



March 3, 2025

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Gentlemen / Mesdames:

We submit a copy of the Audited Financial Statements of Security Bank Corporation and its Subsidiaries as of December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022, and the corresponding Management Discussion and Analysis.

Very truly yours,


EDUARDO M. OLBES
Chief Financial Officer


COVER SHEET

6 0 3 0

SEC Registration Number

S E C U R I T Y B A N K C O R P O R A T I O N

(Company's Full Name)

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

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

Charles Malvin T. Ching
(Contact Person)

(Company Telephone Number)

1 2 3 1
Month Day
(Fiscal Year)

1 7 - C
(Form Type)

0 4 2 5
Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

Amended Articles
Number/Section

2,140
Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number
Document ID

LCU
Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. Date of report **March 3, 2025**
2. Commission identification number **6030**
3. BIR Tax Identification No. **000-498-020**
4. Exact name of issuer as specified in its charter - **SECURITY BANK CORPORATION**
-
5. Province, country or other jurisdiction of incorporation or organization - **Philippines**
6. Industry Classification Code: (SEC Use Only)
7. **Security Bank Centre, 6776 Ayala Avenue, Makati City** **0719**
Address of issuer's principal office Postal Code
8. **(632) 8867-6788**
Issuer's telephone number, including area code
9. **Not applicable**
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares (PhP10 par)	Total: 753,538,887 shares
Preferred Shares (PhP0.10 par) (Unregistered)	Total: 1,000,000,000 shares
.....	
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11. Indicate the item numbers reported herein:

Item No. 9 – Other Events

Attached is a copy of the Audited Financial Statements of Security Bank Corporation and its Subsidiaries as of December 31, 2024 and 2023 and for the years ended December 31, 2024 2023, 2022 and the corresponding Management Discussion Analysis.

SIGNATURES

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


EDUARDO M. OLBES
Chief Financial Officer 

March 3, 2025

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 SyCip Gorres Velayo & Co. (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 the 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 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 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.

SECURITY BANK CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS
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

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

6	0	3	0						
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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 INFORMATION

The 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.





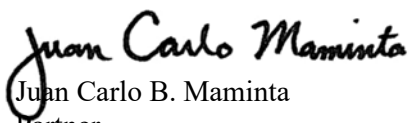
- 6 -

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 pertains 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 SBEI):					
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 (SBEI):					
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-
Moody's		Ba1	Ba2	Ba3	B1	B2	B3
							Below B- 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	₱230,894,854	₱—	₱—	₱230,894,854
Medium grade	157,110,706	—	—	157,110,706
Low grade	35,940,252	—	—	35,940,252
Past due but not impaired	—	27,040,441	—	27,040,441
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	18,041	—	—	18,041
Low grade	435,687	—	—	435,687
Past due but not impaired	—	39,470	—	39,470
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	10,336	602,334	—	612,670
Low grade	35,586,630	748,052	—	36,334,682
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	6,379,541	304	—	6,379,845
Medium grade	1,339,561	5,359	—	1,344,920
Low grade	596,408	9,632	—	606,040
Unrated	717,156	9,956	—	727,112
Past due but not impaired	—	180,543	—	180,543
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	P222,578,045	P2,459,775	P—	P225,037,820
Medium grade	100,680,258	2,826,341	—	103,506,599
Low grade	569,000	42,297,602	—	42,866,602
Past due but not impaired	—	86,891	—	86,891
Past due and impaired	—	—	14,060,673	14,060,673
	323,827,303	47,670,609	14,060,673	385,558,585
Consumer lending (excluding credit card receivables)				
Neither past due nor impaired				
High grade	10,325,281	686	—	10,325,967
Medium grade	27,608,178	338,665	—	27,946,843
Low grade	1,687,451	406,844	—	2,094,295
Unrated	285,399	—	—	285,399
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	473,193,516	54,123,303	18,693,812	546,010,631
Other receivables				
Neither past due nor impaired				
High grade	4,555,644	39,198	—	4,594,842
Medium grade	1,314,419	24,624	—	1,339,043
Low grade	231,518	316,633	—	548,151
Unrated	657,654	—	—	657,654
Past due but not impaired	—	180,622	—	180,622
Past due and impaired	—	—	515,591	515,591
	6,759,235	561,077	515,591	7,835,903
Other assets*				
Neither past due nor impaired				
High grade	2,180,021	—	—	2,180,021
	P482,132,772	P54,684,380	P19,209,403	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	₱232,781,188	₱—	₱—	232,781,188
Medium grade	157,110,706	—	—	157,110,706
Low grade	35,940,252	—	—	35,940,252
Past due but not impaired	—	27,040,441	—	27,040,441
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	18,041	—	—	18,041
Low grade	435,687	—	—	435,687
Past due but not impaired	—	39,470	—	39,470
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	10,336	602,334	—	612,670
Low Grade	35,586,630	748,052	—	36,334,682
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	6,330,955	304	—	6,331,259
Medium grade	1,339,561	5,359	—	1,344,920
Low Grade	194,945	9,632	—	204,577
Unrated	628,605	9,956	—	638,561
Past due but not impaired	—	180,336	—	180,336
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	P224,487,157	P2,459,775	P—	P226,946,932
Medium grade	100,680,258	2,826,341	—	103,506,599
Low grade	569,000	42,297,602	—	42,866,602
Past due but not impaired	—	86,891	—	86,891
Past due and impaired	—	—	14,060,673	14,060,673
	325,736,415	47,670,609	14,060,673	387,467,697
Consumer lending (excluding credit card receivables)				
Neither past due nor impaired				
High grade	10,325,281	686	—	10,325,967
Medium grade	27,608,178	338,665	—	27,946,843
Low grade	1,687,451	406,843	—	2,094,294
Unrated	283,201	—	—	283,201
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	474,772,736	54,112,755	18,693,812	547,579,303
Other receivables				
Neither past due nor impaired				
High grade	4,567,794	39,198	—	4,606,992
Medium grade	1,314,419	24,624	—	1,339,043
Low Grade	54,214	316,633	—	370,847
Unrated	461,606	—	—	461,606
Past due but not impaired	—	180,622	—	180,622
Past due and impaired	—	—	515,591	515,591
	6,398,033	561,077	515,591	7,474,701
Other assets*				
Neither past due nor impaired				
High grade	2,177,127	—	—	2,177,127
	P483,347,896	P54,673,832	P19,209,403	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	₱315,975	₱—	₱—	₱315,975
Low Grade	876,322	—	—	876,322
Past due but not impaired	—	2,811,696	—	2,811,696
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	—	4,131,390	—	4,131,390
Past due but not impaired	—	—	—	—
Past due and impaired	—	—	4,766,600	4,766,600
	240,816	4,418,290	4,766,600	9,425,706
Consumer lending				
Neither past due nor impaired				
High grade	57,368	—	—	57,368
Medium grade	167,269	13,000	—	180,269
Low Grade	93,046	25,315	—	118,361
Unrated	115,976	—	—	115,976
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
	₱1,738,154	₱4,583,733	₱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
(Forward)						
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 Swaps	Fixed Income	Interest Rate Swap Agreements*	Other Derivatives
Stand-alone VaR				
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 <i>swaps, e.g., USD/PHP fix/fix</i>	21.61	64.07	27.35	0.91

	FX and FX Swaps	Fixed Income	Interest Rate Swap Agreements*	Other Derivatives
Stand-alone VaR <i>(Sep 7 to Dec 31, 2023)</i>				
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 Swaps	Fixed Income	Interest Rate Swap Agreements*	Other Derivatives
Component VaR <i>(Jan 3 to Sep 6, 2023)</i>				
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				
	Carrying Value	Total	Fair Value		
			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' (see Note 9) in the statements of income. 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	₱324,930,571	₱47,682,056	₱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)	(183,072,534)	(30,383,705)	(4,248,471)	(217,704,710)
Transfers to Stage 1	7,773,523	(7,773,523)	—	—
Transfers to Stage 2	(504,840)	626,224	(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	199,065,496	—	—	199,065,496
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	32,029,654	2,272,730	34,302,384
Assets derecognized or repaid (excluding write offs)	(199,748,503)	(32,822,057)	(2,629,253)	(235,199,813)
Transfers to Stage 1	15,085,283	(15,085,283)	—	—
Transfers to Stage 2	(9,815,657)	9,815,657	—	—
Transfers to Stage 3	(15,150)	(2,968,876)	2,984,026	—
Amounts written off	—	—	(249,930)	(249,930)
	P324,930,571	P47,682,056	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	P326,586,045	P47,681,884	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)	(182,841,675)	(30,383,532)	(4,248,472)	(217,473,679)
Transfers to Stage 1	7,773,523	(7,773,523)	—	—
Transfers to Stage 2	(504,840)	626,224	(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	198,811,859	—	—	198,811,859
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	32,029,482	2,272,730	34,302,212
Assets derecognized or repaid (excluding write offs)	(198,289,816)	(32,821,091)	(2,629,253)	(233,740,160)
Transfers to Stage 1	15,085,283	(15,085,283)	—	—
Transfers to Stage 2	(9,815,657)	9,815,657	—	—
Transfers to Stage 3	(15,150)	(2,968,876)	2,984,026	—
Amounts written off	—	—	(249,930)	(249,930)
	P326,586,045	P47,681,884	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			Total
	Stage 1	Stage 2	Stage 3	
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			Total
	Stage 1	Stage 2	Stage 3	
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			Total
	Stage 1	Stage 2	Stage 3	
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	P6,759,557	P485,767	P590,579	P7,835,903
Newly originated assets that remained in Stage 1 as at yearend	5,353,178	—	—	5,353,178
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	29,536	154,844	184,380
Assets derecognized or repaid (excluding write offs)	(3,071,028)	(207,005)	(259,916)	(3,537,949)
Transfers to Stage 1	81,939	(79,056)	(2,883)	—
Transfers to Stage 2	(43,554)	44,359	(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	3,634,420	—	—	3,634,420
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	170,353	114,978	285,331
Assets derecognized or repaid (excluding write offs)	(2,294,029)	(27,157)	(235,648)	(2,556,834)
Transfers to Stage 1	214,748	(207,775)	(6,973)	—
Transfers to Stage 2	(87,950)	89,228	(1,278)	—
Transfers to Stage 3	(30,395)	(115,603)	145,998	—
Amounts written off	—	—	(51,238)	(51,238)
	P6,759,557	P485,767	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	P6,398,355	P485,767	P590,579	P7,474,701
Newly originated assets that remained in Stage 1 as at yearend	4,852,356	—	—	4,852,356
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	27,472	74,952	102,424
Assets derecognized or repaid (excluding write offs)	(2,747,731)	(207,005)	(236,686)	(3,191,422)
Transfers to Stage 1	81,939	(79,056)	(2,883)	—
Transfers to Stage 2	(43,554)	44,359	(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	3,282,051	—	—	3,282,051
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	141,306	114,977	256,283
Assets derecognized or repaid (excluding write offs)	(1,828,055)	(27,157)	(147,555)	(2,002,767)
Transfers to Stage 1	214,748	(207,775)	(6,973)	—
Transfers to Stage 2	(87,950)	89,228	(1,278)	—
Transfers to Stage 3	(30,395)	(115,603)	145,998	—
Amounts written off	—	—	(51,238)	(51,238)
	P6,398,355	P485,767	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	P0.004805	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 P18.5 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

