the SRC.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and IRR, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of SBC of any changes in the abovementioned information within five days from its occurrence.


ESTHER WILEEN S. GO
 Affiant

SUBSCRIBED AND SWORN to before me this **10 MAR 2025**, affiant exhibited to me her Passport ID Number P9643372B issued on April 18, 2022 in DFA Manila

Doc. No. 721;
 Page No. 41;
 Book No. 2;
 Series of 2025.




ATTY. DALEY ROSE A. LIMOSINERO, CPA
 NOTARY PUBLIC FOR MAKATI CITY
 Appointment No. M-022 until December 31, 2026
 Roll of Attorney No. 71800
 PTR No. 10466863; 1/2/2025; Makati City
 IBP No. 483726; 12/16/2024; MF2025; Laguna Chapter
 MCLE Compliance No. VIII-0007533 until April 14, 2028
 20/F Security Bank Centre, 6776 Ayala Ave., Makati City

CERTIFICATE OF INDEPENDENT DIRECTOR

I, **JI KYEONG KANG**, British, of legal age, with postal address The Shang Grand Tower, Perea Street corner Dela Rosa Street, Legaspi Village, Makati, Philippines, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of Security Bank Corporation (SBC) since 25 April 2017.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Asian Institute of Management	President, CEO, and Dean	2015 to Present
Association of Asia-Pacific Business Schools (AAPBS)	Council member President	2015 to Present 2025 to Present
EFMD (European Foundation for Management Development) Global Network	Board Member	2017 to Present
Kesoram Industries (Birla Group), India	Independent Director	2017 to Present
Yonsei University Business School, Seoul, Korea	Global Advisory Board	2018 to Present
International Academy of Management (IAOM)	Fellow	2019 to Present
Principles for Responsible Management Education (PRME)	Board Member	2020 to Present
ESADE, Barcelona, Spain	International Advisory Board Member	2020 to Present
GBSN (Global Business School Network)	Board Member	2021 to Present
Stockholm School of Economics, Sweden	International Advisory Board Member	2021 to Present
Inspira, Sao Paulo, Brazil	International Advisory Board Member	2021 to Present
Luiss Business School, Italy	International Advisory Board Member	2024 to Present
Shanghai Jia Tong University Antai College of Economics and Management, China	International Advisory Board Member	2024 to Present
Waseda University, Japan	International Advisory Board Member	2025 to Present
Management Association of the Philippines (MAP)	Member	2016 to Present
Makati Business Club (MBC)	Member	2016 to Present
American Chamber of Commerce	Member	2015 to Present
British Chamber of Commerce	Member	2019 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SBC, as provided for in Section 38 of the Securities Regulation Code (SRC) and its Implementing Rules and Regulations (IRR) and other Securities and Exchange Commission (SEC) issuances.
4. I am not related to any director/officer/substantial shareholder of other companies other than the relationship provided under Rule 38.2.3 of the SRC.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and IRR, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of SBC of any changes in the abovementioned information within five days from its occurrence.


JI KYEONG KANG
 Affiant

SUBSCRIBED AND SWORN TO before me this **10 MAR 2025**, affiant exhibiting to me her Passport ID Number 123016495 issued on October 1, 2020 in United Kingdom.

Doc. No. **712**;
 Page No. **39**;
 Book No. **2**;
 Series of 2025.




ATTY. DALEY ROSE A. LIMOSINERO, CPA
 NOTARY PUBLIC FOR MAKATI CITY
 Appointment No. M-022 until December 31, 2026
 Roll of Attorney No. 71800
 PTR No. 10466883; 1/2/2025; Makati City

CERTIFICATE OF INDEPENDENT DIRECTOR

I, **JOSE PERPETUO M. LOTILLA**, Filipino, of legal age, with postal address at the Katipunan Ext. Loyola Grand Villas, Quezon City, Philippines, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of Security Bank Corporation (SBC) since 27 April 2021.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Synergy Grid and Development Philippines, Inc.	Independent Director	2019 to present
Carabineros Development, Inc.	Chairman	2019 to present
Philippine Commercial Capital Inc.	Independent Director	2021 to present
Amber Kinetics Phils.	Corporate Secretary	2019 to present
San Miguel Corporation	Legal Consultant	2017 to present
Land Registration Systems, Inc.	Independent Director	2023 to present
Manuel L. Quezon University	Dean of School of Law	2023 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SBC, as provided for in Section 38 of the Securities Regulation Code (SRC) and its Implementing Rules and Regulations (IRR) and other Securities and Exchange Commission (SEC) issuances.
4. I am not related to any director/officer/substantial shareholder of other companies other than the relationship provided under Rule 38.2.3 of the SRC.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and IRR, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of SBC of any changes in the abovementioned information within five days from its occurrence.


JOSE PERPETUO M. LOTILLA
 Affiant
10 MAR 2025

SUBSCRIBED AND SWORN TO before me this _____, affiant exhibiting to me his Passport Number P7054808B issued on June 28, 2021 in the Philippines – DFA Manila.

Doc. No. 710
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 Series of 2025.

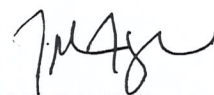



ATTY. DALEY ROSE A. LIMOSINEKO, CPA
 NOTARY PUBLIC FOR MAKATI CITY
 Appointment No. M-022 until December 31, 2026
 Roll of Attorney No. 71800
 PTR No. 10466863; 1/2/2025; Makati City
 IBP No. 483726; 12/16/2024; MF2025; Laguna Chapter
 MCLE Compliance No. VIII-0007533 until April 14, 2028
 20/F Security Bank Centre, 6776 Ayala Ave., Makati City

CERTIFICATE OF INDEPENDENT DIRECTOR

I, **NAPOLEON L. NAZARENO**, Filipino, of legal age, with postal address at the Narra Avenue, Forbes Park, Makati City, Philippines, after having been duly sworn to in accordance with law do hereby declare that:

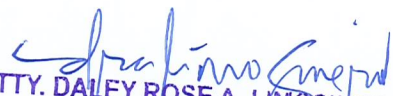
1. I am an Independent Director of Security Bank Corporation (SBC) since 25 April 2017.
2. I am an Independent Director of Paymongo Philippines Inc. since 2023.
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SBC, as provided for in Section 38 of the Securities Regulation Code (SRC) and its Implementing Rules and Regulations (IRR) and other Securities and Exchange Commission (SEC) issuances.
4. I am not related to any director/officer/substantial shareholder of other companies other than the relationship provided under Rule 38.2.3 of the SRC.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and IRR, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of SBC of any changes in the abovementioned information within five days from its occurrence.


NAPOLEON L. NAZARENO
Affiant

SUBSCRIBED AND SWORN TO before me this **10 MAR 2025**, affiant exhibiting to me his Passport ID Number P4968885A issued on November 17, 2017 in Manila.

Doc. No. 709
Page No. 38
Book No. 2
Series of 2025




ATTY. DALEY ROSE A. LIMOSINERO, CPA
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-022 until December 31, 2026
Roll of Attorney No. 71800
PTR No. 10466863; 1/2/2025; Makati City
IBP No. 483726; 12/16/2024; MF2u25; Laguna Chapter
MCLE Compliance No. VIII-0007533 until April 14, 2028
20/F Security Bank Centre, 6776 Ayala Ave., Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **STEPHEN G. TAN**, Filipino, of legal age, with postal address at Grace Village, Samuel Dee Street, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director nominee of Security Bank Corporation (SBC) during its Annual Stockholders' meeting on May 7, 2024.
2. I am affiliated with the following company/organization:

Company/Organization	Position/Relationship	Period of Service
Grace Christian Church of the Philippines	President / Senior Pastor	2005 to present
Biblical Seminary of the Philippines	Corporate Member Lecturer	2022 to present 2023 to present
Wycliffe Bible Translators Philippines	Chairman	2023 to present
Center for Community Transformation, Inc.	Corporate Member	2023 to present
Spartan Scholarships, Inc.	Director	2006 to present
FEBIAS College of Bible	Trustee	2021 to present

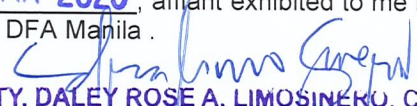
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SBC, as provided for in Section 38 of the Securities Regulation Code (SRC) and its Implementing Rules and Regulations (IRR) and other Securities and Exchange Commission (SEC) issuances.
4. I am not related to any director/officer/substantial shareholder of other companies other than the relationship provided under Rule 38.2.3 of the SRC
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding except for the following case related to an election dispute in a dissolved homeowners' association: People of the Philippines vs. Edmund Go, James Tan, Stephen Tan, Millie Bismonte, Danny Go, Susan Go, Charlie Kwa, Max Lee, Derrick Uy, Romeo Uy, James Ang, Richard Pindoy, Panfilo Bretana, et. al, RTC Branch 219, (Case No. R-QZN-19-17358-CR) For Robbery. Status: Demurrer has been granted by the Regional Trial Court and the losing candidate has elevated the same to the Court of Appeals. The Supreme Court has dismissed with finality the electoral dispute filed by the losing candidate.
6. I shall faithfully and diligently comply with my duties and responsibilities as an independent director under the SRC and IRR, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of SBC of any changes in the above mentioned information within five days from its occurrence.


STEPHEN G. TAN
Affiant

SUBSCRIBED AND SWORN to before me this 10 MAR 2025, affiant exhibited to me his Passport ID Number P1261081C issued on August 11, 2022 in DFA Manila.

Doc. No. 708;
Page No. 38;
Book No. 2;
Series of 2025.




ATTY. DALEY ROSE A. LIMOSINERO, CPA
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-022 until December 31, 2026
Roll of Attorney No. 71800
PTR No. 10466883; 1/2/2025; Makati City

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting:

Date: 29 April 2025

Time: 9:00 a.m.

Place: To be held and conducted in a virtual platform or online format at www.securitybank.com/asm

Complete mailing address of principal office:

Security Bank Centre
6776 Ayala Avenue
Makati City 0719

Approximate date on which copies of the information statement and proxy form are to be given to security holders:

02 April 2025

Item 2. Dissenters' Right of Appraisal

There are no matters or proposed corporate actions included in the Agenda of the Meeting which may give rise to a possible exercise by security holders of their appraisal rights as provided under Title X of the Revised Corporation Code.

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

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

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

No current director or officer of Security Bank or nominee for election or director of the Bank, nor any associate of such persons, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the stockholders' meeting, other than election to office.

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

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Class of Voting Securities:

	COMMON SHARES	PREFERRED SHARES	TOTAL
Number of Shares Outstanding as of February 28, 2025:			
Broken down as follows:			
A. Filipino Equity Shares	471,806,754	772,625,998	1,244,432,752
B. Foreign Equity Shares	281,732,133	227,374,002	509,106,135
TOTAL	753,538,887	1,000,000,000	1,753,538,887

Percentage of Foreign Equity: 29.03%

Number of Votes Entitled: One (1) vote per share

Annex D – List of Top 100 Common Shareholders

Pursuant to Article Seven of the Bank's Articles of Incorporation, no holder of shares of securities issued by the Corporation shall be entitled to pre-emptive rights with respect to shares issued by the company. No issuance or transfer of shares of stock of the Corporation which would reduce the stock ownership of citizenship of the Philippines to less than the minimum percentage of the outstanding capital stock required by any applicable provision of law or regulation to be owned by Philippine Nationals, shall be made or effected by, or shall be recorded in the books of the Corporation, and this restriction shall be printed in the certificates of stock of the Corporation.

There is no provision in the charter and by-laws that grants preferential material rights to stockholders that would delay, defer and prevent a change in control.

Security Bank declares and pays out dividends from the earned surplus or net profits from the Bank as often as such times as the Board of Directors may determine and in accordance with provisions of law and the regulations of the Bangko Sentral ng Pilipinas (BSP). The dividend policy aims to ensure compliance with regulatory requirements, maintain strong credit ratings and maintain healthy capital ratios to support business and maximize shareholder value.

(b) The record date for those who shall be entitled to vote is 25 March 2025.

(c) Election of Directors and Independent Directors and Manner of Voting

All stockholders as of record date are entitled to cumulative voting rights with respect to the election of directors. The stockholders may vote such number of shares for as many people as there are directors to be elected, or he may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of shares shall equal or he may distribute them on the same principle among as many nominees as he shall see fit. Discretionary authority to cumulate vote is solicited.

(d) Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

Owners of record of more than 5% of the Bank's voting securities as of February 28, 2025 were as follows:

Title of Class	Name, address or Record Owner/ Beneficial Owner, and relationship with Issuer	Name of Beneficial Owner	Citizenship	No. of Shares Held	% of Total Voting Shares
Common	The Bank of Tokyo - Mitsubishi UFJ. Ltd. (now known as MUFG Bank, Ltd.) Marunouchi, Chiyoda-ku, Tokyo, Japan	BTMU (MUFG Bank, Ltd.)	Non-Filipino	150,707,778	8.59%
Preferred				200,000,000	11.41%
Common	Frederick Y. Dy 23/F Security Bank Centre 6776 Ayala Ave., Makati City	Frederick Y. Dy	Filipino	86, 865,273*	4.95%
Preferred				335,207,671	19.12%

Common	Daniel S. Dy 18/F Security Bank Centre 6776 Ayala Ave., Makati City	Daniel S. Dy	Filipino	30,229,655	1.72%
Preferred				256,951,638***	14.65%
Common	PCD Nominee Corporation Equitable Tower, Paseo de Roxas, Makati City	Various Stockholders Client	Filipino	200,302,905**	11.42%
Common	PCD Nominee Corporation Equitable Tower, Paseo de Roxas, Makati City	Various Stockholders Client	Non-Filipino	128,299,658****	7.32%

*Inclusive of 28,264,524 shares of Frederick Y. Dy lodged with PCD Nominee Corp.

**Net of 28,264,524 shares of Frederick Y. Dy lodged with PCD Nominee Corp. and 30,229,655 shares of Daniel S. Dy of a corporate shareholder of Issuer.

***Inclusive of the 35,714,994 indirect shares/Shareholder

****Net of 150,707,778 shares of The Bank of Tokyo-Mitsubishi UFJ, Ltd. lodged in PCD Nominee Corp. (Non-Filipino)

PCD Nominee Corporation, now known as Philippine Depository & Trust Corporation (PDTCT) is the registered owner of the shares in the books of the Bank's transfer agent, Stock Transfer Service, Inc. The beneficial owners of such shares are PCD's participants, who hold the shares on their behalf or on behalf of their clients. The shares beneficially owned by participants are in individual quantities representing less than 5% of the Bank's voting securities. The participants have the power to decide how the PCD shares are to be voted.

The Member of the Board of Directors, Deputy President - Global Commercial Banking Business Unit and Chief Operating Officer – International has the power to decide on how The Bank of Tokyo Mitsubishi UFJ, LTD (now known as MUFG Bank, Ltd) shares in Security Bank are to be voted.

Security Ownership of Directors and Management

I. The following are the number of shares of the Bank's capital stock (all of which are voting shares) owned of record by the directors, key officers of the Bank, and nominees for election as director, as of February 28, 2025:

A. Title of Class: Common Stock

<i>Name of Beneficial Owner</i>	<i>Position</i>	<i>Citizenship</i>	<i>No. of Shares Held</i>	<i>Nature of Beneficial Ownership</i>	<i>% to Total Voting Shares</i>
Frederick Y. Dy	Chairman Emeritus	Filipino	86,865,273	Direct	4.95%
Cirilo P. Noel	Chairman	Filipino	10	Direct	0.00%
Diana P. Aguilar	Vice Chairperson	Filipino	10	Direct	0.00%
Gerard H. Brimo	Director	Filipino	10	Direct	0.00%
Enrico S. Cruz	Director	Filipino	187,010	Direct	0.02%
Daniel S. Dy	Director	Filipino	*30,229,655	Direct/Indirect	1.72%
Esther Wileen S. Go	Director	Filipino	10	Direct	0.00%
Jikyeong Kang	Director	British	10	Direct	0.00%
Nobuya Kawasaki	Director	Japanese	1	Direct	0.00%
Jose Perpetuo M. Lotilla	Director	Filipino	3	Direct	0.00%
Napoleon L. Nazareno	Director	Filipino	10	Direct	0.00%
Stephen G. Tan	Director	Filipino	10	Direct	0.00%
Maria Cristina A. Tingson	Director	Filipino	10	Direct	0.00%
Hirofumi Umeno	New Nominee / MUFG Business Development Head	Japanese	10**	Direct	0.00%
Sanjiv Vohra	Director/President & CEO	Indian	300,010	Direct	0.02%

*Inclusive of 24,415,490 Indirect shares/Shareholder of a Corporate Shareholder

** as of March 2025

<i>Name of Beneficial Owner</i>	<i>Position</i>	<i>Citizenship</i>	<i>No. of Shares Held</i>	<i>Nature of Beneficial</i>	<i>% to Total Voting</i>
Gina S. Go	Executive VP	Filipino	32,458	Direct	0.00%
Joselito E. Mape	Executive VP	Filipino	11,619	Direct	0.00%

Eduardo M. Olbes	Executive VP	Filipino	13,500	Direct	0.00%
Marlette P. Brodett	Senior VP	Filipino	103,890	Direct	0.01%
Abigail Marie D. Casanova	Senior VP	Filipino	*2,340	Indirect	0.00%
Aristotle I. Cruz	Senior VP	Filipino	200	Direct	0.00%
Maria Carmencita R. Lopez	Senior VP	Filipino	4,300	Direct	0.00%
Yvonne Joanna P. Marcelo	Senior VP	Filipino	3,700	Direct	0.00%
Ma. Margarita R. Mirabueno	Senior VP	Filipino	1,080	Direct	0.00%
Ma. Patricia N. Tan	Senior VP	Filipino	15,000	Direct	0.00%
John David G. Yap	Senior VP	Singaporean	75,000	Direct	0.00%

*Shares held by spouse

B. Title of Class: Preferred Stock

<i>Name of Beneficial Owner</i>	<i>Position</i>	<i>Citizenship</i>	<i>No. of Shares Held</i>	<i>Nature of Beneficial Ownership</i>	<i>% to Total Voting Shares</i>
Frederick Y. Dy	Chairman Emeritus	Filipino	335,207,671	Direct	19.12%
Eduardo M. Olbes	Executive VP	Filipino	4,000	Direct	0.00%
Daniel S. Dy	Director	Filipino	256,951,638*	Direct/Indirect	14.65%

*Inclusive of 35,714,994 Indirect Shares/Shareholder of a Corporate Shareholder of the Issuer

The aggregate number of shares owned of record by all or key officers and directors as a group as of February 28, 2025 is 710,008,438 shares or approximately 40.49% of the Bank's outstanding capital stock.

II. The following are the trading records of the directors, key officers of the Bank, and nominees for election as director as of February 28, 2025:

A. Title of Class: Common Stock

<i>Name of Beneficial Owner</i>	<i>Position</i>	<i>Beginning Balance No. of Shares (as of 03/31/2024)</i>	<i>Movement No. of Shares (from 03/31/2024 to 02/28/2025)</i>	<i>Acquired (A) or Disposed (D)</i>	<i>Ending Balance No. of Shares (as of 02/28/2025)</i>
Frederick Y. Dy	Chairman Emeritus	86,865,273	0	-	86,865,273
Cirilo P. Noel	Chairman	10	0	-	10
Diana P. Aguilar	Vice Chairperson	10	0	-	10
Gerard H. Brimo	Director	10	0	-	10
Enrico S. Cruz	Director	138,010	49,000	A	187,010
Daniel S. Dy	Director	*30,229,655	0	-	30,229,655
Esther Wileen S. Go	Director	10	0	-	10
Jikyeong Kang	Director	10	0	-	10
Nobuya Kawasaki	Director	1	0	-	1
Jose Perpetuo M. Lotilla	Director	3	0	-	3
Napoleon L. Nazareno	Director	10	0	-	10
Maria Cristina A. Tingson	Director	10	0	-	10
Stephen G. Tan	Director	10	0	-	10
Hirofumi Umeno	New Nominee / MUFG Business Development Head	-	**10	-	10
Sanjiv Vohra	Director / President & CEO	300,010	0	-	300,010

*Inclusive of 24,215,490 Indirect shares/Shareholder of a Corporate Shareholder ** as of March 2025

<i>Name of Beneficial Owner</i>	<i>Position</i>	<i>Beginning Balance No. of Shares (as of 03/31/2024)</i>	<i>Movement No. of Shares (from 03/31/2024 to 02/28/2025)</i>	<i>Acquired (A) or Disposed (D)</i>	<i>Ending Balance - No. of Shares (as of 02/28/2025)</i>
Gina S. Go	Executive VP	32,458	0	-	32,458
Joselito E. Mape	Executive VP	11,619	0	-	11,619
Eduardo M. Olbes	Executive VP	13,500	0	-	13,500
Marlette P. Brodett	Senior VP	103,890	0	-	103,890
Abigail Marie D. Casanova	Senior VP	2,340*	0	-	2,340
Aristotle I. Cruz	Senior VP	200	0	-	200
Maria Carmencita R. Lopez	Senior VP	4,300	0	-	4,300
Yvonne Joanna P. Marcelo	Senior VP	3,700	0	-	3,700
Ma Margarita R. Mirabueno	Senior VP	1,080	0	-	1,080
Ma. Patricia N. Tan	Senior VP	15,000	0	-	15,000
John David G. Yap	Senior VP	0	75,000	A	75,000

*Shares held by spouse

B. Title of Class: Preferred Stock

<i>Name of Beneficial Owner</i>	<i>Position</i>	<i>Beginning Balance No. of Shares (as of 03/31/2024)</i>	<i>Movement No. of Shares (from 03/31/2024 To 02/28/2025)</i>	<i>Acquired (A) or Disposed (D)</i>	<i>Ending Balance No. of Shares (as of 02/28/2025)</i>
Frederick Y. Dy	Chairman Emeritus	335,207,671	0	-	335,207,671
Eduardo M. Olbes	Executive VP	4,000	0	-	4,000
Daniel S. Dy	Director	256,951,638*	0	-	256,951,638

*Inclusive of 35,714,994 Indirect Shares/Shareholder of a Corporate Shareholder of the Issuer

Voting Trust Holders of 5% or More

The company is not aware of shareholders holding any Voting Trust Agreement of 5% or more or any such similar agreement.

(e) Change in Control of the Registrant since beginning of last Fiscal Year

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

Item 5. Directors and Executive Officers

(a) Directors

The Nominations and Remuneration Committee processed and evaluated nominations for directors in accordance with guidelines as required by law, regulations, Bank's Manual of Corporate Governance * and the Nominations Policy. The Committee unanimously resolved that the following are qualified for election and meet all the requirements for election:

Name	Position	Date Elected to the Board	Citizenship	Age*
Frederick Y. Dy	Chairman Emeritus	April 4, 1989	Filipino	69
Cirilo P. Noel	Chairman	April 24, 2018	Filipino	67
Diana P. Aguilar	Vice Chairperson	April 26, 2017	Filipino	61
Daniel S. Dy	Director	April 27, 2021	Filipino	38
Nobuya Kawasaki	Director	April 25, 2023	Japanese	52
Maria Cristina A. Tingson	Director	June 27, 2023	Filipino	64
Hirofumi Umeno	Director/MUFG Business Development Head	New Nominee for Election	Japanese	48
Sanjiv Vohra	Director/President & CEO	July 1, 2019	Indian	63

Gerard H. Brimo	Independent Director	April 30, 2019	Filipino	73
Enrico S. Cruz	Independent Director	August 1, 2019	Filipino	67
Esther Wileen S. Go	Independent Director	April 27, 2021	Filipino	54
Jikyeong Kang	Independent Director	April 26, 2017	British	63
Jose Perpetuo M. Lotilla	Independent Director	April 27, 2021	Filipino	68
Napoleon L. Nazareno	Lead Independent Director	April 26, 2017	Filipino	75
Stephen G. Tan	Independent Director	May 7, 2024	Filipino	47

** Age as of December 31, 2024*

All information on the nominees for Directors are found in the attached Annex "A".

The members of the Board of Directors do not have any material pending proceedings to the registrant or any of its subsidiaries.

The members of the Board of Directors are elected at the annual stockholders' meeting to hold office until the next annual meeting and until their respective successors have been elected.

Independent Directors

The independent directors of the Company are as follows:

- 1) Gerard H. Brimo
- 2) Enrico S. Cruz
- 3) Esther Wileen S. Go
- 4) Jikyeong Kang
- 5) Jose Perpetuo M. Lotilla
- 6) Stephen G. Tan
- 7) Napoleon L. Nazareno – Lead Independent Director

The Company's Nominations and Remuneration Committee evaluated and reviewed each nominee-director's qualifications based on the guidelines for Independent Directors spelled out in the Securities Regulation Code, the Bangko Sentral ng Pilipinas (BSP) and the Bank's Corporate Governance Manual* and SRC Rule No. 38 (Requirements on Nomination and Election of Independent Directors) and SEC Memorandum No. 9 Series of 2011 (Term Limits of Independent Directors) and unanimously resolved that said nominees are qualified and meet the requirements for election.

The Nominations and Remuneration Committee is chaired by Dr. Jikyeong Kang with Mr. Enrico S. Cruz, Mr. Gerard H. Brimo, Mr. Daniel S. Dy, and Ms. Maria Cristina A. Tingson as members.

Mr. Cirilo P. Noel nominated Ms. Esther Wileen S. Go, Dr. Jikyeong Kang, Atty. Jose Perpetuo M. Lotilla, Mr. Napoleon L. Nazareno, Mr. Gerard H. Brimo, Mr. Enrico S. Cruz, and Mr. Stephen G. Tan.

Mr. Cirilo P. Noel is not related to Ms. Esther Wileen S. Go, Dr. Jikyeong Kang, Atty. Jose Perpetuo M. Lotilla, Mr. Napoleon L. Nazareno, Mr. Gerard H. Brimo, Mr. Enrico S. Cruz and Mr. Stephen G. Tan.

Ms. Esther Wileen S. Go, Dr. Jikyeong Kang, Atty. Jose Perpetuo M. Lotilla, Mr. Napoleon L. Nazareno, Mr. Gerard H. Brimo, Mr. Enrico S. Cruz, and Mr. Stephen G. Tan are not substantial shareholders of the Bank, nor of any of its subsidiaries.

** All nominees possess all qualifications required by the Bank's Corporate Governance Manual with the exception of Mr. Napoleon L. Nazareno who has reached the threshold age of 75 based on internal Board Refreshment Policy of the Bank. Given his extensive qualifications and performance as an Independent Director (ID), the Committee approved that Mr. Nazareno serve the maximum 9-year term as an ID (with expiration in 2026) as allowed by the regulations of the Bangko Sentral ng Pilipinas and Securities and Exchange Commission.*

Executive Officers as of February 28, 2025

Position	Name	Age *	Citizenship
President and Chief Executive Officer	Sanjiv Vohra**	63	Indian
Executive Vice Presidents	Nerissa Gloria C. Berba	54	Filipino
	Leslie Y. Cham	59	Filipino
	Luz Pilar U. De Guzman	49	Filipino
	Lucose T. Eralil	56	Indian
	Gina S. Go	64	Filipino
	Joselito E. Mape	62	Filipino
	Eduardo M. Olbes	55	Filipino
	John Cary L. Ong	51	Filipino
	Rahul S. Rasal	57	Indian
	Juichi Umeno ***	50	Japanese
Senior Vice Presidents	Jason T. Ang	54	Filipino
	Ronald I. Austria	53	Filipino
	Stephen John Bell	57	British
	Marlette P. Brodett	53	Filipino
	Abigail Marie D. Casanova	50	Filipino
	Charles Malvin T. Ching	47	Filipino
	Anna Christina M. Chinjen	53	Filipino
	Aristotle I. Cruz	53	Filipino
	Criselda Q. De Sagun-Madrid	42	Filipino
	Amaneci Grace R. De Silva	48	Filipino
	Jonathan C. Diokno	52	Filipino
	Ma. Paz Victoria R. Gonzalez	57	Filipino
	Irene E. Guban	49	Filipino
	Cristina V. Henson	60	Filipino
	David Peter B. Holmes	49	British
	Orencio Andrei P. Ibarra III	51	Filipino
	Yoshimasa Itaka	49	Japanese
	Sohel H. Kanchwala	59	Indian
	Jefferson T. Ko	49	Singaporean
	Kim O. Lim	53	Filipino
	Ma. Carmencita R. Lopez	59	Filipino
	Prakash Sudhakar Mahajan	52	Indian
	Yvonne Joanna P. Marcelo	54	Filipino
	Jiri Matousek	38	Czech
	Patrick M. Meneses	51	Filipino
	Juan A. Mestas ****	42	Peruvian
	Maria Margarita R. Mirabueno	52	Filipino
	Jorge Lindley S. Ong	52	Filipino
	Rahul M. Sadarangani	44	Indian
	Ma. Patricia N. Tan	50	Filipino
	Dennis M. Tangonan	50	Filipino
	Hirofumi Umeno *****	48	Japanese

Position	Name	Age *	Citizenship
	Myla R. Untalan	54	Filipino
	Maris Lou S. Velicaria	52	Filipino
	Balaji Vijayan	57	Indian
	John David G. Yap	47	Singaporean
	Price Edward C. Yap	51	Singaporean
	Malcolm C. Yow	46	Australian

*Age as of February 28, 2025

** Member of the Board *** Will end his term as Director on April 29, 2025 **** Also known as Juan Alfredo Mestas Jara ***** New Nominee for Election

The Executive Officers are appointed/elected by the Board of Directors at the organizational meeting following the stockholders' meeting, each to hold office for a period of one (1) year.

The information required by Part IV, paragraphs A and D(1) and D(3) of Annex C of SRC Rule 12 relating to the identity, positions held, business experience and related transactions of directors and executive officers is found on the attached Annex "A". There are no executive officers of the Bank who work with the government.

(b) Significant Employees

The Bank values its human resources and considers the entire manpower force as significant employees.

(c) Family Relationships

Mr. Daniel S. Dy , Director, is the son of the Bank's Chairman Emeritus, Mr. Frederick Y. Dy.

(d) Involvement in Certain Legal Proceedings

To the knowledge and information of the Bank, none of the above-named directors and executive officers have been involved in any material legal proceedings or subject to the following legal proceedings during the past five (5) years:

- i. Bankruptcy petition against any business of which such director was a general partner or executive officer whether at the time of the bankruptcy or within two (2) years prior to that time
- ii. Conviction by final judgment, in a criminal proceeding, domestic or foreign or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses, except for a pending proceeding involving Stephen G. Tan. Please refer to Independent Director Certification for details.
- iii. To any order, judgment or decree, not subsequently reversed, suspended or vacated of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking services
- iv. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or Foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

(e) Certain Relationships and Related Transactions

During the last fiscal year, no director or executive officers of the Bank received any benefit by reason of a contract made with the company, a related corporation, a firm of which the director is a member or a company in which a director has a substantial financial interest.

In the ordinary course of business, the Bank has loan transactions with certain directors, officers, stockholders and related interest (DOSRI). Under Bank policies, these loans are made substantially on the same terms as loans to other individuals and borrowers of comparable risk. Full disclosures for these transactions were made to the Bangko Sentral ng Pilipinas (BSP). The Bank is in full compliance with the BSP regulations on DOSRI loans and transactions. Details

on related party transactions are further explained in Note 32 of the Audited Financial Statements. The Bank is not a subsidiary of any corporation.

For the period ended February 28, 2025, there were no material self-dealings or related party transactions by any director which required disclosure.

(f) Resignation of Directors

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

Item 6. Compensation of Directors/Executive Officers

Information as to the aggregate compensation during the last two fiscal years and to be paid in ensuing fiscal year 2025 to the Bank's Chief Executive Officer and four other most highly compensated executive officers and all other officers and directors as a group are as follows:

Chief Executive Officer and four other most highly compensated executive officers*:

		Executive Compensation	Bonuses	Total
2025	-	Php 80,000,000**	Php 60,000,000**	Php 140,000,000**
2024		Php 76,860,320	Php 28,827,517	Php 105,678,837
2023	-	Php 76,537,500	Php 70,596,700	Php 147,134,200

*Refers to Messrs. Sanjiv Vohra, Eduardo M. Olbes, Arnold Q. Bengco (resigned 02.01.2025), John Cary L. Ong, and Rahul S. Rasal

**Estimated amount

All officers and directors as a group unnamed:

		Executive Compensation	Bonuses	Total
2025	-	Php 8,600,000,000**	Php 2,800,000,000	Php 8,000,000,000 **
2024	-	Php 8,214,929,182	Php 2,680,754,712	Php 7,576,982,839
2023	-	Php 4,653,693,930	Php 1,728,515,515	Php 6,382,209,445

**Estimated amount

The directors receive fees, bonuses and allowances that are already included in the amounts stated above, with per diem of P 19.8 million estimated for 2025, P 16.5 million per diem paid in 2024 and P17.0 million per diem paid in 2023. The Directors receive a per diem of Php 50,000.00 for attending Board meetings and Php 10,000.00 – 25,000.00 for Committee meetings. For security considerations, the Bank decided to only disclose the amount on an aggregate basis. Aside from the said amounts, they have no other compensation plan or arrangement with the Bank.

The executive officers receive salaries, bonuses, and other usual bank benefits that are also already included in the amounts stated above. Aside from the said amounts, they have no other compensation plan or arrangement with the Bank.

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

Item 7. Independent Public Accountants

Sycip Gorres Velayo and Co. (SGV) has been the external auditor of the Bank for over 28 years. In compliance with the General Requirements of SRC Rule 68, Par. 3 on Qualifications and Reports of Independent Auditors, the Bank has engaged SGV as the External Auditor with Mr. Juan Carlo B. Maminta as the partner-in-charge effective 2020.

Representatives of SGV are expected to be present at the stockholders' meeting and to be available to respond to appropriate questions. They will have the opportunity to make a statement if they desire to do so.

The stockholders at its annual meeting held on 07 May 2024, approved the delegation to the Board of Directors the

appointment of the Bank's external auditors based on the recommendation of the Audit Committee.

The Audit Committee is chaired by Independent Director Gerard H. Brimo, with Director Cirilo P. Noel and Independent Director Napoleon L. Nazareno as members.

Changes and Disagreements with Accountant on Accounting and Financial Disclosures

External Audit Fees and Services

The aggregate fees billed for each of the last two fiscal years for professional services rendered by the Group's external auditors are summarized as follows:

Nature of Services Rendered	Aggregate Fees¹ <i>(in thousands)</i>	
	2024	2023
Total audit fees²	10,829	9,591
Non-audit services ³		
Other assurance services	4,695	—
Tax services	100	—
All other services	5,785	2,347
	10,580	2,347
	21,409	11,938

¹Excluding out of pocket expenses and value added tax (VAT)

²Agreed fees for the audit of the Bank's parent and consolidated financial statements and the covered Bank's consolidated subsidiaries' financial statements on which the external auditor expresses opinion. These do not include fees for special purpose audit or review of financial statements.

³Charged or billed fees for non-audit services to the Bank and its related entities over which the Bank has direct or indirect control that are consolidated in the financial statements on which the external auditor expresses an opinion.

Audit Committee's Approval Policies and Procedures for the Above Services

1. Selection of external auditors

The Audit Committee is responsible for the annual evaluation and selection of the external auditors based on established criteria. The committee recommends the selected auditor to the Board of Directors for approval, ensuring compliance with independence and governance standards.

2. Audit planning and fee approval

Prior to the commencement of each annual audit, the external auditors present the proposed audit plan—including its scope, key focus areas, and timeline—along with the associated audit fee for the Audit Committee's review and approval. The committee ensures the audit plan aligns with regulatory requirements and the organization's financial reporting objectives.

3. Audit results review and endorsement

Upon completion of the audit, the Audit Committee reviews the audit findings and financial reporting implications. The committee evaluates key audit matters and endorses the audit results for final approval by the Board of Directors, ensuring transparency and integrity in financial disclosures.

4. Oversight of non-audit services

The Audit Committee reviews and pre-approves the scope and fees of any non-audit services provided by the external auditors before engagement. The committee assesses whether such services comply with regulatory restrictions, maintain auditor independence, and do not impair the integrity of financial reporting.

Item 8. Compensation Plans

There are no actions to be taken up in the meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

There are no matters or actions to be taken up in the meeting with respect to the authorization or issuance of Securities other than for Exchange.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up in the meeting with respect to the modification or exchange of securities.

Item 11. Financial and Other Information

The audited financial statements as of 31 December 2024 and other data related to the Company's financial information are attached hereto as Annex "C".

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There are no matters or actions to be taken up in the meeting relating to mergers, consolidations, acquisitions and similar matters.

Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken up in the meeting relating to acquisition or disposition of property.

Item 14. Restatement of Accounts

There are no matters or actions to be taken up in the meeting relating to restatement of accounts.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

(a) Financial Statements and Management Report

Management shall report on the significant business transactions undertaken by Management and accomplishments for the fiscal year 2024. Attached as Annexes "B" and "C" are the Management Report of the Bank and the Audited Financial Statements for the period ending 31 December 2024, respectively.

The Board of Directors recommends that shareholders NOTE and APPROVE the Management Report together with the financial statements for the period ending 31 December 2024.

Item 16. Matters Not required to be Submitted

All matters or actions that will require the vote of the security holders will be submitted during the meeting.

Item 17. Amendment of Charter, Bylaws or other Documents

There are no matters or actions to be taken up in the meeting relating to the Amendment of Charter, Bylaws or other Documents.

Item 18. Other Proposed Actions

There are no other actions proposed to be taken at the annual meeting other than the agenda matters indicated in the Notice included in this Information Statement.

Please refer to Annex E for the May 7, 2024 Annual Stockholders' Meeting (ASM) minutes with the following:

- a. List of directors, officers and stockholders who attended the annual stockholders
- b. Requirements for the SBC Annual Stockholders' Meeting and Procedures for participation via remote communication and voting in absentia.

Item 19. Voting Procedures

(a) Except in cases where a higher vote is required under the Revised Corporation Code, the approval of any corporate action shall require the majority vote of all stockholders present in the meeting, if constituting a quorum.

(b) Except in cases where voting by ballot is applicable, voting and counting shall be by viva voce. If by ballot, the counting shall be supervised by the External Auditors and transfer agent of the Company.

Requirements and procedure for participation and voting through remote communication is as follows:

All agenda items indicated in the Notice of the Meeting will be set out in the digital absentee ballot and the registered Stockholder may vote as follows:

- a. For all items, except for Election of Directors, the registered Stockholder has the option to vote: For, Against or Abstain. The vote is considered cast for all the registered Stockholder's shares.
- b. For the Election of Directors, a Stockholder entitled to vote:
 - i. may vote such number of shares owned for as many persons as there are Directors to be elected; or
 - ii. may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of their shares; or
 - iii. may distribute them on the same principle among as many candidates as may be seen fit.
- c. The Company's stock transfer agent and Office of the Corporate Secretary will tabulate all votes received and will validate the results.
- d. Except for the Election of Directors, all the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting.

Cumulative voting is allowed provided that the total votes cast by a stockholder shall not exceed the number of shares registered in his name as of the record date multiplied by the number of directors to be elected. The fifteen (15) nominees receiving the highest number of votes shall be declared elected, provided that the minimum number of Independent Directors as required by law is satisfied.

The Bank proactively encourages the full participation of all shareholders, including institutional shareholders, at the ASM each year. Shareholders are encouraged to ask questions at the ASM to ensure accountability and identification with the Board of Directors' and Management's strategy and goals for the business of the Bank.

The foregoing addresses the requirement of Section 49 of the Revised Corporation Code to disclose to the stockholders material information on the current stockholders and their voting rights.

SIGNATURE

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.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on **11 April 2025**

SECURITY BANK CORPORATION

By:

A handwritten signature in black ink, appearing to be 'JRA', written over a horizontal line.

JOEL RAYMOND R. AYSON
Corporate Secretary

THE BOARD OF DIRECTORS/ NOMINEES FOR THE TERM 2025-2026

Name	Position	Date Elected To the Board	Citizenship	Age
Frederick Y. Dy	Chairman Emeritus	April 4, 1989	Filipino	69
Cirilo P. Noel	Chairman	April 24, 2018	Filipino	67
Diana P. Aguilar	Vice Chairperson	April 26, 2017	Filipino	61
Daniel S. Dy	Director	April 27, 2021	Filipino	38
Nobuya Kawasaki	Director	April 25, 2023	Japanese	52
Maria Cristina A. Tingson	Director	June 27, 2023	Filipino	63
Hirofumi Umeno	Director/MUFG Business Development Head	New Nominee for Election	Japanese	48
Sanjiv Vohra	Director/President & CEO	July 1, 2019	Indian	63
Gerard H. Brimo	Independent Director	April 30, 2019	Filipino	73
Enrico S. Cruz	Independent Director	August 1, 2019	Filipino	67
Esther Wileen S. Go	Independent Director	April 27, 2021	Filipino	54
Jikyeong Kang	Independent Director	April 26, 2017	British	63
Jose Perpetuo M. Lotilla	Independent Director	April 27, 2021	Filipino	68
Napoleon L. Nazareno	Lead Independent Director	April 26, 2017	Filipino	75
Stephen G. Tan	Independent Director	May 7, 2024	Filipino	48

Age as of December 31, 2024

FREDERICK Y. DY, 69, Filipino, was elected Chairman Emeritus on April 28, 2015. He was elected Vice Chairman of the Board on April 4, 1989 before assuming the Chairman's position from April 1991 to April 2015.

He is the Chairman of St. Luke's Medical Center (since August 2011).

CIRILO P. NOEL, 67, Filipino, was elected as Chairman of the Board of Security Bank Corporation on May 7, 2024. Prior to this, Mr. Noel was Interim Chairman from May 3, 2023 to May 6, 2024, and was Vice Chairman of the Board from April 28, 2020 to May 2, 2023. He was first elected as a Director of Security Bank on April 24, 2018.

Mr. Noel is also Vice Chairman of Security Bank's Corporate Governance and Audit Committees, and a member of the Executive, Senior Credit, and Risk Oversight Committees.

He is the Chairman of Palm Concepcion Power Corporation (since June 2018), Juxtapose Ergo Consultus, Inc. (since May 2019), and Confiar Land Corp (since September 2021).

He is also a member of the Board of Directors of PLC-Globe Telecom, Inc. (since April 2018), PLC-San Miguel Foods and Beverage, Inc. (since September 2018), PLC-Robinsons Retail Holdings (since August 2020), PLC-First Philippine Holdings Corporation (since May 2021), Eton Properties, Inc. (since April 2019), Transnational Diversified Group Holdings (since August 2019), Amber Kinetics Holdings Co., PTE Ltd. (since March 2018), and LH Paragon Group, Golden ABC (since January 2018).

He is a member of the Board of Trustees of St. Luke's Medical Center Quezon City (since August 2017) and St. Luke's Medical Center College of Medicine (since September 2018). He sits as a board member of St. Luke's Medical Center- Global City (since August 2017) and St. Luke's Foundation, Inc. (since August 2018).

Annex A

He is currently affiliated with the Makati Business Club, Harvard Law School Association of the Philippines, and Harvard Club of the Philippines.

He was a member of the Board of Directors of Philippine Airlines (from 2018 to 2019), PLC-PAL Holdings, Inc. (from 2018 to 2019), and PLC-JG Summit Holdings (from 2018 – 2021).

He was awarded an Honorary Life Member by the Philippine Institute of Certified Public Accountants in November 2024. He was also recognized as the Outstanding Professional of the Year in 2019 in the field of Accountancy by Professional Regulations Commission for his distinguished contributions to the fields of accountancy, tax, and law. Mr. Noel was awarded as one of the 75 Most Outstanding UE Alumni by the University of the East in 2021. In March 2023, he was presented the Accountancy Centenary Award of Excellence by the Professional Regulatory Board of Accountancy for being one of the notable CPAs in the country.

Before joining the Bank, he held various positions in SGV & Co., including Chairman (from 2010 to 2017), Managing Partner (from 2009 to 2010), Vice Chairman & Deputy Managing Director (from 2004 to 2009), Head of Tax Division (from 2001 to 2008) and Partner, Tax Services (from 1993 to 2017).

For two terms, he was an Ernst & Young (EY) Global Advisory Council member. He was also EY ASEAN Tax Head and Far East Area Tax Leader from 2004 to 2009 and the Presiding Partner of EY Asia Pacific Council.

He graduated from the University of the East with a Bachelor of Science degree in Business Administration and obtained his Bachelor of Laws from the Ateneo Law School. He took Master of Laws at Harvard Law School. He is a Harvard International Tax Program fellow and attended the Asian Institute of Management's Management Development Program.

DIANA P. AGUILAR, 61, Filipino, was elected to the Board on April 25, 2017. Prior to this, she was a Director of Security Bank Corporation (November 2010-April 2016) and was appointed Senior Advisor to the Board (July 2016-April 2017). She was appointed as Vice Chairperson on May 7, 2024.

She is the Chairperson of the Trust Committee and a Member of the Related Party Transactions and Executive Committees. She also serves as Chairperson of Security Bank Capital Investment Corporation (since August 2016).

Ms. Aguilar is an investment banker with extensive experience in capital markets transactions and an entrepreneur with businesses in the fields of information technology and electronic payments, retail trade, and property management. She holds concurrent directorships in the fields of investment and commercial banking, social protection, information technology and e-payments, retail and supply chain, education, and property management.

She was appointed as one of the Commissioners of the Social Security System (since August 2010). She also serves as the Chairperson of the Risk Management and Investment Committee, and Member of the Audit Committee, and the Social Security Commission's Governance Committee.

Ms. Aguilar's concurrent board positions are as follows: Chairperson of the Board of Trustees of La Salle Greenhills (since September 2021); Member of La Salle Institute's International Economic Council in Rome (since October 2022); Member of De La Salle Philippines Investment Committee (since July 2018); Member of De La Salle Medical and Health Sciences Institute's Finance Committee of the Board (since November 2022); Director of PLC-PXP Energy Corporation (February 2018); an Independent Director, Board Member and Chairperson of the Audit Committee of Makati Medical Center (since July 2018); Consultant Advisor to the Board of Philippine Seven Corporation (since January 2015); Independent Director of Science Park of the Philippines, Inc., (since June 2020); Governor and Vice President of Employers Confederation of the Philippines (since January 2017); Board Member of Capital Markets Development Board (since 2013); Payment One (since 2019); and Director of PLC-Philex Mining Corporation (since February 2024).

Annex A

Her past board positions include Board of Trustees of De La Salle Medical and Health Science Institute (October 2020-November 2022); Member of De La Salle-College of Saint Benilde, Inc. Executive Finance Committee of the Board (July 2020 - November 2022); Member of La Salle East Asia Boards LEAD Economic Council and LEAD Investment Board (August 2020-May 2023); Chairperson of Finance Committee and Treasurer of La Salle Greenhills (December 2019-September 2021); Director of PXP Mining Corporation (November 2019-March 2021); Director of Wenphil Corporation (June 2012-October 2019); Director of Electronic Commerce Payments, Inc., (2004-2019); Director of Ionics, Inc., (December 2016-August 2019); Treasurer of De La Salle Santiago Zobel (2004-2017) and Trustees (2024 – 2010); Director of PXP Energy Corporation (May 2014-March 2017); Director of Philippine Seven Corporation (1999-January 2015), and Director of Phoenix Petroleum Philippines, Inc. (2010-March 2013). Director of Philamlife Tower Management Corporation (2022 – 2024), Board Member of PSE Capital Markets Development (2013-2019), Director CLSA Exchange Capital Corporation (2001- 2002), and Vice President of Jardine Fleming Exchange Capital (1988 – 2001).

Ms. Aguilar's academic background encompasses the fields of International Business, Finance and Computer Science. She earned her Master's degree in International Business and Finance, with honors at Pepperdine University, Malibu, California, and her Bachelor of Science Degree in Computer Studies at De La Salle University, Taft Ave., Manila.

DANIEL S. DY, 38, Filipino, was elected to the Board on April 27, 2021. He is the Chairman of the Executive Committee and a member of the Transformation and Technology, and Nominations and Remuneration Committees. He is a Director of SB Finance, Inc. (since 2021).

Mr. Dy previously held various front-office and back-office leadership roles in Security Bank Corporation. Prior to this, he was with the Mortgage-Backed Securities Group of Trust Company of the West in Los Angeles.

He graduated with a Bachelor of Science degree in Economics - Accounting from Claremont McKenna College.

NOBUYA KAWASAKI, 52, Japanese, was elected to the Board on April 25, 2023. He is a member of the Bank's Corporate Governance Committee.

He is a Commissioner of PT Bank Danamon Indonesia, TBK since 2019.

Mr. Kawasaki joined The Bank of Tokyo Mitsubishi, Ltd. (now known as MUFG Bank, Ltd.) in 1997 where he held various roles in areas of global commercial banking, M&A advisory, and corporate finance. He is an Executive Officer & Deputy Group Head of Global Commercial Banking Business Group in the Pacific Rim area. Prior to his assignment in Global Commercial Banking, he was the Managing Director for the M&A Division of Mitsubishi UFJ Morgan Stanley Securities. He was involved in various M&As including the strategic investment in Bank Danamon in Indonesia, and Security Bank Corporation in the Philippines.

He graduated from Keio University, Tokyo with a Bachelor of Mechanical Engineering. He earned his Master of Mechanical Engineering from the same university.

MARIA CRISTINA A. TINGSON, 64, Filipino, was elected to the Board on June 27, 2023. She is the Chairperson of the Senior Credit Committee, the Vice Chairperson of the Executive Committee, and a member of the Bank's Nominations and Remuneration, Trust, Risk Oversight, and Information Security Risk Management Committees.

She is a Director of SB Rental Corporation (since May 2014) and a Corporate Member of CCT Multipurpose Cooperative (since 2024).

Ms. Tingson was a Director of SB Finance (2013 – 2024)) and was the Chairperson of SB Cards Corporation (2019 – 2024). She was an Executive Vice President and Retail Banking Segment Head of Security Bank Corporation until December 31, 2022. She was also a member of the Bank's Assets and Liabilities and People Empowerment Committees and an alternate member of the Credit Committee.

She was the President of SB Cards Corporation (2015-2017). Prior to her appointment as President of SB Cards Corporation, she was the Senior Vice President and Head of Corporate Banking until 2013. She joined Security Bank as an Account Service Assistant in 1982 and assumed various positions including Relationship Manager and Head of Enterprise Risk Management of the Corporate Banking Division before assuming her position as Corporate Banking Head in 2009.

Ms. Tingson holds a Bachelor of Arts degree in Business Administration from Maryknoll College.

HIROFUMI UMEMO, 48, Japanese, is Senior Vice President and MUFG Business Development Head. He is a member of the Bank's Sustainability Committee.

Prior to joining the Bank, he held the position of Managing Director (2019-2022) and Director (2018-2019) under Mitsubishi UFJ Financial Group Bank, Limited, Singapore. He also held the position of Senior Manager (2012-2018), Manager (2007-2012) and Officer (2000-2001) under The Bank of Tokyo Mitsubishi, Limited. He has extensive banking experience in the areas such as corporate banking, credit policy planning and global planning.

He earned his degree in School of Policy Studies from Kwansei Gakuin University (Hyogo, Japan).

SANJIV VOHRA, 63, Indian, was elected as Director and appointed as President and Chief Executive Officer effective July 1, 2019. He is the Chairman of the People Empowerment, Asset Disposal, Enterprise Control Board, and SBC Retirement Committees and a member of the Bank's Executive, Transformation and Technology, Senior Credit, Trust, and Assets and Liabilities Committees.

He is the Chairman of SB Finance, Inc. and Mitsubishi Motors Finance Philippines, Inc. and a Director of Bankers Association of the Philippines and BAP Data Exchange, Inc. He is also a Trustee in Operation Smile Philippines, Inc. Mr. Vohra was a Director of Security Bank Capital Investment Corporation (2023) and Philippine Payments Management Inc. (2019 – 2023).

He has over 30 years of experience in banking, having held a number of senior leadership positions in Asia—in Citibank India in various roles from 1986 to 1999, Corporate Bank Head at ABN AMRO Bank, India (1999-2000), Consumer Industry Head, Asia-Pacific at ABN AMRO Bank Singapore (2001-2002), Managing Director, Head of Corporate Banking (India, Sri Lanka, Bangladesh) at Citigroup India (2002-2005), Country Executive at Royal Bank of Scotland in India (2013), Head of Corporate Banking (Asia Pacific) at Deutsche Bank (2014-2017) and Managing Director, Head of Corporate Banking for Asia & Oceania and Co-Head of Investment Banking for Asia & Oceania at MUFG Bank, Ltd. (2017- 2019); as well as experience in the domestic market as Country Head of Citibank Philippines (2006-2013).

He graduated with a Bachelor's degree in Technology from the Indian Institute of Technology and a Master's degree in Business Administration from the University of Delhi in India.

INDEPENDENT DIRECTORS

GERARD H. BRIMO, 73, Filipino, was elected to the Board on April 30, 2019. He is the Chairman of the Audit Committee and a member of the Corporate Governance and Nominations and Remuneration Committees.

He is an Independent Director of Commonwealth Foods, Inc. since 2021.

Mr. Brimo was the Chairman of PLC-Nickel Asia Corporation from 2018 to 2024 and its subsidiary companies: Cagdianao Mining Corporation, Cordillera Exploration Co., Inc., Dinapigue Mining Corporation, and Newminco Pacific Mining Corporation. He was also a Director of Nickel Asia Corporation subsidiaries Rio Tuba Nickel Mining Corporation, Taganito Mining Corporation, and Emerging Power, Inc., and served as Chairman of the Board of Directors of these companies from 2018 to 2024. Mr. Brimo was also a Director and Vice Chairman of Nickel Asia Corporation subsidiary Hinatuan Mining Corporation and was Chairman of the Board thereof from 2018 to 2024.

Prior to his career in mining, Mr. Brimo worked for Citibank for eight years, with his last role as Vice President of the Capital Markets Group in Hong Kong, before joining PLC-Philex Mining Corporation as Vice President-Finance. He served as Chairman and CEO of PLC-Philex Mining Corporation from 1994 until his retirement in December 2003. He served as President of the Chamber of Mines of the Philippines from 1993 to 1995, as Chairman from 1995-2003 and 2017-2021, and as Vice Chairman from 2022 – 2023.

Mr. Brimo received his Bachelor of Science degree in Business Administration from Manhattan College, USA, and his Master's in Business Management degree from Asian Institute of Management.

ENRICO S. CRUZ, 67, Filipino, was elected to the Board on August 1, 2019. He is the Chairman of the Bank's Risk Oversight Committee, Vice Chairman of the Nominations and Remuneration Committee, Member (Independent–Non-Voting) of the Senior Credit and Executive Committees, and Member of the Information Security Risk Management Committee.

He is an Independent Director and the Vice Chairman of Security Bank Capital Investment Corporation. He is an Independent Director of PLC-Ayala Reit Inc., PLC-The Keepers Holdings Inc., PLC-DITO CME Holdings Corporation, PLC-Robinsons Retail Holdings Inc., CIBI Information Inc., and Lead Independent Director of Maxicare Healthcare Corporation and Maxicare Life Insurance Corporation (Maxilife).

Prior to his election to the board, he was the Managing Director and Chief Country Officer for Deutsche Bank AG Manila Branch (DB) from 2003 to 2019. He joined Deutsche Bank in 1995 as a Director and Head of Global Markets. Prior to DB, he served as Senior Vice President and Head of Treasury at Citytrust Banking Corporation (CTBC), an affiliate of Citibank NA. He joined CTBC in 1979 as an Executive Development Program Trainee and worked in various operations departments until his appointment as Head of Treasury in 1989.

Mr. Cruz graduated from University of the Philippines with a Bachelor of Science degree in Business Economics and a Master's degree in Business Administration.

ESTHER WILEEN S. GO, 54, Filipino, was elected to the Board on April 27, 2021. She is the Chairperson of the Transformation and Technology and Information Security Risk Management Committees. She is also the Vice Chairperson of the Risk Oversight Committee and a member (Independent–Non-Voting) of the Executive Committee.

She is currently the President and Chief Executive Officer of MediLink Network, an electronic network serving the health ecosystem. She is also a Director of Equicom Savings Bank, Maxicare Healthcare Corporation, and Maxicare Life Insurance Corporation. She was a Vice President of CitiGroup New York handling Operations, Product Development, e-Strategy and Implementation, and Payment Innovation. Prior to this, she worked with Booz Allen Hamilton, SM Department Stores, Equitable Card Network, and the US Committee for UNICEF.

Ms. Go holds a Master's degree in Business Administration from Harvard Business School and a Bachelor of Arts degree with double majors in Computer Science and Economics (magna cum laude) from Smith College.

DR. JIKYEONG KANG, 63, British, was elected to the Board on April 25, 2017. She is the Chairperson of the Nominations and Remuneration Committee. She is also the Vice Chairperson of the Transformation and Technology Committee and a member of the Risk Oversight Committee.

Dr. Kang has been the President and Dean of the Asian Institute of Management (AIM) and its MVP Chair in Marketing since 2015.

She is a Board member of the European Foundation for Management Development (EFMD); President of the Association of Asia-Pacific Business Schools (AAPBS); a Board member of the UN Global Compact Principles for Responsible Management Education (PRME); and Vice-Chair of the Global Business School Network (GBSN). She is a Fellow of the prestigious International Academy of Management (IAOM), an

Annex A

exclusive, invitation-only forum of world-class global thought and business leaders committed to co-creating a leadership agenda to address critical opportunities created by global challenges.

In addition, Dr. Kang serves on international advisory boards of several premier international business schools, including Stockholm School of Economics (Sweden), ESADE Business School (Spain), Luiss Business School (Italy), Insper Instituto de Ensino e Pesquisa (Brazil), Shanghai Jia Tong University Antai College of Economics and Management (China), Waseda University (Pakistan), and Yonsei Business School (Korea).

She is an Independent Director of Kesoram Industries, part of the BK Birla Group of Companies in India. Dr. Kang is also a member of local business organizations, such as the Management Association of the Philippines (MAP), the Makati Business Club (MBC), the American Chamber of Commerce, and the British Chamber of Commerce, among others.

Dr. Kang was a Board member of the Association to Advance Collegiate Schools of Business (AACSB) for the maximum term of 6 years, during which she was elected by an international membership for a 3-year term as Vice Chair, Chair, and Immediate Past Chair. AACSB is the world's largest and arguably the most prestigious business education alliance. Since its establishment over 100 years ago in 1916, no one from an Asian business school has ever been elected to take the critically important leadership role as the Chair of the International Board of AACSB.

In 2017, Dr. Kang received The Asia HRD Award for Contribution to Organization. This award is bestowed upon individuals who have built their success on innovative systems, processes, and practices that have impacted overall employee development and productivity with an accompanying effect on the bottom line. Jikyeong also received the Brand Laureate Best Brands' International Brand Personality Award in 2018. With her leadership, AIM was given the 2019 Asia Pacific Entrepreneurship Award for Corporate Excellence in Education and Training for demonstrating sustainable growth, responsible leadership, and operational excellence. She was also awarded the 2021 Philippines Education Leadership Award, presented by the Asian Confederation of Businesses and endorsed by the World Federation of Academic and Educational Institutions, to recognize excellence in the application of leadership principles to education.

ATTY. JOSE PERPETUO M. LOTILLA, 68, Filipino, was elected to the Board on April 27, 2021. He is the Chairman of the Corporate Governance Committee, the Vice Chairman of the Trust Committee, and a member of the Related Party Transactions Committee.

He is currently an Independent Director of PLC-Synergy Grid and Development Philippines, Inc. (since 2019), Philippine Commercial Capital, Inc. (since 2021), and Land Registration Systems, Inc. (since 2023). He is also the Chairman of Carabineros Development, Inc. (since 2019), the Corporate Secretary of Amber Kinetics Phil. (since 2019), and a Legal Consultant of San Miguel Corporation (since 2017). He is Dean of the School of Law of Manuel L. Quezon University (since 2023).

Atty. Lotilla is a member of the Integrated Bar of the Philippines (IBP) and a Special Adviser to the Roman Catholic Diocese of San Jose de Buenavista Antique. He served as Undersecretary for Legal Affairs and Undersecretary in charge of Civil Aviation at the Department of Transportation and Communications (2012-2015). He also served as government representative to the Board of PNOC Petrochemical Corporation for several years.

Prior to joining government, Atty. Lotilla was a Senior Partner at Sycip Salazar Feliciano and Hernandez Law Offices. He became a partner in the firm's Corporate, Special Projects and Banking, Finance and Securities Practice Groups in 1989. He was Corporate Secretary of GD Searle Philippines for many years. He was an Independent Director of Security Bank Corporation (2002-2012), SB Capital Investment Corporation (2004-2012), and Security Finance, Inc. (2010-2011). He was involved in major mergers and acquisitions, banking, finance, securities, and capital markets transactions in the Philippines.

He was a former President, Trustee, and Director of the Philippine Bar Association. He was also a former Chairman of the Committee on Bar Discipline and Governor for Western Visayas of the Integrated Bar of

the Philippines. As a banking and finance lawyer, he was rated as the sole band 1 Philippine lawyer for several years by Chambers until he retired from Sycip Law.

Atty. Lotilla graduated from Ateneo de Manila University with a Bachelor of Arts degree in Economics and earned his degree in Bachelor of Laws from University of the Philippines.

NAPOLEON L. NAZARENO, 75, Filipino, was elected to the Board on April 25, 2017. He is the Chairman of the Related Party Transactions Committee, the Vice Chairman of the Information Security Risk Management Committee, and member of the Corporate Governance, Audit, and Risk Oversight Committees.

He is an Independent Director of Paymongo Philippines Inc. since 2023. He was a Member of the Supervisory Board of Rocket Internet (2014-2017), Trustee of Philippine Disaster Recovery Foundation, Inc. (2013-2015) and Ideospace (2012-2015), President and Trustee of First Pacific Leadership Academy (2012-2015), and Chairman of the Board of Trustees and Board of Governors of the Asian Institute of Management (2011-2017).

Mr. Nazareno was the Chairman of several subsidiaries of PLDT and Smart, including PLDT Communications and Energy Ventures, Inc. (PCEV), ePLDT, Inc. (from 2013 to 2015), Digital Telecommunications Phils., Inc. (Digitel) (2012-2015), Digitel Mobile Philippines Inc. (Digitel Mobile) (2012-2015), Smart Broadband Inc. (2005-2015) and i-Contacts Corporation (2001-2015). He was the President and Chief Executive Officer of PLC-Philippine Long Distance Telephone Company (PLDT) (February 2004-2015), PLC-Smart Communications, Inc. (January 2000-2015), Connectivity Unlimited Resources Enterprise, Inc. (2008-2015), Aces Philippines Cellular Satellite Corporation (2000-2015), and PLDT Communications and Energy Ventures (2004-2011).

He likewise served as Director of PLC-Manila Electric Company, PLDT Global Corporation, Mabuhay Satellite Corporation, Rufino Pacific Tower Condominium, and Operation Smile. He was a non-Executive Director of First Pacific, a Hong Kong Stock Exchange-listed company, and a Supervisory Board Member of Rocket Internet AG, a company which provides a platform for the rapid creation and scaling of consumer internet businesses outside the US and China. Mr. Nazareno's business experience spans several countries in over 40 years and his exposure cuts across a broad range of industries, namely packaging, bottling, petrochemicals, real estate and, in the last 16 years, telecommunications and information technology.

Mr. Nazareno received his Master's degree in Business Management from Asian Institute of Management, completed the INSEAD Executive Program of the European Institute of Business Administration in Fontainebleau, France, and was conferred a Doctor of Technology degree (Honoris Causa) by the University of San Carlos in Cebu City.

DR. STEPHEN G. TAN, 47, Filipino, was elected to the Board on May 7, 2024. He is the Vice Chairman of the Bank's Senior Credit Committee.

He is currently the President and Senior Pastor of Grace Christian Church of the Philippines. He has spoken at conferences, schools, and churches, throughout North America, Europe, and Asia and has served as a guest lecturer at several seminaries and Bible colleges.

Dr. Tan currently serves on several boards of non-profits and NGOs working toward community transformation such as Wycliffe Philippines (Chairman of the Board), Spartan Scholarships (since 2006), and Center for Community Transformation (since 2023), and educational institutions such as FEBIAS College of the Bible (since 2021), and Biblical Seminary of the Philippines (since 2022).

He previously worked as a management consultant for Deloitte Consulting, consistently ranked as a top performing analyst. He also worked at SBC Communications (now AT&T) as a Manager of Engineering Design and as a Research Assistant in the Solid State Research Group of SMU, with a published article on Semiconductor Microbolometers in the prestigious IEEE journal.

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Dr. Tan holds a Doctorate (research focusing on transformational leadership and change management) from Dallas Seminary and a Master of Theology (summa cum laude) degree from the same school. He also has a Bachelor of Science in Electrical Engineering (cum laude) and a Bachelor's of Science in Mathematics (cum laude) from Southern Methodist University in Texas.

CORPORATE SECRETARY

Atty. Joel Raymond R. Ayson, 60, was elected Corporate Secretary on July 29, 2004.

He is a Partner in Quasha Law (since May 1998 to the present). He is a member of Integrated Bar of the Philippines, President and Trustee of the Philippine Bar Association, member of Immigration Lawyers Association of the Philippines and University of the Philippines Law Alumni Association. He is a Founding member of Students Law for Integrity and Democracy-UP College of Law and the UP Association of Political Science Majors.

Atty. Ayson is the Chairman of Unigrowth Resources & Development Corporation and President and Director of Dubor Backtrenmittel Und Apparatebau AG (Philippines), Inc., Vice President and Director of Amtel Trading Corporation and Chairman and President of Ceragon Networks (Philippines), Inc. He is a Director of Quo Vadis Palawan Resort, Inc., Parex Realty Corporation, Trevi Foundations Philippines, Inc., and Konika Minolta Marketing Services (Philippines), Inc., BioSystems Regents & Instruments Inc., Directors Think Tank Manila, Inc., Sound Business Holdings, Inc.

Atty. Ayson is also a Corporate Secretary and Director of IXSFORALL, Inc., Himlayang Pilipino, Inc., Himlayang Pilipino Plans, Inc., List International, Blue Sky Sea Resort Corp., Bohol Agro Marine Development Corp., Artbank Holdings, Inc., Tambuli Development Corp., Metropolitan Philippines Resort Corporation and Corporate Secretary of Lapu Lapu Resort Development, Inc., Bohol Resort Dev., Inc., Lapu Lapu Resort, Nexlogic Telecommunications Network, Inc., SELC-Global Center Philippines Corporation. He is a Resident Agent of Ceragon Network (HK) Ltd., Medical Services of America Inc., Tanis Food Tec BV, Wagenborg Shipping Holdings BV, Dubor RHQ, OTV France Philippines, and Rademaker B.V.

He was the Treasurer and Vice President /Director of the Integrated Bar of the Philippines, Makati City Chapter (from 2001-2009) before he assumed his position as President (from 2009 to 2011). He was the Treasurer of Instoremedia Philippines, Inc. His practice areas are Corporate Law, Civil Litigation, Administrative law, Immigration Law, Insurance Law, Regulatory, General Practice and Special Projects.

Atty. Ayson graduated Cum Laude with a degree in Political Science and took post graduate studies of Bachelor of Laws at the University of the Philippines.

Key Officers as of February 28, 2025

Position	Name	Age	Citizenship
President and Chief Executive Officer	Sanjiv Vohra*	63	Indian
Executive Vice Presidents	Nerissa Gloria C. Berba	54	Filipino
	Leslie Y. Cham	59	Filipino
	Luz Pilar U. De Guzman	49	Filipino
	Lucose T. Eralil	56	Indian
	Gina S. Go	64	Filipino
	Joselito E. Mape	62	Filipino
	Eduardo M. Olbes	55	Filipino
	John Cary L. Ong	51	Filipino
	Rahul S. Rasal	57	Indian
	Juichi Umeno **	50	Japanese
Senior Vice Presidents	Jason T. Ang	54	Filipino
	Ronald I. Austria	53	Filipino
	Stephen John Bell	57	British
	Marlette P. Brodett	53	Filipino
	Abigail Marie D. Casanova	50	Filipino
	Charles Malvin T. Ching	47	Filipino
	Anna Christina M. Chinjen	53	Filipino
	Aristotle I. Cruz	53	Filipino
	Criselda Q. De Sagun-Madrid	42	Filipino
	Amaneci Grace R. De Silva	48	Filipino
	Jonathan C. Diokno	52	Filipino
	Ma. Paz Victoria R. Gonzalez	57	Filipino
	Irene E. Guban	49	Filipino
	Cristina V. Henson	60	Filipino
	David Peter B. Holmes	49	British
	Orencio Andrei P. Ibarra III	51	Filipino
	Yoshimasa Itaka	49	Japanese
	Sohel H. Kanchwala	59	Indian
	Jefferson T. Ko	49	Singaporean
	Kim O. Lim	53	Filipino
	Ma. Carmencita R. Lopez	59	Filipino
	Prakash Sudhakar Mahajan	52	Indian
	Yvonne Joanna P. Marcelo	54	Filipino
	Jiri Matousek	38	Czech
	Patrick M. Meneses	51	Filipino
	Juan A. Mestas **	42	Peruvian
	Maria Margarita R. Mirabueno	52	Filipino
	Jorge Lindley S. Ong	52	Filipino
	Rahul M. Sadarangani	44	Indian
	Ma. Patricia N. Tan	50	Filipino
	Dennis M. Tangonan	50	Filipino
	Hirofumi Umeno ***	48	Japanese

Position	Name	Age	Citizenship
	Myla R. Untalan	54	Filipino
	Maris Lou S. Velicaria	52	Filipino
	Balaji Vijayan	57	Indian
	John David G. Yap	47	Singaporean
	Price Edward C. Yap	51	Singaporean
	Malcolm C. Yow	46	Australian

** Member of the Board*

*** Will end his term as Director on April 29, 2025*

**** Also known as Juan Alfredo Mestas Jara*

***** New Nominee for Election as a Director*

SANJIV VOHRA, 63, Indian, was elected as Director and appointed as President and Chief Executive Officer effective July 1, 2019. He is the Chairman of the People Empowerment, Asset Disposal, Enterprise Control Board, and SBC Retirement Committees and a member of the Bank's Executive, Transformation and Technology, Senior Credit, Trust, and Assets and Liabilities Committees.

He is the Chairman of SB Finance, Inc. and Mitsubishi Motors Finance Philippines, Inc., and a Director of Bankers Association of the Philippines and BAP Data Exchange, Inc. He is also a Trustee in Operation Smile Philippines, Inc. Mr. Vohra was a Director of Security Bank Capital Investment Corporation (2023) and Philippine Payments Management Inc. (2019 – 2023).

He has over 30 years of experience in banking, having held a number of senior leadership positions in Asia—in Citibank India in various roles from 1986 to 1999, Corporate Bank Head at ABN AMRO Bank, India (1999-2000), Consumer Industry Head, Asia-Pacific at ABN AMRO Bank Singapore (2001-2002), Managing Director, Head of Corporate Banking (India, Sri Lanka, Bangladesh) at Citigroup India (2002-2005), Country Executive at Royal Bank of Scotland in India (2013), Head of Corporate Banking (Asia Pacific) at Deutsche Bank (2014-2017) and Managing Director, Head of Corporate Banking for Asia & Oceania and Co-Head of Investment Banking for Asia & Oceania at MUFG Bank, Ltd. (2017- 2019); as well as experience in the domestic market as Country Head of Citibank Philippines (2006-2013).

He graduated with a Bachelor's degree in Technology from the Indian Institute of Technology and a Master's degree in Business Administration from the University of Delhi in India.

NERISSA GLORIA C. BERBA, 55, Filipino, is Executive Vice President and Group Head / Chief People Officer of Human Capital Management.

She is a member of the Bank's Integrity, Outsourcing, Sustainability, People Empowerment, and SBC Retirement Committees. She is also the Chairperson of the Bank's Occupational Safety and Health Committee.

Prior to this, she was Senior Vice President and Head of Human Resources of The Hongkong and Shanghai Banking Corporation Limited (2018 to 2019); HR Director/Country Head of Deutsche Bank (2015 to 2018); HR Leader in Asia in General Electric (2010 to 2015); Vice President-Talent Acquisition/Career Management in the Bank of the Philippine Islands (February 2010-August 2010); Senior Vice President and Head of HR in GE Money Bank (2006 to 2010); First Vice President and Senior Human Relationship Manager in Standard Chartered Bank (2004 to 2006); Senior Business HR Manager in Philips Electronics and Lighting Inc. (2003 to 2004); Associate/Human Resource Manager in Bo'Le' Associated Ltd. (2000 to 2003); and Human Resource Manager in New Zealand Milk Products, Phils. (1999 to 2000).

She graduated with a Bachelor of Science degree in Psychology from Assumption College.

LESLIE Y. CHAM, 59, Filipino, is Executive Vice President and Head of the Branch Banking Group (since October 1, 2008). He is a member of the Bank's, People Empowerment, Occupational Safety & Health, and Anti-Money Laundering & Counter Financing of Terrorism Committees.

He was a Director of SB Finance, Inc., formerly known as Security Bank Savings Corporation (from 2012 to 2020).

He has over 25 years of work experience and has extensive exposure in the fields of Sales, Distribution, Wealth Management, International Banking, Trust and Investment services, and Bancassurance. Before joining the Bank, he served as Senior Vice President and Head of Sales and Distribution of Chinatrust Phils. Commercial Bank Corp. until September 2008. He served in various positions in other institutions, including First Vice President of Standard Chartered Bank (from 1999 to 2003), Vice President of Philippine Commercial International Bank (1997-1999), and Vickers Ballas Asset Management LTD PTE (1995-1997). He was an Assistant Vice President of Citytrust Banking Corporation (1987-1995).

He received a Bachelor of Science degree in Commerce, Major in Marketing Management from De La Salle University and completed with Distinction the one-year course of the Trust Institute Foundation of the Philippines.

LUZ PILAR U. DE GUZMAN, 49, Filipino, is Executive Vice President and Chief Risk Officer.

She is a member of the Integrity, Sustainability and Outsourcing Committees. She is also the Vice Chairperson of the Product Committee.

Ms. De Guzman brings with her 26 years of work experience from Standard Chartered Bank and Hongkong and Shanghai Banking Corporation in Hong Kong. Prior to joining the Bank, she has well-rounded exposure in risk management for retail and wholesale banking. Her most recent assignment was as Managing Director and Global Head of Business Banking Risk of Standard Chartered Bank.

She is a Certified Public Accountant, Certified Credit Risk Professional and Chartered Financial Analyst. She graduated with a Bachelor of Science degree in Business Administration and Accountancy from University of the Philippines, Quezon City.

LUCOSE T. ERALIL, 56, Indian, is Executive Vice President and Chief Operating Officer. Prior to this, he was the Enterprise Technology and Operations Segment Head from June 28, 2022 to February 29, 2024.

He is a member of the Bank's People Empowerment, Transformation and Technology, Enterprise Control Board, and Product Committees.

Mr. Eralil brings with him 30 years of work experience from Helius Technologies Pte. Ltd., AlphaEI Enterprises Pte. Ltd., Credit Suisse, and NIIT Ltd. He has extensive exposure in the fields of cross-segment banking, product architecture, and transformation management. Prior to joining the Bank, he was a Director, Consulting and Advisory for Helius Technologies Pte. Ltd. Prior to Helius Technologies, he was a Managing Director at Credit Suisse, where he was the Global Head of Technology Operations and member of the Global Technology Operations and a member of the Global Technology Management Team.

He graduated with an Advanced Diploma in Systems Management from National Institute of Information Technology, has Post Graduate Diplomas in Digital Business, Innovation & Design Thinking from the Emeritus Institute of Management and holds the following certifications: Big Data Analytics and Data Science Foundation, Microsoft Product Specialist, Prince 2 Foundation, and Blockchain for Technical Executives.

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GINA S. GO, 64, Filipino, is Executive Vice President and Senior Adviser to the President & Head of Remedial Management Division (since September 9, 2024). Prior to this, she was the Chief Risk Officer from December 2017 to September 8, 2024.

She is a member of the Bank's Asset Disposal and Sub-Committee of Commercial Banking Group.

She was the President of Security Bank Savings Corporation (now known as SB Finance, Inc.) from February 2012-2016. Prior to this, she was Chief Risk Officer of the Bank (2006-2011) and Head of Remedial Management Division (2000-2005). Prior to joining the Bank in September 2000, she was connected with Equitable PCI Bank where she accumulated 20 years of solid credit experience, having assumed various PCI Bank responsibilities in their Corporate Banking, Middle Market Lending and Specialized Financial Services Divisions.

She graduated from the University of the Philippines with a bachelor's degree in business economics and a master's degree in business administration.

JOSELITO E. MAPE, 62, Filipino, is Executive Vice President and Special Adviser to the Chairman (since February 1, 2023). Prior to this, He was the Chief Administrative Officer from February 2020 to January 2023 and was the Chief Financial Officer from January 2012 to January 31, 2020.

He is the Bank's Chairman of, Integrity, and Outsourcing Committees and a member of the SBC Retirement Committee.

He is a Director of Mitsubishi Motors Finance Philippines, Inc. effective October 29, 2024. He is also a Director of SB Equities, Inc. (since May 2015) and SB Forex, Inc. (since July 2003), and Director/Treasurer of SB Rental Corporation (since May 2014). He is the Treasurer of SBM Leasing, Inc. (since 2011) and Security Finance and Leasing, Inc., and Trustee/Treasurer of Security Bank Foundation, Inc. (since April 2009). He is the Treasurer of Tany Foundation (since October 2018) and an Independent Director of Cityland for Social Progress Foundation, Inc. (since January 2018).

He was a Director of Security Land Corporation (from 2010 to 2015) and SB Finance, Inc. (from 2018 to 2020). Prior to joining the Bank in July 1996, he was a Senior Manager of Cityland Development Corporation's Financial Management Services Division.

He is a Certified Public Accountant and graduated from the University of Santo Tomas (Cum Laude) with a Bachelor of Science degree in Commerce, Major in Accounting.

EDUARDO M. OLBES, 55, Filipino, is Executive Vice President and Chief Financial Officer. He was Executive Vice President for the Wholesale Banking Segment until January 31, 2020.

He is the Chairman of Sustainability and Product Committees, and the Vice Chairman of the Assets & Liabilities Committees. He is also a member of the People Empowerment, Asset Disposal, Enterprise Control Board, Transformation and Technology and SBC Retirement Committees.

He was the Chairman of SB Rental Corporation (until May 2020) and SBM Leasing, Inc. (until May 2021). He was Chairman of SB Equities, Inc. from 2010 to 2022. He was Director of SB Capital Investment Corporation from 2010 to 2022. He is a member of the Financial Executives of the Philippines (since November 2010), the Management Association of the Philippines (since December 2010) and Philippine Interpretations Committee (since September 2020). He is also a Trustee of the SBC Retirement Plan (since 2011).

Prior to joining the Bank in June 2010, he held various positions in Citibank N.A. (Philippines) Global Banking Unit (2006-2010) including his last position as Director responsible for the local corporate unit under Citi's Global Corporate & Investment Bank. Between 2003 and 2006, he was a restructuring advisor to various Philippine-based corporates. Previously, he worked in the Investment Banking Division of Morgan Stanley & Co. in New York (2000-2003) and the Investment Banking Division of Bear Stearns & Co. Inc. in

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New York (1997-2000). He also worked in several areas within investment banking across various geographies and industries, including the Global Communications and Media and Global Retail and Consumer groups.

He holds a master's degree in finance and management from Leonard N. Stern School of Management, New York University and a bachelor's degree, Major in Economics, from the University of California, Berkeley.

JOHN CARY L. ONG, 51, Filipino, is Executive Vice President and Wholesale Banking Segment Head. He was the Transaction Banking Group / Channel Network Head from May 2020 to July 2023.

He is a member of the Bank's Assets and Liabilities, People Empowerment, Anti-Money Laundering & Counter Financing of Terrorism, Sustainability Committees and Chairman of Credit Committee, Sub-Committees for Corporate Banking and Commercial Banking Groups.

He is the Chairman of SBM Leasing, Inc. and SB Rental Corporation, Director of Security Bank Capital Investment Corporation and member of its Engagement Underwriting Committee, and acts as SBC Representative in Bancnet.

Prior to this, he was Head of Transaction Banking Center of Union Bank of the Philippines (2016-April 2020); Country Head, Treasury and Trade Solutions (2013-2016) and Client Sales Management Head (2011-2013) in Citibank N.A.; Head of Trade Finance and Cash Management for Corporates (2006-2011); Head of Operations (2005); and Head of Global Markets Operations (2003-2005) in Deutsche Bank AG Manila; and Senior Banking Consultant in Misys International Banking Systems (2000-2003).

He has extensive exposure in the fields of Electronic Payments, Transaction Banking, Treasury, Trade Finance, and Fixed Income Instruments.

He graduated Cum Laude with a bachelor's degree in Legal Management from the Ateneo de Manila University.

RAHUL S. RASAL, 57, Indian, is Executive Vice President and Retail Banking Segment Head.

He is a member of the Bank's Assets and Liabilities, and People Empowerment Committees. He is also a Director of Mitsubishi Motors Finance Philippines, Inc. effective October 29, 2024

Prior to joining the Bank, he held such various positions as Chief Operating Officer & Executive Vice President at Future Generali India Life (2018-2021); Managing Director at Citibank NA (1995-2017).

He graduated with a degree in Engineering and earned his master's degree in Management Studies from Jamnalal Bajaj Institute of Management Studies at the University of Mumbai, India.

JUICHI UMENO, 50, Japanese, was elected to the Board on April 25, 2023. He is an Executive Vice President and Alliance Segment Head since April 2023.

He is a member of the Bank's Senior Credit, Risk Oversight, and Information Security Risk Management Committees.

Mr. Umeno joined The Bank of Tokyo Mitsubishi, Ltd. (now known as MUFG Bank, Ltd.) in 1996 where he held various roles in the areas of strategic industry research, credit assessment, risk management, corporate planning, governance, and financial planning. In terms of the overseas assignment, he was assigned in Singapore from 2013 to 2019 and engaged in the regional planning for Asia. He also served as a Director of MUFG Bank China in charge of risk management from 2020 to 2021. Prior to joining Security Bank Corporation, he was a Managing Director, MUFG Bank (Europe) N.V. ("MBE") based in Amsterdam, the Netherlands from 2021 to 2023.

He graduated from Waseda University with a Bachelor of Political Science and Economics.

JASON T. ANG, 54, Filipino, is Senior Vice President and Branch Banking Visayas and Mindanao Distribution Head since January 1, 2024.

He joined the Bank in 2007 as First Vice President and Area Head for Visayas and Mindanao and became Region 4 Head under Branch Banking Group until December 31, 2023. Prior to this, he was Vice President and Region Head of International Exchange Bank (1996-2007). Previously, he was with Citytrust Banking Corporation where he held various positions (1991-1996).

He graduated from the Ateneo de Davao University with a Bachelor of Science and Commerce degree, Major in Accounting.

RONALD I. AUSTRIA, 53, Filipino, is Senior Vice President and Branch Banking Luzon Distribution Head since January 1, 2024. He joined the Bank in November 2009 as First Vice President and Area Head and became the Region 2 Head under Branch Banking Group until December 31, 2023.

Prior to this, he served in various positions in Standard Chartered Bank (1999-2008), PCI Bank (1996-1999), Far East Bank and Trust Company (1995-1996), and Citytrust Banking Group (1992-1995).

He holds a Bachelor of Arts degree in Economics from the Ateneo de Manila University.

STEPHEN JOHN BELL, 57, British, is Senior Vice President and Transformation Head (since July 1, 2024). Prior to this, he was the Channel Network Head under Payment Channel Division from August 2, 2021, to June 2024.

Before joining Security Bank, he held various positions including Director at PricewaterhouseCoopers (PWC) Vietnam (2018-2021); Partner at KPISOFT (Malaysia) (2017-2018); Head of Technology (2013-2016) and Senior Program Director (2011-2013) at ANZ Regional Office APEA (Singapore); Global Head of Product at ANZ Group (Australia) (2009-2011); Global Head of the Program Management Office (PMO) and Head of Asia Product at HSBC Hong Kong (1998-2009); Assistant Vice President at Bank of America (London & Hong Kong) (1994-1998); and Assistance Manager for Electronic Banking and Branch Banking roles at Lloyds Bank in London (1986-1994).

He completed the UK General Certification of Secondary Education from Shenfield Comprehensive.

MARLETTE P. BRODETT, 53, Filipino, is Senior Vice President and Branch Banking Franchise Distribution Head since January 1, 2024. She joined the Bank in 2004 as Senior Assistant Vice President and Area Business Manager and became Region 3 Head under Branch Banking Group until December 31, 2023.

Prior to joining the Bank, she was Vice President and Region Head in Maybank Philippines, Inc. (2003-2004); First Assistant Vice President in Asiatruster Development Bank (2000-2003); and Branch Head with the Bank of the Philippine Islands (1992-2000).

She graduated with a Bachelor of Science degree in Communication Arts from Miriam College.

ABIGAIL MARIE D. CASANOVA, 50, Filipino, is Senior Vice President and SB Finance, Inc.'s President & CEO since April 2020.

She joined the Bank in 2015 as First Vice President. Her last position with the Bank was heading the Consumer Business and Operations Group.

She has extensive exposure in the various areas of the credit cycle for consumer finance, small business loans, and credit cards. She has held key management roles in multinational and domestic banks like Citibank, GE Money, and BDO.

She earned a masters-level Post Graduate Diploma in Global Business at the University of Oxford and graduated with a Bachelor of Science degree in Business Economics (Cum Laude) from the University of the Philippines. She is also a certified Six Sigma Black Belt.

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CHARLES MALVIN T. CHING, 47, Filipino, is Senior Vice President and Chief Administrative Officer under Office of the Chief Administrative Office.

He is a Vice Chairman of Asset Disposal Committee and a member of the Bank's Product and Outsourcing Committees. He is also a Director of SB Rental Corporation.

Prior to joining the Bank, he was the Director/Chief Operating Officer and headed various units such as Legal Entity Close Manila, Head Office and Branch Reporting at Deutsche Bank Group (2013-2021). He was also Assistant Manager and Deputy Team Lead (2005-2006), Manager and Asia Financial Reporting Production Head (2007-2008), Assistant Vice President and Head Office Migration Lead for Korea (2009), Vice President and Financial Reporting Head Korea and Hongkong (2010-2011), Senior Vice President and Corporate Reporting Production Head (2012 -2013) at Citibank N.A. ROHQ. Corporate Reporting Production Head (2012 -2013) at Citibank N.A. ROHQ.

He graduated with a Bachelor of Science degree in Management Engineering from Ateneo de Manila University.

ANNA CHRISTINA M. CHINJEN, 53, Filipino, is Senior Vice President and Chief Compliance Officer.

She is the Chairman of the Anti-Money Laundering & Counter financing of Terrorism Committee, Vice-Chairman of the Sustainability Committee and member of the Outsourcing, Product and Integrity Committees.

She is a Director of the Association of Bank Compliance Officers, Inc. (ABCOMP) and member of the Bankers Institute of the Philippines (BAIPHIL).

She has 22 years of work experience, with extensive exposure in the field of financial crime compliance, risk management, corporate banking, and payment & cash management implementation.

Prior to joining the Bank, she was with The Hongkong and Shanghai Banking Corporation Limited in various positions including Senior Vice President for Wholesale Banking & Markets Advisory Lead for Financial Crimes Compliance (2017-2019), Anti-Money Laundering Lead (2016-2017), Global Standards Execution Lead (2013-2016), Chief Risk & Administration Officer (2012-2013), Strategy, Planning & Business Management (2009-2012), Vice President for Operations, Solutions and Support (2006-2009), Assistant Vice President and Relationship Manager (2003-2006), Head of Implementation - Payments and Cash Management (2001-2003), Relationship Manager for Non-Borrowing Companies (2000-2001), and Resident Manager (1999-2000).

She graduated with a Bachelor's degree in Business Administration from the University of the Philippines Diliman. She earned her Master's degree in Business Administration from the same university.

ARISTOTLE I. CRUZ, 53, Filipino, is Senior Vice President and Senior Relationship Manager / Team Head 1 under Corporate Banking Group.

Prior to joining the Bank in 2004, he held various positions in Metrobank & Trust Company (2002-2004), Global Business Bank (2000-2002), Bank of the Philippine Islands (2000-2005), Far East Bank & Trust Company (1995-2000), First Bank (1994-1995), and Citibank (1993-1994).

He graduated with a degree in Economics from De La Salle University and earned his Master's degree in Business Administration from the Ateneo Graduate School of Business.

CRISELDA Q. DE SAGUN-MADRID, 42, Filipino, is Senior Vice President and Data Science & AI COE Head under Enterprise Data Office.

Prior to joining the Bank, she held the position of Vice President at Metrobank Bank & Trust Company (2018 to 2023). She also held the position in Vitamin Shoppe Industries as Distribution Analyst from 2012 to 2014 and as Manager of Inventory Control Accuracy from 2015 to 2017; General Manager under Brightcloud, Incorporated from 2008 to 2012; Junior Associate under Mitchell Madison Group from 2005 to 2008.

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She graduated with a bachelor's degree in Business Administration and Accountancy from University of the Philippines, Diliman and earned her Master's Degree in Business Analytics from New York University, Stern School of Business.

AMANECI GRACE R. DE SILVA, 48, Filipino, is Senior Vice President and Shared Services CTO under ITG – Change the Bank Group.

She is an advisory member of the Enterprise Control Board Committee.

Prior to joining the Bank, she worked with Banco de Oro Unibank Incorporated for 10 years from January 2013 to June 2023. She also held various positions in Chartis Technology and Operations Management Group from 2006 to 2012; Avon Cosmetics, Incorporated from 2001 to 2006; Systems Standards, Incorporated from 1999 to 2001; Bayan Telecommunications as Account Specialist in 1999.

She graduated with a bachelor's degree in Electronics and Communication Engineering from Saint Louis University.

JONATHAN C. DIOKNO, 52, Filipino, is Senior Vice President and Cash Management Head under Deposits Business Division.

He has extensive exposure in the fields of cash management services, remittance origination and retail banking. Prior to joining the Bank in February 2019, he was First Senior Vice President and Global Filipino Banking Head of Rizal Commercial Banking Corporation (2017-2019). He served in various positions in Banco de Oro (2001-2016), Citibank N.A. (1999-2001), Standard Chartered Bank (1997-1999), and the Bank of the Philippine Islands/Citytrust Banking Corporation (1994-1997).

He graduated with a Bachelor of Science degree in Business Administration from the University of the Philippines.

MA. PAZ VICTORIA R. GONZALEZ, 57, Filipino, is Senior Vice President and Head of Secured Lending. She was assigned as the Mortgage Banking Head from 2015 to 2023 before her current role.

Prior joining Security Bank, she worked in various banks for 20 years. She held several positions in BDO Unibank (2009–2010), GE Money Bank (2007–2009), Philippine Savings Bank (2000–2006), Solid Bank (1996–2000), and Bank of Commerce (1990–1996).

She graduated with a bachelor's degree in Commerce major in Marketing Management from De La Salle University.

IRENE E. GUBAN, 49, Filipino, is Senior Vice President and Head of Retail Strategy and Analytics Group.

Prior to joining the Bank, she worked with Eastwest Banking Corporation as Auto Credit Policy & Consumer Lending Cluster Risk Support Head (2016-2018), Standard Chartered Bank as Credit Risk Head (2009 – 2016), GE Money Bank as Portfolio Analytics Head (2008 – 2009), Standard Chartered Bank as Credit Risk Manager (2006-2008), Optimum PTE Solutions as Analyst (2006), and Globe Telecom as Senior Credit Specialist (1996-2006).

She graduated with a bachelor's degree in Mathematics from University of the Philippines, Los Banos and earned her master's degree in Business Administration from Ateneo de Manila Graduate School of Business.

CRISTINA V. HENSON, 60, Filipino, is Senior Vice President and Operations Head.

She is a member of the Bank's Product, Anti-Money Laundering & Counter Financing of Terrorism and Occupational Safety and Health Committees.

She joined the Bank as Bookkeeper in 1988 and assumed various positions in branches and operations, including Service Channels & Support Division Head and Branch Banking Operations Group Deputy Head until her appointment as First Vice President and Operations Head in 2019.

She graduated from Holy Angel University with a Bachelor of Science degree in Accounting.

DAVID PETER B. HOLMES, 49, British, is Senior Vice President and Branch and Operations Transformation Head.

Mr. Holmes brings with him 26 years of work experience from Metrobank, Citibank, Royal Mint and Nesbitts. He has extensive exposure in the fields of retail, operations, customer service, and transaction banking. Prior to joining the Bank, his most recent assignment was as Branch Operations Head for Metrobank.

He graduated with a Bachelor of Arts (Hons) in Ancient History from Bristol University, United Kingdom. He also completed his master's degree in Business Administration from Cranfield School of Management, United Kingdom.

ORENCIO ANDRE P. IBARRA III, 51, Filipino, is Senior Vice President and Treasury Head.

He is the Chairman of the Bank's Assets and Liabilities Committee.

Prior to this, was the First Vice President and Head of the ALM and Trading Division. He joined the Bank as Manager in 2000 and assumed various positions in the Treasury Group before he assumed the position of Chief Dealer in 2013. He was also ACI Philippines (The Financial Markets Association Inc.) President in 2017, Vice President in 2016, Secretary in 2015 and a member of the Board of Directors from 2014-2017.

He holds a Bachelor of Arts degree in Management Economics from the Ateneo de Manila University and a master's degree in Business Management from the Asian Institute of Management.

YOSHIMASA ITAKA, 49, Japanese, is Senior Vice President and Senior Relationship Manager / Team Head – Japan Desk of the Corporate Banking Group.

Before joining Security Bank, he held various positions at MUFG Bank, Ltd., Ho Chi Minh City (from 2019-2021) and MUFG Bank Brasil, Ltd. (from 2015-2019). He rose through the ranks at the Bank of Tokyo-Mitsubishi UFJ (2006-2015) and started his career at the Bank of UFJ (1999-2005).

He completed his degree in Environmental Engineering from Kyoto University.

SOHEL H. KANCHWALA, 59, Indian, is Senior Vice President and Head of Collections Department under Risk Management Group.

Prior to joining the Bank, he was Senior Consultant for Kuwait Finance House (2019); Senior Vice President for First Abu Dhabi Bank (2017-2018); Director for Citibank N.A. Mumbai (2010-2017); Region Head for Quattro Risk Management Services (2007-2010); Senior Managing Consultant for Mastercard Worldwide-Advisors (2003-2007); Credit and Risk Operations Head for Citibank N.A. Manila (1998-2003); Senior Manager for Saudi American Bank (Citigroup) (1994-1997); Manager for Citibank N.A. India (1990-1994).

He completed his bachelor's degree in Commerce from Kishinchad Chellaram College and his Diploma in Business Management (Finance) from Sydenham Institute of Management and Research. He earned his master's degree in Management Studies (Marketing) from Chetana's Ramprasad Khandelwal Institute of Management and Research.

JEFFERSON T. KO, 49, Singaporean, is Senior Vice President and Head of Investment Solutions Group. He is a Director of SB Equities, Inc. since May 2023.

Prior to joining the Bank, he was Head of Market Sales Group for China Banking Corporation (2021-2022). He was also Consultant at China Banking Corporation (2020), Director of Market Sales under NORD/LB Singapore (2015-2017), Senior Director and Head of Structured Products and FX under Maybank Singapore (2013-2015), Director, Structured Products under DZ Bank AG Singapore (2007- 2013), Vice President, Structured Products under ING Bank NV Singapore (2004-2007) and Vice President, Sales Under ING Bank NV Manila (1997-2004).

Annex A

He graduated with a Bachelor of Science degree in Management Engineering from Ateneo de Manila University.

KIM O. LIM, 53, Filipino, is Senior Vice President and Region Head of Region 1 – West Metro Manila under the Branch Banking Group.

He joined the bank in 2013 as Vice President/Area Head (2013-2017), became Vice President/Region Head in 2017 and First Vice President/Region Head in 2018.

Prior to joining the Bank, he held the position of Retail Branch Head and Area Head (from 2011 to 2013) and Retail Branch Head (2010-2011) under Hongkong Shanghai Banking Corporation Savings Bank. He also held the position of District Manager (2009-2010), Business Manager (2007-2009), Relationship Officer and OIC (2006-2007) and Relationship Officer (2006) under Citibank Savings Incorporation, Customer Service Head (2003-2006), Senior Personal Bank (2002-2003), Reserved Assistant (2000-2002), Policy Analyst (2000), Control Assistant (1995-1999) and Bank Statement Clerk (1993- 1995) under Rizal Commercial Banking Corporation.

He graduated with a Bachelor of Science degree in Commerce, majoring in Accounting from Zamboanga A.E. College.

MA. CARMENCITA R. LOPEZ, 59, Filipino, is Senior Vice President and Head of Trust and Asset Management Group.

She is a member of the Trust Committee.

She started to work with the Bank as Department Head of Account Management & Servicing Division last 2022. Prior to this, she worked with 1st Ebank Corp as Senior Manager (1994 – 2002). She graduated with a bachelor's degree in Commerce major in Business Management from De La Salle University.

PRAKASH SUDHAKAR MAHAJAN, 52, Indian, is Senior Vice President and Corp & FMS CTO under ITG-Change Bank Group.

He is an advisory member of the Enterprise Control Board Committee.

Prior to joining the bank, he held positions as Digital Vice President from NSEIT Limited (2019-2022). He also worked with Helius Technologies Limited (2018-2019), Indus Software Technologies Private Limited (2014-2018), Sakal Media Group (2013-2014), S1 Services, India (2005-2012), Indus Software, India (2002-2005), Intermedia Interactive Solutions, India (2001 – 2002), Octon Technologies Limited (1998-2001), Ajay Metachem Limited (1997-1998). He has extensive exposure in the fields of project management and digital transformation.

He graduated with Bachelor of Mechanical Engineering from Walchand College, India and holds various certifications.

YVONNE JOANNA P. MARCELO, 54, Filipino, is Senior Vice President and Head of Corporate Banking Group.

She is a member of the Bank's Credit Committee and Sub-Committee for Corporate Banking Group.

She joined the Bank in 2001. Prior to her current role, she was a Team Head and Senior Relationship Manager in Corporate Banking Group. She has extensive experience in corporate and project finance in infrastructure, real estate, power and energy, utilities, mining, and other industries. She was Relationship Manager in Far East Bank and Trust Company (1996-2000), Assistant Manager in UnionBank of the Philippines (1995-1996), and Management Trainee and Pro-Manager in Bank of Commerce (1991-1994).

She graduated with a Bachelor of Science degree in Business Economics from the University of the Philippines and earned units for a Master's degree in Business Administration from the Ateneo de Manila University.

Annex A

JIRI MATOUSEK, 38, Czech, is Senior Vice President and Retail Transformation Head of the Retail Banking Segment.

He first joined Security Bank as Consultant in 2021 and was Director for Asia and the Pacific at Adastra Business Consulting S.R.O. in Czech Republic (2011-2021).

He completed his general education with specialization in German from Gymnázium Na Pražačce; his Master's in Mathematical and Computer Modelling from Charles University, Prague, Czech Republic; and Mathematical Modelling from the University of Hamburg in Germany.

PATRICK M. MENESES, 51, Filipino, is Senior Vice President and Chief Data Officer of Enterprise Data Office.

Prior to joining the Bank, he was the Chief Data and Analytics Officer with MDI Novare (2021-2022). He also held the position of ASEAN Director of Business Solutions under SAS Institute Singapore (2018-2021), Senior Engineering Manager under General Motors (2012-2018), Senior Technical Program Manager under Electronic Arts (2010-2012), Senior Technical Manager under SUN Microsystem (1999-2009), Project Manager under Hewlett-Packard (1997-1999) and Operations Manager under UNILAB (1996 -1997).

As an Advanced Analytics Platform Principal at General Motors Company in Austin, Texas, he designed, built, and maintained an Enterprise Data and Analytic service. Lastly, he has extensive experience with Enterprise Data Warehouse builds and roles across other big technology companies in Silicon Valley such as Sun Microsystems and Hewlett Packard. Prior to that, he attended Purdue University at West Lafayette, Indiana, with a focus on Business Management and Communications.

JUAN A. MESTAS, 42, Peruvian, is Senior Vice President and Strategy, Architecture and Platform Head (since March 2024). Prior to this, he was the Architecture & Integration Head under ITG – Change the Bank Group from February 2023 to February 2024 and was assigned as IT – Central API Team Head from September 2022 to January 2023.

He is an advisory member of the Enterprise Control Board Committee.

Prior to joining the Bank, he was the Group Head of Enterprise Architecture and Platform under Group 42, UAE (2021-2022). He also held the position of Managing Director under PricewaterhouseCoopers, Singapore (2020), Enterprise Architecture Lead under United Overseas Bank Limited (UOB) Group Bank, Singapore (2017-2019), Senior Manager and Digital Architecture under Allied Irish Banks PLC (AIB Bank) Ireland (2016-2017), Architecture Manager under Deloitte & Touche Europe, the Middle East, and Africa (EMEA) (2011-2016), Regional Director of Microsoft LatAm (2007-2011), Software Architect under Banco Financiero (2004-2006), Oracle HLR Architect under Sixbell, Chile (2002-2004) and Senior Software Engineer under SONDA, Peru (1999-2000).

He graduated with an Engineering degree from Ricardo Palma University in Peru. He also earned his Master's degree in Computer Software Engineering from University of Tarapaca in Chile and holds various certifications.

MARIA MARGARITA R. MIRABUENO, 52, Filipino, is Senior Vice President and Wealth Relationship Management Group Head since August 2024. She joined the bank as Wealth Management Head and First Vice President in 2015.

Prior to joining the Bank, she held the position of Citigold Head (2011-2014) and Investment Specialist (2004-2010). She also held the position of Investment Officer under Chinatrust (Philippines) (1999-2002), Investment Officer under ALL Asia Capital & Trust Corporation (1998) and Marketing Assistant under Metrobank (1993-1997).

She completed her Bachelor of Arts degree in Interdisciplinary Studies and her master's degree in Business Administration from Ateneo De Manila University.

JORGE LINDLEY S. ONG, 52, Filipino, is Senior Vice President and Head of Commercial Banking Group.

Annex A

He is a member of the Bank's Credit Committee and Sub-Committee for Commercial Banking Group.

He joined the Bank in 2007. He was the Head of Kalookan and North Metro Banking Center. Prior to joining the Bank, he was a Senior Relationship Manager in BDO Unibank (1995-2007).

He graduated from the University of Santo Tomas with a Bachelor of Science degree in Commerce.

RAHUL M. SADARANGANI, 44, Indian, is Senior Vice President and Enterprise Transformation Head.

Prior joining the bank, he held the position of Executive Director with Morgan Stanley Advantage Services Private Limited (2021-2023). He used to work also with Arcon Techsolutions Private Limited as Chief Technology Officer (2019-2021); Nuvama Wealth and Investment Limited as Associate Director (2017-2019); SMFG India Credit Company Limited as Senior Vice President (2014-2017); Credit Suisse Business Analytics Private Limited as Vice President (2013-2014); Deutsche Bank Group as Vice President (2006-2013).

He graduated with Bachelor of Commerce from JAI Hind College and earned his higher diploma in software from Aptech Computer Education.

MA. PATRICIA N. TAN, 50, Filipino, is Senior Vice President and Chief Marketing Officer (since March 1, 2024). She was the Head of Customer Segmentation Group from July 16, 2021, to February 29, 2024.

Prior to joining the Bank in 2013, she served as OFW Segment Head of Philippine National Bank (2006-2013), Marketing Head of Globe Telecom (2004-2006), and Cards Marketing Head of Union Bank of the Philippines (1997-2004).

She graduated with a bachelor's degree in Management of Financial Institutions from De La Salle University.

DENNIS M. TANGONAN, 50, Filipino, is Senior Vice President and Chief Information Officer under ITG – Run the Bank Group.

He is an advisory member of the Enterprise Control Board Committee.

Prior joining the bank, he worked with Banco De Oro Unibank from 2010 to 2023; Citibank from 2007 to 2009, UOB Singapore from 2005 to 2006. He has extensive exposure in the fields of design and architecture, project delivery, operations management and technology transformation.

He graduated with Bachelor of Science in Computer Science from University of Saint Louis and he earned his master's in Business Administration – Executive from Ateneo de Manila University.

HIROFUMI UMEMO, 48, Japanese, is Senior Vice President and MUFG Business Development Head.

He is a member of the Bank's Sustainability Committee.

Prior to joining the Bank, he held the position of Managing Director (2019-2022) and Director (2018-2019) under Mitsubishi UFJ Financial Group Bank, Limited, Singapore. He also held the position of Senior Manager (2012-2018), Manager (2007-2012) and Officer (2000-2001) under The Bank of Tokyo Mitsubishi, Limited.

He earned his degree in School of Policy Studies from Kwansei Gakuin University (Hyogo, Japan).

MYLA R. UNTALAN, 54, Filipino, is Senior Vice President and Head of Retail Channels Group.

Prior to joining the Bank, she brings with her 30 years of work experience from BDO Unibank, RCBC Bankard, AIG Credit Card Company Philippines and Solidbank Corporation. She has well-rounded exposure in digital transformation, data and analytics, project management and business process engineering. Her most recent assignment was as Senior Vice President and Data Protection Officer at BDO Unibank.

Annex A

She graduated with a bachelor's degree in Commerce major in Accounting from University of Sto. Tomas, Manila.

MARIS LOU S. VELICARIA, 52, Filipino, is Senior Vice President and Retail Credit Operations Head.

Prior joining the Bank, she held various positions in Philippine Savings Bank including Vice President and Collections and Remedial Management Division Head (2015-2016) and Credit Administration Group Head (2012-2015); Assistant Vice President and Division Head (2008-2012); Senior Manager and Division Head (2006-2008); Manager and Division Head (2004-2006); Senior Assistant Manager and Division Head (2001-2004) of Credit Administration Group. She also held position in Development Bank of Singapore, Philippines as Senior Assistant Manager and Credit Department Unit Head (2000-2001), Assistant Manager and Credit Administration Credit Officer (1997-2000), Official Assistant and Consumer Business and Loans Group Credit Officer (1996-1997) and Staff and Consumer Business and Loans Group Credit Investigator (1995) at CityTrust Banking Corporation.

She graduated with a bachelor's degree in Arts in Philippine Studies from University of the Philippines.

BALAJI VIJAYAN, 57, Indian, is Senior Vice President and Retail and Business Banking Risk Management Head (since September 1, 2024). Prior to this, he was the Head of the Retail Credit Risk Management Division from August 2020 to August 2024.

Prior to joining the Bank, he held various positions including Advisor to Retail Risk Directorate of Bank Mandiri-Indonesia (2015-2020); Director and Risk Head for Middle East-Consumer Bank of Citibank N.A.-UAE (2007-2014); Vice President and Risk Head for Bank of Handlowy - Consumer Bank of Citibank N.A.-Poland (2004-2007); Vice President and Risk Head in ABN Amro Bank in Taiwan and Indonesia (1999-2003); Vice President and Credit Policy Head in Citibank N.A.-Indonesia (1997-1999); various positions in Citibank N.A.-India (1990-1996); Account Executive in Ogilvy & Mather Direct in India (1989); and Marketing Executive in Wipro Systems in India (1988). He has extensive exposure in the field of retail credit and fraud risk.

He earned his master's degree in Management from BITS Pilani, India.

JOHN DAVID G. YAP, 47, Singaporean, is Senior Vice President and Segment Head of the Business Banking Segment.

He is a member of the Bank's Assets and Liabilities Committee.

Prior to joining the Bank, he was based in Singapore and held regional leadership roles at Grab Finance (2019-2020), United Overseas Bank (2015-2019); Fullerton Financial Holdings (2010-2015); and Standard Chartered Bank (2005-2010). He started his career in IT in the Philippines from 1999-2003.

He completed his Bachelor of Science degree in Management Information Systems from Ateneo de Manila University. He earned his master's degree in Business Administration from Nanyang Technological University.

PRICE EDWARD C. YAP, 51, Singaporean, is Senior Vice President and Treasury Sales Head, as well as Officer-in-Charge of Financial Markets Segment since February 1, 2025. He is also a member of the Bank's Sustainability, SBC Retirement and Assets & Liabilities Committees.

Prior to joining the Bank in 2016, he accumulated 22 years of work experience from Mitsubishi UFJ Securities (Singapore), Ltd. (2011-2015); held various positions in Citigroup, Inc. (2000-2011); and Solid Bank Corporation (1997-2000).

He graduated with a Bachelor of Science degree in Management, major in Legal Management from the Ateneo de Manila University. He earned his master's degree in Business Administration from the Ateneo Graduate School of Business.

Annex A

MALCOLM C. YOW, 46, Australian, is Senior Vice President and Retail CTO under ITG – Change the Bank Group.

He is an advisory member of the Enterprise Control Board Committee.

Prior to joining the Bank, he held the position of Centre Director under Vietnam Software Development Centre Co. LTD/Vietnam (2020-2022). He also held the position of Senior Consultant, Vietnam Delivery Centre under Hays Talent Solutions Contracted to National Australia Bank (NAB) (2019-2020), Executive Manager, Digital Delivery and Engineering under Commonwealth Bank of Australia (2015-2019), Engineering Manager, Development Manager, Team Leader, Senior IT Specialist and IT Specialist under BWA Group Services PTY Limited, Australia (2004-2015).

He graduated with a bachelor's degree in Engineering from University of Western Australia and holds the following certifications: 2018 Certified LeSS Practitioner, 2014 Certified Product Owner, 2012 Agile Fundamentals, and 2010 Foundation Certificate in ITIL v3.

MANAGEMENT REPORT**ITEM 1. BUSINESS****A. Description of Business****1) Business Development**

Security Bank Corporation (PSE: SECB) is a publicly listed Philippine universal bank which serves wholesale and retail clients. Established in 1951, Security Bank has remained steadfast in its focus and commitment to serve its clients and stakeholders with distinction. Its headquarters is located at the Security Bank Centre, 6776 Ayala Avenue, Makati City, Metro Manila, Philippines.

Based on the Published Balance Sheet report as of December 31, 2024, Security Bank ranked as the 6th largest in total assets and 8th largest in capital funds (₱1.4 trillion and ₱138.3 billion, respectively), among private domestic universal banks (PDUBs) in the Philippines. Security Bank ranked 6th largest in market capitalization among listed PDUBs in the Philippines as of end 2024. The Bank's strategy, execution and results are guided by its strong focus on our clients, our employees, and shareholders.

Security Bank's major businesses include wholesale banking, retail banking, business banking, and financial markets. It is among the leading local players in consumer finance, cash management, government fixed income securities distribution, capital markets services, foreign exchange and derivatives products distribution, and equities brokerage. The Security Bank group has a total of 346 branches all over the country as of year-end 2024.

Security Bank ended 2024 with a net income of ₱11.2 billion and a return on equity of 8.11%. Total loans and receivables increased by 25.91% to ₱677.8 billion and deposits increased by 32.08% to ₱801.1 billion as of year-end 2024. Net interest income increased by 25.88%. The net interest margin in 2024 was 4.73%. The cost-to-income ratio was 60.23%. The Bank ended the year with total assets of ₱1.1 trillion for a 29.56% year-on-year growth rate. Return on assets was 1.12%.

In 2024, Security Bank was awarded **Best for High-Net-Worth in the Philippines** by *Euromoney/Asiamoney* for four consecutive years; **The Philippines' Best Bank for Corporates** by *Euromoney/Asiamoney* for two consecutive years; **Best Branch Digitisation Implementation** for the Mosaic Voyager (MV) Teller and Lobby Management System by *The Asian Banker*; three awards **Credit Card Initiative of the Year**, **Sustainability Initiative of the Year**, and **ESG Program of the Year (Bronze)** for **Security Bank Wave Mastercard** by *Asian Banking and Finance*; and **Best Investor Relations Company (Philippines)**, **Sustainable Asia Award**, **Asia's Best CEO (Investor Relations)**, **Asia's Best CFO (Investor Relations)** and **Best Investor Relations Professional (Philippines)** by *Corporate Governance Asia* for four consecutive years; **3 Golden Arrow Recognition** for corporate governance excellence by the *Institute of Corporate Directors (ICD)*.

In 2023, Security Bank earned a net income of ₱9.1 billion which translated to a return on equity of 6.95%. Security Bank was awarded **Best Corporate Bank in the Philippines 2023** award by *Asiamoney*; **Best for HNWs (High Net Worth Individuals) in the Philippines** by *Asiamoney* for three consecutive years 2023, 2022 & 2021; **Best Retail Bank in the Philippines** by *Alpha Southeast Asia* for four consecutive years; **Best Payment Solution in the Philippines – BIPPS (Billing Invoice Presentment and Payment System)** by *Alpha Southeast Asia*; the **4 Golden Arrow Recognition** for corporate governance excellence by the *Institute of Corporate Directors (ICD)*; **Best Investor Relations Company (Philippines)**, **Asia's Best CSR**, **Asia's Best CEO (Investor Relations)**, **Asia's Best CFO (Investor Relations)** and **Best Investor Relations Professional (Philippines)** by *Corporate Governance Asia* for three consecutive years; **Best Small Cap Company, Philippines 2023 – Silver** by *FinanceAsia*; **Workplace Wellness Programme Award – Philippines** by *ESGBusiness Awards* (Singapore); and **Renewable Energy Financing Programme-Philippines Award – Security Bank Capital** by *Alpha Southeast Asia*. Security Bank ranked in **Forbes' World's Best Employers in 2023**, whereby Security Bank ranked #54 in the world, #2 among Philippine companies, and #1 among Philippine banks. *Forbes* partnered with market research firm *Statista* to create *Forbes'* seventh annual list of the **World's Best Employers**.

In 2022, Security Bank earned a net income of ₱10.6 billion which translated to a return on equity of 8.42%. Security Bank was awarded in **2022 Best for Mass Affluence/HNW in the Philippines** by *Asiamoney*; **Best Credit Card Product in the Philippines** (for Security Bank's Complete Cashback Platinum Mastercard) by *The Asian Banker* during the *2022 Asian Banker Excellence Awards*; **Best Retail Bank in the Philippines** by *Alpha Southeast Asia*; **Market Leader in Corporate Social Responsibility (CSR)** by *Euromoney*; **Market Leader in Diversity & Inclusion** by *Euromoney*; **Best Bank for Diversity and Inclusion** by *Asiamoney*; and **Best Investor Relations Company (Philippines)**, **Asia's Best CSR**, **Asia's Best CEO (Investor Relations)**, **Asia's Best CFO (Investor Relations)** and **Best Investor Relations Professional (Philippines)** by *Corporate Governance Asia* for two consecutive years.

2) Business of Issuer

(a) Description of Registrant

(i) Principal Products or Services and their Markets

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

The Group derives revenues from the following main operating business segments:

Wholesale Banking Segment - this segment addresses corporates, institutional, and public sector and commercial clients. Services include relationship management, loans, trade, cash management, deposits and investments. It also provides structured financing and advisory services, debt and equity capital raising, project financing, and mergers and acquisitions advisory offered by Security Bank Capital Investment Corporation (Security Bank Capital). Operating leases from SB Rental Corporation (SBRC) and share in net income from SBM Leasing, Inc. (SBML) are also part of the segment.

The Wholesale Banking segment constitutes 28.48% of total revenues in 2024.

Retail Banking Segment - this segment serves individual clients. It covers deposits, consumer loans, credit cards, bancassurance and investments. Share in net income from SB Finance, Inc. (SBF) is also part of the segment.

The Retail Banking Segment makes up 51.87% of the Group's total revenue in 2024.

Business Banking Segment - this segment serves the MSMEs with holistic propositions covering deposits, loans, cash management, third-party insurance and investments.

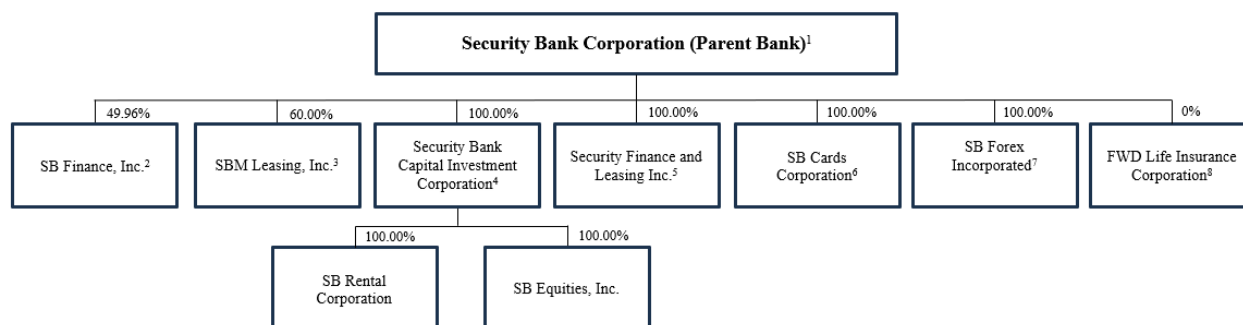
The Business Banking segment constitutes 9.82% of total revenues in 2024.

Financial Markets Segment - this segment focuses on providing money market, foreign exchange, financial derivatives, debt and equity securities brokerage, asset management, trust and fiduciary services, as well as the management of the funding operations for the Group. The Group's equity brokerage, SB Equities, is also part of this segment.

The Financial Markets segment represents 6.86% of the Group's 2024 total revenue.

Eliminations and Others - This segment includes the Bank's non-reportable segments such as support services and eliminations in accordance with the Bank's group internal reporting.

Subsidiaries and Joint Ventures



¹MUFG owns 20% of voting shares of SBC

Common Shares: Par value is P10.00; Total Outstanding Shares – 753, 538,887

Preferred Shares: Par value is P0.10; Total Outstanding Shares – 1,000,000,000

²Joint venture. Formerly SB Finance Company, Inc.

³Joint venture

⁴Formerly SB Capital Investment Corporation with Securities and Exchange Commission (SEC) approval on November 12, 2024 to change corporate name

⁵Formerly Landlink Property Investments (SPV-AMC), Inc.; With BOD approval in 2024 to shorten corporate life on December 31, 2025, awaiting approval from SEC

⁶Corporate term ended on December 31, 2024, for processing of tax clearance

⁷Corporate term ended on February 28, 2022, awaiting clearance from Bureau of Internal Revenue (BIR)

⁸With irrevocable power of attorney/proxy to vote certain shares of FWD Life Insurance Corporation

SB Finance, Inc. (SBF), formerly a private development bank incorporated in 1960 as Premiere Development Bank, was renamed Security Bank Savings ("SBS") after the Bank's acquisition of its shares in February 2012 and subsequently converted into a financing company after securing regulatory approvals from Bangko Sentral ng Pilipinas (BSP) and SEC in 2017. On September 21, 2022, SEC approved the Amended Articles of Incorporation and By-Laws of the company amending the corporate name from SB Finance Company, Inc. to SB Finance, Inc.

On August 8, 2019, the Board of Directors (BOD) of the Bank approved the terms and conditions of the joint venture agreement and other transaction documents necessary to establish a consumer finance joint venture with Bank of Ayudhya Public Company Ltd. (BAY), commonly known as Krungsri, including the sale of 50% of the outstanding shares of SBF to BAY.

On October 20, 2020, after obtaining regulatory approvals in the Philippines and in Thailand, the Joint Venture Agreement (JVA) between the Bank and Krungsri was executed, with the Bank completing the sale of 50% outstanding shares of SBF shares to Krungsri. Accordingly, SBF ceased to be a subsidiary of the Bank. The financial statements of SBF were deconsolidated from the consolidated financial statements of the Group. Under the JVA, the parties agreed to use SBF as a joint venture entity and requires the unanimous consent of both the Bank and Krungsri for any significant decisions made in the ordinary course of business of SBF.

Security Bank Capital Investment Corporation (Security Bank Capital), formerly SB Capital Investment Corporation, is Security Bank's wholly-owned investment banking arm. It provides a wide range of investment banking and financial services aimed at satisfying the diverse financial needs of institutions and individuals. Since the onset of its commercial operations in 1996, Security Bank Capital has participated in a myriad of significant capital raising and advisory services involving conglomerates, top-tier and middle-market clients as well as the public sector.

Despite the global economic headwinds and geo-political concerns in 2024, Security Bank Capital managed to remain resilient in its business operations and managed to deliver a decent financial performance as the company completed and participated in notable investment banking transactions during the year.

In terms of public debt issuances, the debt market saw an improvement in terms of both volume and value of corporate bond offerings as issuers tapped the debt capital market space to fund capital expenditure requirements, expansion plans, refinance maturing debt obligations and other general corporate purposes. For 2024, Security Bank Capital acted in joint lead capacities in big-ticket fixed rate bond offerings of top-tier corporations including Filinvest Development Corporation (₱10 billion in February 2024); Energy Development Corp. (₱10 billion in May 2024); SM Prime Holdings, Inc. (₱25 billion in June 2024); San Miguel Corporation (₱20 billion in July 2024); Megawide Construction Corporation (₱5 billion in July 2024); and SMC Tollways Corporation (₱35 billion in December 2024).

Security Bank Capital was also involved as joint lead underwriter and bookrunner for Ayala Land, Inc.'s consecutive ₱6 billion and ₱8 billion Sustainability bond issues in July 2024 and November 2024, respectively. Said issuances by Ayala Land, Inc. are the only sustainability-linked bonds issued to date by a Philippine company. Moreover, this debt capital transaction earned numerous recognitions from international award giving bodies, to include: Best Sustainability-linked Transaction 2024 and Best Local Currency Bond Deal of the Year 2024, respectively, during Alpha Southeast Asia's 18th Annual Best Deal & Solution Awards 2024 held in Hongkong last December 2024. The transaction was also given the award of Most Innovative Deal 2024 (APAC) Southeast Asia Highly Commended Philippines Winner by Finance Asia.

Amid the muted equities capital market environment during the year highlighted by the decline in equity capital market offerings brought about by financial market jitters and geo-political uncertainties, Security Bank Capital was present and remained visible in a number of perpetual preferred share offerings of its clients acting as joint lead underwriter and joint bookrunner capacities for the following transactions: Petron Corporation (₱16 billion in September 2024); Ayala Corporation (₱15 billion in October 2024); and Vista Land & Lifescapes, Inc. (₱3 billion in October 2024). Security Bank Capital was also a domestic lead underwriter for the ₱5.3 billion initial public offering of Citicore Renewable Energy Corporation in June 2024.

Security Bank Capital likewise lead arranged a number of big-ticket and landmark project finance syndicated term loans during the year involving the renewable energy sector particularly solar and onshore wind projects including: Negros PH Solar, Inc.'s ₱4.85 billion loan facility (solar); Alternergy Tanay Wind Corporation's ₱8.0 billion loan facility (wind); Hexa Renewables' combined ₱4.21 billion loan facilities for acquisition financing (solar); and 3 Barracuda Energy Corp.'s ₱18.2 billion syndicated term loan facility for the company's 550 MW solar power project in Bugallon, Pangasinan, which was the largest renewable energy project finance as of 2024. Security Bank Capital was also a joint lead arranger for the ₱80 billion syndicated loan facility of New NAIA Infra Corp., the proceeds of which, would partially fund the redevelopment of the Ninoy Aquino International Airport. ("NAIA"). The foregoing loan transaction accorded the Best Syndicated Loan Deal of the Year during the during the 18th Annual Best Deal & Solution Awards 2024 of Alpha Southeast Asia Awards 2024 held in Hongkong last December 2024.

Security Bank Capital also acted as mandated lead arranger and bookrunner for the US\$70 million top-up loan in favor of Silangan Mindanao Mining Co Inc. in February 2024. Security Bank Capital also capped 2024 with the successful signing of the facility agreement for the US\$100 million term loan facility of Prime Energy Resources Development Corp.,

the proceeds of which will be used to finance Prime Infra Group's corresponding share in the equity requirement in the Malampaya Expansion Project.

Other notable private debt transactions lead arranged by Security Bank Capital during the year also included the ₱800 million corporate notes issuance of Country Funders Finance Corp. in November 2024 and the ₱4 billion corporate notes facility of Unistar Finance and Credit Corp. also in November 2024, the proceeds of which were utilized by the foregoing companies to expand their loan receivables portfolios which cater to serve the needs of the unbanked and underserved customers in line with said companies' commitment to provide financial inclusion to those who have limited access to formal financing channels. Security Bank Capital was also a mandated lead arranger for the US\$115 million loan facility of Asialink Finance Corporation ("Asialink"), together with the Asian Development Bank and the Hongkong Shanghai Banking Corp (Philippines). The proceeds from this social notes facility will be utilized by Asialink to provide financing to more small and medium-sized enterprises ("SMEs") in the country. including those owned by women.

Security Bank Capital also earned advisory income/fees in the form of retainer, upfront and certain milestone-based activities (e.g. preparation of valuation reports) in relation to the financial advisory services rendered to its clients who are either (i) in search of potential joint venture or strategic partners, (ii) divesting or selling assets/business as well as those (iii) in search of investment or acquisition opportunities.

In 2024, Security Bank Capital also garnered accolades and recognitions for some of its completed landmark deals from the following prestigious and reputable award giving bodies:

INSTITUTIONAL AWARDS AND RECOGNITIONS

- **19th PDS Annual Awards Night**
Investment House Category - Top Corporate Issue Manager/ Arranger (2nd Place)
- **Euromoney Securities Awards 2024**
Best ESG House – Philippines
- **Finance Asia Awards 2024**
Best ECM House - Domestic (Highly Commended)
- **The Asset Benchmark Research Awards 2024**
Top Arranger – Investors' Choice for Primary Issues – Government Bonds (2nd place)

DEAL AWARDS

- **The Asset Triple A Awards for Sustainable Infrastructure 2024 - Transport Deal of the Year 2023**
SMC Mass Rail Transit 7
PHP 100 Bn Syndicated Term Loan Facility
Lead Arranger
- **The Asset Triple A Awards for Sustainable Infrastructure 2024 - Social Infrastructure Deal of the Year 2023**
8990 Housing Development Corporation
PHP 6.5Bn Corporate Notes
Co-Lead Arranger
- **The Asset Triple A Awards for Sustainable Infrastructure 2024 - Telecom Deal of the Year 2023**
Ison Tower Limited, Inc.
PHP 4.8Bn Term Loan Facility
Joint Lead Arranger
- **Alpha Southeast Asia 2024 - Best Sustainability-linked Transaction 2024**
Ayala Land Inc.
PHP 6 Bn Tranche 1 ASEAN Sustainability-Linked Bonds and
PHP 8 Bn Tranche 2 ASEAN Sustainability-Linked Bonds
Joint Lead Underwriter and Joint Bookrunner
- **Alpha Southeast Asia 2024 - Best Local Currency Bond Deal of the Year in Southeast Asia 2024**
Ayala Land Inc.
PHP 6 Bn Tranche 1 ASEAN Sustainability-Linked Bonds and
PHP 8 Bn Tranche 2 ASEAN Sustainability-Linked Bonds
Joint Lead Underwriter and Joint Bookrunner

- **Alpha Southeast Asia 2024 - Best Syndicated Loan Deal of The Year 2024**
New NAIA Infrastructure Corporation
PHP 80Bn Syndicated Term Loan Facility
Joint Lead Arranger
- **Finance Asia 2024 Best Equity Deal 2024 (APAC) | Highly Commended**
San Miguel Corporation
PHP 34 Bn Perpetual Preferred Shares Offering
Joint Lead Underwriter and Joint Bookrunner
- **Finance Asia 2024 Most Innovative Deal 2024 (APAC) | Southeast Asia Highly Commended| Philippines Winner**
Ayala Land, Inc.
PHP6 Bn ASEAN Sustainability Linked Bond
Joint Lead Underwriter and Joint Bookrunner
- **IHAP 2024 - Deal of the Year (Large Cap) 2023**
SMC Mass Rail Transit 7
PHP 100 Bn Syndicated Term Loan Facility
Lead Arranger
- **IHAP 2024 - Best Fixed Income Deal (Large Cap) 2023**
Bureau of the Treasury
USD1.26Bn Retail Onshore Dollar Bonds 2
Joint Issue Manager
- **IHAP 2024 - Best Equity Deal (Large Cap) 2023**
ACEN Corporation
PHP 25 Bn Preferred Shares Offering
Joint Lead Underwriter and Joint Bookrunner
- **IHAP 2024 - Best Project Finance Deal (Large Cap) 2023**
SMC Mass Rail Transit 7
PHP 100 Bn Syndicated Term Loan Facility
Lead Arranger
- **IHAP 2024 - Best Fixed Income Deal (Small-Mid Cap) 2023**
Asialink Finance Corporation
PHP 2 Bn Private Placement Corporate Notes
Joint Issue Manager, Joint Lead Arranger and Joint Bookrunner
- **The Asset Triple A Awards for Sustainable Awards 2024 - Best New Bond 2023**
Asialink Finance Corporation
PHP 2 Bn Private Placement Corporate Notes
Joint Issue Manager, Joint Lead Arranger and Joint Bookrunner
- **The Asset Triple A Awards for Sustainable Awards 2024 - Best Equity Deal 2023**
ACEN Corporation
PHP 25 Bn Preferred Shares Offering
Joint Lead Underwriter and Joint Bookrunner
- **The Asset Triple A Awards for Sustainable Awards 2024 - Best Green Bond 2023**
Citicore Energy REIT Corporation
PHP 4.5 Bn Fixed Rate ASEAN Green Bonds
Joint Issue Manager, Joint Lead Underwriter and Joint Bookrunner
- **The Asset Triple A Awards for Sustainable Awards 2024 - Best Corporate Bond 2023**
SM Prime Holdings, Inc.
PHP 33 Bn Fixed Rate Bond
Joint Lead Underwriter and Joint Bookrunner
- **The Asset Triple A Awards for Sustainable Awards 2024 - Best Acquisition Financing 2023**
Aboitiz Equity Ventures
PHP 17.45 Bn Fixed Rate Bond
Joint Lead Underwriter and Joint Bookrunner

- **Asian Banking & Finance – Corporate Investment and Banking Awards 2024 - Project Infrastructure Finance Deal of the Year 2023 - Philippines**
SMC Mass Rail Transit 7
PHP 100 Bn Syndicated Term Loan Facility
Lead Arranger
- **Asian Banking & Finance – Corporate Investment and Banking Awards 2024 - Equity Deal of the Year 2023 – Philippines**
ACEN Corporation
PHP 25 Bn Preferred Shares Offering
Joint Lead Underwriter and Joint Bookrunner

SB Rental Corporation (SBRC) is a wholly owned subsidiary of Security Bank Capital. The company is the operating lease arm of Security Bank group of companies with primary purpose to engage in the business of renting/leasing (excluding financial leases) of various machineries and equipment, automotive equipment, automotive vehicles such as cars, vans, pick-ups, trucks, tractors, trailers, buses and a variety of land, air or water transportation equipment.

SB Equities, Inc., a subsidiary of Security Bank Capital, was incorporated on August 1, 1987 ranks 10th overall among domestic brokerages in the country in terms of volume turnover according to the Philippine Stock Exchange (PSE) as of December 31, 2024.

SB Cards Corporation (SB Cards) was incorporated on October 9, 1980 as Security Diners International Corporation and formerly also known as Security International Card Corporation. SB Cards acquired the exclusive franchise ownership of Diners Club international credit card in the Philippines. In September 2016, SB Cards sold the Diners Card portfolio to Banco De Oro. The corporate term of SB Cards ended on December 31, 2024.

SBM Leasing, Inc. (SBML), formerly Security Finance, Inc. incorporated on August 1, 1994, is a joint venture leasing and finance company of Security Bank Corporation (60%) and Marubeni Corporation of Japan (40%). SBML specializes in heavy equipment (i.e. construction and mining), finance and services the clientele of Maxima Machineries Inc. (a Marubeni subsidiary and exclusive distributor of Komatsu Trucks and Heavy Equipment in the Philippines) and of Security Bank.

SB Forex, Incorporated (SB Forex) was incorporated on September 27, 1994 to handle the foreign exchange brokerage business of the Bank but has been inactive due to changes in the regulatory environment. The Bank has absorbed the foreign exchange business previously coursed through SB Forex. The operations for this subsidiary were suspended in 2008. The corporate term of SB Forex ended on February 28, 2022.

Security Finance and Leasing Inc. (SFLI), formerly Landlink Property Investments (SPV-AMC), Inc., was incorporated in the Philippines primarily to engage third parties to manage, operate, collect and dispose of nonperforming assets acquired from a financial institution. The Company started its commercial operations in February 2020.

(ii) Percentage of Sales or Revenues and Net Income Contributed by Foreign Sales

This is not relevant to the operations of the Group.

(iii) Distribution Network

The Bank's principal office is located along Ayala Avenue, Makati City. As of December 31, 2024, Security Bank had a network of 346 branches, 186 branches of which are located in National Capital Region (NCR) and 160 situated outside NCR.

The Bank also has 689 ATMs which are part of the Bancnet consortium as of December 31, 2024. Of this, 392 are on-site while 297 are off-site.

(iv) Status of Publicly-Announced New Product or Service

All publicly-announced new products or services of the Bank are in commercial distribution.

(v) Competition

The Philippine banking industry is characterized by a highly competitive price and service offerings and high level of regulation. All banks have similar products and compete via differentiation in servicing and targeting specific niches. In 2024, the industry experienced intensified competition alongside increased customer service standards.

There is a total of 22 universal banks in the Philippine banking system, of which 13 are domestic private universal banks, three are government banks and six are branches/subsidiaries of foreign banks, as of March 2025. In addition, there are

22 commercial banks in the country. Six domestic universal banks have branches and/or remittance offices abroad while Security Bank and the rest of the players in the industry compete mainly in the domestic market, serving their respective mix of corporate, middle market, small/micro size enterprise and retail clients.

Security Bank has distinguished itself against competition in its 73 years of banking service with its record of financial strength and stability over this period and its service quality to its loyal clientele base. Solid earnings performance coupled with emphasis on asset quality places Security Bank among the top performing banks. In January 2016, Security Bank forged a strategic partnership with The Bank of Tokyo-Mitsubishi UFJ Ltd., now known as MUFG Bank, Ltd. (MUFG). MUFG invested ₱36.9 billion for a 20% stake in Security Bank. This gave Security Bank the unique advantage of being a local independent bank with the global network of MUFG.

(vi) Sources and Availability of Raw Materials and Names of Principal Suppliers

This is not relevant to the operations of the Bank.

(vii) Customer Concentration

The Bank has a diversified customer base with its loan portfolio and deposit mix skewed towards Corporate and Commercial clients in terms of size and Retail clients in terms of count. The Bank is not dependent upon a single customer, the loss of any or more of which would have a material adverse effect on the Bank and its subsidiaries taken as a whole.

(viii) Transactions with and/or Dependence on Related Parties

In the ordinary course of business, the Bank has loan transactions with some subsidiaries and with certain directors, officers, stockholders and related interests. Under the Bank's policies, these loans are made substantially on the same terms as loans to other individuals and businesses of comparable risks.

(ix) Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements Held

For the MasterCard product, the Bank signed a perpetual license agreement with MasterCard International on October 6, 1997.

The Bank has the following active registered trademarks with respective expiration dates:

TRADEMARK	REGISTRATION DATE	EXPIRATION DATE
Security Bank App	31-Aug-24	31-Aug-34
Security Bank Business App	31-Aug-24	31-Aug-34
BETTERBANKING REWARDS	27-Apr-24	27-Apr-34
SECURITY BANK QR PAY	27-Apr-24	27-Apr-34
SECURITY BANK QR PAY	27-Apr-24	27-Apr-34
BETTERBANKING REWARDS	27-Apr-24	27-Apr-34
BETTERBANKING REWARDS	14-Mar-24	14-Mar-34
BETTERBANKING REWARDS	14-Mar-24	14-Mar-34
BETTERBANKING REWARDS	14-Mar-24	14-Mar-34
BETTERBANKING REWARDS	14-Mar-24	14-Mar-34
Better Banking Experience	04-May-23	04-May-33
SECURITY BANK	04-May-23	04-May-33
BETTERBANKING	04-May-23	04-May-33
SECURITY BANK	04-May-23	04-May-33
SECURITY BANK	04-May-23	04-May-33
No Verbal Elements	18-Oct-20	18-Oct-30
No Verbal Elements	18-Oct-20	18-Oct-30
No Verbal Elements	18-Oct-20	18-Oct-30
No Verbal Elements	18-Oct-20	18-Oct-30
SECURE GOALS +	18-Jul-19	18-Jul-29
SECURE GOALS	03-Mar-19	03-Mar-29
SECURE GOALS PLUS	03-Feb-19	03-Feb-29
SECURE GOALS PLUS	03-Feb-19	03-Feb-29
SECURE GOALS PLUS	03-Feb-19	03-Feb-29
SECURE GOALS	03-Feb-19	03-Feb-29
BALE NG BAYAN	26-Apr-18	26-Apr-28
AUTO SINGIL	26-Apr-18	26-Apr-28
DIGIBANKER	15-Mar-18	15-Mar-28
YOU DESERVE BETTER.	29-Jul-17	29-Jul-27
SECURITY BANK	29-Jul-17	29-Jul-27
SECURITY BANK	29-Jul-17	29-Jul-27

TRADEMARK	REGISTRATION DATE	EXPIRATION DATE
SECURITY BANK	29-Jul-17	29-Jul-27
No Verbal Elements	29-Jul-17	29-Jul-27
SECURITY BANK	29-Jul-17	29-Jul-27
BETTERBANKING	29-Jul-17	29-Jul-27

The Bank has the following registered patents with respective registration dates:

PATENT	REGISTRATION DATE
Cash Remittance System Using Virtual or Electronic Gift Card (eGiftCard)	02-Jul-14
A System or Improving Availability Of Communication Services In A Network-Based Automated Electronic Loan Processing	16-Mar-15

(x) Need for Government Approval of Principal Products or Services

The Group's principal products and services are offered to customers only upon receipt of the necessary regulatory approvals or clearances. The Group strictly complies with the related regulatory requirements such as reserves, liquidity position, loan exposure limits, cap on foreign exchange holdings, provision for losses, anti-money laundering provisions and other reportorial requirements.

(xi) Effect of Existing or Probable Governmental Regulations on the Business

The Group strictly complied with the BSP requirements in terms of capitalization reserves, liquidity position, limits on loan exposure, cap on foreign exchange holdings, provision for losses, anti-money laundering provisions and other reportorial requirements as well as other regulatory agencies such as the Securities and Exchange Commission (SEC), PSE, Philippine Deposit Insurance Corporation and the Bureau of Internal Revenue, among others as applicable.

(xii) Amount Spent on Research and Development Activities

	2024	2023	2022
Cost (in '000)	₱2,587,280	₱1,926,760	₱1,098,153
Ratio to Revenues	4.71%	4.49%	2.77%

The Bank's research and development activities are mainly driven by investments in new information technology (IT) software. The efficient use of technology is expected to boost productivity, reduce transaction processing costs and improve management decisioning, efficient business communications, and timely risk management. It would also assist in reducing operations at the branch level, thereby allowing branch personnel to focus more on customer service.

(xiii) Costs and Effects of Compliance with Environmental Laws

The Bank is compliant with Environmental Laws pertaining to their industry standards. There are no material costs and effect implications of the compliance on the operations of the Bank.

(xiv) Manpower Complement

In support of the Group's strategic growth initiatives, complement increased from 8,190 in 2023 to 9,305 in 2024.

	2024*	2023*	2022*
Officers	6,511	5,521	4,766
Rank and File	2,794	2,669	2,572
	9,305	8,190	7,338

**Excluding entities not consolidated.*

As of December 31, 2024, 15% of the Bank's employees were rank and file employees who are subject to collective bargaining agreements (CBA). The current CBA will expire on August 31, 2026.

The employees receive salaries, bonuses, and usual bank benefits. Aside from these, they have no other compensation plan or arrangement with the Bank. There are no warrants or options held by directors, officers and staff.

(xv) Risk Management

The Bank's risk management organization and culture is a fundamental component of its corporate governance.

Policy Statement

The BODs and Management of Security Bank Corporation and its subsidiaries commit to the principles and best practices that promote good corporate governance such as the "Principles for Enhancing Corporate Governance" issued by the Basel Committee on Banking Supervision as embodied in the regulations of the regulatory authorities of the Philippines such as the BSP and the SEC.

Security Bank's BOD and Management believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness and ensure compliance with corporate governance policies and practices within the organization.

Under the Bank's Governance System, the BOD has ultimate responsibility for the Bank's business and risk strategy, organization, financial soundness and governance.

The Board reviews and approves the strategic plans and the operational plans of the Bank, taking into account the Bank's long-term financial interests, its exposure to risks and its ability to manage risks effectively. Accordingly, the Board monitors the overall business strategy execution of the Bank.

Risk Management Organization

The Group is faced with multiple risks inherent to the business it has chosen, largely in the form of market, liquidity, credit, operational and sustainability risks. Customer protection, growth and value creation guide our risk taking. The Group's risk management is structured to address risks continuously and effectively by category via structures of policies, processes and measurement tools established and provided by the Risk Management Group (RMG) for the Bank. The same structures are adapted by the subsidiaries and customized to suit their specific activities.

In 2021, the Bank's Board approved an Environmental and Social Risk Management Framework which sets out policy and process in identifying, assessing, and managing environmental and social risks.

The Group's risk management, internal control process and infrastructure are designed to keep pace with developments of the Group, including balance sheet and revenue growth, increasing complexity of the business, risk configuration or operating structure, geographical expansion, mergers and acquisitions, or the introduction of new products or business lines, as well as with the external risk landscape, business environment and industry practice. In this respect, the Group's risk data aggregation and risk reporting are conducted with accuracy, integrity, completeness, timeliness and adaptability. Actual risk management processes are outlined by risk category.

RMG's activities mainly assist the BOD, through the Risk Oversight Committee (ROC), in fulfilling its risk management responsibilities through the following fundamental tasks:

1. Oversee the risk management framework:
 - Oversee the development of and approve the Bank's primary risk management policies, risk appetite statements (RAS) and risk limits, and annually review and approve any material changes to such.
 - Work with management to identify significant risk issues and ensure that said risks are promptly and properly assessed in terms of probability and impact, prioritized, mitigated or corrected, and monitored.
 - Ensure that there is periodic review of the effectiveness of the risk management systems, contingency plans, and recovery plans
2. Assessment, measurement, monitoring and reporting of the Group's risk-taking and risk management activities, including risk limit utilization and performance;
3. Providing subject matter expertise in business, product and project developments, and other strategic decision-making activities;
4. Elevation of issues and findings to Management and the ROC.

Credit Risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to perform or complete in a timely manner its obligations during the life of a transaction. This includes the risk of non-payment by borrowers or issuers, failed settlement of transactions, and default on contracts. Credit risk arises from both the lending and investment activities of the Group. As one of the primary risks inherent to the banking business, the Group manages credit risk through a systemized approach which includes:

- Policy Development and Implementation – The Credit Portfolio Risk Management Department (CPRMD) maintains and develops credit policies and guidelines to guide business and support units involved in the credit

process to make appropriate actions and decisions pertaining to credit transactions. Policy formulation also supports the Bank's "Single Credit Engine" concept which provides for a uniform understanding and consistent application of credit policies and guidelines across the entire institution.

- Risk Assessment and Measurement – Credit risk officers identify and evaluate existing and potential exposures, assess the probability of each risk materializing and estimate possible effect and cost of risk factors. The team uses different credit risk measurement and valuation methods such as Probability of Default (PD), Expected Credit Loss (ECL), Credit Classification, credit concentrations, residual risks on collateral, credit stress testing.
- Risk Control and Mitigation – Credit facilities are granted primarily based on the borrower's credit quality and repayment capacity. Where possible, Security Bank takes credit risk mitigants as a secondary recourse to the borrower to mitigate credit risk. On the Wholesale Credit side, the Bank accepts collateral such as cash deposit, real estate, chattel, marketable securities, trade receivables, and standby letters of credit. In addition, the Bank limits vulnerabilities and manages risks to an acceptable level through the following: (i) lending limits that encompass industry, single name, group and large exposures; (ii) proactive impairment process involving the Lending Units as well as the Remedial Management Division (RMD); (iii) timely ECL provisioning, and (iv) Early Warning System. On the Retail Credit side, acceptable collateral includes cash, automobile, equipment, and real estate. In addition, the Bank limits vulnerabilities and manages risks to an acceptable level through the following: (i) Minimum Risk Acceptance Criteria; (ii) regular Portfolio Quality Reviews with Business, Credit, Collections and Risk Units; and (iii) timely ECL provisioning.
- Risk Monitoring and Reporting – Continuous monitoring and periodic reporting of credit risk positions are integral parts of the Bank's credit risk management activities. Regular reporting to the ROC and Management covers credit risk exposures, concentration risks, early warning indicators, credit mitigation and residual risks across the Group.
- Independent Risk Assessment (IRA) – The IRA is the pre-approval evaluation of individual credits by the Independent Credit Risk Assessment Department (ICRA). In scope credit proposals are subject to IRAs which evaluate the soundness of credits by documenting identified risk issues, assessing alignment of account plans with industry risk-reward portfolio actions, and providing recommendations on risk mitigations and credit structures to ensure portfolio quality.
- Credit Risk Review (CRR) – The CRR is an independent audit exercise conducted by the Credit Portfolio Risk Management Department (CPRMD) to assess both portfolio quality as well as credit process quality of the Wholesale Banking Segment. The CRR's emphasis is on identifying weaknesses, trends, and other risk issues to allow for proactive mitigation as needed via collateral, covenants and alternative repayment sources, as well as adjustments to policies, procedures or awareness activities where applicable.
- Remedial Management – The remediation function on Wholesale Banking Segment borrowing accounts encountering payment difficulties is within the responsibility of the Remedial Management Division (RMD). The RMD is tasked to devise and implement remedial strategies to correct the problem and/or maximize recovery/minimize loss within the shortest possible time of the accounts endorsed to it for handling.

Market Risk

Market risk is the risk that movements in market factors will have an adverse impact on the Bank's portfolio values, income and/or capital. Market factors include foreign exchange rates, interest rates, equity prices and their volatilities. The risk applies to both the Group's trading and banking book positions, largely in two forms:

- 1) Price Risk: the risk that the Bank's capital and gains will decline due to the impact of changes in the level or volatility of market factors to positions taken or held in the trading books.
- 2) Interest Rate Risk in the Banking Book (IRRBB): the risk that the Bank's capital and earnings will deteriorate due to effects of interest rate movements on the Bank's balance sheet, mainly on the accrual books.

Given the sensitivity to and the pace of change of market factors, the Bank manages market risk through a variety of structures involving the following:

- 1) Use of Value-at-Risk (VaR) methodologies, Earnings-at-Risk (EaR) techniques, Economic Value of Equity (EVE) measures, loss triggers and stress testing;
- 2) Adoption of limits aside from those related to VaR, EaR, EVE and P&L, such as exposure and position limits, and performance of stress testing to augment the primary measures;
- 3) Periodic reporting of limit status, re-pricing gaps (for IRRBB) and P&L to the ROC, Senior Management and other concerned parties;
- 4) Development and review of risk models that are used for monitoring market risk, as well as validating the models developed internally or by third party vendors.

Risk appetite is defined by the limits set by the ROC, encompassing all market risk-taking activities of the Bank and its subsidiaries. The Market Risk Management Team establishes these limits annually, based on objectives identified in the planning process. The Bank also manages concentration and market liquidity risks by setting specific exposure or position limits for various investment types and products as necessary.

The Chief Risk Officer, Market Risk Officer, Risk Analysts and Model Risk Officers ensure the continuous enhancement of market risk management across the Bank, monitoring and reporting regularly to Senior Management, the Assets and Liabilities Committee (ALCO) and the ROC.

Integral to the effectiveness of the Bank's market risk management infrastructure is the dynamic relationship between the independent risk management unit and the business unit it supports and looks after. Risk Management goes beyond the traditional control function and seeks to add greater value to the institution by being an independent risk partner with its own voice and assessments of proposals and exposures. By being in step with the developments in the business side, Risk Management not only readily identifies potential risk areas, but also helps the business manage risks from the onset.

Liquidity Risk

Liquidity risk is the risk that the Bank will not be able to meet its obligations when they become due. It may be classified into two sub-types:

- **Funding Liquidity Risk:** the risk that a firm cannot obtain the necessary funds to meet its obligations as they fall due, including intraday. It stems from the mismatch of asset, liability, exchange contract and contingent commitment maturities.
- **Market Liquidity Risk:** the risk that an entity will be unable to unwind a position in a particular instrument at or near its market value because of lack of depth or disruption in the market for that instrument.

Liquidity risk is mainly monitored through tools such as liquidity gap reports including the Maximum Cumulative Outflow (MCO) status, Basel liquidity ratios (Liquidity Coverage Ratio and Net Stable Funding Ratio) and assessment of deposit concentration. This is further augmented by periodic liquidity stress testing. Regular reports and dashboards are then provided to Senior Management, the ALCO and the ROC. Moreover, the Bank has established Contingency Funding Plan to deal with potential liquidity crisis situations.

Through the ALCO, RMG provides an independent assessment of the depth and magnitude of funding liquidity risk that the Bank takes and suggests ways that can be explored to enhance the Bank's liquidity risk profile or keep exposure within risk appetite. RMG also provides its views on proposals or strategies concerning balance sheet structure, funding mix or concentration, and bond or note issuance.

To address market liquidity concerns, the Group also established bond issue concentration limits effective across the trading and investment entities of the Group. The limit puts a cap on the relative share of the Group vis-à-vis the total bond issue size. The aim is to minimize concentration risk.

Operational Risk

SBC aligns with the Basel II framework's definition of operational risk as the risk of loss due to inadequate or failed internal processes, people, and systems, or from external events. Operational risk management covers processing errors, fraudulent activities, inappropriate behavior of staff, systems failure, inability to deliver products and services to customers, natural and man-made disasters.

The Bank's Operational Risk Management Division (ORMD) is currently composed of the following:

- **Information Security and Technology Risk Department** – Headed by the Chief Information Security Officer (CISO), the department monitors the technology and information security risks of the Bank and its Subsidiaries, aligning with corporate plans, strategies, and objectives of the Group. Actively working with ITG and other support functions of the Group, it monitors the key risk levels, assists in process and control improvements to protect information assets, and ensures confidentiality, integrity, and availability of systems.
- **Business Continuity Management Department** – The department focuses on maintaining and developing the Bank's capabilities to recover from system failures, natural or man-made disasters, pandemics, and other crisis events, to ensure that the Bank's operations and core business functions remain up and running through disruptive events. This department is also tasked to support the Bank in ensuring Operational Resilience requirements are being met.
- **Fraud Risk Management Department** – The department is responsible for defining and monitoring adherence to policies specific to fraud risk. It provides complementary expertise, support, monitoring, challenge to, and independent oversight of the Enterprise Fraud Team as second line of defense.

- Third Party Risk Department– The department maintains oversight of all aspects of operational risk management relating to the Bank’s engagements with various third parties, covering outsourcing, vendor management, partnerships, and others.
- Operational Risk Assessment, Mitigation and Monitoring – The Operational Risk Assessment and Mitigation (ORAM) Department with the Risk Monitoring Department helps develop and implement the mechanisms used by the Bank to manage operational risk. These include policies, procedures, and tools used by the various businesses in identifying, assessing, mitigating, and monitoring non-financial risks, as well as those for resolving identified issues and managing operational risk incidents.

Model Risk

Model risk is the potential loss that an institution may incur primarily due to fundamental errors in the design, implementation or use of a model. A model refers to a quantitative method, system or approach that applies statistical, economic, financial or mathematical theories, techniques and assumptions to process input data into quantitative estimates for decision making. This also includes expert judgement models which are based on views of subject matter experts provided that the outputs are quantitative in nature.

- Model Development – Model development represents the very beginning of the model lifecycle where the model owner identifies its objectives and business requirements. The development of the models can be carried out by the model owners themselves, or externally if there are no available resources.
- Model Validation – The Model Risk Management Division (MRMD) is responsible for the independent review, attestation and validation of all models to support existing supervisory guidance and business objectives.
- All model components (inputs, processes and outputs) shall be subjected to both quantitative and qualitative review to ensure that the model is sound and can be relied upon for decision-making purposes. This is to ensure that the models are within the model risk appetite of the Bank and are compliant to the internal policies and regulatory requirement/s.
- Model Approval – Once the model passed the independent validation, the model will be endorsed by the model owner to the designated approving body for approval. For models that cannot be validated prior to use, this will be approved by the designated Board-level committee and the BOD prior to implementation.
- Testing and Implementation – Testing is an integral part of the model lifecycle to ensure an accurate and smooth implementation of the model. As such, there will be a rigorous pre- & post-implementation testing procedures to determine if the model is performing as intended and is producing accurate results.
- Model Monitoring – When the model goes into use, its performance shall be validated against experience to make sure that the model functions as intended. The monitoring will serve as an early warning indicator for any performance deterioration and trigger appropriate action.
- The MRMD shall monitor the models on an ongoing basis, the frequency of which depends on the model rating, the nature of the model, & best practices. To aide in the monitoring of the models, a model inventory will be maintained by the MRMD to provide a comprehensive overview of all models in use. It will contain all implemented, developed, and recently discontinued models with the following components.

Management of Other Risks

While the risks that the Bank faces are chiefly categorized either as credit, market, liquidity or operational types, the Bank recognizes with as much importance the other risks that can hinder its pursuit of value creation. In particular, the Bank acknowledges the threats posed by reputational, sustainability and strategic (or business) risks.

- Reputational risk refers to the potential adverse effects arising from the Bank’s reputation deviating negatively from its expected level with regard to competence, integrity and reliability. The Bank manages this risk within the institution through policies and processes implemented under Operational Risk (including Information Security), Compliance and Human Resources, such as those related to complaints resolution and management; fraud detection, prevention and overall management; and service quality assurance. As part of the Bank’s corporate-wide risk management, the Board ensures the maintenance of a sound consumer protection risk management system.
- Sustainability risk refers to the negative impact of an environmental, social or governance event or condition to the Bank’s financial and operating performance. To mitigate sustainability risk, the Bank has begun to incorporate environmental and social factors into the lending process and customer dialogue to ensure sustainable lending. The Bank understands the consequences of failing to appropriately manage environmental, social, and governance (ESG) issues can directly impact its reputation, its clients’ operations, and its environment and communities where the Bank and its clients operate.

- Strategic or business risk is the current and prospective impact on earnings or capital arising from adverse business decisions, ineffective or failed implementation of decisions, or lack of responsiveness to industry changes that may affect the franchise value of the Bank. This risk is not managed separately from other risks. In essence, the Bank manages this risk through careful planning and close monitoring of execution of plans. To wit:
 - The Group undergoes an annual Planning Cycle, where the business environment, medium-term plans of business units and potential risks to the Bank are assessed. Budget Plan is produced at the end of this activity. Through this plan, the BOD provides direction for the Group taking into account probable new risks that may emerge over the planning cycle.
 - Periodic review of the strategies and performance of key functional areas of indicators are undertaken by Senior Management and the BOD. The Bank understands that the risk universe is not limited to the ones enumerated above. As such, other types of risk – new or evolving – are uncovered and addressed through the different initiatives in the main risk management groups, which motivate risk-taking and risk management units to assess and to attend to emerging threats to capital adequacy and profitability.

Capital

The primary objectives of the Group's capital management are to ensure that the Group maintains strong credit ratings and healthy capital ratios in support of its business, and to remain compliant with capital requirements, all while maximizing shareholder value. RMG assists Senior Management through the ALCO by providing the relevant information with respect to the management of all risks related to the Group's assets and liabilities, and the trading and accrual books. The impact of the Group's activities on capital is also monitored by the ALCO with the RMG providing the necessary data to the Committee for assessment. Results of their analysis are reported on a periodic basis to the ROC. Currently, the Bank remains well in compliance with the capital requirements of the Basel III Framework. This is largely driven by the Bank's approach to risk and capital management. Minimum capital levels and adequacy ratios as required by regulatory standards are used by the Bank merely as a starting point. Annually, the Bank assesses its current and planned business and risk-taking activities, and their comparison to the BOD's risk appetite taken in the context of macroeconomic and industry developments. This assessment is summarized in the Bank's Internal Capital Adequacy Assessment Process (ICAAP) document.

The Executive Committee is primarily responsible for driving the Group's ICAAP, working alongside the ROC and other members of Management in implementing the strategic goals as approved by the BOD. In essence, this Committee assesses the Group's capital adequacy relative to its risk profile, understanding capital requirements as scenarios vary or become stressed.

Risk exposures and corresponding capital requirements vis-à-vis current levels are periodically reviewed, ensuring risk and capital are aligned with the Bank's appetite and activities, as well as with regulatory standards.

(b) Additional Requirements as to Certain Issues or Issuers

(i) Debt Issues

Long-term Negotiable Certificates of Deposits (LTNCD)

On November 8, 2017, the Bank issued 3.875% fixed coupon rate (EIR of 4.01%) unsecured LTNCD at par value of ₱8.6 billion matured on May 8, 2023.

On May 2, 2018, the Bank issued 4.50% fixed coupon rate (EIR of 4.69%) unsecured LTNCD at par value of ₱5.78 billion matured on November 2, 2023.

On September 23, 2019, the Bank issued 4.00% fixed coupon rate (EIR of 4.18%) unsecured LTNCD at par value of ₱6.06 billion maturing on March 23, 2025.

On December 17, 2019, the Bank issued 4.00% fixed coupon rate (EIR of 4.16%) unsecured LTNCD at par value of ₱2.31 billion maturing on June 17, 2025.

On February 5, 2020, the Bank issued 4.00% fixed coupon rate (EIR of 4.16%) unsecured LTNCD at par value of ₱2.07 billion maturing on August 5, 2025.

Notes and Bonds Payable

In September 2018, the Bank issued \$300.0 million senior unsecured notes ("Senior Notes") due on September 25, 2023. The Bank remains in compliance with the terms and conditions of the notes. On September 25, 2023, the Parent Company paid \$300.0 million senior unsecured notes.

On July 24, 2020, the Parent Company issued ₱13.5 billion fixed rate bonds due on July 24, 2022. The Parent Company paid the ₱13.5 billion fixed rate bonds due on July 24, 2022.

On July 20, 2022, the Parent Company issued ₱16.0 billion fixed rate bonds due on January 20, 2024. The Parent Company settled in full ₱16.0 billion fixed rate bonds due on January 22, 2024.

On November 10, 2022, the Parent Company issued ₱14.6 billion fixed rate bonds due on May 10, 2024. The Parent Company paid the ₱14.6 billion fixed rate bonds due on May 10, 2024.

On July 13, 2023, the Parent Company issued ₱18.5 billion fixed rate bonds due on January 13, 2025. The Parent Company settled in full ₱18.5 billion fixed rate bonds due on January 13, 2025.

On May 9, 2024, the Parent Company issued USD400 million Senior Unsecured Fixed Rate Notes due May 14, 2029. The Bank remains in compliance with the terms and conditions of the bonds.

On August 20, 2024, the Parent Company issued ₱20.0 billion fixed rate bonds due on September 20, 2029. The Bank remains in compliance with the terms and conditions of the bonds.

(ii) Equity Issues

In the third quarter of 2009, the Security Bank board, PSE and SEC approved the offer of Stock Rights to Eligible Shareholders to raise gross proceeds of approximately ₱2.5 billion. Pursuant to the Rights Issue, 89,285,714 new ordinary shares were offered at ₱28.00 on the basis of approximately one Rights Share for every 3.7 existing shares held on record as of 9:00am of November 5, 2009. The offer period was from November 5-12, 2009. The offer was fully subscribed and total number of shares outstanding after the offer was 418,631,411.

On September 1, 2011, 83,727,102 shares were distributed in relation to 20% stock dividend approved by the Bank's BOD and shareholders on March 29, and May 30, 2011, respectively. Outstanding shares as a result of stock dividend payment was 502,358,513.

On January 2, 2014, 100,472,596 shares were distributed in relation to 20% stock dividend approved by the Bank's BOD and shareholders on March 19 and May 28, 2013, respectively. Outstanding shares as a result of stock dividend distribution were 602,831,109.

In the second quarter of 2014, the BSP and SEC approved the Preferred Shares Rights Offer to Eligible Shareholders to raise gross proceeds of approximately ₱60.3 million. Pursuant to the Rights Issue, 602,831,109 new non-convertible, non-cumulative, non-participating, voting preferred shares were offered at ₱0.10 on the basis of one Preferred Share for every one existing Common Share held on record as of June 16, 2014. The offer period was from June 23 to July 4, 2014. The offer was fully subscribed and total number of preferred shares outstanding after the offer was 602,831,109.

On April 1, 2016, Security Bank issued 150,707,778 new common shares and 200,000,000 new preferred shares to MUFG, representing 20% of total outstanding shares. An additional 197,168,891 preferred shares were also issued to existing Filipino stockholders. Total number of outstanding common shares after the MUFG transaction was 753,538,887 while total number of outstanding preferred shares was 1,000,000,000.

ITEM 2. PROPERTIES

The Bank has its corporate headquarters at 6776 Ayala Avenue, Makati City. The Bank has ownership of approximately 81.22% of the 6776 Ayala Avenue property which is not limited by any mortgage or lien.

The Bank has a network of 346 branches of which 45 are bank-owned premise while the remaining are leased. Most of the lease contracts include renewal options which give the Bank the right to extend the lease for varying periods at terms agreed upon with the lessors. The Bank intends to lease new sites for its 2025 branch expansion initiatives.

ITEM 3. LEGAL PROCEEDINGS

The Bank is a party in legal proceedings which arose from normal business activities. However, management believes that these cases are without merit or that the ultimate liability, if any, resulting therefrom, has no material effect to the Bank's financial position.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted during the fourth quarter of 2024 to a vote of security holders, through the solicitation of proxies or otherwise.

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

1) Market Information

The Bank's shares were officially listed and first traded at the PSE on June 8, 1995.

The price performance of the shares for each quarter within the last two years has been as follows:

(Philippine Peso)	High	Low
Quarter-ended Mar 31, 2023	102.80	86.95
Quarter-ended Jun 30, 2023	95.00	81.75
Quarter-ended Sep 30, 2023	86.35	74.60
Quarter-ended Dec 31, 2023	81.00	67.95
Quarter-ended Mar 31, 2024	68.85	67.80
Quarter-ended Jun 30, 2024	74.30	67.20
Quarter-ended Sep 30, 2024	73.70	62.15
Quarter-ended Dec 31, 2024	60.00	99.25
As of end of January 31, 2025	73.50	72.00
As of end of February 28, 2025	73.45	70.00
As of end of March 28, 2025	71.95	69.80

2) Holders

The Bank had approximately 1,723 common shareholders and 413 preferred shareholders as of February 28, 2025. Common shares outstanding as of said date stood at 753,538,887 and outstanding Preferred shares stood at 1,000,000,000.

The top 20 Shareholders as of February 28, 2025, are:

Common Shares

	Stockholders Name	No. of Shares	% to Total Voting Shares
1	PCD NOMINEE CORPORATION (FILIPINO)	200,302,905	11.42%
2	THE BANK OF TOKYO - MITSUBISHI UFJ, LTD (NOW KNOWN AS MUFG BANK, LTD.)	150,707,778	8.59%
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	128,299,658	7.32%
4	ASIASEC EQUITIES INC.	120,676,957	6.88%
5	FREDERICK Y. DY	86,865,273	4.95%
6	DANIEL S. DY	30,229,655	1.72%
7	SOCIAL SECURITY SYSTEM	20,000,004	1.14%
8	GOODWOOD RESOURCES DEVELOPMENT INC	6,283,322	0.36%
9	JAMES HUNG	2,406,708	0.14%
10	SB EQUITIES INC.	1,887,793	0.11%
11	CAROUSEL HOLDINGS INC.	400,000	0.02%
12	MEPCO EMPLOYEES RETIREMENT	331,709	0.02%
13	RAFAEL F. SIMPAO, JR.	217,296	0.01%
14	SB EQUITIES INC. FAO L00	175,902	0.01%
15	CENTRAL COLLEGES OF THE PHILIPPINES	159,214	0.01%
16	CHUA BEE BEE	138,212	0.01%
17	ETSI TECHNOLOGIES INC.	117,936	0.01%
18	ERNST BEHRENS	82,926	0.00%
19	ERIC RUBEN TAN	72,000	0.00%
20	EDWIN FRANCIS TAN	72,000	0.00%

Preferred Shares

	Stockholders Name	No. of Shares	% to Total Voting Shares
1	FREDERICK Y. DY	335,207,671	19.12%
2	DANIEL S. DY	256,951,638	14.65%
3	THE BANK OF TOKYO - MITSUBISHI UFJ, LTD (NOW KNOWN AS MUFG BANK, LTD.)	200,000,000	11.41%
4	ASIASEC EQUITIES INC.	95,996,204	5.47%
5	SOCIAL SECURITY SYSTEM	37,644,495	2.15%
6	ANASTASIA Y. DY	33,000,000	1.88%
7	GOODWOOD RESOURCES DEVELOPMENT INC.	21,014,591	1.20%
8	GERALDINE S. DY	17,329,149	0.99%
9	SB EQUITIES INC.	12,252,527	0.70%
10	DEUTSCHE BANK AG MANILA OBO A/C 12129924744	3,771,656	0.22%
11	SB EQUITIES INC.	3,200,000	0.18%
12	SB EQUITIES INC.	2,184,329	0.12%
13	BPI SECURITIES CORPORATION	2,126,541	0.12%
14	HSBC OBO A/C 026-100297-557	1,846,813	0.11%
15	ABACUS SECURITIES CORPORATION	1,771,202	0.10%
16	ASIASEC EQUITIES INC.	1,524,917	0.09%
17	HSBC MANILA OBO A/C 000-595686-550	1,400,000	0.08%
18	DEUTSCHE BANK AG MANILA OBO A/C 12129924742 SCB OBO RBC INVESTOR SERVICES TRUST CLIENT	1,267,172	0.07%
19	ACCOUNT	1,260,000	0.07%
20	DEUTSCHE BANK AG MANILA OBO A/C 12129925301	1,190,216	0.07%

3) Dividends

Dividends are declared and paid out of the earned surplus or net profits of the Bank as often and at such times as the BOD may determine and in accordance with the provisions of law and the regulations of the BSP. Cash dividends declared for the two most recent fiscal years are as follows:

Common Shares

Dividend Per Share	Total Dividend Amount	Record Date	Payment Date
₱1.50	₱1.130 billion	April 14, 2023	April 28, 2023
1.50	1.130 billion	November 10, 2023	November 24, 2023
1.50	1.130 billion	April 15, 2024	April 29, 2024
1.50	1.130 billion	November 13, 2024	November 27, 2024

Preferred Shares

Dividend Per Share	Total Dividend Amount	Record Date	Payment Date
₱0.004805	₱1.91 million	March 20, 2023	April 3, 2023
0.0039	2.35 million	June 26, 2023	July 10, 2023
0.004805	1.91 million	March 14, 2024	April 1, 2024
0.0039	2.35 million	June 26, 2024	July 20, 2024

Security Bank has adopted a dividend policy that will enable the Bank to weather the uncertainties and volatilities in the market; comply with the requirements of Basel III and the BSP; maintain strong credit ratings; minimize the need for capital calls in the medium-term; and provide a capital base for business expansion that will create value over the long-term for all stakeholders. In declaring dividend pay-outs, Security Bank uses a combination of regular and special dividends such that the total dividend pay-out shall range from 15% to 30% of the prior year's NIAT.

Capital structure is managed in the light of changes in economic conditions, risk characteristics of activities and assessment of prospective business directions. Capital management begins with an assessment of regulatory capital and capital adequacy, followed by the determination of the optimal capital structure based on a risk-based capital planning approach, taking into consideration risk appetite, risk exposures, provision of a capital buffer, capital mix, leverage, target return on equity (ROE), opportunities in the capital markets and sustainability.

Recent Sales of Unregistered Securities

There were no sales of unregistered securities within the past three (3) years.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following tables present information from the Bank's Consolidated Financial Statements as of December 31, 2024 and 2023, and for the three years ended December 31, 2024, 2023 and 2022 as audited by SGV, independent public accountants.

(in million pesos)

Key Statement of Financial Position Data:

	As of December 31		
	2024	2023	2022
Total Assets	1,129,141	871,509	842,291
Total Deposit Liabilities	801,079	606,531	605,837
Loans and Receivables (net)	677,813	538,329	502,617
Total Liquid Assets	411,060	302,775	313,492
Total Earning Assets	1,054,181	795,462	753,338
Total Equity	141,138	136,130	125,848

(in million pesos)

Key Statements of Income Data:

	For the Years Ended December 31		
	2024	2023	2022
Interest Income	62,806	49,095	36,755
Interest Expense	19,084	14,361	7,509
Net Interest Income	43,722	34,734	29,246
Other Income	11,212	8,224	10,389
Operating Expenses	33,084	26,099	22,909
Provision for Credit and Impairment Losses	6,610	4,801	2,841
Provision for Income Tax	4,002	2,953	3,330
Net Income	11,238	9,105	10,556
Attributable to Minority Interest	—	—	—
Attributable to Equity Holders of the Parent Company	11,238	9,105	10,556
Earnings per Share (weighted/adjusted)	₱14.91	₱12.08	₱14.00

Key Performance Indicators

The Bank monitors its performance and benchmarks itself with the other players in the banking industry in terms of the following indicators:

Key Performance Indicators:	December 31		
	2024	2023	2022
<u>Capital Adequacy</u>			
Capital to Risk Assets Ratio	13.84%	16.19%	16.60%
<u>Asset Quality</u>			
Non-performing Loan (NPL) Ratio	1.28	1.37	1.05
Non-performing Loan Cover	80.76	82.13	101.12
<u>Profitability</u>			
Return on Average Equity	8.11	6.95	8.42
Net Interest Margin	4.73	4.49	4.23
Cost to Income	60.23	60.75	57.80
<u>Liquidity</u>			
Liquid Assets to Total Assets	36.40	34.74	37.22

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

Key Performance Indicator	BSP Prescribed Formula
Capital to Risk Assets Ratio	$\frac{\text{Total Qualifying Capital}}{\text{Market, Credit and Operational Risk Weighted Exposures}}$
Non-performing Loan (NPL) Ratio (Based on Circulars 941 and 1011)	$\frac{\text{Non-performing Loans (net of specific allowance)}}{\text{Gross Loans}}$
Non-performing Loan (NPL) Cover (Based on Circulars 941 and 1011)	$\frac{\text{Allowance for Probable Losses Loans}}{\text{Non-performing Loans (gross of specific allowance)}}$
Liquid Assets to Total Assets	$\frac{\text{Total Liquid Assets}}{\text{Total Assets}}$
Return on Average Equity	$\frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Capital Accounts}}$
Net Interest Margin	$\frac{\text{Net Interest Income} \times 100}{\text{Average Interest Earning Assets}}$

2024 versus 2023 Results of Operations

Financial Position

Total Assets increased by 29.6% to ₱1.1 trillion on account of increases in Due from Other Banks, Interbank Loans Receivable and Securities Purchased Under Resale Agreements (SPURA) with BSP, Financial Assets at Fair Value through Profit or Loss, Derivative Assets Designated as Hedges, Financial Assets at Fair Value through Other Comprehensive Income, Investment Securities at Amortized Cost, Loans and Receivables - Net, Investment in Subsidiaries and Joint Ventures, Property, Equipment and Right-of-use - Net, Investment Properties - Net, Deferred Tax Assets, Intangible Assets, and Other Assets tempered by decreases in Cash and Other Cash Items, and Due from BSP.

Decrease in **Cash and Other Cash Items** by ₱0.8 billion or 5.6% can be attributed to the Bank's daily operations while decrease in **Due from BSP** by ₱10.7 billion or 23.4% is due to asset-liability management.

Due from Other Banks increased by 27.9% or ₱3.3 billion due to increased level of working balances with counterparty banks. **Interbank Loans Receivable and SPURA with the BSP** increased by ₱5.3 billion or 130.2% due to increased level of placements.

Financial Assets at Fair Value Through Profit or Loss increased by ₱5.9 billion or 54.5% to ₱16.8 billion due to trading-related activities of the Bank. **Derivative Assets Designated as Hedges** amounted to ₱0.6 billion. **Financial Assets at Fair Value through Other Comprehensive Income** increased by ₱42.0 billion to ₱181.8 billion or 30.0% mainly due to purchases of treasury notes and bills and treasury bonds during the year. **Investment Securities at Amortized Cost** increased to ₱138.7 billion by ₱62.6 billion or 82.2% mainly due to purchases of corporate bonds and government securities during the period.

Loans and Receivables increased by 25.9% to ₱677.8 billion from ₱538.3 billion in 2023 primarily attributable to increase in wholesale, retail and MSME loans during the period.

Investments in Joint Ventures represent Parent Company's 60.0% interest in SBM Leasing, Inc. (SBML) and 49.96% interest in SB Finance, Inc. (SBFI). Increase by 0.1% or ₱1.5 million is mainly due to increase in share in net income.

Property, Equipment and Right-of-use Assets increased by 25.0% to ₱8.0 billion due to additions during the year, while **Investment Properties** increased by 31.2% to ₱6.3 billion due to real and other properties foreclosed during the year.

Deferred Tax Assets increased by 9.7% from ₱5.7 billion as of year-end 2023 to ₱6.3 billion in 2024. **Intangible Assets** grew by 32.6% to ₱6.6 billion with additional software costs during the period.

Other Assets increased by 90.9% to ₱9.6 billion from ₱5.0 billion due to increases in cash collateral deposits, other investment, other properties acquired, documentary stamps, and items in process for clearing.

Total Liabilities increased by 34.4% or ₱252.6 billion to ₱988.0 billion on account of increases in Deposit Liabilities, Derivative Liabilities Designated as Hedges, Bills Payable and Securities Sold Under Repurchase Agreements (SSURA), Margin Deposits and Cash Letters of Credit, Manager's and Certified Checks Outstanding, Notes and Bonds Payable, Accrued Interest, Taxes and Other Expenses, and Other Liabilities tempered by decreases in Financial Liabilities at Fair Value through Profit or Loss, Acceptances Payable, and Income Tax Payable.

Deposit Liabilities went up by 32.1% from ₱606.5 billion as of year-end 2023 to ₱801.1 billion mainly contributed by the increase in Time, Demand, and Savings Deposits.

Financial Liabilities at Fair Value through Profit or Loss decreased by 42.2% to ₱1.7 billion. **Derivative Liabilities Designated as Hedges** amounted to ₱3.8 billion. **Bills Payable and SSURA** increased by 77.6% to ₱91.2 billion due to increase in the Bank's repo transactions during the period.

Acceptances Payable decreased by 40.0% to ₱1.7 billion. **Margin Deposits and Cash Letters of Credit** increased by 195.2% to ₱0.2 billion. **Manager's and Certified Checks Outstanding** at ₱5.3 billion increased by ₱0.1 billion or 2.5%.

Income Tax Payable decreased by ₱0.3 billion from year-end 2023's ₱0.8 billion. **Notes and Bonds Payable** increased by ₱12.2 billion or 25.0% mainly due to issuance of senior unsecured notes amounting to USD 400 million on May 9, 2024 and fixed rate bonds amounting to ₱20.0 billion on August 20, 2024 tempered by settlements of fixed rate bonds amounting to ₱16.0 billion and ₱14.6 billion on January 22 and May 10, 2024, respectively. **Accrued Interest, Taxes and Other Expenses** increased by 22.4% to ₱5.9 billion. **Other Liabilities** went up by 29.8% to ₱15.4 billion.

Total Equity grew by 3.7% to ₱141.1 billion on account of net income during the period tempered by increases in net unrealized loss on debt instruments at fair value through other comprehensive income and cost of hedging reserve.

Surplus increased by 9.0% due to net income for the period, after accounting for dividends. **Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income of the Parent** increased by 35.1% due to decline in market valuation of outstanding debt securities. **Cumulative Foreign Currency Translation** decreased by ₱58.7 million. **Cost of hedging reserve** amounted to ₱1.6 billion.

The **Capital Adequacy Ratio (CAR)** is 13.8% in December 2024. This is well above BSP minimum requirement of 10%, indicative of the sufficiency of the Bank's capital to support the current level of its risk assets.

Results of Operations

Net income attributable to the Bank's equity holders amounted to ₱11.2 billion for the year ended December 31, 2024 from a year ago level of ₱9.1 billion or an increase of 23.4%. This translates to earnings per share of ₱14.91 from ₱12.08 for the year ended December 31, 2023.

Interest Income ended higher than prior period by 27.9% or ₱13.7 billion. **Interest Income on Loans and Receivables** amounted to ₱48.4 billion from ₱38.1 billion or an increase of 26.9% from the same period last year due to higher volume of loans and receivables on a period-on-period basis. **Interest income on Financial assets at fair value through other comprehensive income and investment securities at amortized cost** increased by 45.8% or ₱3.9 billion on account of higher securities portfolio while **Interest income on Financial assets at fair value through profit or loss** decreased by ₱0.3 billion due to lower interest rates and volume in 2024. Decrease in **Interest Income on Interbank Loans Receivables and SPURA with the BSP** by 21.8% or ₱0.2 billion was due to the decrease in volume of placements during the period. **Interest income on Deposits with Banks and Others** increased by 104.3% due to increase in volume of margin deposits.

Interest Expense increased by 32.9% or ₱4.7 billion from prior period. **Interest Expense on Deposits** decreased by 15.9% or ₱1.3 billion primarily from lower rates offered on time deposits. **Interest Expense on Notes and Bonds Payable, Bills Payable and SSURA and Other Borrowings** increased by 18.3% or ₱1.0 billion due to higher borrowing transactions. **Interest Expense on Derivative Instruments** decreased by ₱0.6 billion. **Interest Expense on Derivatives Designated as Hedges** recognized during the year is ₱5.6 billion. **Interest Expense on Lease Liabilities** increased by 23.4% or ₱19.0 million compared to 2023 on a period-on-period basis.

Net Interest Income increased to ₱43.7 billion, up by 25.9% or ₱9.0 billion compared to 2023 on a period-on-period basis.

Other Income rose to ₱11.2 billion, a 36.3% increase, primarily due to ₱2.9 billion increase in **Service Charges, Fees and Commission** from higher fees in bancassurance, credit cards and loans. **Foreign Exchange Loss - Net** decreased by ₱0.3 billion from ₱2.1 billion in 2023. **Rent Income** increased by 0.2 billion. **Profit from Assets Sold/Exchanged** decreased by ₱0.3 billion during the period on account of lower gains on acquisition and sale of foreclosed assets. **Share in Net Income of Joint Ventures** decreased by ₱177.7 million to ₱1.9 million from ₱179.6 million of the same period last year. **Securities Trading Gain - net** decreased by ₱5.4 million. **Miscellaneous Income** increased by ₱35.4 million.

Operating expenses (excluding provisions for credit and impairment losses) were higher by 26.8%. **Depreciation and Amortization** increased by 27.7% while **Amortization of Software Costs** increased by 34.1%. **Compensation and Fringe Benefits, Occupancy Costs, Taxes and Licenses** and **Miscellaneous Expenses** increased by 21.6%, 20.7%, 17.9% and 33.2%, respectively.

Provision for Credit Losses increased by ₱2.0 billion as a result of the Bank's proactive stance towards the current economic environment. **Provision for impairment losses** decreased by ₱0.2 billion.

Provision for Income Tax amounting to ₱4.0 billion for the period ended December 31, 2024 increased by ₱1.0 billion mainly due to higher provision for final taxes and lower benefit from deferred income tax tempered by lower current income tax.

Total Comprehensive Income for the period ended December 31, 2024 decreased to ₱7.3 billion from ₱12.5 billion in 2023 on a period-on-period basis on account of net unrealized loss on financial assets at fair value through other comprehensive income and changes in cost of hedging reserve.

2023 versus 2022 Results of Operations

Financial Position

Total Assets increased by 3.47% to ₱871.5 billion on account of increases in Cash and Other Cash Items, Financial Assets at Fair Value through Profit or Loss, Financial Assets at Fair Value through Other Comprehensive Income, Investment Securities at Amortized Cost, Loans and Receivables - Net, Investment in Subsidiaries and Joint Ventures, Property, Equipment and Right-of-use – Net, Investment Properties – Net, Deferred Tax Assets and Intangible Assets tempered by decreases in Due from BSP, Due from Other Banks, Interbank Loans Receivable and SPURA with BSP and Other Assets.

Increase in **Cash and Other Cash Items** by ₱0.8 billion or 5.8% can be attributed to the Bank's daily operations while decrease in **Due from BSP** by ₱17.2 billion or 27.3% is due to asset-liability management. **Due from Other Banks** decreased by 40.2% or ₱8.1 billion due to decreased level of working balances with counterparty banks. **Interbank Loans Receivable and SPURA with the BSP** decreased by ₱23.4 billion or 85.2% due to decreased level of placements.

Financial Assets at Fair Value Through Profit or Loss increased by ₱3.3 billion or 43.9% to ₱10.9 billion due to trading related activities of the Bank. **Financial Assets at Fair Value through Other Comprehensive Income** increased by ₱27.0 billion to ₱139.9 billion or 23.9% mainly due to purchases during the year.

Investment Securities at Amortized Cost increased to ₱76.2 billion by ₱6.9 billion or 10.0% mainly due to purchases of corporate bonds and government securities during the period.

Loans and Receivables increased by 7.1% to ₱538.3 billion from ₱502.6 billion in 2022 primarily attributable to increase in consumer and residential mortgages lending during the period.

Investments in Subsidiaries and Joint Ventures represent Parent Company's 60.0% interest in SBML and 49.96% interest in SBFI. Increased by 7.6% or ₱184.5 million mainly due to increase in share in net income.

Property, Equipment and Right-of-use Assets increased by 21.8% to ₱6.4 billion due to additions during the year, while **Investment Properties** increased by 49.5% to ₱4.8 billion due to real and other properties foreclosed during the year.

Deferred Tax Assets increased by 17.6% from ₱4.9 billion as of year-end 2022 to ₱5.7 billion in 2023. **Intangible Assets** grew by 33.0% to ₱5.0 billion with the additional software costs during the period.

Other Assets decreased by 13.4% to ₱5.0 billion from ₱5.8 billion due to decrease in cash collateral deposits, pension assets and due from brokers tempered by increase in prepaid expenses and rental and security deposits.

Total Liabilities increased by 2.6% or ₱19.0 billion to ₱735.4 billion on account of increases in Deposit Liabilities, Financial Liabilities at Fair Value through Profit or Loss, Bills Payable and Securities Sold Under Repurchase Agreements, Acceptances Payable, Manager's and Certified Checks Outstanding, Income Tax Payable, Notes and Bonds Payable, Accrued Interest, Taxes and Other Expenses and Other Liabilities tempered by decrease in Margin Deposits and Cash Letters of Credit.

Deposit Liabilities went up by 0.1% from ₱605.8 billion as of year-end 2022 to ₱606.5 billion mainly contributed by the increase in Time and Demand Deposits tempered by the LTNCD's maturities during the period amounting to ₱8.6 billion and ₱5.8 billion matured on May 8, 2023 and November 2, 2023, respectively.

Financial Liabilities at Fair Value through Profit or Loss increased by 69.4% to ₱3.0 billion. **Bills Payable and SSURA** increased by 25.5% to ₱51.3 billion due to an increase in the Bank's repo transactions during the period.

Acceptances Payable increased by 156.4% to ₱2.8 billion. **Margin Deposits and Cash Letters of Credit** decreased by 10.0% to ₱57.6 million. **Manager's and Certified Checks Outstanding** at ₱5.2 billion increased by ₱1.1 billion or 27.0%.

Income Tax Payable increased to ₱802.1 million from year-end 2022's ₱198.3 million due to higher income tax liability for the 4th quarter of 2023 versus the last quarter of 2022. **Notes and Bonds Payable** increased by ₱1.9 billion or 3.9% mainly due to bond issuance of fixed rate bonds amounting to ₱18.5 billion on July 13, 2023 tempered by maturity of \$300.0 million (₱17.1 billion) senior unsecured notes. **Accrued Interest, Taxes and Other Expenses** increased by 16.6% to ₱4.8 billion. **Other Liabilities** went up by 5.9% to ₱11.9 billion.

Total Equity grew by 8.2% to ₱136.1 billion on account of net income during the period and decrease in net unrealized loss on debt instruments at fair value through other comprehensive income.

Surplus was up by 7.4% due to the net income during the period. **Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income of the Parent** decreased by 40.1% due to improved market valuation of outstanding debt securities. **Cumulative Foreign Currency Translation** decreased by ₱23.1 million.

The **CAR** is 16.19% in December 2023. This is well above BSP minimum requirement of 10%, indicative of the sufficiency of the Bank's capital to support the current level of its risk assets.

Results of Operations

Net income attributable to the Bank's equity holders amounted to ₱9.1 billion for the year ended December 31, 2023 from a year ago level of ₱10.6 billion or a decrease of 13.7%. This translates to earnings per share of ₱12.08 from 14.00 for the period ended December 31, 2022.

Interest Income ended higher than prior period by 33.6% or ₱12.3 billion. **Interest Income on Loans and Receivables** amounted to ₱38.1 billion from ₱29.7 billion or an increase of 28.5% from the same period last year due to higher volume of Loans & Receivables on a period-on-period basis. **Interest income on Financial assets at fair value through other comprehensive income and investment securities at amortized cost** increased by 46.3% or ₱2.7 billion on account of higher securities portfolio. **Interest income on Financial assets at fair value through profit or loss** increased by ₱544.2 million due to higher interest rates and volume in 2023. Increase in **Interest Income on Interbank Loans Receivables and SPURA with the BSP** by 165.7% or ₱619.8 million was due to the increase in volume of placements during the period. **Deposits with Banks and Others** increased by 17.8% due to increase in volume of transactions.

Interest Expense increased by 91.3% or ₱6.9 billion from prior period. **Interest Expense on Deposits** increased by 62.5% or ₱3.2 billion due to increase in volume and interest rate of deposits on a period-on-period basis. **Interest Expense on Notes and Bonds Payable, Bills Payable and SSURA and Other Borrowings** increased by 175.4% or ₱3.5 billion mainly due to increase in SSURA and issuance of fixed rate bonds amounting to ₱18.5 billion on July 13, 2023 tempered by maturity of \$300.0 million senior unsecured notes. **Interest Expense on Derivative Instruments** increased by ₱205.7 million. **Interest Expense on Lease Liabilities** increased by 13.3% or ₱9.5 million compared to 2022 on a period-on-period basis.

Net Interest Income increased to ₱34.7 billion, 18.8% or grew by ₱5.5 billion compared to 2022 on a period-on-period basis.

Other Income decreased to ₱8.2 billion or a decrease of 20.8% mainly due to decrease in **Foreign Exchange-Net** by ₱3.1 billion and in **Profit from Assets Sold/Exchanged** by ₱285.0 million during the period on account of lower gains on acquisition and sale of foreclosed assets. **Gain on redemption of Investment Securities at Amortized Cost** decreased by ₱4.0 million. **Miscellaneous Income** decreased by ₱22.4 million. **Service Charges, Fees and Commissions** increased by ₱783.0 million or 14.8%, due to higher transaction volumes and the increase in **Share in Net Income of Joint Ventures** by ₱32.2 million is attributable to the Bank's share in the net income of SBM Leasing, Inc. and SBFi during the period. **Securities Trading Gain** increased by ₱314.4 million.

Operating expenses (excluding provisions for credit and impairment losses) were higher by 13.9%. **Compensation and Fringe Benefits** increased by 18.2%. **Amortization of Software Costs** and **Miscellaneous Expenses** increased by 22.5% and 16.2%, respectively while **Taxes and Licenses** increased by 4.4%. **Depreciation and Amortization** increased by 1.7% while **Occupancy Costs** increased by 5.0%.

Provision for Credit Losses increased by ₱2.0 billion as a result of the Bank's proactive stance towards the current economic environment. **Provision for impairment losses** decreased by ₱72.4 million.

Provision for Income Tax amounting to ₱3.0 billion for the period ended December 31, 2023 decreased by ₱376.1 million, mainly due to higher benefit from deferred income tax.

Total Comprehensive Income for the period ended December 31, 2023 increased to ₱12.5 billion from ₱3.0 billion in 2022 on a period-on-period basis on account of lower net unrealized loss on financial assets at fair value through other comprehensive income tempered by lower net income.

2022 versus 2021 Results of Operations

Financial Position

Total Assets increased by 20.39% to ₱842.3 billion on account of increases in Cash and Other Cash Items, Due from Other Banks, Financial Assets at Fair Value through Profit or Loss, Financial Assets at Fair Value through Other Comprehensive Income, Investment Securities at Amortized Cost, Loans and Receivables - Net, Investment in Subsidiaries and Joint Ventures, Property, Equipment and Right-of-use – Net, Investment Properties – Net, Intangible Assets and Other Assets tempered by decreases in Due from BSP, Interbank Loans Receivable and SPURA with BSP and Deferred Tax Assets.

Increase in **Cash and Other Cash Items** by ₱2.1 billion or 18.9% can be attributed to the Bank's daily operations while decrease in **Due from BSP** by ₱4.4 billion or 6.5% is due to asset-liability management. **Due from Other Banks** increased by 53.1% or ₱7.0 billion due to increased level of working balances with counterparty banks. **Interbank Loans Receivable and SPURA with the BSP** decreased by ₱1.9 billion or 6.5% due to decreased level of placements.

Financial Assets at Fair Value Through Profit or Loss increased by ₱0.6 billion or 9.3% to ₱7.6 billion due to trading-related activities of the Bank. **Financial Assets at Fair Value through Other Comprehensive Income** increased by ₱32.2 billion to ₱112.9 billion or 39.9% mainly due to purchases during the year.

Investment Securities at Amortized Cost increased to ₱69.2 billion by ₱47.4 billion or 217.0% mainly due to purchases of government securities and corporate bonds during the period.

Loans and Receivables increased by 12.0% to ₱502.6 billion from ₱448.6 billion in 2021 primarily attributable to additions in corporate lending during the period and the decrease in Group's provisions for credit losses during the year.

Investments in Subsidiaries and Joint Ventures represent Parent Company's 60.0% interest in SBML and 49.96% interest in SBFI. Increased by 58.5% or ₱900.3 million mainly attributed to the second tranche of capital infusion from the Parent Company and Bank of Ayudhya Public Company Ltd. (BAY), commonly known as Krungsri obtained on January 18, 2022.

Property, Equipment and Right-of-use Assets increased by 1.8% to ₱5.3 billion due to additions during the year, while **Investment Properties** increased by 170.9% to ₱3.2 billion due to real and other properties foreclosed during the year.

Deferred Tax Assets decreased by 7.5% from ₱5.2 billion as of year-end 2021 to ₱4.9 billion in 2022. **Intangible Assets** grew by 16.0% to ₱3.7 billion with the additional software costs during the period.

Other Assets increased by 73.4% to ₱5.8 billion from ₱3.4 billion due to the increase in cash collateral deposits and other properties acquired tempered by decrease in pension assets and creditable withholding taxes.

Total Liabilities increased by 24.7% or ₱141.9 billion to ₱716.4 billion on account of increases in Deposit Liabilities, Financial Liabilities at Fair Value through Profit or Loss, Bills Payable and SSURA, Acceptances Payable, Margin Deposits and Cash Letters of Credit, Income Tax Payable, Notes and Bonds Payable, Accrued Interest, Taxes and Other Expenses and Other Liabilities tempered by decrease in Manager's and Certified Checks Outstanding.

Deposit Liabilities went up by 15.7% from ₱523.6 billion as of year-end 2021 to ₱605.8 billion mainly contributed by the increase in Time and Demand Deposits.

Financial Liabilities at Fair Value through Profit or Loss increased by 36.4% to ₱1.8 billion. **Bills Payable and SSURA** increased by 1,081.2% to ₱40.9 billion due to increase in the Bank's repo transactions and borrowings from local banks during the period.

Acceptances Payable increased by 8.36% to ₱1.1 billion. **Margin Deposits and Cash Letters of Credit** increased by 59.1% to ₱63.9 million. **Manager's and Certified Checks Outstanding** at ₱4.1 billion decreased by ₱118.3 million or 2.8%.

Income Tax Payable increased to ₱198.3 million from year-end 2021's ₱85.8 million due to higher income tax liability for the 4th quarter of 2022 versus the last quarter of 2021. **Notes and Bonds Payable** increased by ₱18.4 billion or 64.0% mainly due to bond issuance of fixed rate bonds amounting to ₱16.0 billion and ₱14.6 billion on July 20, 2022 and November 10, 2022, respectively, tempered by maturity of ₱13.5 billion fixed rate bonds on July 24, 2022. **Accrued Interest, Taxes and Other Expenses** increased by 43.4% to ₱4.2 billion. **Other Liabilities** went up by 21.4% to ₱11.2 billion.

Total Equity grew by 0.6% to ₱125.8 billion on account of net income during the period tempered by the increase in net unrealized loss on debt instruments at fair value through other comprehensive income. **Surplus** was up by 10.1% due

to the net income during the period. **Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income of the Parent** increased by 352.2% due to decrease in market valuation of outstanding debt securities. **Cumulative Foreign Currency Translation** decreased by ₱186.4 million.

The **CAR** is 16.60% in December 2022. This is well above BSP minimum requirement of 10%, indicative of the sufficiency of the Bank's capital to support the current level of its risk assets.

Results of Operations

Net income attributable to the Bank's equity holders amounted to ₱10.6 billion for the year ended December 31, 2022 from a year ago level of ₱6.9 billion or an increase of 52.6%. This translates to earnings per share of ₱14.00 from ₱9.17 for the period ended December 31, 2021.

Interest Income ended higher than prior period by 11.7% or ₱3.9 billion. **Interest income on Financial assets at fair value through other comprehensive income and investment securities at amortized cost** increased by 80.1% or ₱2.6 billion on account of the additional securities. **Interest Income on Loans and Receivables** amounted to ₱29.7 billion from ₱28.1 billion or an increase of 5.8% from the same period last year due to higher volume of Loans & Receivables on a period-on-period basis. **Interest income on Financial assets at fair value through profit or loss** increased by ₱96.7 million due to higher securities portfolio. Increase in **Interest Income on Interbank Loans Receivables and SPURA with the BSP** by 16.7% or ₱53.5 million was due to the increase in volume of placements during the period. **Deposits with Banks and Others** declined by 85.8% due to decrease in volume of transactions.

Interest Expense increased by 37.8% or ₱2.1 billion from prior period. **Interest Expense on Deposits** increased by 71.5% or ₱2.1 billion due to increase in volume on a period-on-period basis. **Interest Expense on Derivative Instruments** increased by ₱57.6 million. **Interest Expense on Notes and Bonds Payable, Bills Payable and SPURA and Other Borrowings** dropped by 4.1% or ₱85.9 million mainly due to maturity of ₱13.5 billion and ₱18.0 billion fixed rate bonds on July 24, 2022 and June 28, 2021, respectively, tempered by bond issuance of fixed rate bonds amounting to ₱16.0 billion and ₱14.6 billion on July 20, 2022 and November 10, 2022, respectively. **Interest Expense on Lease Liabilities** decreased by 14.9% or ₱12.5 million compared to 2021 on a period-on-period basis.

Net Interest Income increased to ₱29.2 billion, 6.5% or grew by ₱1.8 billion compared to 2021 on a period-on-period basis.

Other Income increased to ₱10.4 billion or an increase of 11% mainly due to increase in **Foreign Exchange Gains** by ₱796.4 million and in **Service Charges, Fees and Commissions** by ₱754.1 million or 16.6%, due to higher transaction volumes. **Miscellaneous Income** increased by ₱430.8 million and **Profit from Assets Sold/Exchanged** increased by ₱106.0 million during the period on account of higher gains on acquisition and sale of foreclosed assets. The increase in **Share in Net Income of Joint Ventures** by ₱66.0 million is attributable to the Bank's share in the net income of SBM Leasing, Inc. and SBFI during the period. **Gain on redemption of Investment Securities at Amortized Cost** decreased by ₱62.0 million and **Securities Trading Gain** decreased by ₱1.1 billion.

Operating expenses (excluding provisions for credit and impairment losses) were higher by 7.6%. **Compensation and Fringe Benefits** increased by 8.9%. **Amortization of Software Costs** and **Miscellaneous Expenses** increased by 52.1% and 13.8%, respectively while **Taxes and Licenses** decreased by 7.3%. **Depreciation and Amortization** decreased by 2.7% while **Occupancy Costs** decreased by 1.4%.

Provision for Credit Losses decreased by ₱2.6 billion due to overall improvement in non-performing loans. **Provision for impairment losses** grew by ₱222.2 million mainly due to impairment from investment properties and other properties acquired.

Provision for Income Tax amounted to ₱3.3 billion for the period ended December 31, 2022 decreased by ₱15.1 million, mainly due to lower provision for deferred income tax.

Total Comprehensive Income for the period ended December 31, 2022 decreased to ₱3.0 billion from ₱4.0 billion in 2021 on a period-on-period basis on account of higher net unrealized loss on financial assets at fair value through other comprehensive income tempered by higher net income.

Liquidity

The Bank's liquidity is adequate with a liquid-assets-to-total-assets ratio of 36.40 in 2024, 34.74% in 2023, and 37.22% in 2022. Liquid assets consist of cash and other cash items, due from BSP, due from other banks, interbank loans receivable, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and investment securities at amortized cost.

Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

There were no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Off-Balance Sheet Transactions, Arrangements, Contingent Obligations and Other relationships of the company with unconsolidated entities or other persons

The Bank has outstanding commitments, contingent liabilities, bank guarantees and tax assessments that arose from the normal course of operations. The Bank does not anticipate losses that will materially affect its financial position and results of operations as a result of these transactions.

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

Group's commitments and contingent liabilities

(in million pesos)

	2024	2023	2022
Derivatives	P494,307	P370,310	P193,974
Trust department accounts	154,149	108,625	95,117
Unutilized credit limit of credit cardholders	146,113	89,917	53,159
Unused commercial letters of credit	81,482	46,506	37,521
Committed loan line	57,334	18,784	32,470
Spot foreign exchange contracts	17,934	18,858	3,040
Inward bills for collection	3,645	1,616	951
Outstanding guarantees	867	834	900
Late deposit/payment received	568	308	588
Outward bills for collection	266	232	423
Financial guarantees with commitment	111	254	28
Others	–	251	–

Material Commitments for Capital Expenditures

The Bank's commitments for capital expenditures will be funded out of cash flows from operations. This covers investments in electronic systems to comply with regulatory requirements (e.g. electronic money laundering monitoring system), investments in other systems (e.g. credit evaluation system), upgrades of existing systems (e.g. telecommunications system), expansion of the Bank's electronic banking channels, ATM installations, renovation or relocation or branch premises, and investments for new branches.

Material Impact on Income from Continuing Operations

In the normal course of operations, the Bank's activities are affected by changes in interest rates, foreign currency exchange rates and other market changes. The Bank follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates and foreign currency exchange rates are kept within acceptable limits and within regulatory guidelines.

Significant Elements of Income or Loss that did not arise from Continuing Operations

There are no significant elements of income or loss that did not arise from the continuing operations of the Bank.

Seasonal aspects that have a material effect on the financial position or results of operations.

The Bank's financial position or results of operations are not affected by seasonal aspects.

Future Prospects

The Philippine economy continues to exhibit upbeat growth prospects. This is on the back of solid domestic demand led by household consumption and capital formation that are underpinned by remittance flows and foreign investments. External trade in goods and services is likely to post a positive performance amid headwinds emanating from heightened global economic uncertainty. Sectoral outperformers are seen to buoy economic growth on the production side, and these include accommodation and F&B services, construction, finance, professional and business services, retail trade, transport, and utilities. Inflation is expected to be manageable and settle within the central bank's target range. Interest rates are projected to be reduced by more policy rate cuts, which in turn would translate into lower borrowing costs and raise net worth. Fiscal consolidation would help narrow further the fiscal deficit and national debt in terms of their respective shares to GDP. External buffers will continue to be more than adequate given foreign reserve accumulation and help ensure foreign exchange stability.

ITEM 7. FINANCIAL STATEMENTS

The consolidated financial statements of the Bank are filed as part of this Information Statement as Annex C.

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

1) External Audit Fees and Services

The aggregate fees billed for each of the last two fiscal years for professional services rendered by the Group's external auditors are summarized as follows:

Nature of Services Rendered	Aggregate (in thousands)		Fees ¹
	2024	2023	
Total audit fees ²	10,829	9,591	
Non-audit services ³			
Other assurance services	4,695	—	
Tax services	100	—	
All other services	5,785	2,347	
	10,580	2,347	
	21,409	11,938	

¹Excluding out of pocket expenses and value added tax (VAT)

²Agreed fees for the audit of the Bank's parent and consolidated financial statements and the covered Bank's consolidated subsidiaries' financial statements on which the external auditor expresses opinion. These do not include fees for special purpose audit or review of financial statements.

³Charged or billed fees for non-audit services to the Bank and its related entities over which the Bank has direct or indirect control that are consolidated in the financial statements on which the external auditor expresses an opinion.

Audit Committee's Approval Policies and Procedures for the Above Services

- **Selection of external auditors**
The Audit Committee is responsible for the annual evaluation and selection of the external auditors based on established criteria. The committee recommends the selected auditor to the BOD for approval, ensuring compliance with independence and governance standards.
- **Audit planning and fee approval**
Prior to the commencement of each annual audit, the external auditors present the proposed audit plan—including its scope, key focus areas, and timeline—along with the associated audit fee for the Audit Committee's review and approval. The committee ensures the audit plan aligns with regulatory requirements and the organization's financial reporting objectives.
- **Audit results review and endorsement**
Upon completion of the audit, the Audit Committee reviews the audit findings and financial reporting implications. The committee evaluates key audit matters and endorses the audit results for final approval by the BOD, ensuring transparency and integrity in financial disclosures.
- **Oversight of non-audit services**
The Audit Committee reviews and pre-approves the scope and fees of any non-audit services provided by the external auditors before engagement. The committee assesses whether such services comply with regulatory restrictions, maintain auditor independence, and do not impair the integrity of financial reporting.

2) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in and disagreements with SGV, the Bank's external auditor, on accounting and financial disclosure.

ITEM 9. CORPORATE GOVERNANCE

a. The evaluation system established by the company to measure or determine the level of compliance of the BOD and top-level management with its Manual of Corporate Governance

On an annual basis, the Bank submits to the SEC the Integrated Annual Corporate Governance report (IACGR) which is a tool to publicly disclose the Bank's compliance to the SEC Code of Corporate Governance for Publicly-listed Corporations. It contains all relevant information and disclosures with regard to the Bank's corporate governance policies and practices for the previous year using the "comply or explain" approach". The IACGR is a board approved document and is signed by the Chairman of the Board, all Independent Directors, President and Chief Executive Officer (CEO), Corporate Secretary and Compliance Officer. It is submitted to the SEC every May 30th, disclosed in the PSE and thereafter published in the Bank's website.

b. Measures being undertaken by the company to fully comply with the adopted leading practices on good corporate governance

The Bank has a Manual of Corporate Governance approved by the Board. Every so often, amendments are made due to changes in requirements brought about by new regulations, internal policy changes or adoption of new best practices. Board approved revisions are submitted to the SEC, disclosed in the PSE and published in the Bank's website. The last amendment was made in January 30, 2024.

Under the Bank's Manual of Corporate Governance, the Bank is led by a Board which is the highest authority in matters of governance and in managing the business of the Bank. The Board establishes the vision, strategic objectives, key policies, and procedures for the management of the Bank, as well as the mechanism for monitoring and evaluating management's performance. The Board also ensures the presence and adequacy of internal control mechanisms for good governance.

The Board is composed of 15 directors, seven of whom are independent directors. The roles of the Chairman and President and CEO are separate and clearly defined while the independent directors are a strong source of independent advice and judgment. They bring considerable knowledge and experience to the Board's deliberations.

Security Bank Corporation as a bank and publicly-listed corporation conducts an annual evaluation to assess the performance and effectiveness of its BOD as a whole, the individual members of the Board, the Chairman, the CEO, the Corporate Secretary, the Board-level Committees, and Management-level Committees pursuant to the requirements of Section 132 of the Manual of Regulations for Banks and SEC Memorandum Circular No. 19, Series of 2016 as duly embodied in the Bank's Manual on Corporate Governance. This activity is facilitated by the Corporate Governance Committee for the Board as a whole, the Chairman, Corporate Secretary, CEO and Committees while the Nominations and Remuneration Committee is in charge of individual directors and the CEO. Every three years, the assessment is supported by an external facilitator who may be any independent third party such as, but not limited to, a consulting firm, academic institution or professional organization.

The Board meets every last Tuesday of the month in accordance with the Bank's by-laws. A schedule of the Board meetings is presented to the new Board upon their election in April as part of the Organizational Board meeting. In 2024, the Board held a total of 16 meetings.

The attendance record of the Board members is as follows:

Board of Directors	Attendance	Percentage
Frederick Y. Dy	16 of 16 meetings	100%
Cirilo P. Noel	16 of 16 meetings	100%
Diana P. Aguilar	15 of 16 meetings	94%
Daniel S. Dy	16 of 16 meetings	100%
Nobuya Kawasaki	15 of 16 meetings	94%
Maria Cristina A. Tingson	16 of 16 meetings	100%
Juichi Umeno	16 of 16 meetings	100%
Sanjiv Vohra	16 of 16 meetings	100%
Gerard H. Brimo	15 of 16 meetings	94%
Enrico S. Cruz	16 of 16 meetings	100%
Jikyeong Kang	16 of 16 meetings	100%
Jose Perpetuo M. Lotilla	15 of 16 meetings	94%
Esther Wileen S. Go	16 of 16 meetings	100%

Board of Directors	Attendance	Percentage
Napoleon L. Nazareno	14 of 16 meetings	88%
Stephen G. Tan *	11 of 11 meetings	100%
Alfonso L. Salcedo, Jr. **	5 of 5 meetings	100%

*Stephen G. Tan – elected as Director May 7, 2024

**Alfonso L. Salcedo, Jr. – Term ended May 7, 2024

In compliance with the principles of good corporate governance, the Board has constituted the Executive, Corporate Governance, Audit, Related Party Transactions, Nominations and Remuneration, Risk Oversight, Information Security Risk Management, Senior Credit, Trust, and Transformation and Technology Committees to which it has delegated specific responsibilities.

EXECUTIVE COMMITTEE

Function	- Exercise the authority of the Board of Directors as delegated by the Board and as may be allowed by law during intervals between meetings of the BOD. - Provides oversight of the financial management of the Group, including strategic and financial planning, the budget, capital planning and compliance with regulatory limits with respect to capital, liquidity ratios and other measures as may be required by the relevant regulatory agencies. - With the support of the ROC, provides financial strategic direction to achieve the objective regarding investments, derivative activities, balance sheet management, interest rate and foreign risk management. - Provides strategic direction with regard to liquidity position, including issuance of short and long-term debt, generation of short and long-term financial assets. - Approves the sale of ROPOA as recommended by the Asset Disposal Committee - Approves and Endorses the Major Expenditures based on Major Expenditures Policy (MEP). - Reviews Investor Relations activities. - Reviews and monitors the company's debt ratings, dialogue with the credit agencies and bank credit arrangements.
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Composition	Attendance	Percentage
Daniel S. Dy – Chairman *	23	100%
Maria Cristina A. Tingson – Vice Chairperson **	15	100%
Cirilo P. Noel ***	22	96%
Diana P. Aguilar	23	100%
Sanjiv Vohra	22	96%
Enrico S. Cruz (Independent Director – Non-voting)	23	100%
Esther Wileen S. Go (Independent Director – Non-voting)	22	96%

*Appointed as Chairman effective May 7, 2024

** Additional member of the Committee effective May 7, 2024

*** Chairman from January 1 – May 6, 2024

Number of meetings in 2024: 23

Accomplishments	- Reviewed and endorsed to the Board the strategic initiatives, financial performance, and budget plan. - Approved sale of ROPA and NROPA as recommended by the Asset Disposal Committee. - Assessed impact and proposed mitigation to address various market, competitive, legislative developments on the Bank's financials. - Reviewed and updated the Internal Capital Adequacy Assessment Process (ICAAP), Business Model in compliance with the Liquidity Coverage Ratio based on BSP prescribed parameters and Bank's parameters. - Approved and endorsed to the Board the dividend policy for the Bank's common and preferred shareholders. - Reviewed monthly and quarterly performance of the Bank and business segments. - Assessed, approved, and endorsed the major expenditures of the Bank on both the strategic and major initiatives. - Conducted annual review of the Committee Charter and provided oversight to management level committees for effective management of relevant risk (i.e., Asset Disposal Committee, Asset and Liability Committee, and Product Committee)
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CORPORATE GOVERNANCE COMMITTEE

Function	Oversee the compliance function and assists the BOD in fulfilling its corporate governance responsibilities across a broad range of areas including sustainability. It is responsible for ensuring BOD's effectiveness and due observance of corporate governance principles and guidelines.
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Composition	Attendance	%
Jose Perpetuo M. Lotilla – Chairman (ID) *	12	100%
Cirilo P. Noel - Vice Chairman	10	83%
Gerard H. Brimo – Member (ID)	10	83%
Nobuya Kawasaki – Member	6	50%
Napoleon L. Nazareno – Member (ID) **	10	83%

* Appointed as Chairman in May 7, 2024; member from January 1, 2024 – May 6, 2024

**Appointed as Chairman from January 1, 2024 – May 6, 2024; member May 7, 2024 onwards

Number of meetings in 2024: 12

Accomplishments	- Reviewed and endorsed for Board approval the following: - Bank's 2023 IAGCR - Annual performance assessment of the Board, Board level and Management level Committees - Amendments to the Manual of Corporate Governance - Enhancement of the Compliance Assurance Risk Prioritization Criteria - Additional KPIs under eKYC and Delegation of KPI under Periodic KYC and 2023 ASEAN Corporate Governance Scorecard - Amendments to the Sustainability Committee Charter and Sustainability Framework - Updates and Amendments to the Data Privacy Policy, and Personal Investment Policy (PIP) - Reviewed the Integrity Committee (IC) Committee Charter including the function of Committee on Corrective Action (CCA) and Committee on Decorum (COD) - Annual review of the Corporate Governance Committee Charter - Facilitated the completion of Annual Corporate Governance Training (SEC Requirement) and submission of the Certificates before deadline date - Reviewed results of performance evaluation of Compliance Office and Chief Compliance Officer. - Performed oversight of Compliance function, including review of the BSP Report of Examination and assessment of replies and periodic reports of the Compliance Office, monitoring of implementation of the Compliance Plan covering General Regulations and AML, evaluation of results of independent compliance testing, updates on policies and Manuals relating to Corporate Governance, Compliance Program and MLPP. - Reviewed administrative cases on quarterly basis - Oversight of the following management Committees: Sustainability, Integrity, Occupational Safety and Health (OSH), and Anti-Money Laundering and Counter Financing of Terrorism (AMLCFT) Committees.
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AUDIT COMMITTEE

Function	Assist the Board in fulfilling its oversight responsibilities on the integrity of the Bank's financial statements and the effectiveness of internal controls and risk management, and compliance with laws and regulation
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Composition	Attendance	Percentage
Mr. Gerard H. Brimo – Chairman (ID)	6	100%
Mr. Cirilo P. Noel - Vice Chairman	6	100%
Mr. Napoleon L. Nazareno – Member *(ID)	4	100%
Mr. Jose Perpetuo M. Lotilla – Member (ID)	1	50%

*Appointed as member effective May 7, 2024 (vice Director Lotilla)

Number of meetings in 2024: 6

Accomplishments	- Reviewed the effectiveness of internal controls including financial, operational and compliance controls and risk management. - Evaluated the integrity of the Bank's financial statements and the effectiveness of internal controls over financial reporting. - Reviewed and approved the annual internal audit risk assessment and plan to ensure its conformity with the objectives of the Bank, including any changes ensuring appropriate coverage of risk and compliance with regulatory requirements. - Reviewed the performance and remuneration of the Head of internal Audit and the External Auditor and - Monitored outstanding internal and external audit issues including whistleblowing cases. - Approved the appointment/retention of the External Auditor including non-audit services - Reported to the Board on the performance of internal audit function and significant internal audit findings including management agreed actions. - Reviewed the adequacy of the Committee Charter and the Internal Audit Charter. - Reviewed the results of the internal periodic and independent external quality assurance review
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RELATED PARTY TRANSACTIONS COMMITTEE

Function	Ensures that transactions with related parties across the SBC Group are handled in a sound and prudent manner, with integrity and in compliance with applicable laws and regulations to protect the interest of depositors and stakeholders.
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Composition	Attendance	Percentage
Napoleon L. Nazareno – Chairman (ID)*	7	88%
Jose Perpetuo M. Lotilla - Vice Chairman (ID) **	12	100%
Diana P. Aguilar - Member	12	100%
Gerard H. Brimo (ID) ***	4	100%

*Appointed as Chairman effective May 7, 2024 (vice Director Lotilla who was appointed as Vice Chairman)

**Appointed as Vice Chairman effective May 7, 2024 (vice Director Brimo)

*** Vice Chairman from January 1 – May 6, 2024;

Number of meetings in 2024: 12

Accomplishments	- Approved updates to the Related Party Transactions Policy which is applicable to SBC and its subsidiaries and affiliates. - Reviewed and endorsed material RPT transactions for board approval ensuring that transactions were conducted in a manner that protected the Bank from any potential conflict of interest and that the terms and conditions given were on an arm's length basis. - Noted and endorsed non-material RPT transactions for board confirmation. - Approved the amendment to the RPTC Charter.
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NOMINATIONS AND REMUNERATION COMMITTEE

Function	- Reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval. - Assesses the effectiveness of the Board's processes and procedures in the election and replacement of directors. - Establishes a formal and transparent procedure for developing policy on remuneration of directors and officers to ensure that compensation is consistent with the Bank's culture, strategy and the business environment in which the Bank operates.	
Composition	Attendance	%
Jikyeong Kang - Chairperson (ID)	13	100%
Enrico S. Cruz – Vice Chairman (ID)	13	100%
Gerardo H. Brimo (ID)	12	92%
Daniel S. Dy	13	100%
Maria Cristina A. Tingson	13	100%

Number of meetings in 2024: 13

Accomplishments	- Evaluated and recommended new board membership. - Reviewed and approved the following: - annual performance of the individual Directors and the President and CEO. - senior officer new hires - various HR and employee benefits related policies as recommended by the People Empowerment Committee - adequacy of Committee charter - adequacy of the organizational changes and structure - board and committee assignments - concurrent and interlocking officership and directorships assignments - executive compensation disclosures - Reviewed manpower reports. - Oversight on the transformation of HR systems (HeRo) and Employee Value Proposition (EVP). - Oversight of the People Empowerment and SBC Retirement Committees.
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RISK OVERSIGHT COMMITTEE

Function	The ROC is responsible for the development, approval, and oversight of the enterprise risk management framework and program of the Bank and its Subsidiaries, including its implementation by management. The ROC also: - Defines the SBC Group risk appetite. In setting the risk appetite, the Committee takes into account the business environment, regulatory landscape, and the group's long-term interests, overall business objectives, and ability to manage risk. - Approves and oversees adherence to the risk appetite statement (RAS), risk appetite levels and risk tolerance limits. - Oversees the development of, approves, and oversees the implementation of policies and procedures relating to the management of risks throughout the group. - Defines organizational responsibilities of the risk management function following the three (3) lines of defense framework. The business line functions will represent the first line of defense; the risk management and compliance functions, the second line of defense; and the internal audit function, the third line of defense.
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Composition	Attendance	%
Enrico S. Cruz– Chairman (ID)	16	100%
Esther Wileen S. Go– Vice Chairperson (ID)	15	94%
Napoleon L. Nazareno (ID)	10	63%
Jikyeong Kang (ID)	11	69%
Cirilo P. Noel	12	75%
Juichi Umeno	14	88%
Maria Cristina A. Tingson *	10	100%

Composition	Attendance	%
Alfonso L. Salcedo, Jr. **	5	83%

*Appointed as ROC member effective May 7, 2024 (vice Director Salcedo, Jr.)

** Term as Director ended May 7, 2024

Number of meetings in 2024: 16

Accomplishments	- Strengthened risk management by enhancing the existing credit, market, liquidity, environmental and social, and operational risk policies - Reviewed and approved all trading activities and its exceptions, and business risk review relating to business units - Approved various credit, market, liquidity, and operational risk policies to strengthen risk management practices and align with regulatory changes, such as: - Market Risk policies relating to current trading and brokering programs, after-hours trading and business model - Credit Risk policies for wholesale and retail lending, Approving Authorities and Credit Limits, Credit Classifications and documentary requirements for corporate and retail loans - Operational Risk policies relating to Fraud Risk Management Framework, Business Continuity Management Framework, Crisis Management Policy, Reputational Risk Management, Third Party Risk Management Framework, Environmental and Social Risk Management Framework and Information Security Policy; notation of the Outsourcing Committee's third-party service provider evaluation and accreditation. - Model development and recalibration of ECL models across all credit risk taking businesses and model risk management of all risk and business models - Updates on market, liquidity, credit and operational risks of the Bank's Trust Division and subsidiaries - Approved and endorsed for confirmation of the Board the Contingency Funding Plan appropriate for the Bank and Subsidiaries and the ICAAP document and Recovery Plan
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INFORMATION SECURITY RISK MANAGEMENT COMMITTEE

Function	To efficiently manage information security risk, the Information Security Risk Management Committee (ISPMC) is responsible for the oversight and maintenance of the SBC's Information Security Strategic Plan (ISSP) and Information Security Program (ISP). The ISPMC ensures that emerging technology and fraud risks associated with customer accounts are addressed through comprehensive and proactive measures. This includes regular reviews, updates, and the implementation of best practices to safeguard the Bank's information assets. Additionally, the committee oversees the management of Information Technology (IT) risks, ensuring that all technological aspects are secure and resilient against potential threats. The ISPMC shall also: Oversee, review, and approve the development, implementation, and annual update of the ISSP and ISP, including all related security policies. Provide guidance in the development of the Bank's policies, risk appetite and limits relevant to the management of technology, information security and business continuity risks. This ensures that current and emerging risk exposures align with the Bank's strategic direction and overall risk appetite. Receive, review, and provide inputs on reports of significant risk issues identified by management ensuring that these risks are promptly assessed, mitigated, corrected, and monitored. Periodically review the Bank's contingency/ crisis management plans, business continuity and disaster recovery plans with Management to ensure operational resiliency. Ensure that the Information Security Risk Management function has adequate staff and resources and carry out their responsibilities independently, objectively, and effectively. Mandate risk awareness training for all employees, appropriate to their positions, and ensure these skills are maintained as required.
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Composition	Attendance	%
Esther Wileen S. Go – Chairperson (ID)	11	100%
Napoleon L. Nazareno – Vice Chairman (ID)	7	64%

Enrico S. Cruz (ID)	11	100%
Juichi Umeno	9	82%
Maria Cristina A. Tingson*	5	75%
Alfonso L. Salcedo Jr. **	3	71%

*Appointed member of ISRMC effective May 7, 2024 (vice Director Salcedo Jr.)

** Term as Director ended May 7, 2024

Number of meetings in 2024: 11

Accomplishments	- Approval of the ISSP, ISP, and ISRMC Charter to align with the evolving regulatory environment and Bank strategy. - Overseeing Key Risk Indicators (KRIs) intended to measure and aid the management of information security and technology risks. Effective monitoring of identified high and medium-risk items from key business processes, including project and change management activities, to ensure effective risk management and mitigation. - Guiding Management in continuous assessment and adoption of strategies to address evolving threats and vulnerabilities. - Supervised the Bank in maintaining certification compliance with ISO 27001:2022 Information Security Management Systems (ISMS), ensuring adherence to the highest standards of information security. - Guided the implementation of the ISSP and ISP to align with the Bank's business goals and objectives. Areas of key input include the following: - Information Security and Technology Risk Management - Application Security / Patch Management - Identity and Access Management - Asset Inventory Management - ATM Security Management - Information Security Projects and continuous improvement - Business Continuity Risk and Program Management - Directed the alignment with the Zero Trust Framework, minimizing security risks and ensuring robust protection of sensitive data and systems throughout the Bank's technology growth. - Supported the Bank's achievement of certification compliance with ISO 22301:2019 Business Continuity Management Systems (BCMS). - Reviewed IS/IT and fraud incidents impacting the Bank's operations, challenged root cause, and formulated sustainable action plans to address them.
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SENIOR CREDIT COMMITTEE

Function	As the highest credit decision-making body, reviews and approves proposals and facilities related to credit (except for DOSRI and material RPT accounts which are reviewed and endorsed for Board approval), approves remedial and/or recovery strategies of the Bank for identified problem loan accounts, and works closely with the ROC in managing the overall credit risk of the Bank.
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Composition	Attendance	%
Maria Cristina A. Tingson – Chairperson	48	98%
Stephen G. Tan – Vice Chairman* (ID)	26	79%
Sanjiv Vohra	41	84%
Cirilo P. Noel **	35	71%
Juichi Umeno***	31	94%
Enrico S. Cruz – Independent Director (non-voting)	49	100%
Alfonso L. Salcedo, Jr.****	16	100%

*Appointed as Vice Chairman effective May 7, 2024; numerical replacement of Director Salcedo, Jr.

** Vice Chairman from January 1 – May 6, 2024

*** Additional member effective May 7, 2024

**** Term as Director ended May 7, 2024

Number of meetings in 2024 : 49

Accomplishments	Reviewed and approved credit transactions over authority limits of Credit Committee.
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	Reviewed and approved the streamlining of process approvals including the use of Swimlane criteria.
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TRUST COMMITTEE

Functions	The Trust Committee is a special committee that reports directly to the Board and is primarily responsible for overseeing the Trust, IMA and Other Fiduciary businesses of the Bank through its Trust and Asset Management Group (TAMG), including the oversight of investments of funds and assets contributed to and held by these Trust, IMA and Other Fiduciary accounts.
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COMPOSITION	ATTENDANCE	PERCENTAGE
Diana P. Aguilar – Chairperson	5	100%
Jose Perpetuo M. Lotilla - Vice Chairman *	3	80%
Ma. Christina A. Tingson**	4	100%
Sanjiv Vohra	4	80%
Maricar R. Lopez - Trust Officer	4	80%
Napoleon L. Nazareno ***	1	100 %
Alfonso L. Salcedo, Jr. ****	1	100%

*Appointed as Vice Chairman effective May 7, 2025 (vice Director Salcedo, Jr.)

**Appointed as member effective May 07, 2024 (vice Director Nazareno)

*** Member from January 1 – May 6, 2024

**** Term as Director ended May 7, 2024

Number of Meetings in 2024: 5

Accomplishments	Convened five (5) TC meetings in 2024 and discussed the following matters: with end goals that included: - Updating the TC on the performance (AUM and Profitability) of TAMG and allow the TC to recommend processes and ways to improve its profitability and operational efficiencies; - To update the TC on Market Updates, views and outlook of the Investments' Team and give its recommendation on improving return performance; - To review the business model from time to time, considering the product profitability, standard fees and trust products to offer given the market developments (high interest rate; volatility in FI and Equity markets); - To update the TC on Compliance and Risk matters arising out of TAMG investment and fiduciary activities; and - To update the TC with status on external, internal and regulatory audit related matters, Account Governance report on document deficiencies, results of administrative and investments' review of accounts managed and administered by TAMG, update the TC members on queries raised by the Committee including updates on action items committed by TAMG that were raised and discussed during the previous meeting. Approved the following: - Trust Group's 2025 Budget, AUM size, Profitability and Changes in Trust Group's Organizational Structure including manpower count; - Amendments and enhancements of internal policies, including a) amendments to the Best Execution Policy of the Group, b) amendments to the Trust Committee Charter as recommended by the Compliance Group, c) amendments to the Trust Manual to include standard fees per product, guidelines for setting fees for new products, inclusion of BSP Securities to TAMG's Investment Processes, insertion of ESG Policy and Offsite/ Work from Home Policy and removal of the BRITE Branches Policy for UITFs and d) amendments to the UITF Plan Rules; - Additional Electronic Money Issuer Trust Accounts and e) amendments to the benchmarks of SB Feeder and Peso money market Funds; - Related Party transactions that included: - SBC as Counterparty and Debt Issuer, including the Fixed Rate Corporate 5-year Bonds; - FWD IMAs including the fees to be charged; and - MUFG, SBC each as Counterparty and Debt Issuer; SB Finance Company, Inc. and SBM Leasing, each as Debt Issuer; SB Equities, Inc. as Counterparty (Equity Broker);
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	• Inclusion of ISHARES 0-3 Month Treasury Bond ETF, Vanguard Short-Term Treasury ETF (VGSH US) and Vanguard Intermediate-Term Corporate Bond ETF (VCIT US), iShares Gold Trust Micro (IAUM) and SPDR Gold Minishares Trust (GLDM) to TAMG's investment universe; and • Accreditation of new Debt and Equity Issuers and revalidation of existing Debt, Equity Issuers and ETFs. • Minutes of all Trust Committee Meetings held in 2024. 3. Provided guidance to TAMG on the following: • Marketing and sales initiatives, catch-up plans, new products, standard fees per product, new regulations and market scanning to help grow the AUM at faster pace; • Challenges of the Trust and Asset Management business on the back of market trends, competition, market volatilities and how challenges could also be opportunistic for the business; and • Addressing customer and audit concerns and issues; Identified process and policy enhancements from findings on industry and market scan as reported to the Committee
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TRANSFORMATION AND TECHNOLOGY COMMITTEE

Function	The Transformation and Technology Committee (TTC) oversee the development and implementation of strategy, transformation, innovation and information technology initiatives of the Bank and its subsidiaries and affiliates, in support of the Group's vision, mission and strategic objectives. Main duties and responsibilities include: 1. Advise the Bank in all major strategy, transformation, and information technology initiatives in terms of strategy, culture, process, leadership, technology, and structure. 2. Oversee the strategic transformation, and technology initiatives, including Recommending for Board approval the Bank's Strategy and Transformation Roadmap • Recommending for Board approval the Bank's Information technology Architecture and strategic plan. • Reviewing proposed strategic, transformation and information technology initiatives and projects for risk, value, potential returns, and support of the Bank's strategic plans. • Endorse Major Expenditure Proposals (MEP) related to strategic programs and projects to the Executive Committee (ExCom) and Board. • Monitoring the implementation and execution of various strategic, transformation and information technology initiatives and projects across the Bank based on goals, cost and benefits defined in the MEP and the SMART goals (Specific, Measurable, Achievable, Relevant, Time-Bound). Scope of programs governed in TTC will be deemed strategic as per classification/definition approved by TTC. 3. Review and approve IT policies. 4. Ensure that a review of IT procedures and standards is performed at least on an annual basis. 5. Report to the Board on the IT performance, status of Strategic projects and associated risks, and other significant issues. 6. Appoint members of the Senior Management Team, who will be part of the "Enterprise Control Board (ECB)" that will ensure alignment of the IT projects with the Bank's Strategic Plan. TTC shall review and approve the ECB Charter on an annual basis.
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Composition	Attendance	%
Esther Wileen S. Go (ID) – Chairperson	13	100%
Jikyeong Kang (ID) – Vice Chairperson	10	77%
Sanjiv Vohra	12	92%
Daniel S. Dy	12	92%
Eduardo M. Olbes	11	85%
Lucose T. Eralil	11	85%

Number of Meetings in 2024: 13

Accomplishments	• Reviewed the proposed strategic, transformation and information technology initiatives and projects for risk, value, potential returns, and support of the Bank's strategic plans. • Endorsed Major Expenditure Proposals (MEP) related to strategic programs and projects to the Executive Committee (ExCom) and Board. • Monitored the implementation and execution of various strategic, transformation and information technology initiatives and projects across the Bank based on goals, cost, and benefits defined in the MEP and the SMART goals (Specific, Measurable, Achievable, Relevant, Time-Bound). • Reviewed and approved IT policies, procedures, guidelines, and standards. • Reviewed and reported to board the IT performance, status of Strategic projects and associated risks, and other significant issues. • Reviewed and approved the amendments of the ECB and TTC charter.
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c. Any deviation from the company's Manual of Corporate Governance. It shall include a disclosure of the name and position of the person/s involved, and the sanction/s imposed on said individual

The Bank is in full compliance with its Manual of Corporate Governance.

d. Any plan to improve corporate governance of the company

The Group is in full compliance with the provisions of the Board-approved Manual of Corporate Governance which is a compilation of policies on the compliance system, ensuring disclosure and transparency to uphold the rights of the Bank's stakeholders. The Bank's Manual on Corporate Governance is also being reviewed annually or as the need arises for possible revision, to conform with best market practices on corporate governance or comply with new rules and regulations issued by any regulatory body.

Likewise, the Bank complies with the requirements of the SEC, BSP, and Philippine Stock Exchange as embedded in its responses to the IACGR submitted to the SEC on a yearly basis. The Bank also participates in the Annual ASEAN Corporate Governance Scorecard (ACGS) initiative which assesses and ranks publicly-listed corporations based on its corporate governance practices. In September 2024, the Bank received a three golden arrow recognition award as a testament to its performance in the 2023 assessment.

On May 7, 2024, members of the Board as well as advisors and senior officers of the Bank attended the Annual Corporate Governance Training Program, a four-hour session facilitated by Center for Global Best Practices.

The Bank also has a dedicated Corporate Governance head under the Compliance team to help address corporate governance issues.

###

The Bank undertakes to provide without prejudice and without charge to each person who solicits, upon written request, a copy of the Security Bank Corporation's Annual Report on SEC Form 17-A. Requests should be sent to: The Office of the Corporate Secretary, 8th Floor Security Bank Centre, 6776 Ayala Avenue, Makati City.

The Bank likewise undertakes to provide without charge to each person who solicits during the Annual Stockholder's Meeting a copy of SEC Form 17-Q containing Security Bank Corporation's Interim Financial Statements, Management Discussion and Analysis of Financial Condition and Results of Operation.



STATEMENT OF MANAGEMENT RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

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

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

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders for the periods December 31, 2024 and 2023, has audited the consolidated financial statements of the Group and of the Parent Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

A handwritten signature in black ink, appearing to read "Cirilo P. Noel".

CIRILO P. NOEL
Chairman of the Board

A handwritten signature in black ink, appearing to read "Sanjiv Vohra".

SANJIV VOHRA
President & Chief Executive Officer

A handwritten signature in black ink, appearing to read "Eduardo M. Olbes".

EDUARDO M. OLBES
Chief Financial Officer

mmw

Signed this 25th day of February 2025

SECURITY BANK CORPORATION

Security Bank Centre, 6776 Ayala Avenue, Makati City, Philippines 0719

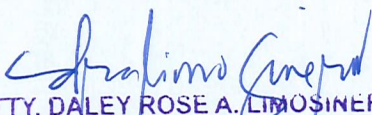
Tel: (+632) 888-78 • MCPO 2026 • www.securitybank.com

SUBSCRIBED AND SWORN to before me this 10 MAR 2025 affiants exhibiting to me their Passport ID as follows:

NAMES	ID NUMBER	DATE OF ISSUE	PLACE OF ISSUE
Cirilo P. Noel	P5718000A	January 22, 2018	Muntinlupa City
Sanjiv Vohra	Z4836868	June 27, 2018	Singapore
Eduardo M. Olbes	P8116670A	July 27, 2018	Manila City

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Page No. 39
Book No. 2
Series of 2025




ATTY. DALEY ROSE A. LIMOSINERO, CPA
NOTARY PUBLIC FOR MAKATI CITY

Appointment No. M-022 until December 31, 2026
Roll of Attorney No. 71800

PTR No. 10466863; 1/2/2025; Makati City
IBP No. 483726; 12/16/2024; MF2025; Laguna Chapter
MCLE Compliance No. VIII-0007533 until April 14, 2028
20/F Security Bank Centre, 6776 Ayala Ave., Makati City

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

S	E	C	U	R	I	T	Y		B	A	N	K		C	O	R	P	O	R	A	T	I	O	N		A	N	D	
S	U	B	S	I	D	I	A	R	I	E	S																		

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

S	e	c	u	r	i	t	y		B	a	n	k		C	e	n	t	r	e	,									
6	7	7	6		A	y	a	l	a		A	v	e	n	u	e	,												
M	a	k	a	t	i		C	i	t	y	,		N	C	R														

Form Type

A	A	F	S
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Department requiring the report

C	F	D	
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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

corsec@securitybank.com.ph
investorrelationoffice@securitybank.com.ph

Company's Telephone Number

8867-6788

Mobile Number

-

No. of Stockholders

2,140

Annual Meeting (Month / Day)

5/07

Fiscal Year (Month / Day)

12/31

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

Name of Contact Person

Charles Malvin T. Ching

Email Address

CTChing@securitybank.com.ph

Telephone Number/s

8888-7667

Mobile Number

0917-6518688

CONTACT PERSON'S ADDRESS

Security Bank Centre, 6776 Ayala Avenue, Makati City

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

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



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Security Bank Corporation
Security Bank Centre
6776 Ayala Avenue
Makati City

Report on the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of Security Bank Corporation and its subsidiaries (the Group) and the parent company financial statements of Security Bank Corporation (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 consolidated and parent company financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and parent company 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 Code of Ethics for Professional Accountants in the Philippines (the Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated and parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the 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 consolidated and parent company 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 consolidated and parent company financial statements.

Applicable to the Audit of the Consolidated and Parent Company Financial Statements

Allowance for Credit Losses on Loans and Receivables

The Group's and the Parent Company's application of the expected credit loss (ECL) model in calculating the allowance for credit losses on loans and receivables is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the 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 both for secured and unsecured accounts and incorporating forward-looking information in calculating ECL.

Allowance for credit losses on loans and receivables as of December 31, 2024 amounted to ₱16.3 billion for the Group and the Parent Company, respectively. Provision for credit losses on loans and receivables of the Group and the Parent Company in 2024 amounted to ₱6.5 billion.

The disclosures related to the allowance for credit losses on loans and receivables are included in Note 14 to 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, management's strategies in disposing collaterals, 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) checked the reasonableness of forward-looking information used for overlay through statistical test and corroboration using 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 EIR 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 recalculated impairment provisions on a sample basis. We reviewed the disclosures made in the financial statements.

We involved our internal specialists in the performance of the above procedures.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2024, but does not include the consolidated and parent company financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this 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 audits 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 consolidated and parent company 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 consolidated and parent company financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and parent company 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 Parent 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 consolidated and parent company 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 consolidated and parent company 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 consolidated and parent company 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 consolidated and parent company 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 consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group 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, related safeguards.

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

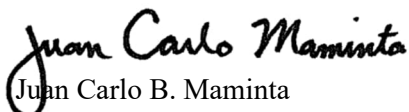


Reports on the Supplementary Information Required Under Section 174 of the Manual of Regulations for Banks (MORB) and Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Section 174 of the MORB in Note 41 and Revenue Regulations 15-2010 in Note 40 to the financial statements is presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of Security Bank Corporation. 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
Juan Carlo B. Maminta.

SYCIP GORRES VELAYO & CO.



Juan Carlo B. Maminta
Partner

CPA Certificate No. 115260

Tax Identification No. 210-320-399

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

BIR Accreditation No. 08-001998-132-2023, September 12, 2023, valid until September 11, 2026

PTR No. 10465333, January 2, 2025, Makati City

February 25, 2025



SECURITY BANK CORPORATION AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

	Consolidated		Parent Company	
	December 31			
	2024	2023	2024	2023
	(Amounts in Thousands)			
ASSETS				
Cash and Other Cash Items	₱13,165,055	₱13,947,069	₱13,164,915	₱13,946,944
Due from Bangko Sentral ng Pilipinas (Note 19)	35,104,831	45,821,155	35,104,831	45,821,155
Due from Other Banks (Notes 7 and 32)	15,370,541	12,022,007	15,285,745	11,962,662
Interbank Loans Receivable and Securities Purchased Under Resale				
Agreements with the Bangko Sentral ng Pilipinas (Note 37)	9,393,615	4,080,999	9,393,615	4,080,999
Financial Assets at Fair Value through Profit or Loss (Note 10)	16,821,406	10,886,351	16,821,382	10,886,326
Derivatives Designated as Hedges (Note 11)	634,928	—	634,928	—
Financial Assets at Fair Value through Other Comprehensive Income (Note 12)	181,836,689	139,861,049	181,790,398	139,816,639
Investment Securities at Amortized Cost (Note 13)	138,733,375	76,156,084	138,733,375	76,156,084
Loans and Receivables (Notes 14 and 32)	677,813,274	538,329,399	678,919,832	539,564,128
Investments in Subsidiaries and Joint Ventures (Note 15)	2,626,573	2,625,071	5,277,697	5,033,614
Property, Equipment, and Right-of-Use Assets (Note 16)	8,034,827	6,429,496	5,093,758	4,318,022
Investment Properties (Note 17)	6,282,770	4,790,602	6,282,770	4,789,827
Deferred Tax Assets (Note 28)	6,259,066	5,703,100	6,197,321	5,664,128
Goodwill (Note 4)	841,602	841,602	841,602	841,602
Intangible Assets (Note 18)	6,590,675	4,969,055	6,580,198	4,960,263
Other Assets (Note 18)	9,631,529	5,046,416	9,365,466	4,814,507
TOTAL ASSETS	₱1,129,140,756	₱871,509,455	₱1,129,487,833	₱872,656,900
LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 19 and 32)				
Demand	₱279,240,344	₱245,268,222	₱280,592,335	₱246,851,638
Savings	140,868,600	118,280,754	140,983,093	118,400,566
Time	370,536,430	232,566,397	370,947,669	233,114,194
Long-term Negotiable Certificates of Deposit	10,433,785	10,416,014	10,433,785	10,416,014
	801,079,159	606,531,387	802,956,882	608,782,412
Financial Liabilities at Fair Value through Profit or Loss (Note 20)	1,716,047	2,968,706	1,716,047	2,968,706
Derivatives Designated as Hedges (Note 11)	3,841,204	—	3,841,204	—
Bills Payable and Securities Sold Under Repurchase Agreements (Note 21)	91,179,648	51,339,105	91,027,982	51,273,271
Acceptances Payable	1,669,868	2,782,734	1,669,868	2,782,734
Margin Deposits and Cash Letters of Credit	169,923	57,568	169,923	57,568
Manager's and Certified Checks Outstanding	5,339,433	5,208,887	5,339,433	5,208,887
Income Tax Payable (Note 28)	456,396	802,086	411,366	775,827
Notes and Bonds Payable (Note 22)	61,195,057	48,963,521	61,195,057	48,963,521
Accrued Interest, Taxes and Other Expenses (Note 23)	5,931,126	4,844,732	5,689,994	4,723,141
Other Liabilities (Note 24)	15,425,343	11,880,389	14,330,408	10,988,376
TOTAL LIABILITIES	988,003,204	735,379,115	988,348,164	736,524,443
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Capital stock (Note 26)	7,635,389	7,635,389	7,635,389	7,635,389
Additional paid-in capital (Note 26)	38,524,323	38,524,323	38,551,028	38,551,028
Surplus (Note 26)	104,155,854	95,555,339	104,139,419	95,538,904
Net unrealized loss on financial assets at fair value through other comprehensive income (Note 12)	(7,474,013)	(5,534,401)	(7,482,166)	(5,542,554)
Net unrealized gain on subsidiaries' financial assets at fair value through other comprehensive income (Notes 12 and 15)	22,787	20,632	22,787	20,632
Cumulative foreign currency translation	(129,650)	(70,942)	(129,650)	(70,942)
Cost of hedging reserve (Note 11)	(1,597,138)	—	(1,597,138)	—
TOTAL EQUITY	141,137,552	136,130,340	141,139,669	136,132,457
TOTAL LIABILITIES AND EQUITY	₱1,129,140,756	₱871,509,455	₱1,129,487,833	₱872,656,900

See accompanying Notes to Financial Statements.



SECURITY BANK CORPORATION AND SUBSIDIARIES

STATEMENTS OF INCOME

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	2024	2023	2022
	(Amounts in Thousands, Except Earnings per Share)					
INTEREST INCOME ON						
Loans and receivables (Notes 14 and 32)	₱48,387,423	₱38,140,064	₱29,686,399	₱48,526,400	₱38,233,106	₱29,730,457
Financial assets at fair value through other comprehensive income and investment securities at amortized cost (Note 8)	12,473,753	8,555,245	5,848,229	12,473,753	8,555,245	5,848,229
Financial assets at fair value through profit or loss (Note 8)	959,157	1,303,820	759,588	959,157	1,303,820	759,588
Interbank loans receivable and securities purchased under resale agreements with the Bangko Sentral ng Pilipinas	776,875	993,763	373,989	776,875	993,763	373,989
Deposits with banks and others (Note 7)	208,824	102,195	86,766	205,935	99,181	84,221
	62,806,032	49,095,087	36,754,971	62,942,120	49,185,115	36,796,484
INTEREST EXPENSE ON						
Deposit liabilities (Notes 19 and 32)	6,892,747	8,195,106	5,043,112	6,967,253	8,260,343	5,062,401
Subordinated note, bills payable, securities sold under repurchase agreements, notes payable, and other borrowings (Note 21)	6,473,708	5,473,221	1,987,727	6,462,660	5,462,681	1,980,841
Derivatives designated as hedges (Note 11)	5,576,107	—	—	5,576,107	—	—
Lease liabilities (Note 16)	99,955	80,990	71,508	99,955	80,990	71,831
Derivative instruments (Note 20)	41,069	612,119	406,421	41,069	612,119	406,421
	19,083,586	14,361,436	7,508,768	19,147,044	14,416,133	7,521,494
NET INTEREST INCOME						
Service charges, fees and commissions (Note 30)	8,920,676	6,067,992	5,284,975	8,415,138	5,510,062	4,718,963
Profit from assets sold/exchanged (Notes 16, 17 and 18)	935,182	1,211,848	1,496,888	935,182	1,211,843	1,496,510
Rent (Notes 17, 32 and 33)	931,694	708,404	631,118	49,896	39,520	74,703
Trading and securities gain (loss) - net (Note 9)	283,192	288,555	(25,871)	283,297	288,234	(25,933)
Share in net income of subsidiaries and joint ventures (Note 15)	1,870	179,565	147,364	258,462	480,472	266,214
Foreign exchange gain (loss) - net (Note 6)	(1,757,330)	(2,092,750)	966,654	(1,757,959)	(2,092,766)	965,578
Gain on disposal/redemption of investment securities at amortized cost (Note 13)	—	—	4,004	—	—	4,004
Miscellaneous (Note 31)	1,896,891	1,861,458	1,883,870	1,825,870	1,795,526	1,806,088
TOTAL OPERATING INCOME	54,934,621	42,958,723	39,635,205	53,804,962	42,001,873	38,581,117
OPERATING EXPENSES						
Compensation and fringe benefits (Notes 29 and 32)	10,838,573	8,912,812	7,538,940	10,722,974	8,803,147	7,440,488
Provision for credit losses (Note 14)	6,653,742	4,666,194	2,634,324	6,641,481	4,663,189	2,635,597
Taxes and licenses	3,766,397	3,195,408	3,059,983	3,722,953	3,154,014	3,024,346
Depreciation and amortization (Note 16)	2,746,570	2,150,173	2,114,519	2,121,113	1,694,720	1,588,759
Amortization of software costs (Note 18)	904,892	675,041	551,180	904,450	674,567	550,599
Occupancy costs (Notes 17, 31 and 32)	469,110	388,520	370,126	463,260	383,003	364,600
Provision for (recovery of) impairment losses (Note 17)	(43,839)	134,680	207,060	(43,839)	134,680	207,060
Miscellaneous (Note 31)	14,358,885	10,776,982	9,273,934	14,104,085	10,499,405	8,952,550
TOTAL OPERATING EXPENSES	39,694,330	30,899,810	25,750,066	38,636,477	30,006,725	24,763,999
INCOME BEFORE INCOME TAX	15,240,291	12,058,913	13,885,139	15,168,485	11,995,148	13,817,118
PROVISION FOR INCOME TAX (Note 28)	4,001,863	2,953,475	3,329,540	3,930,057	2,889,710	3,256,110
NET INCOME	₱11,238,428	₱9,105,438	₱10,555,599	₱11,238,428	₱9,105,438	₱10,561,008
ATTRIBUTABLE TO:						
Equity holders of the Parent Company (Notes 26 and 36)	₱11,238,428	₱9,105,438	₱10,555,599			
NET INCOME	₱11,238,428	₱9,105,438	₱10,555,599			
Basic/Diluted Earnings Per Share (Note 36)	₱14.91	₱12.08	₱14.00			

See accompanying Notes to Financial Statements.



SECURITY BANK CORPORATION AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	2024	2023	2022
	(Amounts in Thousands)					
NET INCOME FOR THE YEAR	₱11,238,428	₱9,105,438	₱10,555,599	₱11,238,428	₱9,105,438	₱10,561,008
OTHER COMPREHENSIVE INCOME (LOSS)						
Other Comprehensive Income (Loss) to be Reclassified to Profit or Loss in Subsequent Periods:						
Change in net unrealized gain (loss) on debt instruments at fair value through other comprehensive income, net of tax	(2,029,374)	3,613,590	(7,246,936)	(2,029,374)	3,613,590	(7,246,936)
Cumulative translation adjustments	(58,708)	23,072	(186,410)	(58,708)	23,072	(186,410)
Changes in cost of hedging reserve, net of tax						
Fair value loss for the year	(5,779,218)	—	—	(5,779,218)	—	—
Loss taken to profit or loss (Note 11)	4,182,080	—	—	4,182,080	—	—
Changes in cash flow hedge reserve, net of tax						
Fair value gain for the year	1,325,380	—	—	1,325,380	—	—
Amount recycled to profit or loss (Note 11)	(1,325,380)	—	—	(1,325,380)	—	—
	(3,685,220)	3,636,662	(7,433,346)	(3,685,220)	3,636,662	(7,433,346)
Other Comprehensive Income (Loss) not to be Reclassified to Profit or Loss in Subsequent Periods:						
Revaluation gain on equity instruments at fair value through other comprehensive income (Note 12)	89,762	90,862	51,295	89,762	90,863	51,296
Remeasurement loss on defined benefit plans (Notes 15, 26 and 29)	(369,450)	(289,628)	(140,018)	(369,450)	(289,628)	(140,018)
Share in changes in other comprehensive income (loss) of subsidiaries (Note 15)						
Remeasurement loss on defined benefit plans	(3,219)	(5,174)	(1,492)	(3,219)	(5,174)	(1,492)
Revaluation gain on equity instruments at fair value through other comprehensive income	2,155	4,013	8,466	2,155	4,012	8,465
Share in changes in other comprehensive income (loss) of joint ventures (Note 15)						
Remeasurement gain (loss) on defined benefit plans	(368)	4,962	2,933	(368)	4,962	2,933
	(281,120)	(194,965)	(78,816)	(281,120)	(194,965)	(78,816)
OTHER COMPREHENSIVE GAIN (LOSS) FOR THE YEAR	(3,966,340)	3,441,697	(7,512,162)	(3,966,340)	3,441,697	(7,512,162)
TOTAL COMPREHENSIVE INCOME	₱7,272,088	₱12,547,135	₱3,043,437	₱7,272,088	₱12,547,135	₱3,048,846
ATTRIBUTABLE TO:						
Equity holders of the Parent Company	₱7,272,088	₱12,547,135	₱3,043,437			
	₱7,272,088	₱12,547,135	₱3,043,437			

See accompanying Notes to Financial Statements.



SECURITY BANK CORPORATION AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY

Consolidated								
Years Ended December 31, 2024, 2023 and 2022								
Equity Attributable to Equity Holders of the Parent Company								
	Capital Stock (Note 26)	Additional Paid-in Capital (Note 26)	Surplus (Note 26)	Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income (Note 12)	Net Unrealized Gain on Subsidiaries' Financial Assets at Fair Value through Other Comprehensive Income (Note 12)	Cumulative Foreign Currency Translation	Cost of hedging reserve (Note 11)	Total Equity
Balance at January 1, 2024	₱7,635,389	₱38,524,323	₱95,555,339	(₱5,534,401)	₱20,632	(₱70,942)	₱–	₱136,130,340
Total comprehensive income for the year	–	–	10,865,391	(1,939,612)	2,155	(58,708)	(1,597,138)	7,272,088
Declaration of cash dividends (Note 26)	–	–	(2,264,876)	–	–	–	–	(2,264,876)
Balance at December 31, 2024	₱7,635,389	₱38,524,323	₱104,155,854	(₱7,474,013)	₱22,787	(₱129,650)	(₱1,597,138)	₱141,137,552
Balance at January 1, 2023	₱7,635,389	₱38,524,323	₱89,004,617	(₱9,238,853)	₱16,619	(₱94,014)	₱–	₱125,848,081
Total comprehensive income for the year	–	–	8,815,598	3,704,452	4,013	23,072	–	12,547,135
Declaration of cash dividends (Note 26)	–	–	(2,264,876)	–	–	–	–	(2,264,876)
Balance at December 31, 2023	₱7,635,389	₱38,524,323	₱95,555,339	(₱5,534,401)	₱20,632	(₱70,942)	₱–	₱136,130,340
Balance at January 1, 2022	₱7,635,389	₱38,524,323	₱80,852,471	(₱2,043,212)	₱8,153	₱92,396	₱–	₱125,069,520
Total comprehensive income for the year	–	–	10,417,022	(7,195,641)	8,466	(186,410)	–	3,043,437
Declaration of cash dividends (Note 26)	–	–	(2,264,876)	–	–	–	–	(2,264,876)
Balance at December 31, 2022	₱7,635,389	₱38,524,323	₱89,004,617	(₱9,238,853)	₱16,619	(₱94,014)	₱–	₱125,848,081



Parent Company

Years Ended December 31, 2024, 2023 and 2022

	Capital Stock (Note 26)	Additional Paid-in Capital (Note 26)	Surplus (Note 26)	Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income (Note 12)	Net Unrealized Gain on Subsidiaries' Financial Assets at Fair Value through Other Comprehensive Income (Note 12)	Cumulative Foreign Currency Translation	Cost of hedging reserve (Note 11)	Total Equity
Balance at January 1, 2024	₱7,635,389	₱38,551,028	₱95,538,904	(₱5,542,554)	₱20,632	(₱70,942)	₱—	₱136,132,457
Total comprehensive income for the year	—	—	10,865,391	(1,939,612)	2,155	(58,708)	(1,597,138)	7,272,088
Declaration of cash dividends	—	—	(2,264,876)	—	—	—	—	(2,264,876)
Balance at December 31, 2024	₱7,635,389	₱38,551,028	₱104,139,419	(₱7,482,166)	₱22,787	(₱129,650)	(₱1,597,138)	₱141,139,669
Balance at January 1, 2023	₱7,635,389	₱38,551,028	₱88,988,182	(₱9,247,006)	₱16,619	(₱94,014)	₱—	₱125,850,198
Total comprehensive income for the year	—	—	8,815,598	3,704,452	4,013	23,072	—	12,547,135
Declaration of cash dividends	—	—	(2,264,876)	—	—	—	—	(2,264,876)
Balance at December 31, 2023	₱7,635,389	₱38,551,028	₱95,538,904	(₱5,542,554)	₱20,632	(₱70,942)	₱—	₱136,132,457
Balance at January 1, 2022	₱7,635,389	₱38,551,028	₱80,830,627	(₱2,051,365)	₱8,153	₱92,396	₱—	₱125,066,228
Total comprehensive income for the year	—	—	10,422,431	(7,195,641)	8,466	(186,410)	—	3,048,846
Declaration of cash dividends	—	—	(2,264,876)	—	—	—	—	(2,264,876)
Balance at December 31, 2022	₱7,635,389	₱38,551,028	₱88,988,182	(₱9,247,006)	₱16,619	(₱94,014)	₱—	₱125,850,198

See accompanying Notes to Financial Statements.



SECURITY BANK CORPORATION AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	2024	2023	2022
	(Amounts in Thousands)					
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	₱15,240,291	₱12,058,913	₱13,885,139	₱15,168,485	₱11,995,148	₱13,817,118
Adjustments for:						
Provision for credit losses (Note 14)	6,653,742	4,666,194	2,634,324	6,641,481	4,663,189	2,635,597
Depreciation and amortization (Note 16)	2,746,570	2,150,173	2,114,519	2,121,113	1,694,720	1,588,759
Amortization of software costs (Note 18)	904,892	675,041	551,180	904,450	674,567	550,599
Amortization of premium on financial assets at fair value through other comprehensive income and investment securities at amortized cost (Notes 12 and 13)	588,060	557,747	639,083	588,060	557,747	639,083
Amortization of discount on LTNCD, notes and bonds payable, and lease liabilities (Notes 19 and 22)	296,970	362,423	292,030	296,970	362,423	292,030
Gain on disposal/redemption of investment securities at amortized cost (Note 13)	—	—	(4,004)	—	—	(4,004)
Share in net loss of subsidiaries and joint ventures (Note 15)	(1,870)	(179,565)	(147,364)	(258,462)	(480,472)	(266,214)
Provision for (recovery of) impairment losses (Notes 16,17 and 18)	(43,839)	134,680	207,060	(43,839)	134,680	207,060
Loss (gain) on disposal of financial assets at FVTOCI (Note 9)	(609,266)	132,350	—	(609,266)	132,350	—
Profit from assets sold/exchanged (Notes 16, 17 and 18)	(935,182)	(1,211,848)	(1,496,888)	(935,182)	(1,211,843)	(1,496,510)
Changes in operating assets and liabilities:						
Decrease (increase) in the amounts of:						
Loans and receivables (Note 14)	(148,025,402)	(41,542,654)	(58,508,199)	(147,885,054)	(43,106,425)	(58,215,856)
Financial assets at FVTPL (Note 10)	(5,935,056)	(3,319,779)	(644,116)	(5,935,056)	(3,319,779)	(644,115)
Interbank loans receivable and SPURA	(507,985)	1,998,013	(3,997,851)	(507,985)	1,998,013	(3,997,851)
Due from other banks	89	(279)	159	172	(241)	212
Other assets	(4,524,154)	(635,519)	(3,379,268)	(4,417,270)	(610,482)	(2,472,284)
Increase (decrease) in the amounts of:						
Deposit liabilities (Note 19)	194,530,001	15,045,591	82,209,064	194,156,699	15,254,485	82,367,590
Accrued interest, taxes and other expenses (Note 23)	713,724	691,206	1,257,015	597,402	609,590	1,281,626
Manager's and certified checks outstanding	130,547	1,105,816	(118,301)	130,547	1,105,816	(118,301)
Margin deposits and cash letters of credit	112,355	(6,378)	23,764	112,355	(6,378)	23,764
Acceptances payable	(1,112,865)	1,697,470	83,759	(1,112,865)	1,697,470	83,759
Financial liabilities at FVTPL (Note 20)	(1,252,659)	1,215,888	467,432	(1,252,659)	1,215,888	467,432
Other liabilities (Note 24)	3,258,454	1,313,582	1,598,390	2,987,525	2,136,881	272,893
Net cash generated from (used in) operations	62,227,417	(3,090,935)	37,666,927	60,747,621	(4,502,653)	37,012,387
Income taxes paid	(4,417,122)	(3,474,324)	(2,438,731)	(4,343,487)	(3,414,471)	(2,357,771)
Net cash provided by (used in) operating activities	57,810,295	(6,565,259)	35,228,196	56,404,134	(7,917,124)	34,654,616

(Forward)



	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	2024	2023	2022
	(Amounts in Thousands)					
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisitions of:						
Financial assets at FVTOCI (Note 12)	(P106,942,674)	(P57,299,480)	(P42,625,610)	(P106,942,674)	(P57,299,480)	(P42,625,610)
Investment securities at amortized cost (Note 13)	(80,795,402)	(12,600,658)	(46,566,445)	(80,795,402)	(12,600,658)	(46,566,445)
Property and equipment (Note 16)	(3,131,894)	(2,471,040)	(1,285,087)	(1,554,541)	(1,132,039)	(556,392)
Software costs (Note 18)	(2,587,280)	(1,926,760)	(1,098,153)	(2,585,141)	(1,926,659)	(1,098,126)
Investment in joint ventures (Note 15)	—	—	(750,000)	—	—	(750,000)
Proceeds from:						
Disposals or maturities of financial assets at FVTOCI (Notes 9 and 12)	63,966,403	32,869,002	3,909,601	63,966,403	32,869,002	3,909,601
Disposals, redemptions or maturities of investment securities at amortized cost	19,357,629	4,552,693	2,057,500	19,357,629	4,552,693	2,057,500
Disposals of investment properties and chattel mortgages	1,065,169	961,502	1,318,057	1,064,394	961,502	1,318,058
Disposals of property and equipment	148,261	343,414	133,226	21,187	299,260	66,599
Disposals of software cost	50,633	—	—	50,621	—	—
Dividends received from subsidiaries (Note 15)	—	—	—	13,000	—	—
Net cash used in investing activities	(108,869,155)	(35,571,327)	(84,906,911)	(107,404,524)	(34,276,379)	(84,244,815)
CASH FLOWS FROM FINANCING ACTIVITIES						
Settlements of:						
Bills payable and securities sold under repurchase agreements (Note 37)	(660,613,634)	(724,538,355)	(457,098,389)	(660,609,468)	(724,485,855)	(457,098,389)
Notes and bonds payable (Note 37)	(30,600,000)	(17,056,500)	(13,500,000)	(30,600,000)	(17,056,500)	(13,500,000)
LTNCD (Note 37)	—	(14,381,000)	—	—	(14,381,000)	—
Proceeds from:						
Bills payable and securities sold under repurchase agreements (Note 37)	698,376,629	736,658,375	494,565,466	698,286,629	736,658,375	494,543,799
Issuance of notes and bonds payable (Notes 22 and 37)	41,968,599	18,352,354	30,359,962	41,968,599	18,352,354	30,359,962
Payments of lease liabilities (Note 16)	(882,988)	(748,610)	(586,357)	(882,988)	(744,244)	(586,357)
Cash dividends paid (Note 26)	(2,264,096)	(2,273,063)	(2,266,963)	(2,264,096)	(2,273,063)	(2,265,882)
Net cash provided by (used in) financing activities	45,984,510	(3,986,799)	51,473,719	45,898,676	(3,929,933)	51,453,133
Effect of exchange rate differences	1,737,162	186,996	(3,013,042)	1,739,060	191,616	(3,018,938)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,337,188)	(45,936,389)	(1,218,038)	(3,362,654)	(45,931,820)	(1,156,004)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	13,947,069	13,180,172	11,083,299	13,946,944	13,180,047	11,083,174
Due from Bangko Sentral ng Pilipinas	45,821,155	63,011,416	67,391,502	45,821,155	63,011,416	67,391,502
Due from other banks	12,022,007	20,097,291	13,126,213	11,962,662	20,033,377	13,000,265
Interbank loans receivable and securities purchased under resale agreements with the Bangko Sentral ng Pilipinas	2,080,999	23,518,740	29,424,643	2,080,999	23,518,740	29,424,643
	P73,871,230	P119,807,619	P121,025,657	P73,811,760	P119,743,580	P120,899,584

(Forward)



	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	2024	2023	2022
	(Amounts in Thousands)					
CASH AND CASH EQUIVALENTS						
AT END OF YEAR						
Cash and other cash items	₱13,165,055	₱13,947,069	₱13,180,172	₱13,164,915	₱13,946,944	₱13,180,047
Due from Bangko Sentral ng Pilipinas	35,104,831	45,821,155	63,011,416	35,104,831	45,821,155	63,011,416
Due from other banks	15,370,541	12,022,007	20,097,291	15,285,745	11,962,662	20,033,377
Interbank loans receivable and securities purchased under resale agreements with the Bangko Sentral ng Pilipinas	6,893,615	2,080,999	23,518,740	6,893,615	2,080,999	23,518,740
	₱70,534,042	₱73,871,230	₱119,807,619	₱70,449,106	₱73,811,760	₱119,743,580
OPERATIONAL CASH FLOWS FROM						
INTEREST AND DIVIDENDS						
Interest received	₱60,386,181	₱48,562,000	₱36,867,320	₱60,522,591	₱48,648,260	₱36,397,593
Interest paid	18,391,927	14,026,707	6,261,589	18,457,927	14,085,829	6,271,507
Dividends received	3,165	3,395	1,612	1,382	1,612	1,612

See accompanying Notes to Financial Statements.



SECURITY BANK CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Security Bank Corporation (the Parent Company) is a domestic corporation registered with the Securities and Exchange Commission (SEC) in 1951 and was listed in the Philippine Stock Exchange (PSE) in 1995. The Parent Company's head office is located at Security Bank Centre, 6776 Ayala Avenue, Makati City.

The Parent Company was incorporated on May 8, 1951 and started its operations as a commercial bank on June 18, 1951. On May 30, 2000, the Board of Directors (BOD) of the Parent Company approved its Amended Articles of Incorporation to extend the corporate term of the Parent Company, which expired on May 8, 2001, for another 50 years. On February 19, 2001, the SEC approved such amendment.

With the effectivity of Section 11 of Republic Act (RA) No. 1132, otherwise known as "Revised Corporation Code of the Philippines" on February 23, 2019, corporations existing before its enactment are deemed to have perpetual term. Accordingly, the Parent Company's corporate term is considered perpetual.

In 1994, the Parent Company was approved by the Bangko Sentral ng Pilipinas (BSP) to operate as a universal bank, allowing it to expand its financial services and revenue sources.

The Parent Company provides expanded commercial banking services such as deposit products, loans and trade finance, domestic and foreign fund transfers, treasury, foreign exchange and trust services. In addition, the Parent Company is licensed to engage in financial derivatives to service the requirements of its customers and as a means of reducing and managing the Parent Company's foreign exchange and interest rate exposures.

The Parent Company and its subsidiaries and joint ventures (collectively referred to as the "Group"), which are all incorporated in the Philippines, are engaged in the following businesses:

Subsidiaries and Joint Ventures	Principal place of business	Line of Business	Effective Percentage of Ownership	
			December 31, 2024	December 31, 2023
Security Bank Capital Investment Corporation (formerly SB Capital Investment Corporation) ¹	18th floor, Security Bank Centre, 6776 Ayala Avenue, Makati City	Investment house	100.00	100.00
SB Equities, Inc. (SBEI)	18th floor, Security Bank Centre, 6776 Ayala Avenue, Makati City	Stock brokerage	100.00	100.00
SB International Services, Inc. (SISI) ²	17th floor, Security Bank Centre, 6776 Ayala Avenue, Makati City	Marketing services	—	100.00
SB Rental Corporation (SBRC)	5th floor, Security Bank Centre, 6776 Ayala Avenue, Makati City	Rental/Leasing	100.00	100.00
SB Cards Corporation (SBCC) ³	Diners Club Center, 114 Valero St. Salcedo Village, Makati City	Credit card operations	100.00	100.00
Security Finance and Leasing Inc. (formerly Landlink Property Investments (SPV-AMC), Inc. (LPII)) ⁴	Security Bank Centre, 6776 Ayala Avenue, Makati City	Financing	100.00	100.00
SB Forex, Incorporated ⁵	Security Bank Centre, 6776 Ayala Avenue, Makati City	Foreign exchange services	100.00	100.00
SBM Leasing, Inc. (SBML) ⁶	5th floor, Security Bank Centre, 6776 Ayala Avenue, Makati City	Financing	60.00	60.00
SB Finance, Inc. (SBF) (formerly SB Finance Company, Inc.) ⁶	Keyland Amaiz Building, 849 Antonio Arnaiz Avenue, Legaspi Village, Makati City 1229	Financing	49.96	49.96

¹ With SEC approval on November 12, 2024 to change corporate name

² Corporate term ended on December 31, 2021, with clearance from Bureau of Internal Revenue (BIR) dated June 18, 2024; liquidated effective October 4, 2024

³ Corporate term ended on December 31, 2024, for processing of tax clearance

⁴ With BOD approval in 2024 to shorten corporate life on December 31, 2025, awaiting approval from SEC

⁵ Corporate term ended February 28, 2022, awaiting clearance from BIR

⁶ Joint Ventures

The Parent Company is the ultimate parent company of the Group.



2. Summary of Material Accounting Policy Information

Basis of Preparation

The accompanying consolidated financial statements include the financial statements of the Parent Company and its subsidiaries.

The accompanying financial statements have been prepared on a historical cost basis except for financial assets and financial liabilities at Fair Value through Profit or Loss (FVTPL), financial assets at Fair Value through Other Comprehensive Income (FVTOCI) and derivative assets and liabilities designated as hedges that have been measured at fair value. The carrying values of recognized loans and receivables and investment securities at amortized cost that are hedged items in fair value hedges, and otherwise carried at amortized cost, are adjusted to record changes in fair value attributable to the risks that are being hedged. The financial statements are presented in Philippine Peso and all values are rounded to the nearest thousand peso (₱000) except when otherwise indicated.

The financial statements of the Parent Company include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of the RBU and the FCDU is the Philippine Peso and United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated into their equivalents in Philippine Peso, which is the Parent Company's presentation currency. The financial statements individually prepared for these units are combined after eliminating inter-unit accounts.

The consolidated financial statements provide comparative information in respect of the previous period.

Each entity in the Group determines its own functional currency and the items included in the financial statements of each entity are measured using that functional currency. The functional currency of each of the Parent Company's subsidiaries is the Philippine Peso.

Statement of Compliance

The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Consolidation

The consolidated financial statements of the Group are prepared for the same reporting period as the subsidiaries, using consistent accounting policies.

Control is achieved 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. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it 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 a 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, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statements of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of 'Other comprehensive income (OCI)' are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies used in line with those used by the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;
- derecognizes the cumulative translation differences recorded in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss; 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.

Changes in Accounting Policies

Except for these new and amended standards which were adopted as of January 1, 2024, the accounting policies adopted are consistent with those of previous financial year.

The adoption of the following amendments did not have a significant impact on the consolidated financial statements of the Group:

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Fair Value Measurement

For measurement and disclosure purposes, the Group determines the fair value of an asset or liability at initial measurement or at each statement of financial position date.



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

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

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

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

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

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

The 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 as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

External appraisers are involved for valuation of significant non-financial assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy (see Note 6).



Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

Regular way purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market, except for derivatives, are recognized on the settlement date. Settlement date is the date on which the transaction is settled by delivery of the assets that are the subject of the agreement. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the Group, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Group. Deposits, amounts due to banks and customers, loans and receivables and spot transactions are recognized when cash is received by the Group or advanced to the borrowers.

Derivatives are recognized on trade date - the date that the Group becomes a party to the contractual provisions of the instrument. Trade date accounting refers to (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Initial recognition of financial instruments

All financial assets and financial liabilities are recognized initially at fair value plus any directly attributable cost of acquisition or issue, except in the case of financial assets and financial liabilities at FVTPL.

'Day 1' difference

Where the transaction price is different from the fair value based on 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 immediately recognizes the difference between the transaction price and the fair value of the instrument (a 'Day 1' difference) in the statements of income unless it qualifies for recognition as some other type of asset or liability. In cases where data used is not observable, the difference between the transaction price and model value is only recognized in the statements 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.

Classification and Measurement of Financial Assets

For purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' from the point of view of the issuer (under PAS 32, *Financial Instruments: Presentation*), except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial instruments are 'debt instruments'.

Business model assessment

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 and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment



The business model assessment is based on reasonably expected scenarios without taking ‘worst case’ or ‘stress case’ scenarios into account. 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.

The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

‘Principal’ for the purpose of this test 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/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Financial assets at amortized cost

Debt financial assets are measured at amortized cost if both of the following conditions are met:

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

Debt financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment in value, with the interest calculated recognized as ‘Interest income’ in the statements of income. The Group classified ‘Cash and other cash items (COCI)’, ‘Due from BSP’, ‘Due from other banks’, ‘Interbank loans receivable and Securities purchased under resale agreements (SPURA) with the BSP’, ‘Investment securities at amortized cost’, ‘Loans and receivables’, and cash collateral deposits and security deposits (included under ‘Other assets’) as financial assets at amortized cost.

The Group may irrevocably elect at initial recognition to classify a debt financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the debt financial asset been measured at amortized cost.

Financial assets at FVTPL

Debt financial assets that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are measured at fair value through profit or loss.

Equity investments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at FVTOCI at initial recognition.



A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

The Group's financial assets at FVTPL include government securities, private bonds and equity securities held for trading purposes, debt and hybrid instruments that do not meet the amortized cost criteria, and equity investments not designated as at FVTOCI.

As of December 31, 2024 and 2023, the Group has not designated any debt instrument that meets the amortized cost criteria as at FVTPL.

Financial assets at FVTPL are carried at fair value and gains and losses on these instruments are recognized as 'Trading and securities gain (loss) - net' in the statements of income. Interest earned on these investments is reported in the statements of income under 'Interest income' while dividend income is reported in the statements of income under 'Miscellaneous income' when the right of payment has been established. Quoted market prices, when available, are used to determine the fair value of these financial instruments. If a financial asset at FVTPL has a bid and ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value. If quoted market prices are not available, their fair values are estimated based on market observable inputs. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques.

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the Bankers Association of the Philippines (BAP) closing rate at the statement of financial position date. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at FVTPL, the foreign exchange component is recognized in the statements of income. For foreign currency-denominated debt instruments classified as at amortized cost, the foreign exchange gains and losses are determined based on the amortized cost of the asset and are recognized in the statements of income.

Equity instruments at FVTOCI

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading.

Equity investments as at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for sale or disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in 'Net unrealized gain (loss) on financial assets at FVTOCI' in the statements of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in 'Net unrealized gain (loss) on financial assets at FVTOCI' is not reclassified to profit or loss, but is reclassified to 'Surplus'. Equity instruments at FVTOCI are not subject to an impairment assessment.

As of December 31, 2024 and 2023, the Group has designated certain equity instruments that are not held for trading as at FVTOCI on initial application of PFRS 9 (see Note 12).



Dividends earned on holding these equity instruments are recognized in the statements of income when the Group's right to receive the dividends is established in accordance with PFRS 9, unless the dividends clearly represent recovery of a part of the cost of the investment. Dividends earned are recognized under 'Miscellaneous income' in the statements of income.

Debt instruments at FVTOCI

The Group applies this category under PFRS 9 of debt instruments measured at FVTOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset meet the SPPI test.

Debt instruments at FVTOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

Derivative instruments

The Parent Company uses derivative instruments such as cross-currency swaps, interest rate swaps, foreign currency forward contracts, options on foreign currencies and bonds and interest rate futures. These derivatives are entered into as a service to customers and as a means for reducing or managing the Parent Company's respective foreign exchange and interest rate exposures, as well as for trading purposes. Such derivative instruments are initially recorded at fair value and carried as financial assets at FVTPL when their fair value is positive and as financial liabilities at FVTPL when their fair value is negative.

Any gains or losses arising from changes in fair value of derivative instruments (except for foreign currency forwards) are recognized as 'Trading and securities gain (loss) - net'. For foreign currency forwards, changes in fair value are recognized in 'Foreign exchange gain (loss) - net' in the statements of income.

Interest income is recognized in the statements of income if the "receive leg" is higher than the "pay leg" of interest-earning derivatives. Interest expense is recognized in the statements of income if the "pay leg" is higher than the "receive leg" of interest-bearing derivatives.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of PFRS 9 (e.g., financial liabilities and non-financial host contracts) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

The Group assesses the existence of an embedded derivative on the date it first becomes a party to the contract, and performs re-assessment only where there is a change to the contract that significantly modifies the contractual cash flows.

As of December 31, 2024 and 2023, the Parent Company's hybrid financial instruments are classified as at FVTPL (see Note 10).



Reclassification of financial assets

The Group can reclassify financial assets if the objective of its business model for managing those financial assets changes. The Group is required to reclassify the following financial assets:

- from amortized cost to FVTPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and
- from FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria; and
- from FVTOCI to amortized cost if the objective of the business model changes so that the fair value criteria are no longer met but the amortized cost criteria are still met and the instrument's contractual cash flows meet the amortized cost criteria.

Reclassification of financial assets designated as at FVTPL or equity financial assets at FVTOCI at initial recognition is not permitted.

A change in the objective of the Group's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

Hedge Accounting

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when the risk being hedged is the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;
- Cash flow hedges when the risk being hedged is the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; and
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Parent Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the Parent Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an 'economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Parent Company actually hedges and the quantity of the hedging instrument that the Parent Company actually uses to hedge that quantity of hedged item.



Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI as cash flow hedge reserve (see Note 11), while any ineffective portion is recognized immediately in the statements of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

For cash flow hedges, to calculate the change in fair value of the hedged item attributable to the hedged risk, the Parent Company uses the hypothetical derivative method. The hypothetical derivative method involves establishing a notional derivative that would be the ideal hedging instrument for the hedged exposure (normally an interest rate swap or forward contract with no unusual terms and a zero fair value at inception of the hedge relationship). The fair value of the hypothetical derivative is then used as a proxy for the net present value of the hedged future cash flows against which changes in value of the actual hedging instrument are compared to assess effectiveness and measure ineffectiveness.

When foreign exchange swap contracts are used in hedging relationships, the Parent Company can designate the instrument in its entirety or exclude the forward element by designating the spot element only. The forward element in a foreign exchange swap contract is the difference between the spot and forward prices. When only the spot element is designated, the Parent Company has a choice to apply the cost of hedging accounting to the excluded forward element. In applying the cost of hedging accounting to the forward element of the foreign exchange swap contract, the change in the fair value of the forward element is recognized in OCI and accumulated in a separate component of equity. In case of a time period-related hedged item, the forward element that exists at inception is amortized from the separate component of equity to profit or loss on a systematic and rational basis. The unamortized portion of the cost of hedging is presented under 'Cost of hedging reserve' in the statements of financial position. The amortization of the forward element is presented under 'Interest expense on derivatives designated as hedges' in the statements of income.

The amounts accumulated in OCI under cash flow hedge reserve are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied. For any other cash flow hedges, the amount accumulated in OCI under cash flow hedge reserve is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

When the Parent Company discontinues hedge accounting for a cash flow hedge, it must account for the amount that has been accumulated in the cash flow hedge reserve as follows: (a) the amount remains in accumulated other comprehensive income if the hedged future cash flows are still expected to occur or (b) the amount is immediately reclassified to profit or loss as a reclassification adjustment if the hedged future cash flows are no longer expected to occur. Any amount immediately reclassified to profit or loss as a reclassification adjustment is presented under 'Foreign exchange gain (loss) - net' in the statements of income.

As of December 31, 2024, the Parent Company has foreign exchange swap contracts where the spot element have been designated as hedging instruments in cash flow hedges (see Note 11).



Impairment of Financial Assets

The Group and the Parent Company record the allowance for expected credit losses for all loans and receivables and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, all referred to as ‘financial instruments’. Equity instruments are not subject to impairment under PFRS 9.

Expected Credit Loss (ECL) represents credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances are measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that result from all possible default events over the expected life of a financial instrument.

Staging assessment

A three-stage approach for impairment of financial assets is used, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all financial instruments which have not experienced a SICR since initial recognition or is considered of low credit risk as of the reporting date. The criteria for determining whether an account should be assessed under Stage 1 are as follows: (i) current including past due up within the cure period of up to 30 days; or (ii) unclassified. Both (i) and (ii) are applicable to wholesale, business and retail loans. The Group recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 is comprised of all financial instruments which have experienced a SICR as of reporting date compared to initial recognition. A SICR is generally deemed present in accounts with: (i) 31 days up to 90 days past due; (ii) especially mentioned; (iii) substandard; or (iv) with score below defined threshold. For wholesale loans, this includes small accounts with Borrower Risk Rating of 10. For auto loans and credit cards, score cut-offs are 564 and 580, respectively. For home loans, 3-notch downgrade in score is considered as Stage 2. The Group recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Stage 3 is comprised of all financial assets that 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 the estimated future cash flows of a loan or a portfolio of loans. The Group’s criteria for Stage 3 accounts are generally aligned with the definition of “default” which is explained in the next paragraph. The Group recognizes a lifetime ECL for Stage 3 financial instruments.

Definition of “default” and “restored”

The Group classifies loans, investments, receivables, or any financial asset as in default when it is credit impaired, becomes past due on its contractual payments for more than 90 days, considered non-performing, under litigation or is classified as doubtful or loss. As part of a qualitative assessment of whether a customer is in default, the Group considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default



(i.e., restored) if there is sufficient evidence to support that full collection is probable and payments are received for at least six months.

Credit risk at initial recognition

The Group uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.

For accounts originated before the transition date, an approximation of the initial probability of default (PD) at origination was utilized. Average PD per portfolio was used as approximated initial PD at origination. Average of the Point-in-Time PDs was used since most of the accounts were booked in the same year.

Modification

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

Significant increase in credit risk (SICR)

The assessment of whether there has been a significant increase in credit risk is based on an increase in the probability of a default occurring since initial recognition. The SICR criteria vary by portfolio and include quantitative changes in probabilities of default and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's internal credit assessment, the borrower or counterparty is determined to require close monitoring or with well-defined credit weaknesses.

Or, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower except as provided by law. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Group shall revert to recognizing a 12-month ECL.

ECL parameters and methodologies

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

The PD is an estimate of the likelihood of default over a 12-month horizon for Stage 1 or lifetime horizon for Stages 2 and 3. The PD for each individual instrument is modelled based on historic data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Group segments its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio.



LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It makes use of defaulted accounts that have either been identified as cured, restructured, or liquidated. The Group segmented its LGD based on homogenous risk characteristics and calculated the corresponding averages based on security.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic inputs, such as gross domestic product (GDP) growth, exchange rate, interest rate, inflation rate and other economic indicators. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The key forward-looking economic variables used in each of the economic scenarios for the ECL calculations are GDP changes in inventory, current prices, Business outlook index on the macroeconomy – Real Estate, Unemployment Rate, Industry NPL of Universal Banks and Parent Company's Wholesale Banking Segment (WBS) Loan Portfolio NPL Rate.

Debt instruments measured at FVTOCI

The ECLs for debt instruments measured at FVTOCI do not reduce the carrying amount of these financial assets in the statements of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets are measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

Consumer loans and credit card receivables

The Group does not limit its exposure to credit losses to the contractual notice period, but instead calculates ECL over a period that reflects the Group's expectations of the customer behavior, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities. Based on past experience and the Group's expectations, the period over which the Group calculates ECLs for these products is based on the remaining term.

Restructured loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered as past due but remains adversely classified until the account has established sufficient track record of payment. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur.

Financial Liabilities

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.



Financial liabilities held for trading include:

- derivative liabilities that are not accounted for as hedging instruments;
- obligations to deliver financial assets borrowed by a short seller (i.e., an entity that sells financial assets it has borrowed and does not yet own);
- financial liabilities that are incurred with an intention to repurchase them in the near term (e.g., a quoted debt instrument that the issuer may buy back in the near term depending on changes in its fair value); and
- financial liabilities that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

Management may designate a financial liability as at FVTPL upon initial recognition when the following criteria are met, and designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial liabilities at FVTPL are recorded in the statements of financial position at fair value. Changes in fair value of financial instruments are recorded in 'Trading and securities gain (loss) - net' in the statements of income. Interests incurred are recorded in 'Interest expense' in the statements of income.

Bills payable and other borrowed funds

Bills payable and other borrowed funds are issued financial instruments or their components, which are not financial liabilities at FVTPL. They are classified as such when the substance of the contractual arrangement 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.

After initial measurement, bills payable and similar financial liabilities not qualified as and not recognized as financial liabilities at FVTPL, are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

Derivative liabilities

Derivative liabilities are recognized initially and subsequently measured at fair value with changes in fair value recognized in the statements of income, unless designated as an accounting hedge.

Derecognition of Financial Assets and Liabilities

Financial assets

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

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



- 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 risks 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 asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered "solely payment for principal and interest"

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate (EIR), is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statements of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired.

Financial liabilities

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



Financial Guarantees

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

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position, if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statements of financial position.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents consist of 'COCI', 'Due from BSP', 'Due from other banks', and 'Interbank loans receivable and SPURA with the BSP' 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 insignificant risk of changes in value. 'Due from BSP' includes the statutory reserves required by the BSP which the Parent Company considers as cash equivalents wherein drawings can be made to meet cash requirements.

Repurchase and Reverse Repurchase Agreements

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

Conversely, securities purchased under agreements to resell at a specified future date ('reverse repos') are not recognized in the statements of financial position. The corresponding cash paid, including accrued interest, is recognized in the statements of financial position as SPURA, and is considered a loan to the counterparty. The difference between the purchase price and resale price is treated as interest income and is accrued over the life of the agreement using the effective interest method.

Foreign Currency Translation

Transactions and balances

For financial reporting purposes, the foreign currency-denominated assets and liabilities in the RBU are translated into their equivalents in Philippine Pesos based on the Bankers Association of the Philippines (BAP) closing rate, prevailing at the statement of financial position date and foreign currency-denominated income and expenses, at the prevailing exchange rate at the date of transaction. Foreign exchange differences arising from revaluation and translation of foreign-currency denominated assets and liabilities are credited to or charged against operations in the year in which the rates change.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.



FCDU

As at the reporting date, the assets and liabilities of the FCDU of the Parent Company are translated into the Parent Company's presentation currency (the Philippine Peso) at BAP closing rate prevailing at the statements of financial position date, and its income and expenses are translated at BAP weighted average rate (BAPWAR) for the year. Exchange differences arising on translation to the presentation currency are taken to the statements of comprehensive income under 'Cumulative translation adjustment'. Upon disposal of the FCDU or upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in the statements of comprehensive income is recognized in the statements of income.

Investments in Subsidiaries and Joint Ventures

Investment in subsidiaries

Subsidiaries pertain to all entities over which the Group has control.

Interest in joint ventures

A joint venture is a type of joint arrangement where the multiple parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group's investment in joint ventures represent its 60.0% interest in SBML and 49.96% interest in SBF.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group and the Parent Company's investment in its subsidiaries and joint ventures are accounted for using the equity method. Under the equity method, the investment in a subsidiary and/or joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group and the Parent Company's share of net assets of the subsidiary and/or joint venture since the acquisition date. Goodwill relating to the subsidiary and/or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

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

The aggregate of the Group's share of profit or loss of a subsidiary and joint venture is shown on the face of the statements of income under 'Share in net income of subsidiaries and joint ventures' and represents profit or loss after tax and non-controlling interests in the subsidiaries and joint ventures.

The financial statements of the subsidiaries and joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.



After application of the equity method, the Group and the Parent Company determine whether it is necessary to recognize an impairment loss on its investment in subsidiaries and joint ventures. At each statement of financial position date, the Group and the Parent Company determines whether there is objective evidence that the investment in subsidiaries and joint ventures is impaired. If there is such evidence, the Group and the Parent Company calculate the amount of impairment as the difference between the recoverable amount of the subsidiaries and joint ventures and their carrying value, then recognizes the loss in the statements of income.

Upon loss of joint control over the subsidiary or joint venture, the Group and the Parent Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in the statements of income.

Transfer of business from subsidiary to the Parent

The Parent Company accounts for the transfer as if it has effectively received a distribution that it accounts for at the fair value of the business received. Any excess in the fair value of the net assets received over the consideration is recognized in the statements of income. This reflects the assets acquired and liabilities assumed at their fair value, including goodwill, which will be measured as at the date of the transfer. These transfers have no effect on the consolidated financial statements.

Property and Equipment

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

The initial cost of property and equipment 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. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance are charged against operations in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts, and any resulting gain or loss is reflected as income or loss in the statements of income.

Depreciation is computed using the straight-line method based on the estimated useful life (EUL) of the depreciable assets. The range of EUL of property and equipment follows:

	Years
Building and improvements	20
Furniture, fixtures and equipment	3-5
Transportation equipment	5
Leasehold improvements	5-15

Leasehold improvements are amortized over the applicable EUL of the improvements or the terms of the related leases, whichever is shorter.



The EUL and the depreciation and amortization method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

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

Right-of-use Assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term, as follows:

	Years
Buildings and improvements	2 to 15
Transportation equipment	2 to 3

Investment Properties

Investment properties are measured initially at cost including transaction costs. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of asset given up. Any gain or loss on exchange is recognized in the statements of income. Foreclosed properties are classified under 'Investment properties' upon:

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

Real properties acquired

Depreciable real properties acquired are carried at cost, which is the fair value at acquisition date, less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value. Transaction costs, which include non-refundable capital gains tax and documentary stamp tax, incurred in connection with foreclosure are capitalized as part of the cost of the real properties acquired.

The Group applies the cost model in accounting for investment properties. Depreciation is computed on a straight-line basis over the EUL of 10 years. The EUL and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of real properties acquired.

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



Investments in real estate

Investments in real estate consist of investments in land and building. Investments in land are carried at cost less impairment in value. Building is carried at cost less accumulated depreciation and impairment in value. All costs that are directly attributable to the acquisition and development of property are capitalized, including borrowing costs incurred to finance the property development. Depreciation is computed on a straight-line basis over 10-15 years.

Investment properties are derecognized when they have either been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on retirement or disposal of investment properties are recognized in the statements of income in the year of retirement or disposal as 'Profit from assets sold/exchanged'.

Other Properties Acquired

Other properties acquired include chattel mortgage properties acquired in settlement of loan receivables. The Group applies the cost model in accounting for other properties acquired. Under the cost model, these assets are carried at cost, which is the fair value at acquisition date, less accumulated depreciation and any impairment in value.

Depreciation is computed on a straight-line basis over the EUL of 3 years. The EUL and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of other properties acquired.

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

An item of other properties acquired is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statements of income as 'Profit from assets sold/exchanged' in the year the asset is derecognized.

Intangible Assets

Intangible assets consist of software costs, exchange trading right and branch licenses. An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Software costs

Costs related to software purchased by the Group for use in operations are amortized on a straight-line basis over 3 to 10 years. The amortization period and the amortization method for software cost are reviewed periodically to be consistent with the changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset. The amortization expense on software costs is recognized in the statements of income.



Exchange trading right

The exchange trading right of SBEI is an intangible asset regarded as having an indefinite useful life as there is no foreseeable limit to the period over which this asset is expected to generate cash inflows. It is carried at the amount allocated from the original cost of the exchange membership seat (after a corresponding allocation was made to the value of the Philippine Stock Exchange shares) less impairment in value. SBEI does not intend to sell the exchange trading right in the near future.

Branch licenses

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

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

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in 'Miscellaneous expense' in the statements of income.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and is within the scope of PFRS 9 is measured at fair value with changes in fair value either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with the appropriate PFRS Accounting Standards. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of fair value of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the Group assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of assets acquired over the aggregate consideration transferred, then the gain is recognized in statements of income.



Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash Generating Unit (CGU) or a group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment in accordance with PFRS 8.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstance is measured based on the relative values of the disposed operation and the portion of the CGU retained.

When an entity reorganizes its reporting structure in a way that changes the composition of one or more cash-generating units to which goodwill has been allocated, the goodwill shall be reallocated to the units affected. This reallocation shall be performed using a relative value approach similar to that used when an entity disposes of an operation within a cash-generating unit, unless the entity can demonstrate that some other method better reflects the goodwill associated with the reorganized units.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized in the statements of income.

Impairment of Non-financial Assets

Non-financial assets include property, equipment and right-of-use assets, investment properties, investment in subsidiaries and joint ventures, software costs, goodwill, exchange trading right, branch licenses and other properties acquired.

Property, equipment and right-of-use assets, investments in subsidiaries and joint ventures, investment properties, and other properties acquired

The Group assesses at each statements of financial position date whether there is any indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use (VIU). Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. Any impairment loss is charged to operations in the year in which it arises.

An assessment is made at each statement of financial position date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the



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

Intangible assets - branch licenses, exchange trading right and software costs

Intangible assets with indefinite useful lives are tested for impairment annually at each statement of financial position date either individually or at the CGU level, as appropriate or when circumstances indicate that the intangible asset may be impaired. Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Goodwill

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where 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, an impairment loss is recognized immediately in the statements of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statements of financial position date.

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or 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; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and carry-forward of unused MCIT and unused NOLCO can be utilized except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income; and



- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced 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 tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

Revenue Recognition

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

PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. The five-step model is as follows:

- a. Identify the contract(s) with a customer
- b. Identify the performance obligations in the contract
- c. Determine the transaction price
- d. Allocate the transaction price to the performance obligation in the contract
- e. Recognize revenue when (or as) the entity satisfies a performance obligation

The standard requires the Group to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

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

Revenues within the scope of PFRS 15:

Service charges and penalties

Service charges and penalties are recognized only upon collection or accrued when there is reasonable degree of certainty as to its collectibility.



Fees and commissions

a. Fee income earned from services that are provided over time

Fees earned for the provision of services over a period of time are accrued over that period.

Loan commitment fees are recognized as earned over the term of the credit lines granted to each borrower. However, loan commitment fees for loans that are likely to be drawn are deferred (together with any incremental costs) and recognized as an adjustment to the EIR on the loan.

Fees received in connection with the issuance of credit cards are deferred and amortized on a straight-line basis over the period the cardholder is entitled to use the card.

b. Bancassurance fees

Non-refundable access fees are recognized on a straight-line basis over the term of the period of the provision of the access.

Refundable access fees and milestone fees are recognized in reference to the stage of achievement of the milestones.

c. Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as underwriting fees, corporate finance fees, and brokerage fees for the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria. Loan syndication fees are recognized in the statements of income when the syndication has been completed and the Group retains no part of the loans for itself or retains part at the same EIR as for the other participants.

Discounts earned and awards revenue on credit cards

Discounts received are taken up as income upon receipt from member establishments of charges arising from credit availments by the Group's cardholders and other credit card companies' cardholders when the Group is acting as an acquirer. These discounts are computed based on certain agreed rates and are deducted from the amounts remitted to the member establishments.

Award credits under customer loyalty programs are accounted for as a separately identifiable component of the transaction in which they are granted. The fair value of the consideration received in respect of the initial sale is allocated based on the estimated stand-alone selling prices. The amount allocated to the loyalty programs is deferred under 'Other Liabilities' in the statements of financial position and recognized as revenue when the award credits are redeemed. Income generated from customer loyalty programs is recognized in 'Service charges, fees and commissions' in the statements of income.

Other income

Income from the sale of services is recognized upon completion of service. Income from sale of properties is recognized upon completion of earnings process and the collectibility of the sales price is reasonably assured under 'Profit from assets sold/exchanged' in the statements of income.



Revenues outside the scope of PFRS 15:

Interest income

Interest on interest-bearing financial assets at FVTPL and Held-for-Trading (HFT) investments are recognized based on the contractual rate. Interest on financial instruments measured at amortized cost and FVTOCI are recognized based on the effective interest method of accounting.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period.

The EIR is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the EIR, the Group estimates cash flows from the financial instrument (e.g., prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the EIR, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized thereafter using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Trading and securities gain (loss) - net

Results arising from trading activities include all gains and losses from changes in fair value of financial assets and financial liabilities at FVTPL, gains and losses from disposal of investment securities at amortized cost and any ineffectiveness recognized on accounting hedges. Costs of investment securities sold are determined using the weighted average cost method.

Dividend income

Dividend income is recognized when the Group's right to receive the payment is established.

Rental income

Rental income arising on leased premises is accounted for on a straight-line basis over the lease terms on ongoing leases.

Expense Recognition

Expenses are recognized when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses are recognized when incurred.

Operating expenses

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

Taxes and licenses

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

Pension Cost

The Parent Company and certain subsidiaries have a non-contributory defined benefit plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The Group's retirement cost is determined using the projected unit credit method. The retirement cost is generally funded through payments to a trustee-administered fund, determined by periodic actuarial calculations.



The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the 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.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statements of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as interest income or expense in the statements of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise and are closed to surplus at the end of the year. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets 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 fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Leases

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

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. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest (included in 'Interest expense on lease liabilities') and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments.



Group as a lessee

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 lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Provisions and Contingencies

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

Contingent liabilities are not recognized but are disclosed in the financial statements except if 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.

Debt Issuance Costs

Issuance, underwriting and other related costs incurred in connection with the issuance of debt instruments are deferred and amortized over the terms of the instruments using the effective interest method. Unamortized debt issuance costs are included in the carrying amount of the debt instrument in the statements of financial position.

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing the net income for the year attributable to equity holders of the Parent Company after deducting dividends declared to preferred shareholders by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any.

Diluted EPS is calculated by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding during the year adjusted for the effects of any dilutive potential common shares.

Equity

'Capital stock' is measured at par value for all shares issued and outstanding. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital'. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to 'Additional paid-in capital'. If the additional paid-in capital is not sufficient, the excess is charged against 'Surplus'.



When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

‘Surplus’ represents accumulated earnings of the Group less dividends declared.

Surplus reserves pertain to the 10.0% of the net profits realized by the Parent Company from its trust business is appropriated to surplus reserve in compliance with existing BSP regulations. The yearly appropriation is required until the surplus reserve for trust business equals 20.0% of the Parent Company’s regulatory capital.

Dividends on Common Shares and Preferred Shares

Cash dividends on common shares and preferred shares are recognized as a liability and deducted from equity when approved by the BOD of the Parent Company, while stock dividends are deducted from equity when approved by the BOD and shareholders of the Parent Company.

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. If the Group changes the structure of its internal organization in a manner that causes the composition of its reportable segments to change, the corresponding information for earlier periods, including interim periods, shall be restated unless the information is not available and the cost to develop it would be excessive. Financial information on business segments is presented in Note 35.

Fiduciary Activities

Assets and income arising from fiduciary activities together with related undertakings to return such assets to customers are excluded from the financial statements where the Parent Company acts in a fiduciary capacity such as nominee, trustee or agent.

Events after the Reporting Period

Any post-year-end event that provides additional information about the Group’s position at the statement of financial position date (adjusting event) is reflected in the financial statements. Any post-year-end events that are not adjusting events are disclosed when material to the financial statements.

Standards Issued but Not Yet Effective

Standards issued but not yet effective up to the date of issuance of the Group’s consolidated financial statements are listed below. The listing consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. 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 a significant impact on the consolidated 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. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

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
 - 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.
 - 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

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

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 Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes 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, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosures of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

a. Leases

Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term whether there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR 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 IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as the subsidiary's stand-alone credit rating, or to reflect the terms and conditions of the lease).



b. Business model test

The Group manages its financial assets based on business models that maintain adequate level of financial assets to match expected cash outflows and maintain adequate level of high-quality liquid assets while maintaining a strategic portfolio of financial assets for trading activities.

The Group's business model can be to hold financial assets to collect contractual cash flows even when sales of certain financial assets occur. PFRS 9, however, emphasizes that if more than an infrequent number of sales are made out of a portfolio of financial assets carried at amortized cost and those sales are more than insignificant in value (either individually or in aggregate), the entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows.

In making this judgment, the Group considers the circumstances surrounding the disposal as well as the requirements of BSP Circular No. 1011, *Guidelines on the adoption of PFRS 9*. For changes in business models, the Group considers whether the internal and external changes that triggered the change in business model are significant to the Group and are demonstrable to third parties.

In June 2022, the Parent Company decided to re-establish the HTC Government Securities business. In making the assessment, the Bank considered the impact of the COVID-19 pandemic and the Ukraine-Russia war to its ability to deploy its funds as envisioned in 2020 affecting its overall strategy and risk appetite. The objective of the business model is to hold a core portfolio of government securities, which is funded primarily from the Parent Company's capital, core deposits, and other long-term liabilities (see Note 13). The Parent Company also imposed limits based on the long-term funding sources for the reestablished HTC government securities business model to ensure that there will be no sale that is more than infrequent and more than insignificant from the HTC government securities portfolio.

In April 2024, the Parent Company undertook a holistic review of its business models as part of its established policy. Enhancements were made at this point, and subsequently in July 2024, to define certain terms (i.e., significance, frequency, increase in credit deterioration), to revise the list of permitted sales under the HTC business model and to clarify existing governance processes covering sales and/or derecognition of financial assets under the HTC business model as well as changes in, abandonment of, or reestablishment of the Parent Company's business models.

c. Cash flow characteristics test

In determining the classification of financial assets under PFRS 9, the Group assesses whether the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

d. Contingencies

The Group is currently involved in various legal proceedings, claims and assessments. The estimate of the probable costs for the resolution of these claims and assessments has been developed in consultation with outside counsel handling the Group's defense in these matters and is based on an analysis of potential results. The Group currently does not believe that these proceedings will have a material adverse effect on the financial statements. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 34).



e. Hedge accounting

Part of the Parent Company's risk management strategies is to mitigate the foreign currency risk arising from the revaluation of the foreign currency denominated loan from FCDU/inter-book payable to FCDU in the RBU book. The Bank's risk management objective is to designate the spot element of the foreign exchange swap contract under the swap investment product to hedge the foreign currency risk associated with the revaluation of the foreign currency denominated loan from FCDU/inter-book payable to FCDU in the RBU book. The forward element of the foreign exchange swap contract shall be subject to cost of hedging accounting.

The Bank employs both qualitative and quantitative methods to assess the effectiveness of the hedge. The effectiveness assessment performed at the inception of the hedge, at each reporting date, and upon a significant change in circumstances relevant to the hedge.

Critical terms matching applied to qualitatively assess the economic relationship between the hedging instrument and the hedged item. All critical terms of the foreign currency denominated loans from FCDU/inter-book payable/s to FCDU and foreign exchange swap contracts are matched. Specifically, there is a 1:1 relationship in terms of nominal amount of the hedging instrument and the hedged item during the relevant period.

A source of ineffectiveness in the hedges is the incorporation of the counterparty's credit risk (i.e., Credit Valuation Adjustment or CVA) and Bank's own credit risk (i.e., Debit Valuation Adjustment or DVA) in measuring the value of foreign exchange swaps as required by PFRS 13, *Fair Value Measurement*, but is not to be reflected in the measurement of the hedged item.

The Parent Company's hedge accounting policies include an element of judgment and estimation, in respect of the existence of highly probable cash flows for inclusion within the cash flow hedge. Estimates of future interest rates and the general economic environment will influence the availability and timing of suitable hedged items, with an impact on the effectiveness of the hedge relationships. Details of the Parent Company's hedging transactions are described in Note 11.

f. Consolidation and joint venture arrangements

The Group has determined that it controls and consolidates the subsidiaries in which it owns majority of the shares.

The Group has a Joint Venture Agreement (JVA) with Marubeni Corporation (Marubeni) where the Parent Company owns 60.0% of SBML. Under the JVA, the parties agreed to use SBML as a joint venture entity and requires the unanimous consent of both the Parent Company and Marubeni for any significant decisions made in the ordinary course of business of SBML.

The Group also has a JVA with The Bank of Ayudhya Public Company Ltd. (Krungsri) where the Parent Company owns 49.96% of SBF. Under the JVA, the parties agreed to use SBF as a joint venture entity and requires the unanimous consent of both the Parent Company and Krungsri for any significant decisions made in the ordinary course of business of SBF.

The Group has (after considering the structure and form of the arrangement, the terms agreed by the parties in the contractual arrangements and the Group's rights and obligations arising from the arrangements) classified its interest in SBML and SBF under PFRS 11. Based on the foregoing, the Group accounts for its investment in SBML and SBF using the equity method.



Estimates

a. Fair value of financial instruments

The fair values of financial instruments that are not quoted in active markets are determined using valuation techniques such as discounted cash flow analysis and standard option pricing models for some derivative instruments. Where valuation techniques are used to determine fair values, they are reviewed by qualified personnel independent of the area that created them. All financial models are reviewed before they are used and to the extent practicable, financial models use only observable data, however, areas such as credit risk (both own and counterparty) volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. Refer to Note 6 for the fair value measurements of financial instruments.

b. Impairment of financial assets

The measurement of impairment losses under PFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- Internal credit grading model, which assigns PDs to the individual grades
- Criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime CL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as GDP changes in inventory, current prices, Business outlook index on the macroeconomy - Real Estate, Unemployment Rate, Industry NPL of Universal Banks and Parent Company's WBS Loan Portfolio NPL Rate
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models
- Segmentation of the portfolio, where the appropriate model or ECL approach is used

The ECL models and all ECL-related policies are assessed and approved by the Risk Oversight Committee (ROC) and the BOD.

Model calibration or the process of improving the accuracy of ECL model to reflect the as-built status and actual operating conditions shall be performed at least annually. These will require the following approvals:

- ECL Steering Committee consisting of the Business Segment Heads, Chief Financial Officer and Chief Risk Officer, for changes in the model estimates
- the ROC for changes in model assumptions or inputs with material increase or decrease on portfolio-level ECL of at least 10% or ₱200.0 million.



In 2024, the Bank implemented new ECL models for the Home Loan portfolio. The vintage default rate methodology in 2023 was replaced by an enhanced model to better capture the behavior of borrowers and predict PD. The LGD is based on the blended recovery from ROPA and cash payments.

In 2024 and 2023, changes in the model estimates and/or assumptions as a result of calibration were accordingly assessed and approved by the ECL Steering Committee and/or the ROC.

In 2024, probability weights used in ECL calculations were revised from 60 – Base, 30 – Bad and 10 – Good to 50 – Base, 30 – Bad and 20 – Good. The adjustments reflect the Bank's increased confidence in the good assumptions given the more stable macroeconomic conditions. The Bank still provides a significant weightage on the downside risks to consider the still elevated loans of the banking industry.

In 2023, probability weights used in ECL calculations were revised from 50 – Base, 40 – Bad and 10 – Good to 60 – Base, 30 – Bad and 10 – Good. This is due to the Bank's increased confidence in the base assumptions given removal of uncertainties like COVID 19 pandemic and better predictability of macroeconomic variables.

The ECL models and all ECL-related policies are assessed and approved by the ROC and the BOD.

The gross carrying amounts of financial assets and the related allowance for credit losses are disclosed in Notes 7, 12, 13 and 14

c. Recognition of deferred tax assets

The Group reviews the carrying amounts of deferred tax assets at each statements of financial position date and reduces it 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 tax assets to be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. The recognized net deferred tax assets and unrecognized deferred tax assets of the Group and the Parent Company are disclosed in Note 28.

d. Impairment of non-financial assets

Investments in subsidiaries and joint ventures and other non-financial assets

The Parent Company and SBCIC assess impairment on its investments in subsidiaries and joint ventures whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Among others, the factors that the Parent Company and SBCIC consider important which could trigger an impairment review on its investments include the following:

- deteriorating or poor financial condition;
- recurring net losses; and
- significant changes with an adverse effect on the subsidiary or associate have taken place during the period, or will take place in the near future, the technological, market, economic, or legal environment in which the subsidiary operates.



The Group assesses impairment on other non-financial assets (i.e., ‘Property and equipment’, ‘Investment properties’, ‘Software costs’, and ‘Other properties acquired’) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

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

The Group recognizes an impairment loss whenever the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is computed based on the higher of the asset’s fair value less cost to sell or VIU. Recoverable amounts are estimated for individual nonfinancial assets or, if it is not possible, for the CGU to which the nonfinancial asset belongs.

The Group is required to make estimates and assumptions that can materially affect the carrying amount of the asset being assessed.

As of December 31, 2024 and 2023, the carrying values of the Parent Company’s investments in subsidiaries and joint ventures are disclosed in Note 15.

The carrying values of the Group’s and the Parent Company’s non-financial assets (other than ‘Goodwill’) follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Property, equipment and right-of-use assets (Note 16)	₱8,034,827	₱6,429,496	₱5,093,758	₱4,318,021
Investment properties (Note 17)	6,282,770	4,790,602	6,282,770	4,789,827
Branch licenses (Note 18)	1,445,000	1,445,000	1,445,000	1,445,000
Software costs (Note 18)	5,137,675	3,516,055	5,135,198	3,515,263
Other properties acquired (Note 18)	989,931	872,153	989,931	872,153
Exchange trading right (Note 18)	8,000	8,000	—	—

The provision for (recovery of) impairment losses on non-financial assets of the Group and the Parent Company are disclosed in Notes 16 and 17.

Intangible assets with indefinite useful life

Intangible assets with indefinite useful lives such as exchange trading right and branch licenses are tested for impairment annually at statement of financial position date either individually or at the cash generating unit level, as appropriate. Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs) to which the intangible assets relates. Where 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, an impairment loss is recognized immediately in the statements of income.

The recoverable amount of the CGU has been determined based on a VIU calculation using cash flow projections from financial budgets approved by senior management covering a three-year period. Key assumptions in VIU calculation of CGUs are most sensitive to discount rates and growth rates used to project cash flows.



Goodwill

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where 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, an impairment loss is recognized immediately in the statements of income. The carrying value of goodwill is disclosed in Note 4.

e. Estimated useful lives of property, equipment and right-of-use assets, investment properties, software costs and other properties acquired

The Group reviews on an annual basis the estimated useful lives of property, equipment and right-of-use assets, depreciable investment properties, software costs and other properties acquired based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property and equipment, depreciable investment properties, software costs and other properties acquired would decrease their respective balances and increase the recorded depreciation and amortization expense.

The carrying values of depreciable property and equipment, investment properties, software costs and other properties acquired follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Property, equipment and right-of-use assets (Note 16)*	₱7,569,812	₱5,986,459	₱4,628,743	₱3,874,984
Investment properties (Note 17)*	3,057,994	2,715,404	3,057,994	2,715,404
Software costs (Note 18)	5,137,675	3,516,055	5,135,198	3,515,263
Other properties acquired (Note 18)	989,931	872,152	989,931	872,152

*Excludes land

f. Pension benefits

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

The present value of the defined benefit obligation of the Group and the Parent Company are disclosed in Note 29.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates.

Further details about the assumptions used are provided in Note 29.



Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period. As of December 31, 2024 and 2023, accrual for other employee benefit obligations and expenses included under 'Accrued other expenses payable' (included under 'Accrued interest, taxes and other expenses' in the statements of financial position) amounted to ₱2.0 billion and ₱1.8 billion, respectively, in 2024 and 2023 for the Group and the Parent Company (see Note 23).

4. Goodwill

Impairment Testing of Goodwill

In 2012, goodwill acquired through business combination has been allocated to Security Bank Savings (SBS) as the CGU. In 2015, the entire goodwill was reallocated to the Branch Banking Group (BBG) as a result of the integration of SBS to the Parent Company. As of December 31, 2024 and 2023, the carrying amount of goodwill amounted to ₱841.6 million and there was no impairment loss recognized in 2024 and 2023.

The recoverable amount of the CGU has been determined based on a VIU calculation using cash flow projections from financial budgets approved by senior management covering a three-year period. Key assumptions in VIU calculation of CGUs are most sensitive to discount rates and growth rates used to project cash flows. Future cash flows and growth rates were based on experiences and strategies developed and prospects. The discount rate used for the computation of the net present value is the cost of equity and was determined by reference to a comparable entity. In 2024 and 2023, the pre-tax discount rate applied to cash flow projections is 11.53% and 13.01%, respectively, while the growth rate used to extrapolate cash flows beyond the three-year period is 6.00% and 9.33%, respectively.

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount.

5. Financial Risk Management Objectives and Policies

Introduction

Integral to the Parent Company's value creation process is risk management. It therefore operates an integrated risk management system to address the risks it faces in its banking activities, including (a) credit; (b) liquidity; (c) market; (d) operational; and (e) sustainability. Exposures across these risk areas are regularly identified, measured, controlled, monitored and reported to Senior Management, the ROC and the BOD.

Risk Management Structure

Board of Directors

The BOD directs the Parent Company's over-all risk management strategy. The risk management processes of the subsidiaries are the separate responsibilities of their respective BOD. The BOD performs an oversight function on the Parent Company's implementation of its risk policies through various committees that it has created as follows:



Executive Committee

The Executive Committee oversees the strategy, financial, liquidity and capital management of the Group. It exercises the authority of the BODs as delegated by the Board and as may be allowed by law during intervals between meetings of the BODs.

Risk Oversight Committee

The ROC reviews, approves, and ensures effective implementation of the risk management framework. It approves risk-related policies, oversees limits to discretionary authority that the BOD delegates to management, and evaluates the magnitude, distribution and direction of risks in the Parent Company.

Corporate Governance Committee

The Corporate Governance Committee oversees the compliance function and assists the BOD in fulfilling its corporate governance responsibilities across a broad range of areas including sustainability. It is responsible for ensuring the BOD's effectiveness and due observance of corporate governance principles and guidelines.

Audit Committee

The Audit Committee through the Internal Audit Division provides the independent assessment of the overall effectiveness of, and compliance with the Parent Company's governance, internal controls, and risk management functions.

Senior Credit Committee

The Senior Credit Committee is the highest credit decision-making body in the Bank and works closely with the ROC in managing the overall credit risk of the Bank. The committee reviews and approves proposals and facilities related to credit, except for Directors, Officers, Stockholders and Related Interests (DOSRI) and material related party transactions (RPT) accounts. It also approves remedial and/or recovery strategies of the Bank for identified problem loan accounts.

Related Party Transactions Committee

The Related Party Transactions Committee ensures that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders.

Nominations and Remunerations Committee

The Nominations and Remunerations Committee has oversight over Board nominees and other appointments requiring Board approval, as well as their remuneration commensurate with corporate and individual performance.

Trust Committee

The Trust Committee ensures that funds and properties held in trust or in any fiduciary capacity shall be administered with the skill, care, prudence and diligence necessary under the circumstances then prevailing that a prudent person, acting in like capacity and familiar matters, would exercise in the conduct of an enterprise of like character and with similar aims.

Transformation and Technology Committee

The Transformation and Technology Committee oversees the development and implementation of strategy, transformation, innovation and information technology initiatives of the Bank and its subsidiaries and affiliates, in support of the Group's vision, mission and strategic objectives.



The Parent Company's organizational structure includes the Risk Management Group (RMG), which is responsible for driving the following risk management processes of the Group:

- Independent assessment, measurement, monitoring and reporting of the Group's risk-taking activities; and
- Formulation, review and recommendation of risk-related policies and control structures.

Nevertheless, the Group's risk management framework adopts the basic tenet that risks are owned by the respective business and process owners. Everyone in the organization is therefore expected to proactively manage the risks inherent to their respective area by complying with the Group's risk management framework, policies and standards.

The Parent Company and its subsidiaries manage their respective financial risks separately. The subsidiaries have their own risk management procedures but are structured similar to that of the Parent Company. To a certain extent, the respective risk management programs and objectives are the same across the Group.

Risk Measurement and Reporting

The Parent Company's risks are measured using various methods compliant with Basel III standards. The Parent Company also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Expected credit loss models are developed and maintained by the RMG. These models are used as a tool for the Parent Company's risk management process and management reporting systems. The applicable results of the calculations are used as the basis for the assessment of expected credit losses.

Monitoring and controlling risks are primarily performed based on limits established by the Parent Company. These limits reflect the business strategy and market environment of the Parent Company as well as the level of risk that the Parent Company is willing to take. In addition, the Parent Company monitors and measures the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

For all levels throughout the Parent Company, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information. These reports include aggregate credit exposure, credit metric forecasts, limit exceptions, Value-at-Risk (VaR), liquidity ratios and risk profile changes.

Credit Risk Management prepares detailed reporting of risks per credit classification, payment status, industry, loan tenor, and other measures of portfolio quality. Senior management assesses the appropriateness of allowance for credit losses on a yearly basis or as the need arises. The ROC and the heads of the concerned business units receive comprehensive portfolio quality reports which are designed to provide the necessary information to assess and conclude on the credit risks of the Parent Company.

In the case of market risk, a monthly report is presented to the ROC on the utilization of market limits and liquidity, plus other risk developments.

Information compiled from businesses is examined and processed in order to analyze, control and identify risks early. This information is assessed and deliberated by the heads of each business unit, the ROC and the BOD.



Risk Mitigation

The Parent Company uses various risk mitigation practices to manage different types of risks, such as credit, market, operational, liquidity, and sustainability. Generally, these include: establishing and reviewing risk limits and policies by considering the risk appetite, strategy and objectives of the Bank, as well as the regulatory requirements and industry best practices; implementing and enforcing these limits by using effective monitoring and reporting systems, and by escalating and resolving any limit breaches or policy violations; and conducting regular and ad hoc stress testing.

Risk Concentration

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

The Parent Company manages concentration risks by setting exposure limits to borrowing groups, industries, countries, and where appropriate, on products and facilities. These limits are reviewed as the need arises, but at least annually.

To avoid excessive concentrations of risks, the Parent Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of risks are controlled and managed accordingly.

Credit Risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to perform its obligations during the life of the transaction. This includes risk of non-payment by borrowers or issuers, failed settlement of transactions, and default on contracts.

The Parent Company drives credit risk management fundamentally via its Credit Policy Manual (CPM), the provisions of which are regularly reviewed and updated to reflect changing regulations and risk conditions. The CPM defines the principles and parameters governing credit activities, ensuring that each account's creditworthiness is thoroughly understood and regularly reviewed. Lending units assume overall responsibility for the management of credit exposures while middle and back-office functions are clearly defined to provide independent checks and balance to credit risk-taking activities. A system of approving and signing limits ensures adequate senior management involvement for larger and more complex transactions. Large exposures of the Group are kept under rigorous review as these are subjected to stress testing and scenario analysis to assess the impact of changes in market conditions or key risk factors (examples are economic cycles, interest rate, liquidity conditions or other market movements) on its profile and earnings.

The risk management structure of policies, accountabilities and responsibilities, controls and senior management involvement is similarly in place for non-performing assets.

Derivative financial instruments

Credit risk in respect of derivative financial instruments is limited to those with positive fair values, which are included under 'Financial assets at FVTPL'. As a result, the maximum credit risk, without taking into account the fair value of any collateral and netting agreements, is limited to the amounts in the statements of financial position.



Credit-related commitments

The Parent Company makes available to its customers guarantees which may require the Parent Company to make payments on their behalf and enter into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Parent Company to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Parent Company to similar risks to loans and these are mitigated by the same control processes and policies. This also includes the unutilized credit limit of the Group's credit card customers.

Maximum exposure to credit risk of on-balance sheet credit risk exposures with collaterals held or other credit enhancements

The tables below show the maximum exposure to on-balance sheet credit risk exposures of the Group and the Parent Company after taking into account any collaterals held or other credit enhancements (amounts in millions):

	Consolidated				
	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral	Associated ECL*
December 31, 2024					
Credit risk exposure relating to on-balance sheet assets					
SPURA with BSP	₱3,941	₱3,941	₱—	₱3,941	₱—
Receivable from customers - net (exclusive of SBEL):					
Corporate lending	455,982	92,624	379,954	76,028	9,817
Consumer lending	63,971	48,869	34,079	29,892	1,803
Small business lending	540	436	169	371	35
Residential mortgages	98,149	89,788	38,227	59,922	807
Credit card receivables - individual	49,522	—	49,522	—	3,509
Receivable from customers - net (SBEL):					
Corporate	173	1,022	152	21	—
Individual	47	1,137	18	29	—
Other receivables	9,429	176	9,252	177	341
	₱681,754	₱237,993	₱511,373	₱170,381	₱16,312

	Consolidated				
	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral	Associated ECL*
December 31, 2023					
Credit risk exposure relating to on-balance sheet assets					
SPURA with BSP	₱—	₱—	₱—	₱—	₱—
Receivable from customers - net (exclusive of SBEL):					
Corporate lending	375,984	92,844	300,199	75,785	9,575
Consumer lending	41,349	40,676	20,981	20,368	1,660
Small business lending	550	440	180	370	35
Residential mortgages	82,518	86,621	31,071	51,447	858
Credit card receivables - individual	30,070	—	30,070	—	3,074
Receivable from customers - net (SBEL):					
Corporate	254	6,108	10	244	—
Individual	84	1,110	3	81	—
Other receivables	7,520	191	7,366	154	315
	₱538,329	₱227,990	₱389,880	₱148,449	₱15,517

*Amount deducted from gross amount to reflect carrying amount



	Parent Company				
	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral	Associated ECL*
December 31, 2024					
Credit risk exposure relating to on-balance sheet assets					
SPURA with BSP	₱3,941	₱3,941	₱–	₱3,941	₱–
Receivable from customers – net (exclusive of SBEI):					
Corporate lending	457,868	92,624	381,840	76,028	9,817
Consumer lending	63,969	48,867	34,079	29,890	1,803
Small business lending	540	436	169	371	35
Residential mortgages	98,149	89,788	38,227	59,922	807
Credit card receivables - individual	49,522	–	49,522	–	3,509
Other receivables	8,872	109	8,763	109	301
	₱682,861	₱235,765	₱512,600	₱170,261	₱16,272

	Parent Company				
	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral	Associated ECL*
December 31, 2023					
Credit risk exposure relating to on-balance sheet assets					
SPURA with BSP	₱–	₱–	₱–	₱–	₱–
Receivable from customers - net (exclusive of SBEI):					
Corporate lending	377,893	92,844	302,108	75,785	9,575
Consumer lending	41,347	40,674	20,980	20,367	1,660
Small business lending	550	440	180	370	35
Residential mortgages	82,518	86,621	31,071	51,447	858
Credit card receivables - individual	30,070	–	30,070	–	3,074
Other receivables	7,186	128	7,059	127	288
	₱539,564	₱220,707	₱391,468	₱148,096	₱15,490

*Amount deducted from gross amount to reflect carrying amount

The maximum exposure to credit risks for the other financial assets is limited to the carrying value as of December 31, 2024 and 2023.

Credit card receivables and receivables of SBEI are presented separately for the purpose of identifying receivables that are subjected to different credit risk rating systems.

Other receivables include accrued interest receivable, accounts receivable, sales contracts receivable and dividend receivable.

Risk concentrations of the maximum exposure to credit risk

The Group considers loans and receivables as highly concentrated when Herfindahl-Hirschman Index (HHI) reaches 2,500 or greater. The maximum acceptable HHI set by the Group for its loan concentration is 1,500 to 2,500, which means moderately concentrated. HHI is a measure of concentration, calculated by squaring the share of each loan segment to total loan portfolio and then summing the resulting numbers. In addition, the Group limits its total exposure to most industry segments at 15.0% each of the total credit risk exposure and complies with regulatory caps set by the BSP such as 25% real estate limit.



The distribution of financial assets and off-balance sheet items by industry sector of the Group and the Parent Company, before taking into account collateral held or other credit enhancements (maximum exposure) follows (amounts in millions):

	Consolidated				
	Loans and Receivables	Financial Investments*	Loans and Advances to Banks**	Others***	Total
December 31, 2024					
Public administration and defense; compulsory social security	₱9,966	₱273,123	₱—	₱541	₱283,630
Activities of households as employers; undifferentiated goods and services and producing activities of households for own use****	93,637	—	—	146,114	239,751
Real estate activities	168,359	17,060	—	2,648	188,067
Electricity, gas, steam and air conditioning supply	97,133	476	—	57,982	155,591
Wholesale and retail trade; repair of motor vehicles and motorcycles	115,361	657	—	26,855	142,873
Financial and insurance activities	33,325	36,046	63,598	9,040	142,009
Manufacturing	48,757	1,712	—	10,955	61,424
Transportation and storage	25,227	3,235	—	17,161	45,623
Construction	26,013	—	—	7,092	33,105
Information and communication	21,606	1,262	—	2,361	25,229
Water supply, sewerage, waste management and remediation activities	10,670	—	—	3,294	13,964
Agriculture, forestry and fishing	8,827	—	—	444	9,271
Professional scientific and technical services	6,847	—	—	19	6,866
Others	12,085	4,455	—	5,313	21,853
	₱677,813	₱338,026	₱63,598	₱289,819	₱1,369,256
December 31, 2023					
Real estate activities	₱148,139	₱19,013	₱—	₱9,907	₱177,059
Public administration and defense; compulsory social security	5,374	164,236	—	120	169,730
Activities of households as employers; undifferentiated goods and services and producing activities of households for own use****	58,527	—	—	90,127	148,654
Financial and insurance activities	22,726	30,638	63,391	6,707	123,462
Wholesale and retail trade; repair of motor vehicles and motorcycles	89,289	481	—	11,308	101,078
Electricity, gas, steam and air conditioning supply	78,596	2,143	—	12,402	93,141
Manufacturing	44,113	2,559	—	3,777	50,449
Transportation and storage	21,356	3,150	—	9,711	34,217
Construction	19,361	—	—	5,058	24,419
Information and communication	17,272	1,197	—	625	19,094
Water supply, sewerage, waste management and remediation activities	9,416	—	—	1,553	10,969
Agriculture, forestry and fishing	9,424	—	—	656	10,080
Professional scientific and technical services	4,035	—	—	2,037	6,072
Others	10,701	3,486	—	4,154	18,341
	₱538,329	₱226,903	₱63,391	₱158,142	₱986,765

* Consists of Financial assets at FVTPL and FVTOCI, Investment securities at amortized cost, and Derivatives designated as hedges

** Consists of Due from BSP, Due from other banks, Interbank loans receivables and SPURA and Cash collateral deposits (included in 'Other assets')

*** Consists of Contingent liabilities relating to inward and outward bills for collections, outstanding guarantees, letters of credit, unutilized credit limit of credit card holders, committed loan lines, security deposits and financial guarantees with commitment

**** Excludes loans and receivables on real estate or dwelling units which are considered production activities and classified under "Real estate"



	Parent Company				
	Loans and Receivables	Financial Investments*	Loans and Advances to Banks**	Others***	Total
December 31, 2024					
Public administration and defense; compulsory social security	₱9,966	₱273,123	₱—	₱541	₱283,630
Activities of households as employers; undifferentiated goods and services and producing activities of households for own use****	93,634	—	—	146,114	239,748
Real estate activities	168,358	17,060	—	2,648	188,066
Electricity, gas, steam and air conditioning supply	97,105	476	—	57,982	155,563
Wholesale and retail trade; repair of motor vehicles and motorcycles	115,344	657	—	26,855	142,856
Financial and insurance activities	32,748	36,015	63,513	9,040	141,316
Manufacturing	48,744	1,712	—	10,955	61,411
Transportation and storage	25,203	3,235	—	17,161	45,599
Construction	25,965	—	—	7,092	33,057
Information and communication	21,604	1,262	—	2,361	25,227
Water supply, sewerage, waste management and remediation activities	10,670	—	—	3,294	13,964
Agriculture, forestry and fishing	8,827	—	—	444	9,271
Professional scientific and technical services	6,847	—	—	19	6,866
Others	13,905	4,440	—	5,313	23,658
	₱678,920	₱337,980	₱63,513	₱289,819	₱1,370,232
December 31, 2023					
Real estate activities	₱148,070	₱19,013	₱—	₱9,907	₱176,990
Public administration and defense; compulsory social security	5,374	164,236	—	120	169,730
Activities of households as employers; undifferentiated goods and services and producing activities of households for own use****	58,524	—	—	90,127	148,651
Financial and insurance activities	24,230	30,593	63,331	6,707	124,861
Wholesale and retail trade; repair of motor vehicles and motorcycles	89,276	481	—	11,308	101,065
Electricity, gas, steam and air conditioning supply	78,596	2,143	—	12,402	93,141
Manufacturing	44,092	2,559	—	3,777	50,428
Transportation and storage	21,336	3,150	—	9,711	34,197
Construction	19,355	—	—	5,058	24,413
Information and communication	17,269	1,197	—	625	19,091
Water supply, sewerage, waste management and remediation activities	9,416	—	—	1,553	10,969
Agriculture, forestry and fishing	9,423	—	—	656	10,079
Professional scientific and technical services	4,035	—	—	2,037	6,072
Others	10,568	3,487	—	4,154	18,209
	₱539,564	₱226,859	₱63,331	₱158,142	₱987,896

* Consists of Financial assets at FVTPL and FVTOCI, Investment securities at amortized cost, and Derivatives designated as hedges

** Consists of Due from BSP, Due from other banks, Interbank loans receivables and SPURA and Cash collateral deposits (included in "Other assets")

*** Consists of Contingent liabilities relating to inward and outward bills for collections, outstanding guarantees, letters of credit, unutilized credit limit of credit card holders, committed loan lines, security deposits and financial guarantees with commitment

**** Excludes loans and receivables on real estate or dwelling units which are considered production activities and classified under "Real estate"

For details of the composition of the loans and receivables portfolio, refer to Note 14.

Offsetting of financial assets and financial liabilities

The Parent Company has various derivative financial instruments with various counterparties transacted under the International Swaps and Derivatives Association (ISDA) which are subject to enforceable master netting agreements. Under the agreements, the Parent Company has the right to settle its derivative financial instruments either: (1) upon election of the parties; or (2) in the case of default and insolvency or bankruptcy. The Parent Company, however, has no intention to net settle or to gross settle the accounts simultaneously. Also, the enforceability of netting upon default is contingent on a future event, and so the offsetting criteria under PAS 32 are not met. Consequently,



the gross amount of the derivative asset and the gross amount of the derivative liability are presented separately in the Parent Company's statements of financial position.

Cash collaterals have also been received from and pledged to the counterparties for the net amount of exposures from the derivative financial instruments. These cash collaterals do not meet the offsetting criteria under PAS 32 since it can only be set off against the net amount of the derivative asset and derivative liability in the case of default and insolvency or bankruptcy, in accordance with an associated collateral arrangement.

The Parent Company has entered into sale and repurchase agreements with various counterparties that are accounted for as collateralized borrowing. The Parent Company has also entered into a reverse sale and repurchase agreements with various counterparties that are accounted for as a collateralized lending. These transactions are subject to a global master repurchase agreement with a right of set-off only against the collateral securities upon default and insolvency or bankruptcy and therefore do not meet the offsetting criteria under PAS 32. Consequently, the related SSURA is presented separately from the collateral securities in the Parent Company's statements of financial position.

The table below presents the recognized financial instruments of the Group and the Parent Company that are offset, or subject to enforceable master netting agreements or other similar arrangements but not offset, as at December 31, 2024 and 2023, taking into account the effects of over-collateralization.

	Gross amounts of recognized financial instruments [a]	Gross amounts set-off in accordance with the PAS 32 offsetting criteria [b]	Net amount presented in statements of financial position [c]=[a]-[b]	Effect of remaining rights of set-off that do not meet PAS 32 offsetting criteria		Net exposure [e]=[c]-[d]
				Financial instruments [d]	Financial collateral	
2024						
Financial Assets						
Derivative assets (Notes 6 and 10)	₱1,531,397	₱-	₱1,531,397	₱1,056,335	₱-	₱475,062
SPURA (Note 37)	3,941,367	-	3,941,367	-	3,941,367	-
Derivatives Designated as Hedges	634,928	-	634,928	634,928	-	-
	₱6,107,692	₱-	₱6,107,692	₱1,691,263	₱3,941,367	₱475,062
Financial Liabilities						
Derivative liabilities (Notes 6 and 20)	₱1,716,047	₱-	₱1,716,047	₱1,056,335	₱-	₱659,712
SSURA (Note 21)	67,898,043	-	67,898,043	-	75,384,639	-
Derivatives Designated as Hedges	3,841,204	-	3,841,204	634,928	-	3,206,276
	₱73,455,294	₱-	₱73,455,294	₱1,691,263	₱75,384,639	₱3,865,988
2023						
Financial Assets						
Derivative assets (Notes 6 and 10)	₱922,356	₱-	₱922,356	₱246,387	₱-	₱675,969
SPURA (Note 37)	-	-	-	-	-	-
	₱922,356	₱-	₱922,356	₱246,387	₱-	₱675,969
Financial Liabilities						
Derivative liabilities (Notes 6 and 20)	₱2,968,706	₱-	₱2,968,706	₱246,387	₱-	₱2,722,319
SSURA (Note 21)	46,525,809	-	46,525,809	-	54,197,254	-
	₱49,494,515	₱-	₱49,494,515	₱246,387	₱54,197,254	₱2,722,319

Collateral and other credit enhancements

The amount and type of collateral required depends 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 - cash, guarantees, securities and physical collaterals (e.g., real estate, chattels, inventory, etc.); as a general rule, commercial, industrial and residential lots are preferred.
- For retail lending - mortgages on residential properties and financed vehicles.



Management monitors the market value of real property collateral every two years or if there is a trigger event, whichever comes earlier, and as needed for marketable securities to preserve collateral cover. The existing market value of collateral is considered during the review of the credit facilities and adequacy of the allowance for credit losses.

It is the Parent Company's policy to dispose assets acquired in an orderly fashion. The proceeds from the sale of the foreclosed assets (classified as 'Investment properties' in the statements of financial position) are used to reduce or repay the outstanding claim. In general, the Parent Company does not use repossessed properties for business.

Credit quality per class of financial assets

In compliance with BSP Circular No. 855, the Parent Company has developed and continually reviews and calibrates its internal risk rating system for credit exposures aimed at uniformly assessing its credit portfolio in terms of risk profile. Where appropriate, it obtains security, enters into master netting agreements, and limits the duration of exposures to maintain and even further enhance the quality of the Parent Company's credit exposures.

The credit quality of financial assets is monitored and managed using internal ratings and where available, external ratings.

The credit quality of trading and financial investment securities is generally monitored through internal ratings except for foreign entities which use external ratings of eligible external credit rating institutions. Credit exposures to foreign corporations and foreign financial institutions are limited to entities that are rated investment grade. The minimum acceptable risk rating is BBB- stable (for S&P) and Baa3 (for Moody's).

Presented below is the credit risk rating table of S&P & Moody's:

Agency					Investment Grade					
S&P	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
Moody's	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3

Agency				Non-Investment Grade						
S&P		BB+	BB	BB-	B+	B	B-	Below B-		
Moody's		Ba1	Ba2	Ba3	B1	B2	B3	Below B3		

In the Bank's mapping of risk ratings of its asset classes, S&P and Moody's investment grade ratings and BB+/Ba1 are considered high grade, BB/Ba2 down to B-/B3 ratings are considered medium grade, and below B-/B3 ratings are considered low grade.

For loan exposures, the credit quality is generally monitored using its internal credit risk ratings system. It is the Parent Company's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates management to focus on major potential risk and the comparison of credit exposures across all lines of business, demographics and products. The rating system is supported by a variety of financial analytics, combined with an assessment of qualitative factors such as management and market information to provide the main inputs for the measurement of credit or counterparty risk. Other variables that may impact the borrower's creditworthiness but are not yet factored into the baseline rating are considered in the model overlay to arrive at the final PD. All PD ratings are tailored with various categories and are derived in accordance with the Group's rating policy. The attributable risk ratings are assessed and updated regularly.



The Group uses PD Ratings to classify the credit quality of its receivables portfolio. This is currently undergoing upgrade to enhance credit evaluation parameters across different market segments and achieve a more sound and robust credit risk assessment. The description of the loan grades used by the Group for receivable from customers, except credit card receivables and receivables of SBEI, are as follows:

Wholesale Banking Segment Scorecards

The Parent Company has two Wholesale Banking Segment scorecards, differentiated according to the revenue size of the borrower: Big Accounts scorecard for borrowers with at least ₱2.0 billion in revenue size, and Small Accounts scorecard for borrowers with less than ₱2.0 billion revenue size. Both scorecards are mapped to an 11-grade scale masterscale with each grade having a corresponding PD.

High Grade (PD Rating of 1 to 7)

Accounts in this category have a low probability of defaulting on their obligations over the next 12 months. A comfortable degree of stability and diversity can be found in these borrowers.

Medium Grade (PD Rating of 8 to 9)

The PD of accounts in this category is slightly higher than high grade borrowers. Accounts whose financial ratios exhibit an amount of buffer though somewhat limited. These accounts can withstand minor economic weaknesses but may suffer if conditions deteriorate in a significant way and therefore, default risk is present under such adverse conditions. Repayment ability is more or less assured if economic and industry conditions remain stable.

Low Grade (PD Rating of 10 to 11)

Accounts for which default risk are very much present and those that have defaulted already are included in this category.

For SBEI's receivable portfolio, the Group classifies accounts that are neither past due nor impaired as follows:

High Grade – receivables from counterparties with no history of default and with apparent ability to settle the obligation. In case of receivables from customers, the outstanding amount must be more than 200.0% secured by collateral.

Medium Grade – receivable from counterparties with no history of default, with apparent ability to settle the obligation and the outstanding amount must be 100.0% – 200.0% secured by collateral.

Low Grade – receivable from counterparties with history of default and partially secured or unsecured accounts.

Unrated – Receivables from employees and refundable deposits.

For Auto Loan receivables, the Parent Company classifies accounts that are neither past due nor impaired as follows:

High Grade – Accounts with behavioral score >752

Medium Grade – Accounts with behavioral score >679-752; or with behavioral score >565-679 and uses 0 Delinquency Segment scorecard.

Low Grade – Accounts with behavioral score >565-679 and uses 0+ Delinquency Segment scorecard; or with behavioral score ≤564.



Unrated – Accounts with no behavioral score such as new bookings.

For Credit Card receivables, the Parent Company classifies accounts that are neither past due nor impaired as follows:

High Grade – Accounts with behavioral score >715.

Medium Grade – Accounts with behavioral score >580-715.

Low Grade – Accounts with score <=580.

Unrated – Accounts which are inactive in the last 12 months; too early or not enough information to rate.

For Business Banking and Home Loan receivables, scorecards are used to determine the PD of the account. The Parent Company classifies accounts that are neither past due nor impaired as follows:

High Grade (PD Rating of <1%)

Accounts in this category have a low probability of defaulting on their obligations over the next 12 months. A comfortable degree of stability and diversity can be found in these borrowers.

Medium Grade (PD Rating of 1% to 10%)

The PD of accounts in this category is slightly higher than high grade borrowers. These accounts can withstand minor economic weaknesses but may suffer if conditions deteriorate in a significant way and therefore, default risk is present under such adverse conditions. Repayment ability is more or less assured if economic and industry conditions remain stable.

Low Grade (PD Rating of 10+% and above)

Accounts for which an assumed default risk is present.

Unrated – Accounts which are unrated and 0-30 Days Past Due

For the other products in the consumer loans portfolio, the Group is currently building a separate credit rating system to enhance credit evaluation parameters across different market segments and achieve a more sound and robust credit risk assessment. Accounts which are neither past due nor impaired are presented as unrated.

The tables below show the credit quality by class of financial assets (gross of allowance for credit losses and net of unearned discounts and deferred credits) of the Group and the Parent Company.

As of December 31, 2024 and 2023, all investment securities are classified as Stage 1.

	Consolidated				Total
	Neither Past Due nor Individually Impaired			Unrated	
	High Grade	Medium Grade	Low Grade		
December 31, 2024					
Financial assets at FVTPL:					
HFT investments:					
Government securities	₱14,308,570	₱–	₱–	₱–	₱14,308,570
Private bonds	704,653	–	–	276,762	981,415
Total HFT investments	15,013,223	–	–	276,762	15,289,985

(Forward)



	Consolidated				Total
	Neither Past Due nor Individually Impaired				
	High Grade	Medium Grade	Low Grade	Unrated	
Derivative assets:					
Currency forwards	₱957,977	₱–	₱–	₱487,759	₱1,445,736
Interest rate swaps	52,607	–	–	–	52,607
Cross-currency swaps	–	–	–	31,421	31,421
Bond forwards and options	1,633	–	–	–	1,633
Total derivative assets	1,012,217	–	–	519,180	1,531,397
Total financial assets at FVTPL	₱16,025,440	₱–	₱–	₱795,942	₱16,821,382
Derivative assets designated as hedges	₱–	₱–	₱–	₱634,928	₱634,928
Financial assets at FVTOCI:					
Treasury notes and bills	₱95,392,729	₱–	₱–	₱–	₱95,392,729
Treasury bonds	84,484,049	–	–	–	84,484,049
Private bonds	1,333,343	–	–	–	1,333,343
	₱181,210,121	₱–	₱–	₱–	₱181,210,121
Financial assets at amortized cost (excluding loans and receivables)					
Due from BSP	₱35,104,831	₱–	₱–	₱–	₱35,104,831
Due from other banks	15,370,541	–	–	–	15,370,541
Interbank loans receivable and SPURA	9,393,615	–	–	–	9,393,615
Investment securities at amortized cost					
Private bonds	49,537,866	–	–	10,565,046	60,102,912
Treasury bonds	33,468,084	–	–	–	33,468,084
Treasury notes and bills	45,229,516	–	–	–	45,229,516
	128,235,466	–	–	10,565,046	138,800,512
	188,104,453	–	–	10,565,046	198,669,499
	₱385,340,014	₱–	₱–	₱11,995,916	₱397,335,930
December 31, 2023					
Financial assets at FVTPL:					
HFT investments:					
Government securities	₱9,681,878	₱–	₱–	₱–	₱9,681,878
Private bonds	138,013	–	–	144,079	282,092
Total HFT investments	9,819,891	–	–	144,079	9,963,970
Derivative assets:					
Currency forwards	469,401	–	–	160,453	629,854
Interest rate swaps	233,549	–	–	6,333	239,882
Interest rate futures	40,776	–	–	–	40,776
Cross-currency swaps	–	–	–	11,828	11,828
Bond forwards and options	8	–	–	8	16
Total derivative assets	743,734	–	–	178,622	922,356
Total financial assets at FVTPL	₱10,563,625	₱–	₱–	₱322,701	₱10,886,326
Financial assets at FVTOCI:					
Treasury notes and bills	₱82,365,379	₱–	₱–	₱–	₱82,365,379
Treasury bonds	55,451,234	–	–	–	55,451,234
Private bonds	1,523,151	–	–	–	1,523,151
	₱139,339,764	₱–	₱–	₱–	₱139,339,764
Financial assets at amortized cost (excluding loans and receivables)					
Due from BSP	₱45,821,155	₱–	₱–	₱–	₱45,821,155
Due from other banks	12,023,449	–	–	–	12,023,449
Interbank loans receivable and SPURA	4,081,000	–	–	–	4,081,000
Investment securities at amortized cost					
Private bonds	57,874,831	–	–	–	57,874,831
Treasury bonds	14,959,970	–	–	–	14,959,970
Treasury notes and bills	3,372,462	–	–	–	3,372,462
	76,207,263	–	–	–	76,207,263
	138,132,867	–	–	–	138,132,867
	₱288,036,256	₱–	₱–	₱322,701	₱288,358,957



	Parent Company				Total
	Neither Past Due nor Individually Impaired				
	High Grade	Medium Grade	Low Grade	Unrated	
December 31, 2024					
Financial assets at FVTPL:					
HFT investments:					
Government securities	₱14,308,570	₱–	₱–	₱–	₱14,308,570
Private bonds	704,653	–	–	276,762	981,415
Total HFT investments	15,013,223	–	–	276,762	15,289,985
Derivative assets:					
Currency forwards	957,977	–	–	487,759	1,445,736
Interest rate swaps	52,607	–	–	–	52,607
Interest rate futures	–	–	–	–	–
Cross-currency swaps	–	–	–	31,421	31,421
Bond forwards and options	1,633	–	–	–	1,633
Total derivative assets	1,012,217	–	–	519,180	1,531,397
Total financial assets at FVTPL	₱16,025,440	₱–	₱–	₱795,942	₱16,821,382
Derivative assets designated as hedges	₱–	₱–	₱–	₱634,928	₱634,928
Financial assets at FVTOCI					
Treasury notes and bills	₱95,392,729	₱–	₱–	₱–	₱95,392,729
Treasury bonds	84,484,049	–	–	–	84,484,049
Private bonds	1,333,343	–	–	–	1,333,343
	₱181,210,121	₱–	₱–	₱–	₱181,210,121
Financial assets at amortized cost (excluding loans and receivables)					
Due from BSP	₱35,104,831	₱–	₱–	₱–	₱35,104,831
Due from other banks	15,285,745	–	–	–	15,285,745
Interbank loans receivable and SPURA	9,393,615	–	–	–	9,393,615
Investment securities at amortized cost					
Private bonds	49,537,866	–	–	10,565,046	60,102,912
Treasury bonds	33,468,084	–	–	–	33,468,084
Treasury notes and bills	45,229,516	–	–	–	45,229,516
	128,235,466	–	–	10,565,046	138,800,512
	188,019,657	–	–	10,565,046	198,584,703
	₱385,255,218	₱–	₱–	₱11,995,916	₱397,251,134
December 31, 2023					
Financial assets at FVTPL:					
HFT investments:					
Government securities	₱9,681,878	₱–	₱–	₱–	₱9,681,878
Private bonds	138,013	–	–	144,079	282,092
Total HFT investments	9,819,891	–	–	144,079	9,963,970
Derivative assets:					
Currency forwards	469,401	–	–	160,453	629,854
Interest rate swaps	233,549	–	–	6,333	239,882
Interest rate futures	40,776	–	–	–	40,776
Cross-currency swaps	–	–	–	11,828	11,828
Bond forwards and options	8	–	–	8	16
Total derivative assets	743,734	–	–	178,622	922,356
Total financial assets at FVTPL	₱10,563,625	₱–	₱–	₱322,701	₱10,886,326
Financial assets at FVTOCI					
Treasury notes and bills	₱82,365,379	₱–	₱–	₱–	₱82,365,379
Treasury bonds	55,451,234	–	–	–	55,451,234
Private bonds	1,523,151	–	–	–	1,523,151
	₱139,339,764	₱–	₱–	₱–	₱139,339,764
Financial assets at amortized cost (excluding loans and receivables)					
Due from BSP	₱45,821,155	₱–	₱–	₱–	₱45,821,155
Due from other banks	11,963,925	–	–	–	11,963,925
Interbank loans receivable and SPURA	4,081,000	–	–	–	4,081,000
Investment securities at amortized cost					
Private bonds	57,874,831	–	–	–	57,874,831
Treasury bonds	14,959,970	–	–	–	14,959,970
Treasury notes and bills	3,372,462	–	–	–	3,372,462
	76,207,263	–	–	–	76,207,263
	138,073,343	–	–	–	138,073,343
	₱287,976,732	₱–	₱–	₱322,701	₱288,299,433



The tables below show the credit quality by class of loans and receivables (gross of allowance for credit losses and net of unearned discounts and deferred credits) of the Group and the Parent Company.

	Consolidated			
	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Receivable from customers:				
Corporate lending				
Neither past due nor impaired				
High grade	₱234,835,555	₱—	₱—	₱234,835,555
Medium grade	155,610,318	8,582,851	—	164,193,169
Low grade	33,499,939	18,170,733	—	51,670,672
Past due but not impaired	—	286,857	—	286,857
Past due and impaired	—	—	14,812,116	14,812,116
	423,945,812	27,040,441	14,812,116	465,798,369
Consumer lending (excluding credit card receivables)				
Neither past due nor impaired				
High grade	15,689,682	4,212	—	15,693,894
Medium grade	31,456,102	236,463	—	31,692,565
Low grade	227,232	402,366	—	629,598
Unrated	14,875,378	551,977	—	15,427,355
Past due but not impaired	—	885,126	—	885,126
Past due and impaired	—	—	1,445,995	1,445,995
	62,248,394	2,080,144	1,445,995	65,774,533
Small business lending				
Neither past due nor impaired				
High grade	26,275	—	—	26,275
Medium grade	435,687	5,000	—	440,687
Low grade	18,041	34,470	—	52,511
Past due and impaired	—	—	54,698	54,698
	480,003	39,470	54,698	574,171
Residential mortgages				
Neither past due nor impaired				
High grade	76,026,011	31,761	—	76,057,772
Medium grade	11,698,342	56,597	—	11,754,939
Low grade	7,122,484	619,011	—	7,741,495
Unrated	—	—	—	—
Past due but not impaired	—	1,244,508	—	1,244,508
Past due and impaired	—	—	2,156,967	2,156,967
	94,846,837	1,951,877	2,156,967	98,955,681
Credit card receivables – individual				
Neither past due nor impaired				
High grade	12,906,765	100,303	—	13,007,068
Medium grade	35,586,630	748,052	—	36,334,682
Low grade	10,336	602,334	—	612,670
Unrated	66,722	—	—	66,722
Past due but not impaired	—	1,379,131	—	1,379,131
Past due and impaired	—	—	1,630,695	1,630,695
	48,570,453	2,829,820	1,630,695	53,030,968
Receivable from customers (SBEI)				
Neither past due nor impaired				
High grade	10,815	—	—	10,815
Medium grade	17,075	—	—	17,075
Low grade	190,410	—	—	190,410
Past due but not impaired	—	1,436	—	1,436
	218,300	1,436	—	219,736
Total receivable from customers	630,309,799	33,943,188	20,100,471	684,353,458
Other receivables				
Neither past due nor impaired				
High grade	6,478,326	22,992	—	6,501,318
Medium grade	1,296,197	12,231	—	1,308,428
Low grade	540,987	99,353	—	640,340
Unrated	717,156	9,956	—	727,112
Past due but not impaired	—	61,262	—	61,262
Past due and impaired	—	—	533,399	533,399
	9,032,666	205,794	533,399	9,771,859
Other assets*				
Neither past due nor impaired				
High grade	4,237,071	—	—	4,237,071
	₱643,579,536	₱34,148,982	₱20,633,870	₱698,362,388

*Consists of cash collateral and security deposits



	Consolidated			
	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Receivable from customers:				
Corporate lending				
Neither past due nor impaired				
High grade	P206,351,382	P—	P—	P206,351,382
Medium grade	114,997,810	6,920,410	—	121,918,220
Low grade	21,141,707	21,999,712	—	43,141,419
Past due but not impaired	—	86,891	—	86,891
Past due and impaired	—	—	14,060,673	14,060,673
	342,490,899	29,007,013	14,060,673	385,558,585
Consumer lending (excluding credit card receivables)				
Neither past due nor impaired				
High grade	10,430,430	686	—	10,431,116
Medium grade	20,314,226	132,028	—	20,446,254
Low grade	391,637	281,260	—	672,897
Unrated	8,770,016	332,221	—	9,102,237
Past due but not impaired	—	922,287	—	922,287
Past due and impaired	—	—	1,434,341	1,434,341
	39,906,309	1,668,482	1,434,341	43,009,132
Small business lending				
Neither past due nor impaired				
High grade	9,000	—	—	9,000
Medium grade	463,556	1,761	—	465,317
Low grade	—	55,475	—	55,475
Past due but not impaired	—	4,000	—	4,000
Past due and impaired	—	—	51,781	51,781
	472,556	61,236	51,781	585,573
Residential mortgages				
Neither past due nor impaired				
High grade	6,975,390	12,730	—	6,988,120
Medium grade	72,337,994	114,068	—	72,452,062
Low grade	8,004	1,430,520	—	1,438,524
Unrated	—	—	—	—
Past due but not impaired	—	861,833	—	861,833
Past due and impaired	—	—	1,635,354	1,635,354
	79,321,388	2,419,151	1,635,354	83,375,893
Credit card receivables – individual				
Neither past due nor impaired				
High grade	6,662,821	4,745	—	6,667,566
Medium grade	20,743,167	176,732	—	20,919,899
Low grade	—	603,144	—	603,144
Unrated	1,932,278	480,736	—	2,413,014
Past due but not impaired	—	1,027,921	—	1,027,921
Past due and impaired	—	—	1,511,663	1,511,663
	29,338,266	2,293,278	1,511,663	33,143,207
Receivable from customers (SBEI)				
Neither past due nor impaired				
High grade	74,664	—	—	74,664
Medium grade	201,533	—	—	201,533
Low grade	51,497	—	—	51,497
Past due but not impaired	—	10,547	—	10,547
	327,694	10,547	—	338,241
Total receivable from customers	491,857,112	35,459,707	18,693,812	546,010,631
Other receivables				
Neither past due nor impaired				
High grade	4,347,217	318	—	4,347,535
Medium grade	1,507,320	67,750	—	1,575,070
Low grade	321,330	163,113	—	484,443
Unrated	657,654	—	—	657,654
Past due but not impaired	—	180,622	—	180,622
Past due and impaired	—	—	590,579	590,579
	6,833,521	411,803	590,579	7,835,903
Other assets*				
Neither past due nor impaired				
High grade	2,180,021	—	—	2,180,021
	P500,870,654	P35,871,510	P19,284,391	P556,026,555

*Consists of cash collateral and security deposits



	Parent Company			
	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Receivable from customers:				
Corporate lending				
Neither past due nor impaired				
High grade	₱236,721,889	₱–	₱–	236,721,889
Medium grade	155,610,318	8,582,851	–	164,193,169
Low grade	33,499,939	18,170,733	–	51,670,672
Past due but not impaired	–	286,857	–	286,857
Past due and impaired	–	–	14,812,116	14,812,116
	425,832,146	27,040,441	14,812,116	467,684,703
Consumer lending (excluding credit card receivables)				
Neither past due nor impaired				
High grade	15,689,682	4,212	–	15,693,894
Medium grade	31,456,102	236,463	–	31,692,565
Low grade	227,232	402,366	–	629,598
Unrated	14,872,771	551,977	–	15,424,748
Past due but not impaired	–	885,126	–	885,126
Past due and impaired	–	–	1,445,995	1,445,995
	62,245,787	2,080,144	1,445,995	65,771,926
Small business lending				
Neither past due nor impaired				
High grade	26,275	–	–	26,275
Medium grade	435,687	5,000	–	440,687
Low grade	18,041	34,470	–	52,511
Past due but not impaired	–	–	–	–
Past due and impaired	–	–	54,698	54,698
	480,003	39,470	54,698	574,171
Residential mortgages				
Neither past due nor impaired				
High grade	76,026,011	31,761	–	76,057,772
Medium grade	11,698,342	56,597	–	11,754,939
Low grade	7,122,484	619,011	–	7,741,495
Past due but not impaired	–	1,244,508	–	1,244,508
Past due and impaired	–	–	2,156,967	2,156,967
	94,846,837	1,951,877	2,156,967	98,955,681
Credit card receivables - individual				
Neither past due nor impaired				
High grade	12,906,765	100,303	–	13,007,068
Medium Grade	35,586,630	748,052	–	36,334,682
Low grade	10,336	602,334	–	612,670
Unrated	66,722	–	–	66,722
Past due but not impaired	–	1,379,131	–	1,379,131
Past due and impaired	–	–	1,630,695	1,630,695
	48,570,453	2,829,820	1,630,695	53,030,968
Total receivable from customers	631,975,226	33,941,752	20,100,471	686,017,449
Other receivables				
Neither past due nor impaired				
High grade	6,429,740	22,991	–	6,452,731
Medium grade	1,296,197	12,231	–	1,308,428
Low Grade	139,524	99,353	–	238,877
Unrated	628,605	9,956	–	638,561
Past due but not impaired	–	61,056	–	61,056
Past due and impaired	–	–	474,753	474,753
	8,494,066	205,587	474,753	9,174,406
Other assets*				
Neither past due nor impaired				
High grade	4,238,303	–	–	4,238,303
	₱644,707,595	₱34,147,339	₱20,575,224	₱ 699,430,158

*Consists of cash collateral and security deposits



	Parent Company			
	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Receivable from customers:				
Corporate lending				
Neither past due nor impaired				
High grade	P208,260,494	P—	P—	P208,260,494
Medium grade	114,997,810	6,920,410	—	121,918,220
Low grade	21,141,707	21,999,712	—	43,141,419
Past due but not impaired	—	86,891	—	86,891
Past due and impaired	—	—	14,060,673	14,060,673
	344,400,011	29,007,013	14,060,673	387,467,697
Consumer lending (excluding credit card receivables)				
Neither past due nor impaired				
High grade	10,430,430	686	—	10,431,116
Medium grade	20,314,226	132,028	—	20,446,254
Low grade	391,637	281,260	—	672,897
Unrated	8,767,818	332,220	—	9,100,038
Past due but not impaired	—	922,287	—	922,287
Past due and impaired	—	—	1,434,341	1,434,341
	39,904,111	1,668,481	1,434,341	43,006,933
Small business lending				
Neither past due nor impaired				
High grade	9,000	—	—	9,000
Medium grade	463,556	1,761	—	465,317
Low grade	—	55,475	—	55,475
Unrated	—	—	—	—
Past due but not impaired	—	4,000	—	4,000
Past due and impaired	—	—	51,781	51,781
	472,556	61,236	51,781	585,573
Residential mortgages				
Neither past due nor impaired				
High grade	6,975,390	12,730	—	6,988,120
Medium grade	72,337,994	114,068	—	72,452,062
Low grade	8,004	1,430,520	—	1,438,524
Unrated	—	—	—	—
Past due but not impaired	—	861,833	—	861,833
Past due and impaired	—	—	1,635,354	1,635,354
	79,321,388	2,419,151	1,635,354	83,375,893
Credit card receivables - individual				
Neither past due nor impaired				
High grade	6,662,821	4,745	—	6,667,566
Medium grade	20,743,167	176,732	—	20,919,899
Low Grade	—	603,144	—	603,144
Unrated	1,932,278	480,736	—	2,413,014
Past due but not impaired	—	1,027,921	—	1,027,921
Past due and impaired	—	—	1,511,663	1,511,663
	29,338,266	2,293,278	1,511,663	33,143,207
Total receivable from customers	493,436,332	35,449,159	18,693,812	547,579,303
Other receivables				
Neither past due nor impaired				
High grade	4,359,366	318	—	4,359,684
Medium grade	1,507,320	67,750	—	1,575,070
Low Grade	144,027	163,113	—	307,140
Unrated	461,606	—	—	461,606
Past due but not impaired	—	180,622	—	180,622
Past due and impaired	—	—	590,579	590,579
	6,472,319	411,803	590,579	7,474,701
Other assets*				
Neither past due nor impaired				
High grade	2,177,127	—	—	2,177,127
	P502,085,778	P35,860,962	P19,284,391	P557,231,131

*Consists of cash collateral and security deposits



The following table provides the analysis of the Group and the Parent Company's restructured receivables by class (included in the preceding table for the credit quality by class of financial assets) as of December 31, 2024 and 2023:

	Consolidated and Parent Company			
	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Corporate lending				
Neither past due nor impaired				
Medium grade	₱314,214	₱—	₱—	₱314,214
Low Grade	878,083	2,811,696	—	3,689,779
Past due but not impaired	—	—	—	—
Past due and impaired	—	—	5,070,531	5,070,531
	1,192,297	2,811,696	5,070,531	9,074,524
Consumer lending				
Neither past due nor impaired				
High grade	46,882	—	—	46,882
Medium grade	149,832	13,675	—	163,507
Low Grade	5,649	3,799	—	9,448
Unrated	269,072	14,093	—	283,165
Past due but not impaired	—	40,323	—	40,323
Past due and impaired	—	—	131,687	131,687
	471,435	71,890	131,687	675,012
Small business lending				
Past due and impaired	—	—	28,193	28,193
Residential mortgages				
Neither past due nor impaired				
High grade	933,679	20,296	—	953,975
Medium grade	109,680	16,344	—	126,024
Low Grade	45,981	22,835	—	68,816
Past due but not impaired	—	29,659	—	29,659
Past due and impaired	—	—	156,180	156,180
	1,089,340	89,134	156,180	1,334,654
	₱2,753,072	₱2,972,720	₱5,386,591	₱11,112,383

	Consolidated and Parent Company			
	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Corporate lending				
Neither past due nor impaired				
Medium grade	₱240,816	₱286,900	₱—	₱527,716
Low Grade	38,595	4,092,795	—	4,131,390
Past due but not impaired	—	—	—	—
Past due and impaired	—	—	4,766,600	4,766,600
	279,411	4,379,695	4,766,600	9,425,706
Consumer lending				
Neither past due nor impaired				
High grade	57,996	—	—	57,996
Medium grade	213,858	14,237	—	228,095
Low Grade	37,465	15,054	—	52,519
Unrated	124,340	9,024	—	133,364
Past due but not impaired	—	15,942	—	15,942
Past due and impaired	—	—	133,480	133,480
	433,659	54,257	133,480	621,396
Small business lending				
Past due and impaired	—	—	27,905	27,905
Residential mortgages				
Neither past due nor impaired				
High grade	151,519	12,340	—	163,859
Medium grade	912,160	98,846	—	1,011,006
Past due and impaired	—	—	83,098	83,098
	1,063,679	111,186	83,098	1,257,963
	₱1,776,749	₱4,545,138	₱5,011,083	₱11,332,970



Impairment assessment

The Group calculates ECLs based on sophisticated models utilizing its scorecards for the following portfolios:

- Wholesale Banking Segment loans
- Business Banking Segment loans
- Retail Banking Segment loans
- The treasury, trading and interbank relationships (such as investment securities not held for trading, due from other banks, interbank loans and cash collateral deposits)

The Group groups these exposures into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans. It includes, but not limited to, product type, property type, geographic location, internal grade, exposure value, utilization and collateral type, as applicable.

Liquidity Risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. Liquidity risk is monitored and managed mainly using liquidity gap capped by the approved Maximum Cumulative Outflows (MCO) limits, stress testing, and compliance to Basel III liquidity ratios. A Contingency Funding Plan is likewise in place to ensure readiness for identified liquidity crisis situation.

The Parent Company's Asset and Liability Committee (ALCO) is directly responsible for market and liquidity risk exposures. ALCO regularly monitors the Parent Company's positions and sets the appropriate transfer pricing rate to effectively manage movements of funds across business activities.

In 2022, to manage funding liquidity risk in relation to the reestablishment of the HTC business model, the Bank applied a notional limit to its HTC government securities as a percentage of its core deposits and capital. The Bank continuously monitors the volume of its HTC government securities against the notional limit.

Analysis of financial instruments by remaining contractual maturities

The table below shows the maturity profile of the Group's and the Parent Company's financial instruments, based on the Group's and the Parent Company's internal methodology that manages liquidity based on remaining contractual undiscounted cash flows.

Financial assets

Maturity profile of financial assets held for liquidity purposes is shown below. Analysis of equity and debt securities at FVTPL into maturity groupings is based on the expected date on which these assets will be realized. For other assets, the analysis into maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date the assets will be realized.



Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date, except for deposits which are based on expected withdrawals. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay.

	Consolidated						
	On Demand	Within 30 Days	31 to 60 Days	61 to 180 Days	181 to 360 Days	Over 360 Days	Total
December 31, 2024							
Financial Assets							
Financial assets at FVTPL:							
HFT investments:							
Government securities	P14,308,570	P–	P–	P–	P–	P–	P14,308,570
Private bonds	981,415	–	–	–	–	–	981,415
Equity Securities	24	–	–	–	–	–	24
Total HFT investments	15,290,009	–	–	–	–	–	15,290,009
Derivatives	–	553,819	211,572	369,777	228,079	189,513	1,552,760
Total financial assets at FVTPL	15,290,009	553,819	211,572	369,777	228,079	189,513	16,842,769
Derivatives Designated as Hedges	–	277,232	69,729	283,811	4,156	–	634,928
Financial assets at FVTOCI	–	2,359,511	1,103,278	6,468,706	13,482,102	232,030,279	255,443,876
Financial assets at amortized cost:							
COCI and due from BSP	48,269,886	–	–	–	–	–	48,269,886
Due from other banks	15,370,541	–	–	–	–	–	15,370,541
Interbank loans receivable and SPURA with BSP	–	6,849,822	16,206	113,998	104,599	2,568,025	9,652,650
Investment securities at amortized cost	–	555,594	4,210,194	6,163,921	10,073,369	145,830,850	166,833,928
Receivable from customers and other receivables	–	164,290,253	53,482,980	87,027,546	48,481,144	525,198,441	878,480,364
Total financial assets at amortized cost	63,640,427	171,695,669	57,709,380	93,305,465	58,659,112	673,597,316	1,118,607,369
Total financial assets	P78,930,436	P174,886,231	P59,093,959	P100,427,759	P72,373,449	P905,817,108	P1,391,528,942
Financial Liabilities							
Deposit liabilities:							
Demand	P279,240,344	P–	P–	P–	P–	P–	P279,240,344
Savings	140,868,600	–	–	–	–	–	140,868,600
Time	–	81,720,638	107,845,720	33,046,554	59,379,052	105,068,920	387,060,884
LTNCD	–	34,779	34,779	8,444,307	2,081,806	–	10,595,671
Total deposit liabilities	420,108,944	81,755,417	107,880,499	41,490,861	61,460,858	105,068,920	817,765,499
Financial Liabilities at FVTPL	–	779,541	588,263	220,358	71,112	65,700	1,724,974
Derivatives Designated as Hedges	–	499,435	660,401	1,143,371	1,537,997	–	3,841,204
Bills payable and SSURA	–	29,524,061	22,148,197	34,409,005	3,797,979	2,379,248	92,258,490
Notes and bonds payable	–	18,800,126	204,804	819,214	1,228,821	51,496,150	72,549,115
Acceptances payable	–	1,302,940	362,911	4,017	–	–	1,669,868
Margin deposits and cash letters of credit	–	169,923	–	–	–	–	169,923
Manager's and certified checks outstanding	5,339,433	–	–	–	–	–	5,339,433
Accrued interest, expense and other liabilities	–	17,015,514	66,905	247,137	324,708	1,475,156	19,129,420
Total financial liabilities	P425,448,377	P149,846,957	P131,911,980	P78,333,963	P68,421,475	P160,485,174	P1,014,447,926

	Consolidated						
	On Demand	Within 30 Days	31 to 60 Days	61 to 180 Days	181 to 360 Days	Over 360 Days	Total
December 31, 2023							
Financial Assets							
Financial assets at FVTPL:							
HFT investments:							
Government securities	P9,681,878	P–	P–	P–	P–	P–	P9,681,878
Private bonds	282,092	–	–	–	–	–	282,092
Equity Securities	25	–	–	–	–	–	25
Total HFT investments	9,963,995	–	–	–	–	–	9,963,995
Derivatives	–	147,734	98,911	372,881	299,202	10,554	929,282
Total financial assets at FVTPL	9,963,995	147,734	98,911	372,881	299,202	10,554	10,893,277
Financial assets at FVTOCI	–	2,862,166	4,144,715	3,726,535	3,669,988	166,858,396	181,261,800
Financial assets at amortized cost:							
COCI and due from BSP	59,768,224	–	–	–	–	–	59,768,224
Due from other banks	12,023,449	–	–	–	–	–	12,023,449
Interbank loans receivable and SPURA with BSP	–	107,756	26,217	2,067,617	582,800	1,688,325	4,472,715
Investment securities at amortized cost	–	305,432	445,050	8,717,908	8,709,147	72,439,372	90,616,909
Receivable from customers and other receivables	–	118,947,227	41,906,052	76,577,676	43,893,795	431,454,336	712,779,086
Total financial assets at amortized cost	71,791,673	119,360,415	42,377,319	87,363,201	53,185,742	505,582,033	879,660,383
Total financial assets	P81,755,668	P122,370,315	P46,620,945	P91,462,617	P57,154,932	P672,450,983	P1,071,815,460

(Forward)



	Consolidated						Total
	On Demand	Within 30 Days	31 to 60 Days	61 to 180 Days	181 to 360 Days	Over 360 Days	
Financial Liabilities							
Deposit liabilities:							
Demand	P245,268,222	P–	P–	P–	P–	P–	P245,268,222
Savings	118,280,754	–	–	–	–	–	118,280,754
Time	–	65,361,001	68,912,990	22,684,390	31,117,337	48,349,242	236,424,960
LTNCD	–	36,273	36,273	145,091	217,635	10,851,287	11,286,559
Total deposit liabilities	P363,548,976	P65,397,274	P68,949,263	P22,829,481	P31,334,972	P59,200,529	P611,260,495
Financial Liabilities at FVTPL	–	958,041	502,601	1,031,690	470,056	6,318	2,968,706
Bills payable and SSURA	–	12,382,574	6,221,920	27,825,454	3,293,446	2,421,236	52,144,630
Notes and bonds payable	–	16,191,517	146,192	15,091,942	490,250	18,478,121	50,398,022
Acceptances payable	–	1,943,502	48,712	781,562	8,958	–	2,782,734
Margin deposits and cash letters of credit	–	57,568	–	–	–	–	57,568
Manager's and certified checks outstanding	5,208,887	–	–	–	–	–	5,208,887
Accrued interest, expense and other liabilities	–	14,761,557	20,065	144,424	124,130	1,674,945	16,725,121
Total financial liabilities	P368,757,863	P111,692,033	P75,888,753	P67,704,553	P35,721,812	P81,781,149	P741,546,163

	Parent Company						Total
	On Demand	Within 30 Days	31 to 60 Days	61 to 180 Days	181 to 360 Days	Over 360 Days	
December 31, 2024							
Financial Assets							
Financial assets at FVTPL:							
HFT investments:							
Government securities	P14,308,570	P–	P–	P–	P–	P–	P14,308,570
Private bonds	981,415	–	–	–	–	–	981,415
Equity Securities	–	–	–	–	–	–	–
Total HFT investments	15,289,985	–	–	–	–	–	15,289,985
Derivatives	–	553,819	211,572	369,777	228,079	189,513	1,552,760
Total financial assets at FVTPL	15,289,985	553,819	211,572	369,777	228,079	189,513	16,842,745
Derivatives Designated as Hedges	–	277,232	69,729	283,811	4,156	–	634,928
Financial assets at FVTOCI	–	2,313,220	1,103,278	6,468,706	13,482,102	232,030,279	255,397,585
Financial assets at amortized cost:							
COCI and due from BSP	48,269,746	–	–	–	–	–	48,269,746
Due from other banks	15,285,745	–	–	–	–	–	15,285,745
Interbank loans receivable and SPURA with BSP	–	6,849,822	16,206	113,998	104,598	2,568,025	9,652,649
Investment securities at amortized cost	–	555,594	4,210,194	6,163,921	10,073,369	145,830,850	166,833,928
Receivable from customers and other receivables	–	165,359,018	53,482,910	87,027,446	48,480,989	525,195,889	879,546,252
Total financial assets at amortized cost	63,555,491	172,764,434	57,709,310	93,305,365	58,658,956	673,594,764	1,119,588,320
Total financial assets	P78,845,476	P175,908,705	P59,093,889	P100,427,659	P72,373,293	P905,814,556	P1,392,463,578

Financial Liabilities							
Deposit liabilities:							
Demand	P280,592,335	P–	P–	P–	P–	P–	P280,592,335
Savings	140,983,093	–	–	–	–	–	140,983,093
Time	–	82,131,877	107,845,720	33,046,554	59,379,052	105,068,920	387,472,123
LTNCD	–	34,779	34,779	8,444,307	2,081,806	–	10,595,671
Total deposit liabilities	421,575,428	82,166,656	107,880,499	41,490,861	61,460,858	105,068,920	819,643,222
Financial Liabilities at FVTPL	–	779,541	588,263	220,358	71,112	65,700	1,724,974
Derivatives Designated as Hedges	–	499,435	660,401	1,143,371	1,537,997	–	3,841,204
Bills payable and SSURA	–	30,746,269	21,377,030	34,210,797	3,447,535	2,325,192	92,106,823
Notes payable	–	18,800,126	204,804	819,214	1,228,821	51,496,150	72,549,115
Acceptances payable	–	1,302,940	362,911	4,017	–	–	1,669,868
Margin deposits and cash letters of credit	–	169,923	–	–	–	–	169,923
Manager's and certified checks outstanding	5,339,433	–	–	–	–	–	5,339,433
Accrued interest, expense and other liabilities	–	15,813,856	62,012	235,258	316,411	1,360,608	17,788,145
Total financial liabilities	P426,914,861	P150,278,746	P131,135,920	P78,123,876	P68,062,734	P160,316,570	P1,014,832,707

	Parent Company						Total
	On Demand	Within 30 Days	31 to 60 Days	61 to 180 Days	181 to 360 Days	Over 360 Days	
December 31, 2023							
Financial Assets							
Financial assets at FVTPL:							
HFT investments:							
Government securities	P9,681,878	P–	P–	P–	P–	P–	P9,681,878
Private bonds	282,092	–	–	–	–	–	282,092
Equity Securities	–	–	–	–	–	–	–
Total HFT investments	9,963,970	–	–	–	–	–	9,963,970
Derivatives	–	147,734	98,911	372,881	299,202	10,554	929,282
Total financial assets at FVTPL	9,963,970	147,734	98,911	372,881	299,202	10,554	10,893,252

(Forward)



	Parent Company						Total
	On Demand	Within 30 Days	31 to 60 Days	61 to 180 Days	181 to 360 Days	Over 360 Days	
Financial assets at FVTOCI	P=	P2,862,166	P4,144,714	P3,726,535	P3,669,988	P166,813,987	P181,217,390
Financial assets at amortized cost:							
COCI and due from BSP	59,768,099	—	—	—	—	—	59,768,099
Due from other banks	11,963,925	—	—	—	—	—	11,963,925
Interbank loans receivable and SPURA with BSP	—	107,757	26,217	2,067,616	582,800	1,688,325	4,472,715
Investment securities at amortized cost	—	305,432	445,051	8,717,908	8,709,147	72,439,372	90,616,910
Receivable from customers and other receivables	—	120,155,193	41,906,052	76,577,677	43,893,795	431,453,839	713,986,556
Total financial assets at amortized cost	71,732,024	120,568,382	42,377,320	87,363,201	53,185,742	505,581,536	880,808,205
Total financial assets	P81,695,994	P123,578,282	P46,620,945	P91,462,617	P57,154,932	P672,406,077	P1,072,918,847
Financial Liabilities							
Deposit liabilities:							
Demand	P246,851,638	P=	P=	P=	P=	P=	P246,851,638
Savings	118,400,566	—	—	—	—	—	118,400,566
Time	—	65,501,851	69,104,753	22,745,992	31,194,388	48,433,711	236,980,695
LTNCD	—	36,273	36,273	145,091	217,636	10,851,286	11,286,559
Total deposit liabilities	365,252,204	65,538,124	69,141,026	22,891,083	31,412,024	59,284,997	613,519,458
Financial Liabilities at FVTPL	—	958,041	502,601	1,031,690	470,056	6,318	2,968,706
Bills payable and SSURA	—	12,361,580	6,221,920	27,825,454	3,293,446	2,376,396	52,078,796
Notes payable	—	16,191,517	146,192	15,091,942	490,250	18,478,121	50,398,022
Acceptances payable	—	1,943,502	48,712	781,562	8,958	—	2,782,734
Margin deposits and cash letters of credit	—	57,568	—	—	—	—	57,568
Manager's and certified checks outstanding	5,208,887	—	—	—	—	—	5,208,887
Accrued interest, expense and other liabilities	—	13,935,498	20,064	144,424	124,130	1,487,401	15,711,517
Total financial liabilities	P370,461,091	P110,985,830	P76,080,515	P67,766,155	P35,798,864	P81,633,233	P742,725,688

The table below shows the contractual expiry by maturity of the Group's and the Parent Company's contingent liabilities and commitments (gross of allowance for credit losses).

	On Demand	Within 30 Days	31 to 60 Days	61 to 180 Days	181 to 360 Days	Over 360 Days	Total
December 31, 2024							
Unutilized credit limit of credit card holders	P146,113,130	P=	P=	P=	P=	P=	P146,113,130
Committed loan line	16,806,647	—	3,031,910	6,695,960	30,799,765	—	57,334,282
Unused commercial letters of credit	7,853,035	10,455,901	12,834,122	20,286,370	21,040,588	9,012,167	81,482,183
Outstanding guarantees	866,900	—	—	—	—	—	866,900
Inward bills for collection	496,984	298,752	132,085	2,717,025	—	—	3,644,846
Outward bills for collection	265,777	—	—	—	—	—	265,777
Financial guarantees with commitment	46,131	253	930	9,128	29,657	25,400	111,499
	P172,448,604	P10,754,906	P15,999,047	P29,708,483	P51,870,010	P9,037,567	P289,818,617
December 31, 2023							
Unutilized credit limit of credit card holders	P89,916,523	P=	P=	P=	P=	P=	P89,916,523
Committed loan line	13,155,504	—	937,500	3,191,021	1,500,000	—	18,784,025
Unused commercial letters of credit	1,657,802	5,269,914	6,275,753	11,201,829	11,643,658	10,456,686	46,505,642
Outstanding guarantees	833,749	—	—	—	—	—	833,749
Inward bills for collection	1,451,832	134,744	28,965	—	—	—	1,615,541
Outward bills for collection	107,422	111,062	13,880	—	—	—	232,364
Financial guarantees with commitment	—	—	—	143,636	4,019	106,619	254,274
	P107,122,832	P5,515,720	P7,256,098	P14,536,486	P13,147,677	P10,563,305	P158,142,118

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Group classifies exposures to market risk into either trading or non-trading portfolios and manages those portfolios separately.

The Group manages its market risk exposures through various established structures, processes and measurement tools.

- Treasury Group, the unit in charge of managing customer flows, liquidity and interest rate risk in the banking book (IRRBB), and that which handles the proprietary trading of the Group, is assigned risk limits by the ROC.
- The RMG performs daily monitoring of compliance with policies, procedures and risk limits and accordingly makes recommendations, where appropriate.



- The ALCO is the senior decision-making body for the management of all market risks related to asset and liability management, and the trading and accrual books.
- VaR is the statistical model used by the Group to measure the market risk of its trading portfolio, with the confidence level set at 99%.

The market risk measurement models are subjected to periodic back testing to ensure validity of market assumptions used.

Other risk management tools utilized by the Parent Company are as follows:

- Loss limits
- Position and duration limits, where appropriate
- Mark-to-market valuation
- VaR limits
- Stress testing

Additional risk monitoring tools were likewise adopted to manage under fluid market environment. The tools include sensitivity analyses to identify vulnerabilities in terms of profit or loss and capital erosion.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Bank defines IRRBB as the risk of deterioration in the net interest income or capital of bank arising from the timing and rate mismatch of its assets and liabilities combined with unfavorable movements in interest rates.

The Parent Company follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates is kept within acceptable limits. Management of IRRBB entails identifications of risks in the banking book, modelling of balance sheet account behavior, measurement of interest rate gap, estimation of Earnings-at-Risk (EaR), interest rate stress-testing, calculation of change in Economic Value of Equity (EVE), reporting to ALCO, the ROC and the BOD, model validation and maintenance, and regular audit.

Interest rate risk exposures are reported via the repricing gap schedule. The repricing gap report highlights mismatches in the repricing tenors of assets and liabilities. Repricing gaps are calculated by distributing the statements of financial position accounts into time buckets based on the next repricing dates of individual items. For non-maturing deposits, distinction is made between the stable (i.e. core) and non-stable portions, where the former is spread in time buckets aligned with Basel's IRRBB document while the latter is bucketed in short-term tenors. For time deposits and loans, model assumptions were developed based on historical experience of the Bank to capture early redemption risk and prepayment risk. These are adjusted using scaling factors under different interest rate shocks and stress scenarios when measuring the impact of IRRBB in economic value. After slotting the balance sheet items into time buckets, the resulting difference between the amount of the assets and the amount of the liabilities that will reprice within a particular time bucket constitutes a repricing gap.

The Group employs gap analysis to measure the sensitivity of its assets and liabilities to fluctuations in market interest rates for any given period. A 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 since it is in a better position to invest in higher yielding assets more quickly than it would need to refinance its interest-bearing liabilities. Conversely, during a period of falling interest rates, a positively gapped position could result in restrained growth or declining net interest income.



The Delta EVE is a cash flow calculation that takes the present value of all asset cash flows and subtracts the present value of all liability cash flows. This measure is defined as a bank's value sensitivity to changes in market rates. Delta EVE complements EaR and VaR as the Group's measure of interest rate risk. As of December 31, 2024, the Parent Company's Delta EVE is at 14.51%, arising from parallel shock up interest rate scenario.

The following tables set forth the asset-liability gap position of the Group and of the Parent Company as of December 31, 2024 and 2023:

	Consolidated					
	Within 30 Days	31 to 60 Days	61 to 180 Days	181 to 360 Days	Over 360 Days	Total
December 31, 2024						
Rate-sensitive Financial Assets						
Financial assets at FVTPL:						
HFT investments:						
Government securities	P14,308,570	P–	P–	P–	P–	P14,308,570
Private bonds	981,415	–	–	–	–	981,415
Total HFT investments	15,289,985	–	–	–	–	15,289,985
Derivative assets	–	–	2,394	4,410	77,224	84,028
Total financial assets at FVTPL	15,289,985	–	2,394	4,410	77,224	15,374,013
Financial assets at FVTOCI	1,549,072	298,016	3,323,778	8,886,102	167,199,444	181,256,412
Financial assets at amortized cost - gross of allowance:						
Due from BSP and other banks and Interbank loans receivable and SPURA with the BSP	57,310,145	–	50,000	10,000	2,500,000	59,870,145
Investment securities at amortized cost	–	3,587,464	3,700,724	6,504,642	125,007,682	138,800,512
Receivable from customers and other receivables	176,730,354	50,148,989	75,532,236	33,009,967	358,703,771	694,125,317
Total financial assets at amortized cost	234,040,499	53,736,453	79,282,960	39,524,609	486,211,453	892,795,974
Total rate-sensitive assets	250,879,556	54,034,469	82,609,132	48,415,121	653,488,121	1,089,426,399
Rate-sensitive Financial Liabilities						
Deposit liabilities	500,529,737	106,825,498	39,460,278	58,188,379	96,075,267	801,079,159
Financial Liabilities at FVTPL	779,390	588,112	219,752	70,204	58,589	1,716,047
Bills payable and SSURA	29,142,909	21,900,244	34,068,037	3,720,748	2,347,710	91,179,648
Notes and bonds payable	18,496,290	–	–	–	42,698,767	61,195,057
Total rate-sensitive liabilities	548,948,326	129,313,854	73,748,067	61,979,331	141,180,333	955,169,911
Asset-Liability Gap	(P298,068,770)	(P75,279,385)	P8,861,065	(P13,564,210)	P512,307,788	P134,256,488
December 31, 2023						
Rate-sensitive Financial Assets						
Financial assets at FVTPL:						
HFT investments:						
Government securities	P9,681,878	P–	P–	P–	P–	P9,681,878
Private bonds	282,092	–	–	–	–	282,092
Total HFT investments	9,963,970	–	–	–	–	9,963,970
Derivative assets	–	–	164,568	120,664	7,254	292,486
Total financial assets at FVTPL	9,963,970	–	164,568	120,664	7,254	10,256,456
Financial assets at FVTOCI	2,286,147	3,578,805	1,470,228	290,910	131,713,674	139,339,764
Financial assets at amortized cost – gross of allowance:						
Due from BSP and other banks and Interbank loans receivable and SPURA with the BSP	57,925,604	–	2,000,000	500,000	1,500,000	61,925,604
Investment securities at amortized cost	–	139,620	7,547,534	7,114,992	61,405,117	76,207,263
Receivable from customers and other receivables	114,831,706	39,096,266	67,019,216	31,117,669	301,781,677	553,846,534
Total financial assets at amortized cost	172,757,310	39,235,886	76,566,750	38,732,661	364,686,794	691,979,401
Total rate-sensitive assets	185,007,427	42,814,691	78,201,546	39,144,235	496,407,722	841,575,621
Rate-sensitive Financial Liabilities						
Deposit liabilities	428,010,542	68,749,607	21,906,381	30,212,654	57,652,203	606,531,387
Financial Liabilities at FVTPL	–	–	(28,592)	–	–	(28,592)
Bills payable and SSURA	12,151,458	6,042,750	27,520,715	3,265,861	2,358,321	51,339,105
Notes and bonds payable	15,995,449	–	14,571,659	–	18,396,413	48,963,521
Total rate-sensitive liabilities	456,157,449	74,792,357	63,970,163	33,478,515	78,406,937	706,805,421
Asset-Liability Gap	(P271,150,022)	(P31,977,666)	P14,231,383	P5,665,720	P418,000,785	P134,770,200



	Parent Company					
	Within 30 Days	31 to 60 Days	61 to 180 Days	181 to 360 Days	Over 360 Days	Total
December 31, 2024						
Rate-sensitive Financial Assets						
Financial assets at FVTPL:						
HFT investments:						
Government securities	P14,308,570	P-	P-	P-	P-	P14,308,570
Private bonds	981,415	-	-	-	-	981,415
Total HFT investments	15,289,985	-	-	-	-	15,289,985
Derivative assets	-	-	2,394	4,410	77,224	84,028
Total financial assets at FVTPL	15,289,985	-	2,394	4,410	77,224	15,374,013
Financial assets at FVTOCI	1,502,781	298,016	3,323,778	8,886,102	167,199,444	181,210,121
Financial assets at amortized cost - gross of allowance:						
Due from BSP and other banks and Interbank loans receivable and SPURA with the BSP	57,225,349	-	50,000	10,000	2,500,000	59,785,349
Investment securities at amortized cost	-	3,587,464	3,700,724	6,504,641	125,007,683	138,800,512
Receivable from customers and other receivables	177,800,235	50,148,454	75,532,136	33,009,812	358,701,218	695,191,855
Total financial assets at amortized cost	235,025,584	53,735,918	79,282,860	39,524,453	486,208,901	893,777,716
Total rate-sensitive assets	251,818,350	54,033,934	82,609,032	48,414,965	653,485,569	1,090,361,850
Rate-sensitive Financial Liabilities						
Deposit liabilities	502,407,461	106,825,498	39,460,278	58,188,379	96,075,266	802,956,882
Financial Liabilities at FVTPL	779,390	588,112	219,752	70,204	58,589	1,716,047
Bills payable and SSURA	30,365,118	21,129,077	33,869,828	3,370,304	2,293,655	91,027,982
Notes and bonds payable	18,496,290	-	-	-	42,698,767	61,195,057
Total rate-sensitive liabilities	552,048,259	128,542,687	73,549,858	61,628,887	141,126,277	956,895,968
Asset-Liability Gap	(P300,229,909)	(P74,508,753)	P9,059,174	(P13,213,922)	P512,359,292	P133,465,882
December 31, 2023						
Rate-sensitive Financial Assets						
Financial assets at FVTPL:						
HFT investments:						
Government securities	P9,681,878	P-	P-	P-	P-	P9,681,878
Private bonds	282,092	-	-	-	-	282,092
Total HFT investments	9,963,970	-	-	-	-	9,963,970
Derivative assets	-	-	164,568	120,664	7,254	292,486
Total financial assets at FVTPL	9,963,970	-	164,568	120,664	7,254	10,256,456
Financial assets at FVTOCI	2,286,147	3,578,805	1,470,228	290,910	131,713,674	139,339,764
Financial assets at amortized cost - gross of allowance:						
Due from BSP and other banks and Interbank loans receivable and SPURA with the BSP	57,866,080	-	2,000,000	500,000	1,500,000	61,866,080
Investment securities at amortized cost	-	139,620	7,547,534	7,114,992	61,405,117	76,207,263
Receivable from customers and other receivables	116,039,672	39,096,266	67,019,216	31,117,669	301,781,181	555,054,004
Total financial assets at amortized cost	173,905,752	39,235,886	76,566,750	38,732,661	364,686,298	693,127,347
Total rate-sensitive assets	186,155,869	42,814,691	78,201,546	39,144,235	496,407,226	842,723,567
Rate-sensitive Financial Liabilities						
Deposit liabilities	430,261,567	68,749,607	21,906,381	30,212,654	57,652,203	608,782,412
Financial Liabilities at FVTPL	-	-	(28,592)	-	-	(28,592)
Bills payable and SSURA	12,130,465	6,042,749	27,520,715	3,265,861	2,313,481	51,273,271
Notes and bonds payable	15,995,449	-	14,571,659	-	18,396,413	48,963,521
Total rate-sensitive liabilities	458,387,481	74,792,356	63,970,163	33,478,515	78,362,097	708,990,612
Asset-Liability Gap	(P272,231,612)	(P31,977,665)	P14,231,383	P5,665,720	P418,045,129	P133,732,955

The following table provides for the average EIRs by period of repricing (or by period of maturity if there is no repricing) of the Group and of the Parent Company as of December 31, 2024 and 2023:

	Consolidated			Parent Company		
	Less than 3 months	3 months to 1 year	Greater than 1 year	Less than 3 months	3 months to 1 year	Greater than 1 year
December 31, 2024						
Peso						
Financial Assets						
Due from BSP	-	-	-	-	-	-
Due from banks	2.64%	-	-	2.64%	-	-
Interbank loans	-	9.87%	7.54%	-	9.87%	7.54%
Investment securities*	6.02%	4.47%	5.26%	6.02%	4.47%	5.26%
Loans and receivables	8.17%	8.28%	8.36%	8.17%	8.28%	8.36%

(Forward)



	Consolidated			Parent Company		
	Less than 3 months	3 months to 1 year	Greater than 1 year	Less than 3 months	3 months to 1 year	Greater than 1 year
Financial Liabilities						
Deposit liabilities other than LTNCD	3.80%	3.75%	3.79%	3.80%	3.75%	3.79%
LTNCD	2.59%	4.59%	0.00%	2.59%	4.59%	0.00%
Bills payable and SSURA	6.13%	—	8.00%	6.13%	—	8.00%
Notes payable	—	—	6.23%	—	—	6.23%
USD						
Financial Assets						
Due from banks	1.77%	—	—	1.77%	—	—
Investment securities*	0.87%	5.44%	4.50%	0.87%	5.44%	4.50%
Loans and receivables	5.20%	4.10%	5.76%	5.20%	4.10%	5.76%
Financial Liabilities						
Deposit liabilities	0.79%	0.49%	3.62%	0.79%	0.49%	3.62%
Bills payable	5.16%	5.33%	4.52%	5.16%	5.33%	4.52%
Notes payable	—	—	5.83%	—	—	5.83%
December 31, 2023						
Peso						
Financial Assets						
Due from BSP	—	—	—	—	—	—
Due from banks	7.47%	8.01%	8.37%	7.47%	8.01%	8.37%
Interbank loans	1.31%	—	—	1.31%	—	—
Investment securities*	4.43%	6.11%	—	4.43%	6.11%	—
Loans and receivables	5.45%	7.53%	7.88%	5.45%	7.53%	7.88%
Financial Liabilities						
Deposit liabilities other than LTNCD	3.94%	4.18%	4.21%	3.94%	4.18%	4.21%
LTNCD	—	—	4.03%	—	—	4.03%
Bills payable and SSURA	—	—	8.00%	—	—	8.00%
Notes payable	—	—	4.29%	—	—	4.29%
USD						
Financial Assets						
Due from banks	1.00%	—	—	1.00%	—	—
Investment securities*	3.41%	4.36%	—	3.41%	4.36%	—
Loans and receivables	4.82%	5.94%	6.29%	4.82%	5.94%	6.29%
Financial Liabilities						
Deposit liabilities	1.33%	1.05%	3.26%	1.33%	1.05%	3.26%
Bills payable	4.87%	2.49%	—	4.87%	2.49%	—
Notes payable	—	—	—	—	—	—

* Consists of Financial assets at FVTPL, Financial assets at FVTOCI and Investment securities at amortized cost

Market Risk in the Trading Book

The Parent Company measures VaR in order to estimate if the market value of an asset or of a portfolio of assets is likely to change over a certain time period as market factors change.

VaR computation is a two-step process which involves calculation of the changes in the relevant risk factors then computing for the corresponding impact on the exposure's value. A risk factor is defined as a variable that causes a change in the value of a financial instrument or a portfolio of financial instruments.

VaR Methodology

The Parent Company uses a Historical Model approach to calculate VaR for all products.

Unlike parametric methods, the historical approach does not put specific assumptions on the distribution (ex. normality assumption) of the historical returns. Instead, the Historical Model estimates VaR using historical changes in market factors to construct an empirical distribution of potential profits and losses, and then reading off the loss that is exceeded at a specified confidence level and period. The Parent Company employs Historical Model using a Taylor expansion composed of "Greek" sensitivities (Delta and Gamma) characterizing market behavior.



VaR Parameters

The Group uses one-year historical observations consisting of 365 data points with a 99% confidence level and a 1-day holding period. This implies 99% confidence level that the portfolio will not lose more than the calculated VaR over the next day.

The VaR figures are backtested against actual and hypothetical profit and loss to validate the robustness of the VaR model. Likewise, to complement the VaR measure, the Parent Company performs stress tests wherein the trading portfolios are valued under extreme market scenarios not covered by the confidence interval of the VaR model.

Since VaR is an integral part of the Parent Company's market risk management, VaR limits are set annually for all financial trading activities based on its risk appetite level. Exposures are then monitored daily against the established VaR limits.

The following table provides the VaR summary of the Parent Company as of December 31, 2024 and 2023 (amounts in millions):

	FX and FX		Interest Rate	
Stand-alone VaR	Swaps	Fixed Income	Swap	Other
			Agreements*	Derivatives
As of Dec. 31, 2024	24.74	48.39	6.93	0.11
2024-Highest	64.04	117.66	65.70	2.17
2024-Lowest	8.72	21.52	2.25	0.01
2024-Average Daily	21.61	64.07	27.35	0.91

swaps, e.g., USD/PHP fix/fix

	FX and FX		Interest Rate	
Stand-alone VaR	Swaps	Fixed Income	Swap	Other
<i>(Sep 7 to Dec 31, 2023)</i>			Agreements*	Derivatives
As of Dec. 31, 2023	9.84	47.19	54.27	1.56
2023-Highest	45.48	68.84	56.72	5.80
2023-Lowest	5.77	44.01	0.24	0.81
2023-Average Daily	14.97	57.59	4.66	1.89

**Includes interest rate swap transactions of same currency, e.g., PHP fix/float, and cross currency swaps, e.g., USD/PHP fix/fix*

	FX and FX		Interest Rate	
Component VaR	Swaps	Fixed Income	Swap	Other
<i>(Jan 3 to Sep 6, 2023)</i>			Agreements*	Derivatives
2023-Highest	35.36	186.79	1.16	17.67
2023-Lowest	0.02	33.26	0.00	0.04
2023-Average Daily	7.27	107.09	0.34	1.29

**Includes interest rate swap transactions of same currency, e.g., PHP fix/float, and cross currency swaps, e.g., USD/PHP fix/fix*

In September 2023, the Parent Company shifted from the use of component VaR which reflects decomposition of the risk of the portfolio to stand-alone VaR to properly capture the risk per risk factor.

The Parent Company's trading in fixed income securities together with the interest rate swaps are exposed to movements in interest rates. Foreign exchange swaps and other derivatives such as options and gold forwards are exposed to multiple risk factors including foreign exchange rates, interest rates, and sometimes even the volatility of these factors, e.g., for options, the volatility of the FX rates are also being traded.

The high and low of the total portfolio may not equal to the sum of the individual components as the high and low of individual portfolios may have occurred on different trading days.



Equity price risk

Equity price risk is the risk that the fair values of equities will decrease as a result of changes in the levels of equity indices and the value of individual stocks. As of December 31, 2024 and 2023, this risk originates from the open stock positions of SB Equities. The Bank has no significant equity price risk as of December 31, 2024 and 2023.

The Group, except for SBEI, has no equity securities classified under Financial assets at FVTOCI as of December 31, 2024 and 2023 which are affected by changes in the PSEi as these securities are mainly golf and club shares.

Market Risk in the Non-Trading Book

The accrual book pertains to the assets and liabilities that make up the Parent Company's balance sheet. Such accrual positions are sensitive to changes in interest rates. The Parent Company monitors the exposure of non-trading assets and liabilities to fluctuations in interest rates by measuring the impact of interest rate movements on its interest income.

The following tables set forth, for the period indicated, the sensitivity of the Parent Company's net interest income to reasonably possible changes in interest rates with all other variables held constant:

Currency	2024				2023			
	PHP		USD		PHP		USD	
Changes in interest rates (in basis points)	+100	-100	+100	-100	+100	-100	+100	-100
Change in annualized net interest income*	(₱1,483)	₱1,483	(₱798)	₱798	(₱348)	₱348	(₱1,036)	₱1,036

**Amounts in millions*

EaR is a key measure of IRRBB. EaR is the sensitivity of the statements of income given assumed changes in interest rates on the net interest income for one year, based on the floating rate, non-trading financial assets and financial liabilities held at each statement of financial position date. This approach focuses on the impact in profit or loss of holding on to the gaps over a one-year time frame.

The take-off point for the EaR calculation is the bank's repricing gap model which takes into account behavior. To control the interest rate repricing risk in the banking books, the Parent Company sets a limit on the EaR measure.

The Parent Company recognizes that this metric assumes a "business-as-usual" scenario and, therefore, do not show potential losses under a "stress" scenario. To address this limitation, the Parent Company performs regular stress testing to test its ability to cope with adverse changes in interest rates under different stress scenarios. This process involves applying interest rate shocks of different magnitudes to the current repricing gap positions in the balance sheet. Stress-testing involves yield curve shifts based on economic forecasts and regulatory guidelines. The bank uses hedging products such as interest rate swaps to hedge its banking book.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency-denominated deposits are generally used to fund the Parent Company's foreign currency-denominated loan and investment portfolio in the FCDU. The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.



The following tables summarize the Group's and the Parent Company's exposure to currency risk as of December 31, 2024 and 2023. Included in the tables are the Group's and the Parent Company's assets and liabilities at carrying amounts, categorized by currency (amounts in Philippine Peso thousands equivalent and excludes FCDU USD-denominated instruments).

	2024			2023		
	USD	Others*	Total	USD	Others*	Total
Financial Assets						
Cash and cash equivalents	₱6	₱236,997	₱237,003	₱720	₱204,460	₱205,180
Due from other banks	4,351,970	3,828,170	8,180,140	3,495,948	2,858,751	6,354,699
Financial assets at FVTPL	—	—	—	—	—	—
Loans and receivables	4,766,617	779,063	5,545,680	5,524,662	674,593	6,199,255
Other assets	5	—	5	1	1,922	1,923
Total financial assets	9,118,598	4,844,230	13,962,828	9,021,331	3,739,726	12,761,057
Financial Liabilities						
Deposit liabilities	—	5,103,756	5,103,756	—	33,131,529	33,131,529
Derivative liabilities	—	—	—	—	—	—
Bills payable and SSURA	(30)	153	123	(41)	901	860
Acceptances payable	1,663,958	5,910	1,669,868	2,773,929	8,805	2,782,734
Margin deposits and cash letters of credit	14,461	2,457	16,918	4,551	—	4,551
Accrued interest, taxes and other expenses	7,019	2,123	9,142	—	104,413	104,413
Other liabilities	421,190	6,297	427,487	398,956	58,139	457,095
Total financial liabilities	2,106,598	5,120,696	7,227,294	3,177,395	33,303,787	36,481,182
Currency Swaps and Forwards	293,701,660	1,683,385	295,385,045	93,957,497	30,693,963	124,651,460
Net Exposure	₱300,713,660	₱1,406,919	₱302,120,579	₱99,801,433	₱1,129,902	₱100,931,335

* Consists of Euro, British pound, Australian dollar, Canadian dollar, Hong Kong dollar, Singapore dollar, New Zealand dollar, Swiss franc, Japanese yen, Danish kroner, Thai baht, Chinese yuan, and South Korean won

Information relating to the Parent Company's currency derivatives are disclosed in Notes 6 and 11. The Parent Company has outstanding cross-currency swaps with notional amount of USD12.8 million and USD11.8 million as of December 31, 2024 and 2023, respectively, and foreign currency forward transactions with notional amount of USD6.5 billion (bought) and USD1.5 billion (sold) as of December 31, 2024, and USD3.1 billion (bought) and USD0.9 billion (sold) as of December 31, 2023. The impact of the range of reasonably possible changes in the US Dollar-Philippine Peso exchange rate (except those in the FCDU books) on the Parent Company's non-consolidated pre-tax income in 2024 and 2023 has been included in the VaR summary per product line.

Operational Risk

Operational risk is the probability of loss arising from fraud, unauthorized activities, errors, omissions, system failures, cyber incidents or from external events. This is the broadest risk type encompassing product development and delivery, operational processing, systems development, computing systems, complexity of products and services, and the internal control environment.

Operational Risk Management is considered a critical element in the Bank's commitment to sound management and corporate governance. Under the Bank's operational risk management framework, business units are provided extensive guidance on the comprehensive identification and effective assessment of their operational risks and the corresponding controls to promote a forward-looking culture of risk management. This is complemented by continuous focus on issue management to address identified weaknesses, as well as by enhanced incident response capability to ensure preparedness in the event of significant risk occurrences.

Group policies and frameworks have been developed and implemented covering key areas such as technology risks, business continuity, fraud, and information security, as well as new risk areas like social media, environmental, social, and governance (ESG), and reputational risk. Guidelines and tools have also been enhanced for key operational risk activities such as Issue Management, Incident and Loss Reporting and Key Risk Indicators to improve reporting and oversight of the Bank's operational risk environment. The Risk and Control Self-Assessment process has also been updated



to ensure effective identification, assessment, mitigation and monitoring of operational risks by the risk owners in the first line of defense.

There remains increased focus on operational resilience, with ongoing reviews of business continuity plans and crisis management playbooks, and planned upgrades to critical systems as part of IT disaster recovery efforts.

Increased digitalization in response to customer needs has been accompanied by enhanced alignment of the Bank's risk assessment and technology project management processes. Security controls were strengthened to mitigate cybersecurity and external fraud risks, particularly within the online banking services. Security awareness programs for both customers and staff have likewise been enhanced. Finally, third-party experts are contracted to assess and guide further improvements to both cybersecurity maturity and incident response capability. These measures are intended to address information security, fraud, resiliency, and other operational risks.

Sustainability Risk

Environmental & Social Risk Management (ESRM) is the identification, measurement, assessment, monitoring and reporting of environmental and social risks associated with the Bank's lending and investment activities, and its operations. The Bank has incorporated environmental and social factors into the lending process and customer dialogue to align with its policies. The Bank recognizes the consequences of failing to appropriately manage ESG issues can directly impact its reputation, its operations, and the communities where the Bank and its clients operate.

6. Fair Value Measurement

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

	Consolidated				
	Carrying Value	Total	Fair Value		
			Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2024					
Assets Measured at Fair Value					
Financial assets at FVTPL:					
HFT investments:					
Government securities	₱14,308,570	₱14,308,570	₱4,964,110	₱9,344,460	₱—
Private bonds	981,415	981,415	523,055	458,360	—
Equity securities	24	24	—	24	—
Total HFT investments	15,290,009	15,290,009	5,487,165	9,802,844	—
Derivative assets:					
Currency forwards	1,445,736	1,445,736	—	1,445,736	—
Interest rate swaps	52,607	52,607	—	52,607	—
Cross-currency swaps	31,421	31,421	—	31,421	—
Bond forwards and options	1,633	1,633	—	1,633	—
Total derivative assets	1,531,397	1,531,397	—	1,531,397	—
Total financial assets at FVTPL	16,821,406	16,821,406	5,487,165	11,334,241	—
Derivative assets designated as hedges	634,928	634,928	—	634,928	—
Financial assets at FVTOCI:					
Treasury notes and bills	95,392,729	95,392,729	31,909,047	63,483,682	—
Treasury bonds	84,484,049	84,484,049	45,985,577	38,498,472	—
Private bonds	1,333,343	1,333,343	—	1,333,343	—
Equity securities	626,568	626,568	—	626,568	—
	181,836,689	181,836,689	77,894,624	103,942,065	—
	₱199,293,023	₱199,293,023	₱83,381,789	₱115,911,234	₱—

(Forward)



	Consolidated				
			Fair Value		
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which Fair Values are Disclosed					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost:					
Private bonds	₱60,038,556	₱59,706,775	₱19,752,547	₱39,954,228	₱–
Treasury bonds	33,465,303	33,437,894	19,905,125	13,532,769	–
Treasury notes and bills	45,229,516	45,489,856	14,958,892	30,530,964	–
Total investment securities at amortized cost	138,733,375	138,634,525	54,616,564	84,017,961	–
Receivable from customers:					
Corporate lending	456,154,331	462,587,153	–	–	462,587,153
Consumer lending	113,539,703	113,831,876	–	–	113,831,876
Small business lending	539,543	540,441	–	–	540,441
Residential mortgages	98,148,557	99,006,692	–	–	99,006,692
Total receivable from customers	668,382,134	675,966,162	–	–	675,966,162
Other receivables	9,431,140	9,431,140	–	–	9,431,140
Other assets	508,068	444,096	–	–	444,096
Total financial assets at amortized cost	817,054,717	824,475,923	54,616,564	84,017,961	685,841,398
Non-financial Assets					
Investment properties	6,282,770	8,761,853	–	–	8,761,853
	₱823,337,487	₱833,237,776	₱54,616,564	₱84,017,961	₱694,603,251
Liabilities Measured at Fair Value					
Financial liabilities at FVTPL:					
Derivative liabilities:					
Currency forwards	₱1,643,806	₱1,643,806	₱–	₱1,643,806	₱–
Interest rate swaps	54,023	54,023	–	54,023	–
Foreign currency options	17,450	17,450	–	17,450	–
Bonds forward	768	768	–	768	–
Total financial liabilities at FVTPL	1,716,047	1,716,047	–	1,716,047	–
Derivative liabilities designated as hedges	3,841,204	3,841,204	–	3,841,204	–
	₱5,557,251	₱5,557,251	₱–	₱5,557,251	₱–
Liabilities for which Fair Values are Disclosed					
Deposit liabilities excluding LTNCD	₱790,645,374	₱791,082,908	₱–	₱–	₱791,082,908
Notes Payable	61,195,057	62,311,815	–	–	62,311,815
LTNCD	10,433,785	10,445,084	–	–	10,445,084
Bills payable and SSURA	91,179,648	90,904,801	–	–	90,904,801
	₱953,453,864	₱954,744,608	₱–	₱–	₱954,744,608

	Consolidated				
	Carrying Value	Fair Value			
		Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2023					
Assets Measured at Fair Value					
Financial assets at FVTPL:					
HFT investments:					
Government securities	₱9,681,878	₱9,681,878	₱2,913,828	₱6,768,050	₱—
Private bonds	282,092	282,092	174,580	107,512	—
Equity securities	25	25	—	25	—
Total HFT investments	9,963,995	9,963,995	3,088,408	6,875,587	—
Derivative assets:					
Currency forwards	629,854	629,854	—	629,854	—
Interest rate swaps	239,882	239,882	—	239,882	—
Interest rate futures	40,776	40,776	—	40,776	—
Cross-currency swaps	11,828	11,828	—	11,828	—
Bond forwards and options	16	16	—	16	—
Total derivative assets	922,356	922,356	—	922,356	—
Total financial assets at FVTPL	10,886,351	10,886,351	3,088,408	7,797,943	—
Financial assets at FVTOCI:					
Treasury notes and bills	82,365,379	82,365,379	45,017,540	37,347,839	—
Treasury bonds	55,451,234	55,451,234	46,369,066	9,082,168	—
Private bonds	1,523,151	1,523,151	—	1,523,151	—
Equity securities	521,285	521,285	—	521,285	—
	139,861,049	139,861,049	91,386,606	48,474,443	—
	₱150,747,400	₱150,747,400	₱94,475,014	₱56,272,386	₱—

(Forward)



	Consolidated				
	Fair Value				
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which Fair Values are Disclosed					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost:					
Private bonds	P57,825,124	P56,774,956	P22,295,281	P34,479,675	P—
Treasury bonds	14,958,498	14,988,687	—	14,988,687	—
Treasury notes and bills	3,372,462	3,447,353	815,028	2,632,325	—
Total investment securities at amortized cost	76,156,084	75,210,996	23,110,309	52,100,687	—
Receivable from customers:					
Corporate lending	376,237,689	370,771,905	—	—	370,771,905
Consumer lending	71,502,587	70,622,747	—	—	70,622,747
Small business lending	550,177	549,433	—	—	549,433
Residential mortgages	82,517,787	81,752,717	—	—	81,752,717
Total receivable from customers	530,808,240	523,696,802	—	—	523,696,802
Other receivables	7,521,159	7,521,159	—	—	7,521,159
Other assets	708,515	663,894	—	—	663,894
Total financial assets at amortized cost	615,193,998	607,092,851	23,110,309	52,100,687	531,881,855
Non-financial Assets					
Investment properties	4,790,602	6,504,188	—	—	6,504,188
	P619,984,600	P613,597,039	P23,110,309	P52,100,687	P538,386,043
Liabilities Measured at Fair Value					
Financial liabilities at FVTPL:					
Derivative liabilities:					
Currency forwards	P2,940,101	P2,940,101	P—	P2,940,101	P—
Interest rate swaps	28,592	28,592	—	28,592	—
Bonds forward	13	13	—	13	—
Total financial liabilities at FVTPL	2,968,706	2,968,706	—	2,968,706	—
Liabilities for which Fair Values are Disclosed					
Deposit liabilities excluding LTNCD	596,115,373	597,217,974	—	—	597,217,974
Notes Payable	48,963,521	49,121,866	—	—	49,121,866
LTNCD	10,416,014	10,358,450	—	—	10,358,450
Bills payable and SSURA	51,339,105	51,663,319	—	—	51,663,319
	P706,834,013	P708,361,609	P—	P—	P708,361,609

	Parent Company				
	Fair Value				
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2024					
Assets Measured at Fair Value					
Financial assets at FVTPL:					
HFT investments:					
Government securities	P14,308,570	P14,308,570	P4,964,110	P9,344,460	P—
Private bonds	981,415	981,415	523,055	458,360	—
Total HFT investments	15,289,985	15,289,985	5,487,165	9,802,820	—
Derivative assets:					
Currency forwards	1,445,736	1,445,736	—	1,445,736	—
Interest rate swaps	52,607	52,607	—	52,607	—
Cross-currency swaps	31,421	31,421	—	31,421	—
Bond forwards and options	1,633	1,633	—	1,633	—
Total derivative assets	1,531,397	1,531,397	—	1,531,397	—
Total financial assets at FVTPL	16,821,382	16,821,382	5,487,165	11,334,217	—
Derivative assets designated as hedges	634,928	634,928	—	634,928	—
Financial assets at FVTOCI:					
Treasury notes and bills	95,392,729	95,392,729	31,909,047	63,483,682	—
Treasury bonds	84,484,049	84,484,049	45,985,577	38,498,472	—
Private bonds	1,333,343	1,333,343	—	1,333,343	—
Equity securities	580,277	580,277	—	580,277	—
	181,790,398	181,790,398	77,894,624	103,895,774	—
	P199,246,708	P199,246,708	P83,381,789	P115,864,919	P—

(Forward)



	Parent Company				
	Fair Value				
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which Fair Values are Disclosed					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost:					
Private bonds	₱60,038,556	₱59,706,775	₱19,752,547	₱39,954,228	₱–
Treasury bonds	33,465,303	33,437,894	19,905,125	13,532,769	–
Treasury notes and bills	45,229,516	45,489,856	14,958,892	30,530,964	–
Total investment securities at amortized cost	138,733,375	138,634,525	54,616,564	84,017,961	–
Receivable from customers:					
Corporate lending	457,868,045	464,300,867	–	–	464,300,867
Consumer lending	113,490,525	113,782,699	–	–	113,782,699
Small business lending	539,543	540,441	–	–	540,441
Residential mortgages	98,148,557	99,006,692	–	–	99,006,692
Total receivable from customers	670,046,670	677,630,699	–	–	677,630,699
Other receivables	8,873,162	8,873,162	–	–	8,873,162
Other assets	509,301	445,173	–	–	445,173
Total financial assets at amortized cost	818,162,508	825,583,559	54,616,564	84,017,961	686,949,034
Non-financial Assets					
Investment properties	6,282,770	8,761,853	–	–	8,761,853
	₱824,445,278	₱834,345,412	₱54,616,564	₱84,017,961	₱695,710,887
Liabilities Measured at Fair Value					
Financial liabilities at FVTPL:					
Derivative liabilities:					
Currency forwards	₱1,643,806	₱1,643,806	₱–	₱1,643,806	₱–
Interest rate swaps	54,023	54,023	–	54,023	–
Foreign currency options	17,450	17,450	–	17,450	–
Bonds forward	768	768	–	768	–
Total financial liabilities at FVTPL	1,716,047	1,716,047	–	1,716,047	–
Derivative liabilities designated as hedges	3,841,204	3,841,204	–	3,841,204	–
	₱5,557,251	₱5,557,251	₱–	₱5,557,251	₱–
Liabilities for which Fair Values are Disclosed					
Financial liabilities at amortized cost:					
Deposit liabilities excluding LTNCD	₱792,523,097	₱792,960,631	₱–	₱–	₱792,960,631
Notes Payable	61,195,057	62,311,815	–	–	62,311,815
LTNCD	10,433,785	10,445,084	–	–	10,445,084
Bills payable and SSURA	91,027,982	90,753,134	–	–	90,753,134
	₱955,179,921	₱956,470,664	₱–	₱–	₱956,470,664

	Parent Company				
	Fair Value				
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2023					
Assets Measured at Fair Value					
Financial assets at FVTPL:					
HFT investments:					
Government securities	₱9,681,878	₱9,681,878	₱2,913,828	₱6,768,050	₱–
Private bonds	282,092	282,092	174,580	107,512	–
Total HFT investments	9,963,970	9,963,970	3,088,408	6,875,562	–
Derivative assets:					
Currency forwards	629,854	629,854	–	629,854	–
Interest rate swaps	239,882	239,882	–	239,882	–
Interest rate futures	40,776	40,776	–	40,776	–
Cross-currency swaps	11,828	11,828	–	11,828	–
Bond forwards and options	16	16	–	16	–
Total derivative assets	922,356	922,356	–	922,356	–
Total financial assets at FVTPL	10,886,326	10,886,326	3,088,408	7,797,918	–

(Forward)



	Parent Company				
	Fair Value				
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTOCI:					
Treasury notes and bills	P82,365,379	P82,365,379	P45,017,540	P37,347,839	P—
Treasury bonds	55,451,234	55,451,234	46,369,066	9,082,168	—
Private bonds	1,523,151	1,523,151	—	1,523,151	—
Equity securities	476,875	476,875	—	476,875	—
	139,816,639	139,816,639	91,386,606	48,430,033	—
	P150,702,965	P150,702,965	P94,475,014	P56,227,951	P—
Assets for which Fair Values are Disclosed					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost:					
Private bonds	P57,825,124	P56,774,956	P22,295,281	P34,479,675	P—
Treasury bonds	14,958,498	14,988,687	—	14,988,687	—
Treasury notes and bills	3,372,462	3,447,353	815,028	2,632,325	—
Total investment securities at amortized cost	76,156,084	75,210,996	23,110,309	52,100,687	—
Receivable from customers:					
Corporate lending	377,892,991	372,427,207	—	—	372,427,207
Consumer lending	71,416,364	70,536,524	—	—	70,536,524
Small business lending	550,177	549,433	—	—	549,433
Residential mortgages	82,517,787	81,752,717	—	—	81,752,717
Total receivable from customers	532,377,319	525,265,881	—	—	525,265,881
Other receivables	7,186,809	7,186,809	—	—	7,186,809
Other assets	710,517	666,271	—	—	666,271
Total financial assets at amortized cost	616,430,729	608,329,957	23,110,309	52,100,687	533,118,961
Non-financial Assets					
Investment properties	4,789,827	6,503,413	—	—	6,503,413
	P621,220,556	P614,833,370	P23,110,309	P52,100,687	P539,622,374
Liabilities Measured at Fair Value					
Financial liabilities at FVTPL:					
Derivative liabilities:					
Currency forwards	P2,940,101	P2,940,101	P—	P2,940,101	P—
Interest rate swaps	28,592	28,592	—	28,592	—
Bonds forward	13	13	—	13	—
Total financial liabilities at FVTPL	P2,968,706	P2,968,706	P—	P2,968,706	P—
Liabilities for which Fair Values are Disclosed					
Financial liabilities at amortized cost:					
Deposit liabilities excluding LTNCD	P598,366,398	P599,468,999	P—	P—	P599,468,999
Notes Payable	48,963,521	49,121,866	—	—	49,121,866
LTNCD	10,416,014	10,358,450	—	—	10,358,450
Bills payable and SSURA	51,273,271	51,597,485	—	—	51,597,485
	P709,019,204	P710,546,800	P—	P—	P710,546,800

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

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other revaluation models, the instruments are included in Level 2. Instruments included in Level 3 include those for which there is currently no active market.

During the years ended December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.



The methods and assumptions used by the Group in estimating the fair value of its financial instruments are:

COCI, due from BSP and other banks and interbank loans receivable and SPURA with the BSP

The carrying amounts approximate fair values considering that these accounts consist mostly of overnight deposits and floating rate placements.

Debt securities

Fair values are generally based upon quoted market prices, if available. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

Equity securities

Fair values of quoted equity securities are based on quoted market prices. Fair values of unquoted equity securities are derived based on the adjusted net asset value method.

Receivable from customers and sales contracts receivable (included under 'Other receivables')

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

Other receivables - Accounts receivable and accrued interest receivable

Carrying amounts approximate fair values given their short-term nature.

Investment properties

Fair value of investment properties are determined by independent or in-house appraisers using the market data approach. Valuations were derived based on recent sales of similar properties in the investment properties and taking into account the economic conditions prevailing in the vicinity of the time the valuations were made and comparability of similar properties sold with the property being valued. Significant unobservable inputs in determining fair values include the following:

Location	Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. Generally, properties located along a main road are superior to properties located along a secondary road.
Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of the lot size differences on land value.
Time element	An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time, in which case, the current data is superior to historic data.
Discount	Generally, asking prices in advertisements posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

Other financial assets

The carrying amounts approximate fair values due to their short-term nature.



Derivative instruments (included under FVTPL and designated as hedges)

Derivative products are valued using valuation techniques using market observable inputs including foreign exchange rates and interest rate curves prevailing at the statements of financial position date. For interest rate swaps, cross-currency swaps and foreign exchange contracts, discounted cash flow model is applied. This valuation model discounts each cash flow of the derivatives at a rate that is dependent on the tenor of the cash flow.

Deposit liabilities (demand and savings deposits excluding long-term deposits)

The carrying amounts approximate fair values considering that these are due and demandable.

Long-term negotiable certificates of deposit (LTNCD) and subordinated note

Fair values of LTNCD and subordinated note are estimated using adjusted quoted market prices of comparable investments. The adjustments on market quoted prices are unobservable inputs.

Other financial liabilities

For accrued interest and other expenses and other financial liabilities, the carrying amounts approximate fair values due to their short-term nature.

The significant unobservable input used in the fair value measurement of the Group's financial assets and financial liabilities is credit-adjusted rates for similar types of financial instruments. Significant increases (decreases) in the credit-adjusted rates would result in a significantly lower (higher) fair value measurement.

7. Due from Other Banks

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Foreign banks	₱12,116,518	₱9,533,595	₱12,116,518	₱9,533,274
Local banks	3,255,360	2,489,854	3,170,383	2,430,651
	15,371,878	12,023,449	15,286,901	11,963,925
Allowance for credit losses				
Balance at beginning of year	1,442	1,222	1,263	1,048
Provision for (recovery of) credit losses (Note 14)	(89)	279	(172)	241
Foreign exchange adjustment	(16)	(59)	65	(26)
	1,337	1,442	1,156	1,263
	₱15,370,541	₱12,022,007	₱15,285,745	₱11,962,662

In 2024 and 2023, 'Due from other banks' were carried at Stage 1 and there were no transfers into and out of Stage 1.

Nominal annual interest rate ranges on the Group's and the Parent Company's due from other banks follow:

	2024	2023	2022
Peso-denominated	0.05%-0.40%	0.03%-0.45%	0.05%-0.45%
Foreign currency-denominated	0.03%-2.80%	0.03%-2.90%	0.03%-0.13%



Total interest income on 'Due from other banks' earned by the Group amounted to ₱206.3 million, ₱85.8 million and ₱16.5 million for the years ended December 31, 2024, 2023 and 2022, respectively, while total interest income on 'Due from other banks' earned by the Parent Company amounted to ₱205.9 million, ₱85.8 million and ₱16.5 million for the years ended December 31, 2024, 2023 and 2022, respectively, included in 'Interest income on deposits with banks and others' in the statements of income.

8. Interest Income on Financial Investments

This account consists of interest income on:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Investment securities at amortized cost (Note 13)	₱5,715,338	₱3,503,872	₱2,047,909	₱5,715,338	₱3,503,872	₱2,047,909
Financial assets at FVTOCI (Note 12)	6,758,415	5,051,373	3,800,320	6,758,415	5,051,373	3,800,320
	12,473,753	8,555,245	5,848,229	12,473,753	8,555,245	5,848,229
Financial assets at FVTPL (Note 10):						
Derivatives	307,423	788,000	453,043	307,423	788,000	453,043
Held-for-trading	651,734	515,820	306,545	651,734	515,820	306,545
	959,157	1,303,820	759,588	959,157	1,303,820	759,588
	₱13,432,910	₱9,859,065	₱6,607,817	₱13,432,910	₱9,859,065	₱6,607,817

Ranges of annual fixed interest on financial investments follow:

	2024	2023	2022
Peso-denominated			
HFT investments	2.63% to 18.25%	2.38% to 12.38%	2.38% to 13.00%
Investment securities at amortized cost	3.44% to 8.75%	3.44% to 8.63%	3.25% to 8.63%
Debt financial assets at FVTOCI	2.63% to 18.25%	2.38% to 9.25%	2.38% to 6.88%
Foreign currency-denominated			
HFT investments	1.38% to 9.38%	1.38% to 10.63%	1.38% to 9.50%
Investment securities at amortized cost	1.19% to 5.75%	1.00% to 7.39%	1.00% to 7.39%
Debt financial assets at FVTOCI	1.38% to 10.63%	0.13% to 10.63%	0.13% to 10.63%

9. Trading and Securities Gain (Loss)

Net gains (losses) from trading/disposal of investment securities and derivatives follow:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Financial assets at FVTOCI (Note 12)	₱609,266	(₱132,350)	₱—	₱609,266	(₱132,350)	₱—
Financial assets at FVTPL:						
Held-for-trading investments (Note 10)	(88,385)	(23,836)	(44,728)	(88,280)	(24,157)	(44,790)
Derivatives (Note 6)	(237,689)	444,741	18,857	(237,689)	444,741	18,857
	(326,074)	420,905	(25,871)	(325,969)	420,584	(25,933)
	₱283,192	₱288,555	(₱25,871)	₱283,297	₱288,234	(₱25,933)



10. Financial Assets at Fair Value Through Profit or Loss

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Held-for-trading:				
Government securities	₱14,308,570	₱9,681,878	₱14,308,570	₱9,681,878
Private bonds	981,415	282,092	981,415	282,092
Equity securities	24	25	—	—
	15,290,009	9,963,995	15,289,985	9,963,970
Derivative assets (Note 11):				
Currency forwards	1,445,736	629,854	1,445,736	629,854
Interest rate swaps	52,607	239,882	52,607	239,882
Cross-currency swaps	31,421	11,828	31,421	11,828
Bonds forwards and options	1,633	16	1,633	16
Interest rate futures	—	40,776	—	40,776
	1,531,397	922,356	1,531,397	922,356
	₱16,821,406	₱10,886,351	₱16,821,382	₱10,886,326

As of December 31, 2024 and 2023, 'Financial assets at FVTPL' include net unrealized loss of ₱146.9 million and ₱39.7 million, respectively, for the Group and the Parent Company.

Fair value gains or losses on financial assets at FVTPL (other than currency forwards) are included in 'Trading and securities gain (loss) - net' in the statements of income (see Note 9). Fair value gains or losses on currency forwards are included in 'Foreign exchange gain (loss) - net' in the statements of income (see Note 6).

As of December 31, 2024 and 2023, certain government securities were pledged as collateral for SSURA (see Note 21).

11. Derivative Transactions

Derivatives Not Designated as Hedges

The following tables set out the information about the Group's and the Parent Company's derivative financial instruments not designated as hedges and the related fair values:

	2024			2023		
	Notional Amounts	Derivative Asset (Note 10)	Derivative Liability (Note 20)	Notional Amounts	Derivative Asset (Note 10)	Derivative Liability (Note 20)
Forward exchange bought	USD6,541,124	₱673,946	₱1,333,986	USD3,142,807	₱223,452	₱2,843,050
Forward exchange sold	USD1,546,934	771,790	309,820	USD935,432	406,402	97,051
Interest rate swaps	₱9,417,166	52,607	54,023	₱21,740,784	239,882	—
Bonds forward	USD11,000	1,633	768	USD6,235	16	13
Warrants	USD250,258	—	—	USD250,258	—	—
Cross-currency swaps	USD12,812	31,421	—	USD3,240	11,828	—
Foreign currency options	USD8,000	—	17,450	—	—	—
Interest rate futures	—	—	—	USD190,300	40,776	28,592
		₱1,531,397	₱1,716,047		₱922,356	₱2,968,706



The movements in the Group's and the Parent Company's derivative financial instruments follow:

	2024	2023
Derivative Assets (Note 10)		
Balance at beginning of year	₱922,356	₱2,664,382
Fair value changes during the year	927,971	(854,114)
Settled transactions	(318,930)	(887,912)
Balance at end of year	₱1,531,397	₱922,356
Derivative Liabilities (Note 20)		
Balance at beginning of year	₱2,968,706	₱1,752,818
Fair value changes during the year	(1,750,223)	1,726,501
Additions (settled) transactions	497,564	(510,613)
Balance at end of year	₱1,716,047	₱2,968,706

Fair value changes of derivatives other than forward contracts amounting to ₱0.6 billion gain and ₱0.2 billion gain in 2024 and 2023, respectively, are recognized as 'Trading and securities gain (loss) - net' in the statements of income (see Note 9), while fair value changes on forward contracts amounting to ₱2.1 billion gain in 2024 and ₱2.8 billion loss in 2023 are recognized as 'Foreign exchange gain (loss) - net' in the statements of income.

As of December 31, 2024 and 2023, the Parent Company has positions in the following types of derivatives:

Forwards

Forward contracts are contractual agreements to buy or sell a specified instrument at a specific price and date in the future. Forwards are customized contracts transacted in the over-the-counter market.

Swaps

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as interest rate, foreign currency rate or equity index.

Interest rate swaps relate to contracts taken out by the Parent Company with other financial institutions in which the Parent Company either receives or pays a floating rate in return for paying or receiving, respectively, a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

In a currency swap, the Parent Company pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are mostly gross-settled.

Interest rate futures

Futures contract is a contractual agreement made on a futures exchange to buy or sell particular assets at a predetermined price in the future. Futures contracts standardize the quality and quantity of the underlying asset.

Foreign currency options

Foreign currency options are contractual agreements that give the holder the right, but not the obligation, to buy or sell a specific amount of foreign currency at a predetermined exchange rate (strike price) on or before a certain date (expiration date).



Derivative financial instruments held or issued for trading purposes

The Parent Company's derivative trading activities relate to deals with customers which are normally laid off with counterparties. The Parent Company may also take positions with the expectation of generating profit from favorable movements in prices and rates on indices. Also included under this heading are any derivatives which do not meet hedge accounting requirements.

Derivatives Designated as Hedges

In March 2024, the Parent Company entered into hedging transactions, particularly cash flow hedges, to hedge its exposure to variability in future cash flows arising from foreign currency risk associated with its inter-book liabilities in the RBU books. The following table shows the summary of the hedging transactions of the Parent Company designated as cash flow hedges and the related balances as of December 31, 2024:

Hedged Item	Hedging Instrument	Notional Amount*	Derivative Asset	Derivative Liability	Cash Flow Hedge Reserve	Cost of Hedging Reserve, Net of Tax	Total Hedge Reserve, Net of Tax
Cash short position in the RBU books	Spot element of FX swap contract	\$4,036,767	₱634,928	₱3,841,204	₱-	(₱1,597,138)	(₱1,597,138)

*In thousands

As of December 31, 2024, the Parent Company assessed the hedging relationships to be effective.

The cost of hedging pertaining to the amortization of the forward element presented under 'Interest expense on derivatives designated as hedges' in the statements of income amounted to ₱5.6 billion for the period ended December 31, 2024. Fair value gain of ₱1.8 billion initially deferred in cash flow hedge reserve were recycled to profit or loss at the same time the revaluation of the inter-book liabilities in RBU books was recognized in profit or loss.

12. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Debt instruments				
Treasury notes and bills	₱95,392,729	₱82,365,379	₱95,392,729	₱82,365,379
Treasury bonds	84,484,049	55,451,234	84,484,049	55,451,234
Private bonds	1,333,343	1,523,151	1,333,343	1,523,151
	181,210,121	139,339,764	181,210,121	139,339,764
Equity instruments				
Golf and club shares	580,277	476,875	580,277	476,875
PSE shares	46,291	44,410	-	-
	626,568	521,285	580,277	476,875
	₱181,836,689	₱139,861,049	₱181,790,398	₱139,816,639



An analysis of changes in the fair value of debt instruments and the corresponding ECL allowances follow:

	2024	2023
Fair value at beginning of year	₱139,339,764	₱112,477,023
New assets originated or purchased	106,942,674	57,299,480
Disposals or maturities	(63,357,137)	(33,001,352)
Change in fair value	(2,641,771)	4,392,452
Foreign exchange and other adjustments	926,591	(1,827,839)
	₱181,210,121	₱139,339,764
ECL allowance at beginning of year	₱7,146	₱372
Provision for credit losses (Note 14)	17,966	6,942
Foreign exchange and other adjustments	91	(168)
	₱25,203	₱7,146

In 2024 and 2023, debt instruments at FVTOCI were carried at Stage 1 and there were no transfers into and out of Stage 1.

As of December 31, 2024 and 2023, Peso-denominated debt financial assets at FVTOCI amounted to ₱138.4 billion and ₱114.6 billion, respectively.

As of December 31, 2024 and 2023, USD-denominated debt financial assets at FVTOCI amounted to ₱42.8 billion and ₱24.7 billion, respectively.

As of December 31, 2024 and 2023, certain treasury bond securities were pledged with foreign banks as collateral for SSURA (see Note 21).

As of December 31, 2024 and 2023, government securities included under 'Financial Assets at Fair Value through Other Comprehensive Income' with a total face value amounting to ₱1.5 billion and ₱1.2 billion, respectively, were deposited with the BSP in compliance with the requirements of the General Banking Law relative to the Parent Company's trust functions (see Note 27).

PSE shares were obtained by SBEI in 2001 as a result of the demutualization of its membership shares in the stock exchange. These investments were for long-term strategic purpose. SBEI designated these equity securities as financial assets at FVTOCI as management believes that this provides a more meaningful presentation for medium or long-term strategic investments, rather than reflecting changes in fair value immediately in the statements of income. The Group also adopted the same classification for its investments in golf and club shares.

The movements in 'Net unrealized gain (loss) on financial assets at FVTOCI' follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Balance at beginning of year	(₱5,513,769)	(₱9,222,234)	(₱5,521,922)	(₱9,230,387)
Unrealized gain (loss) for the year	(1,346,157)	3,569,173	(1,346,157)	3,569,173
Amount realized in profit or loss*	(591,300)	139,292	(591,300)	139,292
Balance at end of year	(₱7,451,226)	(₱5,513,769)	(₱7,459,379)	(₱5,521,922)

*includes expected credit losses



13. Investment Securities at Amortized Cost

This account consists of investments by the Parent Company in:

	2024	2023
Private bonds	₱60,102,912	₱57,874,831
Treasury bonds	33,468,084	14,959,970
Treasury notes and bills	45,229,516	3,372,462
	138,800,512	76,207,263
Allowance for credit losses	67,137	51,179
	₱138,733,375	₱76,156,084

On May 11, 2022, the Parent Company participated on an issuer-initiated mandatory early redemption of PHP-denominated corporate bond with face value of ₱514.5 million. Total amount of redemptions during the year amounted to ₱2.1 billion resulting to a gain amounting to ₱4.0 million.

On June 28, 2022, the Finance Committee and the BOD of the Parent Company approved a change in business model involving the re-establishment of the HTC business model for government securities. Various factors challenged the Parent Company's ability to execute its strategy of shifting towards more fee-based and client-driven income given a reduction in loan demand and an increase in the deterioration of the credit quality of existing loans as a direct result of the global pandemic. Geopolitical events also triggered significant market volatility which curtailed the Parent Company's ability to deploy its investible funds to government securities under the old business model. The HTC business model for government securities was established to help the Parent Company achieve its desired balance sheet structure by means of medium to long-term gap management while lowering overall portfolio credit risk (see Note 3).

As of December 31, 2024 and 2023, certain private bonds were pledged with foreign banks as collateral for SSURA (see Note 21).

An analysis of changes in the gross carrying amount, and the corresponding ECLs, is as follows:

	2024	2023
Gross carrying amount at beginning of year	₱76,207,263	₱69,247,485
New assets originated or purchased	80,795,402	12,600,658
Assets matured	(19,357,629)	(4,552,693)
Amortized premium	168,286	126,239
Foreign exchange adjustments	987,190	(1,214,426)
	₱138,800,512	₱76,207,263
Allowance for credit losses		
ECL allowance at beginning of year	₱51,179	₱17,525
Provision for credit losses (Note 14)	15,010	33,716
Foreign exchange and other adjustment	948	(62)
	₱67,137	₱51,179

In 2024 and 2023, investment securities at amortized cost were carried at Stage 1 and there were no transfers into and out of Stage 1.



14. Loans and Receivables

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Receivable from customers:				
Corporate lending	₱466,916,282	₱386,695,606	₱468,629,918	₱388,350,908
Consumer lending	119,811,209	77,207,357	119,761,564	77,120,727
Residential mortgages	99,239,675	83,664,495	99,239,675	83,664,495
Small business lending	574,433	585,804	574,433	585,804
	686,541,599	548,153,262	688,205,590	549,721,934
Less unearned discounts and deferred credits	2,188,141	2,142,631	2,188,141	2,142,631
	684,353,458	546,010,631	686,017,449	547,579,303
Accrued interest receivable (Note 32)	8,380,686	6,548,895	8,386,826	6,555,357
Accounts receivable (Note 32)	1,279,582	1,157,735	675,989	790,071
Sales contracts receivable	111,591	129,273	111,591	129,273
	694,125,317	553,846,534	695,191,855	555,054,004
Less allowance for credit losses	16,312,043	15,517,135	16,272,023	15,489,876
	₱677,813,274	₱538,329,399	₱678,919,832	₱539,564,128

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to corporate lending follow:

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	₱343,598,609	₱29,014,018	₱14,082,979	₱386,695,606
Newly originated assets that remained in Stage 1 as at yearend	275,896,134	—	—	275,896,134
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	20,619,489	1,746,498	22,365,987
Assets derecognized or repaid (excluding write offs)	(196,920,920)	(16,535,319)	(4,248,471)	(217,704,710)
Transfers to Stage 1	3,080,847	(3,080,847)	—	—
Transfers to Stage 2	(631,816)	753,200	(121,384)	—
Transfers to Stage 3	(27,945)	(3,725,516)	3,753,461	—
Amounts written off	—	—	(336,735)	(336,735)
	₱424,994,909	₱27,045,025	₱14,876,348	₱466,916,282
ECL allowance as at January 1, 2024	₱191,739	₱438,665	₱8,944,305	₱9,574,709
Provision for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	316,126	—	—	316,126
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	—	89,603	1,134,588	1,224,191
Transfers to Stage 1	86,979	(86,979)	—	—
Transfers to Stage 2	(996)	11,171	(10,175)	—
Transfers to Stage 3	—	(132,359)	132,359	—
Other movements*	31,977	(119,111)	(580,707)	(667,841)
	434,086	(237,675)	676,065	872,476
Amounts written off	—	—	(336,735)	(336,735)
Foreclosures and other adjustments	—	—	(293,713)	(293,713)
	₱625,825	₱200,990	₱8,989,922	₱9,816,737

*includes changes in assumptions and payments



	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2023	P320,359,102	P56,712,961	P11,705,406	P388,777,469
Newly originated assets that remained in Stage 1 as at yearend	212,103,571	—	—	212,103,571
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	18,991,578	2,272,730	21,264,308
Assets derecognized or repaid (excluding write offs)	(199,687,404)	(32,883,155)	(2,629,253)	(235,199,812)
Transfers to Stage 1	15,085,283	(15,085,283)	—	—
Transfers to Stage 2	(4,246,793)	4,246,793	—	—
Transfers to Stage 3	(15,150)	(2,968,876)	2,984,026	—
Amounts written off	—	—	(249,930)	(249,930)
	P343,598,609	P29,014,018	P14,082,979	P386,695,606
ECL allowance as at January 1, 2023	P743,230	P2,125,516	P9,085,856	P11,954,602
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	111,931	—	—	111,931
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	—	130,906	961,521	1,092,427
Transfers to Stage 1	11,448	(11,448)	—	—
Transfers to Stage 2	(107,450)	107,450	—	—
Transfers to Stage 3	(112)	(1,250,508)	1,250,620	—
Other movements*	(567,308)	(663,251)	(969,227)	(2,199,786)
	(551,491)	(1,686,851)	1,242,914	(995,428)
Amounts written off	—	—	(249,930)	(249,930)
Foreclosures and other adjustments	—	—	(1,134,535)	(1,134,535)
	P191,739	P438,665	P8,944,305	P9,574,709

*includes changes in assumptions and payments

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	P345,254,083	P29,013,846	P14,082,979	P388,350,908
Newly originated assets that remained in Stage 1 as at yearend	275,723,721	—	—	275,723,721
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	20,619,204	1,746,499	22,365,703
Assets derecognized or repaid (excluding write offs)	(196,690,061)	(16,535,146)	(4,248,472)	(217,473,679)
Transfers to Stage 1	3,080,847	(3,080,847)	—	—
Transfers to Stage 2	(631,816)	753,200	(121,384)	—
Transfers to Stage 3	(27,945)	(3,725,516)	3,753,461	—
Amounts written off	—	—	(336,735)	(336,735)
	P426,708,829	P27,044,741	P14,876,348	P468,629,918
ECL allowance as at January 1, 2024	P191,739	P438,664	P8,944,305	P9,574,708
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	316,126	—	—	316,126
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	—	89,525	1,134,588	1,224,113
Transfers to Stage 1	86,979	(86,979)	—	—
Transfers to Stage 2	(996)	11,171	(10,175)	—
Transfers to Stage 3	—	(132,359)	132,359	—
Other movements*	31,977	(119,110)	(580,707)	(667,840)
	434,086	(237,752)	676,065	872,399
Amounts written off	—	—	(336,735)	(336,735)
Foreclosures and other adjustments	—	—	(293,713)	(293,713)
	P625,825	P200,912	P8,989,922	P9,816,659

*includes changes in assumptions and payments



	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2023	P320,809,526	P56,711,995	P11,705,406	P389,226,927
Newly originated assets that remained in Stage 1 as at yearend	211,849,934	—	—	211,849,934
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	18,991,407	2,272,730	21,264,137
Assets derecognized or repaid (excluding write offs)	(198,228,717)	(32,882,190)	(2,629,253)	(233,740,160)
Transfers to Stage 1	15,085,283	(15,085,283)	—	—
Transfers to Stage 2	(4,246,793)	4,246,793	—	—
Transfers to Stage 3	(15,150)	(2,968,876)	2,984,026	—
Amounts written off	—	—	(249,930)	(249,930)
	P345,254,083	P29,013,846	P14,082,979	P388,350,908
ECL allowance as at January 1, 2023	P743,230	P2,125,507	P9,085,856	P11,954,593
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	111,931	—	—	111,931
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	—	130,906	961,521	1,092,427
Transfers to Stage 1	11,448	(11,448)	—	—
Transfers to Stage 2	(107,449)	107,449	—	—
Transfers to Stage 3	(112)	(1,250,508)	1,250,620	—
Other movements*	(567,309)	(663,242)	(969,227)	(2,199,778)
	(551,491)	(1,686,843)	1,242,914	(995,420)
Amounts written off	—	—	(249,930)	(249,930)
Foreclosures and other adjustments	—	—	(1,134,535)	(1,134,535)
	P191,739	P438,664	P8,944,305	P9,574,708

*includes changes in assumptions and payments

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to consumer lending follow:

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	P70,113,496	P4,086,824	P3,007,037	P77,207,357
Newly originated assets that remained in Stage 1 as at yearend	64,012,540	—	—	64,012,540
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	1,031,190	4,102,973	5,134,163
Assets derecognized or repaid (excluding write offs)	(16,931,003)	(1,080,768)	(3,883,493)	(21,895,264)
Transfers to Stage 1	950,974	(904,300)	(46,674)	—
Transfers to Stage 2	(3,202,464)	3,289,911	(87,447)	—
Transfers to Stage 3	(3,272,003)	(1,395,223)	4,667,226	—
Amounts written off	—	—	(4,647,587)	(4,647,587)
	P111,671,540	P5,027,634	P3,112,035	P119,811,209
ECL allowance as at January 1, 2024	P2,455,185	P492,289	P1,786,707	P4,734,181
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	1,426,013	—	—	1,426,013
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	—	194,948	219,495	414,443
Transfers to Stage 1	261,439	(204,574)	(56,865)	—
Transfers to Stage 2	(99,579)	166,568	(66,989)	—
Transfers to Stage 3	(72,069)	(75,366)	147,435	—
Other movements*	(1,922,539)	644,783	4,884,186	3,606,430
	(406,735)	726,359	5,127,262	5,446,886
Amounts written off	—	—	(4,647,587)	(4,647,587)
Foreclosures and other adjustments	—	—	(220,636)	(220,636)
	P2,048,450	P1,218,648	P2,045,746	P5,312,844

*includes changes in assumptions and payments



	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2023	P47,618,025	P3,516,359	P2,504,928	P53,639,312
Newly originated assets that remained in Stage 1 as at yearend	40,702,878	—	—	40,702,878
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	1,878,486	1,099,856	2,978,342
Assets derecognized or repaid (excluding write offs)	(13,486,249)	(1,770,254)	(1,201,281)	(16,457,784)
Transfers to Stage 1	707,654	(606,193)	(101,461)	—
Transfers to Stage 2	(2,329,353)	2,422,095	(92,742)	—
Transfers to Stage 3	(3,099,459)	(1,353,669)	4,453,128	—
Amounts written off	—	—	(3,655,391)	(3,655,391)
	P70,113,496	P4,086,824	P3,007,037	P77,207,357
ECL allowance as at January 1, 2023	P1,152,963	P482,148	P1,462,369	P3,097,480
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	1,570,518	—	—	1,570,518
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	—	69,212	3,475,160	3,544,372
Transfers to Stage 1	132,919	(109,913)	(23,006)	—
Transfers to Stage 2	(117,545)	172,842	(55,297)	—
Transfers to Stage 3	(185,728)	(157,704)	343,432	—
Other movements*	(97,942)	35,704	330,464	268,226
	1,302,222	10,141	4,070,753	5,383,116
Amounts written off	—	—	(3,655,391)	(3,655,391)
Foreclosures and other adjustments	—	—	(91,024)	(91,024)
	P2,455,185	P492,289	P1,786,707	P4,734,181

*includes changes in assumptions and payments

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	P70,037,243	P4,076,447	P3,007,037	P77,120,727
Newly originated assets that remained in Stage 1 as at yearend	63,965,767	—	—	63,965,767
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	1,030,038	4,102,974	5,133,012
Assets derecognized or repaid (excluding write offs)	(16,856,471)	(1,070,391)	(3,883,493)	(21,810,355)
Transfers to Stage 1	950,974	(904,300)	(46,674)	—
Transfers to Stage 2**	(3,202,464)	3,289,911	(87,447)	—
Transfers to Stage 3**	(3,272,003)	(1,395,223)	4,667,226	—
Amounts written off	—	—	(4,647,587)	(4,647,587)
	P111,623,046	P5,026,482	P3,112,036	P119,761,564
ECL allowance as at January 1, 2024	P2,454,601	P492,256	P1,786,919	P4,733,776
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	1,426,199	—	—	1,426,199
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	—	194,889	219,495	414,384
Transfers to Stage 1	261,439	(204,573)	(56,866)	—
Transfers to Stage 2	(99,579)	166,568	(66,989)	—
Transfers to Stage 3	(72,069)	(75,366)	147,435	—
Other movements*	(1,922,559)	644,815	4,884,511	3,606,767
	(406,569)	726,333	5,127,586	5,447,350
Amounts written off	—	—	(4,647,587)	(4,647,587)
Foreclosures and other adjustments	—	—	(221,171)	(221,171)
	P2,048,032	P1,218,589	P2,045,747	P5,312,368

*includes changes in assumptions and payments

**includes transfers of newly originated assets

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2023	P47,369,078	P3,484,354	P2,504,925	P53,358,357
Newly originated assets that remained in Stage 1 as at yearend	40,702,640	—	—	40,702,640
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	1,878,485	1,099,857	2,978,342
Assets derecognized or repaid (excluding write offs)	(13,313,317)	(1,748,625)	(1,201,279)	(16,263,221)
Transfers to Stage 1	707,654	(606,193)	(101,461)	—
Transfers to Stage 2	(2,329,353)	2,422,095	(92,742)	—
Transfers to Stage 3	(3,099,459)	(1,353,669)	4,453,128	—
Amounts written off	—	—	(3,655,391)	(3,655,391)
	P70,037,243	P4,076,447	P3,007,037	P77,120,727

(Forward)



	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at January 1, 2023	P1,151,905	P482,105	P1,462,298	P3,096,308
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	1,570,518	–	–	1,570,518
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	–	69,212	3,475,160	3,544,372
Transfers to Stage 1	132,919	(109,913)	(23,006)	–
Transfers to Stage 2	(117,545)	172,842	(55,297)	–
Transfers to Stage 3	(185,728)	(157,704)	343,432	–
Other movements*	(97,468)	35,714	330,463	268,709
	1,302,696	10,151	4,070,752	5,383,599
Amounts written off	–	–	(3,655,391)	(3,655,391)
Foreclosures and other adjustments	–	–	(90,740)	(90,740)
	P2,454,601	P492,256	P1,786,919	P4,733,776

*includes changes in assumptions and payments

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to residential mortgages lending follow:

	Consolidated and Parent			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	P79,587,619	P2,422,425	P1,654,451	P83,664,495
Newly originated assets that remained in Stage 1 as at yearend	27,775,209	–	–	27,775,209
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	–	554,662	158,929	713,591
Assets derecognized or repaid (excluding write offs)	(11,215,294)	(1,161,194)	(537,132)	(12,913,620)
Transfers to Stage 1	807,530	(679,042)	(128,488)	–
Transfers to Stage 2	(1,090,556)	1,094,866	(4,310)	–
Transfers to Stage 3	(779,813)	(259,355)	1,039,168	–
	P95,084,695	P1,972,362	P2,182,618	P99,239,675
ECL allowance as at January 1, 2024	P433,293	P31,322	P393,491	P858,106
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	210,817	–	–	210,817
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	–	9,166	9,361	18,527
Transfers to Stage 1	38,629	(12,305)	(26,324)	–
Transfers to Stage 2	(8,777)	9,074	(297)	–
Transfers to Stage 3	(5,283)	(4,825)	10,108	–
Other movements*	(248,028)	39,851	39,317	(168,860)
	(12,642)	40,961	32,165	60,484
Foreclosures and other adjustments	–	–	(111,467)	(111,467)
	P420,651	P72,283	P314,189	P807,123

*includes changes in assumptions and payments

	Consolidated and Parent			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2023	P68,242,680	P1,299,252	P1,769,844	P71,311,776
Newly originated assets that remained in Stage 1 as at yearend	22,648,797	–	–	22,648,797
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	–	1,158,374	104,808	1,263,182
Assets derecognized or repaid (excluding write offs)	(10,671,345)	(350,894)	(537,021)	(11,559,260)
Transfers to Stage 1	575,430	(266,900)	(308,530)	–
Transfers to Stage 2	(722,838)	730,277	(7,439)	–
Transfers to Stage 3	(485,105)	(147,684)	632,789	–
	P79,587,619	P2,422,425	P1,654,451	P83,664,495
ECL allowance as at January 1, 2023	P539,476	P54,705	P405,596	P999,777
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	49,732	–	–	49,732
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	–	5,427	15,430	20,857
Transfers to Stage 1	9,648	(4,591)	(5,057)	–
Transfers to Stage 2	(15,981)	16,449	(468)	–
Transfers to Stage 3	(67,348)	(26,686)	94,034	–
Other movements*	(82,234)	(13,982)	(38,630)	(134,846)
	(106,183)	(23,383)	65,309	(64,257)
Foreclosures and other adjustments	–	–	(77,414)	(77,414)
	P433,293	P31,322	P393,491	P858,106

*includes changes in assumptions and payments



An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to small business lending follow:

	Consolidated and Parent			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	P472,776	P61,247	P51,781	P585,804
Newly originated assets that remained in Stage 1 as at yearend	448,200	—	—	448,200
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	26,018	2,466	28,484
Assets derecognized or repaid (excluding write offs)	(429,469)	(50,589)	(7,997)	(488,055)
Transfers to Stage 1	4,230	(4,230)	—	—
Transfers to Stage 2	(7,024)	7,024	—	—
Transfers to Stage 3	(8,510)	—	8,510	—
	P480,203	P39,470	P54,760	P574,433
(Forward)				
ECL allowance as at January 1, 2024	P68	P32	P35,298	P35,398
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	212	—	—	212
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	—	28	69	97
Transfers to Stage 1	12	(12)	—	—
Transfers to Stage 2	(28)	28	—	—
Transfers to Stage 3	—	—	—	—
Other movements*	16	287	(1,382)	(1,079)
	212	331	(1,313)	(770)
	P280	P363	P33,985	P34,628

*includes changes in assumptions and payment

	Consolidated and Parent			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2023	P618,853	P36,420	P62,952	P718,225
Newly originated assets that remained in Stage 1 as at yearend	453,979	—	—	453,979
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	56,390	4,663	61,053
Assets derecognized or repaid (excluding write offs)	(598,243)	(33,363)	(15,847)	(647,453)
Transfers to Stage 1	—	—	—	—
Transfers to Stage 2	(1,800)	1,800	—	—
Transfers to Stage 3	(13)	—	13	—
	P472,776	P61,247	P51,781	P585,804
ECL allowance as at January 1, 2023	P143	P30	P48,077	P48,250
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	64	—	—	64
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	—	16	22	38
Transfers to Stage 2	(11)	11	—	—
Transfers to Stage 3	(13)	—	13	—
Other movements*	(115)	(25)	(12,814)	(12,954)
	(75)	2	(12,779)	(12,852)
	P68	P32	P35,298	P35,398

*includes changes in assumptions and payments



An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other receivables (includes accrued interest receivable, sales contracts receivable and accounts receivable) follow:

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	P6,833,521	P411,803	P590,579	P7,835,903
Newly originated assets that remained in Stage 1 as at yearend	6,509,189	—	—	6,509,189
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	102,949	162,686	265,635
Assets derecognized or repaid (excluding write offs)	(4,272,310)	(235,147)	(267,758)	(4,775,215)
Transfers to Stage 1	53,704	(50,821)	(2,883)	—
Transfers to Stage 2	(44,012)	44,817	(805)	—
Transfers to Stage 3	(49,301)	(65,945)	115,246	—
Amounts written off	—	—	(63,653)	(63,653)
	P9,030,791	P207,656	P533,412	P9,771,859
ECL allowance as at January 1, 2024	P25,632	P8,651	P280,458	P314,741
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	7,915	—	—	7,915
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	—	2,687	117,988	120,675
Transfers to Stage 1	2,300	(1,111)	(1,189)	—
Transfers to Stage 2	(708)	831	(123)	—
Transfers to Stage 3	(1,571)	(2,940)	4,511	—
Other movements*	(7,130)	131	(18,742)	(25,741)
	806	(402)	102,445	102,849
Amounts written off	—	—	(63,653)	(63,653)
Foreclosures and other adjustments	—	—	(13,226)	(13,226)
	P26,438	P8,249	P306,024	P340,711

*includes changes in assumptions and payments

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2023	P5,322,763	P576,721	P624,740	P6,524,224
Newly originated assets that remained in Stage 1 as at yearend	4,756,507	—	—	4,756,507
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	243,073	127,332	370,405
Assets derecognized or repaid (excluding write offs)	(3,377,310)	(138,683)	(248,002)	(3,763,995)
Transfers to Stage 1	214,748	(207,775)	(6,973)	—
Transfers to Stage 2	(52,792)	54,070	(1,278)	—
Transfers to Stage 3	(30,395)	(115,603)	145,998	—
Amounts written off	—	—	(51,238)	(51,238)
	P6,833,521	P411,803	P590,579	P7,835,903
ECL allowance as at January 1, 2023	P31,444	P26,330	P320,370	P378,144
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	11,800	—	—	11,800
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	—	2,593	30,645	33,238
Transfers to Stage 1	1,269	(863)	(406)	—
Transfers to Stage 2	(2,762)	3,063	(301)	—
Transfers to Stage 3	(12,361)	(24,802)	37,163	—
Other movements*	(3,758)	2,330	(25,331)	(26,759)
	(5,812)	(17,679)	41,770	18,279
Amounts written off	—	—	(51,238)	(51,238)
Foreclosures and other adjustments	—	—	(30,444)	(30,444)
	P25,632	P8,651	P280,458	P314,741

*includes changes in assumptions and payments



	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	P6,472,319	P411,803	P590,579	P7,474,701
Newly originated assets that remained in Stage 1 as at yearend	6,008,367	—	—	6,008,367
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	100,885	82,794	183,679
Assets derecognized or repaid (excluding write offs)	(3,949,013)	(235,147)	(244,528)	(4,428,688)
Transfers to Stage 1	53,704	(50,821)	(2,883)	—
Transfers to Stage 2	(44,012)	44,817	(805)	—
Transfers to Stage 3	(49,164)	(64,087)	113,251	—
Amounts written off	—	—	(63,653)	(63,653)
	P8,492,201	P207,450	P474,755	P9,174,406
ECL allowance as at January 1, 2024	P25,126	P8,459	P254,303	P287,888
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	7,951	—	—	7,951
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	—	2,580	95,340	97,920
Transfers to Stage 1	2,300	(1,111)	(1,189)	—
Transfers to Stage 2	(708)	831	(123)	—
Transfers to Stage 3	(1,571)	(2,747)	4,318	—
Other movements*	(6,680)	131	(9,038)	(15,587)
	1,292	(316)	89,308	90,284
Amounts written off	—	—	(63,653)	(63,653)
Foreclosures and other adjustments	—	—	(13,274)	(13,274)
	P26,418	P8,143	P266,684	P301,245

*includes changes in assumptions and payments

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2023	P4,847,956	P605,768	P536,648	P5,990,372
Newly originated assets that remained in Stage 1 as at yearend	4,404,138	—	—	4,404,138
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	214,026	127,331	341,357
Assets derecognized or repaid (excluding write offs)	(2,911,336)	(138,683)	(159,909)	(3,209,928)
Transfers to Stage 1	214,748	(207,775)	(6,973)	—
Transfers to Stage 2	(52,792)	54,070	(1,278)	—
Transfers to Stage 3	(30,395)	(115,603)	145,998	—
Amounts written off	—	—	(51,238)	(51,238)
	P6,472,319	P411,803	P590,579	P7,474,701
ECL allowance as at January 1, 2023	P30,931	P26,321	P288,733	P345,985
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	8,662	—	—	8,662
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	—	2,593	30,322	32,915
Transfers to Stage 1	1,269	(863)	(406)	—
Transfers to Stage 2	(2,762)	2,877	(115)	—
Transfers to Stage 3	(9,219)	(24,802)	34,021	—
Other movements*	(3,755)	2,333	(25,334)	(26,756)
	(5,805)	(17,862)	38,488	14,821
Amounts written off	—	—	(51,238)	(51,238)
Foreclosures and other adjustments	—	—	(21,680)	(21,680)
	P25,126	P8,459	P254,303	P287,888

*includes changes in assumptions and payments



Receivable from customers consist of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Loans (Note 32)	₱610,353,620	₱496,185,246	₱612,017,611	₱497,753,918
Credit card receivables	53,988,365	34,110,664	53,988,365	34,110,664
Customers' liabilities under letters of credit and trust receipts	16,496,878	13,213,402	16,496,878	13,213,402
Bills purchased (Note 24)	4,032,868	1,861,216	4,032,868	1,861,216
Customers' liabilities under acceptances	1,669,868	2,782,734	1,669,868	2,782,734
	686,541,599	548,153,262	688,205,590	549,721,934
Less unearned discounts and deferred credits	2,188,141	2,142,631	2,188,141	2,142,631
	₱684,353,458	₱546,010,631	₱686,017,449	₱547,579,303

Restructured receivables of the Group and the Parent Company amounted to ₱11.1 billion as of December 31, 2024 and ₱11.3 billion as of December 31, 2023. Interest income on these restructured receivables amounted to ₱646.4 million in 2024, ₱810.7 million in 2023, and ₱626.7 million in 2022 for the Group and Parent Company.

Provision for (recovery of) credit losses on financial assets in the statements of income are as follows:

	Consolidated		
	For the year ended December 31		
	2024	2023	2022
Due from other banks (Note 7)	(₱89)	₱279	(₱159)
Interbank loans receivable and SPURA with BSP	7,985	(1,386)	1,224
Financial assets at FVTOCI (Note 12)	17,966	6,942	(3,877)
Investment securities at amortized cost (Note 13)	15,010	33,716	(49,407)
Loans and receivables	6,481,925	4,328,858	3,109,769
Financial guarantees, loan and other commitments (Note 34)	130,945	297,785	(423,226)
	₱6,653,742	₱4,666,194	₱2,634,324

	Parent Company		
	For the year ended December 31		
	2024	2023	2022
Due from other banks (Note 7)	(₱172)	₱241	(₱212)
Interbank loans receivable and SPURA with BSP	7,985	(1,386)	1,224
Financial assets at FVTOCI (Note 12)	17,966	6,942	(3,877)
Investment securities at amortized cost (Note 13)	15,010	33,716	(49,407)
Loans and receivables	6,469,747	4,325,891	3,111,095
Financial guarantees, loan and other commitments (Note 34)	130,945	297,785	(423,226)
	₱6,641,481	₱4,663,189	₱2,635,597

As of December 31, 2024 and 2023, the fair value of the collateral held relating to the total loan portfolio amounted to ₱234.1 billion and ₱228.0 billion, respectively, for the Group and ₱231.8 billion and ₱220.7 billion, respectively, for the Parent Company. The collateral consists of cash, securities, letters of guarantee and real and personal properties.

The Group and the Parent Company took possession of various properties previously held as collateral. The carrying values of such properties amounted to ₱7.3 billion and ₱5.7 billion for the Group and the Parent Company as of December 31, 2024 and 2023, respectively.



Interest income on loans and receivables consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Loans	P38,596,251	P31,446,567	P25,498,130	P38,735,228	P31,539,609	P25,542,188
Credit card receivables	8,793,923	5,447,808	3,308,797	8,793,923	5,447,808	3,308,797
Customers' liabilities under letters of credit and trust receipts	960,063	1,199,236	850,118	960,063	1,199,236	850,118
Sales contracts receivable	12,813	10,616	7,058	12,813	10,616	7,058
Bills purchased	24,373	35,837	22,296	24,373	35,837	22,296
	P48,387,423	P38,140,064	P29,686,399	P48,526,400	P38,233,106	P29,730,457

Of the total receivables from customers of the Group and of the Parent Company, 29.4% and 32.7% as of December 31, 2024 and 2023, respectively, are subject to periodic interest repricing. Remaining receivables from customers, for the Group and the Parent Company, earn annual fixed interest rates, as follows:

	2024	2023	2022
Peso-denominated	0.06%-38.57%	1.25%-38.57%	2.00%-38.57%
Foreign currency-denominated	0.05%-8.53%	0.05%-8.94%	0.05%-9.14%

Sales contracts receivable earns interest rates ranging from 7.75% to 10.00% and 7.75% to 12.00% as of December 31, 2024 and 2023, respectively, for the Group and the Parent Company.

15. Investments in Subsidiaries and Joint Ventures

This account consists of investments in:

	% of Ownership		Consolidated		Parent Company	
	2024	2023	2024	2023	2024	2023
Subsidiaries:						
Cost:						
SBCIC	100.00	100.00	P—	P—	P500,000	P500,000
SBCC	100.00	100.00	—	—	325,000	325,000
SFLI	100.00	100.00	—	—	125,000	125,000
SB Forex	100.00	100.00	—	—	50,000	50,000
					1,000,000	1,000,000
Accumulated equity in net income						
Balance at beginning of year			—	—	1,318,317	1,017,410
Share in net income			—	—	256,592	300,907
Dividends			—	—	(13,000)	—
Other adjustment			—	—	54	—
Balance at end of year			—	—	1,561,963	1,318,317
Accumulated equity in OCI						
Balance at beginning of year			—	—	90,226	91,387
Remeasurement loss on defined benefit plans			—	—	(3,220)	(5,174)
Net unrealized gain on financial assets at fair value through other comprehensive income*			—	—	2,155	4,013
Balance at end of year			—	—	89,161	90,226
					2,651,124	2,408,543
Joint Ventures:						
Cost:						
SBML	60.00	60.00	150,057	150,058	150,057	150,058
SBF	49.96	49.96	2,095,655	2,095,655	2,095,655	2,095,655
			2,245,712	2,245,713	2,245,712	2,245,713

(Forward)



	% of Ownership		Consolidated		Parent Company	
	2024	2023	2024	2023	2024	2023
Accumulated equity in net income						
Balance at beginning of year			₱379,358	₱194,831	₱379,358	₱194,831
Share in net income			1,870	179,565	1,870	179,565
Remeasurement gain (loss) on defined benefit plans			(367)	4,962	(367)	4,962
Balance at end of year			380,861	379,358	380,861	379,358
			2,626,573	2,625,071	2,626,573	2,625,071
			₱2,626,573	₱2,625,071	₱5,277,697	₱5,033,614

*Arising from accumulated mark to market gain on equity securities.

The details of the dividends by the subsidiaries to the Parent Company are provided below:

Subsidiary	Date of declaration	Per share	Total amounts in thousands
SBCC	August 22, 2024	₱4.0 per share	₱13,000

Reclassification of SBF to Joint Venture

On October 20, 2020, after securing regulatory approvals in the Philippines and Thailand, the Parent Company sold 7,075,000 SBF shares (50% ownership) to Krungsri for ₱1.5 billion, recognizing a ₱933.1 million gain. As a result, SBF ceased to be a subsidiary and was deconsolidated from the Group's financial statements.

In 2021, the Parent Company and Krungsri approved a ₱3.0 billion capital infusion into SBF, disbursed in two tranches: ₱1.5 billion on May 21, 2021, and ₱1.5 billion on January 18, 2022. To accommodate the infusion, SBF issued new shares.

Sale and Purchase Agreement relating to HC Consumer Finance Philippines, Inc.

On November 29, 2024, the Parent Company entered into an agreement with MUFG to acquire HC Consumer Finance Philippines, Inc., subject to the satisfaction of certain completion conditions.

Financial Information of Joint Ventures

The summarized financial information of the joint ventures are set out below (in millions):

SBML:

	2024	2023
Cash and cash equivalents	₱35	₱99
Loans receivable held for sale	207	284
Loans and receivables	1,451	1,126
Other assets	106	108
Deposits on lease contracts	(385)	(356)
Bills payable	(477)	(337)
Accounts payable and other liabilities	(294)	(317)
Equity	₱643	₱607
Proportion of the Group's ownership	60%	60%
Carrying amount of the investment	₱386	₱364



	2024	2023
Income		
Leasing and interest income	₱120	₱103
Interest expense	(21)	(23)
Net interest income	99	80
Other income	41	62
Operating expenses	(92)	(104)
Income before income tax	48	38
Provision for income tax	(12)	(10)
Net income	₱36	₱28
Group's share for the year	₱22	₱17

SBF:

	2024	2023
Cash and cash equivalents	₱385	₱589
Loans and receivables	9,426	8,680
Other Assets	1,714	1,531
Bills payable	(6,400)	(5,705)
Accrued expenses and other liabilities	(639)	(569)
Equity	₱4,486	₱4,526
Proportion of the Group's ownership	49.96%	49.96%
Carrying amount of the investment	₱2,241	₱2,261

	2024	2023
Income		
Interest income	₱3,701	₱3,116
Interest expense	(387)	(267)
Net interest income	3,314	2,849
Other income	678	652
Operating expenses	(4,041)	(3,043)
Income (loss) before income tax	(49)	458
Provision for income tax	9	(133)
Net income (loss)	(₱40)	₱325
Group's share for the year	(₱20)	₱162

SBML and SBF have no contingent liabilities or capital commitments as of December 31, 2024 and 2023.



16. Property, Equipment and Right-of-Use Assets

The composition of and movements in the Group's and the Parent Company's property, equipment and right-of-use assets follow:

	Consolidated								Total
	Land	Building and Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Building and Improvements	Transportation Equipment	Total Right-of-use assets	
December 31, 2024									
Cost									
Balance at beginning of year	P463,006	P2,683,446	P6,417,663	P2,555,594	P292,783	P3,474,030	P20,643	P3,494,673	P15,907,165
Additions	4,696	108,453	1,970,039	839,009	209,697	1,160,542	542	1,161,084	4,292,978
Disposals	—	—	(107,603)	(718,172)	(5,122)	(1,283,633)	(1,282)	(1,284,915)	(2,115,812)
Amortization of leasehold improvements	—	—	—	—	(128,232)	—	—	—	(128,232)
Reclassifications and other adjustments (Note 18)	3,913	5,740	(75,245)	24,553	(10,548)	24,571	—	24,571	(27,016)
Balance at end of year	471,615	2,797,639	8,204,854	2,700,984	358,578	3,375,510	19,903	3,395,413	17,929,083
Accumulated depreciation									
Balance at beginning of year	—	2,040,439	4,105,124	1,300,262	—	2,001,970	8,216	2,010,186	9,456,011
Depreciation	—	101,073	925,870	391,423	—	792,290	6,265	798,555	2,216,921
Disposals	—	—	(101,326)	(585,084)	—	(1,103,793)	(1,282)	(1,105,075)	(1,791,485)
Reclassifications and other adjustments (Note 18)	—	(4,806)	145	7,901	—	—	—	—	3,240
Balance at end of year	—	2,136,706	4,929,813	1,114,502	—	1,690,467	13,199	1,703,666	9,884,687
Allowance for impairment loss (Note 17)									
Balance at beginning of year	19,969	1,689	—	—	—	—	—	—	21,658
Provision (recovery)	(13,369)	1,280	—	—	—	—	—	—	(12,089)
Balance at the end of year	6,600	2,969	—	—	—	—	—	—	9,569
Net book value at end of year	P465,015	P657,964	P3,275,041	P1,586,482	P358,578	P1,685,043	P6,704	P1,691,747	P8,034,827
December 31, 2023									
Cost									
Balance at beginning of year	P427,784	P2,654,457	P5,112,711	P2,277,857	P225,485	P3,227,818	P15,513	P3,243,331	P13,941,625
Additions	35,222	55,641	1,484,176	724,786	171,215	625,648	15,797	641,445	3,112,485
Disposals	—	(27,193)	(178,239)	(457,652)	(1,376)	(390,192)	(10,191)	(400,383)	(1,064,843)
Amortization of leasehold improvements	—	—	—	—	(102,266)	—	—	—	(102,266)
Reclassifications and other adjustments (Note 18)	—	541	(985)	10,603	(275)	10,756	(476)	10,280	20,164
Balance at end of year	463,006	2,683,446	6,417,663	2,555,594	292,783	3,474,030	20,643	3,494,673	15,907,165
Accumulated depreciation									
Balance at beginning of year	—	1,965,513	3,654,830	1,362,143	—	1,662,827	2,949	1,665,776	8,648,262
Depreciation	—	100,623	605,662	327,658	—	704,909	7,911	712,820	1,746,763
Disposals	—	(25,697)	(155,368)	(395,481)	—	(364,711)	(2,644)	(367,355)	(943,901)
Reclassifications and other adjustments (Note 18)	—	—	—	5,942	—	(1,055)	—	(1,055)	4,887
Balance at end of year	—	2,040,439	4,105,124	1,300,262	—	2,001,970	8,216	2,010,186	9,456,011
Allowance for impairment loss (Note 17)									
Balance at the end of year	19,969	1,689	—	—	—	—	—	—	21,658
Net book value at end of year	P443,037	P641,318	P2,312,539	P1,255,332	P292,783	P1,472,060	P12,427	P1,484,487	P6,429,496
Parent Company									
	Land	Building and Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Building and Improvements	Transportation Equipment	Total Right-of-use assets	Total
December 31, 2024									
Cost									
Balance at beginning of year	P463,006	P2,683,446	P4,722,522	P331,880	P287,949	P3,474,030	P20,643	P3,494,673	P11,983,476
Additions	4,696	108,453	1,121,631	110,064	209,697	1,160,542	542	1,161,084	2,715,625
Disposals	—	—	(8,963)	(64,469)	(349)	(1,283,633)	(1,282)	(1,284,915)	(1,358,696)
Amortization of leasehold improvements	—	—	—	—	(128,171)	—	—	—	(128,171)
Reclassifications and other adjustments (Note 18)	3,913	5,740	(75,245)	24,553	(10,548)	24,571	—	24,571	(27,016)
Balance at end of year	471,615	2,797,639	5,759,945	402,028	358,578	3,375,510	19,903	3,395,413	13,185,218
Accumulated depreciation									
Balance at beginning of year	—	2,035,665	3,447,268	150,677	—	2,001,970	8,216	2,010,186	7,643,796
Depreciation	—	101,073	620,219	71,677	—	792,291	6,265	798,556	1,591,525
Disposals	—	—	(8,765)	(47,603)	—	(1,103,794)	(1,282)	(1,105,076)	(1,161,444)
Reclassifications and other adjustments (Note 18)	—	(32)	145	7,901	—	—	—	—	8,014
Balance at end of year	—	2,136,706	4,058,867	182,652	—	1,690,467	13,199	1,703,666	8,081,891

(Forward)



	Parent Company								Total
	Land	Building and Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Building and Improvements	Transportation Equipment	Total Right-of-use assets	
Allowance for impairment loss (Note 17)									
Balance at beginning of year	₱19,969	₱1,689	₱-	₱-	₱-	₱-	₱-	₱-	₱21,658
Provision (recovery)	(13,369)	1,280	-	-	-	-	-	-	(12,089)
Balance at the end of year	6,600	2,969	-	-	-	-	-	-	9,569
Net book value at end of year	₱465,015	₱657,964	₱1,701,078	₱219,376	₱358,578	₱1,685,043	₱6,704	₱1,691,747	₱5,093,758

	Parent Company								Total
	Land	Building and Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Building and Improvements	Transportation Equipment	Total Right-of-use assets	
December 31, 2023									
Cost									
Balance at beginning of year	₱427,784	₱2,654,457	₱4,049,611	₱298,875	₱220,468	₱3,227,818	₱15,513	₱3,243,331	₱10,894,526
Additions	35,222	55,641	763,056	106,905	171,215	625,648	15,797	641,445	1,773,484
Disposals	-	(27,193)	(89,160)	(84,503)	(1,376)	(390,192)	(10,191)	(400,383)	(602,615)
Amortization of leasehold improvements	-	-	-	-	(102,083)	-	-	-	(102,083)
Reclassifications and other adjustments (Note 18)	-	541	(985)	10,603	(275)	10,756	(476)	10,280	20,164
Balance at end of year	463,006	2,683,446	4,722,522	331,880	287,949	3,474,030	20,643	3,494,673	11,983,476
Accumulated depreciation									
Balance at beginning of year	-	1,960,740	3,101,237	150,420	-	1,662,827	2,949	1,665,776	6,878,173
Depreciation	-	100,623	420,543	57,507	-	704,909	7,911	712,820	1,291,493
Disposals	-	(25,698)	(74,512)	(63,192)	-	(364,711)	(2,644)	(367,355)	(530,757)
Reclassifications and other adjustments (Note 18)	-	-	-	5,942	-	(1,055)	-	(1,055)	4,887
Balance at end of year	-	2,035,665	3,447,268	150,677	-	2,001,970	8,216	2,010,186	7,643,796
Allowance for impairment loss (Note 17)									
Balance at the end of year	19,969	1,689	-	-	-	-	-	-	21,658
Net book value at end of year	₱443,037	₱646,092	₱1,275,254	₱181,203	₱287,949	₱1,472,060	₱12,427	₱1,484,487	₱4,318,022

As of December 31, 2024 and 2023, the cost of fully depreciated property and equipment still in use amounted to ₱4.3 billion and ₱4.2 billion, respectively, for the Group and the Parent Company.

Gain or loss on disposal of equipment is included under 'Profit from assets sold/exchanged' in the statements of income. In 2024, 2023 and 2022, the Profit from assets sold/exchanged amounted to ₱3.8 million, ₱274.3 million and ₱66.6 million, respectively, for the Group and ₱3.8 million, ₱274.3 million and ₱67.0 million for the Parent Company.

The details of depreciation and amortization recognized in the statements of income are as follows:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Property, equipment and right-of-use assets	₱2,216,921	₱1,746,763	₱1,819,098	₱1,591,525	₱1,291,493	₱1,293,338
Leasehold improvements	128,232	102,266	117,600	128,171	102,083	117,600
Investment properties (Note 17)	293,552	228,276	103,010	293,552	228,276	103,010
Other properties acquired (Note 18)	107,865	72,868	74,811	107,865	72,868	74,811
	₱2,746,570	₱2,150,173	₱2,114,519	₱2,121,113	₱1,694,720	₱1,588,759

Set out below are the carrying amounts of lease liability (see Note 24) and the movements during the year:

	Consolidated		Parent	
	2024	2023	2024	2023
Balance at beginning of year	₱1,391,870	₱1,538,021	₱1,391,870	₱1,533,655
Additions	1,161,084	641,445	1,161,084	641,445
Disposals/pre-terminations	(179,839)	(131,311)	(179,839)	(131,311)
Accretion of interest	99,955	80,990	99,955	80,990
Payments	(882,988)	(748,610)	(882,988)	(744,244)
Other adjustments	24,571	11,335	24,571	11,335
Balance at end of year	₱1,614,653	₱1,391,870	₱1,614,653	₱1,391,870



17. Investment Properties

The composition of and movements in the Group and the Parent Company's investment properties follow:

	Consolidated		
	Land	Building and Improvements	Total
December 31, 2024			
Cost			
Balance at beginning of year	₱2,178,725	₱3,361,763	₱5,540,488
Additions (Note 37)	1,266,946	743,443	2,010,389
Disposals	(129,423)	(144,802)	(274,225)
Balance at end of year	3,316,248	3,960,404	7,276,652
Accumulated Depreciation			
Balance at beginning of year	—	492,243	492,243
Depreciation (Note 16)	—	293,552	293,552
Disposals	—	(41,931)	(41,931)
Balance at end of year	—	743,864	743,864
Allowance for Impairment Loss			
Balance at beginning of year	103,527	154,116	257,643
Provision for (recovery of) impairment losses	(7,498)	6,721	(777)
Disposals	(4,557)	(2,291)	(6,848)
Balance at end of year	91,472	158,546	250,018
Net Book Value at End of Year	₱3,224,776	₱3,057,994	₱6,282,770

December 31, 2023

Cost			
Balance at beginning of year	₱1,704,013	₱1,993,517	₱3,697,530
Additions (Note 37)	866,629	1,510,337	2,376,966
Disposals	(391,917)	(142,091)	(534,008)
Balance at end of year	2,178,725	3,361,763	5,540,488
Accumulated Depreciation			
Balance at beginning of year	—	295,838	295,838
Depreciation (Note 16)	—	228,276	228,276
Disposals	—	(31,871)	(31,871)
Balance at end of year	—	492,243	492,243
Allowance for Impairment Loss			
Balance at beginning of year	99,748	97,273	197,021
Provision for impairment losses	25,305	59,944	85,249
Disposals	(21,526)	(3,101)	(24,627)
Balance at end of year	103,527	154,116	257,643
Net Book Value at End of Year	₱2,075,198	₱2,715,404	₱4,790,602

	Parent Company		
	Land	Building and Improvements	Total
December 31, 2024			
Cost			
Balance at beginning of year	₱2,177,951	₱3,361,762	₱5,539,713
Additions (Note 37)	1,266,946	743,443	2,010,389
Disposals	(128,649)	(144,801)	(273,450)
Balance at end of year	3,316,248	3,960,404	7,276,652
Accumulated Depreciation			
Balance at beginning of year	—	492,244	492,244
Depreciation (Note 16)	—	293,552	293,552
Disposals	—	(41,932)	(41,932)
Balance at end of year	—	743,864	743,864

(Forward)



	Parent Company		
	Land	Building and Improvements	Total
Allowance for Impairment Loss			
Balance at beginning of year	₱103,531	₱154,111	₱257,642
Provision for impairment losses	(7,498)	6,721	(777)
Disposals	(4,561)	(2,286)	(6,847)
Balance at end of year	91,472	158,546	250,018
Net Book Value at End of Year	₱3,224,776	₱3,057,994	₱6,282,770
December 31, 2023			
Cost			
Balance at beginning of year	₱1,703,239	₱1,993,516	₱3,696,755
Additions (Note 37)	866,629	1,510,337	2,376,966
Disposals	(391,917)	(142,091)	(534,008)
Balance at end of year	2,177,951	3,361,762	5,539,713
Accumulated Depreciation			
Balance at beginning of year	—	295,839	295,839
Depreciation (Note 16)	—	228,276	228,276
Disposals	—	(31,871)	(31,871)
Balance at end of year	—	492,244	492,244
Allowance for Impairment Loss			
Balance at beginning of year	99,751	97,269	197,020
Provision for impairment losses	25,305	59,944	85,249
Disposals	(21,525)	(3,102)	(24,627)
Balance at end of year	103,531	154,111	257,642
Net Book Value at End of Year	₱2,074,420	₱2,715,407	₱4,789,827

Investment properties are real estate properties acquired in settlement of loans and receivables. The difference between the fair value of the asset upon foreclosure and the carrying value of the loan is recognized under 'Profit from assets sold/exchanged'. In 2024, 2023 and 2022, the Profit from assets sold/exchanged amounted to ₱1.0 billion, ₱0.9 billion and ₱1.2 billion for the Group and the Parent Company.

The fair values of investment properties are disclosed in Note 6.

As of December 31, 2024 and 2023, the carrying value of investment properties still subject to redemption amounted to ₱1.9 billion and ₱1.3 billion, respectively, for the Group and the Parent Company.

The Group and the Parent Company have no investment properties, which are leased out under operating leases as of December 31, 2024, 2023 and 2022.

In 2024, 2023, and 2022, direct operating expenses, consisting of depreciation and amortization and repairs and maintenance (included under 'Occupancy costs' in the statements of income) pertaining to investment properties amounted to ₱107.9 million, ₱72.9 million, and ₱74.8 million, respectively, for the Group and ₱107.9 million, ₱72.9 million, and ₱74.8 million, respectively, for the Parent Company.



Provision for (recovery of) impairment losses on non-financial assets in the statements of income are as follows:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Property, equipment and right-of-use assets (Note 16)	(P12,089)	P21,422	P433	(P12,089)	P21,422	P433
Investment properties	(777)	85,249	173,782	(777)	85,249	173,782
Other properties acquired (Note 18)	(30,973)	28,009	32,845	(30,973)	28,009	32,845
	(P43,839)	P134,680	P207,060	(P43,839)	P134,680	P207,060

18. Intangible and Other Assets

Intangible Assets

Intangible assets consist of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Software costs	P5,137,675	P3,516,055	P5,135,198	P3,515,263
Branch licenses	1,445,000	1,445,000	1,445,000	1,445,000
Exchange trading right	8,000	8,000	—	—
	P6,590,675	P4,969,055	P6,580,198	P4,960,263

Movements in software costs follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Cost				
Balance at beginning of year	P6,553,846	P4,643,991	P6,407,322	P4,497,568
Additions	2,587,280	1,926,760	2,585,141	1,926,659
Disposal	(50,820)	(291)	(50,621)	(291)
Reclassification (Note 16)	(10,135)	(16,614)	(10,135)	(16,614)
Balance at end of year	9,080,171	6,553,846	8,931,707	6,407,322
Accumulated Amortization				
Balance at beginning of year	3,037,791	2,362,766	2,892,059	2,217,492
Amortization	904,892	675,041	904,450	674,567
Disposal	(187)	(16)	—	—
Balance at end of year	3,942,496	3,037,791	3,796,509	2,892,059
Net Book Value at End of Year	P5,137,675	P3,516,055	P5,135,198	P3,515,263

As of December 31, 2024 and 2023, the latest transacted price of SBEL's exchange trading right amounted to P8.0 million.



Other Assets

Other assets consist of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Cash collateral deposits	₱3,729,003	₱1,466,610	₱3,729,003	₱1,466,610
Other investment	1,249,500	–	1,249,500	–
Other properties acquired - net	989,931	872,153	989,931	872,153
Prepaid expenses	722,291	702,353	718,228	627,309
Rental and security deposits (Note 33)	508,068	558,992	509,301	560,994
Documentary stamps	408,385	277,476	408,385	277,476
Due from brokers	232,520	311,044	232,520	311,044
Returned checks and other cash items	175,023	50,560	175,023	50,560
Income tax credits	140,855	136,296	11,062	17,111
Deferred input VAT	114,895	26,411	–	–
Due from trust	74,149	79,939	74,149	79,939
Pension asset (Note 29)	1,473	2,786	–	–
Miscellaneous	1,285,436	561,796	1,268,364	551,311
	₱9,631,529	₱5,046,416	₱9,365,466	₱4,814,507

Cash collateral deposits represent the Parent Company's restricted deposits for its treasury transactions such as interest rate swaps and SSURA. The carrying amount of these deposits approximates their fair value.

In 2024 and 2023, the gross carrying amount of cash collateral securities were carried at Stage 1 and there were no transfers into and out of Stage 1.

Other properties acquired represent chattel mortgages foreclosed from loan borrowers. Gain or loss upon foreclosure is included under 'Profit from assets sold/exchanged' in the statements of income. In 2024, 2023 and 2022 the Profit from assets sold/exchanged, amounted to (₱108.9 million), ₱59.8 million and ₱0.3 billion, respectively, for the Group and the Parent Company.

As of December 31, 2024 and 2023, 'Other assets - miscellaneous' includes items in process for clearing amounting to ₱634.8 million and ₱177.6 million, respectively, and prepaid employee benefits under car plan program amounting to ₱267.8 million and ₱224.8 million for the Group, respectively, and ₱265.8 million and ₱223.7 million for the Parent Company, respectively.

Other Investment

On April 8, 2024, the Executive Committee as delegated by the BOD of the Parent Company, approved a joint venture agreement with Mitsubishi Motors Corporation (Mitsubishi Motors) of Japan. The agreement establishes Mitsubishi Motors Finance Philippines Inc. (MMFP) and provides for a capital injection totaling to ₱4.0 billion, to be paid in tranches. Pursuant to the agreement, the Parent Company will hold a 49.0% ownership stake in MMFP, while Mitsubishi Motors will hold a 51.0% ownership stake. On November 26, 2024, upon fulfillment of certain closing conditions, the Parent Company paid the first tranche of capital injection amounting to ₱1.25 billion.

As of December 31, 2024, articles of incorporation of MMFP were pending approval by the SEC (see Note 38).



Other Properties Acquired

Movements in the other properties acquired by the Group and the Parent Company follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Cost				
Balance at beginning of year	₱1,038,286	₱993,047	₱1,038,286	₱993,047
Additions (Note 37)	957,527	505,628	957,527	505,628
Disposals	(812,143)	(455,277)	(812,143)	(455,277)
Reclassification (Note 16)	(3,520)	(5,112)	(3,520)	(5,112)
Balance at end of year	1,180,150	1,038,286	1,180,150	1,038,286
Accumulated Depreciation				
Balance at beginning of year	109,457	60,815	109,457	60,815
Depreciation (Note 16)	107,865	72,868	107,865	72,868
Disposals	(50,994)	(23,963)	(50,994)	(23,963)
Reclassification (Note 16)	292	(263)	292	(263)
Balance at end of year	166,620	109,457	166,620	109,457
Accumulated Impairment Loss				
Balance at beginning of year	56,676	32,846	56,676	32,846
Provision for impairment losses (Note 17)	(30,973)	28,009	(30,973)	28,009
Disposals	(2,112)	(4,148)	(2,112)	(4,148)
Reclassification	8	(31)	8	(31)
Balance at end of year	23,599	56,676	23,599	56,676
Net Book Value at End of Year	₱989,931	₱872,153	₱989,931	₱872,153

19. Deposit Liabilities

On June 23, 2023, through BSP Circular 1175, the BSP approved a 250-basis point reduction in the reserve requirement ratios of selected reservable liabilities of the Bank, lowering it from 12.0% to 9.5%, effective June 30, 2023. In September 2024, BSP Circular No. 1201 was issued reducing the reserve requirements against deposit and deposit substitute liabilities from 9.5% to 7.00% effective reserve week starting October 25, 2024.

As of December 31, 2024 and 2023, the Group and the Parent Company has set aside ‘Due from BSP’ as reserves amounting to ₱29.9 billion and ₱40.2 billion, respectively. Total interest income on ‘Due from BSP’ earned by the Group and Parent Company amounted to nil, nil and ₱46.8 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Long-term Negotiable Certificates of Deposit matured on May 8, 2023

On November 8, 2017, the Parent Company issued 3.875% fixed coupon rate (EIR of 4.01%) unsecured LTNCD at par value of ₱8.6 billion. The Parent Company incurred debt issue costs amounting to ₱58.9 million. On May 8, 2023, the Parent Company paid ₱8.6 billion unsecured LTNCD.

The issuance of the foregoing LTNCD under the terms approved by the BOD was approved by the BSP on October 5, 2017.

Long-term Negotiable Certificates of Deposit matured on November 2, 2023

On May 2, 2018, the Parent Company issued 4.50% fixed coupon rate (EIR of 4.69%) unsecured LTNCD at par value of ₱5.78 billion. The Parent Company incurred debt issue costs amounting to ₱53.6 million. On November 3, 2023, the Parent Company paid ₱5.78 billion unsecured LTNCD.

The issuance of the foregoing LTNCD under the terms approved by the BOD was approved by the BSP on October 5, 2017.



Long-term Negotiable Certificates of Deposit maturing on March 23, 2025

On September 23, 2019, the Parent Company issued 4.00% fixed coupon rate (EIR of 4.18%) unsecured LTNCD at par value of ₱6.06 billion. The Parent Company incurred debt issue costs amounting to ₱54.9 million.

The issuance of the foregoing LTNCD under the terms approved by the BOD was approved by the BSP on May 30, 2019.

Long-term Negotiable Certificates of Deposit maturing on June 17, 2025

On December 17, 2019, the Parent Company issued 4.00% fixed coupon rate (EIR of 4.16%) unsecured LTNCD at par value of ₱2.31 billion. The Parent Company incurred debt issue costs amounting to ₱18.7 million.

The issuance of the foregoing LTNCD under the terms approved by the BOD was approved by the BSP on May 30, 2019.

Long-term Negotiable Certificates of Deposit maturing on August 5, 2025

On February 5, 2020, the Parent Company issued 4.00% fixed coupon rate (EIR of 4.16%) unsecured LTNCD at par value of ₱2.07 billion. The Parent Company incurred debt issue costs amounting to ₱16.6 million.

The issuance of the foregoing LTNCD under the terms approved by the BOD was approved by the BSP on May 30, 2019.

The movement of unamortized debt issue costs on LTNCDs follows:

	2024	2023
Beginning balance	₱23,986	₱54,214
Amortization	(17,771)	(30,228)
Balance at end of year	₱6,215	₱23,986

Interest expense on deposit liabilities consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Demand	₱482,606	₱371,371	₱242,646	₱527,650	₱390,094	₱243,015
Savings	257,444	129,558	70,062	257,617	129,725	70,167
Time	5,716,167	6,909,626	3,683,052	5,745,456	6,955,973	3,701,867
LTNCD	436,530	784,551	1,047,352	436,530	784,551	1,047,352
	₱6,892,747	₱8,195,106	₱5,043,112	₱6,967,253	₱8,260,343	₱5,062,401

Ranges of annual fixed interest on deposit liabilities excluding LTNCD follow:

	2024	2023	2022
Peso-denominated	0.01%-6.00%	0.01%-6.75%	0.01%-6.65%
Foreign currency-denominated	0.01%-5.50%	0.01%-5.50%	0.01%-5.10%



20. Financial Liabilities at Fair Value through Profit or Loss

This account consists of:

	2024	2023
Derivative liabilities (Note 11):		
Currency forwards	₱1,643,806	₱2,940,101
Interest rate swaps	54,023	—
Foreign currency options	17,450	—
Bonds forward	768	13
Interest rate futures	—	28,592
	₱1,716,047	₱2,968,706

Interest expense on derivative instruments consists of:

	2024	2023	2022
Interest rate swaps	₱14,165	₱567,504	₱300,435
Cross-currency swaps	26,904	44,615	105,986
	₱41,069	₱612,119	₱406,421

21. Bills Payable and Securities Sold Under Repurchase Agreements

This account consists of borrowings from:

	Consolidated		Parent Company	
	2024	2023	2024	2023
SSURA	₱67,898,043	₱46,525,809	₱67,898,043	₱46,525,809
Local banks	12,708,494	4,695,331	12,556,828	4,629,497
Foreign banks	5,784,500	—	5,784,500	—
Local government banks with relending facilities	4,788,611	117,965	4,788,611	117,965
	₱91,179,648	₱51,339,105	₱91,027,982	₱51,273,271

The following are the carrying values of the investment securities pledged and transferred under SSURA transactions of the Group:

	December 31, 2024		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets at FVTPL (Note 10)				
Government securities	₱2,796,968	₱2,796,968	₱3,813,159	₱3,813,159
Financial assets at FVTOCI (Note 12)				
Treasury bonds	32,385,552	32,385,552	19,832,200	19,832,200
Investment securities at amortized cost (Note 13)				
Private bonds	40,320,464	40,202,119	31,093,477	30,551,895
	₱75,502,984	₱75,384,639	₱54,738,836	₱54,197,254



For the years ended December 31, 2024, 2023 and 2022, interest expense on bills payable and SSURA, notes payable, subordinated notes and other borrowings in the statements of income consist of the following:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Notes and bonds payable (Note 22)	₱2,925,022	₱2,696,656	₱1,456,891	₱2,925,022	₱2,696,656	₱1,456,891
Bills payable and SSURA	3,515,934	2,771,815	528,168	3,511,353	2,765,987	523,888
Others	32,752	4,750	2,668	26,285	38	62
	₱6,473,708	₱5,473,221	₱1,987,727	₱6,462,660	₱5,462,681	₱1,980,841

Annual fixed interest rate ranges on the Group's and the Parent Company's interbank borrowings and rediscounting availments follow:

	2024	2023	2022
Interbank borrowings:			
Peso-denominated	6.09%-8.00%	1.50%-8.00%	1.50%-8.00%
Foreign currency-denominated	4.40%-6.18%	4.17%-6.04%	0.05%-4.83%

22. Notes and Bonds Payable

This account consists of the following:

	2024	2023
Senior unsecured notes due May 2029	₱22,842,339	₱—
Fixed rate bonds due September 2029	19,856,428	—
Fixed rate bonds due January 2025	18,496,290	18,396,413
Fixed rate bonds due January 2024	—	15,995,449
Fixed rate bonds due May 2024	—	14,571,659
	₱61,195,057	₱48,963,521

Senior Unsecured Notes due September 2023

In September 2018, the Parent Company issued \$300.0 million senior unsecured notes ("Senior Notes") due on September 25, 2023. The Senior Notes, which are listed in the Singapore Stock Exchange, were priced at a discount, with a coupon rate of 4.50% fixed rate (EIR of 4.68%) payable on a semi-annual basis commencing on March 25, 2019. The Parent Company incurred debt issue costs amounting to ₱57.6 million.

On September 25, 2023, the Parent Company settled in full ₱17.1 billion senior unsecured notes.

Fixed Rate Bonds due January 2024

On July 20, 2022, the Parent Company issued ₱16.0 billion fixed rate bonds due on January 20, 2024. The bond, which are listed in Philippine Dealing and Exchange Corporation, were priced at par with a coupon rate of 3.7407% fixed rate (EIR of 4.29%) payable on a quarterly basis commencing on October 20, 2022. The Parent Company incurred debt issue costs amounting to ₱126.0 million.

On January 22, 2024, the Parent Company settled in full ₱16.0 billion fixed rate bonds.



Fixed Rate Bonds due May 2024

On November 10, 2022, the Parent Company issued ₱14.6 billion fixed rate bonds due on May 10, 2024. The bond, which are listed in Philippine Dealing and Exchange Corporation, were priced at par with a coupon rate of 5.3000% fixed rate (EIR of 5.85%) payable on a quarterly basis commencing on February 10, 2023. The Parent Company incurred debt issue costs amounting to ₱114.1 million.

On May 10, 2024, the Parent Company settled in full the ₱14.6 billion 5.3000% fixed rate bonds.

Fixed Rate Bonds due January 2025

On July 13, 2023, the Parent Company issued ₱18.5 billion fixed rate bonds due on January 13, 2025. The bond, which are listed in Philippine Dealing and Exchange Corporation, were priced at par with a coupon rate of 6.4250% fixed rate (EIR of 6.99%) payable on a quarterly basis commencing on October 13, 2023. The Parent Company incurred debt issue costs amounting to ₱147.6 million.

On January 13, 2025, the Parent Company settled in full the ₱18.5 billion 6.4250% fixed rate bonds (Note 38).

Senior Unsecured Notes due May 2029

On May 9, 2024, the Parent Company issued USD 400 million Senior Unsecured Fixed Rate Notes due May 14, 2029. The Senior Unsecured Notes, which are listed in the Singapore Stock Exchange, were priced at a discount, with a coupon rate of 5.50% fixed rate (EIR of 5.83%) payable on a semi-annual basis commencing on November 14, 2024. The Parent Company incurred debt issue costs amounting to ₱232.0 million.

Fixed Rate Bonds due September 2029

On August 20, 2024, the Parent Company issued ₱20.0 billion fixed rate bonds due on September 20, 2029. The bonds, which are listed in Philippine Dealing and Exchange Corporation, were priced at par with a coupon rate of 6.05% fixed rate (EIR of 6.23%) payable on a quarterly basis commencing on November 20, 2024. The Parent Company incurred debt issue costs amounting to ₱152.9 million.

The movements in unamortized discount follow:

	2024	2023
Balance at beginning of year	₱136,479	₱214,807
Additions	475,802	147,646
Amortization	(179,243)	(251,205)
Translation adjustment	9,905	25,231
Balance at end of year	₱442,943	₱136,479



23. Accrued Interest, Taxes and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Accrued interest payable (Note 32)	₱2,386,538	₱1,891,893	₱2,385,703	₱1,893,601
Accrued other expenses payable	2,032,181	1,843,864	1,824,160	1,750,777
Accrued other taxes and licenses payable	986,925	818,453	959,513	789,134
Pension liability - net (Notes 29 and 32)	525,482	290,522	520,618	289,629
	₱5,931,126	₱4,844,732	₱5,689,994	₱4,723,141

Accrued other expenses payable includes accrual for various operating expenses such as payroll, repairs and maintenance, utilities, rental, and contractual services. This also includes estimated provision for probable losses arising from various legal cases of the Group (see Note 34).

24. Other Liabilities

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Accounts payable (Note 32)	₱5,281,720	₱4,047,392	₱5,088,785	₱3,920,437
Bills purchased - contra	2,730,245	833,344	2,730,245	833,344
Other deferred credits	1,709,416	1,527,736	1,709,416	1,527,736
Lease liability (Notes 2 and 16)	1,614,653	1,391,870	1,614,653	1,391,870
Provision for ECL on loan commitments and financial guarantees (Note 34)	737,305	606,059	737,305	606,059
Payable to brokers	700,036	603,515	—	—
Withholding taxes payable	421,881	405,112	414,401	398,847
Rewards for cardholders	285,645	173,146	285,645	173,146
Insurance premiums payable	250,937	412,145	250,937	412,145
Due to the Treasurer of the Philippines	245,790	245,840	245,790	245,840
Security deposit on lease contracts	196,807	176,084	—	—
Cash collateral on borrowings	144,613	415,679	144,613	415,679
Provision related to legal cases	88,813	106,400	88,813	106,400
Subscription payable	30,000	30,000	123,750	123,750
Deposits for keys of safety deposit boxes	7,565	7,523	7,565	7,523
Dividends payable	804	24	81	—
Unearned initial milestone fee	—	110,218	—	110,218
Miscellaneous	979,113	788,302	888,409	715,382
	₱15,425,343	₱11,880,389	₱14,330,408	₱10,988,376

Miscellaneous liabilities include Social Security System pension amounting to ₱63.6 million and ₱48.3 million as of December 31, 2024 and 2023, respectively, and items in process for clearing amounting to ₱651.3 million and ₱541.9 million as of December 31, 2024 and 2023, respectively.



25. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled:

	Consolidated			Parent Company		
	Within One Year	Over One Year	Total	Within One Year	Over One Year	Total
December 31, 2024						
Financial Assets						
Cash and other cash items	P13,165,055	P–	P13,165,055	P13,164,915	P–	P13,164,915
Due from BSP	35,104,831	–	35,104,831	35,104,831	–	35,104,831
Due from other banks	15,371,879	–	15,371,879	15,286,901	–	15,286,901
Interbank loans receivable and SPURA	6,893,617	2,500,000	9,393,617	6,893,617	2,500,000	9,393,617
Financial assets at FVTPL:						
HFT investments	15,290,009	–	15,290,009	15,289,985	–	15,289,985
Derivative assets	1,359,666	171,731	1,531,397	1,359,666	171,731	1,531,397
Total financial assets at FVTPL	16,649,675	171,731	16,821,406	16,649,651	171,731	16,821,382
Derivatives designated as hedges	634,928	–	634,928	634,928	–	634,928
Financial assets at FVTOCI	14,056,968	167,779,721	181,836,689	14,590,954	167,199,444	181,790,398
Investment securities at amortized cost	13,792,830	125,007,682	138,800,512	13,792,830	125,007,682	138,800,512
Loans and receivables - at gross	336,878,629	359,434,829	696,313,458	337,947,719	359,432,277	697,379,996
Other assets	6,738,777	537,453	7,276,230	6,720,233	538,686	7,258,919
Total financial assets	459,287,189	655,431,416	1,114,718,605	460,786,579	654,849,820	1,115,636,399
Non-financial Assets						
Investments in subsidiaries and joint ventures	–	2,626,573	2,626,573	–	5,277,697	5,277,697
Property and equipment (Net)	–	8,034,827	8,034,827	–	5,093,758	5,093,758
Investment properties	–	6,282,770	6,282,770	–	6,282,770	6,282,770
Deferred tax assets	–	6,259,066	6,259,066	–	6,197,321	6,197,321
Goodwill	–	841,602	841,602	–	841,602	841,602
Intangible assets	–	6,590,675	6,590,675	–	6,580,198	6,580,198
Other assets	1,365,367	989,932	2,355,299	1,116,615	989,932	2,106,547
Total non-financial assets	1,365,367	31,625,445	32,990,812	1,116,615	31,263,278	32,379,893
	460,652,556	687,056,861	1,147,709,417	461,903,194	686,113,098	1,148,016,292
Less: Allowance for credit losses			16,380,520			16,340,318
Unearned discounts and deferred credits			2,188,141			2,188,141
Total Assets			P1,129,140,756			P1,129,487,833
Financial Liabilities						
Deposit liabilities	P700,197,976	P100,881,183	P801,079,159	P702,075,699	P100,881,183	P802,956,882
Financial liabilities at FVTPL	1,657,458	58,589	1,716,047	1,657,458	58,589	1,716,047
Derivatives designated as hedges	3,841,204	–	3,841,204	3,841,204	–	3,841,204
Bills payable and SSURA	88,831,938	2,347,710	91,179,648	88,734,327	2,293,655	91,027,982
Acceptances payable	1,669,868	–	1,669,868	1,669,868	–	1,669,868
Margin deposits and cash letters of credit	169,923	–	169,923	169,923	–	169,923
Manager's and certified checks outstanding	5,339,433	–	5,339,433	5,339,433	–	5,339,433
Notes payable	18,496,290	42,698,767	61,195,057	18,496,290	42,698,767	61,195,057
Accrued interest, taxes and other expenses	4,944,201	–	4,944,201	4,730,481	–	4,730,481
Other liabilities	11,978,183	1,843,512	13,821,695	11,051,264	1,740,455	12,791,719
Total financial liabilities	837,126,474	147,829,761	984,956,235	837,765,947	147,672,649	985,438,596
Non-financial Liabilities						
Income tax payable	456,396	–	456,396	411,366	–	411,366
Accrued interest, taxes and other expenses	986,925	–	986,925	959,513	–	959,513
Other liabilities	1,593,874	9,774	1,603,648	1,538,689	–	1,538,689
Total non-financial liabilities	3,037,195	9,774	3,046,969	2,909,568	–	2,909,568
Total Liabilities	P840,163,669	P147,839,535	P988,003,204	P840,675,515	P147,672,649	P988,348,164
December 31, 2023						
Financial Assets						
Cash and other cash items	P13,947,069	P–	P13,947,069	P13,946,944	P–	P13,946,944
Due from BSP	45,821,155	–	45,821,155	45,821,155	–	45,821,155
Due from other banks	12,023,450	–	12,023,450	11,963,925	–	11,963,925
Interbank loans receivable and SPURA	2,581,000	1,500,000	4,081,000	2,581,000	1,500,000	4,081,000
Financial assets at FVTPL:						
HFT investments	9,963,995	–	9,963,995	9,963,970	–	9,963,970
Derivative assets	912,471	9,885	922,356	912,471	9,885	922,356
Total financial assets at FVTPL	10,876,466	9,885	10,886,351	10,876,441	9,885	10,886,326

(Forward)



	Consolidated			Parent Company		
	Within One Year	Over One Year	Total	Within One Year	Over One Year	Total
Financial assets at FVTOCI	P7,626,090	P132,234,959	P139,861,049	P7,626,090	P132,190,549	P139,816,639
Investment securities at amortized cost	14,802,146	61,405,117	76,207,263	14,802,146	61,405,117	76,207,263
Loans and receivables - at gross	253,416,680	302,572,485	555,989,165	254,624,646	302,571,988	557,196,634
Other assets	2,463,464	713,413	3,176,877	2,450,194	710,518	3,160,712
Total financial assets	363,557,520	498,435,859	861,993,379	364,692,541	498,388,057	863,080,598
Non-financial Assets						
Investments in subsidiaries and joint ventures	—	2,625,071	2,625,071	—	5,033,614	5,033,614
Property and equipment (Net)	—	6,429,496	6,429,496	—	4,318,022	4,318,022
Investment properties	—	4,790,602	4,790,602	—	4,789,827	4,789,827
Deferred tax assets	—	5,703,100	5,703,100	—	5,664,128	5,664,128
Goodwill	—	841,602	841,602	—	841,602	841,602
Intangible assets	—	4,969,055	4,969,055	—	4,960,263	4,960,263
Other assets	997,386	872,153	1,869,539	781,643	872,152	1,653,795
Total non-financial assets	997,386	26,231,079	27,228,465	781,643	26,479,608	27,261,251
	364,554,906	524,666,938	889,221,844	365,474,184	524,867,665	890,341,849
Less: Allowance for credit losses			15,569,758			15,542,318
Unearned discounts and deferred credits			2,142,631			2,142,631
Total Assets			P871,509,455			P872,656,900
Financial Liabilities						
Deposit liabilities	P548,879,185	P57,652,202	P606,531,387	P551,130,209	P57,652,203	P608,782,412
Financial liabilities at FVTPL	2,968,706	—	2,968,706	2,968,706	—	2,968,706
Bills payable and SSURA	48,980,783	2,358,322	51,339,105	48,959,790	2,313,481	51,273,271
Acceptances payable	2,782,734	—	2,782,734	2,782,734	—	2,782,734
Margin deposits and cash letters of credit	57,568	—	57,568	57,568	—	57,568
Manager's and certified checks outstanding	5,208,887	—	5,208,887	5,208,887	—	5,208,887
Notes payable	30,567,108	18,396,413	48,963,521	30,567,108	18,396,413	48,963,521
Accrued interest, taxes and other expenses	4,026,279	—	4,026,279	3,934,007	—	3,934,007
Other liabilities	8,861,774	1,665,533	10,527,307	8,202,488	1,487,401	9,689,889
Total financial liabilities	652,333,024	80,072,470	732,405,494	653,811,497	79,849,498	733,660,995
Non-financial Liabilities						
Income tax payable	802,086	—	802,086	775,827	—	775,827
Accrued interest, taxes and other expenses	818,453	—	818,453	789,134	—	789,134
Other liabilities	1,343,669	9,413	1,353,082	1,298,487	—	1,298,487
Total non-financial liabilities	2,964,208	9,413	2,973,621	2,863,448	—	2,863,448
Total Liabilities	P655,297,232	P80,081,883	P735,379,115	P656,674,945	P79,849,498	P736,524,443

26. Equity

As of December 31, 2024 and 2023, the Parent Company's capital stock consists of:

	Shares*	Amount
Common stock - ₱10 par value		
Authorized	1,000,000,000	₱10,000,000
Issued and outstanding		
Balance at the beginning and end of the period	753,538,887	7,535,389
Preferred stock - ₱0.10 par value		
Authorized	1,000,000,000	100,000
Issued and outstanding		
Balance at the beginning and end of the period	1,000,000,000	100,000
	1,753,538,887	₱7,635,389

*Absolute number of shares



On November 26, 2013, the Parent Company's stockholders approved and authorized the following:

1. Creation of 1.0 billion non-cumulative, non-participating, non-convertible voting Preferred Stock with par value of ₱0.1 each and issuance of approximately 602.8 million of such Preferred Stock; and
2. Increase in authorized capital stock from ₱10.0 billion to ₱10.1 billion broken down into ₱10.0 billion Common Stock and ₱100.0 million Preferred Stock.

The Preferred Stock was offered to eligible common stockholders, with each eligible stockholder entitled to subscribe to one voting preferred share for every one common stock held as of the record date, June 16, 2014.

On July 10, 2014, the Parent Company issued the first tranche of non-cumulative, non-participating, non-convertible Preferred Stock of 602,831,109 with ₱0.1 par value. The dividend rate is 3.90% repricing every 10 years.

On April 1, 2016, the Parent Company issued the second tranche of non-cumulative, non-participating, non-convertible Preferred Stock of 397,168,891 with ₱0.1 par value. The dividend rate is 4.805% repricing every 10 years.

The Preferred Stock is redeemable at the sole option of the Parent Company at its issue price. Redemption shall at all times be subject to regulation of the BSP and shall require (i) prior approval of the BSP; (ii) replacement with at least an equivalent amount of newly paid-in shares; (iii) a lapse of at least five years from the date of issuance; and (iv) solvency of the Parent Company. Redemption shall not be allowed when the Parent Company is insolvent or if such redemption will cause insolvency, impairment of capital or inability of the Parent Company to meet its debts as they mature.

A sinking fund for the redemption of Preferred Shares amounting ₱100.0 million is created upon their issuance, to be effected by the transfer of free surplus to a restricted surplus account and shall not be available for dividend distribution.

As part of Preferred Stock features stated in the Seventh Article of the Bank's Amended Articles of Incorporation, the dividend rate will be repriced at the 10-year prevailing rate on each relevant 10th year anniversary from the issue date. On February 27, 2024, the Parent Company's BOD approved to reprice the dividend rate for the first tranche of Preferred Stock on July 10, 2024 using the 10-year PHP BVAL from 10-Year PDST-R2.

Details of the Parent Company's cash dividend distribution follow:

Shares	Date of declaration	Dividend		Record date	Payment date
		Per share	Total amounts in thousands		
Common	October 29, 2024	₱1.50	₱1,130,308	November 13, 2024	November 27, 2024
Common	March 26, 2024	1.50	1,130,308	April 15, 2024	April 29, 2024
Preferred	February 27, 2024	0.0039	2,351	June 26, 2024	July 20, 2024
Preferred	February 27, 2024	0.0048	1,908	March 14, 2024	April 1, 2024
Common	October 24, 2023	1.50	1,130,308	November 10, 2023	November 24, 2023
Common	March 28, 2023	1.50	1,130,308	April 14, 2023	April 28, 2023
Preferred	February 28, 2023	0.0039	2,351	June 26, 2023	July 10, 2023
Preferred	February 28, 2023	0.0048	1,908	March 20, 2023	April 3, 2023



The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 16 issued in September 2023 differs to a certain extent from the computation following BSP guidelines including capital adequacy requirements and other considerations such as general loan loss reserves. However, on September 17, 2015, the BSP through MB Resolution No. 1516, allowed banks to declare and pay dividends without prior BSP verification provided that pre-qualification criteria including capital adequacy requirements are met.

The track record of the Parent Company's registration of securities in compliance with the Securities Regulation Code Rule 68 Annex 68-D 1(I) follows:

a. Authorized Shares

Date of SEC Approval	Type of Shares	Authorized Number of Shares*
April 8, 2014	Preferred	1,000,000,000
November 11, 2013	Common	1,000,000,000
July 29, 1998	Common	600,000,000
February 19, 1997	Common	450,000,000
June 8, 1995	Common	200,000,000

* Absolute number of shares

b. Stock Dividends

Date of BSP Approval	Percentage
July 11, 2013	20.00%
March 29, 2011	20.00%
May 26, 1998	13.75%
April 29, 1997	20.00%
March 26, 1996	20.00%

c. Stock Rights Offering

Date of SEC Approval	Number of shares Registered*	Offer Price
October 8, 2009	89,285,714	₱28.00 per share
February 19, 1997	65,037,768	25.00 per share

*Absolute number of shares

d. Number of Shareholders

Year End	Number of shareholders
December 31, 2024	2,140
December 31, 2023	2,139
December 31, 2022	2,151

In the consolidated financial statements, a portion of the Group's surplus corresponding to the accumulated net earnings of the subsidiaries amounting to ₱838.2 million and ₱557.6 million as of December 31, 2024 and 2023, respectively, is not available for dividend declaration. This accumulated equity in net earnings becomes available for dividend declaration upon receipt of dividends from the investees, subject also to SEC and BSP rules on dividend declaration.



Surplus reserves of the Group and the Parent Company consist of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Reserve for regulatory requirements	₱4,316,772	₱3,546,865	₱4,316,772	₱3,546,865
Reserve for self-insurance	1,049,000	1,015,500	1,049,000	1,015,500
Reserve for trust business	443,922	412,811	443,922	412,811
Reserve for redemption of preferred stock	100,000	100,000	100,000	100,000
	₱5,909,694	₱5,075,176	₱5,909,694	₱5,075,176

Upon adoption of PFRS 9, BSP requires appropriation of a portion of the Group's Surplus at an amount necessary to bring to at least 1% the allowance for credit losses on loans.

In compliance with existing BSP regulations, 10.0% of the net profits realized by the Parent Company from its trust business is appropriated to surplus reserve. The yearly appropriation is required until the surplus reserve for trust business equals 20.0% of the Parent Company's regulatory capital.

To comply with Securities Regulation Code Rule 49.1 (B), *Reserve Fund*, requiring broker dealers to annually appropriate a certain minimum percentage of its audited profit after tax as reserve fund, a portion of the Group's surplus corresponding to the net earnings of SBEI amounting to ₱39.6 million as of December 31, 2024 and 2023, respectively, has been appropriated in the consolidated financial statements and is not available for dividend declaration.

The following table shows the components of comprehensive income closed to Surplus:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Net income attributable to the equity holders of the Parent Company	₱11,238,428	₱9,105,438	₱10,555,599	₱11,238,428	₱9,105,438	₱10,561,008
Remeasurement losses on defined benefit plans (Notes 15 and 29)	(373,037)	(289,840)	(138,577)	(373,037)	(289,840)	(138,577)
	₱10,865,391	₱8,815,598	₱10,417,022	₱10,865,391	₱8,815,598	₱10,422,431

Capital Management

The Group considers the equity attributable to the equity holders of the Parent Company as the capital base of the Group. The primary objectives of the Group's capital management are to ensure that it complies with capital requirements and that it maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities and assessment of prospective business requirements or directions. In order to maintain or adjust the capital structure, the Group may adjust the amount and mode of dividend payment to shareholders and issue capital securities. No changes were made in the objectives, policies and processes from the previous year.



The Parent Company adopted a dividend policy that is intended to support the Bank to weather the uncertainties and volatilities in the market; comply with the higher requirements of Basel III and the BSP; maintain strong credit ratings; minimize the need for capital calls in the medium-term; and provide a capital base for business expansion that will create value over the long-term for all stakeholders. In declaring dividend pay-outs, the Parent Company may use a combination of regular and special dividends such that the dividend pay-out for Common Shares generally may range from 15% to 30% of prior year's NIAT.

BSP Reporting

Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the compliance with regulatory requirements and ratios is based on the amount of the "unimpaired capital" (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting policies that differ from PFRS Accounting Standards in some respects.

The Group complied with BSP Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi banks, in accordance with the Basel III standards:

Common Equity Tier 1 (CET1) ratio	6.00%
Tier 1 Capital ratio	7.50%
Total Capital Adequacy Ratio (CAR)	10.00%
Capital Conservation Buffer *	2.50%

**composed of CET1 capital on top of the minimum CET1 requirement*

BSP Circular No. 856 covers the implementing guidelines on the framework for dealing with domestic systemically important banks (DSIBs) in accordance with the Basel III standards. Banks identified as DSIBs are required to have higher loss absorbency, on top of the minimum CET1 capital and capital conservation buffer.

Qualifying capital and risk-weighted assets (RWA) are computed based on BSP regulations. Under Basel III, the regulatory qualifying capital of the Parent Company consists of CET1 capital, which comprises paid-up common stock, additional paid-in capital, retained earnings including current year profit, retained earnings reserves, OCI and non-controlling interest less required regulatory deductions. The other component of regulatory capital is Tier 2 (supplementary) capital, which includes unsecured subordinated debts and general loan loss provision. RWA consist of total assets excluding cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the Monetary Board (MB) of the BSP. Operational RWA are computed using the Basic Indicator Approach.



The CAR of the Group and of the Parent Company as reported to the BSP as of December 31, 2024 and 2023 follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Tier 1 Capital	₱133,912,658	₱130,488,792	₱133,912,658	₱130,488,792
Less Required deductions	16,772,596	21,235,215	21,229,304	25,493,544
	117,140,062	109,253,577	112,683,354	104,995,248
Excess from Tier 2 deducted to Tier 1 Capital*	—	—	—	—
Net Tier 1 Capital	117,140,062	109,253,577	112,683,354	104,995,248
Tier 2 Capital	8,082,249	6,327,332	8,036,447	6,296,513
Less: Required deductions	—	—	—	—
	8,082,249	6,327,332	8,036,447	6,296,513
Excess of Tier 2 deducted to Tier 1 Capital*	—	—	—	—
Net Tier 2 Capital	8,082,249	6,327,332	8,036,447	6,296,513
Total Qualifying Capital	₱125,222,311	₱115,580,909	₱120,719,801	₱111,291,761
Credit Risk-Weighted Assets	₱807,873,956	₱632,168,889	₱803,248,038	₱629,056,303
Market Risk-Weighted Assets	28,416,794	16,489,117	28,457,779	16,489,117
Operational Risk-Weighted Assets	68,800,686	65,420,128	66,696,502	63,559,171
Total Risk Weighted Assets	₱905,091,436	₱714,078,134	₱898,402,319	₱709,104,591
CET 1 Ratio	12.94%	15.30%	12.54%	14.81%
Tier 1 CAR	12.94%	15.30%	12.54%	14.81%
Total CAR	13.84%	16.19%	13.44%	15.69%

*Deductions to Tier 2 Capital are capped at its total gross amount and any excess shall be deducted from Tier 1 Capital.

The Group and its individually regulated operations have complied with all regulatory capital requirements throughout the year.

The Bank Viability Assessment Process supplements the BSP's risk-based capital adequacy framework. In compliance with this, the Group has adopted and developed its capital and liquidity assessment frameworks to ensure that appropriate level and quality of capital and liquidity are maintained by the Group. Under these frameworks, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Group. The level and structure of capital are assessed and determined in light of the Group's business environment, plans, performance, risks and budget as well as regulatory edicts.

Basel III Leverage Ratio (BLR)

BSP Circular Nos. 881 and 990 cover the implementing guidelines on the BLR framework designed to act as a supplementary measure to the risk based capital requirements and shall not be less than 5.00%.

The details of the BLR as reported to the BSP, as of December 31, 2024 and 2023 follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Tier 1 Capital	₱117,140,062	₱109,253,577	₱112,683,354	₱104,995,248
Exposure Measure	1,508,781,507	1,033,488,172	1,504,167,424	1,030,374,836
BLR	7.76%	10.57%	7.49%	10.19%

Under the framework, BLR is defined as the capital measure divided by the exposure measure. Capital measure is Tier 1 capital. Exposure measure is the sum of on balance sheet exposures, derivative exposures, security financing exposures and off-balance sheet items.



Liquidity Coverage Ratio (LCR)

BSP Circular No. 905 provides the implementing guidelines on LCR and disclosure standards that are consistent with the Basel III framework. The LCR is aimed to promote short-term resilience against liquidity risk by requiring banks to maintain an adequate stock of unencumbered high-quality liquid assets (HQLAs) that consists of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs under stressed conditions. Bank shall maintain an LCR not be lower than 100.00%. As of December 31, 2024 and 2023, the LCR in single currency as reported to the BSP, was at 178.30% and 157.98%, respectively, for the Group, and 177.72% and 157.22%, respectively, for the Parent Company.

Net Stable Funding Ratio (NSFR)

On June 6, 2018, the BSP issued BSP Circular No.1007 covering the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards NSFR. The NSFR is aimed to promote long term resilience against liquidity risk by requiring banks to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. It complements the LCR, which promotes short term resilience of a bank's liquidity profile. Banks shall maintain an NSFR of at least 100% at all times. As of December 31, 2024 and 2023, the NSFR as reported to the BSP, was at 130.44% and 131.05%, respectively, for the Group, and 130.82% and 130.94%, respectively, for the Parent Company.

27. Trust Operations

Securities and other properties held by the Parent Company in a fiduciary or agency capacity for clients and beneficiaries are not included in the accompanying statements of financial position since these are not assets of the Parent Company.

As of December 31, 2024 and 2023, government securities included under 'Financial Assets at Fair Value through Other Comprehensive Income' with a total face value of ₱1.5 billion and ₱1.2 billion, respectively, were deposited with the BSP in compliance with the requirements of the General Banking Law relative to the Parent Company's trust functions (see Note 12).

28. Income Taxes

Provision for income tax consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Current:						
Final	₱2,088,925	₱1,474,423	₱1,060,856	₱2,073,777	₱1,461,382	₱1,056,722
Corporate - RCIT	1,975,083	2,597,632	1,488,709	1,899,202	2,539,044	1,425,117
Corporate - MCIT	7,425	6,015	1,709	6,048	—	—
	4,071,433	4,078,070	2,551,274	3,979,027	4,000,426	2,481,839
Deferred	(69,570)	(1,124,595)	778,266	(48,970)	(1,110,716)	774,271
	₱4,001,863	₱2,953,475	₱3,329,540	₱3,930,057	₱2,889,710	₱3,256,110

The Group's provision for income tax - current represents final tax, RCIT of the Parent Company's RBU, SBCIC, SBRC and SFLI, and MCIT of the Parent Company's FCDU, SBEI and SBCC.



Under Philippine tax laws, the Parent Company and its financial intermediary 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 documentary stamp tax and gross receipts tax.

RA No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law on March 26, 2021. It took effect on April 11, 2021 and provides that the RCIT rate shall be 25.0%. Interest expense allowed as a deductible expense is reduced by 20.0%.

Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023, then will revert to two percent (2%) effective July 1, 2023. Accordingly, the rate of minimum corporate income tax (MCIT) for CY’s 2024, 2023 and 2022 are 2%, 1.5% and 1%, respectively.

RA No. 9294, which became effective in May 2004, provides that the income derived by the FCDU from foreign currency transactions with non-residents, offshore banking units (OBUs), and local commercial banks, including branches of foreign banks, is tax-exempt while interest income on foreign currency-denominated loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.0% income tax.

Components of net deferred tax assets follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Deferred tax assets on:				
Allowance for credit and impairment losses	₱4,118,020	₱3,959,793	₱4,107,143	₱3,952,265
Unrealized loss on derivative liabilities	788,337	712,714	788,337	712,714
Unrealized loss on cash flow hedge at FVTOCI	532,379	—	532,379	—
Lease liability	404,642	348,532	403,663	347,967
Accrued expenses	239,768	182,301	236,836	179,183
Accumulated depreciation on investment properties	227,621	150,425	227,621	150,425
Undrawn commitments	182,930	150,568	182,930	150,568
Unamortized past service cost	178,119	177,888	174,629	174,792
Unrealized loss on investment in debt securities	177,825	207,249	177,825	207,249
Unrealized loss on foreclosures	142,707	238,722	142,707	238,722
Others	248,993	145,419	201,567	115,694
	7,241,341	6,273,611	7,175,637	6,229,579
Deferred tax liabilities on:				
Right-of-use asset	423,924	371,562	422,937	371,122
Unrealized gain on derivative assets	480,198	134,375	480,198	134,375
Unrealized gain on financial assets at FVTOCI	75,654	60,134	75,181	59,386
Accrued rent income	2,131	3,743	—	568
Retirement asset	368	697	—	—
	982,275	570,511	978,316	565,451
Net deferred tax assets	₱6,259,066	₱5,703,100	₱6,197,321	₱5,664,128



Movement in net deferred tax assets of the Group in 2024 and 2023 charged against statements of comprehensive income amounted to (P632.8) million and (P270.5) million, respectively.

Movement in net deferred tax assets of the Parent Company in 2024 and 2023 charged against statements of comprehensive income amounted to (P484.2) million and (P269.9) million, respectively.

As of December 31, 2024, and 2023, deferred tax assets of the Group and Parent-FCDU have not been recognized in respect of the deductible temporary differences as follows:

	Consolidated		Parent Company	
	2024	2023	2024	2023
NOLCO	P520,508	P846,349	P519,047	P791,701
MCIT	3	6,121	6,048	—
Allowance for credit and impairment losses	95	70	—	—
	P520,606	P852,540	P525,095	P791,701

Details of the MCIT credits follow:

Consolidated				
Inception Year	Amount	Used/Expired	Balance	Expiry Year
2021	P381	P381	P—	2024
2022	623	622	1	2025
2023	6,153	4,287	1,866	2026
2024	7,425	—	7,425	2027
	P14,582	P5,290	P9,292	

Parent – FCDU				
Inception Year	Amount	Used/Expired	Balance	Expiry Year
2024	P6,048	P—	P6,048	2027

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of Bayanihan to Recover as One Act which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

As of December 31, 2024, the Group have available NOLCO which can be claimed as deduction from the regular taxable income for the next three consecutive taxable years immediately following the year of such loss. Details are as follows:

Consolidated				
Inception Year	Amount	Used/Expired	Balance	Expiry Year
2022	P163,896	P141,890	P22,006	2025
2023	715,747	173,880	541,867	2026
2024	49,069	—	49,069	2027
	P928,712	P315,770	P612,942	

Parent				
Inception Year	Amount	Used	Balance	Expiry Year
2022	P98,808	P98,808	P—	2025
2023	682,892	173,846	519,047	2026
	P781,700	P272,654	P519,047	



As of December 31, 2024, the Subsidiaries have incurred NOLCO in taxable years 2020 and 2021 which can be claimed as deduction from the regular taxable income for the next five consecutive taxable years pursuant to Bayanihan 2, as follows:

Inception Year	Amount	Used	Balance	Expiry Year
2020	₱4,986	₱4,453	₱533	2025
2021	53,149	52,221	928	2026
	₱58,135	₱56,674	₱1,461	

A reconciliation between the applicable statutory income tax rate to the effective income tax rate as 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 effect of:						
FCDU net loss (income)	3.37%	4.48%	-0.36%	3.38%	4.50%	-0.37%
Non-deductible expenses	3.76%	-0.18%	2.77%	3.79%	0.18%	2.78%
Interest income from tax-paid and exempt investments	-3.63%	-0.69%	-2.03%	-3.58%	-0.49%	-2.04%
Change in deferred tax assets	-0.38%	-2.35%	0.12%	-0.34%	-2.16%	0.04%
Non-taxable income	-1.86%	-1.78%	-1.52%	-2.34%	-2.93%	-1.84%
Effective income tax rate	26.26%	24.48%	23.98%	25.91%	24.10%	23.57%

29. Pension Obligations

The Group provides non-contributory defined benefit pension plans for all employees. Provisions for pension obligations are established for benefits payable in the form of retirement pensions. Benefits are dependent on years of service and the respective employees' final compensation. The most recent actuarial valuation was carried out as of December 31, 2024. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the projected unit credit actuarial method.

Effective December 31, 2024, the Parent Company amended its retirement plan by changing the retirement age from 55 to 60 years old. This update applies to all eligible employees retiring on or after December 31, 2024.

The amounts of defined benefit plans are presented in the statements of financial position as follows:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Other assets (Note 18)	(₱1,473)	(₱2,786)	₱-	₱-
Accrued interest, taxes and other expenses (Note 23)	525,482	290,522	520,618	289,629
Net pension liability	₱524,009	₱287,736	₱520,618	₱289,629



Changes in net defined benefit liability of the Group and the Parent Company in 2024 and 2023 are as follows:

	Consolidated		
	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability (Asset)
December 31, 2024			
Balance at beginning of year	₱4,423,177	(₱4,135,441)	₱287,736
Net Benefit Cost in Statements of Income			
Current service cost	440,398	–	440,398
Past service cost	90,519	–	90,519
Net interest	268,053	(250,617)	17,436
	798,970	(250,617)	548,353
Benefits paid	(286,580)	286,580	–
Remeasurement in Other Comprehensive Income			
Return on plan assets (excluding amount included in net interest)	–	(169,320)	(169,320)
Actuarial changes arising from experience adjustments	137,400	–	137,400
Actuarial changes arising from changes in financial assumptions	404,589	–	404,589
	541,989	(169,320)	372,669
Contributions paid	–	(684,749)	(684,749)
Balance at end of year	₱5,477,556	(₱4,953,547)	₱524,009

	Consolidated		
	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability (Asset)
December 31, 2023			
Balance at beginning of year	₱4,241,572	(₱4,437,272)	(₱195,700)
Net Benefit Cost in Statements of Income			
Current service cost	301,563	–	301,563
Net interest	295,688	(309,338)	(13,650)
	597,251	(309,338)	287,913
Benefits paid	(493,905)	493,905	–
Remeasurement in Other Comprehensive Income			
Return on plan assets (excluding amount included in net interest)	–	216,543	216,543
Actuarial changes arising from experience adjustments	(136,537)	–	(136,537)
Actuarial changes arising from changes in financial assumptions	214,796	–	214,796
	78,259	216,543	294,802
Contributions paid	–	(99,279)	(99,279)
Balance at end of year	₱4,423,177	(₱4,135,441)	₱287,736

	Parent Company		
	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability (Asset)
December 31, 2024			
Balance at beginning of year	₱4,374,171	(₱4,084,542)	₱289,629
Net benefit cost in statements of income			
Current service cost	435,591	–	435,591
Past service cost	90,519	–	90,519
Net interest	265,075	(247,524)	17,551
	791,185	(247,524)	543,661
Benefits paid	(286,580)	286,580	–

(Forward)



	Parent Company		
	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability (Asset)
Remeasurement in other comprehensive income			
Return on plan assets (excluding amount included in net interest)	P—	(P169,285)	(P169,285)
Actuarial changes arising from experience adjustments	137,912	—	137,912
Actuarial changes arising from changes in financial assumptions	400,823	—	400,823
	538,735	(169,285)	369,450
Contributions paid	—	(682,122)	(682,122)
Balance at end of year	P5,417,511	(P4,896,893)	P520,618
December 31, 2023			
Balance at beginning of year	P4,200,415	(P4,392,151)	(P191,736)
Net benefit cost in statements of income			
Current service cost	297,304	—	297,304
Net interest	292,771	(306,133)	(13,362)
	590,075	(306,133)	283,942
Benefits paid	(490,304)	490,304	—
Remeasurement in other comprehensive income			
Return on plan assets (excluding amount included in net interest)	—	215,643	215,643
Actuarial changes arising from experience adjustments	(138,205)	—	(138,205)
Actuarial changes arising from changes in financial assumptions	212,190	—	212,190
	73,985	215,643	289,628
Contributions paid	—	(92,205)	(92,205)
Balance at end of year	P4,374,171	(P4,084,542)	P289,629

The fair value of plan assets by each class as at the end of the reporting period follow:

	Consolidated				Parent Company			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Debt instruments:								
Government Securities	P2,169,707		P1,666,793		P2,139,605		P1,648,788	
High Grade	329,737		349,948		320,932		338,397	
	2,499,444	50.1	2,016,741	48.6	2,460,537	49.8	1,987,185	48.5
Equity instruments:								
Financial intermediaries	1,425,872		1,307,858		1,424,630		1,306,662	
Real estate	208,626		238,112		208,626		238,112	
Transport, storage and communication	156,028		124,526		154,978		124,526	
Power, electricity and water distribution	242,139		216,946		242,139		216,946	
Manufacturing	38,304		54,598		38,304		54,598	
Others	140,395		83,157		140,395		83,157	
	2,211,364	44.3	2,025,197	48.8	2,209,072	44.8	2,024,001	49.3
Deposits in banks	36,805	0.7	25,702	0.6	31,278	0.6	15,035	0.4
Investments in Unit Investment Trust Funds	54,011	1.1	9,369	0.2	45,000	0.9	—	—
Loans and other receivables:								
Government Securities	40,650		28,197		40,228		28,091	
High Grade	3,520		2,373		3,459		2,291	
Not rated	147,230		45,200		146,656		45,145	
	191,400	3.8	75,770	1.8	190,343	3.9	75,527	1.8
Total fund asset	4,993,024	100	4,152,779	100	4,936,230	100	4,101,748	100
Total fund liability	(39,477)		(17,338)		(39,337)		(17,206)	
Net fund asset	P4,953,547		P4,135,441		P4,896,893		P4,084,542	



All equity and debt instruments held have quoted prices in an active market. The remaining plan assets do not have quoted market prices in active market. The plan assets consist of diverse investments and is not exposed to any concentration risk.

The principal actuarial assumptions used in determining retirement liability of the Parent Company and some of its subsidiaries as of January 1, 2024 and 2023 are shown below:

	2024			2023		
	Average Duration of Benefit Payments	Salary Rate Increase	Discount Rate	Average Duration of Benefit Payments	Salary Rate Increase	Discount Rate
Parent Company	17	6%	6.06%	15	6%	6.97%
SBCIC	17	6%	6.08%	17	6%	7.12%
SBEI	17	6%	6.07%	17	6%	7.07%
SBRC	19	6%	6.10%	19	6%	7.16%

Discount rates used in computing for the present value of the obligation of the Parent Company and significant subsidiaries as of December 31, 2024 and 2023 follow:

	Parent Company	SBCIC	SBEI	SBRC
2024	6.07%	6.07%	6.07%	6.09%
2023	6.06%	6.08%	6.07%	6.10%

The sensitivity analysis as of December 31, 2024 shown 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:

	Consolidated		Parent Company	
	Increase (decrease)	Amount	Increase (decrease)	Amount
Discount rates	1.00% (1.00%)	(P405,004) 477,317	1.00% (1.00%)	(P401,558) 473,073
Turnover rate	10.00% (10.00%)	103,405 (103,450)	10.00% (10.00%)	103,093 (103,093)
Future salary increases	1.00% (1.00%)	460,123 (405,336)	1.00% (1.00%)	456,067 (402,084)

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

	Consolidated		Parent Company	
	2024	2023	2024	2023
Less than 1 year	P662,439	P1,215,759	P644,578	P1,199,624
More than 1 year to 5 years	2,357,795	1,919,474	2,340,830	1,903,995
More than 5 years to 10 years	4,350,179	2,821,444	4,307,461	2,784,047
More than 10 years to 15 years	4,647,741	2,982,073	4,595,292	2,955,882
More than 15 years to 20 years	18,155,247	7,781,302	17,825,092	7,549,548
Total	P30,173,401	P16,720,052	P29,713,253	P16,393,096

There are no reimbursement rights recognized as a separate asset as of December 31, 2024 and 2023. The Group and Parent Company expect to contribute to the defined benefit retirement plans the required funding for normal cost in 2024 amounting to P1.1 billion and P1.1 billion, respectively.



30. Service Charges, Fees and Commissions

This account consists of service charges, fees and commissions on:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Credit cards	₱2,948,248	₱2,237,897	₱1,665,741	2,948,248	₱2,237,897	₱1,665,741
Bancassurance	2,656,364	916,901	852,355	2,656,364	916,901	852,355
Loans	1,288,442	924,122	912,749	1,288,442	924,122	912,749
Deposits	780,166	811,844	801,867	780,166	811,844	801,867
Remittance	596,319	483,211	363,577	596,319	483,211	363,577
Advisory	358,280	340,477	372,564	—	—	—
Stock brokerage	160,074	229,724	210,994	12,816	12,271	17,546
Miscellaneous	132,783	123,816	105,128	132,783	123,816	105,128
	₱8,920,676	₱6,067,992	₱5,284,975	₱8,415,138	₱5,510,062	₱4,718,963

In 2014, the Parent Company entered into a distribution agreement with FWD for the marketing of FWD's life insurance products through the Parent Company's marketing and distribution network. The distribution agreement was approved by the BSP on December 22, 2014 under Monetary Board Resolution No. 2073, through its letter to the Parent Company dated January 7, 2015, and by the Insurance Commission (IC) on January 12, 2015. The term of the distribution agreement shall not be less than 11 years but no longer than 19 years. Effective March 26, 2024, the Parent Company and FWD entered into an amendment to the distribution agreement stipulating, among others, the deletion of the termination fee provision requiring a refund by the Parent Company to FWD of a portion of the subsequent milestone fee if the agreement is terminated prior to the end of its term and there is a resulting shortfall from the total annual new premiums target. In 2024, the Parent Company received a milestone fee amounting to ₱1.4 billion and recognized the same as part of bancassurance revenues.

On December 11, 2024, the Parent Company and FWD executed an amended and restated distribution agreement which stipulates, among others, that the term of the agreement shall end no earlier than December 31, 2036 but no later than December 31, 2043. The Parent Company notified the BSP on December 17, 2024. The date of effectivity of the agreement is subject to the approval of the IC as part of FWD governance.

Bancassurance revenues include recognized portion of access fees, recognized portion of milestone fees, commissions and bonuses from the Bancassurance agreement. The Parent Company may also receive milestone fees and performance bonuses over the term of the agreement.

Miscellaneous include service charges on bills payment amounting to ₱35.8 million, ₱33.5 million, ₱30.7 million, for the period ended December 31, 2024, 2023 and 2022, respectively and commission on insurance amounting to ₱90.9 million, ₱92.1 million, ₱91.9 million for the period ended December 31, 2024, 2023 and 2022.



31. Miscellaneous Income and Expense

Miscellaneous income consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Recovery on charged-off assets	₱1,267,181	₱1,261,748	₱1,323,974	₱1,263,378	₱1,258,469	₱1,322,398
Income from trust operations	311,115	291,047	285,884	311,116	291,047	285,884
Dividend income	3,165	3,395	3,573	1,382	1,612	1,612
Miscellaneous	315,430	305,268	270,439	249,994	244,398	196,194
	₱1,896,891	₱1,861,458	₱1,883,870	₱1,825,870	₱1,795,526	₱1,806,088

Miscellaneous expenses consist of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Management and other professional fees	₱3,884,908	₱3,257,176	₱2,732,050	₱3,725,846	₱3,061,054	₱2,545,042
Repairs and maintenance	2,657,584	1,691,047	1,021,186	2,649,094	1,687,035	1,016,523
Insurance	1,568,400	1,405,505	1,332,073	1,562,851	1,399,792	1,326,078
Advertising and publicity	1,562,482	907,045	519,830	1,561,347	905,570	518,402
Security, clerical, messengerial and janitorial services	1,184,177	962,878	817,677	1,180,575	959,321	813,848
Entertainment, amusement and recreation (Note 28)	745,475	633,629	859,299	739,855	628,561	854,072
Litigation/assets acquired expenses	421,575	388,085	328,168	421,575	388,085	328,168
Postage, telephone and cables and telegrams	408,971	373,885	360,028	388,654	357,106	341,737
Banking fees	290,114	285,419	242,429	290,114	285,419	242,429
Donations and charitable contributions	277,952	246,079	174,616	277,952	246,079	174,616
Stationery and supplies used	232,972	144,217	194,252	232,621	143,925	193,767
Information technology	190,478	185,094	111,832	190,478	185,094	111,832
Brokerage fees	47,862	30,435	22,124	47,862	30,435	22,124
Miscellaneous	885,935	266,488	558,370	835,261	221,929	463,912
	₱14,358,885	₱10,776,982	₱9,273,934	₱14,104,085	₱10,499,405	₱8,952,550

Miscellaneous expense includes travelling expenses amounting to ₱168.8 million, ₱119.2 million, ₱75.4 million for the Group and ₱167.9 million, ₱118.5 million, ₱75.1 million for the Parent Company for the years ended December 31, 2024, 2023 and 2022, respectively. It also includes athletics and other events amounting to ₱120.9 million, ₱83.7 million, ₱37.1 million for the Group and ₱120.9 million, ₱83.7 million, ₱37.1 million for the Parent Company, and fuel and lubricants amounting to ₱54.1 million, ₱49.9 million, ₱50.3 million for the Group and ₱53.4 million, ₱49.1 million, ₱49.5 million for the Parent Company for the years ended December 31, 2024, 2023, and 2022, respectively.

32. 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;



- Subsidiaries, joint ventures and their respective subsidiaries;
- Entities under the same group (other affiliates); and
- Post-employment benefit plans for the benefit of the Groups employees

The Group has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties and are usually settled in cash. These transactions also did not involve more than the normal risk of collectability or present other unfavorable conditions.

Transactions of the Parent Company with Subsidiaries

December 31, 2024			
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/ Nature
Loans and receivables		₱1,886,333	Long term, unsecured, with interest ranging from 2.75% to 7.15%
Grants	₱2,523,000		
Settlements	2,545,778		
Accrued interest receivable	—	6,149	Interest income and accrued interest receivable
Accounts receivable	—	6,492	On demand, unsecured, non-interest bearing
Deposit liabilities		1,897,723	Earns interest at the respective bank deposit rates
Deposits	128,603,676		
Withdrawals	128,522,558		
Accrued interest payable	107	—	Interest expense and accrued interest payable
Accounts payable		—	On demand, unsecured, non-interest bearing
Rent income	6,093		Lease of office spaces for periods ranging from 1 to 5 years
Rent expense	3,950		Lease of office spaces for periods ranging from 1 to 5 years
Other assets		3,502	Security deposits
Other liability		911	Security deposits

December 31, 2023			
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/ Nature
Loans and receivables		₱1,909,111	Long term, unsecured, with interest ranging from 2.75% to 7.15%
Grants	₱1,754,500		
Settlements	1,046,583		
Accrued interest receivable	6,476	41	Interest income and accrued interest receivable
Accounts receivable		2,994	On demand, unsecured, non-interest bearing
Deposit liabilities		2,249,323	Earns interest at the respective bank deposit rates
Deposits	129,401,084		
Withdrawals	128,752,789		
Accrued interest payable		—	Interest expense and accrued interest payable
Accounts payable		56	On demand, unsecured, non-interest bearing
Rent income	7,230		Lease of office spaces for periods ranging from 1 to 5 years
Rent expense	1,760		Lease of office spaces for periods ranging from 1 to 5 years
Other assets		3,306	Security deposits
Other liability		947	Security deposits

Accounts receivable from subsidiaries pertains to expenses paid by the Parent Company, which were later billed for reimbursement. Accounts payable to SBCC pertains to collections received from credit cardholders on behalf of the Parent Company.



The Parent Company has lease agreements with some of its subsidiaries for periods ranging from one to five years. The lease agreements include the share of the subsidiaries in the maintenance of the building.

The foregoing transactions were eliminated in the consolidated financial statements of the Group. Other related party transactions conducted in the normal course of business includes the following, as detailed in the Memorandum of Agreement (MOA) between the Parent Company and its subsidiaries:

- Human resource related services
- Finance, accounting and tax services including audit
- Collection services (for legal action)
- Preparation of reports
- Processing of credit application (for property appraisal and credit information)
- Legal documentation
- Risk and compliance services
- Corporate secretarial services
- Information technology related service
- General services

Expenses allocated to SBF, SBML, SBCIC, SBEI, SBRC and SBCC pertaining to the above services amounted to ₱167.6 million in 2024, ₱173.9 million in 2023, ₱113.3 million in 2022. The Parent Company has not charged expenses to the other subsidiaries since the levels of their operations remain low.

Transaction of the Group with the Joint Ventures

December 31, 2024			
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/ Nature
Receivables purchased	₱492,823		Assignment of rights on a without recourse basis
Collection Fee		₱1,445	Collection fee expense and prepaid collection fee, equivalent to 0.2% or 0.25% of the selling price of the lease receivables amortized over the lease term
Sale of loans			Sale of loans on a without recourse basis
Loans receivable:		661,833	2 to 3-year term; earns 3.5% to 6.25% interest
Grants	2,118,000		
Settlement	2,417,167		
Accrued interest receivable	32,711	1,566	Interest income and accrued interest receivable
Accounts receivable		2,348	Expenses advanced by the Parent Company and outstanding accounts payable (on demand, unsecured, non-interest bearing)
Deposit liabilities:		410,869	Earns interest at the respective bank deposit rates
Deposits	39,322,047		
Withdrawals	39,561,411		
Accrued interest payable	1,789		Interest expense and accrued interest payable



December 31, 2023			
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/ Nature
Receivables purchased	₱668,620		Assignment of rights on a without recourse basis
Collection Fee		₱1,181	Collection fee expense and prepaid collection fee, equivalent to 0.2% of the selling price of the lease receivables amortized over the lease term
Sale of loans			Sale of loans on a without recourse basis
Loans receivable:		961,000	2 to 3-year term; earns 3.5% to 6.25% interest
Grants	1,116,000		
Settlement	3,290,972		
Accrued interest receivable	86,761	2,492	Interest income and accrued interest receivable
Accounts receivable	2,430	3,420	Expenses advanced by the Parent Company and outstanding accounts payable (on demand, unsecured, non-interest bearing)
Deposit liabilities:		676,795	Earns interest at the respective bank deposit rates
Deposits	38,327,719		
Withdrawals	37,961,353		
Accrued interest payable	2,436		Interest expense and accrued interest payable

In 2024, 2023, and 2022, SBML sold various loans and lease receivables to the Parent Company with carrying amounts of ₱476.0 million, ₱665.0 million and ₱716.0 million, respectively, and realized gains amounting to ₱15.7 million, ₱25.3 million and ₱27.6 million, respectively.

The Parent Company's proportionate share in the gain on sale of lease receivables was eliminated in the consolidated financial statements of the Group.

Transactions of the Parent Company with Other Affiliates

December 31, 2024			
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/ Nature
Due from other banks		\$800	Earns interest at the respective bank deposit rates
Deposits	\$29,150		
Withdrawals	28,386		
Due from other banks		¥2,796,662	Earns interest at the respective bank deposit rates
Deposits	¥4,812,103,519		
Withdrawals	4,809,738,456		
Accounts receivable		₱846	Unsecured, noninterest bearing
Loans and receivable		\$—	Unsecured, noninterest bearing
Accrued interest receivable	—		Interest income and accrued interest receivable
Deposit liabilities		₱997	Earns interest at the respective bank deposit rates
Deposits	₱417		
Withdrawals	300		
Deposit liabilities		₱2,657,245	Earns interest at the respective bank deposit rates
Deposits	₱17,102,601		
Withdrawals	15,827,084		
Loans and Payable		\$—	Unsecured, noninterest bearing
Accrued interest payable	—	—	Interest expense and accrued



December 31, 2023			
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/ Nature
Due from other banks		\$37	Earns interest at the respective bank deposit rates
Deposits	\$43,397		
Withdrawals	44,074		
Due from other banks		¥431,599	Earns interest at the respective bank deposit rates
Deposits	¥2,269,896,705		
Withdrawals	2,269,907,634		
Accounts receivable		₱4,082	Unsecured, noninterest bearing
Loans and receivable		\$900	Unsecured, noninterest bearing
Accrued interest receivable	₱44,578		Interest income and accrued interest receivable
Deposit liabilities		₱880	Earns interest at the respective bank deposit rates
Deposits	₱520		
Withdrawals	552		
Deposit liabilities		₱1,381,728	Earns interest at the respective bank deposit rates
Deposits	₱16,364,332		
Withdrawals	16,133,278		
Loans and Payable		\$88,795	Unsecured, noninterest bearing
Accrued interest payable	₱71,012	₱81,588	Interest expense and accrued

Transaction of the Group with another Related Party

As part of the Group's continuing support for worthwhile education and livelihood projects, it has made donations to SB Foundation, Inc. (SB Foundation), a non-stock, non-profit organization registered with the SEC and accredited by the Philippine Council for Non-Governmental Organization, as follows:

Donor	2024	2023
Parent Company	₱230,351	₱214,446

The Parent Company also recognized trust fees amounting to ₱0.4 million and ₱0.7 million in 2024 and 2023 for acting as the Investment Manager of SB Foundation's fund.

Transactions of the Group with Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group considers senior officers to constitute key management personnel.

Consolidated			
December 31, 2024			
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/ Nature
Deposit liabilities	(₱159,510)	₱126,033	Earns interest at respective bank deposit rates
Consolidated			
December 31, 2023			
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/ Nature
Deposit liabilities	(₱87,448)	₱285,542	Earns interest at respective bank deposit rates
Parent Company			
December 31, 2024			
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/ Nature
Deposit liabilities	(₱159,389)	₱125,133	Earns interest at respective bank deposit rates



Parent Company			
December 31, 2023			
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/ Nature
Deposit liabilities	(P88,312)	P284,522	Earns interest at respective bank deposit rates

Compensation of key management personnel follows:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Salaries and other short-term benefits	P425,305	P420,530	P366,486	P388,926	P382,732	P335,775
Post-employment benefits	32,762	15,935	14,876	32,762	15,935	14,876
	P458,067	P436,465	P381,362	P421,688	P398,667	P350,651

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's retirement plan.

Transactions of the Group with Retirement Plans

Under PFRS, certain post-employment benefit plans are considered as related parties. The Parent Company has business relationships with a number of its retirement plans pursuant to which it provides trust and management services to these plans. Income earned by the Parent Company from such services amounted to P10.9 million and P10.7 million in 2024 and 2023, respectively.

As of December 31, 2024 and 2023, the fair values of the plan assets of the Parent Company and some of its subsidiaries in the retirement funds amounted to P5.0 billion and P4.1 billion, respectively.

Relevant information on statements of financial position of carrying values of the Group and the Parent Company's retirement funds:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Debt instruments	P2,499,444	P2,016,741	P2,460,537	P1,987,185
Equity instruments	2,211,364	2,025,197	2,209,072	2,024,001
Deposits in banks	36,805	25,702	31,278	15,035
Loans and other receivables	191,400	75,770	190,343	75,528
Investments in Unit Investment Trust Funds	54,011	9,369	45,000	—
Total Fund Assets	P4,993,024	P4,152,779	P4,936,230	P4,101,749
Total Fund Liability	P39,477	P17,338	P39,337	P17,206

Debt instruments include government and private securities.



The Group's retirement funds may hold or trade the Parent Company's shares or securities. Significant transactions of the retirement fund, particularly with related parties, are approved by the Parent Company's Employees Retirement Plan Board of Trustees. A summary of transactions with related party retirement plans follows (*amounts in thousands except number of shares and market value per share*):

	Consolidated		Parent Company	
	2024	2023	2024	2023
Dividend income	₱86,872	₱68,914	₱86,786	₱68,791
Number of Parent Company's shares held by plan - common	4,523,120	4,523,120	4,523,120	4,523,120
Number of Parent Company's shares held by plan - preferred	2,060,400	2,060,400	2,060,400	2,060,400
Market value per common share	₱87.00	₱71.50	₱87.00	₱71.50
Market value of common shares	₱393,511,440	₱323,403,080	₱393,511,440	₱323,403,080

Voting rights over the Parent Company's shares are exercised by an authorized trust officer.

33. Long-term Leases

The Group has entered into commercial property leases with various tenants on its investment property portfolio and part of its bank premises, consisting of the Group's surplus offices and real properties acquired. These non-cancellable leases have remaining lease terms of between one and five years as of December 31, 2024 and 2023. Various lease contracts include escalation clauses, most of which bear an annual rent increase of 5.0%. Rent income from long-term leases (included in 'Rent income' in the statements of income) amounted to ₱931.7 million in 2024, ₱708.4 million in 2023 and ₱631.1 million in 2022 for the Group, of which, ₱49.9 million in 2024, ₱39.5 million in 2023 and ₱74.7 million in 2022 pertain to the Parent Company (see Note 16).

Future minimum rental receivable under non-cancellable operating leases follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Within one year	₱894,351	₱662,845	₱11,642	₱601
After one year but not more than five years	930,825	672,296	9,804	26,561
More than five years	—	5,588	—	5,588
	₱1,825,176	₱1,340,729	₱21,446	₱32,750

The Parent Company leases the premises occupied by some of its branches (about 13.0% of the branch sites are Parent Company-owned). Some of its subsidiaries also lease the premises occupied by their head offices and most of their branches. The lease contracts are for periods ranging from one to 15 years and are renewable at the Parent Company's option under certain terms and conditions. Various lease contracts include escalation clauses, most of which bear an annual rent increase of 5.0%.



34. Commitments and Contingent Liabilities

In the normal course of operations of the Group, there are outstanding commitments and contingent liabilities and bank guarantees that are not reflected in the financial statements. The Group does not anticipate losses that will materially affect its financial position and financial performance as a result of these transactions.

There are several suits, claims and assessments that remain unsettled. Management believes, based on the opinion of its legal counsels, that the ultimate outcome of such cases and claims will not have a material effect on the Group's financial position and financial performance.

Regulatory Reporting

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

	2024	2023
Derivatives	₱494,307,206	₱370,310,050
Trust department accounts	154,149,291	108,624,757
Unutilized credit limit of credit cardholders	146,113,130	89,916,523
Unused commercial letters of credit	81,482,183	46,505,642
Committed loan line	57,334,282	18,784,025
Spot foreign exchange contracts	17,934,128	18,857,987
Inward bills for collection	3,644,846	1,615,541
Outstanding guarantees	866,900	833,748
Late deposit/payment received	568,291	307,630
Outward bills for collection	265,777	232,364
Financial guarantees with commitment	111,499	254,274
Others	84	250,862

Changes in allowance for credit losses on financial guarantees, loan and other commitments of the Group and Parent Company follow (see Note 24):

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at January 1, 2024	₱468,474	₱136,595	₱990	₱606,059
Provision for credit losses (Note 14)	242,342	(111,900)	503	130,945
Transfers to Stage 1	9,719	(8,339)	(1,380)	—
Transfers to Stage 2	(108,132)	108,245	(113)	—
Transfers to Stage 3	—	—	—	—
Foreign exchange and other adjustments	301	—	—	301
	₱612,704	₱124,601	₱—	₱737,305

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at January 1, 2023	₱186,441	₱91,281	₱—	₱277,722
Provision for credit losses (Note 14)	249,397	47,075	1,313	297,785
Transfers to Stage 1	81,882	(81,255)	(627)	—
Transfers to Stage 2	(48,698)	48,832	(134)	—
Transfers to Stage 3	(412)	(26)	438	—
Foreign exchange and other adjustments	(136)	30,688	—	30,552
	₱468,474	₱136,595	₱990	₱606,059



35. Segment Information

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

The Group derives revenues from the following main operating business segments:

Wholesale Banking Segment - this segment addresses corporates, institutional, and public sector and commercial clients. Services include relationship management, loans, trade, cash management, deposits and investments. It also provides structured financing and advisory services, debt and equity capital raising, project financing, and mergers and acquisitions advisory offered by SB Capital. Operating leases from SBRC and share in net income from SBML are also part of the segment.

Retail Banking Segment - this segment serves individual clients. It covers deposits, consumer loans, credit cards, bancassurance and investments. Share in net income from SBF is also part of the segment.

Business Banking Segment - this segment serves the micro, small and medium enterprises (MSMEs) with holistic propositions covering deposits, loans, cash management, third-party insurance and investments.

Financial Markets Segment - this segment focuses on providing money market, foreign exchange, financial derivatives, debt and equity securities brokerage, asset management, trust and fiduciary services, as well as the management of the funding operations for the Group. The Group's equity brokerage, SB Equities, is also part of this segment.

Eliminations and Others - This segment includes the Bank's non-reportable segments such as support services and eliminations in accordance with the Bank's group internal reporting. Eliminations in 2024 include net interest income from third party and intersegment amounting to ₱6.0 billion and ₱7.9 billion, respectively; non-interest income and non-interest expense amounting to ₱3.2 billion and ₱18.6 billion, respectively; and total assets and total liabilities amounting to ₱5.6 billion and ₱285.5 billion, respectively. Eliminations in 2023 include net interest income from third party and intersegment amounting to ₱11.1 billion and ₱10.0 billion, respectively; non-interest income and non-interest expense amounting to ₱6.6 billion and ₱13.4 billion, respectively; and total assets and total liabilities amounting to ₱4.3 billion and ₱189.6 billion, respectively.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. 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.

The Group's revenue-producing assets are located in the Philippines (i.e., one geographical location), therefore, geographical segment information is no longer presented.

The Group has no significant customers which contribute 10.0% or more of the consolidated revenue, net of interest expense.

The segment results include internal transfer pricing adjustments across business units as deemed appropriate by management. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to the business units based on a pool rate which approximates the marginal cost of funds.



Segment information follows (amounts in millions):

December 31, 2024						
	Wholesale Banking	Retail Banking	Business Banking	Financial Markets	Elimination and Others	Total
Statement of Income						
Net interest income:						
Third party	₱26,865	₱14,916	₱2,150	(₱6,149)	₱5,940	₱43,722
Intersegment	(15,050)	3,132	2,574	10,957	(1,613)	—
	11,815	18,048	4,724	4,808	4,327	43,722
Noninterest income	3,832	10,444	669	(1,041)	(2,692)	11,212
Revenue – net of interest expense	15,647	28,492	5,393	3,767	1,635	54,934
Noninterest expense	9,196	23,136	3,276	4,926	(840)	39,694
Income before income tax	6,451	5,356	2,117	(1,159)	2,475	15,240
Provision for income tax	1,613	1,120	529	—	740	4,002
Net income for the period attributable to the Parent Company	₱4,838	₱4,236	₱1,588	(₱1,159)	₱1,735	₱11,238
Statement of Financial Position						
Total assets	₱443,675	₱162,954	₱14,750	₱484,679	₱23,083	₱1,129,141
Total liabilities	₱233,523	₱346,352	₱65,416	₱617,499	(₱274,787)	₱988,003
Other Segment Information						
Capital expenditures	₱1,231	₱1,370	₱47	₱17	₱3,054	₱5,719
Depreciation and amortization	₱786	₱875	₱30	₱11	₱1,949	₱3,651
Provision for credit and impairment losses	₱904	₱5,422	₱263	₱—	₱21	₱6,610

December 31, 2023						
	Wholesale Banking	Retail Banking	Business Banking	Financial Markets	Elimination and Others	Total
Statement of Income						
Net interest income:						
Third party	₱22,178	₱8,887	₱1,324	(₱8,688)	₱11,033	₱34,734
Intersegment	(10,368)	5,872	2,294	8,058	(5,856)	—
	11,810	14,759	3,618	(630)	5,177	34,734
Noninterest income	3,276	7,692	574	2,249	(5,566)	8,225
Revenue – net of interest expense	15,086	22,451	4,192	1,619	(389)	42,959
Noninterest expense	6,226	18,050	3,000	3,898	(274)	30,900
Income before income tax	8,860	4,401	1,192	(2,279)	(115)	12,059
Provision for income tax	2,035	1,012	274	—	(367)	2,954
Net income for the period attributable to the Parent Company	₱6,825	₱3,389	₱918	(₱2,279)	₱252	₱9,105
Statement of Financial Position						
Total Assets	₱408,549	₱124,307	₱8,868	₱310,128	₱19,657	₱871,509
Total Liabilities	₱213,047	₱250,645	₱52,516	₱395,791	(₱176,620)	₱735,379
Other Segment Information						
Capital expenditures	₱931	₱1,087	₱23	₱17	₱2,340	₱4,398
Depreciation and amortization	₱598	₱698	₱15	₱11	₱1,503	₱2,825
Provision for credit and impairment losses	₱107	₱4,970	₱571	(₱2)	(₱845)	₱4,801



	December 31, 2022					
	Wholesale Banking	Retail Banking	Business Banking	Financial Markets	Eliminations and Others	Total
Statement of Income						
Net interest income:						
Third party	₱17,431	₱8,514	₱854	(₱499)	₱2,946	₱29,246
Intersegment	(5,760)	2,528	1,426	3,213	(1,407)	—
	11,671	11,042	2,280	2,714	1,539	29,246
Noninterest income	2,629	6,960	566	1,525	(1,290)	10,390
Revenue - net of interest expense	14,300	18,002	2,846	4,239	249	39,636
Noninterest expense	7,486	13,011	1,537	3,157	559	25,750
Income before income tax	6,814	4,991	1,309	1,082	(310)	13,886
Provision for (benefit from) income tax	1,704	1,247	327	270	(218)	3,330
Net income for the period attributable to the Parent Company	₱5,110	₱3,744	₱982	₱812	(₱92)	₱10,556
Statement of Financial Position						
Total Assets	₱437,692	₱119,262	₱6,058	₱264,073	₱15,206	₱842,291
Total Liabilities	₱312,512	₱213,272	₱59,118	₱280,891	(₱149,350)	₱716,443
Other Segment Information						
Capital expenditures	₱560	₱583	₱7	₱11	₱1,222	₱2,383
Depreciation and amortization	₱626	₱652	₱8	₱12	₱1,368	₱2,666
Provision for credit and impairment losses	₱673	₱1,281	(₱8)	₱1	₱894	₱2,841

No operating segments have been aggregated to form the above reportable operating business segments.

36. Earnings Per Share

Basic earnings per share amounts were computed as follows (amounts in thousands except earnings per share and weighted average number of outstanding common shares):

	2024	2023	2022
a. Net income attributable to the equity holders of the Parent Company	₱11,238,428	₱9,105,438	₱10,555,599
b. Dividends declared to Preferred Shares	4,259	4,259	4,259
c. Weighted average number of outstanding common shares	753,538,887	753,538,887	753,538,887
d. Earnings per share [(a-b)/c]	₱14.91	₱12.08	₱14.00

As of December 31, 2024, 2023 and 2022, the Parent Company has no potentially dilutive common shares.



37. Notes to the Statements of Cash Flows

The amounts of interbank loans receivables and securities purchased under agreements to resell considered as cash and cash equivalents for the Group and Parent Company are as follows:

	2024	2023	2022
Interbank loans receivable and SPURA			
SPURA	₱3,941,367	₱—	₱23,518,740
Interbank loans receivable	2,952,248	2,080,999	—
	6,893,615	2,080,999	23,518,740
Interbank loans receivable and SPURA not considered as cash and cash equivalents			
Interbank loans receivable	2,500,000	2,000,000	3,996,627
	₱9,393,615	₱4,080,999	₱27,515,367

As of December 31, 2024 and 2023, movements in allowance for credit losses on 'Due from other banks' and 'Interbank loans receivable and securities purchased under agreements to resell' as follows:

	2024	2023	2022
Consolidated			
Due from other banks (Note 7)	₱89	(₱279)	₱159
Interbank loans receivable and SPURA	7,986	1,386	(1,224)
	₱8,075	₱1,107	(₱1,065)
Parent Company			
Due from other banks (Note 7)	₱172	(₱241)	₱212
Interbank loans receivable and SPURA	7,986	1,386	(1,224)
	₱8,158	₱1,145	(₱1,012)

Significant non-cash transactions of the Group and the Parent Company include set-up of right of use assets, foreclosures of investment properties and chattels as disclosed in Notes 16, 17 and 18, respectively.

Reconciliation of liabilities arising from financing activities follows:

	Consolidated					Ending balance
	Beginning Balance	Cashflows		Non-cash charges		
		Proceeds/ Availments	Settlements	Foreign exchange movement	Amortization of transaction costs	
December 31, 2024						
Bills payable and SSURA	P51,339,105	P698,376,629	(P660,613,634)	P2,077,548	P–	P91,179,648
Notes and bonds payable	48,963,521	41,968,599	(30,600,000)	683,694	179,243	61,195,057
LTNCD	10,416,014	–	–	–	17,771	10,433,785
	P110,718,640	P740,345,228	(P691,213,634)	P2,761,242	P197,014	P162,808,490
December 31, 2023						
Bills payable and SSURA	P40,920,403	P736,658,375	(P724,538,355)	(P1,701,318)	P–	P51,339,105
Notes and bonds payable	47,111,693	18,352,354	(17,056,500)	304,769	251,205	48,963,521
LTNCD	24,766,786	–	(14,381,000)	–	30,228	10,416,014
	P112,798,882	P755,010,729	(P755,975,855)	(P1,396,549)	P281,433	P110,718,640
December 31, 2022						
Bills payable and SSURA	P3,464,424	P494,565,466	(P457,098,389)	(P11,098)	P–	P40,920,403
Notes and bonds payable	28,721,313	30,359,962	(13,500,000)	1,348,109	182,309	47,111,693
LTNCD	24,728,573	–	–	–	38,213	24,766,786
	P56,914,310	P524,925,428	(P470,598,389)	P1,337,011	P220,522	P112,798,882



	Parent Company					Ending balance
	Cashflows			Non-cash charges		
	Beginning balance	Proceeds/ Availments	Payments	Foreign exchange movement	Amortization of transaction costs	
December 31, 2024						
Bills payable and SSURA	P51,273,271	P698,286,629	(P660,609,468)	P2,077,550	P–	P91,027,982
Notes and bonds payable	48,963,521	41,968,599	(30,600,000)	683,694	179,243	61,195,057
LTNCD	10,416,014	–	–	–	17,771	10,433,785
	P110,652,806	P740,255,228	(P691,209,468)	P2,761,244	P197,014	P162,656,824
December 31, 2023						
Bills payable and SSURA	P40,802,069	P736,658,375	(P724,485,855)	(P1,701,318)	P–	P51,273,271
Notes and bonds payable	47,111,693	18,352,354	(17,056,500)	304,769	251,205	48,963,521
LTNCD	24,766,786	–	(14,381,000)	–	30,228	10,416,014
	P112,680,548	P755,010,729	(P755,923,355)	(P1,396,549)	P281,433	P110,652,806
December 31, 2022						
Bills payable and SSURA	P3,367,757	P494,543,799	(P457,098,389)	(P11,098)	P–	P40,802,069
Notes and bonds payable	28,721,313	30,359,962	(13,500,000)	1,348,109	182,309	47,111,693
LTNCD	24,728,573	–	–	–	38,213	24,766,786
	P56,817,643	P524,903,761	(P470,598,389)	P1,337,011	P220,522	P112,680,548

Reconciliation of lease liabilities of the Group and the Parent Company are disclosed in Note 16.

38. Events after the Reporting Period

The Parent Company's BOD, in its meeting held on February 25, 2025, approved the declaration of the following annual cash dividends:

Shares	Date of declaration	Per share	Record date	Payment date
Preferred	February 25, 2025	₱0.004805	March 11, 2025	April 1, 2025
Preferred	February 25, 2025	0.0062874	June 26, 2025	July 10, 2025

On January 21, 2025, SEC approved the articles of incorporation of MMFP (see Note 18).

On January 13, 2025, the Parent Company settled in full the ₱18.5 billion 6.4250% fixed rate bonds (see Note 22).

39. Approval of the Release of the Financial Statements

The BOD of the Parent Company reviewed and approved the release of the accompanying consolidated and parent company financial statements on February 25, 2025.

40. Supplementary Information Required Under Revenue Regulation No. 15-2010

On November 25, 2010, the BIR issued Revenue Regulation (RR) No. 15-2010 to amend certain provisions of RR No. 21-2002. The Regulations provide that starting 2010, the notes to financial statements shall include information on taxes and licenses paid or accrued during the taxable year.



Gross receipt tax (GRT)

The Parent Company is subject to GRT on its gross income from Philippine sources. GRT is imposed on interest, fees and commissions from lending activities at 5.0% or 1.0%, depending on the loan term, and at 7.0% on non-lending fees and commissions, trading and foreign exchange gains and other items constituting gross income.

In FCDU, income classified under Others, which is subject to corporate income tax, is also subject to GRT at 7.0%.

The details of the Parent Company's GRT payments and corresponding GRT tax base in 2024 are as follows:

	GRT	GRT tax base
Income from lending activities	₱2,298,973	₱56,451,924
Other income	626,438	8,949,120
	₱2,925,411	₱65,401,044

Taxes and Licenses

This includes all other taxes, local and national, incurred in 2024 and lodged under 'Taxes and licenses' in the statements of income, as follows:

	Amount
Documentary stamp taxes	₱573,989
Mayor's permit	103,957
Fringe benefit taxes	79,834
Real estate taxes	17,312
Other taxes	22,450
	₱797,542

Other taxes include car registration fees, privilege taxes and other permits.

Withholding Taxes

Details of total remittances in 2024 and balances as of December 31, 2024 are as follows:

	Total Remittance	Balance
Withholding taxes on compensation and benefits	₱1,361,467	₱155,049
Expanded withholding taxes	1,035,347	123,669
Final withholding taxes	1,773,094	135,683
	₱4,169,908	₱414,401

Tax Assessments and Cases

As of December 31, 2024, the Parent Company has no deficiency tax assessments and has no tax cases, litigation and/or prosecution in courts or bodies outside the BIR.



41. Supplementary Information Required Under Section 174 of the Manual of Regulations for Banks

Section 174 of the MORB provides for disclosure requirements to the audited financial statements, which are to be presented either (i) on specific notes to the financial statements, or (ii) in a separate note containing supplementary information as required by the BSP. This supplementary information is not a required disclosure under PFRS.

In compliance with the requirements of Section 174 of the MORB, hereunder are the supplementary information:

Financial performance indicators

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	8.11%	6.95%	8.42%	8.11%	6.95%	8.45%
Return on average assets	1.12%	1.06%	1.37%	1.12%	1.06%	1.37%
Net interest margin	4.73%	4.49%	4.23%	4.73%	4.49%	4.24%

The following formulas were used to compute the indicators:

Performance Indicator	BSP Prescribed Formula
Return on Average Equity	$\frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Capital Accounts}}$ Where: Average Total Capital Accounts = $\frac{\text{Current calendar/fiscal year-end Total capital accounts balance} + \text{previous calendar /fiscal year-end Total capital accounts balance}}{2}$
Return on Average Assets	$\frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Assets}}$ Where: Average Total Assets = $\frac{\text{Current calendar/fiscal year-end Total assets balance} + \text{previous calendar /fiscal year-end Total assets balance}}{2}$
Net Interest Margin	$\frac{\text{Net Interest Income} \times 100}{\text{Average Interest Earning Assets}}$ Where: Net Interest Income = Total Interest Income – Total Interest Expense Average Interest Earning Assets = $\frac{\text{Current calendar/fiscal year-end Total interest earning assets balance} + \text{previous calendar /fiscal year-end Total interest earning assets balance}}{2}$



Capital instruments

As of December 31, 2024 and 2023, the Parent Company's capital stock consists of:

	Shares*	Amount
Common stock - ₱10 par value		
Authorized	1,000,000,000	₱10,000,000
Issued and outstanding		
Balance at the beginning and end of the period	753,538,887	7,535,389
Preferred stock - ₱0.10 par value		
Authorized	1,000,000,000	100,000
Issued and outstanding		
Balance at the beginning and end of the period	1,000,000,000	100,000
	1,753,538,887	₱7,635,389

*Absolute number of shares

There are no capital instruments issued by the Group and the Parent Company in 2024 and 2023.

Significant credit exposures of loans as to industry/economic sector

As of December 31, 2024 and 2023, information on the concentration of credit as to industry, net of unearned discounts and deferred credits, follows (amounts in millions):

	Consolidated				Parent Company			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Real estate activities	₱168,456	24.6	₱148,272	27.2	₱168,456	24.6	₱148,272	27.1
Wholesale and retail trade; repair of motor vehicles and motorcycles	118,311	17.3	92,584	17.0	118,311	17.2	92,584	16.9
Activities of households as employers; undifferentiated goods and services producing activities of households for own use*	97,285	14.2	61,035	11.2	97,285	14.2	61,035	11.1
Electricity, gas, steam and air conditioning supply	96,138	14.0	77,611	14.2	96,138	14.0	77,611	14.2
Manufacturing	51,882	7.6	46,917	8.6	51,882	7.6	46,917	8.6
Financial and insurance activities	32,799	4.8	22,199	4.1	32,799	4.8	24,108	4.4
Construction	26,940	3.9	20,504	3.8	26,940	3.9	20,504	3.7
Transportation and storage	25,506	3.7	21,750	4.0	25,506	3.7	21,750	4.0
Information and communication	21,567	3.2	17,239	3.2	21,567	3.1	17,239	3.1
Water supply, sewerage, waste management and remediation activities	10,640	1.6	9,418	1.7	10,640	1.6	9,418	1.7
Agriculture, forestry and fishing	9,291	1.4	9,881	1.8	9,291	1.4	9,881	1.8
Professional scientific and technical services	6,935	1.0	4,310	0.8	6,935	1.0	4,310	0.8
Others	18,603	2.7	14,291	2.6	20,267	3.0	13,950	2.5
	₱684,353	100.0	₱546,011	100.0	₱686,017	100.0	₱547,579	100.0

*Excludes loans and receivables on real estate or dwelling units which are considered production activities and classified under "Real estate"

The Group considers that concentration of credit exists when total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio.



Breakdown of total loans as to security and status

The following table shows the breakdown of receivable from customers as to secured and unsecured and the breakdown of secured receivables from customers as to the type of security, gross of unearned discounts and deferred credits, as of December 31, 2024 and 2023 (amounts in millions):

	Consolidated				Parent Company			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Secured by:								
Real estate	₱89,865	13.1%	₱84,439	15.4	₱89,865	13.1%	₱84,439	15.4
Chattel	20,178	2.9%	18,032	3.3	20,178	2.9%	18,032	3.3
Assignment of projects/ company assets/contracts	20,351	3.0%	22,556	4.1	20,351	3.0%	22,556	4.1
Mortgage trust indenture	7,783	1.1%	8,338	1.5	7,783	1.1%	8,338	1.5
Deposit hold-out	4,260	0.6%	2,945	0.5	4,260	0.6%	2,945	0.5
Others	9,943	1.4%	10,765	2.0	9,723	1.4%	10,427	1.9
	152,380	22.2%	147,075	26.8	152,160	22.1%	146,737	26.7
Unsecured	534,162	77.8%	401,078	73.2	536,046	77.9%	402,985	73.3
	₱686,542	100.0%	₱548,153	100.0	₱688,206	100.0%	₱549,722	100.0

The following table shows the breakdown of receivable from customers net of unearned discounts and deferred credits as to performing and non-performing as of December 31, 2024 and 2023:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Performing loans				
Corporate lending	₱451,158,952	₱371,751,722	₱452,872,587	₱373,407,024
Consumer lending	115,775,848	73,290,766	115,726,204	73,204,136
Residential mortgages	96,798,714	81,740,538	96,798,714	81,740,538
Small business lending	519,473	533,793	519,473	533,793
	664,252,987	527,316,819	665,916,978	528,885,491
Non-performing loans				
Corporate lending	14,812,116	14,060,673	14,812,116	14,060,673
Consumer lending	3,076,690	2,946,004	3,076,690	2,946,004
Residential mortgages	2,156,967	1,635,354	2,156,967	1,635,354
Small business lending	54,698	51,781	54,698	51,781
	20,100,471	18,693,812	20,100,471	18,693,812
	₱684,353,458	₱546,010,631	₱686,017,449	₱547,579,303

Information on related party loans

In the ordinary course of business, the Parent Company has loan transactions with subsidiaries, affiliates and DOSRI based on BSP Circular No. 423 dated March 15, 2004, as amended. Under the Parent Company's policies, these loans are made substantially on the same terms as loans to other individuals and businesses of comparable risks.

The following table shows information on related party loans as reported to the BSP:

	2024		2023	
	DOSRI Loans	Related Party Loans*	DOSRI Loans	Related Party Loans
Consolidated				
Total outstanding loans (in millions)	281.6	16,733.7	258.4	14,889.2
Percent of DOSRI/Related Party Loans to total loan portfolio	0.04	2.41	0.05	2.71
Percent of unsecured DOSRI/Related Party Loans to total DOSRI/Related Party Loans	6.58	100.00	7.74	100.00
Percent of past due DOSRI/Related Party Loans to total DOSRI/Related Party Loans	—	—	—	—
Percent of non-performing DOSRI/Related Party Loans to total DOSRI/Related Party Loans	—	—	—	—



	2024		2023	
	DOSRI Loans	Related Party Loans*	DOSRI Loans	Related Party Loans
Parent Company				
Total outstanding loans (in millions)	281.6	18,620.1	258.4	16,798.3
Percent of DOSRI/Related Party Loans to total loan portfolio	0.04	2.68	0.05	3.05
Percent of unsecured DOSRI/Related Party Loans to total DOSRI/Related Party Loans	6.58	100.00	7.74	100.00
Percent of past due DOSRI/Related Party Loans to total DOSRI/Related Party Loans	—	—	—	—
Percent of non-performing DOSRI/Related Party Loans to total DOSRI/Related Party Loans	—	—	—	—
<i>*Inclusive of DOSRI loans</i>				

BSP Circular Nos. 560 and 464 provide the rules and regulations that shall govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks. Under the said circular, the total outstanding loans, credit accommodations and guarantees to each of the bank's subsidiaries and affiliates shall not exceed 10.00% of the bank's net worth, the unsecured portion shall not exceed 5.00% of such net worth. Further, the total outstanding exposures shall not exceed 20.00% of the net worth of the lending bank.

Total interest income on related party loans in 2024, 2023, and 2022 amounted to ₱3.1 million, ₱3.1 million, ₱3.3 million, respectively, for the Group and ₱216.7 million, ₱161.5 million, ₱66.9 million, respectively, for the Parent Company.

Aggregate amount of secured liabilities and assets pledged as security

The following are the carrying values of the investment securities pledged and transferred under SSURA transactions of the Group:

	December 31, 2024		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets at FVTPL (Note 10)				
Government securities	₱2,796,968	₱2,796,968	₱3,813,159	₱3,813,159
Financial assets at FVTOCI (Note 12)				
Treasury bonds	32,385,552	32,385,552	19,832,200	19,832,200
Investment securities at amortized cost (Note 13)				
Private bonds	40,320,464	40,202,119	31,093,477	30,551,895
	₱75,502,984	₱75,384,639	₱54,738,836	₱54,197,254

As of December 31, 2024 and 2023, the carrying amount of SSURA amounted to ₱67.9 billion and ₱46.5 billion, respectively.



Commitments and contingent liabilities

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

	2024	2023
Derivatives	₱494,307,206	₱370,310,050
Trust department accounts	154,149,291	108,624,757
Unutilized credit limit of credit cardholders	146,113,130	89,916,523
Unused commercial letters of credit	81,482,183	46,505,642
Committed loan line	57,334,282	18,857,987
Spot foreign exchange contracts	17,934,128	18,784,025
Inward bills for collection	3,644,846	1,615,541
Outstanding guarantees	866,900	833,748
Late deposit/payment received	568,291	307,630
Outward bills for collection	265,777	232,364
Financial guarantees with commitment	111,499	254,274
Others	84	250,862

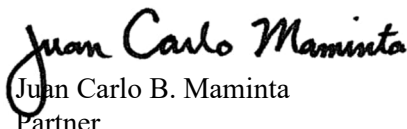


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Security Bank Corporation
Security Bank Centre
6776 Ayala Avenue
Makati City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Security Bank Corporation and Subsidiaries (the Group) as at December 31, 2024 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated February 25, 2025. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Juan Carlo B. Maminta

Partner

CPA Certificate No. 115260

Tax Identification No. 210-320-399

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

BIR Accreditation No. 08-001998-132-2023, September 12, 2023, valid until September 11, 2026

PTR No. 10465333, January 2, 2025, Makati City

February 25, 2025

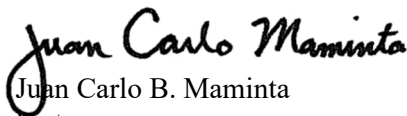


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Security Bank Corporation
Security Bank Centre
6776 Ayala Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Security Bank Corporation and Subsidiaries (the Group) as at December 31, 2024 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated February 25, 2025. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's financial statements as at December 31, 2024 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Juan Carlo B. Maminta

Partner

CPA Certificate No. 115260

Tax Identification No. 210-320-399

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

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SECURITY BANK CORPORATION AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2024

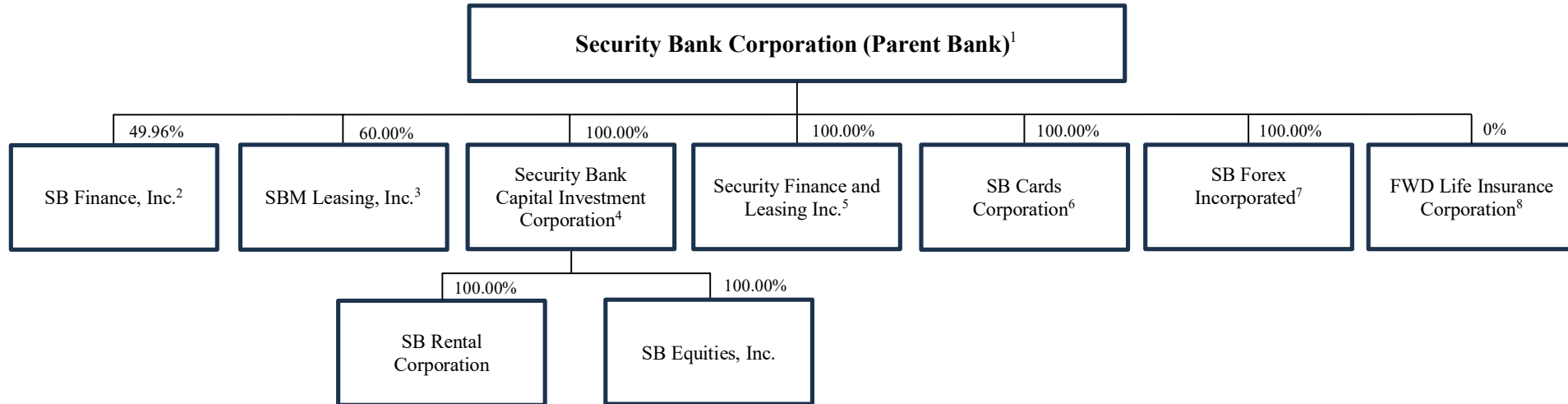
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SECURITY BANK CORPORATION
SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND
DECLARATION
DECEMBER 31, 2024
(Amounts in Thousands)

Unappropriated Retained Earnings, beginning of reporting period		₱78,302,981
Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s		244,101
Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	2,264,876	
Retained Earnings appropriated during the reporting period	1,078,618	
Remeasurement loss on defined benefit plans	373,038	3,716,532
Unappropriated Retained Earnings, as adjusted		74,830,550
Add/Less: Net Income (Loss) for the current year		11,238,428
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	245,516	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	1,625,413	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	323,745	
Unrealized fair value gain on Investment property and other properties acquired	691,952	
Sub-total		2,886,626
Add: <u>Category C.2:</u> Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	1,916,175	
Realized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	973,965	
Realized fair value gain on Investment property and other properties acquired	72,121	
Sub-total		2,962,261
Add: <u>Category C.3:</u> Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to Cash and cash equivalents		22,047
Adjusted Net Income/Loss		11,336,110

Add/ <u>Category E</u>: Other items that should be excluded from the	
Less: determination of the amount available for dividends distribution	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(890,362)
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(3,881)
Sub-total	<u>(894,243)</u>
Total Retained Earnings, end of the reporting period available for dividend	<u>₱85,272,417</u>

SCHEDULE II
MAP SHOWING RELATIONSHIPS BETWEEN AND AMONG PARENT
SUBSIDIARIES AND JOINT VENTURES



¹ MUFG owns 20% of voting shares of SBC

Common Shares: Par value is P10.00; Total Outstanding Shares – 753,538,887

Preferred Shares: Par value is P0.10; Total Outstanding Shares – 1,000,000,000

² Joint venture. Formerly SB Finance Company, Inc.

³ Joint venture

⁴ Formerly SB Capital Investment Corporation, with Securities and Exchange Commission (SEC) approval on November 12, 2024 to change corporate name

⁵ Formerly Landlink Property Investments (SPV-AMC), Inc.; With BOD approval in 2024 to shorten corporate life on December 31, 2025, awaiting approval from SEC

⁶ Corporate term ended on December 31, 2024, for processing of tax clearance

⁷ Corporate term ended on February 28, 2022, awaiting clearance from Bureau of Internal Revenue (BIR)

⁸ With irrevocable power of attorney/proxy to vote certain shares of FWD Life Insurance Corporation

Security Bank Corporation and Subsidiaries
Schedule A – Financial Assets
December 31, 2024

(Amounts and Number of Shares in Thousands)

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown on the balance sheet	Valued based on market quotation at balance sheet date	Income accrued
<u>Financial assets at fair value through profit or loss</u>				
Philippine government	14,345,689	₱14,208,390	₱14,208,390	₱118,730
Other government	100,725	100,180	100,180	–
Private corporations	999,733	981,415	981,415	19,349
Various derivative counterparties		1,531,397	1,531,397	13,043
		₱16,821,382	₱16,821,382	₱151,122
<u>Financial assets at fair value through other comprehensive income</u>				
Philippine government	168,975,349	₱164,202,256	₱164,202,256	₱1,998,886
Other government	15,511,021	15,674,522	15,674,522	299,993
Private corporations	1,374,339	1,333,343	1,333,343	11,879
Equity securities	341	626,568	626,568	–
		₱181,836,689	₱181,836,689	₱2,310,758
<u>Investment securities at amortized cost</u>				
Philippine government	77,904,230	₱78,697,600	₱78,927,749	₱956,228
Private corporations	61,118,191	60,102,912	59,706,774	668,701
		₱138,800,512	₱138,634,523	₱1,624,929

Security Bank Corporation and Subsidiaries

**Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and
Principal Stockholders (Other than Related Parties)
December 31, 2024**

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts Written- off	Current	Non- Current	Balance at end of period
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None to Report

Receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders are subject to usual terms in the normal course of business.

Security Bank Corporation and Subsidiaries
Schedule C - Amounts Receivable from Related Parties which are eliminated
during the consolidation of financial statements
December 31, 2024

(Amounts in Thousands)

Deductions							
Name of Debtor	Balance at beginning of period	Additions	Amounts Collected	Effect of disposal group classified as held for sale	Current	Non-Current	Balance at end of period
Philippine Peso							
SB Cards Corporation	₱66	₱1,007	₱1,007	₱—	₱66	₱—	₱66
Security Bank Capital Investment Corporation	1,836	23,760	22,919	—	2,677	—	2,677
SB Equities, Inc.	2,363	27,906	27,758	—	2,511	—	2,511
SB Rental Corporation	1,323	30,546	29,881	—	1,988	—	1,988
	₱5,588	₱83,219	₱81,565	₱—	₱7,242	₱—	₱7,242

Security Bank Corporation and Subsidiaries

Schedule D - Long-Term Debt
December 31, 2024

(Amounts in Millions)

Title of issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption “Current portion”	Amount shown under caption “Long-Term Debt”	Interest Rate %	Maturity Date
Long-term Negotiable Certificates of Deposit (LTNCD)					
Maturing on March 23, 2025	₱6,060	₱6,060	₱–	4.00%	3/23/2025
Maturing on June 17, 2025	2,310	2,310	–	4.00%	6/17/2025
Maturing on August 05, 2025	2,070	2,070	–	4.00%	8/05/2025
	₱10,440	₱10,440	₱–		
Bills Payable and Securities Sold Under Repurchased Agreements (SSURA)					
Bills Payable – IBTL	₱5,785	₱5,785	₱–	5.40%	1/24/2025
Bills Payable - DBP Funded	15	–	15	8.00%	8/25/2031
Bills Payable - DBP Funded	15	–	15	8.00%	8/25/2031
Bills Payable - DBP Funded	8	–	8	8.00%	8/25/2031
Bills Payable - DBP Funded	19	–	19	8.00%	8/25/2031
Bills Payable - DBP Funded	21	–	21	8.00%	8/25/2031
Bills Payable - DBP Funded	24	–	24	8.00%	8/25/2031
Bills Payable - SSURA	2,802	2,802	–	6.50%	2/3/2025
Bills Payable - SSURA	1,966	1,966	–	8.63%	1/6/2025
Bills Payable - SSURA	1,969	1,969	–	8.63%	2/12/2025
Bills Payable - SSURA	2,816	2,816	–	6.00%	2/18/2025
Bills Payable - SSURA	1,402	1,402	–	6.50%	1/3/2025
Bills Payable - SSURA	1,402	1,402	–	6.50%	1/3/2025
Bills Payable - SSURA	1,875	1,875	–	6.50%	1/6/2025
Bills Payable - SSURA	2,811	2,811	–	6.50%	2/11/2025
Bills Payable - SSURA	2,294	–	2,294	5.50%	3/30/2026

Title of issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption “Current portion”	Amount shown under caption “Long-Term Debt”	Interest Rate %	Maturity Date
Bills Payable - SSURA	₱1,738	₱1,738	₱—	5.65%	1/7/2025
Bills Payable - SSURA	1,395	1,395	—	4.13%	1/10/2025
Bills Payable - SSURA	837	837	—	4.75%	1/15/2025
Bills Payable - SSURA	1,036	1,036	—	4.75%	1/15/2025
Bills Payable - SSURA	1,277	1,277	—	5.75%	1/15/2025
Bills Payable - SSURA	1,468	1,468	—	5.75%	1/17/2025
Bills Payable - SSURA	1,810	1,810	—	1.65%	1/21/2025
Bills Payable - SSURA	1,770	1,770	—	8.50%	1/21/2025
Bills Payable - SSURA	798	798	—	5.15%	1/23/2025
Bills Payable - SSURA	1,513	1,513	—	5.60%	1/24/2025
Bills Payable - SSURA	1,527	1,527	—	6.63%	1/28/2025
Bills Payable - SSURA	2,567	2,567	—	2.65%	1/30/2025
Bills Payable - SSURA	1,493	1,493	—	4.63%	2/3/2025
Bills Payable - SSURA	1,217	1,217	—	6.63%	2/6/2025
Bills Payable - SSURA	889	889	—	5.50%	2/11/2025
Bills Payable - SSURA	209	209	—	4.75%	2/14/2025
Bills Payable - SSURA	1,262	1,262	—	5.75%	2/21/2025
Bills Payable - SSURA	1,771	1,771	—	2.13%	2/28/2025
Bills Payable - SSURA	1,868	1,868	—	2.13%	2/28/2025
Bills Payable - SSURA	2,023	2,023	—	2.13%	2/28/2025
Bills Payable - SSURA	1,128	1,128	—	4.75%	3/3/2025
Bills Payable - SSURA	1,479	1,479	—	5.50%	3/4/2025
Bills Payable - SSURA	2,124	2,124	—	2.38%	3/6/2025
Bills Payable - SSURA	594	594	—	3.50%	3/7/2025
Bills Payable - SSURA	620	620	—	4.13%	3/7/2025
Bills Payable - SSURA	2,599	2,599	—	10.63%	3/10/2025
Bills Payable - SSURA	1,209	1,209	—	5.60%	3/12/2025
Bills Payable - SSURA	1,279	1,279	—	5.75%	3/13/2025
Bills Payable - SSURA	842	842	—	5.60%	3/20/2025
Bills Payable - SSURA	1,153	1,153	—	5.65%	3/20/2025

Title of issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption “Current portion”	Amount shown under caption “Long-Term Debt”	Interest Rate %	Maturity Date
Bills Payable - SSURA	₱1,059	₱1,059	₱—	1.35%	3/27/2025
Bills Payable - SSURA	1,218	1,218	—	4.30%	3/27/2025
Bills Payable - SSURA	1,181	1,181	—	1.85%	4/4/2025
Bills Payable - SSURA	642	642	—	4.55%	4/7/2025
Bills Payable - SSURA	969	969	—	5.50%	4/8/2025
Bills Payable - SSURA	1,737	1,737	—	5.59%	4/11/2025
Bills Payable - SSURA	1,350	1,350	—	4.13%	4/14/2025
Bills Payable - SSURA	1,085	1,085	—	5.69%	4/22/2025
Bills Payable - SSURA	905	905	—	4.13%	4/23/2025
Bills Payable - SSURA	1,570	1,570	—	5.60%	5/5/2025
Bills Payable - SSURA	320	320	—	2.13%	5/7/2025
Bills Payable - SSURA	809	809	—	5.15%	5/12/2025
Bills Payable - SSURA	1,022	1,022	—	5.15%	5/14/2025
Bills Payable - SSURA	1,796	1,796	—	5.65%	5/16/2025
Bills Payable - SSURA	1,154	1,154	—	5.65%	5/20/2025
Bills Payable - SSURA	1,916	1,916	—	1.19%	5/29/2025
Bills Payable - SSURA	493	493	—	2.50%	5/29/2025
Bills Payable - SSURA	969	969	—	3.50%	5/29/2025
Bills Payable - SSURA	648	648	—	4.75%	5/29/2025
Bills Payable - SSURA	1,202	1,202	—	4.75%	7/3/2025
Bills Payable - SSURA	489	489	—	5.46%	7/3/2025
Bills Payable - SSURA	1,576	1,576	—	5.46%	7/28/2025
Bills Payable	199	199	—	—	—
Bills Payable	150	150	—	6.25%	4/24/2025
Bills Payable	2	2	—	7.50%	3/14/2025
	₱91,180	₱88,784	₱2,396		

Title of issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption “Current portion”	Amount shown under caption “Long-Term Debt”	Interest Rate %	Maturity Date
Notes and Bonds Payable					
Fixed rate bond due January 2025	₱18,496	₱18,496	₱–	₱6.43%	1/13/2025
Senior Unsecured Notes due May 2029	22,842	–	22,842	5.50%	5/14/2029
Fixed rate bonds due Sep 2029	19,856	–	19,856	6.05%	9/20/2029
	₱61,194	₱18,496	₱42,698		

⁽ⁱ⁾ Include in this column each type of obligation authorized

Schedule F - Indebtedness to Related Parties
(included in the consolidated statements of financial position)
December 31, 2024

Name of Related Parties ⁽ⁱ⁾	Balance at beginning of period	Balance at end of period ⁽ⁱⁱ⁾
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None to Report

⁽ⁱ⁾ The related parties named shall be grouped as in Schedule D. The information called shall be stated for any persons whose investments shown separately in such related schedule.

⁽ⁱⁱ⁾ For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of 10 percent of the related balance at either the beginning or end of the period.

Security Bank Corporation and Subsidiaries
Schedule G - Guarantees of Securities of Other Issuers
December 31, 2024

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding ⁽ⁱ⁾	Amount owned by person of which statement is filed	Nature of guarantee ⁽ⁱⁱ⁾
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None to Report

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- (i) Indicate in a note any significant changes since the date of the last balance sheet file. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.
- (ii) There must be a brief statement of the nature of the guarantee, such as "Guarantee of principal and interest", "Guarantee of Interest", or "Guarantee of Dividends". If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

Security Bank Corporation and Subsidiaries

Schedule H - Capital Stock December 31, 2024

(Absolute number of shares)

Title of Issue ⁽ⁱ⁾	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties ⁽ⁱⁱ⁾	Directors, officers and employees	Others ⁽ⁱⁱⁱ⁾
Common stock - ₱10 par value						
Authorized	1,000,000,000	—	—	—	—	—
Issued and outstanding	—	753,538,887	—	—	117,770,120	—
Preferred stock - ₱0.10 par value						
Authorized	1,000,000,000	—	—	—	—	—
Issued and outstanding	—	1,000,000,000	—	—	592,163,309	—

⁽ⁱ⁾ Include in this column each type of issue authorized

⁽ⁱⁱ⁾ Related parties referred to include persons for which separate financial statements are filed and those included in the consolidated financial statements, other than the issuer of the particular security.

⁽ⁱⁱⁱ⁾ Indicate in a note any significant changes since the date of the last balance sheet filed.

SECURITY BANK CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS OF DECEMBER 31, 2024 AND 2023

	2024	2023
a) Liquid to total assets	36.40	34.74
b) Loans (net) to deposit ratio	84.61	88.76
c) Debt-to-equity ratio	7.00	5.40
d) Asset-to-equity ratio	8.00	6.40
e) Interest rate coverage ratio	1.80	1.84
f) Return on assets	1.12	1.06
g) Return on equity	8.11	6.95
h) Net interest margin	4.73	4.49
i) Cost to income ratio	60.23	60.75

SECURITY BANK CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
AS OF DECEMBER 31, 2024 AND 2023

Nature of Services Rendered	Aggregate Fees ¹ (in thousands)	
	2024	2023
Total audit fees ²	₱10,829	₱9,591
Non-audit services ³		
Other assurance services	4,695	—
Tax services	100	—
All other services	5,785	2,347
	10,580	2,347
	₱21,409	₱11,938

¹Excluding out of pocket expenses and value added tax (VAT)

²Agreed fees for the audit of the Bank's parent and consolidated financial statements and the covered Bank's consolidated subsidiaries' financial statements on which the external auditor expresses opinion. These do not include fees for special purpose audit or review of financial statements.

³Charged or billed fees for non-audit services to the Bank and its related entities over which the Bank has direct or indirect control that are consolidated in the financial statements on which the external auditor expresses an opinion.

Annex D

Stock Transfer Service Inc.
SECURITY BANK CORPORATION
List of Top 100 Stockholders
As of 02/28/2025

Rank	Name	Holdings	Percentage
1	PCD NOMINEE CORPORATION (NON-FILIPINO)	279,007,436	37.03%
2	PCD NOMINEE CORP.	258,797,084	34.34%
3	ASIASEC EQUITIES, INC.	120,676,957	16.01%
4	FREDERICK Y. DY	31,329,741	04.16%
5	FREDERICK Y. DY &/OR EVELYN DY	27,271,008	03.62%
6	SOCIAL SECURITY SYSTEM	20,000,002	02.65%
7	GOODWOOD RESOURCES DEVELOPMENT INC	6,283,322	00.83%
8	JAMES J.K. HUNG	2,406,708	00.32%
9	SB EQUITIES, INC.	1,887,793	00.25%
10	CAROUSEL HOLDINGS, INC.	400,000	00.05%
11	MEPCO EMPLOYEES RETIREMENT PLAN	331,709	00.04%
12	SB EQUITIES, INC. FAO L0015	175,902	00.02%
13	CENTRAL COLLEGES OF THE PHILS.	159,214	00.02%
14	BEE BEE S. CHUA	138,212	00.02%
15	ETSI TECHNOLOGIES INC.	117,936	00.02%
16	RAFAEL F. SIMPAO, JR.	117,600	00.02%
17	RAFAEL F. SIMPAO, JR.	99,696	00.01%
18	ERNST HERMANN BEHRENS	82,926	00.01%
19	ERIC RUBEN L. TAN	72,000	00.01%
20	EDWIN FRANCIS L. TAN	72,000	00.01%
21	ANGELIN L. TAN	62,964	00.01%

22	AIDA COSTA	51,420	00.01%
23	LUISA CO LI	50,500	00.01%
24	CHUA BUN TIAK	49,752	00.01%
25	JUDITH FU	49,534	00.01%
26	QUE LIONG HEE	49,140	00.01%
27	SB EQUITIES, INC. FAO 1YANLOGG	48,485	00.01%
28	JIMMY GO	44,798	00.01%
29	JOSELIN GO	42,929	00.01%
30	MARIE HUA LOI TAY	41,665	00.01%
31	WONG KING LUN	41,360	00.01%
32	SIRENE O. CHUA	39,140	00.01%
33	FREDERICK CHAN	38,576	00.01%
34	STEPHEN TAN GAN	37,440	00.00%
35	PABLO SILVA AND/OR FELICIDAD SILVA	36,724	00.00%
36	ANTONIO MAGTALAS	33,170	00.00%
37	ELIZABETH A. ONG	33,170	00.00%
38	HINATUAN MINING CORPORATION	33,170	00.00%
39	CHARLIE TAN SY	33,170	00.00%
40	EMILIANO SY	33,170	00.00%
41	MICHAEL TAN SY	33,170	00.00%
42	TAGANITO MINING CORPORATION	33,170	00.00%
43	WILLIAM TIENG	33,170	00.00%
44	WILSON TIENG	33,170	00.00%
45	DELFIN, JR. DE JESUS WENCESLAO	33,170	00.00%

46	PANA MARKETING & DEV. CORP.	32,672	00.00%
47	TEODORO DULCE	27,761	00.00%
48	POLYMER PRODUCTS	25,062	00.00%
49	BETTY SEE	24,570	00.00%
50	ALBERTO MENDOZA &/OR JEANIE C. MENDOZA	23,774	00.00%
51	CHUNG FU INDUSTRIES (PHILS.), INC.	23,588	00.00%
52	JOHN S. DY	23,342	00.00%
53	SENG LIN CHUA	23,034	00.00%
54	LOURDES M. CARLOS	22,853	00.00%
55	CRISTINA C. ROMUALDEZ	22,853	00.00%
56	ASIASEC EQUITIES, INC.A/C# 100080	22,042	00.00%
57	ABIGAIL ANN ALANO	21,600	00.00%
58	ZIHUI PAN	21,600	00.00%
59	MAGDALITA TANG CHUA	21,065	00.00%
60	MENELEO J. CARLOS	19,403	00.00%
61	THERESA C. SUN	19,238	00.00%
62	NICANOR LIM	19,151	00.00%
63	AGNES B. PAULINO	18,293	00.00%
64	GISELLE KAREN Y. GO	18,090	00.00%
65	JESUS GONZALES TIRONA	17,942	00.00%
66	WILLIAM GUIDO	17,691	00.00%
67	ALEJANDRO VALENCIA SEE ITF DENNIS SY VALENCIA	17,501	00.00%
68	FREDENIL H. CASTRO	17,336	00.00%
69	ARTHUR T. CHUA	16,584	00.00%

70	EDITH KING SY	16,584	00.00%
71	ANTONIO C. PACIS	16,584	00.00%
72	NICIA SY RAMOS	16,584	00.00%
73	VICTORIO CHUA	16,584	00.00%
74	RODOLFO J. FRANCISCO AND FRANCISCO, GLORIA C.	16,584	00.00%
75	VILLARICA PAWNSHOP, INC.	16,584	00.00%
76	BIO LIM YAO	16,584	00.00%
77	MICHAEL YAP	16,584	00.00%
78	ANITA C. YU	16,584	00.00%
79	MANUEL L. YU	16,584	00.00%
80	RODOLFO PAGUIA DEL ROSARIO	16,584	00.00%
81	MARIA FELISA ANG GO	16,512	00.00%
82	NGO GIOK KIM	16,380	00.00%
83	ROLANDO ANG	16,380	00.00%
84	JOSEPHINE GO DY	16,000	00.00%
85	MING HUEI HUANG	15,000	00.00%
86	GISELLE KAREN Y. GO	15,000	00.00%
87	PUA SOO SIANG	15,000	00.00%
88	PUA GUAN TING	15,000	00.00%
89	EDWARD A LEE	14,435	00.00%
90	FRANCISCO G. GUTIERREZ	14,400	00.00%
91	CHARLES KHO ANG	14,153	00.00%
92	EDITHA I. ALCANTARA	14,153	00.00%
93	JEJOMAR C. BINAY	14,153	00.00%

94	JEANNE YAO	13,760	00.00%
95	ISIDRO L. LIRAG	13,632	00.00%
96	ANTHONY DEE LIM	13,500	00.00%
97	JUDITH FU	13,388	00.00%
98	PAULINO ROXAS CHUA	13,268	00.00%
99	ROBERT FUNG KUAN	13,268	00.00%
100	ELENA ANG GO	13,209	00.00%

Stock Transfer Service Inc.
SECURITY BANK CORPORATION
List of Top 100 Stockholders
As of 02/28/2025

Rank	Name	Holdings	Percentage
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Total Top 100 Shareholders :

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751,433,433	99.72%
=====	=====

Total Issued Shares

753,538,887
=====

SECURITY BANK CORPORATION**MINUTES OF THE ANNUAL STOCKHOLDERS MEETING HELD ON TUESDAY,
MAY 7, 2024 AT 9:00 AM VIA REMOTE COMMUNICATION
(Microsoft Teams and Lumi Global)**

1. **Call to order** – The Chairman of the Meeting called the meeting to order at 9:05 a.m. The Corporate Secretary introduced the Board members and Board Advisors present during the meeting:

Chairman Emeritus	- Frederick Y. Dy
Interim Chairman	- Cirilo P. Noel
Director	- Diana P. Aguilar
Director	- Gerard H. Brimo
Director	- Enrico S. Cruz
Director	- Daniel S. Dy
Director	- Esther Wileen S. Go
Director	- Jikyeong Kang
Director	- Jose Perpetuo M. Lotilla
Director	- Napoleon L. Nazareno
Director	- Maria Cristina A. Tingson
Director	- Juichi Umeno
Director and President & CEO	- Sanjiv Vohra
Board Advisor	- Anastasia Y. Dy
Board Advisor	- James JK. Hung

Directors who joined virtually

Director	- Nobuya Kawasaki
Director	- Alfonso L. Salcedo, Jr.

The Corporate Secretary likewise introduced the Legal Advisor to the Board and Executive Vice Presidents present during the meeting:

Legal Advisor to the Board

Atty. Gabriel A. Dee

Executive Vice Presidents

Arnold Q. Bengco, Financial Markets Segment Head
 Nerissa C. Berba, Chief People Officer
 Leslie Y. Cham, Branch Banking Segment Head
 Gina S. Go, Chief Risk Officer
 Joselito E. Mape, Senior Adviser
 Eduardo M. Olbes, Chief Financial Officer
 John Cary L. Ong, Wholesale Banking Segment Head
 Rahul S. Rasal, Retail Banking Segment Head

2. **Proof of due notice of meeting and determination of a quorum**

The Corporate Secretary reported that the notice of meeting together with requirements for participation via remote communication, voting, and vote tabulation procedures was sent via electronic means and published in newspapers of general circulation in print and online format.¹

The Corporate Secretary reported that **1,413,754,628** common and voting preferred shares or **80.60 %** of the **1,753,538,887** outstanding voting stock of the Bank were represented at the meeting in person or by proxy and that a quorum existed.²

¹ At least 15 business days preceding the meeting as required by the By-Laws. Please refer to Annex A for details of requirements for participation via remote communication, voting, and vote tabulation procedures

² The numbers were validated by Mr. John Kristofer Herrera, Stock Processor and representative of Stock Transfer Service Inc. Please refer to Annex B for the list of attendees of the meeting.

3. **Approval of Minutes of previous meeting**

Agenda Item 3: To approve the Minutes of the Annual Stockholders’ Meeting held on April 25, 2023 which contains the following: approval of the Minutes of previous meeting and annual report for the year 2022, ratification of the 2022 acts of the Board of Directors, all the Board and Management Committees, Officers and Agents, election of directors to serve starting April 25, 2023.

RESOLUTION: On motion duly made and seconded, the shareholders representing 1,409,381,145 or 99.69 % of the 1,413,754,628 shares represented during the meeting voted in favor of the following:

“RESOLVED, that the shareholders dispense with the reading of minutes of the annual shareholders meeting of April 25, 2023, and that the minutes of the April 25, 2023 meeting be noted and approved.”

The breakdown of votes is as follows:

FOR		AGAINST		ABSTAIN		TOTAL
Shares	%	Shares	%	Shares	%	
1,409,381,145	99.69%	-	0.00%	4,373,483	0.31%	1,413,754,628

4. **Annual Report and Ratification of Acts of the Board of Directors, the Board and Management Committees, Officers and Agents of the Bank**

Agenda Item 4: To consider the report of Management and obtain approval of all acts, resolutions and proceedings taken by the Board of Directors, all Board and Management Committees, Officers and Agents of the Bank relating to regular banking and credit matters wherein the Board of Directors, either by law or by regulations issued by the Bangko Sentral ng Pilipinas (BSP), is required to act upon.

The President and Chief Executive Officer, Mr. Sanjiv Vohra, reported on the financial highlights and accomplishments of the Bank for the year 2023:

- Posted an 8% increase in total revenues to PHP43 billion in 2023, driven by the continued growth in net interest income to PHP34.7 billion, given better net interest margins and faster growth in retail and MSME loans.
- Net Income After Tax of 9.1 billion pesos was 14% lower than previous year due to higher operating expenses and credit provisions. The Bank invested more in people and technology to accelerate transformation and better position the Bank for the future.
- Service charges, fees and commissions grew 15% to PHP6.1 billion, led by increase in fees from: credit cards, remittances, InstaPay fees, and Bancassurance.
- Net interest margin for the full year was 4.49%, higher compared to 4.23% in 2022.
- The growth for 2023 in both loans and deposits was evident across the retail and MSME segments. The Wholesale team also successfully secured key mandates to support client growth.
- 2023 ended with Net Loans of 538 billion pesos, up 7% year-on-year. The Retail and Business Banking Loans jointly accelerated to a 29% growth rate from 16% in 2022. Drivers included home loans, credit cards, auto loans, and MSME loans.
- The Wholesale Loan portfolio was flattish on a year-on-year basis, this was up in the 4th quarter by 7%, from a previous 3% quarter-on-quarter.
- Total Deposits were flat year-on-year, progress on deposits was on two fronts: CASA deposits increased 4% year-on-year and Time Deposits were up 13% over the quarter. Total deposits were at 607 billion pesos, up 8% quarter-on-quarter.
- As the economy continues to adjust to moderating levels of inflation and continued

elevated interest rates, the Bank will accelerate its growth in 2024 and continue to deliver on the transformation goals.

- Security Bank continues to be among the country's best capitalized private domestic universal banks, with Common Equity Tier 1 Ratio of 15.3% and Total Capital Adequacy Ratio (CAR) of 16.2%
- Cash dividends for the year were maintained at 3.00 pesos per common share.
- The Bank remain committed to becoming the most customer-centric bank in the Philippines with the key goals to grow market share, achieve top 3 peer ROE, lead in NPS across all segments, and become the Employer of Choice in Philippine banking.
- Building on the robust people, technology, and process initiatives implemented in 2023, the Bank expect to execute on its ambitions faster in 2024—and create meaningful impact for its customers, employees, and other stakeholders.
- Retail Bank team improved in profitability (27% YoY revenue growth and 18% loan book growth), market share (across credit cards, auto loans, home loans, and CASA) and CSAT. In 2023, the Bank receive the honor of BEST RETAIL BANK from Alpha Southeast Asia.
- Wholesale Bank team demonstrated growth in the sustainable finance portfolio, supply chain finance assets, digital payment volumes, and SB Rental bookings. The Bank was also recognized as the BEST CORPORATE BANK by Asiamoney.
- Business Banking segment was officially launched – it broadened its market outreach, grew loans, increased digital transactions, and improved asset quality.
- Branch Banking Group opened 10 new branches in 2023, expanding its footprint to new locations with high deposit volumes and high potential for business growth. Branch Banking group achieved a strong CSAT score, which was a testament to the distinct BetterBanking service provided at the branches.
- Through the efforts of Financial Markets team, the Bank experienced growth in FX volumes from client transactions and in fixed income securities transactions from institutional clients. The Bank also raised 18.5 billion pesos worth of bonds – it's largest issue to date. This successful issuance and oversubscription demonstrated investor confidence in the Bank's commitment to provide BetterBanking service.
- The Bank's key enablers continue to provide critical support to business segments and there were many remarkable achievements in 2023 which included the following :
 - Implementation of HCM transformation projects, including a new Employee Value Proposition called "YOU matter" and an integrated technology platform, HeRO. Because of these and other HCM initiatives, such as our continued hybrid work arrangement, focused learning, and employee engagement, we were included on Forbes' World's Best Employers list (#54 globally, #2 locally, and #1 among Philippine banks), among other awards.
 - The Enterprise Technology and Operations Team worked closely with business, to deliver the best and most secure experiences for the Bank's customers and they have successfully implemented the following : (1) the new tellering and lobby management system, (2) integrated Falcon, fraud detection tool, into our online banking platform, (3) enabled us to be the first bank to attain the upgraded Information Security Management System ISO/IEC 27001:2022, and (4) laid the foundation for our BetterBanking experience.
 - Risk Management Group was strengthened across all areas: credit, market & liquidity, and operations
 - The new Enterprise Data Office strengthened its capabilities to support business with an expert leadership team, new data governance, and AI development platforms. The Team's efforts has seen a significant uplift in Retail and Transaction Banking campaigns.

- In 2023, the focus on ESG programs intensified, building upon the groundwork laid in 2021 with the introduction of our Environmental and Social Risk Management System. Other milestones included: approval of our Sustainable Finance Framework, publication of our first Integrated Report, and receiving the ESCAP Sustainable Business Network Asia-Pacific Green Deal Badge. Two of main office buildings were switched to fully renewable energy and solar panels to three branches to increase our use of clean energy. Further, as of December 2023, Wholesale Bank disbursed a total of PHP43.6 billion in qualified Green and Social loans. All these were significant steps towards sustainability and environmental responsibility and this demonstrates the Bank's commitment to reducing our carbon footprint and supporting the transition to a green economy.
- In recognition of our program, product, and service efforts, the Bank received various awards in 2023 which included the Best Retail Bank, Best Corporate Bank. For the second year in the row, the Bank was again recognized as the Philippines Top Employer by Statista and the Philippine Daily Inquirer. The Bank also received recognition for excellence in employee engagement and talent from Retail Banker International and LinkedIn.
- For excellence in corporate governance, the Bank received four golden arrow recognition from the Institute of Corporate Directors and for the fourth consecutive year, the Bank was given five awards by Corporate Governance Asia, including Best Investor Relations company and the Sustainable Asia Award (previously called Asia's Best CSR award).
- SB Capital, our investment banking subsidiary, received recognition as a Top Corporate Issue Manager/Arranger in the Philippines at the Asset Benchmark Research Awards and emerged Top Domestic Bond House at the Philippine Dealing System Awards.
- In 2023, the Bank extended beyond traditional Corporate Social Responsibility (CSR) while remaining aligned with our mission and sustainability objectives. Together with Security Bank Foundation, the Bank formed dynamic partnerships with diverse stakeholders which included national and local government agencies, academic institutions, and foundations. These collaborations were designed to drive progress in education, healthcare, enterprise development, arts and culture, disaster recovery, and women empowerment.
- 2024 will be a year of executing on our bold targets. The Bank will continue to build on the loan growth momentum by emphasizing profitable growth in retail & MSME while being opportunistic in Wholesale given the intensely competitive pricing environment.
- The Bank's BetterBanking apps program is well underway, with milestone launches throughout the year to supercharge customer journeys. Completely built from the ground up, the BetterBanking apps will offer convenience, security, and a wide range of personalized features for our different banking segments.
- The Bank will execute Project: 10x, which is leveraging investments made in the foundational elements of people, technology, data analytics to enhance the Bank's performance and profitability. The 10X execution engine will turbo charge the Bank's growth in 2024 and beyond and bring the Bank closer to realizing its vision of becoming the most customer-centric bank in the Philippines.

The Chairman opened the floor for any questions from stockholders. No question was raised by any stockholder.

There being no questions, the following resolutions were then proposed and approved.

RESOLUTION: On motion duly made and seconded, the shareholders representing 1,407,641,079 or 99.57% of the 1,413,754,628 shares represented during the meeting voted in favor of the following:

“RESOLVED, that the annual report on the results of the Bank’s operations for the year ended December 31, 2023, including the financial statements as of December 31, 2023, be noted and approved.”

The breakdown of votes is as follows:

FOR		AGAINST		ABSTAIN		TOTAL
Shares	%	Shares	%	Shares	%	
1,407,641,079	99.57%	-	0.00%	6,113,549	0.43%	1,413,754,628

RESOLUTION: On motion duly made and seconded, the shareholders representing a total of 1,407,641,079 or 99.57% of the 1,413,754,628 shares represented during the meeting voted in favor of the following:

“RESOLVED FURTHER, that all acts, resolutions and proceedings adopted and/or implemented during the calendar year by the Board of Directors, Board and Management Committees, Officers and Agents of the Bank and significant transactions with its DOSRI and other related parties as stated in the Definitive Information Statement and Annual Report and discussed in the Audited Financial Statements distributed to the stockholders, as well as the appointment of the Bank’s External Auditor, be confirmed, approved and ratified by the stockholders.”

The breakdown of votes is as follows :

FOR		AGAINST		ABSTAIN		TOTAL
Shares	%	Shares	%	Shares	%	
1,407,641,079	99.57%	-	0.00%	6,113,549	0.43%	1,413,754,628

5. **Election of Directors** –

Agenda Item 5: To elect the Regular and Independent members of the Board of Directors to hold office until the next stockholders’ meeting and until their respective successors have been elected and qualified.

The following were nominated for election as regular and independent members of the Board of Directors, after which the Chairman proposed that shareholders consider the matter and cast votes.

The voting results show:

NAME	POSITION	FOR		AGAINST		ABSTAIN	
		Shares	%	Shares	%	Shares	%
(1) DIANA P. AGUILAR		1,407,880,407	99.58%	1,432,348	0.10%	4,441,873	0.31%
(2) GERARD H. BRIMO	INDEPENDENT DIRECTOR	1,374,404,127	97.22%	12,620,205	0.89%	26,730,296	1.89%
(3) ENRICO S. CRUZ	INDEPENDENT DIRECTOR	1,395,915,724	98.74%	11,438,462	0.81%	6,400,442	0.45%
(4) FREDERICK Y. DY		1,407,880,407	99.58%	1,432,348	0.10%	4,441,873	0.31%
(5) DANIEL S. DY		1,386,133,352	98.05%	12,420,105	0.88%	15,201,171	1.08%
(6) ESTHER WILEEN S. GO	INDEPENDENT DIRECTOR	1,408,149,510	99.60%	1,231,635	0.09%	4,373,483	0.31%
(7) JIKYEONG KANG	INDEPENDENT DIRECTOR	1,408,081,120	99.60%	1,231,635	0.09%	4,441,873	0.31%
(8) NOBUYA KAWASAKI		1,407,880,407	99.58%	1,432,348	0.10%	4,441,873	0.31%
(9) JOSE PERPETUO M. LOTILLA	INDEPENDENT DIRECTOR	1,395,298,786	98.69%	1,618,525	0.11%	16,837,317	1.19%
(10) NAPOLEON L. NAZARENO	INDEPENDENT DIRECTOR	1,408,149,510	99.60%	1,231,635	0.09%	4,373,483	0.31%
(11) CIRILO P. NOEL		1,385,025,819	97.97%	11,472,732	0.81%	17,256,077	1.22%
(12) STEPHEN G. TAN	INDEPENDENT DIRECTOR	1,409,381,145	99.69%	-	0.00%	4,373,483	0.31%
(13) MARIA CRISTINA A. TINGSON		1,406,949,627	99.52%	1,432,348	0.10%	5,372,653	0.38%
(14) JUICHI UMENO		1,407,880,407	99.58%	1,432,348	0.10%	4,441,873	0.31%
(15) SANJIV VOHRA		1,407,880,407	99.58%	1,432,348	0.10%	4,441,873	0.31%

RESOLUTION: On motion duly made and seconded, the shareholders represented during the meeting (please refer to the total percentage or shares reflected in the table) voted in favor of the following:

“RESOLVED, that the shareholders approve the election of the following to the Board of Directors of Security Bank Corporation to serve for the current year:

Diana P. Aguilar
Gerard H. Brimo – Independent Director
Enrico S. Cruz - Independent Director
Daniel S. Dy
Frederick Y. Dy
Esther Wileen S. Go – Independent Director
Jikyeong Kang – Independent Director
Nobuya Kawasaki
Jose Perpetuo M. Lotilla – Independent Director
Napoleon L. Nazareno – Independent Director
Cirilo P. Noel
Stephen G. Tan – Independent Director
Maria Cristina A. Tingson
Juichi Umeno
Sanjiv Vohra “

6. **Adjournment** – There being no other business, the meeting was adjourned at 9:30 am.



JOEL RAYMOND R. AYSON
Corporate Secretary

ATTEST :



CIRILO P. NOEL
Chairman of the meeting

**REQUIREMENTS FOR THE SBC ANNUAL STOCKHOLDERS' MEETING
AND PROCEDURES FOR PARTICIPATION VIA REMOTE COMMUNICATION
AND VOTING *IN ABSENTIA***

1. The platform for participation via remote communication and voting *in absentia* for the 2024 SBC Annual Stockholders' Meeting (the "Meeting") can be found online at www.securitybank.com/asm (the "Platform").
2. Only SBC stockholders as at record date **3 April 2024** (the "Stockholders") can use the Platform to participate in the Meeting via remote communication and vote *in absentia* on the matters in the Agenda, **provided** the Stockholder has (a) complied with the registration requirements, and (b) such registration has passed the validation process.
3. Registration to participate in the Meeting is from **9:00 am on 12 April 2024** until **5:00pm on 22 April 2024**. Provided that, for shareholders who will appoint a proxy, duly accomplished proxy must be submitted on or before **5:00 p.m. on 22 April 2024**.
4. Registration Procedure and Requirements

(Please note that SBC will request for consent to process sensitive personal information pursuant to the Data Privacy Act.)

a. Procedure:

To register in the Platform, log on to www.securitybank.com/asm and follow the instructions below. You may also access this using the QR code below. Stockholders should complete the online registration form and submit the same for validation:

- i. Proceed to www.securitybank.com/asm
- ii. Click Register
- iii. Carefully read the Agreement and Data Privacy Consent
- iv. Indicate full name
- v. Provide a valid and active email address
- vi. Provide the required shareholder information
- vii. Upload the supporting documents.



SBC will evaluate and validate the information and documents furnished and uploaded. After passing the validation process, a username and password to access the Meeting will be sent to the email address provided.

b. Requirements:

- i. For Individual Stockholder with the shares recorded in their name:
 1. Valid and active email address of Stockholder
 2. Valid and active contact number of Stockholder
 3. Scanned copy of Stockholder's valid government-issued ID showing photo and personal details (in JPG format with a file size no larger than 10MB)
 4. Stockholders with joint accounts should also submit a scanned copy of an authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account (in JPG format with a file size no bigger than 10 MB)
 5. Individual stockholders who will appoint a proxy shall submit by **22 April 2024** the duly accomplished and signed proxy, and scanned copy of the Proxy's valid government-issued ID showing photo and personal details (in JPG format with a file size no bigger than 10 MB)

For Approval in the 2025 Annual Stockholders Meeting

ii. For Individual Stockholder under a Broker account

1. Valid and active email address of Stockholder
2. Valid and active contact number of Stockholder
3. Broker's Certification on the Stockholder's number of shareholdings (in JPG format with a file size no bigger than 10 MB).

IMPORTANT: To facilitate the verification of account, please make sure that SBC is copied through sbc-asm@securitybank.com.ph and the stock and transfer agent STSI through jlherrer@stocktransfer.com.ph in all email correspondence with Broker regarding request for Broker's Certification.

4. Scanned copy of Stockholder's valid government-issued ID showing photo and personal details, preferably with residential address (in JPG format with a file size not bigger than 10 MB).
5. Individual stockholders who will appoint a proxy shall submit by 22 April 2024 the duly accomplished and signed proxy, and scanned copy of the Proxy's valid government-issued ID showing photo and personal details (in JPG format with a file size no bigger than 10 MB)

iii. For Corporate Stockholders (e.g. corporation, association, or partnership)

1. Duly accomplished and signed proxy submitted by 22 April 2024 (and validated by SBC)
2. Certification, signed by a duly authorized officer, partner or representative of such corporation, association, or partnership, that the person signing the proxy is authorized by the governing board or has the power under its by-laws, constitutive documents of such corporation, association, or partnership, to sign the Proxy (in JPG format with a file size no bigger than 10 MB)
 - a. A proxy form given by a broker or dealer in respect of shares of stock carried by such broker or dealer for the account of a customer must be supported by a sworn certification that the same is given with the express prior authorization of such customer.
 - b. If any customer of a broker or dealer who is the beneficial owner of shares of stock executes a sub-proxy, the broker or dealer shall certify that the signature on the sub-proxy is the true and genuine signature of its customer.
3. Valid and active email address of the Stockholder's Representative
4. Valid and active contact number of the Stockholder's Representative
5. Scanned copy of the valid government-issued ID of the person signing the Certification showing photo and personal details (in JPG format with a file size no bigger than 10 MB)
6. Scanned copy of the Proxy's valid government-issued ID showing photo and personal details (in JPG format with a file size no bigger than 10 MB).

SBC will validate the above registration requirements. Stockholders are advised to register as early as possible.

Stockholders who cannot or will opt not to use the Platform will be allowed to vote through a proxy with instructions to the Chairman of the meeting. Please submit the proxy with voting instructions (together with documents required for stockholders submitting a proxy) to the Office of the Corporate Secretary by email to sbc-asm@securitybank.com.ph on or before **5:00 p.m. on 22 April 2024**.

SBC reserves the right to request for additional information and original signed copies of the documents forming part of the Registration Requirements at a later time.

5. Validation of Registration

- a. Only Stockholders who registered **and** passed the validation process can use the Platform to participate in the Meeting.
- b. After registration and passing the validation process, the Stockholder will receive an email confirmation on his/her successful and validated registration together with a username and password for the participation in the Meeting via remote communication. The username and password will be required to access the Meeting on 7 May 2024 at 9:00 am at www.securitybank.com/asm.

For Approval in the 2025 Annual Stockholders Meeting

- c. Stockholders with successful and validated registration may cast their votes until the voting on the agenda item is closed during the Meeting.

6. Voting

All agenda items indicated in the Notice of the Meeting will be set out in the digital absentee ballot and the registered Stockholder may vote as follows:

- a. For all items, except for Election of Directors, the registered Stockholder has the option to vote: For, Against or Abstain. The vote is considered cast for all the registered Stockholder's shares.
- b. For the Election of Directors, a Stockholder entitled to vote:
 - i. may vote such number of shares owned for as many persons as there are Directors to be elected; or
 - ii. may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of their shares; or
 - iii. may distribute them on the same principle among as many candidates as may be seen fit.
- c. The Company's stock transfer agent and Office of the Corporate Secretary will tabulate all votes received and will validate the results.
- d. Except for the Election of Directors, all the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting. For the Election of Directors, the top fifteen (15) nominees with the most number of votes are elected.

7. Participation at the virtual meeting

- a. The Stockholder will be required to enter his/her username and password to access the Meeting on 7 May 2024 at 9:00 am at www.securitybank.com/asm.
- b. The Platform will allow participants to send questions during the Meeting. To ensure a productive and orderly Meeting, however, Stockholders are encouraged to send their questions relating to items in the agenda of the Meeting on or before 22 April 2024 by email to sbc-asm@securitybank.com.ph. Relevant questions will be answered by concerned officers during the Meeting.
- c. A link to the recorded webcast of the Meeting will be posted on SBC's website after the Meeting.

For any questions or inquiries, including request for assistance in the registration process, please contact our Office of the Corporate Secretary through sbc-asm@securitybank.com.ph.

**SECURITY BANK CORPORATION
ANNUAL STOCKHOLDERS' MEETING
MAY 7, 2024, 9:00 AM**

Board of Directors

- 1 Frederick Y. Dy - Chairman Emeritus
- 2 Cirilo P. Noel - Vice Chairman (Interim Chairman)
- 3 Diana P. Aguilar - Director
- 4 Gerard H. Brimo - Independent Director
- 5 Enrico S. Cruz - Independent Director
- 6 Daniel S. Dy - Director
- 7 Esther Wileen S. Go - Independent Director
- 8 Jikyeong Kang - Independent Director
- 9 Jose Perpetuo M. Lotilla - Independent Director
- 10 Napoleon L. Nazareno - Independent Director
- 11 Maria Cristina A. Tingson - Director
- 12 Juichi Umeno - Director / Alliance Segment Head
- 13 Sanjiv Vohra - Director / President and CEO
- 14 Nobuya Kawasaki - Director
- 15 Alfonso L. Salcedo, Jr. - Director

Senior Advisors

- 16 Anastasia Y. Dy
- 17 James JK. Hung

Legal Advisor to the Board

- 18 Atty. Gabriel A. Dee

Office of the Corporate Secretary

- 19 Atty. Joel Raymond R. Ayson - Corporate Secretary
- 20 Atty. Grace S. Ayson - Assistant Corporate Secretary

Senior Management

- 21 Arnold Q. Bengco, Financial Markets Segment Head
- 22 Nerissa C. Berba, Chief People Officer
- 23 Leslie Y. Cham, Branch Banking Segment Head
- 24 Lucose Eralil, Chief Operating Officer
- 25 Gina S. Go, Chief Risk Officer
- 26 Joselito E. Mape, Senior Adviser
- 27 Eduardo M. Olbes, Chief Financial Officer
- 28 John Cary L. Ong, Wholesale Banking Segment Head
- 29 Rahul S. Rasal, Retail Banking Segment Head

Shareholders / Visitors

- 30 John Kristofer Paulo Herrera / Stock Transfer Service
- 31 Juan Carlo Maminta / SGV & Co.
- 32 Reah Gordo / SGV & Co.
- 33 Maria Vivian Ruiz / SGV & Co.
- 34 Stephen Tan
- 35 Kristine Cadacio
- 36 Nelson Ching
- 37 Karreen Ballesteros
- 38 Catherine C. Gacutan
- 39 Mildred Aguila
- 40 Julius Ray Morgia
- 41 Rachell Arzaga - Garcia
- 42 Arnaldo Domingo
- 43 Angelique M. Costales
- 44 Ropi Dangazo
- 45 Gabo Tse
- 46 Girlie Cudal
- 47 Kweilin C Lagos
- 48 Alliyah Jan S Estrella
- 49 Reyvin Republica
- 50 Michael Garcia
- 51 Stephanie Sta. Maria
- 52 Frederick Siy
- 53 John Marct Papin
- 54 Abigail Marie Casanova
- 55 Anna Christina Chinjen
- 56 Charles Malvin Ching
- 57 Cristina Henson
- 58 Hirofumi Umeno
- 59 Jeanette Keh
- 60 Jefferson Ko
- 61 Jiri Matousek
- 62 John David Yap
- 63 Jorge Lindley Ong
- 64 Kim Lim
- 65 Luis Gregorio Maloles
- 66 Ma. Carmencita Lopez
- 67 Ma. Paz Victoria Gonzales
- 68 Malcolm Yow
- 69 Marlette Brodett
- 70 Orencio Andre Ibarra III

71	Patrick Meneses
72	Prakash Sudhakar Mahajan
73	Price Edward Yap
74	Rahul Sadarangani
75	Ronald Austria
76	John John Torres
77	Myla Untalan
78	Virgilio Chua
79	Yoshimasa Itaka
80	Yvonne Joanna Marcelo
81	Mimi Ismael
82	Janet Encarnacion

- 1. The Office of the Corporate Secretary has in its custody the full list and names of the stockholders who participated in the May 7, 2024 by proxy or remote communication or voting in absentia. To protect the privacy of personal data and due to security concerns, the list is available upon written request to the Office of Corporate Secretary, 8/F Security Bank Centre, 6776 Ayala Avenue Makati, subject to laws and regulations on the matter.*