CTBC BANK
中國信託銀行

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the annual meeting of the stockholders of **CTBC BANK (PHILIPPINES) CORP.** will be held on **June 26, 2025, Thursday, at 9:30 AM.** VENUE: CTBC Bank HR Training Room, 22nd Floor, Fort Legend Tower, 31st Street corner 3rd Avenue, Bonifacio Global City, Taguig City 1634, Philippines.

AGENDA

The Agenda for the meeting will be as follows:

1. Call to Order
2. Certification by the Corporate Secretary on the Sending of Notices and Existence of a Quorum
3. Approval of Previous Minutes:
4. Annual Stockholders' Meeting of June 27, 2024
5. Chairman's Address
6. President's Report and Approval of the Annual Report
7. Submission of Audited Financial Statements of the Bank and of the Trust and Investment Services Department as of 31 December 2024
8. (i) Ratification of All Acts, Decisions and Proceedings of the Board of Directors, Committees and Management since the last Annual Meeting
   (ii) Approval of the amendments to Article Seventh of the Articles of Incorporation
   (ii) Approval of the amendments to Article 3 Section 11 of the By-Laws
9. Election of Members of the Board of Directors
10. Confirmation of Related Party Transaction/s
11. Appointment of External Auditor for the Bank and the Trust and Investment Services Department
12. Other Matters as May Come Before the Meeting

Only stockholders of record at the close of business hours on **May 23, 2025** are entitled to notice of, and to vote at, this meeting.

Stockholders who do not expect to attend the meeting in person may send a duly signed and dated proxy letter to the Corporation at the 22nd Floor Fort Legend Towers, 3rd Avenue corner 31st Street, Bonifacio Global City, Taguig City, Philippines. Please submit your proxies to undersigned whose contact numbers are as follows: Landline: +63 (2) 8988 9287 local 6354; Fax: +63 (2) 8811 8571; Mobile: +63 (917) 577 8100; Email add: rolando.vicerra@ctbcbank.com.ph. All proxies shall be received by the Corporation on or before the close of business hours of June 10, 2025. Proxies submitted shall be validated by a Committee of Inspectors on June 17, 2025 at 10:00 o'clock in the morning at the same address. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the Corporation's authorized signatory.

To avoid inconvenience in registering your attendance at the meeting, please bring valid identification paper(s) containing a photograph and signature, e.g. passport, driver's license.

Taguig City. May 22, 2025.

Atty. Rolando V. Vicerra
Atty. Rolando V. Vicerra
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Sheet
   [✓] Definitive Information Sheet

2. Name of Registrant as specified in its Charter: **CTBC BANK (PHILIPPINES) CORP.**

3. Province, country and other jurisdiction or incorporation or organization: **Philippines**

4. SEC Identification Number: **AS9508814A**

5. BIR Tax Identification Code: **004-665-166-000**

6. Address of the Principal Office: **Fort Legend Towers, Third Avenue corner 31st Street, Bonifacio Global City, Taguig City**

   Postal Code: **1634**

7. Registrant's telephone number, including area code: **(632) 8988-9287**

8. Date, time and place of the meeting of security holders:

   DATE: June 26, 2025 (Thursday)
   TIME: 9:30 AM
   VENUE: CTBC Bank HR Training Room
   22nd Floor, Fort Legend Tower, 31st Street corner 3rd Avenue,
   Bonifacio Global City, Taguig City 1634, Philippines

9. Approximate date of which the Information Statement is to be first sent or given to security holders: ***June 4, 2025***

10. Securities registered pursuant to Sections 4 and 8 of the RSA:

    a. Authorized Capital Stock PhP4,000,000,000
       Common Shares 400,000,000 (PhP10.00 par value)

    b. Number of Shares Outstanding as of April 30, 2025:
       Common Shares 348,307,202 shares

    c. Amount of Debt Outstanding as of December 31, 2024
       (Total liabilities including deposits, bills payable, accrued expenses, etc.)
       PhP78,891,036,969.

11. Are any of the registrant's securities listed in the Philippine Stock Exchange?

    _________ Yes ____✓____ No

TABLE OF CONTENTS

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

WE ARE NOT ASKING FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

Item 1. *Date, Time and Place of Meeting of Security Holders.*

(a) Date : **June 26, 2025**
Time : **9:30 a.m.**
Place : **CTBC Bank HR Training Room**
22nd Floor, Fort Legend Tower, 31st Street corner 3rd Avenue, Bonifacio Global City, Taguig City 1634, Philippines

Principal Office: **Fort Legend Towers, Third Avenue corner 31st Street, Bonifacio Global City, Taguig City.**

(b) **APPROXIMATE DATE OF WHICH THE INFORMATION STATEMENT IS TO BE FIRST SENT OR GIVEN TO SECURITY HOLDERS: *June 4, 2025***

Item 2. *Dissenter's Right of Appraisal*

There is no matter that will be taken up at the meeting that will give rise to a possible exercise by security holders of their appraisal rights. However, in the instances mentioned by the Revised Corporation Code of the Philippines, the stockholders of the Bank have the right of appraisal provided that the procedures and the requirements of Title X thereof governing the exercise of appraisal right is complied with.

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

(a) There is no substantial interest, direct or indirect, by security holdings or otherwise, of any director or officer of CTBC Bank (Philippines) Corp. ("Bank" or "Corporation" or "Issuer" or "Registrant" for brevity).

(b) The Bank is not aware of any director or security holder who intends to oppose any action to be taken by the registrant during the stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. *Voting Securities and Principal Holders Thereof*

(a) Number of Shares Outstanding as of April 30, 2025:

Common Shares:	348,307,202 shares
Number of Votes Entitled:	**one (1) vote per share**

(b) **All stockholders of record at the close of business hours on May 23, 2025 are entitled to notice and to vote at the Annual Stockholders' Meeting.**

A copy of this SEC Form 20-IS shall likewise be distributed to stockholders of record as of **May 23, 2025** upon advice from our stock transfer agent.

(c) **Nomination and Election of Directors and Manner of Voting**

(1) In compliance with Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code (SRC), the Bank adopted in its By-Laws and Manual on Corporate Governance the requirement that the Bank's Nomination, Remuneration and Governance Committee (NRGC) shall review and evaluate the qualifications of all persons nominated to the Board as well as those other persons requiring the appointment by the Board of Directors [Article V Section 4 of the Amended By-Laws; Section IV.2 of the Manual on Corporate Governance].

(2) With respect to the election of directors, Article II Section 8 of the Amended By-Laws of the Corporation allows the shareholders to vote in person or by proxy and to accumulate their votes. Thus:

> "Section 8. <u>Cumulative Voting for Election of Directors</u> - In accordance with Section 24 of the Corporation Code, at each election for directors, every shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of candidates." [Article II Section 8 of the Amended By-Laws]

(3) On questions or matters submitted during the stockholders' meeting, stockholders are entitled to vote on a "one-vote per one share" basis. Thus:

> "Section 7. Voting of Shares in General - At each meeting of the stockholders, every stockholder entitled to vote on the particular question or matter involved shall be entitled to one (1) vote for each share of stock standing in his name on the books of the Bank at the time of closing of the transfer books for such meeting." [Article II Section 7 of the Amended By-Laws]

(d) **Security Ownership of Certain Record and Beneficial Owners and Management as of April 30, 2025**

1. **Security Ownership of Certain Record and Beneficial Owners of More than 5% as of April 30, 2025:**

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	CTBC Bank Co., Ltd. No. 168 Jingmao 2nd Road, Taipei, Taiwan, R.O.C.	CTBC Bank Co., Ltd.	Taiwanese	347,319,203	99.72%

CTBC Bank Co., Ltd. through a resolution of the Board of Directors, may authorize the Bank's Chairman, Mr. Cheng-Hsin Wang, or such other such person as it may deem fit to exercise the voting power over its shareholdings for and on its behalf.

CTBC Bank Co., Ltd. is wholly owned by CTBC Financial Holding Co., Ltd. (CTBC Holding).

The following are the major stockholders of CTBC Holding as of April 15, 2025:

SHAREHOLDER	PERCENTAGE
Capital Tip Customized Taiwan Select High Dividend Exchange Traded Fund	4.35%
Yi Kao Investment Co., Ltd.	2.38%
Labor Pension Fund	2.18%
CTBC Bank Trust Account for CTBC Financial Holding Employee Welfare Savings Committee	2.11%
CTBC Bank Trust Account for CTBC Financial Holding and the Subsidiaries Employee Stock Ownership Trust	1.89%
Yuanta Taiwan Dividend Plus ETF special account	1.84%
Taishin Bank in custody for Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	1.82%
Bank of Taiwan Co., Ltd.	1.61%
Cathay Life Insurance Co., Ltd.	1.59%
Chuan Wei Investment Co., Ltd.	1.42%

Information on beneficial owners of the corporate stockholders of CTBC Holding and the complete list of the Top 20 stockholders is inaccessible considering that records are located in Taiwan.

2. **Security Ownership of Management as of April 30, 2025:**

a. **Directors**

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Cheng-Hsin Wang	2	Taiwanese	0%
Common	William B. Go	53	Filipino	0%
Common	Eriberto Luis S. Elizaga	1	Filipino	0%
Common	Jen-Wen Liao	1	Taiwanese	0%
Common	Ya-Ling Chiu	1	Taiwanese	0%
Common	Alexander A. Patricio	1	Filipino	0%

Common	Stephen D. Sy	1	Filipino	0%
Common	Luis Y. Benitez, Jr.	1	Filipino	0%

b. **Executive Officers as of April 30, 2025:**

Title of Class	**Name of Beneficial Owner**	**Amount and Nature of Beneficial Ownership**	**Citizenship**	**Percent of Class**
Common	Eriberto Luis S. Elizaga	1	Filipino	0%

c. **Directors and Officers**

The aggregate shareholding of the directors and executive officers amounted to 61 shares of the Bank's total outstanding shares.

3. **Voting Trust Holder of 5% or More**

There are no voting trust holders of 5% or more.

4. **Change in Control**

There is no change in control of the Bank and no change in control has occurred since the beginning of the last fiscal year. Moreover, there is no arrangement which may result in a change of control of the Bank.

Item 5. *Directors and Executive Officers*

(a) Directors and Executive Officers

Name	Nationality	Age	Position	Period Served
Cheng-Hsin Wang	Taiwanese	71	Chairman	Dec. 16, 2021 to present
William B. Go	Filipino	85	Vice-Chairman	Sep. 1995 to present
Eriberto Luis S. Elizaga	Filipino	61	President and CEO	January 1, 2025 to present
Jen-Wen Liao	Taiwanese	58	Director	July 5, 2023 to present
Ya-Ling Chiu	Taiwanese	57	Director	June 27, 2024 to present
Alexander A. Patricio	Filipino	73	Independent Director	Dec. 12, 2018 to present
Stephen D. Sy	Filipino	74	Independent Director	July 25, 2019 to present
Luis Y. Benitez, Jr.	Filipino	77	Independent Director	June 24, 2021 to present

1. Board of Directors

The following are the incumbent members of the Board.

CHENG-HSIN WANG, Taiwanese, has been the Chairman of the Board since December 16, 2021. He obtained his Bachelor of Arts in Public Finance and Taxation degree from the National Chunghsin University, Taiwan, and Master of Science in Public Finance from National Chengchi University, Taiwan. He is currently a Director of Land and Houses Fund Management Co. Ltd., Director of Land and Houses Securities Public Co., Ltd., Consultant of CTBC Financial Holding Co., Ltd., and Instructor in Taiwan Academy of Banking and Finance. He was an Independent Director of Fubon Financial Holdings Co., Ltd. from 2016-2017, Chief Strategy Officer of Yuanta Financial Holding Co., Ltd. from 2014-2016, Chairman of Yuanta Life Insurance Co., Ltd. from 2014-2016, President of Yuanta Financial Holding Co., Ltd. from 2013-2014 and Chief Strategy Officer of Yuanta Financial Holding Co., Ltd. from 2008-2013. He is 71 years old.

WILLIAM B. GO, Filipino, has been the Vice Chairman of the Board since October 15, 2001. He also served as concurrent President & CEO from April 3, 2008 to January 31, 2009. A Certified Public Accountant, he earned his Bachelor of Science degree from the University of the East and a Master of Science in Business Administration degree from the University of Missouri in the United States. He is Chairman of Investors Securities, Inc., Serico, Inc., and Gama Enterprises, Inc.; Chairman and President of The Big Blue Sky Enterprises Inc, and GGS Holdings, Inc.; and holds various directorship positions in other institutions. He was also connected with First National City Bank and China Banking Corp., among others. He served as the President of Philippine Bank of Communication from 1985 to 1995. Mr. Go founded Chinatrust Philippines in 1995, and served as President until October 15, 2001, when he was elected Vice Chairman. He is 86 years old.

ERIBERTO LUIS S. ELIZAGA, Filipino, earned his AB Economics degree from the Ateneo De Manila University. He was appointed as President and CEO of CTBC Bank (Philippines) Corp. on January 1, 2025. Prior to his appointment as President & CEO, he was the Executive Vice President and Head of Institutional Banking Group. His career in the banking industry spans over 30 years. Prior to joining CTBC Bank, he was the Corporate Banking Head of Philippine Bank of Communications (2015) and most recently, East West Banking Corporation (2018). Before joining PBCOM, Luis spent 15 years of his career with Security Bank during which time he held numerous senior leadership roles. He likewise had stints with Standard Chartered Bank (1996), Union Bank of the Philippines (1993) and Philippine Commercial International Bank (1987). Luis is 61 years old.

JEN-WEN LIAO, Taiwanese, is a director who assumed the post on July 05, 2023. He obtained his Master in Business Administration at the School of Business Administration, University of Michigan, USA. He is currently Head of International Credit Risk Management Division, CTBC Bank Co., Ltd., Senior Vice President of Risk Management Department, CTBC Financial Holding Co., Ltd. and Director of Land and Houses Bank Public Company Limited. Prior to joining CTBC Bank, he was Executive Director and Country Credit Officer for Hong Kong/Taiwan, Corporate & Investment Bank of JPMorgan Chase Bank from 2010 to 2019. He also served as Vice President and Deputy Chief Risk Officer, Group Risk Management Taiwan of Royal Bank of Scotland from 2002 to 2010. He is 58 years old.

YA-LING CHIU, Taiwanese, is a director who assumed the post on June 27, 2024. She obtained her Master in Business Administration at University of Minnesota, Twin Cities, USA. She is currently Deputy Chief Executive Officer of Retail Banking of CTBC Bank Co. Ltd., Head of International Retail Banking Group of CTBC Bank Co. Ltd, Head of International Wealth Management Business Division of CTBC Bank Co. Ltd, and Director of Land and Houses Bank Public Company Limited. Prior to joining CTBC Bank, she was Assistant Vice President of Financial Control Department of Citibank from 2000 to 2002 and Vice President of Financial Control Department of ABN AMRO Bank from 1998 to 1999. She is 57 years old.

All the foregoing directors were endorsed by the Nomination, Remuneration and Governance Committee for nomination. Once re-elected, the foregoing shall each hold office from date of elections until the next annual shareholders meeting or until his/her resignation as director unless sooner terminated or removed in accordance with law.

1.1 Trainings and continuing education

The following are the trainings and continuing education attended by the directors who are expected to be nominated at the meeting:

CHENG-HSIN WANG		
TRAININGS IN BANKING AND OTHER RELATED FIELDS	**CONDUCTED BY**	**DATE TAKEN**
JOINT BSP & AMLC SEMINAR ON THE RECENT DEVELOPMENTS IN THE ANTI-MONEY LAUNDERING/COUNTERING TERRORISM AND PROLIFERATION FINANCING (AML/CTPF)	BANKERS INSTITUTE OF THE PHILIPPINES	4/24/2025
THE NATIONAL RETAIL PAYMENT SYSTEM (NRPS) FRAMEWORK AND THE NATIONAL PAYMENT SYSTEMS ACT (NPSA) AND DIGITALIZATION INITIATIVES	BANKERS INSTITUTE OF THE PHILIPPINES	1/28/2025
ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING FUNDAMENTAL COURSE	ANTI MONEY LAUNDERING COUNCIL	7/29/2024
TARGETED FINANCIAL SANCTIONS (TFS) COURSE	ANTI MONEY LAUNDERING COUNCIL	7/19/2024
ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM AND PROLIFERATION FINANCING (AML/CTPF) COURSE FOR BOARD OF DIRECTORS (BOD) AND SENIOR MANAGEMENT (SM)	BANKERS INSTITUTE OF THE PHILIPPINES	6/18/2024
ENTERPRISE RISK MANAGEMENT	BANKERS INSTITUTE OF THE PHILIPPINES	3/22/2024
ROLES, RESPONSIBILITIES AND LIABILITIES OF BOARD DIRECTORS	CENTER FOR GLOBAL BEST PRACTICES	9/11/2023
ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)	BANKERS INSTITUTE OF THE PHILIPPINES	5/16/2023
ANTI-MONEY LAUNDERING/COMBAT TERRORIST FINANCING/COUNTERING PROLIFERATION FINANCING (AML/CTF/CPF)	DANTE T. FUENTES, CPA, CFE, CAMS	2/22/2023
ABCOMP WEBINAR: UPDATES ON INSTITUTIONAL RISK ASSESSMENT AND TARGETED FINANCIAL SANCTIONS	ASSOCIATION OF BANK COMPLIANCE OFFICERS, INC.	7/20/2022
WEBINAR ON ENHANCED CORPORATE GOVERNANCE GUIDELINES	BANKERS INSTITUTE OF THE PHILIPPINES	4/22/2022
ANTI-MONEY LAUNDERING/COMBATING FINANCING OF TERRORISM/COUNTERING PROLIFERATION FINANCING (AML/CFT/CPF)	DANTE T. FUENTES, CPA, CFE, CAMS	3/22/2022
ANTI-MONEY LAUDERING AND COUNTERING TERRORIST	CTBC BANK (PHILIPPINES) CORP.	11/26/2021
NEW DIMENSION AND CHALLENGE	TAIWAN INSTITUTE OF	3/28/2017

OVER THE IMPACT FROM ON-LINE ECONOMY	DIRECTORS	
GLOBAL TREND-RISKS AND OPPORTUNITIES	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	3/24/2017

WILLIAM B. GO		
TRAININGS IN BANKING AND OTHER RELATED FIELDS	**CONDUCTED BY**	**DATE TAKEN**
JOINT BSP & AMLC SEMINAR ON THE RECENT DEVELOPMENTS IN THE ANTI-MONEY LAUNDERING/COUNTERING TERRORISM AND PROLIFERATION FINANCING (AML/CTPF)	BANKERS INSTITUTE OF THE PHILIPPINES	4/24/2025
ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CTF) FUNDAMENTALS COURSE	ANTI-MONEY LAUNDERING COUNCIL	7/29/2024
TARGETED FINANCIAL SANCTIONS (TFS)	ANTI-MONEY LAUNDERING COUNCIL	7/19/2024
ENTERPRISE RISK MANAGEMENT	BANKERS INSTITUTE OF THE PHILIPPINES	6/11/2024
STRATEGIC THINKING FOR BOARD DIRECTORS AND LEADERS	CENTER FOR GLOBAL BEST PRACTICES	11/17/2023
ROLES, RESPONSIBILITIES AND LIABILITIES OF BOARD DIRECTORS	CENTER FOR GLOBAL BEST PRACTICES	9/11/2023
ANTI-MONEY LAUNDERING/COMBAT TERRORIST FINANCING/COUNTERING PROLIFERATION FINANCING (AML/CTF/CPF)	DANTE T. FUENTES, CPA, CFE, CAMS	2/22/2023
IT SECURITY IN BANKING OPERATIONS	BANKERS INSTITUTE OF THE PHILIPPINES	7/21/2022
IT SECURITY IN BANKING OPERATIONS	BANKERS INSTITUTE OF THE PHILIPPINES	7/20/2022
ANTI-MONEY LAUNDERING/COMBATING FINANCING OF TERRORISM/COUNTER PROLIFERATION FINANCING (AML/CFT/CPF)	DANTE T. FUENTES, CPA, CFE, CAMS	3/22/2022
ANNUAL BRIEFING FOR CTBC BANK (PHILIPPINES) CORP. BOARD OF DIRECTORS ON AML/CFT/CPF UPDATES AND TRENDS FOR 2021	CTBC BANK (PHILIPPINES) CORP.	4/13/2021
BSP’S SUPERVISORY ASSESSMENT FRAMEWORK (SAFR)	CTBC BANK (PHILIPPINES) CORP.	10/22/2020
ANNUAL BRIEFING ON PHILIPPINE ANTI-MONEY LAUNDERING / COUNTERING THE FINANCING OF TERRORISM	CTBC BANK (PHILIPPINES) CORP.	8/28/2020

AML UPDATE: PHILIPPINE RISK ASSESSMENT AND EMERGING ANTI-MONEY LAUNDERING / COUNTER TERRORIST FINANCING TRAINING UPDATE IN SOME ASIAN COUNTRIES	CTBC BANK (PHILIPPINES) CORP.	9/19/2019
2019 PRE-STATE OF THE NATION ADDRESS/ECONOMIC AND INFRASTRUCTURE FORUM RE: "GAME CHANGING REFORMS FOR SUSTAINABLE DEVELOPMENT"	BSP/PHILIPPINES	7/1/2019
PHILIPPINES-UNITED STATES TRADE AND INVESTMENT FORUM	AMB. FRANK G. WISNER, MBC / PHILIPPINES	2/18/2019
ANNUAL BRIEFING ON PHILIPPINES ANTI-MONEY LAUNDERING ACT	CTBC BANK (PHILIPPINES) CORP.	9/26/2018
AML UPDATE: PHILIPPINE RISK ASSESSMENT AND EMERGING ANTI-MONEY LAUNDERING / COUNTER TERRORIST FINANCING TRAINING UPDATE IN SOME ASIAN COUNTRIES	CTBC BANK (PHILIPPINES) CORP.	9/26/2018
CHINA'S BELT + ROAD DIPLOMACY IMPLICATION ON GEOPOLITICS, ECONOMIC COOPERATION AND TRADE FRICTION	CITI GROUP (@MAKATI SHANGRILA, PHILIPPINES)	5/1/2018
TRADE AND INVESTMENT FORUM: UNITED STATES-PHILIPPINES BILATERAL TIES IN 2018	MAKATI BUSINESS CLUB (@PENINSULA MANILA, PHILIPPINES)	2/1/2018
GLOBAL OUTLOOK - RIDING ON THE WINDS OF CHANGES	BANK OF SINGAPORE (MAKATI SHANGRILA, PHILIPPINES)	1/1/2018
ANTI-MONEY LAUNDERING ACT	CTBC BANK (PHILIPPINES) CORP.	1/1/2018
FORUM ON GLOBAL GOVERNANCE AND THE WORLD ECONOMY - FEATURING FORMER US SECRETARY OF STATE MADELEINE ALBRIGHT	MANAGEMENT ASSOCIATION OF THE PHILIPPINES /ANC (@HOTEL SOFITEL PHILIPPINE PLAZA MANILA)	7/1/2017
OUTLOOK OF 2017 - MANILA LATE CYCLE STIMULUS: OPPORTUNITIES AMID UNCERTAINTY	CITI GROUP	1/12/2017
ANTI-MONEY LAUNDERING ACT	CTBC BANK (PHILIPPINES) CORP.	1/1/2017
ANTI-MONEY LAUNDERING ACT	CTBC BANK (PHILIPPINES) CORP.	1/1/2016
ANTI-MONEY LAUNDERING ACT	CTBC BANK (PHILIPPINES) CORP.	1/1/2015
ANTI-MONEY LAUNDERING & COUNTERING TERRORIST FINANCING SEMINARS	CTBC BANK (PHILIPPINES) CORP.	8/1/2014
AMLA TRAINING	CHINATRUST (PHILIPPINES) COMMERCIAL BANK	8/1/2013
AMLA TRAINING	CHINATRUST (PHILIPPINES)	8/1/2012

	COMMERCIAL BANK	
AMLA TRAINING	CHINATRUST (PHILIPPINES) COMMERCIAL BANK	8/1/2011
EAST ASIA EXECUTIVE LEADERSHIP	HARVARD UNIVERSITY	5/6/1994
EAST ASIA EXECUTIVE LEADERSHIP	HARVARD UNIVERSITY	5/5/1994
EAST ASIA EXECUTIVE LEADERSHIP	HARVARD UNIVERSITY	5/4/1994
EAST ASIA EXECUTIVE LEADERSHIP	HARVARD UNIVERSITY	5/3/1994
EAST ASIA EXECUTIVE LEADERSHIP	HARVARD UNIVERSITY	5/2/1994
EAST ASIA EXECUTIVE LEADERSHIP	HARVARD UNIVERSITY	5/1/1994

ERIBERTO LUIS S. ELIZAGA		
TRAININGS IN BANKING AND OTHER RELATED FIELDS	**CONDUCTED BY**	**DATE TAKEN**
JOINT BSP & AMLC SEMINAR ON THE RECENT DEVELOPMENTS IN THE ANTI-MONEY LAUNDERING/COUNTERING TERRORISM AND PROLIFERATION FINANCING (AML/CTPF)	BANKERS INSTITUTE OF THE PHILIPPINES, INC.	4/24/2025
THE NATIONAL RETAIL PAYMENT SYSTEM (NRPS) FRAMEWORK AND THE NATIONAL PAYMENT SYSTEMS ACT (NPSA) AND DIGITALIZATION INITIATIVES	BANKERS INSTITUTE OF THE PHILIPPINES, INC.	1/28/2025
2H 2024 Local and Taiwan Laws and Regulations Training	CTBC/COMPLIANCE DEPARTMENT	1/3/2025
2024 BANK SECURITY AND SAFETY TRAINING	CTBC/HUMAN RESOURCE AND ADMINISTRATION	1/3/2025
2024 OPERATIONAL RISK MANAGEMENT	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT	1/3/2025
2024 LOCAL AND PARENT BANK INCIDENTS AND EVENTS	CTBC/COMPLIANCE DEPARTMENT	12/20/2024
2024 ENVIRONMENTAL SOCIAL AND GOVERNANCE (ESG) TRAINING	CTBC/HUMAN RESOURCE AND ADMINISTRATION (PROPONENT: EWRM)	10/28/2024
2024 ANNUAL COMPLIANCE TRAINING	CTBC/COMPLIANCE DEPARTMENT	10/17/2024
2024 FRAUD RISK AWARENESS AND WHISTLE BLOWING ONLINE REFRESHER COURSE	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT & FRAUD MANAGEMENT UNIT	10/4/2024
BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) SERIES 2 - INFORMATION SECURITY AND DATA PRIVACY	CTBC/INFORMATION SECURITY	9/4/2024
2024 ANTI-MONEY LAUNDERING/COUNTERING THE FINANCING OF TERRORISM/PROLIFERATION FINANCING TRAINING	CTBC/COMPLIANCE DEPARTMENT	8/7/2024
MANDATORY SAFETY AND HEALTH SEMINAR FOR EMPLOYEES (MESH)	CTBC/HUMAN RESOURCE AND ADMINISTRATION	7/10/2024

2024 NPL LESSON LEARNED SESSION	CTBC/INSTITUTIONAL CREDIT MANAGEMENT GROUP	7/10/2024
1H 2024: LOCAL AND TAIWAN LAWS AND REGULATIONS	CTBC/COMPLIANCE DEPARTMENT	7/9/2024
2024 BANK'S PRODUCTS AND SERVICES	CTBC/HUMAN RESOURCE AND ADMINISTRATION	5/21/2024
2024 REPUTATIONAL RISK MANAGEMENT	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT	5/21/2024
BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) SERIES 1 - BUSINESS CONTINUITY	CTBC/INFORMATION SECURITY	4/16/2024
2024 FRAUD PREVENTION SEMINAR	CTBC/FRAUD MANAGEMENT UNIT	3/20/2024
2024 CODE OF PROFESSIONAL RESPONSIBILITY (CPR) AND KNOW-YOUR-EMPLOYEE (KYE)	CTBC/HUMAN RESOURCE AND ADMINISTRATION	3/14/2024
2024 FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) TRAINING	CTBC/COMPLIANCE DEPARTMENT	2/14/2024
FUTURE OF WORK: REVOLUTIONIZING CUSTOMER EXPERIENCE THROUGH INNOVATION	TATA CONSULTANCY SERVICES	2/7/2024
2023 BANK SECURITY AND SAFETY ONLINE TRAINING	CTBC/HUMAN RESOURCE AND ADMINISTRATION (PROPONENT: SECURITY)	1/30/2024
2H 2023 LOCAL AND PARENT BANK TAIWAN LAWS AND REGULATION	CTBC/COMPLIANCE	1/16/2024
2023 CTBC AND WHARTON PROGRAM: LEADING ORGANIZATIONAL CHANGE	CTBC BANK CO., LTD./WHARTON BUSINESS SCHOOL	12/11/2023
2023 ANNUAL COMPLIANCE TRAINING	CTBC/COMPLIANCE DEPARTMENT	11/10/2023
2023 SELF-INSPECTION TRAINING	CTBC/COMPLIANCE DEPARTMENT	11/10/2023
2023 BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) Q2A - DATA PRIVACY, SOCIAL MEDIA AND CLEAN DESK POLICY	CTBC/INFORMATION SECURITY	11/8/2023
2023 BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) Q3 PHYSICAL SECURITY AND ADVANCE PHISHING AWARENESS	CTBC/INFORMATION SECURITY	10/6/2023
2023 FRAUD RISK AWARENESS AND WHISTLEBLOWING ONLINE REFRESHER COURSE	CTBC/ENTERPRISE-WIDE RISK MANAGEMENT	9/13/2023
2023 ANTI-MONEY LAUNDERING/COUNTERING THE FINANCING OF TERRORISM/PROLIFERATION FINANCING TRAINING	CTBC/COMPLIANCE DEPARTMENT	7/31/2023
2023 BUSINESS CONTINUITY AND	CTBC/INFORMATION	7/19/2023

INFORMATION SECURITY AWARENESS (BISA) Q2B - BUSINESS CONTINUITY PLAN - PANDEMIC - PASSWORD	SECURITY	
1H 2023 LOCAL AND PARENT BANK TAIWAN LAWS AND REGULATIONS	CTBC/COMPLIANCE DEPARTMENT	7/3/2023
1H 2023 LOCAL AND PARENT BANK INCIDENTS AND EVENTS TRAINING PROGRAM	CTBC/COMPLIANCE DEPARTMENT	6/7/2023
2023 OPERATIONAL RISK MANAGEMENT UPDATE	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT	5/29/2023
ENVIRONMENTAL, SOCIAL AND GOVERNANCE ONLINE TRAINING	CTBC/HUMAN RESOURCE AND ADMINISTRATION	5/12/2023
INFORMATION AND CYBER SECURITY AWARENESS & CERTIFICATION (BISA Q1)	CTBC/INFORMATION SECURITY	3/29/2023
MANDATORY EIGHT-HOUR SAFETY AND HEALTH (MESH) SEMINAR	BESO SAFETY TRAININGS AND CONSULTANCY SERVICES	3/22/2023
2023 RELATED PARTY TRANSACTIONS TRAINING	CTBC/COMPLIANCE	3/20/2023
2023 REPUTATIONAL RISK MANAGEMENT (RRM) REFRESHER COURSE	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT DEPARTMENT	2/17/2023
FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)	CTBC/COMPLIANCE DEPARTMENT	2/8/2023
ANNUAL COMPLIANCE TRAINING (COMPLIANCE AWARENESS, CORPORATE GOVERNANCE, BUSINESS ETHICS)	CTBC/COMPLIANCE DEPARTMENT	1/27/2023
BANK SECURITY AND SAFETY AWARENESS ONLINE COURSE	CTBC/HUMAN RESOURCE AND ADMINISTRATION	1/23/2023
2H 2022 LOCAL AND TAIWAN LAWS AND REGULATIONS	CTBC/COMPLIANCE DEPARTMENT	1/11/2023
OUTSOURCING POLICY	CTBC/HUMAN RESOURCE AND ADMINISTRATION	12/6/2022
2H 2022: LOCAL AND PARENT BANK INCIDENTS/EVENTS TRAINING PROGRAM (INCIDENT HANDLING AND OVERSEAS MAJOR INCIDENTS/EVENTS (MIE) TRAINING PROGRAM)	CTBC/COMPLIANCE DEPARTMENT	12/2/2022
WHARTON: INNOVATION STRATEGY IN NEW MARKETS	CTBC BANK CO., LTD./WHARTON BUSINESS SCHOOL	11/17/2022
2022 SELF-INSPECTION	CTBC/COMPLIANCE DEPARTMENT	10/21/2022
2022 ANTI-MONEY LAUNDERING / COUNTERING FINANCING OF TERRORISM	CTBC/COMPLIANCE DEPARTMENT	9/30/2022
BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) Q3B 2022-PHYSICAL SECURITY AND ADVANCED SPEAR PHISHING	CTBC/INFORMATION SECURITY	9/30/2022

BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) Q3B 2022-PHYSICAL SECURITY AND ADVANCED SPEAR PHISHING	CTBC/INFORMATION SECURITY	9/9/2022
STRESS AND TIME MANAGEMENT COURSE	CTBC/HUMAN RESOURCE AND ADMINISTRATION	9/9/2022
BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) Q3A 2022-BUSINESS CONTINUITY, PANDEMIC AND PASSWORD	CTBC/INFORMATION SECURITY	7/15/2022
1ST TERM 2022 TAIWAN LAWS AND REGULATIONS	CTBC/COMPLIANCE DEPARTMENT	7/7/2022
1ST TERM 2022 OVERSEAS MAJOR INCIDENTS/EVENTS TRAINING PROGRAM (OMTP)	CTBC/COMPLIANCE DEPARTMENT	6/29/2022
2022 CONSUMER PROTECTION CERTIFICATE	CTBC/HUMAN RESOURCE AND ADMINISTRATION	6/20/2022
2022 RELATED PARTY TRANSACTIONS TRAINING	CTBC/COMPLIANCE	5/31/2022
BANK'S PRODUCTS AND SERVICES	CTBC/HUMAN RESOURCE AND ADMINISTRATION	5/17/2022
2022 OPERATIONAL RISK MANAGEMENT	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT	5/17/2022
2022 FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)	CTBC/COMPLIANCE DEPARTMENT	5/16/2022
2022 CODE OF PROFESSIONAL RESPONSIBILITY (CPR) RECOMMITMENT	CTBC/HUMAN RESOURCE AND ADMINISTRATION	5/12/2022
BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) Q2 2022-DATA PRIVACY-SOCIAL MEDIA POLICY-CLEAN DESK POLICY	CTBC/INFORMATION SECURITY	4/21/2022
BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) Q1 2022-INFORMATION AND CYBERSECURITY CERTIFICATION	CTBC/INFORMATION SECURITY	3/28/2022
MALASAKIT IN THE WORKPLACE	CTBC/HUMAN RESOURCE AND ADMINISTRATION	3/17/2022
2022 REPUTATIONAL RISK MANAGEMENT ANNUAL REFRESHER COURSE	CTBC/ENTERPRISE-WIDE RISK MANAGEMENT	2/21/2022
CREDITS ANALYSIS COURSE 1	CTBC BANK CO., LTD.	2/16/2022
MEETING THE REGULATORY OBLIGATIONS AND PREVENTING THE NEGATIVE IMPACTS OF MONEY LAUNDERING (ML) AND TERRORIST FINANCING (TF) TRAINING	CTBC/COMPLIANCE DEPARTMENT	2/10/2022
2022 INCIDENT HANDLING AND REPORTING ONLINE TRAINING	CTBC/COMPLIANCE DEPARTMENT	2/3/2022
2ND TERM 2021 TAIWAN LAWS AND REGULATIONS	CTBC/COMPLIANCE DEPARTMENT	1/17/2022
MENTORING OVERVIEW	CTBC/INSTITUTIONAL	11/12/2021

WORKSHOP	CREDIT MANAGEMENT	
PROCESS AND GUIDELINES TO ADDRESS PARENT BANK AUDIT AND RISK INSPECTION FINDINGS (SESSION 2-SUPPORTING INFORMATION IN REQUESTS FOR MODIFICATION FOR ANNUAL REVIEW DUE DATE EXTENSION, CREDIT EVALUATION, AND INVESTIGATION MANUAL, GUIDELINES FOR DIRECT/LENDING TO MAINLAND CHINA)	CTBC/INSTITUTIONAL CREDIT MANAGEMENT	11/12/2021
PROCESS AND GUIDELINES TO ADDRESS PARENT BANK AUDIT AND RISK INSPECTION FINDINGS (SESSION 1-EARLY WARNING MANAGEMENT AND GUIDELINES ON INTERIM REVIEW)	CTBC/INSTITUTIONAL CREDIT MANAGEMENT	11/5/2021
2021 CONSUMER PROTECTION ONLINE TRAINING	CTBC/HUMAN RESOURCE AND ADMINISTRATION	10/28/2021
INCIDENT HANDLING AND REPORTING TRAINING	CTBC/COMPLIANCE DEPARTMENT	10/8/2021
SCALING VENTURES: PRACTICING PLAYBOOK FOR PROFITABLE GROWTH	CTBC BANK CO., LTD./WHARTON BUSINESS SCHOOL	10/6/2021
2021 ANTI-MONEY LAUNDERING/COUNTERING FINANCING OF TERRORISM TRAINING (REUTERS)	CTBC/COMPLIANCE DEPARTMENT	9/29/2021
2021 BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS	CTBC/INFORMATION SECURITY	9/26/2021
OVERVIEW OF COACHING (MANCOM LEVEL) WORKSHOP (SEPTEMBER 23 AND 27, 2021)	INTERNATIONAL BENCHMARK CONSULTING NETWORK, INC.	9/23/2021
2021 FRAUD RISK MANAGEMENT AND WHISTLEBLOWING REFRESHER	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT DEPARTMENT	9/15/2021
2021 ANNUAL COMPLIANCE TRAINING	CTBC/COMPLIANCE DEPARTMENT	9/7/2021
2021 1ST TERM TAIWAN LAWS AND REGULATIONS	CTBC/COMPLIANCE DEPARTMENT	9/7/2021
2020 CTBC BANK SELF-INSPECTION/SELF-EVALUATION TRAINING	CTBC/COMPLIANCE DEPARTMENT	9/5/2021
2021 ANTI-MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM ONLINE TRAINING	CTBC/COMPLIANCE DEPARTMENT	7/13/2021
2021 OPERATION RISK MANAGEMENT (ORM) ONLINE TRAINING	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT	5/25/2021
2021 CTBC BANK SELF-INSPECTION TRAINING	CTBC/COMPLIANCE	3/30/2021
MEDIA/SPOKESPERSON TRAINING WORKSHOP	JJH VENTURES, INC.	3/3/2021

2021 REPUTATIONAL RISK MANAGEMENT COURSE ANNUAL REFRESHER	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT	2/17/2021
ACHIEVING EXCELLENCE IN CUSTOMER SERVICE	CTBC/HUMAN RESOURCE AND ADMINISTRATION	2/11/2021
FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)	CTBC/COMPLIANCE DEPARTMENT	2/4/2021
CRIMES AND LOSSES	CTBC/COMPLIANCE DEPARTMENT	2/3/2021
FRAUD RISK AWARENESS AND WHISTLE-BLOWING	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT DEPARTMENT	11/19/2020
CTBC CORE VALUES: WORK ATTITUDE AND VALUES ENHANCEMENT	CTBC/HUMAN RESOURCE AND ADMINISTRATION	11/18/2020
NEW TALENT ORIENTATION PROGRAM (COMPANY BACKGROUND, EMPLOYEE POLICIES, PERFORMANCE APPRAISAL, SAFETY AND SECURITY, COMPENSATION AND BENEFITS, CORE VALUES AND CORPORATE IMAGE)	CTBC/HUMAN RESOURCE AND ADMINISTRATION	11/18/2020
BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA 101)	CTBC/INFORMATION SECURITY	11/18/2020
OPERATIONAL RISK MANAGEMENT	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT DEPARTMENT	11/18/2020
BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA 2020) AND CERTIFICATION	CTBC/INFORMATION SECURITY	11/18/2020
OPERATIONAL RISK MANAGEMENT	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT DEPARTMENT	11/18/2020
1ST TERM: TAIWAN LAWS AND REGULATIONS	CTBC/COMPLIANCE DEPARTMENT	10/20/2020
TAIWAN LAWS AND REGULATIONS	CTBC/COMPLIANCE DEPARTMENT	10/20/2020
EMPLOYEE COMPLIANCE RESPONSIBILITIES	CTBC/COMPLIANCE DEPARTMENT	10/15/2020
BUSINESS ETHICS	CTBC/COMPLIANCE DEPARTMENT	10/15/2020
CORPORATE GOVERNANCE	CTBC/COMPLIANCE DEPARTMENT	10/15/2020
CRIMES AND LOSSES	CTBC/COMPLIANCE DEPARTMENT	10/15/2020
ANTI-MONEY LAUNDERING AND COUNTER TERRORIST FINANCING (AMLA & CTF)	CTBC/COMPLIANCE DEPARTMENT	10/9/2020
REPUTATIONAL RISK	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT	10/6/2020

	DEPARTMENT	
STRATEGIC TRANSFORMATION	CTBC BANK CO., LTD./WHARTON BUSINESS SCHOOL	9/22/2020

JEN-WEN LIAO		
TRAININGS IN BANKING AND OTHER RELATED FIELDS	**CONDUCTED BY**	**DATE TAKEN**
JOINT BSP & AMLC SEMINAR ON THE RECENT DEVELOPMENTS IN THE ANTI-MONEY LAUNDERING/COUNTERING TERRORISM AND PROLIFERATION FINANCING (AML/CTPF)	BANKERS INSTITUTE OF THE PHILIPPINES	4/24/2025
ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CTF) FUNDAMENTALS COURSE	ANTI-MONEY LAUNDERING COUNCIL	7/29/2024
TARGETED FINANCIAL SANCTIONS (TFS)	ANTI-MONEY LAUNDERING COUNCIL	7/25/2024
ENTERPRISE RISK MANAGEMENT	CENTER FOR GLOBAL BEST PRACTICES	6/4/2024
RE-ENGINEERING THE BUSINESS IMPACT ANALYSIS & RISK ASSESSMENT "PATH TO A GOOD BUSINESS CONTINUITY PLAN"	BANKERS INSTITUTE OF THE PHILIPPINES	4/17/2024
ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CTF) FUNDAMENTALS COURSE	ANTI-MONEY LAUNDERING COUNCIL	12/12/2023
ROLES, RESPONSIBILITIES AND LIABILITIES OF BOARD DIRECTORS	CENTER FOR GLOBAL BEST PRACTICES	9/11/2023
BEST PRACTICES OF EFFECTIVE BOARDS	CENTER FOR GLOBAL BEST PRACTICES	8/16/2023
CORPORATE GOVERNANCE ORIENTATION PROGRAM	INSTITUTE OF CORPORATE DIRECTORS	6/7/2023
CORPORATE GOVERNANCE ORIENTATION PROGRAM	INSTITUTE OF CORPORATE DIRECTORS	6/6/2023
CORPORATE GOVERNANCE	ALDRICH AND BONNEFIN PLC	12/12/2022
ANTI-MONEY LAUNDERING AND COUNTER TERRORIST FINANCING	CTBC BANK CO., LTD. (TAIWAN)	10/19/2022
WHARTON MANAGEMENT DEVELOPMENT PROGRAM	WHARTON BUSINESS SCHOOL	9/16/2022
DERIVATIVES PRODUCT TRAINING	TAIWAN ACADEMY FOR BANKING AND FINANCE	5/13/2022
PERSONAL DATA PROTECTION AND INFORMATION SECURITY AWARENESS	CTBC BANK CO., LTD. (TAIWAN)	4/13/2021
VOLCKER RULES	CTBC BANK CO., LTD. (TAIWAN)	10/16/2020
EQUATOR PRINCIPLE	CTBC BANK CO., LTD. (TAIWAN)	8/19/2019
MARKET RISK FOR NON-MARKET RISK PROFESSIONALS	JPMORGAN CHASE BANK	9/1/2013

YA-LING CHIU		
TRAININGS IN BANKING AND OTHER RELATED FIELDS	**CONDUCTED BY**	**DATE TAKEN**
JOINT BSP & AMLC SEMINAR ON THE RECENT DEVELOPMENTS IN THE ANTI-MONEY LAUNDERING/COUNTERING TERRORISM AND PROLIFERATION FINANCING (AML/CTPF)	BANKERS INSTITUTE OF THE PHILIPPINES	4/24/2025
LEGAL LIABILITIES AND PROCEEDINGS AFFECTING BANKS AND THEIR DIRECTORS AND OFFICERS (FROM A REGULATOR'S PERSPECTIVE)	BANKERS INSTITUTE OF THE PHILIPPINES	3/19/2025
THE STATE OF THE BANK SECRECY LAWS IN THE PHILIPPINES	BANKERS INSTITUTE OF THE PHILIPPINES	11/26/2024
TARGETED FINANCIAL SANCTIONS (TFS)	ANTI-MONEY LAUNDERING COUNCIL	7/25/2024
ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CTF) FUNDAMENTALS COURSE	ANTI-MONEY LAUNDERING COUNCIL	7/22/2024
ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM AND PROLIFERATION FINANCING (AML/CTPF) COURSE FOR BOARD OF DIRECTORS (BOD) AND SENIOR MANAGEMENT (SM)	BANKERS INSTITUTE OF THE PHILIPPINES	6/18/2024
CORPORATE GOVERNANCE ORIENTATION PROGRAM	INSTITUTE OF CORPORATE DIRECTORS	4/24/2024
CORPORATE GOVERNANCE ORIENTATION PROGRAM	INSTITUTE OF CORPORATE DIRECTORS	4/23/2024
LEADING ORGANIZATIONAL CHANGE	WHARTON BUSINESS SCHOOL	8/23/2023
CORPORATE GOVERNANCE-THE PRACTICE OF BOARD OF DIRECTORS & SUPERVISORS	TAIWAN ACADEMY OF BANKING AND FINANCE	2/23/2021
CORPORATE GOVERNANCE-THE PRACTICE OF BOARD OF DIRECTORS & SUPERVISORS	TAIWAN ACADEMY OF BANKING AND FINANCE	9/2/2020
CORPORATE GOVERNANCE SERIES FORUM	TAIWAN ACADEMY OF BANKING AND FINANCE	8/29/2019

1.2 Directors disclosures on self-dealing and Related Party Transactions

For 2023, and to date, none of the foregoing directors have any self-dealing/related party transactions with the Bank directly by themselves.

2. Independent Directors

2.1 Incumbent Independent Directors

The following are the incumbent Independent Directors:

ALEXANDER A. PATRICIO, Filipino, is an independent director who assumed the post on December 12, 2018. He received his Bachelor of Science degree in Industrial Management Engineering from De La Salle University and Master in Business Management from the Asian Institute of Management. He is at present an Independent Director of the Intellicare Group and the Unicapital Group. He is also a Corporation Member of OMF Literature Inc., and a member of the Board of Trustees of Christ's Commission Fellowship Inc. He was Executive Vice President and Chief Risk Officer of Development Bank of the Philippines from 2013-2017; held various positions with ING Bank Philippines as Director/Country Risk Manager from 2012-2013, Director/Head of Corporate Lending from 2011-2012, and Director/Country Risk Manager from 1995-2011; Vice President and Senior Credit Officer/Head, Credit Policy and Risk Management Group of Citytrust Banking Corporation from 1991-1995; Vice President and Senior Risk Manager of Citibank Australia Ltd., Melbourne from 1989-1991; Citibank Philippines, Makati from 1984-1989 and from 1976-1979; and Citibank Philippines-Cebu from 1979-1984. He is 73 years old.

STEPHEN D. SY, Filipino, is an independent director, who was elected to the Board on July 25, 2019. He obtained his Master of Science in Management from Stanford University, U.S.A. and his Bachelor of Science in Industrial Engineering from the University of the Philippines. He is currently President and CEO of the following companies: Focus Global Inc. from 1991 to present, SLA Prime Ventures Corp. from 2007 to present, and Focus Palantir Inc. from 2012 to present. He is also the President of Lian Hong Co., Inc. starting July 2021 to present. He is also Chairman and President of the following corporations: Focus Venture Corp. from October 17, 1996 to present; Stellar Land Corp. from March 29, 1993 to present; Happy Estates International Inc. from May 10, 1990 to present. He is 74 years old.

LUIS Y. BENITEZ, JR., Filipino, is an independent director of the Bank, who was elected to the Board on June 24, 2021. He obtained his Master's Degree in Business Administration at Stern School of Business New York University, U.S.A. He is a graduate of Pacific Rim Bankers Program at University of Washington, U.S.A., and with Bachelor's degree in Business Administration Major in Accounting at University of the Philippines. He is a Certified Public Accountant. He is at present an Independent Trustee of Insular Life Insurance Co. Ltd. He is an Independent Director of Insular Health Care Inc. He is also an Independent Director of Concepcion Industrial Corporation. He is Senior Consultant of SM Investment Corp. He served various positions at SGV & Co., a member Firm of Ernst & Young Global Limited, as Vice Chairman from 2004 to 2007 and Senior Partner from 1978 to 2007. He is 77 years old.

2.2 Final List of Candidates for Independent Director

In accordance with the procedures prescribed in the Securities Regulation Code Rule 38.8, the Bank's Nomination, Remuneration and Governance Committee endorsed Messrs. Alexander A. Patricio (recommended by Ya-Ling Chiu, a director of the Bank), Stephen D. Sy (recommended by Jen-Wen Liao, also a director of the Bank) and Luis Y. Benitez, Jr. (recommended by Alexander A. Patricio, an independent director of the Bank), for nomination as Independent Directors. Mr. Alexander A. Patricio is not related to Ms. Ya-Ling Chiu. Mr. Stephen D. Sy is not related to Jen-Wen Liao and Mr. Luis Y. Benitez, Jr. is not related to Alexander A. Patricio.

These independent directors have met and continue to meet all the qualifications and possess none of the disqualifications of an Independent Director under the Bank's Code of Corporate Governance, Section 38 of the Securities Regulation Code and relevant BSP rules.

The qualifications of Messrs. Alexander A. Patricio, Stephen D. Sy and Luis Y. Benitez, Jr. are as aforestated.

The foregoing is the Final List of Candidates eligible for election as Independent Directors. No further nominations shall be entertained nor allowed on the floor during the actual annual stockholders' meeting pursuant to the 2015 Implementing Rules and Regulations of the Securities Regulations Code Rule 38.8.5.

2.3 Training and continuing education

The following are the trainings and continuing education attended by the foregoing directors who are expected to be nominated as Independent Directors at the meeting:

ALEXANDER A. PATRICIO		
TRAININGS IN BANKING AND OTHER RELATED FIELDS	**CONDUCTED BY**	**DATE TAKEN**
11TH ANNUAL SEC-PSE CORPORATE GOVERNANCE FORUM	SECURITIES AND EXCHANGE COMMISSION AND PHILIPPINE STOCK EXCHANGE	11/28/2024
ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CTF) FUNDAMENTALS COURSE	ANTI-MONEY LAUNDERING COUNCIL	7/29/2024
TARGETED FINANCIAL SANCTIONS (TFS)	ANTI-MONEY LAUNDERING COUNCIL	7/19/2024
ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM AND PROLIFERATION FINANCING (AML/CTPF) COURSE FOR BOARD OF DIRECTORS (BOD) AND SENIOR MANAGEMENT (SM)	BANKERS INSTITUTE OF THE PHILIPPINES	6/18/2024
ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)	BANKERS INSTITUTE OF THE PHILIPPINES	9/21/2023
ANTI-MONEY LAUNDERING/COMBAT TERRORIST FINANCING/COUNTERING PROLIFERATION FINANCING (AML/CTF/CPF)	DANTE T. FUENTES, CPA, CFE, CAMS	2/22/2023
9TH SEC -PSE CORPORATE GOVERNANCE FORUM	SECURITIES AND EXCHANGE COMMISSION	11/25/2022
GRI SUSTAINABILITY STRATEGY AND REPORTING	INSTITUTE OF CORPORATE DIRECTORS	9/9-11/2022
ANTI-MONEY LAUNDERING/COMBATING FINANCING OF TERRORISM/COUNTER PROLIFERATION FINANCING (AML/CFT/CPF)	DANTE T. FUENTES, CPA, CFE, CAMS	3/22/2022
8TH SEC-PSE CORPORATE GOVERNANCE FORUM	SECURITIES AND EXCHANGE COMMISSION	11/19/2021
ANNUAL BRIEFING ON AML/CFT/CPF UPDATES AND TRENDS FOR 2021	CTBC BANK (PHILIPPINES) CORP. - TAGUIG CITY, PHILIPPINES	4/13/2021
ANTI-MONEY LAUNDERING/COUNTER-TERRORIST FINANCING (AML/CTF)	CTBC BANK (PHILIPPINES) CORP. - TAGUIG CITY, PHILIPPINES	2/26/2021
BSP'S SUPERVISORY ASSESSMENT	CTBC BANK (PHILIPPINES)	10/22/2020

FRAMEWORK (SAFR)	CORP. - TAGUIG CITY, PHILIPPINES	
ANNUAL BRIEFING ON PHILIPPINE ANTI-MONEY LAUNDERING / COUNTERING THE FINANCING OF TERRORISM	CTBC BANK (PHILIPPINES) CORP. - TAGUIG CITY, PHILIPPINES	8/28/2020
AML UPDATE: PHILIPPINE RISK ASSESSMENT AND EMERGING ANTI-MONEY LAUDERING / COUNTER TERRORIST FINANCING TRAINING UPDATE IN SOME ASIAN COUNTRIES	CTBC BANK (PHILIPPINES) CORP. - TAGUIG CITY, PHILIPPINES	9/19/2019
ANNUAL BRIEFING ON PHILIPPINES ANTI-MONEY LAUNDERING ACT	CTBC BANK (PHILIPPINES) CORP. - TAGUIG CITY, PHILIPPINES	9/26/2018
AML UPDATE: PHILIPPINE RISK ASSESSMENT AND EMERGING ANTI-MONEY LAUDERING / COUNTER TERRORIST FINANCING TRAINING UPDATE IN SOME ASIAN COUNTRIES	CTBC BANK (PHILIPPINES) CORP. - TAGUIG CITY, PHILIPPINES	9/26/2018
PROFESSIONAL DIRECTORS PROGRAM	INSTITUTE OF CORPORATE DIRECTORS - MAKATI, PHILIPPINES	1/1/2016
CORPORATE GOVERNANCE ORIENTATION PROGRAM	INSTITUTE OF CORPORATE DIRECTORS - MAKATI, PHILIPPINES	11/16/2016
DBP REPRESENTATIVE TO THE ASIAN BANKERS CONFERENCE	ASIAN BANKERS ASSOCIATION - TAIPEI, TAIWAN	1/1/2015
DBP REPRESENTATIVE TO THE ASIAN BANKERS CONFERENCE	ASIAN BANKERS ASSOCIATION - CEBU, PHILIPPINES	1/1/2014
ING REPRESENTATATIVE TO THE ADB ANNUAL CONFERENCE	ASIAN BANKERS ASSOCIATION - MANILA, PHILIPPINES	1/1/2012
ING MARKET RISK CONFERENCE	ING BANK-NETHERLANDS - HUA HIN, THAILAND	1/1/2009
ING EQUATORIAL PRINCIPLES CONFERENCE	ING BANK-NETHERLANDS - HONGKONG	1/1/2008
ING FUNCTIONAL MANAGER PROGRAM, BOSSUM	ING BANK-NETHERLANDS - THE NETHERLANDS	1/1/2007
ING BASEL II CONFERENCE, AMSTERDAM, THE NETHERLANDS	ING BANK-NETHERLANDS - AMSTERDAM, THE NETHERLANDS	1/1/2006
ING CORPORATE CREDIT RISK MANAGEMENT CONFERENCE	ING BANK- SINGAPORE	1/1/2004
CHANGE-ABLE MANAGER PROGRAMME	ING BANK-NETHERLANDS, AMSTERDAM, THE NETHERLANDS	1/1/2003
ING ASIA RISK MANAGEMENT CONFERENCE	ING BANK-KUALA LUMPUR, MALAYSIA	1/1/2002
MODERN APPROACHES TO CREDIT RISK	EUROMONEY - TOKYO, JAPAN	1/1/2001
ING ASIA RISK MANAGEMENT CONFERENCE	ING BANK-SINGAPORE	1/1/2000
ING ADVANCED DERIVATIVES SEMINAR	ING BANK-TOKYO, JAPAN	1/1/2000
INSEAD (FRANCE) - ACHIEVING OUTSTANDING PERFORMANCE PROGRAM	INSEAD - FRANCE	1/1/1999

ING ASIA RISK MANAGEMENT CONFERENCE	ING BANK-THAILAND	1/1/1998
ING RISK MANAGEMENT CONFERENCE	ING BANK - AMSTERDAM, THE NETHERLANDS	1/1/1997
ING ASIA RISK MANAGEMENT CONFERENCE	ING BANK-INDONESIA	1/1/1997
ING ASIA RISK MANAGEMENT CONFERENCE	ING BANK- SINGAPORE	1/1/1996
ING TRADING RISK CONFERENCE AMSTERDAM / LONDON	ING BANK - AMSTERDAM, THE NETHERLANDS	1/1/1996
ING HEAD OFFICE RISK MANAGEMENT PROGRAM, AMSTERDAM	ING BANK - AMSTERDAM, THE NETHERLANDS	1/1/1995
VARIOUS EUROMONEY SEMINARS	EUROMONEY IN HONGKONG, SINGAPORE AND KUALA LUMPUR	1/1/1994
VARIOUS EUROMONEY SEMINARS	EUROMONEY IN HONGKONG, SINGAPORE AND KUALA LUMPUR	1/1/1993
VARIOUS EUROMONEY SEMINARS	EUROMONEY IN HONGKONG, SINGAPORE AND KUALA LUMPUR	1/1/1992
VARIOUS CITIBANK CREDIT/RISK MANAGEMENT/OPERATIONS/ INVESTMENT BANKING SEMINARS	CITIBANK, PHILIPPINES	1/1/1991
VARIOUS EUROMONEY SEMINARS	EUROMONEY IN HONGKONG, SINGAPORE AND KUALA LUMPUR	1/1/1991
VARIOUS CITIBANK CREDIT/RISK MANAGEMENT/OPERATIONS/ INVESTMENT BANKING SEMINARS	CITIBANK, PHILIPPINES	1/1/1990
VARIOUS CITIBANK CREDIT/RISK MANAGEMENT/OPERATIONS/ INVESTMENT BANKING SEMINARS	CITIBANK, PHILIPPINES	1/1/1989
VARIOUS CITIBANK CREDIT/RISK MANAGEMENT/OPERATIONS/ INVESTMENT BANKING SEMINARS	CITIBANK, PHILIPPINES	1/1/1988
VARIOUS CITIBANK CREDIT/RISK MANAGEMENT/OPERATIONS/ INVESTMENT BANKING SEMINARS	CITIBANK, PHILIPPINES	1/1/1987
VARIOUS CITIBANK CREDIT/RISK MANAGEMENT/OPERATIONS/ INVESTMENT BANKING SEMINARS	CITIBANK, PHILIPPINES	1/1/1986
VARIOUS CITIBANK CREDIT/RISK MANAGEMENT/OPERATIONS/ INVESTMENT BANKING SEMINARS	CITIBANK, PHILIPPINES	1/1/1985
VARIOUS CITIBANK CREDIT/RISK MANAGEMENT/OPERATIONS/ INVESTMENT BANKING SEMINARS	CITIBANK, PHILIPPINES	1/1/1984
VARIOUS CITIBANK CREDIT/RISK MANAGEMENT/OPERATIONS/ INVESTMENT BANKING SEMINARS	CITIBANK, PHILIPPINES	1/1/1983
VARIOUS CITIBANK CREDIT/RISK MANAGEMENT/OPERATIONS/ INVESTMENT BANKING SEMINARS	CITIBANK, PHILIPPINES	1/1/1982
VARIOUS CITIBANK CREDIT/RISK MANAGEMENT/OPERATIONS/	CITIBANK, PHILIPPINES	1/1/1981

INVESTMENT BANKING SEMINARS		
VARIOUS CITIBANK CREDIT/RISK MANAGEMENT/OPERATIONS/ INVESTMENT BANKING SEMINARS	CITIBANK, PHILIPPINES	1/1/1980
VARIOUS CITIBANK CREDIT/RISK MANAGEMENT/OPERATIONS/ INVESTMENT BANKING SEMINARS	CITIBANK, PHILIPPINES	1/1/1979

STEPHEN D. SY		
TRAININGS IN BANKING AND OTHER RELATED FIELDS	**CONDUCTED BY**	**DATE TAKEN**
BSP GUIDELINES ON THE IMPLEMENTATION OF THE ENVIRONMENT AND SOCIAL RISK MANAGEMENT (ESRM) SYSTEM	BANKERS INSTITUTE OF THE PHILIPPINES	1/24/2025
DOSRI AND RELATED PARTY TRANSACTIONS (RPT)	BANKERS INSTITUTE OF THE PHILIPPINES	10/10/2024
ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CTF) FUNDAMENTALS COURSE	ANTI-MONEY LAUNDERING COUNCIL	7/22/2024
TARGETED FINANCIAL SANCTIONS (TFS)	ANTI-MONEY LAUNDERING COUNCIL	7/19/2024
CYBERSECURITY GOVERNANCE, RISK, AND COMPLIANCE	BANKERS INSTITUTE OF THE PHILIPPINES	12/15/2023
ANTI-MONEY LAUNDERING/COMBAT TERRORIST FINANCING/COUNTERING PROLIFERATION FINANCING (AML/CTF/CPF)	DANTE T. FUENTES, CPA, CFE, CAMS	2/2/2023
WEBINAR ON ENHANCED CORPORATE GOVERNANCE GUIDELINES	BANKERS INSTITUTE OF THE PHILIPPINES	4/22/2022
ANTI-MONEY LAUNDERING/COMBATING FINANCING OF TERRORISM/COUNTER PROLIFERATION FINANCING (AML/CFT/CPF)	DANTE T. FUENTES, CPA, CFE, CAMS	3/22/2022
THE PHILIPPINES'FATF JOURNER: FROM TECHNICAL COMPLIANCE TO EFFECTIVENESS	ASSOCIATION OF BANK COMPLIANCE OFFICERS, INC.	9/27/2021
BUILDING BETTER BANKERS: FOSTERING A STRONGER KYE PROGRAM	ASSOCIATION OF BANK COMPLIANCE OFFICERS, INC.	7/15/2021
GOVERNANCE CHAMPIONS: HOW INDEPENDENT DIRECTORS CREATE VALUE	MANAGEMENT ASSOCIATION OF THE PHILIPPINES	7/13/2021
ANNUAL BRIEFING ON AML/CFT/CPF UPDATES AND TRENDS FOR 2021	CTBC BANK (PHILIPPINES) CORP.	4/13/2021
BSP'S SUPERVISORY ASSESSMENT FRAMEWORK (SAFR)	CTBC BANK (PHILIPPINES) CORP.	10/22/2020
ANNUAL BRIEFING ON PHILIPPINE ANTI-MONEY LAUNDERING / COUNTERING THE FINANCING OF TERRORISM	CTBC BANK (PHILIPPINES) CORP.	8/28/2020

AML UPDATE: PHILIPPINE NATIONAL RISK AND EMERGING ANTI-MONEY LAUNDERING/COUNTER TERRORIST FINANCING TRENDS UPDATE IN SOME ASIAN COUNTRIES	CTBC BANK (PHILIPPINES) CORP.	9/19/2019
CORPORATE GOVERNANCE PROGRAM FOR DIRECTORS	INSTITUTE OF CORPORATE DIRECTORS/PHILIPPINES	7/10/2019
ASIA-PACIFIC SECURITY RISK TO GROWING REGIONAL TRADE	AUSTRALIAN AMBASSADOR STEVEN ROBINSONS/PHILIPPINES	4/25/2019
SPECIAL ECONOMIC BRIEFING	FINANCE SECRETARY CARLOS DOMINGUEZ III, MBC/PHILIPPINES	2/27/2019
FEAR AND OPPORTUNITY: TRANSFORMING PHILIPPINE BUSINESS	JUSTO ORTIZ, MBC/PHILIPPINES	2/11/2019
INNOVATION	DR. HITENDRA PATEL, MBC/PHILIPPINES	11/6/2018
INVESTMENT COMPETITIVENESS	LILIA DE LIMA, MBC/PHILIPPINES	10/17/2018
BENEFITS AND DISPUTE: PHILIPPINE PARTICIPATION IN CHINA'S BELT AND ROAD	NEDA DIRECTOR GENERAL ERNESTO PERNIA/PHILIPPINES	2/21/2018
TRADE AND INVESTMENT FORUM: US-PHILIPPINES BILATERAL TIES IN 2018	SECRETARY RAMOS LOPEZ, SECRETARY BENJAMIN DIOKNO, GOVERNOR NESTOR ESPENILLA JR., MBC/PHILIPPINES	2/20/2018
2017 ASEAN BUSINESS AND INVESTMENTS SUMMIT	ASEAN BUSINESS ADVISORY COUNCIL/PHILIPPINES	11/12/2017
PHILIPPINE-UK RELATIONS	BRITISH AMBASSADOR DANIEL PRUCE, MBC/PHILIPPINES	11/7/2017
THE PHILIPPINE BANKING INDUSTRY: A DECADE OF SUCCESS AMIDST CHANGES IN POLITICAL AND GLOBAL ECONOMIC LANDSCAPES	BSP GOVERNOR AMANDO TETANGCO JR., JOINT BAP-MBC/PHILIPPINES	5/24/2017
A NEW ERA OF PHILIPPINES-JAPAN RELATIONS	JAPANESE AMBASSADOR KAZUHIDE ISHIKAWA, MBC/PHILIPPINES	3/24/2017
US-PHILIPPINES RELATIONS	US AMBASSADOR SUNG KIM, MBC/PHILIPPINES	1/31/2017
10-POINT ECONOMIC AGENDA OF THE INCOMING DUTERTE ADMINISTRATION	NEDA DIRECTOR GENERAL ERNESTO PERNIA/PHILIPPINES	6/23/2016

LUIS Y. BENITEZ, JR.		
TRAININGS IN BANKING AND OTHER RELATED FIELDS	**CONDUCTED BY**	**DATE TAKEN**
THE NATIONAL RETAIL PAYMENT SYSTEM (NRPS) FRAMEWORK AND THE NATIONAL PAYMENT SYSTEMS ACT (NPSA) AND DIGITALIZATION INITIATIVES	BANKERS INSTITUTE OF THE PHILIPPINES	1/28/2025
AMLC REGISTRATION AND REPORTING GUIDELINES (ARRG)	ANTI-MONEY LAUNDERING COUNCIL	8/28/2024

COURSE		
2024 CORPORATE GOVERNANCE SEMINAR	INSTITUTE OF CORPORATE DIRECTORS	8/27/2024
TARGETED FINANCIAL SANCTIONS (TFS)	ANTI-MONEY LAUNDERING COUNCIL	8/23/2024
ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CTF) FUNDAMENTALS COURSE	ANTI-MONEY LAUNDERING COUNCIL	8/20/2024
CRISIS MANAGEMENT	BANKERS INSTITUTE OF THE PHILIPPINES	5/21/2024
BEST PRACTICES OF EFFECTIVE BOARDS	CENTER FOR GLOBAL BEST PRACTICES	8/16/2023
ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)	BANKERS INSTITUTE OF THE PHILIPPINES	5/16/2023
ANTI-MONEY LAUNDERING/COMBAT TERRORIST FINANCING/COUNTERING PROLIFERATION FINANCING (AML/CTF/CPF)	DANTE T. FUENTES, CPA, CFE, CAMS	2/22/2023
ABCOMP WEBINAR: UPDATES ON INSTITUTIONAL RISK ASSESSMENT AND TARGETED FINANCIAL SANCTIONS	ASSOCIATION OF BANK COMPLIANCE OFFICERS, INC.	7/20/2022
2022 ANNUAL CORPORATE GOVERNANCE SEMINAR	BDO UNIBANK, INC.	7/20/2022
ANTI-MONEY LAUNDERING/COMBATING FINANCING OF TERRORISM/COUNTER PROLIFERATION FINANCING (AML/CTF/CPF) BRIEFING	DANTE T. FUENTES, CPA,CFE,CAMS	3/22/2022
DISTINGUISHED CORPORATE GOVERNANCE SPEAKER SERIES - INSTUTUTE OF CORPORATE DIRECTORS ZIMBABWE	INSTITUTE OF CORPORATE DIRECTORS	9/17/2021
DISTINGUISHED CORPORATE GOVERNANCE SPEAKER SERIES - INSTUTUTE OF CORPORATE DIRECTORS MALAYSIA	INSTITUTE OF CORPORATE DIRECTORS	9/10/2021
DISTINGUISHED CORPORATE GOVERNANCE SPEAKER SERIES - SINGAPORE INSTUTUTE OF CORPORATE DIRECTORS	INSTITUTE OF CORPORATE DIRECTORS	9/3/2021
MAP GENERAL MEMBERSHIP MEEETING ON "GOVERNANCE CHAMPIONS: HOW INDEPENDENT DIRECTORS CREATE VALUE"	MANAGEMENT ASSOCIATION OF THE PHILIPPINES	7/13/2021
ANTI-MONEY LAUNDERING AND COUNTERING TERRORIST FINANCING (AML/CTF) BRIEFING	CTBC BANK (PHILIPPINES) CORP.	6/11/2021
2020 CORPORATE GOVERNANCE SEMINAR: BUSINESS RESILIENCY AND SUSTAINABILITY IN THE NEW NORMAL	INSTITUTE OF CORPORATE DIRECTORS	12/2/2020
CORPORATE GOVERNANCE TRAINING	INSTITUTE OF CORPORATE DIRECTORS	10/23/2020

AMLA TRAINING	BANGKO NG KABUHAYAN (RURAL BANK)	1/20/2020
CORPORATE GOVERNANCE TRAINING	INSTITUTE OF CORPORATE DIRECTORS	8/15/2019
CORPORATE GOVERNANCE TRAINING	INSTITUTE OF CORPORATE DIRECTORS	9/6/2018
CORPORATE GOVERNANCE TRAINING	INSTITUTE OF CORPORATE DIRECTORS	12/14/2017

2.4 Independent Directors disclosures on self-dealing and Related Party Transactions

For 2023, and to date, none of the foregoing directors have any self-dealing/related party transactions with the Bank directly by themselves.

3. Brief Description of Material Legal Proceedings to which the Bank or Its Subsidiary is a Party

Except for cases or proceedings, which are incidental to its business such as suits for sum of money, foreclosures, writs of possession, employee relations, and other cases arising from loan transactions and operations, the Bank has no material pending legal proceedings for or against it.

Neither is the Bank aware of any material proceedings to be contemplated by government authorities or any other entity.

4. Executive Officers

The following are the Bank's executive officers:

ERIBERTO LUIS S. ELIZAGA, Filipino, earned his AB Economics degree from the Ateneo De Manila University. He was appointed as President and CEO of CTBC Bank (Philippines) Corp. on January 1, 2025. Prior to his appointment as President & CEO, he was the Executive Vice President and Head of Institutional Banking Group. His career in the banking industry spans over 30 years. Prior to joining CTBC Bank, he was the Corporate Banking Head of Philippine Bank of Communications (2015) and most recently, East West Banking Corporation (2018). Before joining PBCOM, Luis spent 15 years of his career with Security Bank during which time he held numerous senior leadership roles. He likewise had stints with Standard Chartered Bank (1996), Union Bank of the Philippines (1993) and Philippine Commercial International Bank (1987). Luis is 61 years old.

NENGSHIH WANG, a.k.a. Arthur Wang, Taiwanese, joined CTBC Bank (Philippines) Corp. as Deputy Chief Executive Officer on July 24, 2019. He was previously with Sydney Representative Office of CTBC Bank Co. Ltd where he was Chief Representative. Prior to his assignment in Australia, Arthur held several positions at CTBC Bank Co. Ltd., most recently as SVP and Head of SME Marketing Department. He also brings in extensive experience in Debt Capital Markets from his position as Director of ABN AMRO Bank N.V. (Taipei Branch). Arthur holds a Business Administration degree in Transportation and Communication Management from National Cheng Kung University as well as a Master's degree in Business Administration from University of Wisconsin-Madison. He is 58 years old.

JEREVEN B. ADRIANO, Filipino, earned his Bachelor of Science in Entrepreneurial Management degree from Polytechnic University of the Philippines. He re-joined CTBC

Bank Philippines on September 4, 2020, as First Vice President and Head of Information Technology Group and was promoted to Senior Vice President on February 01, 2022. He has more than 25 years of working experience from different banking institutions. His banking career started when he joined Metropolitan Bank and Trust Company (1995), followed by his stint with MBTC Technology Inc. (2002). He was assigned in various roles of increasing responsibility from Business Analyst to Senior Business Analyst and eventually Department Head. He joined Maybank Philippines Inc. where he served as the IT Lead for Community Financial Services Regional Programs (2012) and Business Analysis and Support Department Head (2014). In 2016, he joined PNB Savings Bank as Information Technology Division Head. Prior to joining CTBC Bank in 2020, he was the Deputy Information Technology Group Head and Applications Development and Support Division Head of Philippine National Bank. He is 52 years old.

LOLITO RAMON A. CERRER, JR., a.k.a. Jun Cerrer, Filipino, earned his AB Philosophy degree from the Ateneo De Manila University. In April 2017, he was appointed as the Senior Vice President and Consumer Finance Sales Unsecured Head. Prior to joining CTBC Bank, he was the Head of Personal Loans of Security Bank, a role he performed for five years. He likewise had stints at Philippine Savings Bank, APEX Distributors Inc., Metrovet Philippines, Century Canning Corporation, Universal Food Corporation and Philippine Commercial International Bank. At the early part of his career, Jun taught philosophy at the Holy Apostles Senior Seminary. Jun is 62 years old.

JUSTINE BENEDICT G. DELA ROSA, Filipino, acquired his AB Economics degree and BS Management of Financial Institutions degree from De La Salle University. He is Senior Vice President and Head of Treasury Group. His career in banking started in 1997, when he was selected to be part of Solid Bank's Officer Development Program. Upon completion of the program, he chose to start a career in Treasury as a Liquidity Trader. In his more than 18 years with CTBC Bank, he has quickly moved up the corporate ladder and has assumed positions of increasing responsibility. From being a Department Head of Trading Desk in 2006, Mr. Dela Rosa was appointed as Treasury Group Head last December 02, 2019. He is 50 years old.

RAFAEL V. RUFINO III, Filipino, holds a degree in Commerce from De La Salle University. Mr. Rufino was first introduced to the banking profession in 1991 when he joined the Private Development Corporation of the Philippines (PDCP) initially as an Account Analyst and later on as an e-Business Banking Unit Head. He spent the next 11 years with the institution, which was later renamed PDCP Bank, then 1st E-Bank, before joining CTBC Bank in 2003. At CTBC, Mr. Rufino further expanded and solidified his knowledge of the credit process as a result of his being assigned in various roles of increasing responsibility from Account Officer to Credit Officer to Credit Control Department Head and eventually Group Head. He is currently Senior Vice President and the Chief Risk Officer of the Bank. He is 56 years old.

JIMMY ARSENIO Y. SAMONTE, Filipino, obtained his Bachelor's degree in Commerce, Major in Accountancy (*cum laude*) from the University of Santo Tomas and is a Certified Public Accountant. Jimmy also attended the Banking Intermediate Industry Training School at the Center for Professional Education of Arthur Andersen and Co. in Illinois, USA. He is Senior Vice President and Head of Internal Audit. He also served as the Bank's Compliance Officer from 2000 to 2001. Prior to joining the Bank, he was Audit Manager of the Financial Services Group of Sycip, Gorres, Velayo & Co. (SGV & Co.) and was a member firm of Ernst & Young Global Limited. He has been with the Bank since October 1998. Jimmy is 55 years old.

MARY ANNE G. BERNAL, Filipino, obtained her Bachelor's Degree in Economics from University of Sto. Tomas. She was first exposed to the banking industry when she joined

China Banking Corporation as an Account Analyst in 1993 and later on in her career assumed a supervisory role. After her 9-year stint with China Banking Corporation, she moved to CTBC Bank in 2002. In her more than 18 years with CTBC Bank, she has consistently moved up the corporate ladder and assumed positions of higher responsibility. From being a Credit Officer to Liquidity Officer in 2009, she currently holds the position of Senior Vice President and Head of Liquidity and Balance Sheet Department under Treasury Group. Ms. Bernal is 51 years old.

MARIA ALICIA C. MARASIGAN, Filipino, earned her Bachelor's Degree in Commerce from St. Scholastica's College Manila and her Master's Degree in Business Administration from the Ateneo De Manila University. She joined CTBC Bank in 2021 as Senior Vice President and Head of the Banking Operations Group. Her banking career started when she joined Philippine Savings Bank as Credit Analyst. After her 10-year career with Philippine Savings Bank, she moved to Planters Development Bank in 2003 where her last role was Corporate Salary Loan Unit Head. From 2007 to 2012, she was with Premiere Bank (acquired by Security Bank) as Corporate Salary Loan Department Head and later on as Senior Assistant Vice President and Seafarers Loan Team Head. In 2014, she served as Transformation and Strategy Head of Maybank Philippines, Inc. and later on assumed the Central Operations Group Head position before joining CTBC Bank. Ms. Marasigan is 51 years old.

MICHAEL C. ALBOTRA, Filipino, holds a degree in Bachelor of Arts Major in Economics from University of Asia and the Pacific. He is Senior Vice President and Head of Institutional Banking Group. Before being assigned as the Head of Institutional Banking Group, he was the Top Tier Department Head. Prior to joining CTBC Bank in 2021, he was Senior Vice President and Head of Corporate Banking Department of Mizuho Bank, LTD. He also had stints with HSBC Philippines as Vice President for Commercial Banking and HSBC Savings Bank (Phil) Inc. as Vice President and Corporate Banking Head. In 2008, he joined United Coconut Planters Bank as Assistant Vice President and Senior Relationship Manager under Corporate Wholesale Banking Group. Previous to this position in United Coconut Planters Bank, he served Bank of Commerce from 2000 to 2008 as Unit Head and later on appointed as Assistant Vice President of Private Banking Group. He also worked for almost 2 years at Urban Bank as Marketing Associate which started his banking profession and soon after promoted to Marketing Officer. Mr. Albotra is 47 years old.

ANDREW A. FALCON, Filipino, is a Certified Public Accountant. He earned his Bachelor's degree in Business Administration and Accountancy from University of the Philippines. He joined CTBC Bank as Vice President and Head of Financial Control Department in June 2014. After steering the department for more than three years, he was appointed Officer-in-Charge of Finance and Corporate Affairs Group in October 2017. He was promoted to First Vice President and full-fledged Group Head in January 2018 and eventually promoted to Senior Vice President in March 2024. Prior to joining the Bank, Mr. Falcon had stints in SGV and Co., Globe Telecom, Inc., Philippine Batteries Inc., Philippine Savings Bank and the latest of which was with FedEx as Controller. He is 43 years old.

MANUEL GALGANA BOSANO III., a.k.a Mannix, Filipino, earned his Bachelor's degree in Economics from San Beda College. He joined CTBC Bank in February 2025 as Senior Vice President and the Top Tier Department Head. With over 30 years of banking experience, Mannix began his banking career at Far East Bank as a staff assistant. During his five-year tenure there, he rapidly advanced through the ranks, assuming significant responsibilities. He then moved to Asiatrust Bank in 1994 where he served as Vice President and Head of Business Development Group. He joined Keppel Bank/GE Money Bank in 2001 where he remained for eight years, ultimately serving as First Vice

President of SME Division. In the years the followed, Mannix joined Philippine National Bank where he assumed the position of SAVP/Corporate Banking Division Head and later on as Vice President of PNB Capital & Investment Corporation. From 2009 to 2022, Mannix worked with Maybank Philippines Inc. initially as Senior Vice President and Client Coverage Head, and later on as Senior Vice President and Global Banking Head. Prior to joining CTBC Bank, he held the position of Senior Vice President/Corporate Banking Head of Robinsons Bank and later on as Vice President of Bank of the Philippine Islands after the acquisition by BPI. Mr. Bosano is currently 56 years old.

(b) Significant Employees

There is no significant employee who is not an Executive Officer and who is expected to make significant contribution to the business.

(c) Family Relationships

No family relationship exists among the Bank's directors and executive officers.

(d) Certain Relationships and Related Transactions

The Bank, in its regular course of trade and business, enters into transactions with its Directors, Officers, Stockholders, and Related Interests (DOSRI) involving mainly loans and these are disclosed to the *Bangko Sentral ng Pilipinas* (BSP) in accordance with the Manual of Regulations for Banks.

All transactions of the Bank, whether with DOSRI, related parties or non-related parties, are conducted and entered in the Bank's best interest and on "arm's length basis".

There are no parties that fall outside the definition of "Related Parties" under PAS 24 with whom the Bank or its related parties have a relationship that enables such parties to negotiate terms and material transactions that may not be available from other more clearly independent parties on an "arm's length basis".

Note 25 page 99 of the Bank's Audited Financial Statements for the fiscal year ended as of December 31, 2024, attached as Exhibit 2 of this Report, discusses the nature of such Related Party Transactions, which discussion is incorporated hereto by reference.

Disclosures required by Annex 68-J of the amended Securities Regulation Code Rule 68 and 68.1 are in Part II, Schedules A to G of said Audited Financial Statements.

(e) Involvement in Certain Legal Proceedings of Directors and Officers

To the knowledge and/or information of the Bank, none of the nominees for election as director, nor any of the Bank's executive officers, during the last five (5) years and up to this date, has had any involvement in the following: (a.) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (b.) Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; (c.) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any time of business, securities, commodities or banking activities; and (d.) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Item 6. *Compensation of Directors and Executive Officers*

1. Compensation of Directors & Officers

Summary Compensation Table of Executive Officers

	IN MILLION PESOS			
Name	Annual Salary	Bonus	Others	Total
2023				
Executives (5)	51.72	40.84	1.90	94.46
2024				
Executives (5)	53.49	48.28	1.90	103.67
2025				
Executives (5)	45.41	34.84	1.90	82.16
(Estimate)				
Officers Unnamed	36.99	16.27	0.00	53.27

The named Executive Officers receive salaries, bonuses and other usual bank benefits that are also included in the amounts stated above. Aside from these, they have no other compensation plan or arrangement with the Bank.

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

Name:	Position:
Eriberto Luis S. Elizaga	President and CEO
Nengshih (Arthur) Wang	Executive Vice President
Michael C. Albotra	Senior Vice President
Jereven B. Adriano	Senior Vice President
Justine Benedict G. dela Rosa	Senior Vice President

1.2 Summary of Compensation Table of Directors

Each director receives a monthly professional fee for attending Board and committee meetings. This is also in consideration of their valuable contributions in the formulation of the Bank's overall strategy.

The total per diem and attending fee paid to the directors for their attendance in Board meetings amounted to PhP8.91 million, PhP8.53 million; and PhP9.65 million in 2024, 2023, and 2022 respectively. For 2025, approximately PhP10.5 million will be paid to the directors.

In accordance with paragraph 4 of Section 29 of the Revised Corporation Code, the total compensation received by each of the Directors for 2024 are as follows:

Name	Total
*Cheng-Hsin Wang	-0-
*Oliver Jimeno	-0-
*Jen-Wen Liao	-0-
*Ya-Ling Chiu	-0-
William B. Go	Php 1,947,006.65
Alexander A. Patricio	Php 2,311,369.25
Stephen D. Sy	Php 2,148,642.00
Luis Y. Benitez, Jr.	Php 2,510,452.05

*Cheng-Hsin Wang, Jen-Wen Liao and Ya-Ling Chiu, waived their Directors' Fees. President and CEO Oliver Jimeno did not receive any compensation as Board and Committee member. He resigned as President and CEO effective January 1, 2025.

2. Employment Contract and Termination of Employment and Change-in-Control Arrangements

There is no formal employment contract between the Bank and the named executive officers covering compensation package. The said executive officers, just like other officers and employees, are also entitled to standard fringe benefits granted by the Bank such as coverage under the Bank's non-contributory Retirement Plan and Group Life Insurance.

3. Warrants and Options Outstanding

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

Similarly, there are also no actions to be taken as regards any bonus, profit sharing, pension or retirement plan, granting of any option, warrant, or right to purchase shares between the Bank and its directors and officers.

Item 7. *Independent Public Accountants*

For the calendar years 2024, 2023, and 2022 RGM, the local firm of KPMG International has been appointed as the Bank's external auditor. Vanessa P. Macamos has been the certifying partner from RGM from 2017 to 2023, in compliance with the 7-year rotation requirement. She has been succeeded by Tireso Randy F. Lapidez, the certifying partner from RGM starting 2024.

RGM will be present at the Annual Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

The Bank has no disagreement with any of its external auditors in any matter of accounting principle, practice, or financial disclosures.

INFORMATION ON INDEPENDENT ACCOUNTANT
(EXTERNAL AUDIT FEES (MC No. 14, Series of 2004)

(a) Audit and Audited-Related Fees

The Bank paid the following audit fees to R.G. Manabat & Co (RGM) and for the fiscal year indicated:

Fiscal Year	Amount
RGM	
For 2022 paid in 2022	Php1,391.040.00
For 2022 paid in 2023	Php2,134,664.00
For 2023 paid in 2023	Php1,481,200.00
For 2023 paid in 2024	Php2,253,160.00
For 2024 paid in 2024	Php147,840.00
For 2024 paid in 2025	Php591,360.00

To date, RGM has unbilled charges for 2024 audit amounting to PhP3,806,040.00.

(b) Tax & Other Fees

There are no fees paid to tax and other related services.

(c) Audit Committee's Approval Policies and Procedures for the above services

The engagement of the services of the Bank's external auditor is evaluated by the Audit Committee. Consistent with the provisions of the Code of Corporate Governance and the Bank's Audit Committee Charter, the appointment of the external auditor is nominated by the Audit Committee for Board approval and subsequently for the ratification/approval by the shareholders. Annex "C" discusses the composition of the Audit Committee.

Item 8. *Compensation Plans* – NOT APPLICABLE

C. <u>ISSUANCE AND EXCHANGE OF SECURITIES</u>

Item 9. *Authorization or Issuance of Securities Other than for Exchange* – NOT APPLICABLE

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Item 10. *Modification or Exchange of Securities* – NOT APPLICABLE

Item 11. *Financial and Other Information*

(a) Brief Description of the General Nature and Scope of the Business of the Registrant, attached as **Annex "A"**;
(b) Market Information, Dividends, and Top 20 Stockholders, attached as **Annex "B"**;
(c) Discussion of Compliance with leading practice on Corporate Governance, attached as **Annex "C"**;
(d) Management's Discussion and Analysis or Plan of Operation, attached as **Annex "D"**;
(e) Statement of Management Responsibility for Financial Statements, attached as **Annex "E"**;
(f) Audited Financial Statements for the fiscal year ended as of December 31, 2024, attached hereto as **Annex "F"**;
(g) Unaudited Financial Statements as of the end of March 31, 2025, attached as **Annex "F-1**";

(h) As part of the Bank's corporate governance practice which requires an evaluation of relationship on a regular basis, the RGM was appointed as the external auditor for the calendar years 2024 and 2025.

Item 12. *Mergers, Consolidations, Acquisitions and Similar Matters* – NOT APPLICABLE

Item 13. *Acquisition or Disposition of Property*

Except for the acquisition of properties in connection with ordinary course of business or disposition of real and other properties owned or acquired (ROPOA) and non-performing loans (NPL), there are no actions to be taken as regards acquisition or disposition of properties.

Item 14. *Restatement of Accounts* – NOT APPLICABLE

D. OTHER MATTERS

Item 15. *Action with Respect to Reports*

The following are the matters pertaining to reports which will be submitted to the shareholders for action:

1. Approval of the Minutes of Annual Stockholders' Meeting of June 27, 2024 attached as **Annex "G"**. Action on the minutes will not constitute approval or disapproval of any of the matters referred to in the said minutes but will most likely be approved thereof as written as traditionally done, or at most correction or modification thereof may be made prior to actual approval.

2. Submission of Audited Financial Statements of the Bank as of 31 December 2024 (Annex F).

Item 16. *Matters Not Required to be Submitted* – NOT APPLICABLE

Item 17. *Amendment of Charter, By-Laws or Other Documents*

The proposed resolutions for approval by the shareholders are contained in **Annex "H"**.

1. Approval of the amendments to Article Seventh of the Articles of Incorporation

2. Approval of the amendments to Article 3 Section 11 of the By-Laws

Item 18. *Other Proposed Actions*.

The following are the other proposed actions which will be submitted to the shareholders for action:

1. Election of Members of the Board of Directors.

   Majority of the incumbent directors are expected to be re-nominated during the annual meeting.

2. Appointment of External Auditor for the Bank and the Trust and Investment Services Department for the Calendar Year 2025.

   The Bank's Board of Directors in its meeting held on May 5, 2025 appointed R.G. Manabat and Co. (RGM) the local firm of KPMG International as the external auditor for the Bank and the Trust and Investments Department, respectively, for calendar year 2025 subject to ratification by the shareholders in the scheduled meeting.

3. Ratification of All Acts, Decisions and Proceedings of the Board of Directors, Committees and Management since the last Annual Meeting.

   All the actions of Management and the Board of Directors were done in accordance with the general or specific resolutions of the Board of Directors. Among the significant actions undertaken which were endorsed by Management and approved by the Board of Directors (or approved by a Committee then noted or confirmed by the Board of Directors as may be proper), are as follows: i. approval of items for the 2025 stockholders' meeting such as date of meeting, record date, endorsement of nominees for directors, including the final list of candidates for independent directors; ii. appointments to the Committees; iii. Appointment of directors and executive officers.

4. Confirmation of Related Party Transaction/s.

   The Board in its meetings held on June 28, 2024 and December 10, 2024 approved the credit facilities in favor of CTBC BANK CO., LTD. The Board approval is subject to the confirmation of the stockholders pursuant to BSP Circular 895 Series of 2015 Guidelines on Related Party Transactions, particularly Section X146.2, to wit:

   Section x146.2 Duties and Responsibilities/Roles and Functions.

   (a) Board Duties and Responsibilities. The board of directors shall have the overall responsibility in ensuring 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 depository creditors and other stakeholders. Towards this end, the board of directors shall carry out the following duties and responsibilities:

   x x x

   2. To approve all material RPTs, those that cross the materiality threshold, and write-off of material exposures to related parties, and submit the same for confirmation by majority vote of the stockholders in the annual stockholders' meeting. Any renewal or material changes in the terms and conditions of RPTs shall also be approved by the board of directors.

   All final decisions of the board on material RPTs, including important facts about the nature, terms, conditions, original and outstanding individual and aggregate balances, justification and other details that would allow stockholders to make informed judgment as to the reasonableness of the transaction, must be clearly disclosed during stockholders meetings and duly reflected in the minutes of board and stockholders' meetings.

   Information on the credit facilities are as follows:

BORROWER	:	CTBC BANK CO. LTD
FACILITY	:	1. USD4.0 Million Pre-Settlement Risk Line for Securities Trading - USD 2. USD7.0 Million Pre-Settlement Risk Line for Foreign Exchange 3. USD29 Million Settlement Risk Line 4. USD35 Million Stand By Letters of Credit Line
PURPOSE OF CREDIT FACILITY	:	Facility 1-3: To facilitate the trading of securities and foreign exchange currencies with CTBC Bank Co. Ltd., Taipei and its branches. Facility 4: The Standby Letter of Credit shall be used as collateral for credit facilities to be extended by lending units of CTBC Bank (Philippines) Corp. to their clients.
BENEFICIARY		Not Applicable
AMOUNT	:	USD75 Million (including Settlement Risk line of USD29 Million)
TERM	:	Facility 1-3: Twelve (12) months Facility 4: Thirty Six (36) months
INTEREST	:	Not Applicable
SECURITY/COLLATERAL SUPPORT HELD	:	Clean
REPAYMENT SOURCES	:	Working Capital
JUSTIFICATION / CREDIT BASIS	:	1) Long term credit rating of A1 from Moody's, A from S&P and A from Fitch, all with stable outlook. 2) Ranked no. 1 in Taiwan and no. 160 in the world in terms of Tier 1 Capital per The Banker, July 2023 issue 3) Satisfactory dealings
REASON FOR DOSRI/ RPT	:	CTBC Bank (Philippines) Corp. is 99.72% owned by CTBC Bank Co., Ltd.
RELATED PARTY TRANSACTION	:	Is the Facility for confirmation by the shareholders? (Please refer to your Unit's Guidelines.) Yes ■ No ☐ If Yes, Relationship Manager/Account Officer shall ensure that the confirmation in the next shareholders' meeting.
INFORMATION ON BORROWER'S RELATIVE CREDIT TERMS COMPARISON		Not Applicable

BORROWER	:	CTBC BANK PHILIPPINES CORP.
FACILITY	:	Three (3) year revolving loan
PURPOSE OF CREDIT FACILITY	:	To support loan asset growth of the Bank
BENEFICIARY		Not Applicable
AMOUNT	:	USD 375million
TERM	:	36 months
INTEREST	:	Lender's cost of funds (per annum)
SECURITY/COLLATERAL SUPPORT HELD	:	Clean
REPAYMENT SOURCES	:	Bank's cashflow
JUSTIFICATION / CREDIT BASIS	:	Not applicable
REASON FOR DOSRI/ RPT	:	CTBC Bank (Philippines) Corp. is 99.72% owned by CTBC Bank Co., Ltd.
RELATED PARTY TRANSACTION	:	Is the Facility for confirmation by the shareholders? (Please refer to your Unit's Guidelines.) Yes ☒ No ☐ If Yes, Relationship Manager/Account Officer shall ensure that the Facility/ies or any amendment/s will be part of the Agenda for confirmation in the next shareholders' meeting.

5. Resolutions in connection with the Bank's Capital Build Up Program. The resolutions are also in **Annex "H"**.

Item 19. *Voting Procedures.*

(a) **Vote required for approval or election**

The actions to be taken shall only require the vote of security holders representing at least a majority of the issued and outstanding capital stock entitled to vote.

(b) **Method by which votes will be counted**

Straight and Cumulative Voting

In all items for approval except election of directors, each share of stock entitles its registered owner to one vote. With respect to election of directors, a security holder shall have cumulative voting rights under Article II, Section 8 of the amended By-Laws as previously stated.

Representatives of the Bank's stock transfer agent, Stock Transfer Service, Inc. shall be authorized to count the votes cast.

SIGNATURE PAGE

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES REGULATION CODE, THE ISSUER HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED HEREUNTO DULY AUTHORIZED.

After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this report is true, complete and correct.

This report is signed in the City of Taguig on May 16, 2025.

CTBC BANK (PHILIPPINES) CORP.
Issuer
By:

Atty. Rolando V. Vicerra
ATTY. ROLANDO V. VICERRA
Corporate Secretary
TIN: 177-772-258

UNDERTAKING

The Bank shall provide, without charge to any person upon a written request directed to Atty. Rolando V. Vicerra, FVP & Head-Legal Department & Corporate Secretary at the 22nd Floor, Fort Legend Towers, Third Avenue corner 31st Street, Bonifacio Global City, Taguig City, a copy of the registrant's annual report on SEC Form 17A. At the discretion of the management, a charge may be made for exhibits, provided that such charge is limited to reasonable expenses incurred by the registrant in furnishing such exhibits.

ANNEX "A"

BRIEF DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF BUSINESS OF THE REGISTRANT

(1) Description of Business

Business Development. CTBC Bank (Philippines) Corp. ("Bank") is the Philippine subsidiary of CTBC Bank Co., Ltd. ("CTBC Ltd.") of Taiwan.

The Bank was incorporated on September 7, 1995, initially as Access Banking Corporation, and commenced operation on September 26, 1995 as a domestic commercial bank. The Bank has an authorized capital stock of PhP3.0 billion.

On November 22, 1995, the Monetary Board approved the investment of CTBC Ltd. in sixty percent ("60%") of the voting stock of Access Banking Corporation through the outright purchase of fifty percent ("50%") or PhP487.5 million of its PhP975.0 million outstanding voting stock and an additional subscription of PhP262.5 million of the PhP275.0 million additional voting stock issued. On January 8, 1996, the Bank's name was changed to Chinatrust (Philippines) Commercial Bank Corporation.

In line with the capital build-up program of the Bank, its Board of Directors approved in 1997 the issuance of 25 million common shares at PhP10.00 per share from its authorized capital stock via a stock rights offering to existing stockholders. This entitled the existing shareholders to subscribe to one (1) common share for every five (5) shares held. As of December 31, 1997, the stock rights offering was fully subscribed; partial payment to the subscription amounted to PhP209.99 million which resulted in the Bank's attainment of its PhP1.647 billion capital, fully complying with minimum capital requirements of BSP of PhP1.625 billion by the end of the year. On March 31, 1998, all subscriptions to the stock rights were fully paid. On April 23, 1998, the SEC approved the stock rights offering.

On June 2, 1999, the Bank's share was listed in the Philippine Stock Exchange ("PSE") through an Initial Public Offering ("IPO") of 37,500,000 common shares from its unissued authorized capital stock. The proceeds of the IPO were utilized for branch expansion and investment in information technology.

In December 2000, CTBC Ltd. substantially increased its equity in the Bank through the acquisition of shares held by a minority group, thus controlling approximately 91% of the Bank's capital stock, compared to 57% prior to the acquisition. A further acquisition of shares held by the public representing 9% of the Bank's equity was made by CTBC Ltd. in January 2001 through a tender offer at a price of PhP19.00 per share, the same price at which the shares from the minority group was acquired. That year, CTBC Ltd. held 99.41% of the Bank's outstanding capital stock.

On August 25, 2005, the Board of Directors of the Bank declared 15% stock dividends out of its unissued shares. It was subsequently approved by the shareholders in a special meeting called for the same purpose on December 22, 2005. The BSP later approved the 15% stock dividend on February 20, 2006. On April 4, 2006, 28,124,997 common shares representing the 15% stock dividends were issued to the Bank's shareholders and simultaneously listed with the PSE.

On March 30, 2007, the Bank's Board of Directors once again made another 15% stock dividend declaration, to be paid out of the Bank's unissued shares. The same was ratified by the shareholders during the Bank's annual shareholders' meeting held on June 28, 2007, and subsequently approved by the BSP on September 20, 2007. On November 15, 2007, an additional 32,343,734 common shares representing 15% stock dividends were listed in the PSE and issued to the Bank's stockholders of record as of record date.

On December 23, 2011, the Bank filed a Petition for Voluntary Delisting at the Philippine Stock Exchange ("PSE"). Pursuant to the PSE Voluntary Delisting Rules, a tender offer was conducted by the Bank at a tender offer price of PhP26.14. The PSE in its Memorandum No. 2012-0010 dated February 20, 2012, approved the Petition for Voluntary Delisting effective February 24, 2012.

On September 19, 2013, the SEC approved the amendment to Article FIRST of the Bank's Articles of Incorporation amending the Bank's name to CTBC Bank (Philippines) Corp. The Bank started using the new corporate name effective October 30, 2013.

On July 25, 2019, the shareholders approved the amendment to Article SEVENTH of the Articles of Incorporation increasing the authorized capital stock from PhP3 billion to PhP4 billion and increasing the common stock from 300,000,000 to 400,000,000, in connection with the Bank's Capital Build Up Program to comply with the Bangko Sentral Ng Pilipinas Circular No. 854 Series of 2014 on Minimum Capitalization of Banks. The shareholders also approved the issuance to Parent Bank CTBC Bank Co., Ltd. of the following shares at the share price of PhP29.755: the 484,920 Treasury Shares, the remaining 51,031,269 from the unissued common shares, and 48,307,202 common shares from the increase in the authorized capital stock subject to the approval of the Securities and Exchange Commission to said amendment in the Bank's Articles of Incorporation. The Bank entered into subscription agreements dated September 12, 2019, with CTBC Bank Ltd. for the said shares. The subscriptions were fully paid. The Bank issued the Treasury Shares and the remaining unissued common shares so that the shareholdings of CTBC Bank Ltd. increased from 99.60% to 99.67% of the Bank's outstanding shares. On March 6, 2020, the Securities and Exchange Commission approved the aforestated amendment to Article SEVENTH of the Articles of Incorporation. The Bank thus issued the 48,307,202 common shares from the increase in its authorized capital stock so that the shareholdings of CTBC Bank Ltd., further increased from 99.67% to 99.72%.

On June 27, 2024 the shareholders re-elected the following as members of the Board: Cheng-Hsin Wang, William B. Go, Oliver D. Jimeno, and Jen-Wen Liao. Similarly re-elected were Independent Directors Alexander A. Patricio, Stephen D. Sy, and Luis Y. Benitez, Jr. Ms. Ya-Ling Chiu was elected as new member of the Board.

Based on the data as of December 31, 2024 issued by Bangko Sentral ng Pilipinas, out of the forty four (44) universal and commercial banks operating in the Philippines, the Bank ranked 21st in terms of Total Assets; 18th in terms of Total Loans; 24th in terms of Total Deposits; and 23rd in terms of Total Capital.

(2) Business of Issuer

Products and Services. As a full-service commercial bank, the Bank offers various products and services, such as the following:

PESO DEPOSITS
Savings Account
- Regular
- My First Saves

Checking Account
- Regular
- CheckLite
- Ultimate Earner

Time Deposit

FOREIGN CURRENCY DEPOSITS
Dollar Savings Account
Dollar Time Deposit
Third Currency Deposits

CARD PAYMENTS
Visa Debit and Cash Card
Co-Branded Cash Cards

CONSUMER LOANS
My Family Home Loan
Salary Stretch Unsecured Personal Loan (Public and Corp PL)
Credit Facilities Secured by Deposit and Government Securities

CREDIT FACILITIES & CORPORATE LOANS
Short-term Loan
Term Loan
Domestic Letter of Credit
Import Letter of Credit
Standby Letter of Credit
Trust Receipt
Export Packing Credit
Export Bills Purchase
Discounting Facilities
Domestic Bills Purchase
Small and Medium Enterprise (SME) Business Loan

CASH MANAGEMENT SERVICES
Account Information Management
- NetBanking (Retail and Corporate)
- E-Mail Statement

Disbursement Management
- Cash Card Reloading
- Payroll
- Ultimate CheckWriter
- Customs Duties
- BIR eFPS

TREASURY SERVICES
Foreign Exchange
- Spot
- Forward
- FX Swaps
- Cross Currency Swaps
- Interest Rate Swaps
- Options

Peso Fixed Income
- Treasury Bills
- Fixed Rate Treasury Notes
- Retail Treasury Bonds
- Global Peso Notes
- Peso Corporate Bonds
- Peso Short Term Commercial Papers

Dollar Fixed Income
- ROP Bonds
- Other Sovereign Bonds
- Dollar Philippine Corporate Bonds

TRUST AND INVESTMENT SERVICES
CTBC Bank Peso Unit Investment Trust Fund
- Money Market Fund
- Balanced Feeder Fund
- Stock Index Feeder Fund

Employee Retirement Benefit Plan Management
Investment Management Account
Personal Management Trust
Escrow Agency
Mortgage Trust Indenture
Legislated and Quasi-Judicial Trust account for Electronic Money Issuers (EMI)
Facility Agency Arrangement
Safekeeping

REMITTANCE SERVICES
Inward Remittances
Outward Remittances

TRADE SERVICES
Letters of Credit
- Import Letters of Credit
- Domestic Letters of Credit
- Standby Letters of Credit
- Bank Guarantee

Shipping Guarantee
Import Bills Negotiation

BancNet eGov (SSS, Pag-IBIG and PhilHealth)
MC Bulk Preparation
Local and Global Remittances
(InstaPay, IBFT, PESONet, RTGS, PDDTS, Swift)
Receivables Management
Collection Service Facility
Post-Dated Check Warehousing
Ultimate Money Mover (Deposit Pick-up)
Bills Payment (Merchant Biller)
Motorized Cash and Check Pick- up and Delivery Services
Merchant Acquiring
BancNet Point-of-Sale (POS)

Loans Against Trust Receipts
Documentary Collections – Import and Domestic
Document Against Payment (D/P)
Document Against Acceptance (D/A)
Open Account (O/A)
Direct Remittance (D/R)
Advance Import Payments (AIP)
Export LC Advising
Export Bills Negotiation (LC and Non-LC)

From the foregoing products and services, the Bank's revenues are categorized into three (3) major segments, namely: (1) Portfolio Products; (2) Transactional Banking Products; and (3) Exposure Management Products. The remaining revenues are classified under Others. Portfolio Product revenues consist of spreads earned on loans. Transactional Banking Product revenues consist of spreads earned on deposits as well as fees earned from cash management products and trade services. Exposure Management Product revenues consist of income earned from the investment portfolio and trading activities. Other revenues consist of fees earned on trust services, gain on sales of acquired assets, service fees and charges earned on all other banking activities. The contributions of the 3 major segments in terms of percentage to the Bank's total revenues during the last two years are as follows:

Major Segment	***2023***	***2024***
Portfolio Products	**50.75%**	**53.06%**
Transactional Banking Products	**34.86%**	**32.07%**
Exposure Management Products	**4.44%**	**7.43%**

Status of New Products or Services. The Bank received BSP's approval in January 2024 to provide value-added service of Motorized Cash and Check Pick-up and Delivery Service for its clients with greater convenience and wider service coverage area.

The Bank launched the Motorized Check Collection Service. The new collection services will not require any system development or Capex as this only involves motorized collection of checks from customers through an outsourced service provider. Target customers would cover the Bank's Corporate/Business Segment. Payment to OSP will be on a per Trip Basis and will be charged as Opex under the unit's PCC Code. Client will need to maintain the required ADB for such service, which will be covered by a Service Agreement.

Distribution Network. As part of its channel upgrade and enhancement in providing easy, convenient, and quick electronic services for customer's banking needs, the Bank completed replacing its 41 ATM terminals in 2024. Likewise, some products can be accessed through internet and mobile banking channels and other electronic channels i.e. interactive voice response system, internet and short message system

(SMS). As of December 2024, the Bank has a total of 25 branches, with Main Office branch located in Bonifacio Global City, Taguig.

Competition. The Bank faces competition from both domestic and foreign banks that operate in the Philippines. In the light of such competitive environment, the Bank focuses on key businesses to include consumer finance, the trading of fixed-income instruments and foreign exchange, the Taiwanese business, and selective corporate lending. By being a specialist, it is able to properly concentrate its resources and capital to ensure service excellence and good risk management and corporate governance. The Bank likewise adopts applicable business models from its Parent Bank and custom fits these to local market conditions. These efforts make the Bank a strong player in its chosen businesses.

Sources and availability of raw materials and the names of principal supplier. - **Not applicable.**

Dependence upon a single/few customers. **– Not applicable.**

Transactions with and/or dependence on related parties**.** Except in the ordinary course of business such as DOSRI transactions and employee loans, there are no transactions with and/or dependence on related parties.

Trademarks, Licenses, Franchises., etc. The Bank is the owner of the marks "CTBC", "We Are Family" and "Salary Stretch". As to other licenses, the Bank is a registered Government Securities Eligible Dealer (GSED) with Broker Dealer of Securities Functions.

***Effect of existing or probable government regulations**.* As a domestic commercial bank, the Bank is governed by the rules and regulations of the BSP. The Bank observes and complies with all government laws, rules and regulations that exist.

Amount spent on research and development**.** There are no major expenses on research and development activities, and these are just incorporated into the ordinary business expense of the Bank.

Cost and effect of compliance with environmental laws. - **Not applicable.**

Number of Employees. As of April 30, 2025, the Bank has 752 employees composed of 464 officers and 288 staff, with 699 regular employees and 53 probationary employees. The Bank has no existing employees' union. It has also no collective bargaining agreement.

Major Business Risks. The Bank's business activities are exposed to a variety of financial risks – credit risk, market risk, liquidity risk, interest rate risk, and operational risk. The Bank is strongly committed to judiciously managing risks. For this purpose, it has put in place the necessary processes and platforms that enable it to prudently manage all categories of risk. It is the presence of this risk infrastructure and consciousness that has made the Bank a meaningful player in businesses where the required core competency is astute risk management capability. The Bank's risk management programs seek to mitigate potential adverse effects on its financial performance.

Market risk is the risk that the value of a currency position or financial instrument will be adversely affected by changes in the level, volatility or correlation of market risk factors, such as interest rates (including credit spread), foreign exchange, equities and commodities. The Bank's market risk originates from its holdings in its foreign exchange instruments, debt securities and derivatives. The Bank utilizes market risk factor sensitivities as a tool to manage market risk. Market risk factor sensitivities of a position are defined as a change in the value of a position caused by a unit shift in a given market factor. The Market Risk Management Department implements a trading risk limits that is in line with the Bank's risk appetite. The Bank also maintains a rigid system of loss limits that prompt management to immediately act in the event that these limits are breached. These actions may include, but are not limited to, the partial liquidation of existing positions in order to cut losses. The objective of these limits is to ensure that losses, if any, will be limited to what the Bank's earning capability can sufficiently cover.

Credit risk is the risk that a borrower /obligor, guarantor, debtor or counterparty, or issuer of a security held by the Bank will not pay the obligation when it falls due. The Bank manages its credit risk by setting limits for individual borrowers and group of borrowers. It also places a cap on exposures to top borrowers, specific products, identified market segments, selected industries and loan tenors. The Bank likewise monitors borrower-specific credit exposures, and continually assesses the creditworthiness of counterparties. In addition, the Bank obtains security where appropriate, enters into collateral arrangements with counterparties and limits the duration of the exposures.

Liquidity risk is the risk that the Bank will be unable to meet its obligations as they fall due at a reasonable cost within a reasonable timeframe. To effectively manage liquidity risk, the Bank diversifies its funding sources and maintains a set of prudent liquidity risk limits, liquidity indicators, maturity gap analysis, and maximum cumulated outflows per tenor bucket. In addition, the Bank maintains sufficient cash and marketable securities, ensuring the availability of funding through an adequate amount of committed credit facilities and having the ability to close out market positions.

Interest rate risk in banking book is the risk to future earnings or equity arising from the movement of interest rates. The Bank is exposed to interest rate risk as a result of mismatches of interest rate repricing of assets and liabilities. The Bank measures the impact of 1 basis point change in interest rate on net interest income (NII) and that on economic value of equity (EVE). The analysis of such impact on NII (1bp△NII) focuses on changes in interest income and expense within a year, hence, a short-term perspective. The analysis of such impact on EVE (1bp△EVE) is of a long-term perspective as it focuses on changes of economic value which will become net interest income received every year later on. Accordingly, both delta Net Interest Income and delta Economic Value of Equity limits in relation to the interest rate sensitivity of the banking book have been established by Management.

In addition to financial risks, the Bank is exposed to operational risks. **Operational risk** is defined as the risk of loss arising from direct or indirect loss from inadequate or failed internal processes, people and systems, or from external events. The Direct Loss results primarily from an operational failure while the Indirect Loss relates to the impact of operational risk on other risks such as Market, Credit or Liquidity Risk. The Bank ensures that specific business policies, processes, procedures and staff are in place to manage overall operational risks by way of identifying, assessing, controlling, mitigating, monitoring and reporting risk events. The Bank also manages other types of risks such as regulatory, reputational risk, strategic risk, legal risk, and environmental and social (E&S) risks.

ANNEX "B"

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

1. Market Information

The PSE in its Memorandum No. 2012-0010 dated February 20, 2012 approved the Petition for Voluntary Delisting effective February 24, 2012. Market prices of the Bank's shares since 1st quarter of 2010 to 1st quarter of 2012 are as follows:

QUARTER	HIGH	LOW
1Q '12	25.50	20.00
4Q'11	28.00	19.00
3Q'11	21.00	20.00
2Q '11	22.00	21.00
1Q '11	21.00	21.00
4Q'10	23.50	21.00
3Q'10	22.00	20.00
2Q '10	22.00	15.25
1Q '10	25.00	24.00

As of February 20, 2012, which is the last trading date prior the effective date of delisting at the PSE, the information showed a closing price of P20.00.

There was no sale of any securities made by the Bank within the last three (3) years.

2. Holders

The number of shareholders of record as of April 30, 2025 is 110.

Common Shares outstanding as of April 30, 2025 are 348,307,202.

The Top 20 Stockholders of record as of April 30, 2025 are as follows:

Name	Number of Shares Held	% to Total
CTBC Bank Co., Ltd.	347,319,203	99.72
Ma. Asuncion M. Ortoll	241,551	00.07
Alfonso Lao	185,150	00.05
Arlene Ravalo Ulanday &/Or Bethel Ann Ravalo &/Or Eliodoro Ravalo	75,000	00.02
Chen Li Mei	65,992	00.02
Bettina V. Chu	31,078	00.01
Martin M. Ortoll	26,838	00.01
Jose Antonio M. Ortoll	26,838	00.01
Carlos M. Ortoll	26,838	00.01
Ma. Marta M. Ortoll	26,838	00.01
Ma. Beatriz Ortoll-Manahan	26,838	00.01
Ma. Teresa Ortoll-Garcia	26,838	00.01
Ma. Elena Ortoll-Mijares	26,838	00.01
Regan C. Sy	26,450	00.01

PCD Nominee Corporation (Filipino)	13,795	00.00
Ching L. Tan	13,225	00.00
Razul Z. Requesto	13,225	00.00
Guat Tioc Chung	13,225	00.00
Bernardito U. Chu	13,225	00.00
Oliverio Guison Laperal	13,225	00.00

3. Dividends

The Bank declared 15% stock dividends last August 25, 2005, which was subsequently approved by its shareholders on December 22, 2005. The BSP later approved the 15% stock dividend on February 20, 2006. On April 4, 2006, 28,124,997 common shares representing the 15% stock dividends were paid to the Bank's shareholders and simultaneously listed with the PSE.

On March 30, 2007, the Bank's Board of Directors once again made another 15% stock dividend declaration, to be paid out of the Bank's unissued shares. The same was ratified by the shareholders during the Bank's annual shareholders' meeting held on June 28, 2007, and subsequently approved by the BSP on September 20, 2007. On November 15, 2007, an additional 32,343,734 common shares representing 15% stock dividends were listed in the PSE and issued to the Bank's stockholders of record as of record date.

Any dividend declaration to be made by the Bank is subject to approval by the BSP and SEC. At the regular meeting of the BOD held on June 23, 2015, the BOD approved the restriction of the full amount of retained earnings for the following purposes: i) to comply with minimum capital requirement set forth under BSP Circular No. 854; ii) to comply with the requirements of the ICAAP pursuant to BSP Circular No. 639; and iii) to provide for buffer in preparation for BASEL III requirements.

ANNEX "C"

DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

The Bank has a Manual of Corporate Governance which is regularly updated to align with the industry's best and leading practices on corporate governance and comply with latest relevant regulatory issuances.

Conformably with existing rules and regulations, its Articles of Incorporation and By-Laws, the Bank's Manual on Corporate Governance has Board level committees organized to assist it in governance matters*.* These are the following: (1) Executive Committee; (2) Nomination, Remuneration and Governance Committee; (3) Audit Committee; (4) Risk Management Committee; and (5) Trust Committee.

- The Executive Committee is headed by Cheng-Hsin-Wang as Chairman, with William B. Go, Oliver D. Jimeno and Jen-Wen Liao as Members. It is authorized to act on behalf of the full Board as to urgent matters that arise between its regular meetings. The committee shall have the power to direct and transact all business and affairs of the Bank which otherwise may come to the Board except as limited by the Bank's Articles of Incorporation or By-Laws or by applicable law or regulation on decisions on any matter related to mergers and acquisitions of the Bank, to issuance of debts instruments and of share capital of the Bank. It is also authorized to act immediately in order to protect the Bank or its important interests from loss or damage and these acts and decisions shall be reported and ratified at the next board meeting. In 2024, ExCom had a total of 74 meetings. As meetings are numerous, summation of attendance per Director per month is as follows:

Executive Committee Members	Meetings Attended per Director over Meetings Held per Month												Percentage of Attendance for 2024
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Cheng-Hsin Wang	4/4	4/4	3/3	4/4	9/9	5/5	6/6	9/9	3/3	12/12	5/5	10/10	100%
William B. Go	4/4	4/4	3/3	4/4	9/9	5/5	6/6	9/9	3/3	12/12	5/5	10/10	100%
Oliver Jimeno	3/4	4/4	3/3	4/4	9/9	5/5	6/6	9/9	3/3	12/12	5/5	10/10	99%
Jen-Wen Liao	4/4	4/4	3/2	3/4	9/9	5/5	6/6	5/9	3/3	12/12	5/5	10/10	92%

- The Nomination, Remuneration and Governance Committee is headed by Independent Director Stephen D. Sy as Chairman, with Cheng-Hsin Wang, William B. Go, Alexander A. Patricio, and Luis Y. Benitez, Jr. as Members. The NRGC which also functions as the Bank's "Committee on Corporate Governance" and "Compensation and Remuneration Committee", oversees the nomination process for members of the board of directors and or positions appointed by the Board of Directors, continuing education program for the board of directors, performance evaluation process and the design and operation of the remuneration and other incentives policy. The NRGC attendance records in 2024 were logged as follows:

Nomination, Remuneration and Governance Committee	Date of Meetings						Percentage of Attendance for 2024
	6-Mar	25-Apr	27-Jun	29-Aug	30-Oct	10-Dec	
Stephen D. Sy	√	√	√	√	√	√	100%
Cheng-Hsin Wang	√	√	√	√	√	√	100%
William B. Go	√	√	√	√	√	X	83%
Alexander A. Patricio	√	√	√	X	√	√	83%
Luis Y. Benitez, Jr.	√	√	√	√	√	√	100%

- The Audit Committee is headed by Independent Director Luis Y. Benitez, Jr. as Chairman, with Alexander A. Patricio and Ya-Ling Chiu as Members. The members of the Audit Committee shall have adequate understanding or competence at most of the Bank's operations, financial management systems and environment and preferably with accounting, auditing or related financial management expertise and experience. The Audit Committee is responsible for overseeing senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiencies and effectiveness of operations and safeguarding of assets. Duties and responsibilities of the committee are as follows: (a) Oversee the financial reporting framework; (b) Monitor and evaluate the adequacy and effectiveness of the internal control system; (c) Oversee the internal and external audit functions; (d) Oversee the compliance function; (e) Oversee the implementation of corrective actions on significant findings and recommendations made by internal and external auditors and regulatory bodies; (f) Investigate significant issues/concerns raised and (g) Establish whistleblowing mechanism. The AC attendance records in 2024 were logged as follows:

Audit Committee Members	Date of Meetings						Percentage of Attendance for 2024
	6-Mar	25-Apr	28-Jun	29-Aug	30-Oct	10-Dec	
Luis Y. Benitez, Jr.	√	√	√	√	√	√	100%
Alexander A. Patricio	√	√	√	X	√	√	83%
Ya-Ling Chiu*	N/A		√	√	√	√	100%

*Elected Director effective June 27, 2024

- The Risk Management Committee is headed by Alexander Patricio as Chairman, with Director Ya-Ling Chiu, and Independent Directors Stephen Sy and Luis Y. Benitez, Jr., as Members. Responsible for the development and oversight of the Bank's Risk Management Program, the Risk Management Committee oversees the system of limits to discretionary authority that the Board delegates to management. It is tasked to ensure that the system remains effective, that the limits are observed, and that immediate corrective actions are taken whenever limits are breached. To achieve this, the Committee takes on the critical role of identifying and evaluating the Bank's risk exposures, ensuring that the appropriate risk management strategies and plans are in place and ready to be executed as necessary, and evaluating the risk management plan to ensure its continued relevance, comprehensiveness, and effectiveness. Hand in hand with the Chief Risk Officer which functions under the auspices of the Committee, it performs oversight functions in managing credit, market, liquidity, operational risks, IT Steering Committee, and Information Security Office. The RMC attendance records in 2024 were logged as follows:

Risk Management Committee Members	Date of Meetings						Percentage of Attendance for 2024
	6-Mar	25-Apr	28-Jun	29-Aug	30-Oct	10-Dec	
Alexander A. Patricio	√	√	√	√	√	√	100%
Stephen D. Sy	√	√	√	√	√	√	100%
Luis Y. Benitez, Jr.	√	√	√	√	√	√	100%
Ya-Ling Chiu*	N/A		√	√	√	√	100%

*Elected Director effective June 27, 2024

- The Trust Committee is headed by Cheng-Hsin Wang as Chairman, with William B. Go, Oliver D. Jimeno, Jen-Wen Liao and the Trust Officer as Members. It is a special committee which reports directly to the Board of Directors and is primarily responsible for overseeing the fiduciary activities of the Bank in discharging its function. The committee: (1) ensures that fiduciary activities are conducted in accordance with applicable laws, rules and regulations and prudent practices; (2) ensures that policies and procedures that translate the Board's objectives and risk tolerance into prudent operating standards are in place and continue to be relevant, comprehensive and effective; (3) oversees the implementation of the risk management framework and ensures that internal controls are in place relative to fiduciary activities; (4) adopts an appropriate organizational structure/staffing pattern and operating budget that shall enable the Trust Department to effectively carry out its functions; (5) oversees and evaluates the performance of the Trust Officer; (6) conducts regular meetings at least once every quarter or more frequently as necessary, depending on the size and complexity of the fiduciary business; and (7) report regularly to the Board of Directors on matters arising from fiduciary activities. The Trust Committee attendance records in 2024 were logged as follows:

Trust Committee Members	Date of Meetings						Percentage of Attendance for 2024
	6-Mar	25-Apr	27-Jun	29-Aug	30-Oct	10-Dec	
Cheng-Hsin Wang	√	√	√	√	√	√	100%
William B. Go	√	√	√	√	√	X	83%
Jen-Wen Liao	√	√	√	√	√	√	100%
Oliver D. Jimeno	√	√	√	√	√	√	100%
Gerardo V. Bien (Trust Officer)	X	√	√	√	√	√	83%

Board Meetings. In 2024, the Board had six (6) regular meetings, in addition to the annual stockholders' meeting and organizational meeting. Attendance record to Board Meetings in 2024 are summarized below:

Name of Directors	Dates of Meetings							
	06 Mar 2024 (Regular Meeting)	25 Apr 2024 (Regular Meeting)	27 Jun 2024 (Annual Stockholders' Meeting)	27 Jun 2024 (Organizational Meeting)	28 Jun 2024 (Regular Meeting)	29 Aug 2024 (Regular Meeting)	30 Oct 2024 (Regular Meeting)	10 Dec 2024 (Regular Meeting)
Cheng-Hsin Wang	✓	✓	✓	✓	✓	✓	✓	✓
William B. Go	✓	✓	✓	✓	✓	✓	✓	✓
Oliver D. Jimeno	✓	✓	✓	✓	✓	✓	✓	✓
Jen-Wen Liao	✓	✓	X	X	✓	✓	✓	✓
Jung-Hsin Suei	✓	✓	N/A					
Ya-Ling Chiu	N/A		✓	✓	✓	✓	✓	✓
Alexander A. Patricio	✓	✓	✓	✓	✓	✓	✓	✓
Stephen D. Sy	✓	✓	✓	✓	✓	✓	✓	✓
Luis Y. Benitez, Jr.	✓	✓	✓	✓	✓	✓	✓	✓

The Bank is generally in compliance with leading practices on good corporate governance. Taking into account global best practices, the Bank constantly updates its tools for monitoring the performance of the Board and individual Board members, and the process by which it determines whether a director conducts fair business transactions, devotes necessary time and attention to discharge his duties, acts judiciously, exercises independent judgment, has working legal knowledge affecting the Bank, observes confidentiality and ensures soundness, effectiveness and adequacy of the Bank's risk management system and control environment.

The Bank has neither knowledge of any instance of non-compliance with its Manual of Corporate Governance by the Board of Directors or its members, nor by the Bank's officers or employees.

The Bank is committed to ensuring that the corporate governance framework supports the equitable treatment of all shareholders, including minority shareholders. All shareholders are entitled to have the opportunity to obtain effective redress for any violation of their rights.

CORPORATE GOVERNANCE SCORECARD/SELF-ASSESSMENT GOVERNANCE SELF-RATING SYSTEM / PERFORMANCE EVALUATION

The Board, using such resources or methods as it determines, is responsible to annually assess the effectiveness of the Board, Board Committees and each Director's contribution. The purpose of the evaluation process is to increase the overall effectiveness of the Board, not to target individual Board members. The Directors participate in the evaluation. Each Director evaluates the performance of the Board as a whole, as an individual director, the Chairman of the Board, the Chief Executive Officer and Board Committees. The assessments are made as derived from the Board of Directors and Directors' Duties and Responsibilities as stated in the Bank's Corporate Governance Manual and in the respective Committee Charters, as well as best practices standards. The results of the evaluation are used constructively by the Nomination, Remuneration and Governance Committee to discuss improvements with the Board and to provide developmental feedback to individual Directors.

For 2024, performance evaluation was conducted in December of the same year under the supervision of the Chief Compliance Officer.

ANNEX "D"

MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

FY 2024 Compared to FY 2023

The Bank exhibited strong financial position, ending with PhP89.5 billion total assets, highest since the bank's inception, with additional PhP12.5 billion or 16% year on year growth. The increase was driven by Loans and Receivables, coming from PhP49.3 billion to PhP55.3 billion, or a 12% growth year on year, which was attributed to both Corporate and Retail accounts. Placements in short-term funds or high-quality liquid assets also increased, Due from BSP, Due from Other Banks and Interbank Loans Receivables grew by PhP844 million, PhP1.1 billion and PhP803 million, respectively. On the funding side, Bills Payable jumped to PhP21.3 billion from PhP13.5 billion last year. Bankwide deposits also rose by 5%, from PhP49.2 billion to PhP51.5 billion, coming mostly from demand deposit accounts. Overall Investment Securities - Financial Assets at Fair Value through Profit or Loss (FVTPL), Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) and Investment Securities at Amortized Cost (AC), went up by 16% or PhP3.2 billion, inclusive of PhP1.5 billion increase coming from AC, while FVTPL and FVOCI also contributed to the increase with PhP632 million and PhP978 million, respectively. Financial Liabilities at Fair Value through Profit or Loss increased more than double year on year, from PhP66 million to PhP153 million.

The account movements mentioned above generated Net Interest Income of PhP3.3 billion, PhP127 million higher compared last year. The increase in Loans and Receivables translated to a 13% increase in Interest Income, or PhP548 million year on year. Similarly, Interest Income on Investment Securities, Due from BSP and Other Banks, and FVTPL went up from PhP689 million, PhP20 million and PhP42 million to PhP929 million, PhP25 million and PhP69 million, respectively. Meanwhile, Interest Expense on Deposits and Bills Payable and Other Borrowings, increased significantly, with 12% and 130% increase year on year or PhP147 million and PhP545 million, respectively. On the other hand, Interest Income on Interbank Loans Receivable decreased by 27%, from PhP11 million to PhP8 million. Service Fees and Commission Income generated additional PhP104 million, mostly from syndicated loan accounts. Foreign Exchange gain ended with PhP156 million, from PhP69 million, or 125% increase year on year. Conversely, Trading and Securities gain dropped to PhP8 million, from PhP78 million last year. Bankwide operating expenses without impairment losses increased by PhP268 million, or 10% year on year. Impairment losses were registered at PhP855 million, recovered 11% from previous year's PhP962 million.

In summary, the bank ended with PhP213 million income before taxes and PhP31 million net income after tax. This represented a 197% improvement from Php10 million net income after tax last year. Non-Performing Loans (NPL) ratio – gross ended at 3.6%, from last year's 2.9%. The NPL coverage – gross went down to 110.5% from 133.3%. Return on Equity (ROE) of 0.29% and Return on Assets (ROA) of 0.04% were reported as of year end. The Bank's capital adequacy ratio stood at 13.6% as of December 31, 2024.

FY 2023 Compared to FY 2022

The Bank's resources started strong with PhP69.7 billion and ended even stronger with PhP77.0 billion. The growth of PhP7.3 billion were attributed to Loans and Investments in Securities, which improved by PhP3.0 billion and PhP4.2 billion, respectively. Corporate loans grew by PhP2.3 billion while Retail loans improved by PhP1.7 billion. These movements, coupled with increase in market rates, translated to a 50.6% increase or PhP1.4 billion, in the Interest Income from Loans and Receivables. Interest income from Securities also went up by PhP204 million owing to Investment Securities at Amortized Cost. Total Deposits increased by PhP2.8 billion or 6% year on year, with PhP1.1 billion coming from low cost and PhP1.7 billion coming from high cost. Similar to loans and receivables, interest rate hikes contributed to the spike in interest expense, which increased by PhP847 million to PhP1.25 billion coming from last year's PhP400 million. Also due to funding requirements, total Bills Payable increased from PhP8.3 billion to PhP13.5 billion, or 63.3% increase year on year. This resulted to a PhP302 million increase in interest expense from Bills Payable. Interest income from Interbank loans decreased by PhP4 million, relative to the decrease in of Interbank loans volume by PhP497 million. Due from BSP and due from other banks increased to PhP3.4 billion and PhP1.1 billion from PhP3.2 billion and PhP875 million, respectively. This translated to additional interest income of PhP2 million. Ultimately, net interest income improved by PhP443 million or 16%. Moreover, Trading and Securities gain – net recovered three-folds from a loss last year of PhP38 million to a gain of PhP78 million. On the other hand, Foreign Exchange gain – net plummeted to PhP69 million from PhP285 million, or a 76% decrease year on year, due to unfavorable market condition.

For the year ended 2023, the bank registered PhP10 million net income after tax, 97% lower year on year, notwithstanding the exceptional loan bookings that generated the highest revenue since inception. Total provision for impairment and credit losses ended at PhP962 million, PhP399 million or 71% higher year on year, and already represented a quarter of the bank's total revenue of PhP3.8 billion. The increased provision is attributed to specific loan accounts, which also resulted to an increase in the Bank's Non-Performing Loans (NPL) ratio – net of 2.2% versus last year's 1.4%. Operating expenses, excluding provision, also increased by PhP292 million, attributable to maintenance and volume-driven expenses.

The bank's performance resulted to a Return on Equity (ROE) of 0.1% and Return on Assets (ROA) of 0.01%. The NPL coverage – net went down from 223.2% last year to 144.2% at year end. The Bank's capital adequacy ratio stood at 15.7% as of December 31, 2023.

FY 2022 Compared to FY 2021

Financial highlights of the Bank's Balance Sheet and Income Statement.

The Bank surpassed the pre-pandemic level of its loans and deposits in 2022. It also achieved its highest level of total assets, which stood at almost PhP70 billion at year end.

	2022	2021	2020	2019	YoY (2022 vs 2021)	3Yr CAGR
Total Assets	69,718,622,280	52,907,035,050	51,451,654,830	55,666,781,081	32%	8%
Loans and Receivables - net	46,286,030,421	31,012,510,260	30,728,342,120	36,987,482,471	49%	8%
Deposits	46,444,412,375	37,340,057,849	34,268,058,814	37,685,524,645	24%	7%
Net Interest Income	2,758,205,017	2,389,095,722	2,520,481,928	2,278,588,945	15%	7%
Pretax Income	501,246,564	126,686,417	206,299,178	360,211,660	296%	12%

Total resources of the Bank ended at Php69.7 billion, which represents 32% year on year growth. The increase in total assets mostly came from Loans and Receivables – net, which grew by Php15.3 billion, or 49% year on year. The Bank's funding sources also went up with Deposit Liabilities increasing by PhP9.1 billion, the Bank's Bills Payable also soared by PhP6.2billion to Php8.3 billion at year end. These balance sheet account movements generated Php2.8 billion Net Interest Income for the year, a 15% growth or equivalent to PhP369 million. Interest Income received from Loans and Receivables totaled to PhP2.7 billion, PhP511 million better than last year. Meanwhile, interest expense from deposits increased by 143% from PhP164 million, to PhP400 million this year. Moreover, interest expense on Bills Payable climbed to Php117 million, which is 170% higher year on year.

Investment Securities at Amortized Cost (AC) ended at PhP11.1 billion, or PhP4.4 billion higher year on year, while Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) ended at PhP4.3 billion or PhP1.1 billion lower than last year. Financial Assets at Fair Value through Profit or Loss (FVPL) declined from PhP700 million to PhP314 million. All in all, interest income earned from investment securities went up by 55%, attributable to increase in average volume. Both Due from BSP and Due from Other banks declined, from PhP4.7 billion to 3.2 billion and PhP1.2 billion to PhP875 million, respectively. Consequently, Interest Income received from Deposits with BSP and other banks dropped by PhP14 million, from PhP32 million to PhP18 million. On the other hand, Foreign exchange gain surged by 325%, from PhP67 million to PhP285 million.

As a result of improved Operating Income and low utilization of Operating Expenses, including Provision for Losses, the Bank ended up strong with PhP333 million Net Income after tax, which was 28 times higher year on year. The Bank's performance translated to a 3.1% Return on Equity (ROE) and 0.5% Return on Assets (ROA). However, total Equity decreased, from PhP10.7 billion to PhP10.5 billion this year, mainly coming from higher Unrealized Loss on Financial Assets at FVOCI amounting to (PhP659) million at year-end. Net Remeasurement Loss on Retirement Liability also increased from (PhP93) million to (PhP106) million. Cumulative Translation adjustments also dropped to (PhP14) million from positive PhP3 million last year.

Notwithstanding higher loan volume, Non-Performing Loans (NPL) ratio – net greatly improved to 1.4% as of December 31, 2022 from 2.3% as of December 31, 2021 due to better asset quality. The NPL coverage - net also increased from 162.7% to 223.2%, while the Bank's capital adequacy ratio stood at 17.6% as of year-end.

Comparison of Interim Periods

The Banks total assets stood at PhP89.5 billion as of December 31, 2024, 5% higher compared to the PhP85.1 billion recorded for the first nine months of 2024.

Due from BSP increased by 37% driven by higher level of overnight facility placements maintained with BSP. Moreover, Due from Other banks increased by PhP406 million or 19% as a result of the net movements in the balances maintained with various local and foreign banks. Financial Assets at Fair Value Through Profit or Loss went down by PhP1.4 billion due to trading-related activities of the Bank.

Net loans and receivables, went up by PhP3.3 billion or 6% driven by the growth in corporate loans portfolio.

The Bank's deposit level was at PhP51.5 billion, up by 7% mainly from the PhP3.5 billion combined increase in demand and savings deposit. Similarly, Financial Liabilities at Fair Value through Profit or Loss (FVTPL) went down by 219% or PhP336 million during the quarter. Bills payable increased by PhP3.0 billion due to additional borrowings of the Bank to meet its funding requirements during the quarter. On the other hand, Other liabilities went down by PhP1.3 billion attributed to lower accounts payable, among others.

The Bank posted a Net interest income of PhP866 million for the last quarter of 2024. Total interest income increased by PhP34 million, mainly from Interest income from loans and receivables which went up by PhP12 million and Interest income from investment securities which went up by PhP11 million.

Total Interest Expense increased by PhP28 million from prior quarter. Interest Expense on Deposit Liabilities increased by PhP40 million due to increase in volume of high yielding deposits on a quarter-on-quarter basis. Conversely, interest expense from bills payable and other borrowings went down by PhP12 million or 4% due to decrease in volume. Total non-interest income for the quarter registered a decrease of PhP235 million, primarily from the PhP175 million decrease from trading and securities activities. In addition, Service fees and commission was lower by PhP76 million due to higher syndication/commitment fees booked from preceding quarter.

Total Provision for impairment and credit losses was higher by PhP93 million compared to the PhP260 million booked last quarter. The Bank's operating expense, excluding provision, were kept under control at PhP759 million, with only 1% increase or Php4 million.

Total interest income increased by 16% or PhP204 million driven by the growth in volume and better yields as compared to the last quarter of 2023. Interest income on loans and receivables and interest income on trading and investment securities was higher by PhP117 million and PhP68 million, respectively. Interest expense on bills payable went up by PhP139 million due to volume related growth. Trading and securities was at a loss of PhP70 million resulting for the total non-interest income to be lower by 15% or PhP116 million when compared to the last quarter of 2023.

Provision for impairment and credit losses was at PhP353 million, which was 35% lower from the PhP544 million booked during the last quarter of 2023. Movements in various expense lines were noted but resulted to a minimal increase of 10%.

Key Financial Indicators

The following ratios are used to assess the performance of the Bank presented on a comparable basis:

	December 31, 2024	December 31, 2023	December 31, 2022
Return on Average Equity (ROE)	0.29%	0.1%	3.1%
Return on Average Assets (ROA)	0.04%	0.01%	0.5%
Cost-to-Income Ratio	71.0%	71.0%	69.0%

	December 31, 2024	December 31, 2023	December 31, 2022
Non-Performing Loan Ratio (NPL) - gross	3.6%	2.9%	1.6%
Non Performing Loan Cover - gross	110.5%	133.3%	203.4%
Capital Adequacy Ratio	13.6%	15.7%	17.6%

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

- Return on Average Equity ---- Net Income divided by average total capital funds for the period indicated
- Return on Average Assets ---- Net Income divided by average total resources for the period indicated
- Cost to income ratio --- Total Operating expenses divided by the sum of net interest income plus other income
- Non-Performing Loan Ratio --- Total non-performing loans divided by gross loan portfolio
- Non-Performing Loan Cover --- Total allowance for probable loan losses divided by total non-performing loans
- Capital Adequacy Ratio --- Total capital divided by risk-weighted assets

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2024

Liquidity Ratios
The ratios for the years 2024 and 2023 are as follows:

	2024	2023
Current assets	**P33,436,297,883**	P41,435,536,349
Current liabilities	**75,639,296,451**	57,150,372,449
Ratio of current assets to current liabilities	**44.2%**	72.5%
Net liquid assets[1]	**P7,032,328,670**	P7,877,965,152
Total deposits	**51,521,652,730**	49,248,341,196
Ratio of net liquid assets to total deposits	**13.6%**	16.0%

Solvency Ratio
The ratios for the years 2024 and 2023 are as follows:

	2024	2023
Total liabilities	**P78,891,036,969**	P66,241,662,430
Total equity	**10,615,927,798**	10,738,831,328
Ratio of debt to equity	**743.1%**	616.8%

Assets to Equity Ratio
The ratios for the years 2024 and 2023 are as follows:

	2024	2023
Total assets	**P89,506,964,767**	P76,980,493,758
Total equity	**10,615,927,798**	10,738,831,328
Ratio of total assets to equity	**843.1%**	716.8%

Interest Rate Coverage Ratio
The ratios for the years 2024 and 2023 are as follows:

	2024	2023
Income before interest and taxes	**P2,595,614,989**	P1,819,278,627
Interest expense	**2,382,996,716**	1,692,457,236
Interest coverage ratio	**108.9%**	107.5%

Profitability Ratios
The ratios for the years 2024 and 2023 are as follows:

	2024	2023
Net income	**P31,008,064**	P10,434,854
Average total equity[2]	**10,776,142,120**	10,636,299,422
Return on average equity	**0.29%**	0.1%
Net income	**P31,008,064**	P10,434,854
Average total assets[2]	**79,488,701,503**	73,349,558,019
Return on average assets	**0.04%**	0.01%
Net interest income	**P3,328,816,258**	P3,201,682,433
Average interest earning assets[2]	**72,841,540,186**	68,366,141,971
Net interest margin on average earning assets	**4.57%**	4.68%

1/ Net liquid assets consist of cash, due from BSP, due from other banks, interbank loans, securities held for trade and available for sale less derivatives liabilities and interbank borrowings.
2/ Average balances were determined using the ending balances of December 31, 2024 and December 31, 2023

Additional Management Discussion and Analysis (for those with variances of more than 5% December 31, 2024 vs. December 31, 2023)

Balance Sheet –

Cash and other cash items declined by PhP224 million year on year, from PhP815 million to PhP590 million. Meanwhile, Investment properties increased by 13% or PhP12 million due to additional foreclosed accounts. Deferred Tax assets increased by PhP74 million primarily due to higher loss allowances. Moreover, Other Assets also grew by 70%, or a year on year increase of PhP708 million, attributable to the capitalization of the new global banking platform.

Outstanding Acceptances went down by PhP341 million, relative to the decrease of customers liability under acceptances in loans and receivables line. Managers check and Income Tax Payable also decreased by 11% and 16%, from PhP74 million and PhP21 million to PhP66 million and PhP18 million, respectively. On the other hand, Accrued Interest, Taxes and Other Expenses went up by PhP212 million, caused by the increased Net Retirement Liability. Other Liabilities also doubled, from PhP2.1 billion to PhP4.8 billion. The increase is mainly from higher Accounts Payable, which includes Remittances and Unsettled Securities Payables. Additional losses of PhP6.2 million were incurred for Cumulative Translation Adjustment – due to FX rate movement. Net Unrealized Loss on FVOCI also increased by PhP58.3 million due to interest rate movements. Meanwhile, Net Remeasurement Loss on Retirement Liability increased by Php92 million due to actuarial adjustments.

Income Statement -

Operating Expenses increased along with the higher transactions of the Bank. Compensation and fringe benefits went up by 15%, from PhP1.2 billion to PhP1.4 billion, the increase is mainly from salaries and wages and other fringe benefits. Hardware Depreciation and Amortization of Software rose to PhP206 million and PhP74 million, coming from PhP178 million and PhP69 million, this is due to various projects and systems capitalized during the year. Taxes and licenses went up by PhP42 million owing to volume-related taxes - GRT and DST, which went up by PhP28 million and PhP12 million respectively. Security, messengerial, janitorial expenses and other fees slightly moved, from PhP200 million to PhP210 million, mainly from Clerical Expenses which was due to various projects by the Bank. Income taxes went up to PhP182 million from PhP116 million, due to higher taxable income this year.

Additional Management Discussion and Analysis (for those with variances of more than 5% December 31, 2023 vs. December 31, 2022)

Balance Sheet –

Cash and other cash items increased by PhP208 million year on year, from PhP607 million to PhP815 million. Meanwhile, Investment properties decreased by 71% or PhP215 million mainly due to the transfer of several foreclosed accounts to Philippine Veterans Bank ("Trustee"). These accounts are now classified under Other Assets in the financial statements, and as a result, other assets line increased from PhP907 million to PhP1.0 billion at year end. Deferred Tax assets increased by PhP113 million primarily due to higher loss allowances. On the other hand, Property and Equipment went down by PhP65 million due to lower Right of Use assets.

Outstanding Acceptances went up by PhP129 million, relative to the increase of customers liability under acceptances in loans and receivables line. Managers check also increased from PhP50 million to PhP74 million. Similarly, accrued interest, taxes and other expenses spiked by 17.7%, from 712 million to 838 million. The movement is mostly from interest payable and retirement liability, which went up by PhP114 million and PhP39 million respectively. Financial liabilities at FVTPL and Income Tax payable decreased to PhP66 million and PhP21 million, from PhP130 million and PhP23 million, respectively. Moreover, Accounts Payable - Remittance dropped by PhP721 million year on year, major reason for the decrease of Other Liabilities by 36% or PhP1.2 billion. Net Unrealized Loss on Financial Assets at FVOCI improved by PhP240 million, from PhP659 million loss to PhP419 million loss at year end. On the contrary, the Net Remeasurement Loss on Retirement Liability went up to PhP156 million loss from PhP106 million loss.

Income Statement -

Service fees and commission increased by PhP21 million or 8.4%, while Miscellaneous income dropped to PhP131 million from PhP180 million last year due to lower fair value gains on foreclosed assets and recovery from written off loans. Interest expense on lease liabilities declined by PhP2 million.

Various operating expense lines increased year on year. Taxes and licenses went up by PhP45 million owing to volume related taxes, GRT and DST went up by PhP34 million and PhP17 million respectively. Security, messengerial and janitorial expenses, as well as Occupancy and other equipment-related costs jumped by PhP48 million and PhP54 million, respectively. Depreciation and Amortization of computer software costs are relatively flat, due to its normal course, with only PhP9 million and PhP4 million increase, or 5.5% and 6.4%, respectively. Management & other professional fees, Postage and cable, and Banking and supervision fees increased by PhP23 million, PhP10 million and PhP8 million, respectively. These movements resulted to the increase of Miscellaneous expense line, from PhP314 million last year to PhP400 million this year, or 27% increase year on year. Income taxes decreased from PhP168 million to PhP116 million due to lower taxable income this year.

Additional Management Discussion and Analysis (for those with variances of more than 5% December 31, 2022 vs. December 31, 2021)

Balance Sheet –

Interbank Loans Receivable declined by PhP127 million, from PhP696 million to PhP569 million. Conversely, Investment Properties ended up at PhP305 million, with 87% increase from last year. Similarly, Other Assets went up by PhP446 million, from PhP461 million to PhP907 million. Increase is mainly from miscellaneous assets that include hardware and systems pending implementation.

Outstanding Acceptances, Manager's Checks and Accrued Interest, Taxes and Others ended up at PhP217 million, PhP50million and PhP712 million, respectively. Income Tax Payable increased by PhP18 million, from PhP5 million to PhP23 million. Moreover, Other Liabilities also increased by PhP1.3 billion or 61% year on year. These are generally from Accounts Payable to customers account for payroll and inward remittances and Bills Purchased account.

Income Statement -

Interest income on Interbank Loans receivable increased by 32%, from PhP12 million to PhP16 million, despite lower volume. Service fees and commission income, as well as the Miscellaneous Income went up by PhP33 million and PhP69 million, respectively. Syndication fees, like upfront fees and arrangement fees from Corporate Banking, contributed to the PhP33 million increase in commission income. Miscellaneous income includes higher recovery from written off accounts and unrealized fair value gains on foreclosed assets. On the other hand, Trading and Securities ended up at a loss amounting to (PhP38) million, but still better than last year by PhP25 million.

Total Operating Expenses excluding Impairment losses went up by 15% year on year. Compensation and fringe benefits increased by 16% or PhP168 million. Taxes and licenses also grew by PhP60 million attributed to GRT and DST on account of higher revenue and deposit volume. Security, Messengerial and Janitorial expenses ended up at PhP152 million, while Amortization of Computer Software costs at PhP65 million. Miscellaneous expenses increased by PhP45 million or 17% mainly due to business insurance fees and management and other professional fees. Meanwhile, a 7% increase in Impairment Losses was noted despite the higher loan volume year on year. Income taxes grew by PhP53 million mainly on account of higher revenue resulting to higher taxable income.

3. Plan of Operations

The Bank aims to continuously add value to its stakeholders by constantly growing its resources as the country gradually enters the new normal. The Bank aims to achieve better efficiency by expanding its digital footprints across various products and different areas of operations. The Bank has further strengthened its risk management in the areas of cyber security and asset quality. The Bank intends to improve market position and profitability by continuous expansion of its retail and corporate loan portfolio. Institutional Banking Group (IBG) aims to grow both the top tier, middle market, and SM segment while Treasury Group will continue to focus on the expansion of client-based revenue both in the corporate and retail market. In addition, Retail Banking Group will continue to expand its Personal Loan and Mortgage Loan business by maximizing its channels and improving its geographic reach.

ANNEX “E”

STATEMENT OF MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS

CTBC BANK
中國信託銀行

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **CTBC BANK (PHILIPPINES) CORP.** (the Bank) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024, 2023, and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

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

王臣新

CHENG-HSIN WANG
Chairman

ERIBERTO LUIS S. ELIZAGA
President and Chief Executive Officer

ANDREW A. FALCON
Senior Vice-President
Chief Financial Officer

Signed this March 6, 2025

MAKATI CITY

SUBSCRIBED AND SWORN to before me this _______ day of MAR 0 6 2025 __________ 2025 affiants exhibiting to me their Government Issued I.D., as follows:

NAMES	GOVERNMENT ISSUED I.D. / TIN	DATE/PLACE OF ISSUE
CHENG-HSIN WANG		
ERIBERTO LUIS S. ELIZAGA		
ANDREW A. FALCON		

Doc. No. 419;

Page No. 87;

Book No. 31;

Series of 2025.

ATTY. ROMEO M. MONFORT
Notary Public City of Makati
Until December 31, 2025
Appointment No. M-032 (2024-2025)
PTR No.10466008 Jan. 2 2025/Makati City
IBP No. 488534 Dec. 27, 2024
MCLE NO. VII-0027570 Roll No. 27932
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

ANNEX “F”

AUDITED FINANCIAL STATEMENTS OF THE BANK AS OF 31 DECEMBER 2024

CTBC BANK (PHILIPPINES) CORPORATION

FINANCIAL STATEMENTS
December 31, 2024 and 2023

With Independent Auditors' Report

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209

Telephone	+63 (2) 8885 7000
Fax	+63 (2) 8894 1985
Internet	www.home.kpmg/ph
Email	ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
CTBC Bank (Philippines) Corporation
Fort Legend Towers, Third Avenue corner 31st Street
Bonifacio Global City, Taguig City

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
APR 11 2025
BY: ROSE MARCIANO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CTBC Bank (Philippines) Corporation (the Bank), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of income, other comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2024, and notes, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

KPMG

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Supplementary Information Required under Bangko Sentral ng Pilipinas (BSP) Circular No. 1074 and Revenue Regulations (RR) 15-2010 of the Bureau of Internal Revenue (BIR)

Our audit was conducted for the purpose of forming an opinion on the Bank's basic financial statements taken as a whole. The supplementary information required under BSP Circular No. 1074 in Note 28 and RR 15-2010 in Note 29 to the basic financial statements is presented for purposes of filing with the BSP and BIR, respectively, and is not a required part of the Bank's basic financial statements. Such supplementary information is the responsibility of the management of the Bank. The supplementary information has been subjected to the auditing procedures applied in our audit of the Bank's basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the Bank's basic financial statements taken as a whole.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
BSP Accreditation No. 92183-BSP, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements*
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-034-2023
Issued May 25, 2023; valid until May 25, 2026
PTR No. MKT 10467182
Issued January 2, 2025 at Makati City

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

March 13, 2025
Makati City, Metro Manila

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
APR 11 2025
BY: ROSE MARCIANO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

KPMG

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209

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Email	ph-inquiry@kpmg.com

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
APR 11 2025
BY: ROSE MARCIANO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING
WITH THE BUREAU OF INTERNAL REVENUE

The Board of Directors and Stockholders
CTBC Bank (Philippines) Corporation
Fort Legend Towers, Third Avenue corner 31st Street
Bonifacio Global City, Taguig City

We have audited the accompanying financial statements of CTBC Bank (Philippines) Corporation (the Bank) as at and for the year ended December 31, 2024, on which we have rendered our report dated March 13, 2025.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager, or principal stockholders of the Bank.

R.G. MANABAT & CO.

Tireso Randy F. Lapidez

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
BSP Accreditation No. 92183-BSP, Group A, valid for five (5) years covering the audit of 2019 to 2023 financial statements*
Tax Identification No. 162-411-175
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Issued May 25, 2023; valid until May 25, 2026
PTR No. MKT 10467182
Issued January 2, 2025 at Makati City

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

March 13, 2025
Makati City, Metro Manila

R.G. Manabat & Co.
The KPMG Center, 6/F
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SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

The Board of Directors and Stockholders
CTBC Bank (Philippines) Corporation
Fort Legend Towers, Third Avenue corner 31st Street
Bonifacio Global City, Taguig City

We have audited the accompanying financial statements of CTBC Bank (Philippines) Corporation (the Bank) as at and for the year ended December 31, 2024, on which we have rendered our report dated March 13, 2025.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the Bank has a total number of seventy-nine (79) stockholders owning one hundred (100) or more shares each.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
BSP Accreditation No. 92183-BSP, Group A, valid for five (5) years covering the audit of 2019 to 2023 financial statements*
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-034-2023
Issued May 25, 2023; valid until May 25, 2026
PTR No. MKT 10467182
Issued January 2, 2025 at Makati City

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

March 13, 2025
Makati City, Metro Manila

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

R.G. Manabat & Co.
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Internet www.home.kpmg/ph
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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders
CTBC Bank (Philippines) Corporation
Fort Legend Towers, Third Avenue corner 31st Street
Bonifacio Global City, Taguig City

We have audited, in accordance with Philippine Standards on Auditing, the accompanying financial statements of CTBC Bank (Philippines) Corporation (the Bank) as at and for the year ended December 31, 2024, on which we have rendered our report dated March 13, 2025.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Bank taken as a whole. The following supplementary information in the Index to the Financial Statements and Supplementary Schedules is the responsibility of the Bank's management:

- Reconciliation of Retained Earnings Available for Dividend Declaration (Part I); and

- Schedules Required by Annex 68-J of the Revised Securities Regulation Code (SRC) Rule 68 (Part II).

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

This supplementary information is presented for purposes of complying with the Revised SRC Rule 68 and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
BSP Accreditation No. 92183-BSP, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements*
Tax Identification No. 162-411-175
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PTR No. MKT 10467182
Issued January 2, 2025 at Makati City

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

March 13, 2025
Makati City, Metro Manila

CTBC BANK (PHILIPPINES) CORPORATION
STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2024**	2023
ASSETS			
Cash and Other Cash Items	*5, 6, 17, 27*	**P590,275,773**	P814,714,838
Due from Bangko Sentral ng Pilipinas	*5, 6, 17, 27*	**4,270,027,822**	3,426,463,360
Due from Other Banks	*5, 6, 17, 27*	**2,159,646,712**	1,109,317,042
Interbank Loans Receivable - net	*5, 6*	**874,964,029**	71,789,090
Financial Assets at Fair Value through Profit or Loss	*5, 6, 7, 17, 26, 27*	**1,170,525,362**	538,339,517
Financial Assets at Fair Value through Other Comprehensive Income	*5, 6, 17, 27*	**7,469,870,298**	6,491,930,161
Investment Securities at Amortized Cost - net	*5, 6, 7*	**14,390,603,911**	12,843,192,633
Loans and Receivables - net	*5, 8*	**55,346,593,008**	49,265,854,007
Property and Equipment - net	*9, 17*	**709,736,062**	687,967,864
Investment Properties - net	*10, 17*	**101,025,300**	89,426,159
Deferred Tax Assets - net	*17, 21*	**701,091,149**	627,004,365
Other Assets - net	*11*	**1,722,605,341**	1,014,494,722
		P89,506,964,767	P76,980,493,758

LIABILITIES AND EQUITY			
Liabilities			
Deposit liabilities:			
Demand	*5, 6*	**P16,401,004,173**	P11,453,319,207
Savings	*5, 6*	**8,080,732,931**	9,236,892,387
Time	*5, 6*	**27,039,914,626**	28,558,129,602
	5, 6, 17, 27	**51,521,651,730**	49,248,341,196
Financial Liabilities at Fair Value through Profit or Loss	*5, 6, 17, 26, 27*	**153,315,657**	65,936,713
Bills Payable	*5, 6, 14, 17, 27*	**21,294,794,018**	13,517,179,143
Outstanding Acceptances	*5, 6, 17, 27*	**4,427,526**	345,662,618
Manager's Checks	*5, 6, 17, 27*	**66,297,573**	74,139,847
Accrued Interest, Taxes and Other Expenses	*15*	**1,049,292,571**	837,565,469
Income Tax Payable	*17*	**17,936,941**	21,313,524
Other Liabilities	*16*	**4,783,320,953**	2,131,523,920
		78,891,036,969	66,241,662,430

Forward

		December 31	
	Note	**2024**	2023
EQUITY			
Capital Stock	*18*	**P3,483,072,020**	P3,483,072,020
Additional Paid-in Capital	*18*	**2,030,172,344**	2,027,481,501
Restricted Retained Earnings	*18*	**5,842,996,846**	5,811,988,782
Statutory Reserve	*18*	**4,981,159**	4,981,159
Cumulative Translation Adjustment		**(20,470,292)**	(14,224,835)
Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income	*7*	**(477,119,700)**	(418,804,130)
Net Remeasurement Loss on Retirement Liability	*19*	**(247,704,579)**	(155,663,169)
		10,615,927,798	10,738,831,328
		P89,506,964,767	P76,980,493,758

See Notes to the Financial Statements.

CTBC BANK (PHILIPPINES) CORPORATION
STATEMENTS OF INCOME

	Note	2024	2023	2022
		Years Ended December 31		
INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST METHOD				
Loans and receivables	*8*	**P4,679,774,075**	P4,131,974,719	P2,744,530,802
Investment securities	*7*	**928,998,214**	688,726,586	514,229,788
Deposits with Bangko Sentral ng Pilipinas and other banks		**25,399,667**	20,192,930	18,046,635
Interbank loans receivable		**8,355,166**	11,413,932	15,522,150
INTEREST INCOME ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	*7*	**69,285,851**	41,831,502	12,203,065
		5,711,812,973	4,894,139,669	3,304,532,440
INTEREST EXPENSE				
Deposit liabilities	*13*	**1,393,751,204**	1,247,081,612	400,192,606
Bills payable and other borrowings	*14*	**963,573,824**	418,774,876	117,175,888
Lease liabilities	*20*	**25,671,687**	26,600,748	28,958,929
		2,382,996,715	1,692,457,236	546,327,423
NET INTEREST INCOME		**3,328,816,258**	3,201,682,433	2,758,205,017
Service fees and commission income	*22, 24*	**377,383,092**	273,241,705	251,985,496
Foreign exchange gain - net		**156,067,468**	69,279,302	284,592,031
Trading and securities gain (loss) - net	*7*	**8,396,432**	78,230,632	(38,091,216)
Miscellaneous - net	*22*	**129,489,553**	130,674,192	180,223,308
TOTAL OPERATING INCOME		**4,000,152,803**	3,753,108,264	3,436,914,636
Compensation and fringe benefits	*19*	**1,425,924,415**	1,245,238,734	1,201,190,431
Impairment losses - net	*10, 11, 12, 24*	**855,338,059**	962,140,521	563,438,397
Taxes and licenses	*21*	**393,413,996**	351,335,198	305,881,132
Occupancy and other equipment - related costs	*20*	**220,430,653**	220,014,697	165,644,912
Security, messengerial, janitorial expenses and other fees	*22*	**209,581,472**	200,191,500	151,788,525
Depreciation and amortization	*9, 10, 24*	**205,995,703**	178,341,603	168,974,266
Amortization of computer software costs	*11, 24*	**73,858,530**	69,210,415	65,021,032
Miscellaneous	*22*	**402,991,703**	399,814,205	313,729,377
TOTAL OPERATING EXPENSES		**3,787,534,531**	3,626,286,873	2,935,668,072
INCOME BEFORE INCOME TAXES		**212,618,272**	126,821,391	501,246,564
INCOME TAXES	*21, 24*	**181,610,208**	116,386,537	168,070,264
NET INCOME		**P31,008,064**	P10,434,854	P333,176,300
BASIC/DILUTED EARNINGS PER SHARE	23	**P0.09**	**P0.03**	P0.96

See Notes to the Financial Statements.

CTBC BANK (PHILIPPINES) CORPORATION
STATEMENTS OF OTHER COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2024	2023	2022
NET INCOME		**P31,008,064**	P10,434,854	P333,176,300
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that may not be reclassified to profit or loss				
Net unrealized (loss) gain on equity financial assets at fair value though other comprehensive income	*7*	**(450,000)**	1,845,000	657,500
Net remeasurement losses on retirement liability - net of tax	*19*	**(92,041,410)**	(49,184,508)	(13,610,507)
		(92,491,410)	(47,339,508)	(12,953,007)
Items that may be reclassified to profit or loss				
Net unrealized (loss) gain on debt financial assets at fair value though other comprehensive income	*7*	**(57,865,570)**	238,636,260	(436,200,151)
Net movement in cumulative translation adjustments		**(6,245,457)**	(457,817)	(16,479,030)
		(64,111,027)	238,178,443	(452,679,181)
		(156,602,437)	190,838,935	(465,632,188)
TOTAL COMPREHENSIVE (LOSS) INCOME		**(P125,594,373)**	P201,273,789	(P132,455,888)

See Notes to the Financial Statements.

CTBC BANK (PHILIPPINES) CORPORATION
STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31

	Note	Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Restricted Retained Earnings (Note 18)	Statutory Reserve (Note 18)	Cumulative Translation Adjustment	Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income (Note 7)	Net Remeasurement Loss on Retirement Liability (Note 19)	Total
Balance at January 1, 2024		P3,483,072,020	P2,027,481,501	P5,811,988,782	P4,981,159	(P14,224,835)	(P418,804,130)	(P155,663,169)	P10,738,831,328
Net income		-	-	31,008,064	-	-	-	-	31,008,064
Other Comprehensive Income (Loss)									
Items that may not be reclassified to profit or loss									
Net unrealized loss on equity financial assets at fair value through other comprehensive income	7	-	-	-	-	-	(450,000)	-	(450,000)
Net remeasurement loss on retirement liability - net of tax	19	-	-	-	-	-	-	(92,041,410)	(92,041,410)
Items that may be reclassified to profit or loss									
Net unrealized loss on debt financial assets at fair value through other comprehensive income	7	-	-	-	-	-	(57,865,570)	-	(57,865,570)
Net movement in cumulative translation adjustments		-	-	-	-	(6,245,457)	-	-	(6,245,457)
Total Other Comprehensive Income (Loss)		-	-	-	-	(6,245,457)	(58,315,570)	(92,041,410)	(156,602,437)
Total Comprehensive Income		-	-	31,008,064	-	(6,245,457)	(58,315,570)	(92,041,410)	(125,594,373)
Restricted Stock Award	18	-	2,690,843	-	-	-	-	-	2,690,843
Balance at December 31, 2024		P3,483,072,020	P2,030,172,344	P5,842,996,846	P4,981,159	(P20,470,292)	(P477,119,700)	(P247,704,579)	P10,615,927,798

Forward

									Years Ended December 31
	Note	Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Restricted Retained Earnings (Note 18)	Statutory Reserve (Note 18)	Cumulative Translation Adjustment	Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income (Note 7)	Net Remeasurement Loss on Retirement Liability (Note 19)	Total
Balance at January 1, 2023		P3,483,072,020	P2,023,691,478	P5,801,553,928	P4,981,159	(P13,767,018)	(P659,285,390)	(P106,478,661)	P10,533,767,516
Net income		-	-	10,434,854	-	-	-	-	10,434,854
Other Comprehensive Income (Loss)		-	-	-	-	-	-	-	-
Items that may not be reclassified to profit or loss									
Net unrealized gain on equity financial assets at fair value through other comprehensive income	7	-	-	-	-	-	1,845,000	-	1,845,000
Net remeasurement loss on retirement liability - net of tax	19	-	-	-	-	-	-	(49,184,508)	(49,184,508)
Items that may be reclassified to profit or loss									
Net unrealized gain on debt financial assets at fair value through other comprehensive income	7	-	-	-	-	-	238,636,260	-	238,636,260
Net movement in cumulative translation adjustments		-	-	-	-	(457,817)	-	-	(457,817)
Total Other Comprehensive Income (Loss)		-	-	-	-	(457,817)	240,481,260	(49,184,508)	190,838,935
Total Comprehensive Income		-	-	10,434,854	-	(457,817)	240,481,260	(49,184,508)	201,273,789
Restricted Stock Award	18	-	3,790,023	-	-	-	-	-	3,790,023
Balance at December 31, 2023		P3,483,072,020	P2,027,481,501	P5,811,988,782	P4,981,159	(P14,224,835)	(P418,804,130)	(P155,663,169)	P10,738,831,328

Forward

Years Ended December 31

	Note	Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Restricted Retained Earnings (Note 18)	Statutory Reserve (Note 18)	Cumulative Translation Adjustment	Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income (Note 7)	Net Remeasurement Loss on Retirement Liability (Note 19)	Total
Balance at January 1, 2022		P3,483,072,020	P2,022,761,750	P5,468,377,628	P4,981,159	P2,712,012	(P223,742,739)	(P92,868,154)	P10,665,293,676
Net income		-	-	333,176,300	-	-	-	-	333,176,300
Other Comprehensive Income (Loss)									
Items that may not be reclassified to profit or loss									
Net unrealized gain on equity financial assets at fair value through other comprehensive income	7	-	-	-	-	-	657,500	-	657,500
Net remeasurement loss on retirement liability - net of tax	19	-	-	-	-	-	-	(13,610,507)	(13,610,507)
Items that may be reclassified to profit or loss									
Net unrealized loss on debt financial assets at fair value through other comprehensive income	7	-	-	-	-	-	(436,200,151)	-	(436,200,151)
Net movement in cumulative translation adjustments		-	-	-	-	(16,479,030)	-	-	(16,479,030)
Total Other Comprehensive Income (Loss)		-	-	-	-	(16,479,030)	(435,542,651)	(13,610,507)	(465,632,188)
Total Comprehensive Income		-	-	333,176,300	-	(16,479,030)	(435,542,651)	(13,610,507)	(132,455,888)
Restricted Stock Award	18	-	929,728	-	-	-	-	-	929,728
Balance at December 31, 2022		P3,483,072,020	P2,023,691,478	P5,801,553,928	P4,981,159	(P13,767,018)	(P659,285,390)	(P106,478,661)	P10,533,767,516

See Notes to the Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
APR 11 2023
BY: ROSE MARCIANO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

CTBC BANK (PHILIPPINES) CORPORATION
STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2024**	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income taxes		**P212,618,272**	P126,821,391	P501,246,564
Adjustments for:				
Impairment losses - net	*10, 11, 12, 24*	**855,338,059**	962,140,521	563,438,397
Foreign exchange revaluation (gain) loss on financial assets at fair value through other comprehensive income and investment securities at amortized cost		**(390,392,858)**	71,491,563	(353,260,729)
Foreign exchange revaluation loss (gain) on bills payable		**377,903,497**	(156,138,833)	159,402,000
Depreciation and amortization	*9, 10, 24*	**205,995,703**	178,341,603	168,974,266
Amortization of net discount on financial assets at fair value through other comprehensive income and investment securities at amortized cost		**91,078,657**	1,353,027,619	(85,465,788)
Amortization of computer software costs	*11, 24*	**73,858,530**	69,210,415	65,021,032
Retirement benefit expense	*19*	**44,462,993**	36,523,706	37,494,024
Write-off of computer software	*11, 22*	**-**	34,492,894	-
Accretion of interest on lease liabilities	*20*	**25,671,687**	26,600,748	28,958,929
Realized (gain) loss on sale on financial assets at fair value through other comprehensive income	*7*	**(23,809,761)**	(26,384,610)	44,989,750
Mark-to-market loss (gain) on financial assets at fair value through profit or loss		**21,093,336**	(12,663,088)	(8,946,359)
(Gain) loss on disposal of foreclosed assets	*10, 11, 22*	**(5,999,127)**	2,523,573	(5,168,087)
Unrealized gain on investment properties	*10, 22*	**(4,563,297)**	(14,764,746)	(34,549,528)
Restricted stock award	*18*	**2,690,843**	3,790,023	929,728
Gain on disposal of property and equipment	*22*	**(585,333)**	(164,302)	-
Dividend income	*22*	**(240,000)**	(280,000)	(280,000)
Foreign exchange revaluation loss (gain) on interbank loans receivable	*12*	**7,482**	(14,961)	91,057
Loss on derecognition of computer software	*11*	**-**	1,091,328	5,461,335
		1,485,128,683	2,655,644,844	1,088,336,591
Changes in:				
Financial assets at fair value through profit or loss		**(653,279,181)**	(211,344,153)	394,209,957
Loans and receivables		**(6,969,476,107)**	(3,923,806,420)	(15,973,350,918)
Other assets		**(411,420,085)**	49,276,424	(469,489,965)
Deposit liabilities		**2,273,310,534**	2,803,928,821	9,104,354,526
Financial liabilities at fair value through profit or loss		**87,378,944**	(64,430,148)	4,127,391
Outstanding acceptances		**(341,235,092)**	128,746,720	209,932,508
Manager's checks		**(7,842,274)**	24,354,415	13,646,479
Accrued taxes and other expenses		**112,583,872**	86,852,998	77,369,897
Other liabilities		**2,715,143,757**	(1,150,494,338)	1,320,417,350
		(1,709,706,949)	398,729,163	(4,230,446,184)
Contribution to the plan assets	*19*	**(68,041,644)**	(63,099,308)	(37,349,043)
Income taxes paid		**(228,393,104)**	(214,808,954)	(135,379,551)
Net cash (used in) provided by operating activities		**(2,006,141,697)**	120,820,901	(4,403,174,778)

Forward

	Note	Years Ended December 31 2024	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Financial assets at fair value through other comprehensive income		**(P6,541,268,092)**	(P13,149,191,282)	(P8,348,610,000)
Investment securities at amortized cost		**(2,864,864,848)**	(14,717,312,110)	(4,120,662,705)
Property and equipment	*9, 24*	**(170,475,530)**	(77,641,407)	(108,867,183)
Computer software costs	*11*	**(430,041,631)**	(31,534,564)	(46,787,462)
Proceeds from disposals of:				
Financial assets at fair value through other comprehensive income		**3,121,949,481**	9,863,179,638	3,657,002,896
Foreclosed assets		**82,622,155**	3,761,518	22,905,585
Property and equipment		**2,753,123**	4,382,560	4,588,507
Proceeds from maturities of:				
Financial assets at fair value through other comprehensive income		**2,462,612,725**	838,758,551	5,415,215,000
Investment securities at amortized cost		**1,554,731,500**	12,060,301,460	20,000,000
Dividends received	*22*	**240,000**	280,000	280,000
Net cash used in investing activities		**(2,781,741,117)**	(5,205,015,636)	(3,504,935,362)
CASH FLOWS FROM FINANCING ACTIVITIES				
Settlement of bills payable		**(384,429,275,901)**	(193,435,705,983)	(70,006,065,254)
Availments of bills payable		**391,828,987,279**	198,833,423,959	76,082,303,254
Payment of lease liabilities	*20*	**(132,986,040)**	(126,684,250)	(122,394,332)
Net cash provided by financing activities		**7,266,725,338**	5,271,033,726	5,953,843,668
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS		**(6,245,457)**	(457,817)	(16,479,030)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**2,472,597,067**	186,381,174	(1,970,745,502)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
Cash and other cash items		**814,714,838**	607,134,739	598,248,744
Due from Bangko Sentral ng Pilipinas		**3,426,463,360**	3,184,802,214	4,720,099,954
Due from other banks		**1,109,317,042**	875,457,113	1,192,416,156
Interbank loans receivable - gross		**71,981,000**	568,701,000	696,075,714
		5,422,476,240	5,236,095,066	7,206,840,568
CASH AND CASH EQUIVALENTS AT END OF YEAR				
Cash and other cash items	*5, 6, 17, 27*	**590,275,773**	814,714,838	607,134,739
Due from Bangko Sentral ng Pilipinas	*5, 6, 17, 27*	**4,270,027,822**	3,426,463,360	3,184,802,214
Due from other banks	*5, 6, 17, 27*	**2,159,646,712**	1,109,317,042	875,457,113
Interbank loans receivable - gross	*5, 17, 27*	**875,123,000**	71,981,000	568,701,000
		P7,895,073,307	P5,422,476,240	P5,236,095,066
CASH FLOWS FROM INTEREST				
Interest received		**P5,647,160,052**	P4,812,632,004	P3,227,371,140
Interest paid		**(2,316,046,799)**	(1,551,861,132)	(437,926,044)
		P3,331,113,253	P3,260,770,872	P2,789,445,096

See Notes to the Financial Statements.

CTBC BANK (PHILIPPINES) CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

CTBC Bank (Philippines) Corporation (the Bank) is a 99.72%-owned entity of CTBC Bank Co. Ltd., formerly Chinatrust Commercial Bank Ltd. (the Parent Bank), a Taiwan-based commercial bank. The ultimate parent of the Bank is CTBC Financial Holding Co., Limited (formerly Chinatrust Financial Holding Co., Ltd.) which was incorporated in Taiwan. The Bank was incorporated as a domestic commercial bank on September 7, 1995 under the name of Access Banking Corporation and started business operations on September 26, 1995. The term of existence of the Bank is fifty (50) years from the date of incorporation.

It was renamed as Chinatrust (Philippines) Commercial Bank Corporation in January 1996. On October 30, 2013, the Bank changed its corporate name to CTBC Bank (Philippines) Corporation.

The Bank was organized to provide 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 Bank is licensed to engage in regular financial derivatives as a means of reducing and managing the Bank's and its customers' foreign exchange exposure.

The Bank's principal place of business is located at Fort Legend Towers, Third Avenue corner 31^{st} Street, Bonifacio Global City, Taguig City.

The Bank's common shares were listed in the Philippines Stock Exchange (PSE) in June 1999. On October 7, 2011, the Board of Directors (BOD) authorized the Bank to file a petition for voluntary delisting with the PSE and to purchase the outstanding shares through a tender offer in accordance with the rules of the PSE and Philippine Securities and Exchange Commission (SEC). On December 15, 2011, the Bank obtained approval for the delisting and share buyback through a special stockholders' meeting as required by the Bank's By-Laws. On December 19, 2011, the Bank received the approval of the Monetary Board for the delisting and share buyback. As of January 27, 2012, common shares held by minority stockholders amounting to P12.7 million were tendered to and reacquired by the Bank. On February 8, 2012, the PSE approved the Bank's petition for voluntary delisting. Official delisting of the Bank's shares from the Trading Board became effective on February 24, 2012. As at December 31, 2024 and 2023, the Bank remains as a SEC-registered issuer of securities to the public.

The Bank received its foreign currency deposit unit (FCDU) license and launched its FCDU operations on December 28, 1995. The Bank received its Expanded FCDU license on November 22, 1995. The Bank has authority to engage in trust operations as approved by Monetary Board in its Resolution No. 765 dated July 31, 1996.

2. Basis of Preparation and Statement of Compliance

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

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

Items	Measurement Bases
Financial assets and liabilities at fair value through profit or loss (FVTPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Net retirement liability	Present value of the defined benefit obligation less fair value of plan assets
Lease liability	Present value of the lease payments not yet paid discounted using the Bank's incremental borrowing rate

The financial statements of the Bank include the accounts maintained in the regular banking unit (RBU) and the FCDU. These financial statements are the combined financial information of these units after eliminating inter-unit accounts.

Functional and Presentation Currency
The functional currency of RBU and FCDU is the Philippine Peso (PHP) and United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated into their equivalents in PHP (see Note 3 on foreign currency transactions and translation).

The financial statements of the Bank are presented in PHP. All financial information presented in PHP has been rounded off to the nearest peso, except as otherwise indicated.

Presentation of Financial Statements
The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 17.

Approval of Issuance of Financial Statements
Under Section 17.2 (a) of the Securities Regulation Code (SRC), issuers of securities that have sold a class of their securities pursuant to a registration under Section 12 of the SRC are required to comply with the reportorial requirements under SRC Rule 20; provided, however, that the obligation of such issuers to file reports shall be suspended for any fiscal year after the year such registration became effective if such issuer, as of the first day of any such fiscal year, has less than 100 holders of such class of securities and it notifies the Commission of such. As at December 31, 2024 and 2023, the Bank has retained 110 shareholders, which requires it to comply with the reportorial requirements under SRC Rule 20.

These financial statements have been reviewed, approved and authorized for issue by the BOD on March 6, 2025.

3. Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

Foreign Currency Transactions and Translation

Transactions in foreign currencies are initially recorded at the functional rate of exchange at the date of transaction.

Foreign currency-denominated monetary assets and liabilities in the RBU and FCDU are translated into their respective functional currencies based on the Bankers Association of the Philippines (BAP) closing rate prevailing as at the reporting date and foreign currency-denominated income and expenses are translated at the BAP weighted average rate prevailing as at the date of transaction. Foreign exchange differences arising from foreign currency transactions and translation of foreign currency-denominated assets and liabilities are credited to or charged against the statement of income in the period in which the rates change.

Foreign currency-denominated non-monetary items that are measured at historical cost are translated using the exchange rate at the transaction date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange differences arising from translation of the FCDU balances to the presentation currency are taken directly to Cumulative translation adjustment in the statement of OCI. Upon disposal of the FCDU or upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in the statement of OCI is recognized in the statement of income.

Financial Instruments

Recognition and Initial Measurement

The Bank recognizes a financial asset or a financial liability on the trade date when it becomes a party to the contractual provisions of the financial instrument. Purchases or sales of financial assets that require delivery of asset within the time frame established by regulation or convention in the marketplace are recognized on the trade date. Deposits, amounts due to and from BSP and other banks and loans and receivables are recognized when cash is received by the Bank or advanced to the customers.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issuance.

Classification and Measurement

Financial Assets

The Bank classifies its financial assets in the following categories: financial assets at amortized cost, financial assets at FVOCI or financial assets at FVTPL.

Debt Instruments

Financial Assets at Amortized Cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

Debt financial assets meeting these criteria are measured initially at fair value plus transaction costs. These financial assets are subsequently measured at amortized cost using the effective interest method less any loss allowance. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization is recognized under “Interest income calculated using the effective interest method” in the statement of income. The losses arising from impairment of financial assets at amortized cost are recognized in Impairment losses - net in the statement of income.

When such financial assets are sold or disposed of under specific circumstances, the gain or loss is recognized as Trading and securities gain (loss) - net in the statement of income.

The Bank’s financial assets at amortized cost include cash and other cash items, due from BSP, due from other banks, interbank loans receivable, investment securities at amortized cost, loans and receivables, and returned checks and other cash items and rental deposits included under Other assets\ in the statement of financial position.

Financial Assets at FVOCI

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

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

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

Debt financial assets meeting these criteria are measured initially at fair value plus transaction costs. These instruments are subsequently measured at fair value with gains and losses due to changes in fair value recognized under “Net unrealized gain (loss) on financial assets at FVOCI” in the statement of OCI. Interest earned on these instruments is recognized under “Interest income calculated using the effective interest method” in the statement of income.

Financial Assets at FVTPL

All other financial assets not measured at amortized cost or at FVOCI are classified as measured at FVTPL.

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

a. *HFT Investments*

   HFT investments are recorded in the statement of financial position at fair value. Changes in fair value relating to the held-for-trading positions are recognized in Trading and securities gain (loss) - net in the statement of income.

Interest earned is recorded under Interest income on financial assets at FVTPL in the statement of income.

b. *Derivative Assets*
The Bank is counterparty to derivative contracts, such as forwards and cross-currency swaps. These derivatives are entered into as a service to customers, as a means of reducing or managing their respective foreign exchange exposures and for trading purposes. Such derivative financial instruments are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value.

Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting cash flow hedges and hedges in net investment in foreign operation) are taken directly to Foreign exchange gain - net in the statement of income. Derivatives are carried as assets when the fair value is positive.

The method of recognizing fair value gains and losses depends on whether derivatives are held-for-trading or are designated as hedging instruments, and if the latter, the nature of the risks being hedged.

The Bank's derivative transactions include cross-currency swaps and forward contracts.

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

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

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

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

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

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

b. Financial assets at FVOCI which shall consist of:

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

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

In limited circumstances, PFRS 9, *Financial Instruments* permits an entity to use the cost as an appropriate estimate of the fair value of unquoted equity investments on cases such as:

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

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

Dividends earned from equity instruments are recognized in Miscellaneous - net in the statement of income when the Bank's right to receive payment has been established.

Business Model in Managing Financial Assets
The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

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

- how the performance of the portfolio is evaluated and reported to the Bank's management;

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

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

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

Sale of financial assets under the business model of held-to-collect is permitted under these circumstances:

- Sales of assets before maturity date is immaterial or infrequent and is due to reasons such as:

  - credit deterioration of obligor/issuer;
  - change of tax treatment;
  - switch of eligible assets that better meet the regulatory compliance objective; or
  - excess assets no longer required for meeting regulatory ratio/limit as a result of material balance sheet change.

Each sale must be pre-approved by the Treasury Group Head and the Chief Financial Officer. In consideration of market movements that may affect sales, pre-approvals must be completed within one business day.

Recurring sales under the business model of held-to-collect-and-sell are permitted as long as any of the following conditions are met:

- sale of securities sold have been held for at least 30 days to realize capital gain or loss. There is no limitation on the number or the contract size of sale;

- approval of the Treasury Group Head has been obtained for the sale of securities that have been held for less than 30 days, unless the sale is due to any of the following, in which case, the holding period requirement is not necessary:

  - credit deterioration of the issuer;
  - liquidity stress;
  - undue market risk; or

- excess assets no longer required for regulatory purposes; and

- other reasons for the approval of sale of securities that have been held for less than 30 days such as to adjust or re-balance the Bank's net risk and value realization per security should be approved by the Treasury Group Head and sale of securities do not exceed five (5) times in a calendar year.

Assessment of Whether Contractual Cash Flows are Solely Payments of Principal and Interest

For the purposes of assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;

- leverage features;

- prepayment and extension terms;

- terms that limit the Bank's claim to cash flows from specified assets; and

- features that modify consideration of the time value of money.

Financial Liabilities

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

Financial liabilities are classified and subsequently measured at amortized cost using the effective interest method, except for financial liabilities measured at FVTPL.

Financial liabilities measured at FVTPL consist of financial liabilities HFT, including derivative liabilities that are not accounted for as hedging instruments.

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

The Bank's financial liabilities at amortized cost include deposit liabilities, bills payable, outstanding acceptances, manager's checks, accrued interest and other expenses (except retirement liability, accrued taxes and other non-financial accruals) and other liabilities (except withholding taxes payable and provision for liability).

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

Reclassification of Financial Assets and Financial Liabilities
Financial assets are reclassified when, and only when, the Bank changes its business model for managing financial assets in accordance with the provisions of PFRS 9. Reclassifications other than due to change in business model are not permitted.

A change in the Bank's business model is expected to be very infrequent and must be determined as a result of external and internal changes that are significant to the Bank's operations and demonstrable to external parties. Hence, such change in business model must be approved by the Bank's management and such fact properly documented.

A change in the objective of the Bank's business model must be effected before the reclassification date.

The Bank does not effect a reclassification within the period of change in the business model. Any reclassification of financial assets due to change in business model should take effect from the beginning of the next reporting period of the Bank's financial statements; provided, that the change in business model be disclosed in the financial statements in the period of change consistent with PFRS 7, *Financial Instruments: Disclosures* which require among others the disclosure of objectives, policies and processes for managing the risk from financial instruments and any changes to those objectives, policies and procedures.

Financial liabilities are not reclassified.

Impairment of Financial Assets
At each reporting date, the Bank uses the expected credit loss (ECL) model in the assessment of the losses from financial assets such as due from BSP, due from other banks, interbank loans receivable, financial assets at FVOCI - debt securities, investment securities at amortized cost, loans and receivables and off-balance sheet credit commitments and financial guarantees not measured at FVTPL.

ECL is a forward-looking approach in measuring the difference between the cash flows that are due to the Bank in accordance with the contractual terms of a financial instrument and the cash flows that the Bank expects to receive. The Bank considers the past events, the current situation and the forecast of future economic conditions to identify whether the credit risk of financial instruments have been significantly increased since the initial recognition. The ECL model considers losses from initial recognition and at each reporting date.

Three (3) stages of impairment are used for the entire financial asset that serves as an objective basis in determining significant increase in credit risk.

The definitions of the stages are as follows:

- Stage 1 - recognition of 12-month ECL when asset is originated or purchased, except for a purchased or originated credit-impaired financial asset;

- Stage 2 - recognition of collective and individual lifetime ECL when credit quality of financial asset deteriorates significantly; and

- Stage 3 - individual lifetime ECL when credit losses are incurred or asset is credit impaired.

Stage 3 classified assets are assessed using the specific impairment methodology for corporate loans.

The Bank uses three variables in computing the ECL:

- Probability of Default (PD) or the likelihood of a customer defaulting;

- Loss Given Default (LGD) which means how much exposure is expected to be lost if customer defaults; and

- Exposure at Default (EAD) or the outstanding amount of obligation at time of default which covers both the principal and the accrued interest.

For purchased or originated credit assets that are credit-impaired at initial recognition, the Bank calculates the credit-adjusted effective interest rate, which is calculated based on the amortized cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

Detailed discussions on the recognition and measurement of ECL in relation to credit risk management practices are disclosed in Note 5.

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

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

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

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

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

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original EIR of the asset and recognizes the resulting adjustment as a modification gain or loss in the statement of income. For floating-rate financial assets, the original EIR used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

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

Derecognition of Financial Instruments

Financial Assets

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of the ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of: (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that had been recognized in the statement of income.

Any cumulative gain or loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in the statement of income on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate asset or liability. The Bank enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognized. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Bank retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. An asset or liability is recognized for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial Liabilities

Financial liabilities are removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognized in the statement of income.

Determination of Fair Value

The Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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

If an asset or liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

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

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

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, due from BSP, due from other banks and interbank loans receivable 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.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

Property and Equipment and Right-of-Use Assets

Depreciable properties which include bank premises, furniture, fixtures and equipment, leasehold rights and improvements, computer and transportation equipment are stated at cost less accumulated depreciation and amortization and accumulated impairment loss, if any. Except for right-of-use assets, the initial costs of property and equipment consists of 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. Such cost includes the cost of replacing part of the equipment when the cost is incurred and if the recognition criteria are met, but excludes repairs and maintenance cost. 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.

Right-of-use assets are presented together with property and equipment in the statement of financial position. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of costs dismantle and remove any improvements made to branches or office premises, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or to the end of lease term. The right-of-use assets are stated at cost less accumulated depreciation, less accumulated impairment loss, if any.

The Bank does not recognize right-of-use assets for leases with term of 12 months or less and leases of low-value assets. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Depreciation and amortization of owned assets is calculated using the straight-line method over the estimated useful lives of the depreciable assets. Leasehold rights and improvements are amortized over the shorter of the term of the related lease or the estimated useful lives of the leasehold improvements.

The range of estimated useful lives of the owned depreciable assets follows:

	Number of Years
Bank premises (except right-of-use assets)	30
Right-of-use assets	3 - 10
Transportation equipment	5
Furniture, fixtures and equipment	5
Computer equipment	3
Leasehold rights and improvements	3 - 5

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method and the period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

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

Foreclosed Properties - Investment Properties and Properties under Trustee

Foreclosed properties are measured initially at cost including transaction costs. A foreclosed property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of the asset cannot be measured reliably, in which case the investment property acquired is measured at the carrying amount of asset given up. Foreclosed properties are classified under Investment properties in the statement of financial position unless transferred to a trustee bank. In which case, the foreclosed properties are classified under Other assets account in the statement of financial position. Subsequent to initial recognition, depreciable foreclosed properties are carried at cost less accumulated depreciation and impairment loss, if any.

Expenditures incurred after the foreclosed properties have been put into operations, such as repairs and maintenance costs, are normally charged to operations in the period in which the costs are incurred.

Transfers are made to foreclosed properties when, and only when, there is a change in use evidenced by ending of owner occupation or commencement of an operating lease to another party. Transfers are made from foreclosed properties when there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sell.

Depreciation is calculated on a straight-line basis over the estimated remaining useful life from the time of acquisition of the foreclosed properties. The estimated useful lives of the Bank's foreclosed properties range from 10 to 40 years. The period and method of depreciation are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of foreclosed properties.

Foreclosed properties are derecognized when they have either been disposed of or when the foreclosed property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of foreclosed properties are recognized in the statement of income in the year of retirement or disposal.

Computer Software Costs

Computer software costs (included under Other assets in the statement of financial position) are costs incurred relative to the development of the Bank's software. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Costs are amortized on a straight-line basis over five (5) to ten (10) years and are included under Amortization of computer software costs in the statement of income.

Costs associated with maintaining the computer software programs are recognized as expense when incurred.

The amortization method and useful life are reviewed periodically to ensure that the method and the period of amortization are consistent with the expected pattern of economic benefits from items of computer software.

Impairment of Non-financial Assets

Property and Equipment, Investment Properties, and Computer Software Costs

At each reporting date, the Bank assesses whether there is any indication that its property and equipment, investment properties and computer software costs are impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Bank makes a formal estimate of recoverable amount. Recoverable amount is the higher of a non-financial asset's fair value less costs to sell and its value in use and is determined for an individual non-financial asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs.

Where the carrying amount of a non-financial asset exceeds its recoverable amount, the non-financial asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is charged to Impairment losses - net in the statement of income in the year in which it arises. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, any depreciation and amortization expense are adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Financial Guarantee Contracts

In the ordinary course of business, the Bank gives financial guarantees consisting of letters of credit, letters of guarantees and acceptances. Financial guarantees are those issued by the Bank to creditors as allowed under existing rules and regulations whereby it guarantees third party obligations by signing a guarantor in the contract or agreement. Letters of credit are commitments under which, over the duration of the commitment, the Bank is required to provide a loan or credit with pre-specified terms to the customer. The nominal contractual value of financial guarantees is not reflected in the statement of financial position.

Service fees and commission income will be recognized in the statement of income upon booking of the guarantee.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must also be met before revenue is recognized.

The following specific recognition criteria must also be met before income and expenses are recognized:

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

- whether the Bank has primary responsibility or providing the services;

- whether the Bank has discretion in establishing prices; and

- whether the Bank has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer.

The Bank concluded that it is acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before income and expenses are recognized:

Within the Scope of PFRS 15, Revenue from Contracts with Customers
The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of Income	**Nature and Timing of Satisfaction of Performance Obligations**	**Revenue Recognition under PFRS 15**
Lending fees and commission	Fee for every trade-related transaction. This also includes fees charged for providing customers a distinct good or service that are recognized separately from the underlying lending product.	*Guarantee Fees* Revenue is recognized upon execution of the trade finance products (e.g., loan commitments, LCs, import/export bills, etc.). *Arrangement Fees* Revenue is recognized when service (i.e. arrangement) is provided. If there are contract milestones, these arrangement fees are recognized upon completion of such milestones. *Structuring Fees* Revenue is recognized upon rendering of advice or during provision of service. Revenue is recognized over the term of loan syndication.

A contract with customer that results in a recognized financial instrument in the Bank's financial statements may be partially in the scope of PFRS 9 and partially in the scope of PFRS 15. If this is the case, then the Bank first applies PFRS 9 to separate and measure the part of the contract that is in the scope of PFRS 9 and then applies PFRS 15 to the residual.

Lending fees are recorded as part of 'Service fees and commission income' account in the statement of income.

Interest Income

Calculation of Interest Income

The effective interest rate of a financial asset is calculated on initial recognition. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Effective interest rate

Interest income and expense are recognized in profit or loss under the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit- impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortized Cost and Gross Carrying Amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization under the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

Presentation
Interest income presented under Interest income calculated using the effective interest method in the statement of income includes interest earned on financial assets at amortized cost and at FVOCI. Interest income on financial assets at FVTPL is presented under Interest income on financial assets at FVTPL in the statement of income.

Service Fees and Commission Income
The Bank earns fee and commission income from the diverse range of services it provides to its customers. Fees arising from negotiating or participating in the negotiation of a transaction for a third party - such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses - are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance, such as corporate finance fees, and loan syndication fees are recognized in the statement of income as the related services are performed. Service charges and penalties relating to loan receivable and deposit transactions are recognized only upon collection or accrued when there is reasonable degree of certainty as to its collectability.

The Bank disaggregates its service fees and commission income arising from contracts with customers into major service lines and into reportable segments (see Note 24).

Trading and Securities Gain (Loss) - net
Trading and securities gain - net include all gains and losses from changes in fair value for financial assets at FVTPL and realized gains or losses on disposals of financial asset at FVTPL, debt financial assets at FVOCI and investment securities at amortized cost.

Foreign Exchange Gain - net
Foreign exchange gain - net consists of gains and losses due to the differences in exchange rate from translating transaction currency to functional currency in the statement of income.

Other Income
Income from sale of services is recognized upon rendition of the service. Income from sale of properties is recognized when the risks and rewards of ownership of the property are transferred, the amount of revenue can be estimated reliably and the collectability is reasonably assured.

<u>Expense Recognition</u>
Expenses are recognized in the statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in statement of income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or

- immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

Expenses in the statement of income are presented using the nature of expense method.

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

<u>Leases</u>
At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in PFRS 16, *Leases*.

Bank as Lessee
The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The initial amount of the right-of-use asset comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of costs to restore the underlying asset, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. The right-of-use assets are stated at cost less accumulated depreciation and amortization, and accumulated impairment loss, if any.

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

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

- fixed payments, including payments that may in form contain variability but in substance are unavoidable;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- amounts expected for the exercise price under a purchased option, lease payments under an extension option and penalties for early termination, if the Bank is reasonably certain to exercise or early terminate.

The lease liability is measured by the effective interest method to recognize the interest expense and remeasured to reflect the changes as follows:

- the lease term changes;
- the future lease payment changes to reflect a change in an index or rate; or
- if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured to reflect the above changes, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in statement of income if the carrying amount of the right-of-use has been reduced to zero.

The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Short-term Leases and Leases of Low-value Assets
The Bank recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Bank recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

Retirement Benefits
The Bank's personnel are covered by a funded noncontributory defined benefit retirement plan.

The Bank's net obligation in respect of the defined benefit plans is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Bank, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of income.

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

Share-based Payment Transactions
Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, and the corresponding increase in owners' equity is recognized. The vesting period is estimated based on the ultimate vesting conditions that must be satisfied. The vesting conditions include service conditions and performance conditions, including market conditions. In valuing equity-settled payments, no account is taken of any vesting conditions other than market conditions.

Income Taxes
Income tax comprises current, deferred and final taxes. Income tax is determined in accordance with Philippine tax law. Income tax is recognized in the statement of income, except to the extent that it relates to items recognized directly in equity. Tax on these items is recognized in the statement of OCI.

Current Income Tax
Current income tax is the expected tax payable on the taxable income for the period, using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date, together with adjustments to tax payable in respect of prior years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

Deferred Tax
Deferred tax is provided using the balance sheet liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carry-forward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO) to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and unused NOLCO can be utilized.

Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all of part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting 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 reporting date. These reflect uncertainty related to income taxes, if there is any.

In accordance with Amendments to PAS 12, *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, the Bank should separately present the deferred tax asset and the deferred tax liability arising from right-of-use asset and lease liability, respectively. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes related to the same taxable entity and the same taxation authority.

Final Tax

Final tax is a kind of withholding tax which is prescribed on certain income payments and is not creditable against the income tax due of the payee on other income subject to regular rates of tax for the taxable year. Tax withheld constitutes the full and final payment of the tax due from the payee on the particular income subjected to final withholding tax.

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 account in the statement of financial position. Direct costs incurred related to equity issuance such as underwriting, accounting and legal fees, printing costs and taxes are charged to Additional paid-in capital account. If the additional paid-in capital is not sufficient, the excess is charged against the Retained earnings account.

Retained earnings represent accumulated earnings of the Bank less dividends declared, if any.

Restricted retained earnings represent the Bank's accumulated retained earnings which is not available for distribution to shareholders as dividends since it is appropriated for minimum capital requirements per BSP Circular No. 854, BASEL III requirements, and Internal Capital Adequacy Assessment Process (ICAAP) requirements per BSP Circular No. 639, *ICAAP and Supervisory Review Process.*

Earnings Per Share (EPS)

Basic EPS is computed by dividing net income for the year 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 computed dividing net income for the year by the weighted average number of common shares outstanding during the year adjusted for the effects of any dilutive securities.

Contingent Liabilities and Contingent Assets

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

Fiduciary Activities

Assets and income arising from fiduciary activities together with related undertakings to return such assets to customers are excluded from the financial statements where the Bank acts in a fiduciary capacity such as nominee, trustee or agent.

4. Significant Accounting Judgments and Estimates

The preparation of the financial statements requires the Bank to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable.

The most significant areas where judgments and estimates have been made are set out below:

Judgments

Business Model Assessment

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

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

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

The classification of a financial asset is based on whether, on specified dates, the contractual terms of the financial asset give rise to cash flows are SPPI on the principal amount outstanding. This involves assessment of whether the contractual cash flows that are SPPI are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

As such, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set and the contractual terms that change the timing or amount of the cash flows.

Significant Increase in Credit Risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and credit assessment, including forward-looking information.

The Bank's qualitative and quantitative factors modelling in the determination of whether credit risk of a particular exposure is deemed to have increased significantly since initial recognition is disclosed in Note 5.

Determining Functional Currency
PAS 21, *The Effects of Changes in Foreign Exchange Rates* requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Bank considers the following:

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

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

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

Leases - Bank as Lessee
The Bank leases properties, land and buildings for the premises it uses for its operations.

In determining whether the Bank is a party to a lease contract as a lessee, the Bank assesses whether all of the three (3) elements below are present:

- The contract has an identified asset;

- The Bank has the right to obtain substantially all of the economic benefits from the use of the identified asset; and

- The Bank has the right to direct the use of the identified asset.

<u>Estimates</u>
Incremental Borrowing Rate
The Bank estimates its discount rate on leases based on incremental borrowing rate. Incremental borrowing rate is the interest rate the Bank would have to pay over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Determining the incremental borrowing rate is a challenge to the Bank considering its limited debt arrangements with other banks. As such, an estimate of appropriate incremental borrowing rate is derived by averaging long-term negotiable certificate of deposit rates issued by peer banks from 12 months prior to the lease commencement date. Such estimate is determined by the Bank on a lease-by-lease basis.

In 2024 and 2023, new lease contracts were individually assessed for the determination of an appropriate incremental borrowing rate.

Impairment Losses on Financial Instruments
The Bank reviews its financial instruments monthly for the assessment of the sufficiency of the loss allowances recorded in the statement of financial position.

In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of qualitative and quantitative factors where different results may result in future changes to the loss allowances.

In addition to specific allowance against individually significant loans and receivables, the Bank also provides a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This collective allowance is done by considering information that is indicative of significant increases in credit risk on a group or sub-group of financial instruments.

This includes loss allowance on loans and receivables, interbank loans receivable, debt financial assets at FVOCI, investment securities at amortized cost and off-balance sheet commitments and contingencies.

As at December 31, 2024 and 2023, the loss allowance on financial instruments amounted to at P2.4 billion and P2.1 billion, respectively (see Note 12).

As at December 31, 2024 and 2023, the carrying value of loans and receivables net of loss allowance amounted to P55.3 billion and P49.3 billion (see Note 8), respectively, while the carrying value of interbank loans receivable net of loss allowance amounted to P875.0 million and P71.8 million, respectively (see Note 6).

As at December 31, 2024 and 2023, the loss allowance on off-balance sheet commitments and contingencies, investment securities at amortized cost and debt financial assets at FVOCI amounted to P15.8 million and P28.2 million, P16.5 million and P12.7 million, and P8.4 million and P5.6 million, respectively (see Note 12).

Determining Inputs into ECL Measurement Model
In computing the ECL, the Bank uses three (3) variables: (a) PD; (b) LGD; and (c) EAD. The determination of the amounts of the variables involves identifying and documenting key drivers of credit risk and credit losses for each portfolio of financial instruments and using an analysis of historical data to estimate relationships between macro-economic variables and credit risk and credit losses. Identified drivers for credit risk include GDP growth, inflation and unemployment rate.

Detailed discussions on the Bank’s inputs to the ECL model are disclosed in Note 5.

Determining Fair Value of Financial Instruments
Where the fair values of financial assets and financial liabilities recorded on the statement of financial position or disclosed in the notes cannot be derived from active markets, they are determined using a variety of valuation techniques acceptable to the market as alternative valuation approaches that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in estimating fair values. The evaluation includes considerations of liquidity and model inputs such as correlation and volatility.

Moreover, the Bank measures its unquoted equity securities at their carrying amounts since there were no readily available information sufficient to determine their fair values at the measurement date considering that these are not significantly affected by the changes in market conditions and passage of time.

Recognition of Deferred Tax Assets
Deferred tax assets are recognized for all unused tax losses and future tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Bank did not recognize deferred tax assets amounting to P122.1 million and P63.7 million as at December 31, 2024 and 2023, respectively (see Note 21).

Present Value of Defined Benefit Retirement Obligation
The present value of the defined benefit retirement obligation depends on a number of factors and assumptions such as discount rate and salary increase rate. These assumptions are described in Note 19 to the financial statements.

The Bank determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows to settle the retirement obligations. In determining the appropriate discount rate, the Bank considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions. While it is believed that the Bank's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Bank's defined benefit retirement obligation.

The present value of the Bank's defined benefit retirement obligation amounted to P492.7 million and P341.0 million as at December 31, 2024 and 2023, respectively (see Note 19).

The net retirement liability of the Bank amounted to P244.6 million and P145.5 million as at December 31, 2024 and 2023, respectively (see Notes 15 and 19).

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

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

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

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

5. Financial Risk and Capital Management Objectives and Policies

The Bank is in the business of creating value out of taking risks. The Bank's major risks consist of credit risk, market risk, liquidity risk, interest risk, and operational risk. Other risks monitored include strategic and legal risks.

The major objective of the risk management of the Bank is to control the risk under the scope approved by the BOD by using effective management methods to utilize resource and create maximum economic profit.

Risk Management Structure
The BOD is ultimately responsible for oversight of the Bank's risk management process. It created the Risk Management Committee (RMC), a board-level independent committee with explicit authority and responsibility for managing and monitoring risks.

Risk Management Committee - Powers, Duties and Functions
The RMC shall be responsible for the development and oversight of the Bank's Risk Management Program. It shall provide general direction and define the risk philosophy of the Bank.

It shall oversee the system of limits to discretionary authority that the Board delegates to management, will ensure that the system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached.

The RMC shall review and approve the Bank's ICAAP. This also includes the review of the Bank's Risk Capital Framework (e.g. credit, market, liquidity and operational risks), including significant inputs and assumptions.

The following principles summarize the Bank's overall approach to risk management:

- The BOD provides the overall direction and supervision of the Bank's risk management;

- The key risks faced by the Bank - both financial and non-financial - are managed by appropriate functional levels within the Bank;

- The risk management functions are independent from the businesses and provide check-and-balance for risk taking units;

- Risk management involves managing the balance between risk and reward, to enable the Bank to fulfill its commitment to protect shareholder interest, as well as deliver value to the banking public, and comply with relevant regulations; and

- Risk management process is done via four steps: (1) *Risk Identification* - involves selecting the method for risk identification and describing the characteristics of risks; (2) *Risk Measurement* - refers to the establishing/maintenance of tools or methods to measure risk and identifying the responsible units that will ensure the effectiveness or appropriateness of the risk measurement tools or methods; (3) *Risk monitoring* - pertains to the setting up of assessment frequency, reviewing of risk status, and proposing and implementing of action plans; and (4) *Risk Reporting* - includes clearly defining the reporting mechanism, necessary content and relevant assessment mechanism.

<u>Credit Risk</u>
Credit risk is the risk that one party to a financial transaction will fail to honor an obligation and cause the Bank to incur a financial loss. Credit risk arises primarily from the Bank's corporate and retail loans (customer credit risk) and investment securities (counterparty credit risk).

With respect to customer credit risk for Institutional Banking, the Institutional Credit Management Group (ICMG) is mainly responsible for the following:

- safeguard the quality of the Bank's institutional loan portfolio; and

- provide support services to the lending units of the Bank.

To safeguard the quality of the loan portfolio of the Bank, ICMG performs the following functions:

- conduct pre-approval review of credit proposals of lending units;

- assist in structuring appropriate credit facilities;

- provide policy guidelines to the lending units in order to standardize the credit process;

- coordinate with the lending units on the required post-approval requirements (i.e., Interim Review, Account Planning, etc.) in the management of existing accounts;

- conduct regular meetings to discuss problem accounts;

- review/endorse loan loss provisions for problematic accounts; and

- provide senior management with reports pertaining to the quality of the loan portfolio.

Each credit proposal undergoes an evaluation process in order to determine its acceptability. The evaluation process involves the identification of credit risks after having assessed key factors including, management, appropriateness of credit facilities, terms and conditions, financial performance and condition, collateral and others.

The credit risk identification framework also consists of an internal risk rating system for corporate accounts that has a blend of both quantitative and qualitative factors. The Obligor Risk Rating (ORR) will be generated to indicate the creditworthiness based on PD.

If deterioration in credit is identified, Institutional Banking Group (IBG) has the responsibility to include it in any of the Early Warning (EW) buckets.

These accounts will require more frequent reviews and monitoring on their financial performance, credit profit, and repayment status.

On the Retail Banking side, the Retail Credit Management Group (RCMG) is responsible in managing retail credit risk that mainly arises from granting of loans for the personal consumption of the individual borrowers, thru the following:

- safeguard the quality of the Bank's retail loan portfolio; and

- provide support services to the retail lending units of the Bank.

To safeguard the quality of the loan portfolio of the Bank, RCMG performs the following functions:

- evaluates accounts turned-in under public loans, salary loans for employees of accredited corporate entities and housing or mortgage loans unsecured loans and mortgage loan from retail lending units;

- performs required credit investigation of loan applicants and appraisal of collaterals;

- provide policy guidelines to the lending units in order to standardize the credit process;

- conducts portfolio review and reports status of the portfolio in coordination with Retail Banking Group (RBG) thru regular meetings;

- performs post-approval review of loan applications for process quality assurance;

- review/endorse loan loss provisions for retail lending portfolio;

- manages and monitors the scorecard models and expected credit loss model; and

- provide senior management with reports pertaining to the quality of the loan portfolio.

For retail loans, risk is firstly assessed and managed by the design of product or testing programs. For public personal loans, the risk assessment is accomplished through the use of Application and Behavioral credit scorecards. For corporate personal loans and mortgage/housing loans, the risk assessment is performed through the implementation of risk caps (program and deviation) and execution of a risk criteria review process (rule-based criterion or eligibility criteria).

The Bank's internal risk rating for its retail accounts, referred to as Customer Risk Rating (CRR), ranges from CRR 1 to 20, with CRR 1 being the lowest credit risk.

In line with this approach, risk identification is performed through the following process workflow stages:

Process	Unsecured Personal Loan	Housing/ Mortgage Loan
Pre-screening	Applicable	Applicable
Duplicate check	Applicable	Applicable
Policy check	Applicable	Applicable
Credit risk scoring/rating	Applicable; For public personal loans only	Not applicable
Credit verification	Applicable	Applicable
Appraisal	Not applicable	Applicable
Deviation review	Applicable	Applicable
Approval/reject	Applicable	Applicable

In the execution of the above processes, functional segregation of processor, evaluator and approver responsibilities are observed. Approving authorities are granted based on qualification, competence and capacity. The approving authority hierarchy follows retail core credit policy such that credit delegation is defined by credit officer and senior credit officer levels, by amounts and by risk level in evaluation and approval of its loan applications by product.

In addition, the RCMG also handles retail loan portfolio performance reviews and reporting through preparation of monthly asset quality reports, loan portfolio analyses and scorecard performance monitoring reports. Included in these periodic reports are through-the-door analysis, delinquency performance review, industry performance review, risk classification review, scorecard measurement benchmarks review as well as tracking of risk caps.

These functions enable the RCMG in the crafting of new and enhanced credit policies and processes that mitigates possible losses due to retail credit risk.

In 2024, the Bank has implemented the following:

- Revision of the Restructuring Policy for retail lending portfolio to further assist delinquent clients who are facing financial difficulty but have the willingness and capacity to pay but are currently restricted to avail a modified payment plan based on existing restructuring policies indicated in the RBG Product Guidelines.

- Launch of the new Behavioral scorecard for public personal loans to be reflective of customer post-pandemic performance. This new Behavioral scorecard model is utilized in the retail loans ECL model for the 2024 end-of-year provision calculation.

To assess the retail loans ECL model, the Bank had carried out sensitivity analysis of key economic variables used in forward-looking measurement. The table below show the sensitivity of the Bank's ECL to possible changes in key economic indicators.

	Economic Indicators Appreciates by	**Effect on ECL**	**%**	**Economic Indicators Depreciates by**	**%**	**Effect on ECL**
2024	**10%**	**(P44,620,238)**	**(5.26%)**	**(10%)**	**6.49%**	**P55,039,571**
2023	10%	(73,092,815)	(9.56%)	(10%)	11.43%	87,374,690

Counterparty Credit Risk
Credit risk with respect to investment securities, including derivative financial instruments, is generally limited to the carrying values (positive fair values for derivatives) reported in the statement of financial position. Counterparty credit risk could arise as a result of counterparties defaulting on their obligations to pay the principal and coupon (positive fair value at maturity for derivatives).

Maximum Exposure to Credit Risk after Collateral Held or Other Credit Enhancements
An analysis of the maximum exposure to credit risk after taking into account any, collateral held or other credit enhancements is shown below (in thousands):

		2024			
	Note	**Gross Maximum Exposure**	**Fair Value of Collateral**	**Net Exposure to Credit Risk**	**Financial Effect of Collateral or Credit Enhancements**
Credit Risk Exposure Relating to On-balance Sheet Assets					
Financial assets at amortized cost:					
Due from BSP	*6, 17, 27*	**P4,270,028**	**P -**	**P4,270,028**	**P -**
Due from other banks	*6, 17, 27*	**2,159,647**	**-**	**2,159,647**	**-**
Interbank loans receivable - gross	*17, 27*	**875,123**	**-**	**875,123**	**-**
Investment securities - gross	*7, 17, 27*	**14,407,107**	**-**	**14,407,107**	**-**
Loans and discounts - gross:	*8*				
Institutional banking		**45,784,412**	**3,582,152**	**42,202,260**	**3,582,152**
Retail banking		**5,375,619**	**-**	**5,375,619**	**-**
Mortgage banking		**4,682,362**	**3,267,684**	**1,414,678**	**3,267,684**
Small business loans		**462,955**	**460,220**	**2,735**	**460,220**
Accrued interest receivable	*8*	**724,828**	**-**	**724,828**	**-**
Other receivables	*8*	**673,769**	**-**	**673,769**	**-**
Other assets*		**59,532**	**-**	**59,532**	**-**
		79,475,382	**7,310,056**	**72,165,326**	**7,310,056**
Financial assets at FVTPL:	*6, 7*				
Quoted debt securities		**845,333**	**-**	**845,333**	**-**
Derivative assets		**325,192**	**-**	**325,192**	**-**
	6, 7, 17, 27	**1,170,525**	**-**	**1,170,525**	**-**
Financial assets at FVOCI:					
Quoted debt securities	*6, 7, 27*	**7,454,279**	**-**	**7,454,279**	**-**
		88,100,186	**7,310,056**	**80,790,130**	**7,310,056**
Credit Risk Exposures Relating to Off-balance Sheet Item					
Credit commitments and other credit related liabilities		**9,918,722**	**-**	**9,918,722**	**-**
Total		**P98,018,908**	**P7,310,056**	**P90,708,852**	**P7,310,056**

		2023			
	Note	Gross Maximum Exposure	Fair Value of Collateral	Net Exposure to Credit Risk	Financial Effect of Collateral or Credit Enhancements
Credit Risk Exposure Relating to On-balance Sheet Assets					
Financial assets at amortized cost:					
Due from BSP	*6, 17, 27*	P3,426,463	P -	P3,426,463	P -
Due from other banks	*6, 17, 27*	1,109,317	-	1,109,317	-
Interbank loans receivable - gross	*17, 27*	71,981	-	71,981	-
Investment securities - gross	*7, 17, 27*	12,855,880	-	12,855,880	-
Loans and discounts - gross:	*8*				
Institutional banking		40,660,548	2,973,633	37,686,915	2,973,633
Retail banking		5,259,923	-	5,259,923	-
Mortgage banking		4,057,932	2,538,961	1,518,971	2,538,961
Small business loans		457,332	452,267	5,065	452,267
Accrued interest receivable	*8*	660,506	-	660,506	-
Other receivables	*8*	205,635	-	205,635	-
Other assets*		53,595	-	53,595	-
		68,819,112	5,964,861	62,854,251	5,964,861
Financial assets at FVTPL:	*6, 7*				
Quoted debt securities		485,672	-	485,672	-
Derivative assets		52,667	-	52,667	-
	6, 7, 17, 27	538,339	-	538,339	-
Financial assets at FVOCI:					
Quoted debt securities	*6, 7, 27*	6,475,889	-	6,475,889	-
		75,833,340	5,964,861	69,868,479	5,964,861
Credit Risk Exposures Relating to Off-balance Sheet Item					
Credit commitments and other credit related liabilities		6,141,200	-	6,141,200	-
Total		P81,974,540	P5,964,861	P76,009,679	P5,964,861

**Includes returned checks and other cash items and rent deposit*

Other receivables include loans granted to employees and sales contract receivable. Other assets in the table above exclude non-financial assets such as computer software costs - net, prepaid expenses and other charges, net retirement asset and miscellaneous.

Contingent liabilities consist primarily of standby letters of credit, while commitments pertain to undrawn loan commitments for which the Bank is contractually obliged to extend once the borrowers draw on such commitments.

For financial instruments that are recorded at fair value, the amounts shown above represent the current credit risk exposure but not the credit risk that could arise in the future as a result of changes in values.

For financial instruments that are measured at amortized cost, the carrying amount represents the maximum exposure to credit risk as at December 31, 2024 and 2023.

The table below sets out the principal types of collateral held against loans and receivables (in thousands):

	2024	2023
Property	**P6,300,794**	P4,975,267
Cash	**915,765**	939,590
Others	**93,497**	50,004
	P7,310,056	P5,964,861

Credit-related Commitments Risks
The Bank extends guarantees, commitment facilities, letters of credit and other off-balance sheet credit-related commitments that may require the Bank to make payments on the borrower's behalf. Such transactions expose the Bank to credit risks similar to loans and receivables and are monitored and managed by the Bank using the same credit risk control and management processes and policies.

Some consumer asset products under this nature are covered by documentations and drafts that are reviewed and prepared by Bank's lawyers and compliance officers to ensure that it is within acceptable risk and standards. Guarantees carry clauses that are all with reference to applicable laws, regulations, and approved guidelines and policies with some carrying expiry periods or validity to ensure that it is time bound and flexible enough to control losses from changes in external environment to include, among others, changing market conditions such as interest rates or pricing, and monetary policies.

Further details on these commitments are disclosed in Note 28.

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

Concentrations of risk are managed by counterparty and by industry sector.

An industry sector analysis of both the on- and off-balance sheet exposures, before taking into account collateral held or other credit enhancements, is as follows (in thousands):

	2024						
	Loans and Receivables		**Other Financial Assets**		**Off-balance Sheet Exposures**		
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Total**
Manufacturing	**P15,219,612**	**27.5**	**P -**	**0.0**	**P29,808**	**0.3**	**P15,249,420**
Wholesale and retail	**9,849,431**	**17.8**	**-**	**0.0**	**1,638,988**	**17.2**	**11,488,419**
Electricity, gas and water	**7,135,518**	**12.9**	**-**	**0.0**	**7,301,282**	**76.7**	**14,436,800**
Financial intermediaries	**5,210,293**	**9.4**	**7,304,798**	**24.4**	**42,896**	**0.5**	**12,557,987**
Real estate, renting and business activities	**4,752,859**	**8.6**	**-**	**0.0**	**-**	**0.0**	**4,752,859**
Construction	**2,989,617**	**5.4**	**-**	**0.0**	**594,563**	**6.2**	**3,584,180**
Transport, storage and communications	**1,112,919**	**2.0**	**-**	**0.0**	**2,594**	**0.0**	**1,115,513**
Agriculture, hunting and forestry	**118,184**	**0.2**	**-**	**0.0**	**-**	**0.0**	**118,184**
Public administration and defense	**-**	**0.0**	**22,706,720**	**75.7**	**-**	**0.0**	**22,706,720**
Others*	**11,315,513**	**20.4**	**-**	**0.0**	**(70,512)**	**(0.7)**	**11,245,001**
	57,703,946	**104.3%**	**30,011,518**	**100.1**	**9,539,619**	**100.2%**	**97,255,083**
Loss allowance	**(2,355,827)**	**(4.3%)**	**-**	**0.0**	**(15,765)**	**(0.2)**	**(2,371,592)**
Unearned interest discount and capitalized interest	**(1,526)**	**0.0%**	**(25,064)**	**(0.1)**	**-**	**-**	**(26,590)**
	P55,346,593	**100.0%**	**P29,986,454**	**100.0%**	**P9,523,854**	**100.0%**	**P94,856,901**

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

	2023						
	Loans and Receivables		Other Financial Assets		Off-balance Sheet Exposures		
	Amount	%	Amount	%	Amount	%	Total
Manufacturing	P13,211,454	26.8	P -	0.0	P807,841	12.6	P14,019,295
Wholesale and retail	9,732,192	19.8	-	0.0	1,490,406	23.2	11,222,598
Financial intermediaries	4,560,660	9.3	4,607,761	17.9	250,000	3.9	9,418,421
Electricity, gas and water	4,117,059	8.4	-	0.0	3,347,241	52.1	7,464,300
Real estate, renting and business activities	3,782,835	7.7	-	0.0	-	0.0	3,782,835
Construction	2,438,947	5.0	-	0.0	491,781	7.7	2,930,728
Transport, storage and communications	1,146,603	2.3	-	0.0	19,100	0.3	1,165,703
Agriculture, hunting and forestry	139,546	0.3	-	0.0	-	0.0	139,546
Public administration and defense	-	0.0	21,155,493	82.2	-	-	21,155,493
Others*	12,172,579	24.5	-	0.0	42,470	0.6	12,215,049
	51,301,875	104.1	25,763,254	100.1	6,448,839	100.4	83,513,968
Loss allowance	(2,034,166)	(4.1)	(18,440)	(0.1)	(28,173)	(0.4)	(2,080,779)
Unearned interest discount and capitalized interest	(1,855)	0.0	-	0.0	-	-	(1,855)
	P49,265,854	100.0%	P25,744,814	100.0%	P6,420,666	100.0%	P81,431,334

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

Other financial assets include due from BSP, due from other banks, interbank loans receivable and debt securities.

The Bank generally considers concentration risk as excessive when the ratio of a particular segment's exposure (e.g., this may be an industry demographic attribute, or a program) to the total portfolio exceeds predetermined limits.

The BSP considers that credit concentration risk exists when the total loan exposure to a particular industry or economic sector exceeds 30.0% of the total loan portfolio or 10.0% of Tier 1 capital.

As at December 31, 2024 and 2023, 10% of Tier 1 capital amounted to P957.7 million and P983.2 million, respectively, and the tables above include the nine (9) groups exceeding this level as of that date. The Credit Committee constantly monitors the credit concentration risk of the Bank.

To manage the Bank's concentration of credit as to industry/economic sector, three (3) industry categories has been established with specific credit exposure limits. The inclusion of Bankwide industry concentration limit enables the Bank to take a more proactive approach, in order to prevent the Bank from unknowingly over-extending loans to identified industries.

a. *Monitored Risk Category* consists of industries (e.g., Real Estate industry including construction, and the non-bank financing companies that are deemed to be more cyclical in nature. The credit exposures of industries tagged under "Monitored risk category" for IBG shall not exceed 115% of the Bank's networth limit for Real Estate industry including construction, and 70% of the Bank's networth limit for non-bank financing companies while none for the RBG.

b. *Restricted Category* consists of industries (e.g. manufacturing of weapons and ammunition, night clubs, public administration and defense, gambling and betting activities, etc.) that, given the nature and risk, are considered as higher risk than the Monitored risk category, thus, extending credit facilities to this category is not allowed.

c. *Standard Category* are those industries, not tagged under monitored risk or restricted categories, are considered "low risk" and shall have no limit on credit exposures.

CATEGORY	CREDIT EXPOSURE LIMIT
Standard	No limit per industry
Monitored risk	a) 115% of the Bank's net worth for Real Estate industry including construction; and b) 70% of the Bank's networth limit for non-bank financing companies.
Restricted	No exposures allowed

The Bank will continue to observe the regulatory limit of 30.0% of Total Loan Portfolio (TLP) excluding interbank loans receivable or 10.0% of Tier 1 capital.

The Bank manages concentration risk by gearing policies towards regular monitoring and periodic review of the set limits per predetermined segments. Updates to the policy include a review of the industry concentration limits and other segmental concentrations within the portfolio. Industries covered under the industry concentration limits are similarly reviewed to update classifications and coverage.

Credit Quality Per Class of Financial Assets
The credit quality of financial assets is monitored and managed using external and internal ratings. The credit quality of investment securities is generally monitored by reference to the internal ratings except otherwise when given tools do not apply to the issuing entity, external ratings provided by accredited external credit assessment rating institutions are used.

In cognizance of the requirements of the BSP, the ORR was implemented to all applicable corporate accounts of the IBG of the Bank. The objectives of the system are the following:

- to have a standard system of credit rating;
- to be able to objectively quantify the credit quality of an account;
- to have a "benchmark" for credit/loan review; and

- to train and instill discipline in assessing credit risk among account officers and credit officers.

The rating system is an amalgamation of quantitative and qualitative factors. The quantitative factors include, among others, financial indicators on liquidity, leverage and cash flows. The qualitative factors include among others the quality of management, market standing, reliability of financial statements, etc.

It is the Bank's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of major potential risk and the comparison of credit exposures across all lines of business, demographic and products.

Classified financial assets are considered highly speculative to lowest-rated class, with some to little prospect of recovery of principal and interest. These are classified loans by the BSP.

For Retail Banking, credit quality is monitored using internal ratings.

For unsecured personal loans, risk differentiation or risk rating is established by scorecard models. Scorecard variables are assigned scores based on their discriminative power to differentiate good-bad factors. Higher scores assigned to a loan applicant denote better risk and therefore lower propensity to default. For corporate personal loans, the employer's repayment management and performance within its defined default ratio caps is salient to measuring risk.

For mortgage portfolio, risk differentiation is tied to income classification. Performance review of the mortgage portfolio identifies income as a good risk indicator, such that, higher income segment denotes better risk as manifested in the risk-ranking of customers by income bands.

The credit quality of trading and financial investment securities is generally monitored through the internal and external ratings which are provided by eligible external credit rating agencies.

Impairment Assessment

With the implementation of PFRS 9 alongside the effected BSP Circular 855, the Bank adopted the ECL methodology to estimate provisions for loans and other credit accommodations.

The ECL model considers losses from initial recognition and at each reporting date. Three stages of impairment are used for the entire financial asset that serves as an objective basis in determining significant increase in credit risk (SIICR).

The ECL model factors in forward-looking macro-economic risk inputs such as Gross Domestic Product (GDP), Stock Index and General retail price index in NCR. The ECL model parameters are updated on an annual basis. Adjustments are based on forecasted performance of next 3 years, benchmarked to the past 5-year average. PD parameters can be adjusted based on data from reliable source agencies (e.g., Moody's, Global Insights, IMF).

In order to capture the impact of the pandemic on the Bank's loan portfolio, the forward-looking model takes into account the impact of the macro-economic variables on a country perspective and not on a portfolio level, thus, the model was changed to a scenario driven approach (good, baseline, bad scenarios). For RBG, the model considered Real Imports Growth, Stock Index and Confidence Index in National Capital Region (NCR) as these macro-economic variables are highly correlated to the latest data for the Bank's default rate for RBG portfolio. While for IBG, the model considered GDP Growth rate QoQ, Wholesale Price Index (WPI), and Real Fixed Investment Growth as these macro-economic variables are highly correlated to the Bank's default rate for IBG portfolio.

The table below lists the macroeconomic assumptions used in the bad, baseline, and good scenarios for the retail loan portfolio. The assumptions represent the absolute percentage for Real Imports Growth, Stock Index and Confidence Index in NCR for 2024, and Stock Index, General Retail Price Index in NCR for 2023.

	2024	
	Macro-economic Factors	
Condition	**Stock Index**	**General Retail Price Index in NCR**
Bad	**5,875.91**	**0.32**
Baseline	**6,528.79**	**0.35**
Good	**7,181.67**	**0.39**

	2023	
	Macro-economic Factors	
Condition	Stock Index	General Retail Price Index in NCR
Bad	5,805.04	4.05
Baseline	6,450.04	4.50
Good	7,095.04	4.95

The impact of COVID-19 has been incorporated in the 2024 update of parameters where the 5-year baseline period covers the second quarter of 2018 up to the most recent data available of 4 Q2023 while the 3-year forecast period includes 2024, 2025 and 2026. This was implemented starting with the December 2023 ECL calculation.

Definition of Stages

Institutional Banking

DETERIORATION IN CREDIT QUALITY			
	Stage 1	**Stage 2**	**Stage 3**
Impairment Stage	No SIICR	With SIICR	Credit impaired (Objective indicators of Impairment)
Recognition of Expected Credit Losses	Collective 12-month ECL when credit risk is low or risk of default has not increased significantly	Collective or Individual Lifetime ECL when credit quality deteriorates significantly but not credit impaired	Collective or Individual Lifetime ECL when credit quality deteriorates significantly but not credit impaired
Staging Criteria*	Early Warning (EW) tagging = EW1 Low Risk products	Stage 2.1 Collective Assessment ∆Annualized PD variance >=2% Stage 2.2 Individual Assessment EW2	EW tagging = EW3 NPL

The qualitative and quantitative definitions of stages for ECL assessment above apply to Institutional Banking items which include loans and advances, accounts receivables, unused portion of committed and uncommitted facilities that have become operative, off-balance sheet credit commitments and contingencies, and to treasury items which include interbank loans receivables, debt investment securities at FVOCI and investment securities at amortized cost.

Collective impairment is applied for assets classified into Stage 1. Assets classified under Stage 2 (with SIICR) are assessed either for collective or individual impairment.

Under the Stage 2 concept, lifetime expected credit losses shall be recognized when there are significant increases in credit risk since initial recognition. Expected credit losses are updated at each reporting date for new information and changes in expectations even if there has not been a significant increase in credit risk.

The three (3) variables under the ECL structure: PD, LGD and EAD assume the following for the ECL computation:

		PD X	LGD X	EAD =	ECL
Collective	Stage 1	1-Year PD	1-Discounted recovery	• Principal • Accrued interest • Contingencies • Unused portion of committed & uncommitted facilities	1-Year ECL
Collective	Stage 2.1 SIICR	Lifetime PD	1-Discounted recovery	• Principal • Accrued interest • Contingencies • Unused portion of committed & uncommitted facilities	Lifetime ECL
Individual	Stage 2.2 SIICR	100%	Individual estimation	Individual estimation	Lifetime ECL
Individual	Stage 3 Credit impaired (Objective indicators of impairment)	100%	Individual estimation	Individual estimation	Lifetime ECL

Stage 3 classified assets will be individually assessed under the Individual Impairment methodology.

Similar to previous model definitions, individual impairment is recognized under the following:

- An objective evidence of a specific loss event has been observed; and

- The financial asset’s carrying value exceeds the present value of the asset’s estimated cash flow.

Retail Banking
For Retail, impairment losses are recognized depending on type of impairment applicable, as follows:

- Specific Impairment
  Specific provision shall be applied to accounts with objective evidence that a specific impairment is applicable (e.g., behavior is different from the rest of the portfolio, etc.). Such accounts will no longer be assessed as part of collective impairment. Qualifications are defined on a per product basis and are reflected accordingly in respective Product Guidelines.

  Depending on applicability, specifically impaired accounts shall be subject to either: (1) full provisioning (100% provision), or (2) discounting of cash flow methodology (with provision less than 100% of outstanding balance).

- Collective Impairment
  All retail loans accounts not subject to specific impairment shall be subject to collective impairment.

Collectively impaired accounts shall be subject to the ECL Model applicable to Retail Loans portfolio. ECL Model is a function of the PD, LGD, and EAD computed as follows:

$$ECL = PD \times LGD \times EAD$$

Similar to corporate loans, three (3) stages of impairment are used for the entire financial asset of retail loans that serve as an objective basis in determining significant increase in credit risk as shown below. Further, one-year ECL is applied among exposures with no significant increase in credit risk (stage 1); otherwise, lifetime ECL shall be applied.

Definition of stages for retail loans are as follows:

Retail Credit Stage Definition			
	Impairment Stage	**Staging Criteria**	**Loss Period**
Stage 1	No significant increase in credit risk	▪ Low credit risk	12-month ECL
Stage 2	Significant increase in credit risk	▪ Minimum requirement: 31 to 90 days past due ▪ High risk indicator: • Quantitative - ΔPD> (product interest -funding cost) - PD equivalent to overdue (CRR of 20) • Qualitative - Original loan-to-value (OLTV) >90.0% and Δ Current loan-to-value (CLTV) >10.0% - OLTV<=90.0% and CLTV >100.0% ▪ Stage 2 standard • hit minimum requirement; or • hit 2 high risk indicators	Lifetime ECL
Stage 3	Credit impaired	▪ 91+ days past due ▪ items in litigation ▪ Charge-off unsecured accounts ▪ Restructured ▪ Covid 19 rescheduled Stage 3 without 6 months consecutive payments	Lifetime ECL

OLTV is the original loan-to-value.
CLTV is the current loan-to-value.

To test the sensitivity of the ECL variables to macro-economic factors for both corporate and retail loans the forward-looking methodology is adopted where:

- PD uses the Bank's internal default data adjusted by macro-economic factors such as GDP growth rate, and stock index; and

- LGD applies the two-stage adjustment approach.

There is a rebuttable presumption that default does not occur even when the financial asset is 90 days past due as defined above provided that the Bank has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

For credit losses from other financial assets not assessed using the ECL model, the Bank uses a simplified approach where loss allowance always equals to lifetime ECL.

The tables below show the credit quality by class of the Bank's financial assets, including loans and receivables (gross of loss allowance and unearned interest discount, in thousands):

	ECL			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	2024
Financial Assets at Amortized Cost					
Due from BSP					
High grade	P -	P -	P -	P4,270,028	P4,270,028
Due from Other Banks					
High grade	-	-	-	2,159,647	2,159,647
Interbank Loans Receivable					
High grade	-	-	-	874,964	874,964
Investment Securities at Amortized Cost					
Quoted Debt					
High grade	-	-	-	14,407,107	14,407,107
Loans and Discounts					
Institutional Banking					
High grade	1,361,654	-	-	-	1,361,654
Standard grade	32,147,108	-	-	-	32,147,108
High risk	7,747,811	51,504	-	-	7,799,315
Watchlist	1,840,269	320,647	857,306	-	3,018,222
PD but not individually impaired	7,532	-	-	-	7,532
Specifically impaired	-	-	1,450,581	-	1,450,581
	43,104,374	372,151	2,307,887	-	45,784,412
Retail Banking					
High grade	141,890	-	-	-	141,890
Standard grade	2,577,081	-	-	-	2,577,081
High risk	1,908,399	-	-	-	1,908,399
Watchlist	-	114,412	-	-	114,412
PD but not individually impaired	-	-	114,494	-	114,494
Specifically impaired	-	-	519,343	-	519,343
	4,627,370	114,412	633,837	-	5,375,619
Mortgage Banking					
High grade	-	-	-	-	-
Standard grade	181,173	-	-	-	181,173
High risk	3,898,818	-	-	-	3,898,818
Watchlist	-	398,836	-	-	398,836
PD but not individually impaired	-	-	111,108	-	111,108
Specifically impaired	-	-	92,427	-	92,427
	4,079,991	398,836	203,535	-	4,682,362
Small Business Loans					
Unrated	-	-	-	462,955	462,955
	51,811,735	885,399	3,145,259	462,955	56,305,348
Accrued Interest Receivable					
High grade	-	-	-	365,706	365,706
Standard grade	-	-	-	187,090	187,090
High risk	-	-	-	72,020	72,020
Watchlist	-	-	-	35,756	35,756
PD but not individually impaired	-	-	-	10,395	10,395
Specifically impaired	-	-	-	53,861	53,861
	-	-	-	724,828	724,828
Other Receivables					
Unrated	-	-	-	673,769	673,769
Other Assets*	-	-	-	59,532	59,532
Financial Assets at FVTPL					
Quoted Debt	-	-	-	-	-
High grade	-	-	-	845,333	845,333
Derivative Assets					
High grade	-	-	-	325,192	325,192
	-	-	-	1,170,525	1,170,525
Financial Assets at FVOCI					
Quoted Debt					
High grade	-	-	-	7,454,279	7,454,279
Standard grade	-	-	-	12,441	12,441
Quoted Equity	-	-	-	-	-
High grade	-	-	-	3,150	3,150
	-	-	-	7,469,870	7,469,870
Total	P51,811,736	P885,399	P3,145,260	P32,273,225	P88,115,620

**Includes returned checks and other cash items and rent deposit*

	ECL			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	2023
Financial Assets at Amortized Cost					
Due from BSP					
High grade	P -	P -	P -	P3,426,463	P3,426,463
Due from Other Banks					
High grade	-	-	-	1,109,317	1,109,317
Interbank Loans Receivable					
High grade	-	-	-	71,789	71,789
Investment Securities at Amortized Cost					
Quoted Debt					
High grade	-	-	-	12,855,880	12,855,880
Loans and Discounts					
Institutional Banking					
High grade	1,957,808	-	-	-	1,957,808
Standard grade	26,241,410	-	-	-	26,241,410
High risk	8,142,798	-	-	-	8,142,798
Watchlist	812,283	1,382,685	1,156,238	-	3,351,206
Specifically impaired	-	-	967,326	-	967,326
	37,154,299	1,382,685	2,123,564	-	40,660,548
Retail Banking					
High grade	82	-	-	-	82
Standard grade	2,370,619	-	-	-	2,370,619
High risk	2,250,057	-	-	-	2,250,057
Watchlist	-	70,147	-	-	70,147
PD but not individually impaired	-	-	260,829	-	260,829
Specifically impaired	-	-	308,189	-	308,189
	4,620,758	70,147	569,018	-	5,259,923
Mortgage Banking					
High grade	3,147,862	-	-	-	3,147,862
Standard grade	285,334	-	-	-	285,334
High risk	520,386	-	-	-	520,386
PD but not individually impaired	-	-	66,869	-	66,869
Specifically impaired	-	-	37,481	-	37,481
	3,953,582	-	104,350	-	4,057,932
Small Business Loans					
High grade	437,690	-	-	-	437,690
Standard grade	12,142	-	-	-	12,142
High risk	7,500	-	-	-	7,500
	457,332	-	-	-	457,332
	46,185,971	1,452,832	2,796,932	-	50,435,735
Accrued Interest Receivable					
High grade	-	-	-	276,766	276,766
Standard grade	-	-	-	138,653	138,653
High risk	-	-	-	64,009	64,009
Watchlist	-	-	-	35,438	35,438
PD but not individually impaired	-	-	-	10,113	10,113
Specifically impaired	-	-	-	135,527	135,527
	-	-	-	660,506	660,506
Other Receivables					
Unrated	-	-	-	205,635	205,635
Other Assets*	-	-	-	53,595	53,595
Financial Assets at FVTPL					
Quoted Debt					
High grade	-	-	-	485,673	485,673
Derivative Assets					
High grade	-	-	-	52,667	52,667
	-	-	-	538,340	538,340
Financial Assets at FVOCI					
Quoted Debt					
High grade	-	-	-	6,475,889	6,475,889
Standard grade	-	-	-	12,441	12,441
Quoted Equity					
High grade	-	-	-	3,600	3,600
	-	-	-	6,491,930	6,491,930
Total	P46,185,971	P1,452,832	P2,796,932	P25,413,455	P75,849,190

**Includes returned checks and other cash items and rent deposit*

Corporate Loans
For corporate loans, obligors are considered non-performing even without any missed contractual payments once there are objective indicators of impairment or considered impaired under existing accounting standards (per Manual of Regulations for Banks (MORB) Section 143). However, all other loan accounts of an obligor, even if not considered impaired, shall be considered non-performing if any principal and/or interest remains unpaid for more than 90 days from contractual due date, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement.

Mode of Payment	Classification to NPL
Monthly	91 days after 1st installment in arrears
Quarterly	31 days after 1st installment in arrears
Semi-annual	31 days after 1st installment in arrears

Retail Loans
In the case of retail loans, the total outstanding balance thereof shall be considered nonperforming if any principal/interest are unpaid for more than 90 days from contractual due date for unsecured personal loans and mortgage loans.

For both corporate and retail loans, non-performing loans, investments, receivables, or any financial asset, shall remain classified as such until: (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six (6) months; or (b) written-off.

The table below shows the aging analysis of past due but not specifically impaired loans and discounts by class (in thousands).

	2024			2023		
	Up to 30 Days	**31 to 90 Days**	**Total**	Up to 30 Days	31 to 90 Days	Total
Loans and Discounts						
Institutional banking	**P -**	**P7,533**	**P7,533**	P -	P -	P -
Retail banking	**-**	**114,494**	**114,494**	-	136,769	136,769
Mortgage banking	**-**	**111,108**	**111,108**	-	66,029	66,029
Accrued interest receivable	**-**	**10,395**	**10,395**	-	10,113	10,113
Total	**P -**	**P243,530**	**P243,530**	P -	P212,911	P212,911

The above aging analysis already excludes accounts that have been assessed to be specifically impaired.

For Institutional Banking, loan accounts or receivables shall be considered past due when any principal and/or interest or installment due, or portions of which, are not paid on the seventh (7th) day from contractual due date in which case, the total outstanding balance of the loan account or receivable shall be considered as past due. As such, a cure period based on verifiable collection experience and reasonable judgment that support tolerance of occasional payment delays of up to six (6) days is given to provide leeway for obligors to work on their late payment without being considered as past due. Said cure period, however, shall not prevent the timely adverse classification of an account that has already exhibited material credit weakness/es.

The table below further illustrates and differentiates each status on a per product basis (for purposes of these illustrations, “dpd” shall mean “days past due” in calendar days):

<table>
<tr><th colspan="2">Normal Account</th><th>Corporate Loans:
(1) Revolving Lines
(2) Term Loans
(IBG)</th><th>Trade
Loans
(IBG)</th><th>IPF (IBG)</th><th>Domestic Bills
Purchase (IBG)</th></tr>
<tr><td rowspan="3">Loan
Status</td><td>Current</td><td>0 dpd</td><td>0 dpd</td><td>0 dpd</td><td>0 dpd</td></tr>
<tr><td>Cure Period
(Overdue)</td><td>1-6 dpd</td><td>1-6 dpd</td><td>1-6 dpd</td><td>1-6 dpd</td></tr>
<tr><td>Past Due</td><td>≥ 7 dpd</td><td>≥ 7 dpd</td><td>≥ 7 dpd</td><td>≥ 7 dpd</td></tr>
</table>

The detailed information with respect to the Bank’s loss allowance on loans and receivables is disclosed in Note 12.

Included in specifically impaired financial assets are the Bank’s restructured loan receivables. The table below shows the carrying amounts of restructured loan receivables by class (in thousands):

	2024	2023
Institutional banking:		
Performing	**P530,597**	P898,619
Non-performing	**453,841**	122,559
Personal loans:		
Performing	**39,125**	14,360
Non-performing	**10,844**	3,343
	P1,034,407	P1,038,881

Non-performing Loans

The Bank monitors its NPLs ratio as part of its credit risk monitoring and reporting to the BSP. Shown below are the Bank’s NPL:

	2024	2023
Secured	**P69,582,449**	P47,081,176
Unsecured	**1,992,769,058**	1,404,184,490
	P2,062,351,507	P1,451,265,666

Collateral and Credit Risk Mitigation Techniques

The amount and type of collateral required depends on the assessment of the credit risk of the borrower or counterparty. The Bank follows guidelines on the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained for loans and receivables are as follows:

- For Institutional Lending - cash, guarantees, securities, physical collaterals (e.g., real estate, chattels, etc.); and

- For Retail Lending - cash, securities, mortgages on residential and commercial properties.

Management regularly monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement. The existing market value of collateral is considered during the review of the adequacy of the loss allowance. For unsecured lending, the Bank performs comprehensive credit evaluation process before each loan is approved.

The following table shows information relating to loans and receivables (at gross amounts) broken down into secured and unsecured, with types of collateral being shown for the secured portion:

	2024		2023	
	Amount	**%**	Amount	%
Secured by:				
Real estate	**P4,768,673,776**	**8.3**	P3,952,544,496	7.7
Hold-out on deposits	**1,018,144,792**	**1.8**	953,005,791	1.9
Mortgage trust indenture	**347,335,005**	**0.6**	422,335,005	0.8
Government bonds	**68,917,417**	**0.1**	26,084,500	0.1
Stand by letter of credit (LC)	**5,186,875**	**0.0**	9,468,558	0.0
Chattel	**24,579,497**	**0.0**	23,919,840	0.0
	6,232,837,362	**10.8**	5,387,358,190	10.5
Unsecured	**51,471,108,189**	**89.2**	45,914,516,588	89.5
	P57,703,945,551	**100**	P51,301,874,778	100

As at December 31, 2024 and 2023, the fair values of real estate collaterals held for past due and impaired loans and discounts, amounted to P292.7 million and P303.0 million, respectively. There were no other types of collaterals held during 2024 and 2023.

Fair values were determined by the Bank's internal appraisers, or by accredited external appraisers. Normally, there are three (3) approaches available to the Bank in arriving at the fair value of collateral (i.e., real estate and chattel). These are the cost approach, market data approach and income approach.

The cost approach takes into consideration the current cost of reproducing a property less depreciation from all sources (i.e., deterioration, functional and economic obsolescence). On the other hand, the market data approach takes into consideration the value indicated by recent sales of comparable properties in the market. Lastly, income approach takes into consideration the value which the property's net earning power will support based upon a capitalization of net income.

The Bank utilizes all three (3) approaches to determine the fair values of the collateral and chooses the appropriate valuation approach on a case-to-case basis.

As at December 31, 2024 and 2023, no collaterals were subjected to repurchase and reverse repurchase agreements with BSP.

<u>Liquidity Risk</u>
Liquidity risk is the risk of loss to earnings or capital due to the inability to meet funding requirements within a reasonable period of time at a reasonable price.

The Bank applies a liquidity risk management strategy of maintaining sufficient cash and marketable securities, ensuring the availability of funding through an adequate amount of committed credit facilities and having the ability to close out market positions.

The Market Risk Management Department (MRMD) is responsible in managing liquidity risk. The MRMD is independent of the risk-taking unit and in charge of formulating Asset and Liability Management Policy and establishing implementation guidelines as needed; developing the methods of identification, measurement, monitoring and reporting of risk and pushing for the implementation; and studying asset and liability management related issues.

In view of the COVID-19 and its impact to both on a market-wide and institution specific liquidity, the Bank instituted the following pre-emptive controls:

- COVID-19 monitoring assessment report that covers the following:
    - COVID-19 Development & Government Control Measures
    - Economic Changes
    - Government Relief Measures
    - Internal Assessment for Liquidity and Credit Risk and Action Plan
    - Other Relevant Information, if any.
- Two (2) weeks assets and liabilities cash flow projection and its corresponding compliance to internal liquidity ratios (LDR, LCR, NSFR) being discussed in ALCO

The table below shows the maturity profile of the Bank's financial liabilities, based on undiscounted contractual cash flows (in millions):

	2024					
	On Demand	**1 to 3 Months**	**3 to 6 Months**	**6 to12 Months**	**Greater than One Year**	**Total**
Financial Liabilities at FVTPL						
Derivative liabilities	**P153**	**P -**	**P -**	**P -**	**P -**	**P153**
Deposit liabilities:						
Demand	**16,401**	**-**	**-**	**-**	**-**	**16,401**
Savings	**8,081**	**-**	**-**	**-**	**-**	**8,081**
Time	**11,844**	**12,949**	**1,529**	**600**	**118**	**27,040**
Bills payable	**3,164**	**4,039**	**868**	**10,476**	**2,748**	**21,295**
Outstanding acceptances	**4**	**-**	**-**	**-**	**-**	**4**
Manager's checks	**66**	**-**	**-**	**-**	**-**	**66**
Accrued interest, taxes and other expenses*	**713**	**-**	**-**	**-**	**-**	**713**
Other liabilities**	**4,090**	**3**	**-**	**39**	**500**	**4,632**
	44,516	**16,991**	**2,397**	**11,115**	**3,366**	**78,385**
Financial Liabilities at FVTPL						
Forward contract payable	**52,396**	**-**	**-**	**-**	**-**	**52,396**
Forward contract receivable	**(52,266)**	**-**	**-**	**-**	**-**	**(52,266)**
	130	**-**	**-**	**-**	**-**	**130**
	P44,646	**P16,991**	**P2,397**	**P11,115**	**P3,366**	**P78,515**

**Excludes retirement liability, accrued taxes and other non-financial accruals*
***Excludes withholding taxes payable, provision liability and miscellaneous liability*

	2023					
	On Demand	1 to 3 Months	3 to 6 Months	6 to12 Months	Greater than One Year	Total
Financial Liabilities at FVTPL						
Derivative liabilities	P66	P -	P -	P -	P -	P66
Deposit liabilities:						
Demand	11,453	-	-	-	-	11,453
Savings	9,237	-	-	-	-	9,237
Time	14,395	10,306	2,467	633	757	28,558
Bills payable	2,879	2,879	-	-	7,759	13,517
Outstanding acceptances	346	-	-	-	-	346
Manager's checks	74	-	-	-	-	74
Accrued interest, taxes and other expenses*	615	-	-	-	-	615
Other liabilities**	1,387	-	1	16	575	1,979
	40,452	13,185	2,468	649	9,091	65,845
Financial Liabilities at FVTPL						
Forward contract payable	16,998	-	-	-	-	16,998
Forward contract receivable	(17,017)	-	-	-	-	(17,017)
	(19)	-	-	-	-	(19)
	P40,433	P13,185	P2,468	P649	P9,091	P65,826

**Excludes retirement liability, accrued taxes and other non-financial accruals*
***Excludes withholding taxes payable, provision liability and miscellaneous liability*

The above maturity table shows the undiscounted cash flows whose expected maturities are not the same as the asset-liability gap. The Bank does not expect all time depositors to require repayment on the earliest date the Bank could be required to pay. Further, the maturity table does not reflect expected cash flows based on deposit behavior and historical retention rate.

Accrued interest and other expenses exclude taxes, payroll-related balances and other non-financial items. Other liabilities exclude non-financial liabilities such as withholding taxes payable.

Financial liabilities at FVTPL pertain to the notional amounts of the outstanding forward contract as at year end.

The table below shows the contractual expiry by maturity of the Bank's off-balance sheet commitments (in thousands).

	2024					
	Up to 1 Month	**1 to 3 Months**	**3 to 6 Months**	**6 to 12 Months**	**Beyond 1 Year**	**Total**
Commitments	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**
Contingent liabilities	**(352,740)**	**222,651**	**3,627,380**	**2,256,260**	**3,786,067**	**9,539,618**
Total	**(P352,740)**	**P222,651**	**P3,627,380**	**P2,256,260**	**P3,786,067**	**P9,539,618**

	2023					
	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	Total
Commitments	P -	P -	P -	P -	P1,605	P1,605
Contingent liabilities	318,086	315,794	221,993	584,596	3,492,680	4,933,149
Total	P318,086	P315,794	P221,993	P584,596	P3,494,285	P4,934,754

As required by the BSP, the Bank sets aside funds in due from BSP as liquidity reserves. These funds are withdrawable on demand and are used as financial assets held for managing liquidity risk (see Note 13).

To ensure that adequate liquidity is maintained at all times, the Bank's Liquidity and Balance Sheet Management Unit diversifies funding sources and evaluates cash flows and future funding needs on a daily basis. This involves projecting the Bank's liquidity position under current market conditions. MRMD, in close coordination with Treasury, also conduct liquidity stress testing to evaluate the potential effects of a set of specified changes in liquidity risk factors on the Bank's financial position under a severe but plausible scenario to assist the Board and senior management in decision making.

In addition to its core deposit base, the Bank maintains a portfolio of marketable assets that can be readily liquidated in the event of an unforeseen interruption of cash flows. Additional funding may be secured from the interbank market by tapping the Bank's credit facilities.

Liquidity risk control entails primarily the setting of risk limits, which define management's tolerance for liquidity risk. Specifically, limits are set on the maximum cumulative outflow and level of interbank borrowings. Liquidity risk is also monitored through the use of liquidity ratios. One of the more important liquidity ratios is the ratio of net liquid assets to total deposits. Net liquid assets consist of the sum of cash, due from BSP, due from other banks, interbank loans receivable, financial assets at FVTPL, financial assets at FVOCI, and investment securities at amortized cost with remaining maturities of less than one month, less derivative liabilities and interbank borrowings. The ratios for the year 2024 and 2023 were as follows:

	2024	2023
December 31	**13.6%**	15.5%
Average during the year	**15.6%**	18.7%
Highest	**19.4%**	21.3%
Lowest	**12.4%**	15.5%

The analysis on net liquidity using undiscounted contractual cash flows (in thousands) is as follows:

	2024									
	Carrying Value	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	2 Years	3 Years	4 Years	Greater than 5 Years	Total
Assets										
Financial assets at amortized cost:										
Cash and other cash items	P590,276	P590,276	P -	P -	P -	P -	P -	P -	P -	P590,276
Due from BSP	4,270,028	4,270,028	-	-	-	-	-	-	-	4,270,028
Due from other banks	2,159,647	2,159,647	-	-	-	-	-	-	-	2,159,647
Interbank loans receivable - gross	874,964	875,123	-	-	-	-	-	-	-	875,123
Investment securities - gross	14,390,604	-	117,628	236,695	102,841	780,159	779,547	3,780,645	8,609,592	14,407,107
Loans and discounts - gross	55,346,593	11,314,945	6,127,022	5,423,802	1,641,371	13,417,081	3,365,602	11,646,246	4,767,877	57,703,946
Other assets*	59,532	4,073	1,698	1,256	9,541	4,933	1,39	2,360	34,277	59,532
	77,691,644	19,214,092	6,246,348	5,661,753	1,753,753	14,202,173	4,146,543	15,429,251	13,411,746	80,065,659
Financial assets at FVTPL	1,170,525	1,170,525	-	-	-	-	-	-	-	1,170,525
Financial assets at FVOCI	7,469,870	-	-	-	455,527	1,904,686	378,711	455,546	4,275,400	7,469,870
Total Financial Assets	86,332,039	20,384,617	6,246,348	5,661,753	2,209,280	16,106,859	4,525,254	15,884,797	17,687,146	88,706,054
Liabilities										
Financial liabilities at FVTPL	153,316	153,316	-	-	-	-	-	-	-	153,316
Other financial liabilities at amortized cost:	-	-	-	-	-	-	-	-	-	-
Deposit liabilities	51,521,652	36,325,493	12,949,094	1,529,074	600,235	100,391	17,365	-	-	51,521,652
Bills payable	21,294,794	3,164,100	4,039,236	867,675	10,476,146	-	2,747,637	-	-	21,294,794
Outstanding acceptances	4,427	4,427	-	-	-	-	-	-	-	4,427
Manager's checks	66,297	66,297	-	-	-	-	-	-	-	66,297
Accrued interest, taxes and other expenses**	712,765	712,765	-	-	-	-	-	-	-	712,765
Other liabilities***	4,632,295	4,089,939	3,200	-	38,750	26,873	21,017	35,785	416,731	4,632,295
Total Financial Liabilities	78,385,547	44,516,337	16,991,530	2,396,749	11,115,131	127,264	2,786,019	35,785	416,731	78,385,546
Net Liquidity Gap	P7,946,492	(P24,131,720)	(P10,745,182)	P3,265,004	(P8,905,851)	P15,979,595	P1,739,235	P15,849,012	P17,270,415	P10,320,508

**Includes returned checks and other cash items and rent deposit*
***Excludes retirement liability, accrued taxes and other non-financial accruals*
****Excludes withholding taxes payable, provision liability, and miscellaneous*

	2023									
	Carrying Value	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	2 Years	3 Years	4 Years	Greater than 5 Years	Total
Assets										
Financial assets at amortized cost:										
Cash and other cash items	P814,715	P814,715	P -	P -	P -	P -	P -	P -	P -	P814,715
Due from BSP	3,426,463	3,426,463	-	-	-	-	-	-	-	3,426,463
Due from other banks	1,109,317	1,109,317	-	-	-	-	-	-	-	1,109,317
Interbank loans receivable - gross	71,981	71,981	-	-	-	-	-	-	-	71,981
Investment securities - gross	12,855,880	-	516,761	-	500,946	454,225	775,112	2,554,579	8,054,257	12,855,880
Loans and discounts - gross	51,301,875	10,608,079	11,416,394	4,100,236	2,620,535	10,093,752	5,630,120	2,724,744	4,108,015	51,301,875
Other assets*	53,596	839	480	1,928	3,503	7,890	4,071	1,408	33,477	53,596
Subtotal	69,633,827	16,031,394	11,933,635	4,102,164	3,124,984	10,555,867	6,409,303	5,280,731	12,195,749	69,633,827
Financial assets at FVTPL	538,340	52,667	-	-	-	-	-	-	485,673	538,340
Financial assets at FVOCI	6,491,930	1,156,758	-	49,360	438,061	526,895	1,511,170	91,208	2,718,478	6,491,930
Total Financial Assets	76,664,097	17,240,819	11,933,635	4,151,524	3,563,045	11,082,762	7,920,473	5,371,939	15,399,900	76,664,097
Liabilities										
Financial liabilities at FVTPL	65,937	65,937	-	-	-	-	-	-	-	65,937
Other financial liabilities at amortized cost:										
Deposit liabilities	49,248,341	35,084,834	10,306,276	2,467,095	632,652	545,117	212,367	-	-	49,248,341
Bills payable	13,517,179	2,879,240	2,879,240	-	-	7,758,699	-	-	-	13,517,179
Outstanding acceptances	345,663	345,663	-	-	-	-	-	-	-	345,663
Manager's checks	74,140	74,140	-	-	-	-	-	-	-	74,140
Accrued interest, taxes and other expenses**	615,385	615,385	-	-	-	-	-	-	-	615,385
Other liabilities***	1,978,917	1,386,605	-	1,142	16,063	58,295	27,025	26,062	463,725	1,978,917
Total Financial Liabilities	65,845,562	40,451,804	13,185,516	2,468,237	648,715	8,362,111	239,392	26,062	463,725	65,845,562
Net Liquidity Gap	P10,818,535	(P23,210,985)	(P1,251,881)	P1,683,287	P2,914,330	P2,720,651	P7,681,081	P5,345,877	P14,936,175	P10,818,535

** Includes returned checks and other cash items and rent deposit*
***Excludes retirement liability, accrued taxes and other non-financial accruals*
****Excludes withholding taxes payable, provision liability and miscellaneous liability*

Liquidity Coverage Ratio (LCR)
The ratios for 2024 and 2023 are as follows:

	2024	2023
High-quality liquid assets	**P25,215,080,033**	P23,418,641,791
Net cash outflows	**18,583,241,138**	19,145,623,422
Liquidity coverage ratio	**135.69%**	122.32%

High-quality liquid assets consist of cash or assets that can be converted into cash at little or no loss of value in private markets. LCR is being measured in accordance with BSP Circular 905 and 996.The LCR in single currency shall not be less than the minimum required level of 100%.

During the year 2024 and 2023, the Bank is compliant with the LCR requirements.

Net Stable Funding Ratio (NSFR)
The ratios for the years 2024 and 2023 are as follows:

	2024	2023
Available stable funding (ASF)	**P48,481,164,432**	P47,945,829,894
Required stable funding (RSF)	**48,016,275,786**	40,648,039,580
Ratio of ASF to RSF	**100.97%**	117.95%

NSFR is being measured in accordance with BSP Circular 1007. The covered bank shall maintain a NSFR of at least 100% at all times.

During the year 2024 and 2023, the Bank is compliant with the NSFR requirements.

Market Risk

Market risk is the risk that the Bank's earnings or capital or its ability to meet business objectives will be adversely affected by changes in the level, volatility or correlation of market risk factors, such as interest rates (including credit spread), foreign exchange, equities and commodities. The Bank's market risk originates from its holdings in its foreign exchange instruments, debt securities, and derivatives.

MRMD is responsible in managing market risk. MRMD performs the second line of defense. It is responsible for designing and executing appropriate identification, measurement, monitoring, control and reporting of market risk; and developing the market risk management policy and relevant procedures; and monitoring and reporting overall market risk profile and limit utilization.

The Bank classifies exposures to market risk into either trading or non-trading portfolios.

It is exposed to the potential loss in its trading portfolio because the values of its trading positions are sensitive to changes in the market prices and rates. Similarly, it is also exposed to market risk in its non-trading portfolio.

The Bank sets its market risk limits by considering market predictions, capital and annual budgets. It takes into account the correlation among different market risk factors to estimate potential loss using Value-at-Risk (VaR) approach and also determines if this potential loss is appropriate in light of the size of its annual budget. The Bank also determines its market risk limits by considering the experience of its risk-taking units and its risk appetite.

The Bank utilizes market risk factor sensitivities as a tool to manage market risk. Market risk factor sensitivities of a position are defined as a change in the value of a position caused by a unit shift in a given market factor. Market risk factor sensitivities include interest rate and foreign exchange factor sensitivities. The calculation of the factor sensitivities is obtained by measuring the effect of a one (1) unit increase in current interest rates or current foreign exchange rates upon various product types.

The Bank uses the VaR methodology in managing probable losses arising from potential changes in the market price of underlying assets. In deriving the VaR, the Bank employs the historical simulation approach, which estimates potential losses by assuming that future price movements will mimic historical trends.

The VaR methodology is a statistical estimate based on a historical simulation approach and generated from a historical database. It is important to note that VaR is only an estimate of maximum potential loss given a level of confidence. It can be based on historical data, which may not necessarily replicate itself in the future, or be computed from randomly generated numbers. As such, VaR cannot predict losses with 100.0% confidence.

The VaR will be based on a 1-day holding period, a level of confidence of 99.0% and a time series equivalent to 500 days (or two years). The level of confidence can be adjusted in response to heightened volatility in the market.

The following are the VaR statistics (in millions):

	2024		
	Foreign Exchange	**Fixed Income**	**Total VaR**
December 31	**(P1.058)**	**(P3.146)**	**(P3.497)**
Average daily	**(7.698)**	**(7.795)**	**(10.666)**
Highest	**(23.274)**	**(15.195)**	**(27.076)**
Lowest	**(0.647)**	**(3.146)**	**(3.497)**

	2023		
	Foreign Exchange	Fixed Income	Total VaR
December 31	(P4.137)	(P3.933)	(P5.600)
Average daily	(6.584)	(3.845)	(7.633)
Highest	(22.484)	(12.770)	(19.906)
Lowest	(0.738)	(0.021)	(0.790)

The fixed income column comprises both Peso and Dollar bonds.

The highs and lows of the total portfolio may not equal the sum of the individual components as the highs and lows of the individual portfolios may have occurred on different trading days. The VaR for foreign exchange is the foreign exchange risk throughout the Bank. The Bank, when aggregating the foreign exchange VaR and interest VaR, considers the correlation effects between the two risks. Annually, the BOD sets the VaR limit for the trading books to which compliance is reviewed daily by Risk Management.

The model's validity is assessed daily via back-testing. The back testing is an ex-post comparison of the VaR generated by the model against actual daily changes in portfolio value over longer periods of time. Based on 99.0% coverage with 250 observations, the number of times that the daily losses exceed the VaR estimates is the number of "exceptions". The higher the exception number suggests a more significant problem with the quality or accuracy of the model, and hence more regulatory capital is required.

Market risk positions are also subjected to daily stress tests to ensure that the Bank could withstand an extreme event. Historical events considered for stress testing represent crises - political or economic - which impacted greatly and adversely the financial markets.

Equity Price Risk
Equity price risk is the risk that the fair values of equity investments decrease as a result of changes in the levels of equity indices and the value of individual stocks (whether traded or not). The Bank has no significant exposure to equity price risk.

Interest Rate Risk
The table below summarizes the Bank's exposure to interest rate risk as at December 31, 2024 and 2023.

HFT Summary	**2024**	2023
USD (PVBP) PHP	**(P60,084)**	(P4,137)
PHP (PVBP) PHP	**(255,832)**	(6,584)

Foreign Exchange Risk
The table below summarizes the Bank's exposure to foreign exchange risk as of December 31, 2024 and 2023. Included in the tables are the Bank's assets and liabilities at carrying amounts, categorized by currency (in thousands):

	2024			2023		
	USD	**Others**	**Total**	USD	Others	Total
Assets						
Financial assets at amortized cost:						
Cash and other cash items	**P64,016**	**P3,630**	**P67,646**	P356,975	P3,723	P360,698
Due from BSP and other banks	**2,037,180**	**91,770**	**2,128,950**	889,869	148,374	1,038,243
Interbank loans receivable - net	**775,012**	**-**	**775,012**	71,789	-	71,789
Investment securities - net	**6,643,526**	**-**	**6,643,526**	6,310,278	-	6,310,278
Loans and receivables - net	**21,244,182**	**1,739,753**	**22,983,935**	15,430,622	881,416	16,312,038
Financial assets at FVTPL	**96**	**-**	**96**	171,288	-	171,288
Financial assets at FVOCI	**1,547,696**	**-**	**1,547,696**	2,520,196	-	2,520,196
	32,311,708	**1,835,153**	**34,146,861**	25,751,017	1,033,513	26,784,530
Liabilities						
Financial liabilities at amortized cost:						
Deposit liabilities	**18,412,295**	**117,012**	**18,529,307**	18,663,735	118,995	18,782,730
Bills payable	**16,909,864**	**1,684,930**	**18,594,794**	12,673,904	843,275	13,517,179
Outstanding acceptances	**4,427**	**-**	**4,427**	345,663	-	345,663
Accrued interest and other expenses	**132,151**	**18,836**	**150,987**	106,722	5,582	112,304
Other liabilities	**(3,139,569)**	**10,606,930**	**7,467,361**	(5,852,681)	11,208,734	5,356,053
Financial liabilities at FVTPL	**439**	**-**	**439**	-	-	-
	32,319,607	**12,427,708**	**44,747,315**	25,937,343	12,176,586	38,113,929
Net Exposure	**(P7,899)**	**(P10,592,555)**	**(P10,600,454)**	(P186,326)	(P11,143,073)	(P11,329,399)

The table below indicates the third currencies which the FCDU of the Bank has significant exposure to as at December 31, 2024 and 2023 based on its foreign currency denominated assets and liabilities and its forecasted cash flows. The analysis calculates the effect of a reasonably possible movement of other currency rates against the USD, with all other variables held constant on the results of operations (due to the fair value of currency sensitive monetary assets and liabilities) and OCI. A negative amount in the table reflects a potential net reduction of net income or OCI while positive amount reflects a net potential increase. Change in currency rates are based on the historical movements of each currency for the same period:

	Foreign Currency Appreciates by	**Effects on Profit before Tax**	**Foreign Currency Depreciates by**	**Effects on Profit before Tax**
2024				
Currency				
USD	**10%**	**P16,369,863**	**(10%)**	**(P2,230,231)**
Others	**10%**	**880,249**	**(10%)**	**(880,249)**
2023				
Currency				
USD	10%	P26,310,600	(10%)	(P26,310,600)
Others	10%	1,250,694	(10%)	(1,250,694)

Information relating to the Bank's currency derivatives is contained in Note 26. The Bank has outstanding foreign currency spot transactions (in equivalent peso amounts) of P0.7 billion (sold) and P1.5 billion (bought) as at December 31, 2024 and P1billion (sold) and P1.3 billion (bought) as at December 31, 2023.

Foreign exchange factor sensitivities (FX Delta) represent the change in the net present value of the foreign exchange portfolios caused by a unit shift of 100.0% of the underlying currency's exchange rate. The FX Delta risk comes from the FX exposure of derivatives, the hedging of foreign exchange positions and foreign currency cash positions.

The Bank's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

Foreign currency liabilities generally consist of foreign currency deposits in the Bank's FCDU. Foreign currency deposits are generally used to fund the Bank's foreign currency-denominated loan and investment portfolio in the FCDU. Effective January 1, 2018, the BSP, through Circular 946, no longer required FCDU liabilities to be covered by liquid assets.

Outside the FCDU, the Bank has additional foreign currency assets and liabilities in the RBU representing trade assets and corresponding foreign currency borrowings.

Interest Rate Risk in Banking Book
Interest rate risk is the risk to future earnings or equity arising from the movement of interest rates. Changes in interest rates affect: (1) the Bank's earnings by changing its net interest income (NII) and the level of other interest rate-sensitive income; and (2) the underlying economic value of the Bank's assets, liabilities and off-balance sheet instruments by means of reducing the present value of future cash flows (and in some cases, the cash flows themselves).

As the primary interest rate risk management unit, the Liquidity and Balance Sheet Management Unit adjusts the repricing structure of assets and liabilities to ensure that interest rate risk exposure stays within a controllable range. Limits on the change in one (1)-year earnings (delta NII) and economic value of equity (EVE) given a one basis point change in interest rates are also established.

The following are the Delta NII and EVE statistics (in thousands):

	1bp Delta NII		**1bp EVE**	
	2024	2023	**2024**	2023
December 31	**(US$8.3)**	(US$5.6)	**(US$82.6)**	(US$105.6)
Average monthly	**(3.7)**	(2.0)	**(87.7)**	(90.1)
Highest	**14.5**	6.2	**(71.8)**	(78.9)
Lowest	**(8.7)**	(7.9)	**(104.1)**	(105.6)

The Bank is exposed to interest rate risk as a result of mismatches of interest rate repricing of assets and liabilities. Accordingly, limits on interest rate gaps for stipulated periods have been established by management.

Risk Monitoring and Control
The interest rate risk limits are monitored on monthly or daily basis. The MRMD is responsible for independent monitoring of the business units' compliance with the established limit framework as well as distributing monthly re-pricing gap report and advisory summary to the Asset and Liability Committee (ALCO), RMC and BOD for their review periodically. These reports are appropriately tailored to include, according to the requirements of the intended recipient, the limit utilizations, trend and limit excess information.

The Liquidity and Balance Sheet Management Department is allowed to apply for hedge supported by duly approved hedge plan for the purpose of reducing risks. Financial instruments may be used to hedge for the purpose of reducing exposure or stabilizing profits. This can be achieved through conducting financial markets transactions with external counterparties to mitigate interest rate risk for non-trading purpose position.

As part of the internal control, the IRRBB reports are subjected to a regular and independent audit - internal or external - to ensure accuracy and validity of data and practice. Likewise, risk model development and regular review of assumptions and methodologies are conducted by the MRMD in close coordination with Parent Bank and Treasury Group. Risk model validation relating to methodology and quantification is conducted by a banking unit independent to the MRMD and Treasury Group. Risk model validation except for methodology and quantification is conducted by the internal audit as part of their regular audit program.

Risk Measurement
The Bank's exposure to IRRBB is being measured by the following tools:

- Re-pricing Gap Report measures the re-pricing gap between asset and liability by various time buckets in order to understand interest rate mismatch; and

- Risk Sensitivity measures the impact of 1 basis point change in interest rate on NII and that on EVE. The analysis of such impact on NII (1bp△NII) focuses on changes in interest income and expense within a year, hence, a short-term perspective. The analysis of such impact on EVE (1bp△EVE) is of a long-term perspective as it focuses on changes of economic value which will become net interest income received every year later on.

Measurement of 1bp△NII and 1bp△EVE stems from the Repricing Gap Report. The Repricing Gap Report considers rate-sensitive assets and liabilities such as due from other banks, interbank loans receivable, debt investment securities, loans and receivables, deposit liabilities and bills payable, and equity. For those rate-sensitive assets and liabilities with no available repricing dates, the repricing assumption is based on the two years historical repricing behavior. The longest repricing maturity assigned to non-maturity deposits is the checking and demand deposit products of the Bank. The repricing assumption is a function of estimated decay rate, established cap on core deposit, and established cap on repricing tenor.

Likewise, regular stress-testing is performed to approximate the effect of extreme interest rate fluctuation on the economic value of equity. Stress-testing can be done in the form of pre-defined parallel shifts in interest rate curve or on the basis of ad hoc projected interest rate scenario. The MRMD monitors the stress test result of IRRBB and report to ALCO the possible economic value decline of capital.

IRRBB stress testing is performed to evaluate the appropriateness of exposure to comprehend the Bank's interest rate risk profile and its impact to the capital through NII or EVE and its corresponding impact to Capital Adequacy Ratio (CAR). Stress testing starts with the collective evaluation of the degree of interest rate movement under stress condition being determined during the ICAAP with primary consideration of the key economic variables in the future to establish IRRBB stress shocks.

In 2024 and 2023, the Bank uses the same +350 basis point movement for Peso Book and +250 basis point movement for FCY book as a stress scenario.

The tables below show the sensitivity of the Bank's economic value of equity to possible changes in interest rates as at December 31, 2024 and 2023. The sensitivity of equity to interest rate movements is the present value of future cash flows discounted at the market rate.

		2024								
		Sensitivity of Equity								
Currency	**Increase in bps**	**1 Month**	**3 Months**	**6 Months**	**1 Year**	**2 Years**	**5 Years**	**7 Years**	**10 Years Up**	**Total**
PHP	**15**	**P366**	**(P2,726)**	**(P1,839)**	**P10,942**	**P41,619**	**(P27,316)**	**(P29,919)**	**(P11,433)**	**(P20,306)**
(in 000s)	**20**	**488**	**(3,634)**	**(2,452)**	**14,583**	**55,453**	**(36,381)**	**(39,817)**	**(15,201)**	**(26,961)**
	25	**610**	**(4,541)**	**(3,064)**	**18,219**	**69,268**	**(45,426)**	**(49,678)**	**(18,946)**	**(33,558)**
USD	**15**	**1,035**	**705**	**(275)**	**(681)**	**14,124**	**(10,934)**	**(5,761)**	**(53,357)**	**(55,144)**
(in 000s)	**20**	**1,380**	**940**	**(366)**	**(907)**	**18,818**	**(14,560)**	**(7,666)**	**(70,924)**	**(73,285)**
	25	**1,724**	**1,174**	**(458)**	**(1,134)**	**23,506**	**(18,177)**	**(9,564)**	**(88,383)**	**(91,312)**

		2024								
		Sensitivity of Equity								
Currency	**Decrease in bps**	**1 Month**	**3 Months**	**6 Months**	**1 Year**	**2 Years**	**5 Years**	**7 Years**	**10 Years Up**	**Total**
PHP	**(15)**	**(P367)**	**P2,731**	**P1,843**	**(P10,974)**	**(P41,797)**	**P27,499**	**P30,259**	**P11,632**	**P20,826**
(in 000s)	**(20)**	**(489)**	**3,642**	**2,458**	**(14,640)**	**(55,768)**	**36,706**	**40,422**	**15,555**	**27,886**
	(25)	**(612)**	**4,554**	**3,074**	**(18,308)**	**(69,760)**	**45,934**	**50,624**	**19,500**	**35,006**
USD	**(15)**	**(1,037)**	**(707)**	**275**	**682**	**(14,185)**	**11,019**	**5,828**	**54,356**	**56,231**
(in 000s)	**(20)**	**(1,383)**	**(942)**	**367**	**909**	**(18,927)**	**14,711**	**7,786**	**72,701**	**75,222**
	(25)	**(1,729)**	**(1,178)**	**459**	**1,137**	**(23,676)**	**18,413**	**9,751**	**91,159**	**94,336**

		2023								
		Sensitivity of Equity								
Currency	Increase in bps	1 Month	3 Months	6 Months	1 Year	2 Years	5 Years	7 Years	10 Years Up	Total
PHP	15	(P518)	(P399)	P4,511	P11,608	(P1,926)	(P31,501)	(P8,556)	(P14,161)	(P40,942)
(in 000s)	20	(691)	(532)	6,012	15,470	(2,566)	(41,953)	(11,386)	(18,832)	(54,478)
	25	(864)	(665)	7,512	19,328	(3,205)	(52,381)	(14,206)	(23,478)	(67,959)
USD	15	(99)	2,469	835	(20)	15,595	(10,889)	(3,759)	(50,098)	(45,966)
(in 000s)	20	(132)	3,292	1,113	(27)	20,779	(14,498)	(5,003)	(66,594)	(61,070)
	25	(165)	4,113	1,391	(34)	25,955	(18,098)	(6,242)	(82,990)	(76,070)

		2023								
		Sensitivity of Equity								
Currency	Decrease in bps	1 Month	3 Months	6 Months	1 Year	2 Years	5 Years	7 Years	10 Years Up	Total
PHP	(15)	P519	P400	(P4,520)	(P11,641)	P1,934	P31,718	P8,653	P14,386	P41,449
(in 000s)	(20)	693	533	(6,029)	(15,529)	2,580	42,340	11,559	19,231	55,378
	(25)	866	667	(7,539)	(19,421)	3,228	52,986	14,477	24,103	69,367
USD	(15)	99	(2,474)	(837)	20	(15,663)	10,979	3,803	51,027	46,954
(in 000s)	(20)	132	(3,299)	(1,116)	27	(20,899)	14,660	5,081	68,246	62,832
	(25)	166	(4,126)	(1,396)	34	(26,142)	18,350	6,363	85,570	78,819

The following table sets forth the repricing gap position of the Bank (in thousands):

	2024					
	Up to 1 Month	**1 to 3 Months**	**3 to Months**	**6 to 12 Months**	**Beyond 1 Year**	**Total**
Financial Assets						
Financial assets at amortized cost:						
Cash and other cash items	**P590,276**	**P -**	**P -**	**P -**	**P -**	**P590,276**
Due from BSP	**4,270,028**	**-**	**-**	**-**	**-**	**4,270,028**
Due from other banks	**2,159,647**	**-**	**-**	**-**	**-**	**2,159,647**
Interbank loans receivable - gross	**875,123**	**-**	**-**	**-**	**-**	**875,123**
Investment securities - gross	**-**	**117,628**	**236,695**	**102,841**	**13,949,943**	**14,407,107**
Loans and receivables - gross	**11,314,945**	**6,127,022**	**5,423,802**	**1,641,371**	**33,196,806**	**57,703,946**
Other assets*	**4,073**	**1,698**	**1,256**	**9,541**	**42,964**	**59,532**
Financial assets at FVTPL:						
Quoted debt	**845,333**	**-**	**-**	**-**	**-**	**845,333**
Derivative assets	**325,192**	**-**	**-**	**-**	**-**	**325,192**
Financial assets at FVOCI	**-**	**-**	**-**	**455,527**	**7,014,343**	**7,469,870**
Total Financial Assets	**20,384,617**	**6,246,348**	**5,661,753**	**2,209,280**	**54,204,056**	**88,706,054**
Financial Liabilities						
Financial liabilities at FVTPL	**153,316**	**-**	**-**	**-**	**-**	**153,316**
Other financial liabilities at amortized cost:						
Deposit liabilities:						
Demand	**16,401,004**	**-**	**-**	**-**	**-**	**16,401,004**
Savings	**8,080,733**	**-**	**-**	**-**	**-**	**8,080,733**
Time	**11,843,756**	**12,949,094**	**1,529,074**	**600,235**	**117,756**	**27,039,915**
Bills payable	**3,164,100**	**4,039,236**	**867,675**	**10,476,146**	**2,747,637**	**21,294,794**
Outstanding acceptances	**4,427**	**-**	**-**	**-**	**-**	**4,427**
Manager's checks	**66,297**	**-**	**-**	**-**	**-**	**66,297**
Accrued interest and other expenses**	**712,765**	**-**	**-**	**-**	**-**	**712,765**
Other liabilities***	**4,089,939**	**3,200**	**-**	**38,750**	**500,406**	**4,632,295**
Total Financial Liabilities	**44,516,337**	**16,991,530**	**2,396,749**	**11,115,131**	**3,365,799**	**78,385,546**
Repricing Gap	**(P24,131,720)**	**(P10,745,182)**	**P3,265,004**	**(P8,905,851)**	**P50,838,257**	**P10,320,508**
Cumulative Repricing Gap	**(P24,131,720)**	**(P34,876,902)**	**(P31,611,898)**	**(P40,517,749)**	**P10,320,508**	

**Includes returned checks and other cash items and rent deposit*
***Excludes retirement liability, accrued taxes and other non-financial accruals*
****Excludes withholding taxes payable, provision liability and miscellaneous liability*

	2023					
	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	Total
Financial Assets						
Financial assets at amortized cost:						
Cash and other cash items	P814,715	P -	P -	P -	P -	P814,715
Due from BSP	3,426,463	-	-	-	-	3,426,463
Due from other banks	1,109,317	-	-	-	-	1,109,317
Interbank loans receivable - gross	71,981	-	-	-	-	71,981
Investment securities - gross	-	516,761	-	500,946	11,838,172	12,855,879
Loans and receivables - gross	10,608,079	11,416,394	4,100,236	2,620,535	22,556,631	51,301,875
Other assets*	839	480	1,928	3,503	46,846	53,596
Financial assets at FVTPL:						
Quoted debt	485,672	-	-	-	-	485,672
Derivative assets	52,668	-	-	-	-	52,668
Financial assets at FVOCI	6,475,889	-	-	-	16,041	6,491,930
Total Financial Assets	23,045,623	11,933,635	4,102,164	3,124,984	34,457,690	76,664,096
Financial Liabilities						
Financial liabilities at FVTPL	65,937	-	-	-	-	65,937
Other financial liabilities at amortized cost:						
Deposit liabilities:						
Demand	11,453,319	-	-	-	-	11,453,319
Savings	9,236,892	-	-	-	-	9,236,892
Time	14,394,623	10,306,276	2,467,095	632,652	757,484	28,558,130
Bills payable	2,879,240	2,879,240	-	-	7,758,699	13,517,179
Outstanding acceptances	345,663	-	-	-	-	345,663
Manager's checks	74,140	-	-	-	-	74,140
Accrued interest and other expenses**	615,385	-	-	-	-	615,385
Other liabilities***	1,386,605	-	1,142	16,063	575,106	1,978,916
Total Financial Liabilities	40,451,804	13,185,516	2,468,237	648,715	9,091,289	65,845,561
Repricing Gap	(P17,406,181)	(P1,251,881)	P1,633,927	P2,476,269	P25,366,401	P10,818,535
Cumulative Repricing Gap	(P17,406,181)	(P18,658,062)	(P17,024,135)	(P14,547,866)	P10,818,535	

**Includes returned checks and other cash items and rent deposit*
***Excludes retirement liability, accrued taxes and other non-financial accruals*
****Excludes withholding taxes payable, provision liability and miscellaneous liability*

The following table sets forth, for the period indicated, the impact of the range of reasonably possible changes in the interest rates (accounting perspective) on the profit or loss and equity:

	Impact to Statements of Income		**Impact to Equity**	
	2024	2023	**2024**	2023
PHP Interest Rates				
Increase by 15 bps	**P252,550,057**	P63,786,850	**(P356,277,732)**	(P741,490,107)
Increase by 20 bps	**336,733,410**	85,049,133	**(473,009,566)**	(986,623,204)
Increase by 25 bps	**420,916,762**	106,311,416	**(588,737,216)**	(1,230,748,888)
Decrease by 15 bps	**(252,550,057)**	(63,786,850)	**365,522,576**	750,724,756
Decrease by 20 bps	**(336,733,410)**	(85,049,133)	**489,445,190**	1,003,040,603
Decrease by 25 bps	**(420,916,762)**	(106,311,416)	**614,418,574**	1,256,401,568
USD Interest Rates				
Increase by 15 bps	**(128,512,451)**	(148,174,956)	**(953,300,177)**	(830,154,141)
Increase by 20 bps	**(171,349,935)**	(197,566,608)	**(1,266,947,985)**	(1,102,958,663)
Increase by 25 bps	**(214,187,419)**	(246,958,260)	**(1,578,558,742)**	(1,373,827,836)
Decrease by 15 bps	**128,512,451**	148,174,956	**972,121,679**	848,038,638
Decrease by 20 bps	**171,349,935**	197,566,608	**1,300,409,342**	1,134,754,191
Decrease by 25 bps	**214,187,419**	246,958,260	**1,630,843,938**	1,423,510,087

The Bank has exposures to other currencies that are not material.

The following table provides for the average effective interest rates by period of maturity or repricing of the Bank:

	2024		
	Less than 3 Months	**3 Months to 1 Year**	**Greater than 1 Year**
Peso-denominated			
Financial Assets			
Due from BSP	**0.1%**	**-**	**-**
Due from other banks	**0.2%**	**-**	**-**
Interbank loans receivable	**6.4%**	**-**	**-**
Financial assets at FVOCI	**-**	**-**	**4.5%**
Investment securities at amortized cost	**4.7%**	**4.1%**	**5.2%**
Loans and receivables	**8.7%**	**7.8%**	**13.8%**
Financial assets at FVTPL	**0.3%**	**0.4%**	**5.5%**
Financial Liabilities			
Deposit liabilities	**1.9%**	**5.1%**	**5.3%**
Bills payable	**6.6%**	**-**	**-**
Foreign Currency-denominated			
Financial Assets			
Due from other banks	**1.4%**	**-**	**-**
Interbank loans receivable	**3.9%**	**-**	**-**
Financial assets at FVOCI	**-**	**-**	**4.2%**
Investment securities at amortized cost	**10.5%**	**8.6%**	**3.9%**
Loans and receivables	**5.7%**	**6.5%**	**5.2%**
Financial assets at FVTPL	**-**	**-**	**4.2%**
Financial Liabilities			
Deposit liabilities	**2.3%**	**4.6%**	**4.8%**
Bills payable	**5.4%**	**-**	**-**

	2023		
	Less than 3 Months	3 Months to 1 Year	Greater than 1 Year
Peso-denominated			
Financial Assets			
Due from BSP	0.1%	-	-
Due from other banks	0.2%	-	-
Interbank loans receivable	6.3%	-	-
Financial assets at FVOCI	-	-	4.0%
Investment securities at amortized cost	6.4%	5.7%	4.6%
Loans and receivables	6.4%	8.9%	11.3%
Financial assets at FVTPL	0.4%	3.3%	9.2%
Financial Liabilities			
Deposit liabilities	0.8%	4.4%	4.6%
Bills payable	3.8%	-	-
Foreign Currency-denominated			
Financial Assets			
Due from other banks	1.7%	-	-
Interbank loans receivable	1.8%	-	-
Financial assets at FVOCI	-	-	5.3%
Investment securities at amortized cost	4.2%	12.9%	3.7%
Loans and receivables	5.3%	6.5%	5.4%
Financial assets at FVTPL	-	-	5.3%
Financial Liabilities			
Deposit liabilities	1.3%	4.0%	4.2%
Bills payable	5.4%	-	-

Prepayment Risk
Prepayment risk is the risk that the Bank will incur a financial loss because its customers and counterparties repay or request repayment earlier than expected, such as fixed rate mortgages when interest rates fall. The Bank has exposures in consumer, e.g., salary loans, mortgage loans. These activities generate market risk since these loan products are inherently sensitive to changes in the level of market interest rates.

The impact on the Bank's profitability of mortgage loan prepayment risk is deemed negligible as actual prepayments were small relative to the loan portfolio.

Operational Risk
Operational risk is defined as the risk of loss arising from direct or indirect loss from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputational risk.

Direct loss is a result primarily from an operational failure while an Indirect Loss relates to the impact of operational risk on other risks such as Market, Credit or Liquidity Risk.

The Operational and Reputational Risk Management Department (ORRMD) is responsible for establishing, overseeing and supporting CTBC's Operational Risk Management ("ORM") framework. Specific responsibilities include:

- Recommend to the BOD and Senior Management appropriate policies and procedures relating to ORM.
- Design and implement Bank's operational risk assessment methodology, tools, and risk reporting system.
- Coordinate risk management activities across the organization.
- Consolidated all relevant operational risk information and reports to be elevated and reported to the BOD and Senior Management.
- Provide ORM training and advice to BU's on ORM issues.
- Coordinate with Compliance function, Internal Audit, and External Audit on ORM matters.
- Monitoring and reporting of Operational Risk incidents.
- Manage the stress testing activities for the Bank's operational risk:

    - Design and develop a stress testing policy, standard operational procedures, and tools and templates for operational risk and obtain required approvals in accordance to the Bank's Risk Governance Policy.
    - Facilitate the conduct of operational risk stress testing on annual basis, following the prescribed timelines.
    - Validate and challenge responses of business unit and functional unit in the stress testing exercise.
    - Consolidate and submit results of the operational risk stress testing exercise for management review and approval.

Operational Risk Process
The Bank implements the Risk and Control Assessment Framework to ensure that all operational risks of the different Business and Functional Units are reported and properly managed.

The Risk and Control Assessment (RCA) Framework is composed of 3 main activities namely:

- Annual Risk Assessment (ARA) - refers to the process of assessing key risks to be faced by the Bank in the upcoming year and mapping key controls and/or indicators for each identified key risk.

- Management Control Assessment (MCA) - refers to the year-long process of assessing the effectiveness of key control through self-inspection, monitoring trend/s of risk indicators, and taking action on any identified vulnerability or gap.

- Business Risk, Compliance, and Control (BRCC) Forum - refers to the integrated review on internal controls across first, second, and third lines of defense. Its main objective is to enable Senior Management to supervise the overall status of key risk trend, weakness in controls, and correction on major events and audit issues.

The Bank's Operational Risk Process is as follows:

Key Risk and Control Identification Process
This involves the review of existing business processes, products and services with the aim of identifying vulnerabilities and assessing the extent of damage that can happen should breaches occur. The RCA Framework is followed.

Review and Document Policies and Procedures
In reviewing and documenting policies and procedures, each business and operating unit ensures clear and complete documentation of the following:

- Processes - Include all functions that are being done to ensure complete delivery of the transaction. This covers both client interface processes and internal control.

- People - Identify everyone involved in the process, their duties and responsibilities and required competencies.

- Reports - Identify those that would be needed to assess risk management effectiveness.

- Methodologies - Detail the tools and activities that would support decision making for critical areas of the process.

- Systems and Data - Cite the system and data requirement for the business unit to efficiently manage reports and methodologies employed.

All Business and Operating Units shall ensure that actual practices are consistent with documented policies and procedures.

Monitor and Formulate Action Plan
Monitoring and formulating action plans against established standards, via the KRIs is an important component in ensuring that these standards are met. There are three units involved in the over-all formulation and monitoring of action plans for all Business and Functional Units.

- Business and Functional Units - They are expected to report the operational exceptions, deviations on the policies and procedures and deficiencies on the documentations and process.

- ORRMD - Collates and consolidates the reports from different business and functional units. They are also responsible for monitoring, analyzing and reporting operational risk losses and exposures to Management.

- Internal Audit Department (IAD) - Primarily responsible for ensuring that all Operations Units are in compliance with the set of policies and procedures. They should be able to provide an independent opinion on the effectiveness of established internal controls.

Management Oversight
On a monthly basis, the Operations Committee convenes to discuss operational risk issues. This is presided by the President/CEO with the following members: Deputy CEO, CRO, CFO, Information Security Officer, and Heads of ORRMD, ICMG, RCMG, IBG, RBG, Trust Department, Treasury Group, ITG, BOG, HRAG, Marketing Communications Services Department, Internal Audit and Compliance.

<u>Strategic Risk</u>
Strategic risk is the risk that the current and prospective earnings or capital will be adversely impacted because of business decisions, improper implementation of decisions or lack of responsiveness to industry changes. This definition gives importance to business planning, where business decisions and its implementation are derived from.

The strategic risk of the Bank is a function of the compatibility of its strategic goals, the quality of carrying out its implementation, and building the infrastructure to meet such goals. Strategic risk is managed throughout the Bank and is primarily monitored by Finance and Corporate Affairs Group through budget analysis and variances.

<u>Legal Risk</u>
Legal risks belong to non-quantifiable risks that are not subject to specific numerical measurements but likewise require similar management attention. While unpredictable, non-quantifiable risks may cause severe impact of the Bank's statement of income. These risks are mitigated by developing a strong control culture, an organizational structure that is risk-aware, and an effective internal control system that continually monitors and updates processes and procedures. Legal risks include the potential for the Bank to suffer a financial loss due to non-existent, incomplete, incorrect and/or unenforceable documentation used by the Bank to protect and enforce its rights under contracts and obligations. This risk is closely related to credit risk as it most often involves legal problems with counterparties to the Bank's transactions. It is also closely related to other non-quantifiable risks that have to be assessed: fiduciary, reputational risk and regulatory risk.

A legal review process is the primary control mechanism for legal risks and shall be part of every product program or process of the Bank. The review aims to validate the existence, propriety and enforceability of documents, and verify the capacity and authority of counterparties and customers to enter into transactions.

The Bank's Legal Department is the primary unit assigned to identify, assess, manage and monitor the Bank's legal risk.

<u>Capital Management</u>
The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains a strong credit standing and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Bank considers its paid-in capital and retained earnings as its core economic capital.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

Regulatory Qualifying Capital
Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Bank's "unimpaired capital" (regulatory net worth) as reported to the BSP, which is determined on the basis of Regulatory Accounting Principles (RAP) which differ from PFRS Accounting Standards in some respects.

The BSP sets and monitors compliance with minimum capital requirements for the Bank. In implementing current capital requirements, BSP issued Circular 781 which implemented the Revised Risk-Based Capital Adequacy Framework under Basel III effective January 1, 2014. It requires the Bank to maintain a prescribed risk-based capital adequacy ratio (expressed as a percentage of qualifying capital to risk-weighted assets) of not less than 10.0% for both solo and consolidated basis. The Bank is also required to maintain a minimum Common Equity Tier (CET) 1 and Tier 1 capital ratio of 6.0% and 7.5%, respectively. A capital conservation buffer of 2.5% comprised of CET1 capital was likewise imposed through BSP Circular 1024.

Shown below are the Bank's minimum capital-to-risk assets ratios as reported to the BSP as of December 31, 2024 and 2023 (in millions except for percentages).

	2024	2023
CET 1 capital	**P9,577**	P9,832
Tier 1 capital	**9,577**	9,832
Tier 2 capital	**688**	600
Gross qualifying capital	**10,265**	10,432
Less: Required deductions	**-**	-
Total Qualifying Capital	**P10,265**	P10,432
Risk-weighted Assets (RWAs)	**P75,506**	P66,353
CET 1 ratio	**12.7%**	14.8%
Tier 1 capital ratio	**12.7%**	14.8%
Tier 2 capital ratio	**0.91%**	0.9%
Risk-based capital adequacy ratio	**13.6%**	15.7%

The regulatory qualifying capital of the Bank consists of Tier 1 (core) and Tier 2 (supplementary) capital. Tier 1 capital comprise of common stock, additional paid-in capital and surplus. Tier 2 comprises upper Tier 2 and lower Tier 2. Upper Tier 2 consists of preferred stock, revaluation increment reserve, general loan loss provision, and deposit for common stock subscription. Lower Tier 2 consists of unsecured subordinated debt.

BSP Circular 560 dated January 31, 2007, which took effect on February 22, 2007, requires the deduction of unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates from capital accounts for purposes of computing CAR.

Moreover, BSP Circular 1027 dated December 14, 2018, provides the guidelines on the computation of the required capital for banks to ensure that capital is only composed of instruments that are of highest quality to absorb losses.

The Bank complied with the minimum Capital Adequacy Ratio (CAR) of 10.0% throughout 2024 and 2023.

BASEL III

On December 13, 2013, the BSP issued Circular 822 on amendments to the capital framework of foreign bank. It provides that the minimum capital required for locally incorporated subsidiaries of foreign banks shall be the same as that prescribed by the Monetary Board for domestic banks of the same category under Circular 781 issued last January 15, 2013.

The following are the revised minimum capital requirements:

- 6.0% Common Equity Tier 1 (CET1)/Risk-Weighted Assets (RWAs);

- 7.5% Tier 1 Capital/RWAs; and

- 100% Total Qualifying Capital (Tier 1 plus Tier 2)/RWAs.

The Qualifying Capital must consist of the sum of the following elements, net of required deductions: Tier 1-'going concern' [CET1 plus Additional Tier 1] and Tier 2 - 'gone concern.' A bank/quasi-bank must ensure that any component of capital included in qualifying capital complies with all the eligibility criteria for the particular category of capital in which it is included. The Circular further describes the elements/criteria that a bank should meet for each capital category. Regulatory adjustments and calculation guidelines for each capital category are also discussed.

In conformity with the Basel III standards, a Capital Conservation Buffer of 2.5% of RWAs, comprised of CET1 capital, has been required. This buffer is meant to promote the conservation of capital and build-up of adequate cushion that can be drawn down by banks to absorb losses during financial and economic stress. The restrictions on distribution that a bank must meet at various levels of CET1 capital ratios are established, as shown in below table. Restrictions will be imposed if a bank has no positive earnings, has CET1 of not more than 8.5% (CET Ratio of 6.0% plus conservation buffer of 2.5%) and has not complied with the minimum 10.0% CAR.

Level of CET 1 Capital	**Restriction on Distributions of Earnings**
<6.0%	No distribution
6.0% - 7.25%	No distribution until more than 7.25% CET1 capital is met
>7.25% - 8.5%	50.0% of earnings may be distributed
>8.5%	No restriction on the distribution

Under Section 129 of the MORB Basel III, leverage ratio is designed to act as supplementary measure to the risk-based capital requirements. It is defined as the capital measure (numerator) divided by the exposure measure (denominator). The leverage ratio shall not be less than 5.0% computed on both solo (head office plus branches) and consolidated bases (parent bank plus subsidiary financial allied undertakings but excluding insurance companies).

The Bank exceeded the minimum leverage ratio of 5.0% in 2024 and 2023 as presented below (amounts in thousands):

	2024	2023
Capital measure	**P9,577,341**	P9,832,426
Exposure measure	**103,748,643**	88,392,312
Leverage ratio	**9.23%**	11.12%

6. Fair Value Measurement

The methods and assumptions used by the Bank in estimating the fair value of the financial assets and financial liabilities are:

Cash and Other Cash Items, Due from BSP and Other Banks, and Interbank Loans Receivable
Carrying amounts approximate fair values due to their short-term nature.

Quoted Debt and Equity Securities
Fair values are based on quoted prices published in markets.

Unquoted Equity Securities
The unquoted equity securities of the Bank are measured at fair value. However, due to the lack of suitable methods of arriving at a reliable fair value, the cost is determined to be an appropriate estimate of fair value. The unquoted equity securities are instead measured at their carrying amounts. These are interests in BancNet, Philippine Clearing House Corporation and Bankers Association of the Philippines held as per membership requirement.

Derivative Instruments
Derivative products are valued using valuation techniques with market observable inputs including foreign exchange rates and interest rate curves prevailing at the statement of financial position date. For cross-currency swaps and foreign exchange contracts, discounted cash flow model is applied. This valuation method discounts each cash flow of the derivatives at a rate that is dependent on the tenor of the cash flow.

Loans and Receivables
Fair values of loans subject to periodic interest repricing of more than one year are estimated based on the discounted cash flow methodology using the loan's latest interest rate. Carrying values of loans subject to periodic interest repricing of one year or less approximate fair value because of recent and regular repricing based on market conditions.

Foreclosed Properties - Investment Properties and Properties under Trustee
Fair value is determined based on valuations performed by external and in-house appraisers using the market data approach. The fair values of the Bank's investment properties are based on recent sales of similar properties in the same areas, taking into account the economic conditions prevailing at the time the valuations were made.

Significant unobservable inputs in determining the fair values include the following:

Location	Location of comparative properties whether on a main road or secondary road. Road width could also be a consideration if data is available. As a rule, properties along a main road are superior to properties along a secondary road.

Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable confirms to the average cut of the lots in the area and estimate the impact of lot size differences on land value.
Time Element	An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time, in which case, the current date is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

Deposit Liabilities
Carrying amounts of demand and savings deposit approximate fair values considering that these are currently due and demandable. Fair values of time deposits are estimated based on discounted cash flow methodology using the Bank's latest interest rates due to lack of suitable methods of arriving at reliable fair value.

Other Financial Liabilities
Carrying values of liabilities, other than deposit liabilities approximates fair values due to their short-term nature.

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

	2024				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Fair Value**
Assets Measured at Fair Value					
Financial Assets					
Financial assets at FVTPL:					
Held-for-trading:					
Quoted debt	**P845,333,115**	**P -**	**P845,333,115**	**P -**	**P845,333,115**
Derivative assets	**325,192,247**	**-**	**325,192,247**	**-**	**325,192,247**
	1,170,525,362	**-**	**1,170,525,362**	**-**	**1,170,525,362**
Financial assets at FVOCI:					
Quoted debt	**7,454,279,481**	**1,453,034,770**	**6,001,244,711**	**-**	**7,454,279,481**
Unquoted equity	**12,440,817**	**-**	**-**	**12,440,817**	**12,440,817**
Quoted equity	**3,150,000**	**-**	**3,150,000**	**-**	**3,150,000**
	7,469,870,298	**1,453,034,770**	**6,004,394,711**	**12,440,817**	**7,469,870,298**
	P8,640,395,660	**P1,453,034,770**	**P7,174,920,073**	**P12,440,817**	**P8,640,395,660**
Assets for which Fair Values are Disclosed					
Financial assets at amortized cost:					
Cash and other cash items	**P590,275,773**	**P -**	**P -**	**P590,275,773**	**P590,275,773**
Due from BSP	**4,270,027,822**	**-**	**-**	**4,270,027,822**	**4,270,027,822**
Due from other banks	**2,159,646,712**	**-**	**-**	**2,159,646,712**	**2,159,646,712**
Interbank loans receivable - net	**874,964,029**	**-**	**-**	**874,964,029**	**874,964,029**
Investment securities - net	**14,390,603,911**	**2,374,062,230**	**11,301,677,000**	**-**	**13,675,739,230**
Loans and discounts - net:					
Institutional banking	**44,304,523,650**	**-**	**-**	**44,304,523,650**	**44,304,523,650**
Retail banking	**4,624,501,180**	**-**	**-**	**4,624,501,180**	**4,624,501,180**
Mortgage banking	**4,632,892,681**	**-**	**-**	**4,632,892,681**	**4,632,892,681**
Small business loans	**462,953,020**	**-**	**-**	**462,953,020**	**462,953,020**
Accrued interest receivable	**656,728,637**	**-**	**-**	**656,728,637**	**656,728,637**
Other receivables	**664,993,840**	**-**	**-**	**664,993,840**	**664,993,840**
Other assets*	**59,531,987**	**-**	**-**	**59,531,987**	**59,531,987**
	77,691,643,242	**2,374,062,230**	**11,301,677,000**	**63,301,039,331**	**76,976,778,561**
Non-financial Assets					
Investment properties - net	**151,788,925**	**-**	**-**	**151,788,917**	**151,788,917**
Other assets****	**302,939,723**	**-**	**-**	**337,436,767**	**337,436,767**
	P78,146,371,890	**P2,374,062,230**	**P11,301,677,000**	**P63,790,265,015**	**P77,466,004,245**

Forward

	2024				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Fair Value**
Liabilities Measured at Fair Value					
Financial liabilities at FVTPL	**P153,315,657**	**P -**	**P153,315,657**	**P -**	**P153,315,657**
Liabilities for which Fair Values are Disclosed					
Financial liabilities at amortized cost:					
Deposit liabilities:					
Demand	**16,401,004,173**	**-**	**-**	**16,401,004,173**	**16,401,004,173**
Savings	**8,080,732,931**	**-**	**-**	**8,080,732,931**	**8,080,732,931**
Time	**27,039,914,626**	**-**	**-**	**27,039,914,626**	**27,039,914,626**
	51,521,651,730	**-**	**-**	**51,521,651,730**	**51,521,651,730**
Bills payable	**21,294,794,018**	**-**	**-**	**21,294,794,018**	**21,294,794,018**
Outstanding acceptances	**4,427,526**	**-**	**-**	**4,427,526**	**4,427,526**
Manager's checks	**66,297,573**	**-**	**-**	**66,297,573**	**66,297,573**
Accrued interest, taxes and other expenses**	**712,764,852**	**-**	**-**	**712,764,852**	**712,764,852**
Other liabilities***	**4,632,295,146**	**-**	**-**	**4,632,295,146**	**4,632,295,146**
	78,232,230,845	**-**	**-**	**78,232,230,845**	**78,232,230,845**
	P78,385,546,502	**P -**	**P153,315,657**	**P78,232,230,845**	**P78,385,546,502**

**Includes returned checks and other cash items and rent deposit*
***Excludes retirement liability, accrued taxes and other non-financial accruals*
****Excludes withholding taxes payable, provision liability, and miscellaneous liability*
*****Pertains to the properties under trustee measured at fair market value*

	2023				
	Carrying Value	Level 1	Level 2	Level 3	Fair Value
Assets Measured at Fair Value					
Financial Assets					
Financial assets at FVTPL:					
Held-for-trading:					
Quoted debt	P485,672,488	P485,672,321	P167	P -	P485,672,488
Derivative assets	52,667,029	-	52,667,029	-	52,667,029
	538,339,517	485,672,321	52,667,196	-	538,339,517
Financial assets at FVOCI:					
Quoted debt	6,475,889,344	2,850,081,050	3,625,808,294	-	6,475,889,344
Unquoted equity	12,440,817	-	-	12,440,817	12,440,817
Quoted equity	3,600,000	-	3,600,000	-	3,600,000
	6,491,930,161	2,850,081,050	3,629,408,294	12,440,817	6,491,930,161
	P7,030,269,678	P3,335,753,371	P3,682,075,490	P12,440,817	P7,030,269,678
Assets for which Fair Values are Disclosed					
Financial assets at amortized cost:					
Cash and other cash items	P814,714,838	P -	P -	P814,714,838	P814,714,838
Due from BSP	3,426,463,360	-	-	3,426,463,360	3,426,463,360
Due from other banks	1,109,317,042	-	-	1,109,317,042	1,109,317,042
Interbank loans receivable - net	71,789,090	-	-	71,789,090	71,789,090
Investment securities - net	12,843,192,633	3,455,462,331	9,387,730,302	-	12,843,192,633
Loans and discounts - net:					
Institutional banking	39,453,714,267	-	-	39,453,714,267	39,453,714,267
Retail banking	4,568,553,595	-	-	4,568,553,595	4,568,553,595
Mortgage banking	4,019,424,627	-	-	4,019,424,627	4,019,424,627
Small business loans	457,331,122	-	-	457,331,122	457,331,122
Accrued interest receivable	596,839,872	-	-	596,839,872	596,839,872
Other receivables	169,990,524	-	-	169,990,524	169,990,524
Other assets*	53,594,816	-	-	53,594,816	53,594,816
	67,584,925,786	3,455,462,331	9,387,730,302	54,741,733,153	67,584,925,786
Non-financial Assets					
Investment properties - net	89,426,159	-	-	115,531,014	115,531,014
Other assets****	341,124,812	-	-	516,522,341	516,522,341
	P68,015,476,757	P3,455,462,331	P9,387,730,302	P55,373,786,508	P68,216,979,141
Liabilities Measured at Fair Value					
Financial liabilities at FVTPL	P65,936,713	P -	P65,936,713	P -	P65,936,713
Liabilities for which Fair Values are Disclosed					
Financial liabilities at amortized cost:					
Deposit liabilities:					
Demand	11,453,319,207	-	-	11,453,319,207	11,453,319,207
Savings	9,236,892,387	-	-	9,236,892,387	9,236,892,387
Time	28,558,129,602	-	-	28,558,129,602	28,558,129,602
	49,248,341,196	-	-	49,248,341,196	49,248,341,196
Bills payable	13,517,179,143	-	-	13,517,179,143	13,517,179,143
Outstanding acceptances	345,662,618	-	-	345,662,618	345,662,618
Manager's checks	74,139,847	-	-	74,139,847	74,139,847
Accrued interest, taxes and other expenses**	615,384,893	-	-	615,384,893	615,384,893
Other liabilities***	1,978,916,806	-	-	1,978,916,806	1,978,916,806
	65,779,624,503	-	-	65,779,624,503	65,779,624,503
	P65,845,561,216	P -	P65,936,713	P65,779,624,503	P65,845,561,216

**Includes returned checks and other cash items and rent deposit*
***Excludes retirement liability, accrued taxes and other non-financial accruals*
****Excludes withholding taxes payable, provision liability, and miscellaneous liability*
*****Pertains to the properties under trustee measured at fair market value*

The following ranges of discount rates were used in estimating the fair values unquoted fixed-rate and floating-rate debt instruments:

	PHP			
	2024		2023	
	High	**Low**	High	Low
Loans and discounts:				
Retail banking	**26.28%**	**14.40%**	23.88%	15.48%
Mortgage banking	**10.00%**	**6.89%**	10.00%	5.00%

The following table shows financial instruments recognized at fair value, analyzed by bases of fair value:

- Level 1 - quoted market prices in active markets for identical assets or liabilities; 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 deduction for transaction costs, the instruments are included within Level 1 of the hierarchy.

- Level 2 - those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); 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; and

- Level 3 - those with inputs for the asset or liability that are not based on observable market data (unobservable inputs). Instruments included in Level 3 are those for which there are currently no active market.

The fair values of Level 1 instruments are based on the Bloomberg Valuation Service (BVAL) reference rates as used as the benchmark of PHP government securities in the active market of which comprise the quoted debt securities at FVTPL at reporting date. These BVAL reference rates are based on accumulated market data and real-time market observations on actively traded identical fixed income securities.

The fair values of Level 2 instruments are based on broker quotes from similar contracts that are traded in an active market. These quotes reflect the actual transactions in similar instruments.

In 2024 and 2023, there were transfers between Level 2 to Level 1 category since the Bank established that markets are already active and therefore quoted prices provide reliable pricing information.

In 2024 and 2023, there were no transfers into and out of Level 1 to 3 of fair value measurements.

7. Investment Securities

Financial Assets at FVTPL
Financial assets at FVTPL consist of the following:

	Note	**2024**	2023
Government debt securities	*5, 6*	**P845,333,115**	P485,672,488
Derivative assets	*5, 6, 26*	**325,192,247**	52,667,029
	5, 17, 27	**P1,170,525,362**	P538,339,517

The Bank's debt securities and derivative assets are mandatorily classified as at FVTPL on initial recognition.

In 2024, effective interest rates of FVTPL debt securities ranged from 5.5% to 6.9% for peso-denominated and 3.7% to 5.8% for foreign currency-denominated FVTPL debt securities. In 2023, effective interest rates of FVTPL debt securities ranged from 4.3% to 7.1% for peso-denominated and 3.3% to 7.5% for foreign currency-denominated FVTPL debt securities. In 2022, effective interest rates of FVTPL debt securities ranged from 0.1% to 7.8% for peso-denominated and 3.2% to 8.4%pesopesopesopesoperodenominated and 3.2% to 8.4% for foreign-currency denominated FVTPL.

Net unrealized (loss) gain on revaluation to market of financial assets at FVTPL amounting to (P21.1 million), P12.7 million and P8.9 million in 2024, 2023 and 2022, respectively, are included under Trading and securities gain (loss) - net in the statement of income.

Net gain (loss) on derivative transactions amounting to P394.2 million, (P34.9 million) and P142.1 million in 2024, 2023 and 2022, respectively, is included under Foreign exchange gain - net in the statement of income.

Financial Assets at FVOCI
Financial assets at FVOCI consist of the following:

	2024	2023
Government debt securities	**P7,454,279,481**	P6,475,889,344
Unquoted equity securities	**12,440,817**	12,440,817
Quoted equity securities	**3,150,000**	3,600,000
	P7,469,870,298	P6,491,930,161

In 2024, effective interest rates of FVOCI debt securities ranged from 5.7% to 7.2% for peso-denominated and 4.5% to 5.9% for foreign currency-denominated FVOCI debt securities. In 2023, effective interest rates of FVOCI debt securities ranged from 2.4% to 6.9% for peso-denominated and 4.8% to 5.5% for foreign currency-denominated FVOCI debt securities. In 2022, effective interest rates of FVOCI debt securities ranged from 3.8% to 7.2% for peso-denominated and 0.1% to 4.6% for foreign currency-denominated FVOCI debt securities.

As at December 31, 2024 and 2023, loss allowance on financial assets at FVOCI amounted to P8.4 million and P5.6 million, respectively (see Note 12).

Unquoted equity securities are maintained to meet local requirements set by Philippine Clearing House Corporation (PCHC), consortium initiatives for ATM networks and online banking through Bancnet, and membership with BAP.

Quoted equity securities pertain to club shares from Orchard Golf and Country Club and Subic Bay Yacht Club Corporation which were irrevocably designated at FVOCI as at January 1, 2018.

The movements of net unrealized loss on financial assets at FVOCI are as follows:

	2024	2023
Balance at beginning of the year	**(P418,804,130)**	(P659,285,390)
Net change in fair value recognized in OCI:		
Unrealized (loss) gain on debt financial assets at FVOCI recognized in OCI	**(34,055,809)**	265,020,870
Amount realized on sale in the statement of income	**(23,809,761)**	(26,384,610)
	(57,865,570)	238,636,260
Unrealized (loss) gain on equity financial assets at FVOCI recognized in OCI	**(450,000)**	1,845,000
	(58,315,570)	240,481,260
Balance at end of year	**(P477,119,700)**	(P418,804,130)

Investment Securities at Amortized Cost

Investment securities at amortized cost consist of Philippine government treasury notes that bear nominal annual interest rates ranging from 2.0% to 10.6% in 2024 and 0.0% to 10.6% in 2023 and 2022.

As at December 31, 2024 and 2023, the carrying value of investment securities at amortized cost amounted to P14.4 billion and P12.8 billion, respectively. Loss allowance on investment securities at amortized cost amounted to P16.5 million and P12.7 million as at December 31, 2024 and 2023, respectively (see Note 12).

No investment securities are being pledged by the Bank to secure outstanding liabilities as at December 31, 2024 and 2023.

Interest income on investment securities consists of:

	2024	2023	2022
Interest Income Calculated Using Effective Interest Method			
Investment securities at amortized cost	**P651,304,148**	P505,966,077	P361,540,721
Financial assets at FVOCI	**277,694,066**	182,760,509	152,689,067
	928,998,214	688,726,586	514,229,788
Interest Income on Financial Assets at FVTPL	**69,285,851**	41,831,502	12,203,065
	P998,284,065	P730,558,088	P526,432,853

Trading and securities gain (loss) - net consists of:

	2024	2023	2022
Financial assets at FVOCI - debt securities	**P24,523,580**	P27,099,769	(P44,296,011)
Financial assets at FVTPL	**(16,127,148)**	51,130,863	6,204,795
	P8,396,432	P78,230,632	(P38,091,216)

8. Loans and Receivables

This account consists of:

	Note	**2024**	2023
Loans and discounts:	*5*		
Institutional banking		**P45,784,412,147**	P40,660,547,561
Retail banking		**5,375,619,108**	5,259,922,615
Mortgage banking		**4,682,361,967**	4,057,931,988
Small business loans		**462,955,160**	457,331,632
Accrued interest receivable	*5*	**724,828,575**	660,505,645
Other receivables	*5*	**673,768,595**	205,635,339
	5, 17, 27	**57,703,945,552**	51,301,874,780
Unearned interest discount and capitalized interest	*17*	**(1,525,273)**	(1,855,264)
		57,702,420,279	51,300,019,516
Loss allowance	*5, 12*	**(2,355,827,271)**	(2,034,165,509)
	5	**P55,346,593,008**	P49,265,854,007

Institutional banking loans and small business loans include domestic bills purchased amounting to P335.1 million and P330.8 million as at December 31, 2024 and 2023, respectively (see Note 16).

Other receivables include sales contract receivables amounting to P43.5 million as at December 31, 2024 and 2023. Sales contract receivables as of December 31, 2024 and 2023 bear fixed interest rates per annum ranging from 9.5% to 12.8%.

No loans and receivables are being pledged by the Bank to secure outstanding liabilities as at December 31, 2024 and 2023.

Interest income on loans and receivables consists of:

	2024	2023	2022
Institutional banking	**P2,845,301,137**	P2,574,739,798	P1,421,021,835
Retail banking	**1,477,479,845**	1,282,762,583	1,076,177,138
Mortgage banking	**332,005,522**	258,058,162	200,554,265
Small business loans	**21,989,382**	13,815,916	44,380,957
Other receivables	**2,998,189**	2,598,260	2,396,607
	P4,679,774,075	P4,131,974,719	P2,744,530,802

The effective interest rates of foreign currency-denominated receivables ranged from 1.2% to 8.9%, 5.2% to 6.5% and 1.9% to 5.5% in 2024, 2023 and 2022, respectively while for peso-denominated receivables, the effective interest rates ranged from 9.5% to 12.8%, 10.0% to 10.9% and 8.3% to 10.3% in 2024, 2023 and 2022, respectively.

As at December 31, 2024 and 2023, the Bank's loan portfolio includes non-risk loans, as defined under BSP regulations, totaling P1.1 billion and P1.0 billion, respectively.

As of December 31, 2024 and 2023, 90.4% and 89.5% of the total loans of the Bank are subject to periodic interest repricing. Remaining loans earn annual fixed interest rates ranging from 5.00% to 26.28% in 2024 and 5.00% to 23.88% in 2023, for peso-denominated loans.

Breakdown of Total Loans As to Status

The following table shows the breakdown of receivable from customers, gross of loss allowance and unearned interest and discount, as to performing and non-performing as of December 31, 2024 and 2023:

	2024	2023
Performing loans:		
Institutional banking	**P44,333,831,099**	P39,693,221,412
Retail banking	**4,856,276,190**	4,821,765,169
Mortgage banking	**4,589,934,426**	4,012,149,916
Small business loans	**462,955,160**	457,331,632
	54,242,996,875	48,984,468,129
Non-performing loans:		
Institutional banking	**1,450,581,048**	967,326,149
Retail banking	**519,342,918**	438,157,446
Mortgage banking	**92,427,541**	45,782,072
	2,062,351,507	1,451,265,667
	P56,305,348,382	P50,435,733,796

9. Property and Equipment

The composition and movements of this account are as follows:

	2024						
	Bank Premises	Right-of-Use Assets	Computer Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
Cost							
Balance at beginning of year	P80,229,255	P1,033,656,786	P373,904,124	P102,399,932	P81,039,022	P363,880,701	P2,035,109,820
Additions	-	56,717,180	141,694,176	22,474,955	4,546,241	1,760,158	227,192,710
Disposals	-	-	(27,081,229)	(17,386,953)	(546,493)	(1,794)	(45,016,469)
Balance at end of year	80,229,255	1,090,373,966	488,517,071	107,487,934	85,038,770	365,639,065	2,217,286,061
Accumulated Depreciation and Amortization							
Balance at beginning of year	67,837,440	519,036,082	272,779,864	54,658,427	74,024,652	358,805,491	1,347,141,956
Depreciation and amortization	3,709,869	115,099,031	60,833,161	18,480,021	3,141,173	1,993,467	203,256,722
Disposals	-	-	(27,035,133)	(15,265,377)	(546,466)	(1,703)	(42,848,679)
Balance at end of year	71,547,309	634,135,113	306,577,892	57,873,071	76,619,359	360,797,255	1,507,549,999
Net Book Value at End of Year	P8,681,946	P456,238,853	P181,939,179	P49,614,863	P8,419,411	P4,841,810	P709,736,062

	2023						
	Bank Premises	Right-of-Use Assets	Computer Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Total
Cost							
Balance at beginning of year	P80,229,255	P996,175,563	P330,581,826	P103,181,618	P81,477,705	P361,179,907	P1,952,825,874
Additions	-	37,481,223	55,362,116	16,401,958	3,002,053	2,875,280	115,122,630
Disposals	-	-	(12,039,818)	(17,183,644)	(3,440,736)	(174,486)	(32,838,684)
Balance at end of year	80,229,255	1,033,656,786	373,904,124	102,399,932	81,039,022	363,880,701	2,035,109,820
Accumulated Depreciation and Amortization							
Balance at beginning of year	64,127,572	405,123,904	249,176,829	50,112,328	74,738,123	356,673,321	1,199,952,077
Depreciation and amortization	3,709,868	113,912,178	35,549,907	17,715,759	2,727,067	2,195,526	175,810,305
Disposals	-	-	(11,946,872)	(13,169,660)	(3,440,538)	(63,356)	(28,620,426)
Balance at end of year	67,837,440	519,036,082	272,779,864	54,658,427	74,024,652	358,805,491	1,347,141,956
Net Book Value at End of Year	P12,391,815	P514,620,704	P101,124,260	P47,741,505	P7,014,370	P5,075,210	P687,967,864

As at December 31, 2024 and 2023, there were no property and equipment pledged as collateral for liabilities.

10. Investment Properties

The Bank's investment properties consist of house and lot and condominium units. Movements in this account are as follows:

	2024	2023
Cost		
Balance at beginning of year	**P109,054,126**	P356,377,508
Additions	**29,983,930**	25,252,589
Disposals	**(2,792,844)**	(7,766,584)
Transfers to other assets	**(16,010,563)**	(264,809,387)
Balance at end of year	**120,234,649**	109,054,126
Accumulated Depreciation		
Balance at beginning of year	**14,104,076**	27,186,964
Depreciation	**2,738,981**	2,531,298
Disposals	**-**	(867,092)
Transfers to other assets	**(2,926,977)**	(14,747,094)
Balance at end of year	**13,916,080**	14,104,076
Allowance for Impairment Losses		
Balance at beginning of year	**5,523,891**	24,299,130
(Reversal of) provision for impairment losses	**(230,622)**	1,592,296
Disposals	**-**	(614,402)
Transfers to other assets	**-**	(19,753,133)
Balance at end of year	**5,293,269**	5,523,891
Net Book Value at End of Year	**P101,025,300**	P89,426,159

As at December 31, 2024 and 2023, the Bank has transferred land investment properties to Philippine Veterans Bank (the Trustee) with carrying value of P13.1 million and P230.3 million, respectively, in accordance with a Trust Agreement in compliance with R.A. 10641, *An Act Allowing the Full Entry of Foreign Banks in the Philippines*. Based on the terms and conditions of the Trust Agreement, while the legal title has been transferred to Trustee, all the risks and rewards from such properties remain with the Bank. These are classified by the Bank as Other assets in the 2024 statement of financial position.

These properties earned unrealized income of P4.6 million, P14.8 million and P34.5 million for the years ended December 31, 2024, 2023 and 2022. The disposed properties earned an income (loss) of P0.9 million, (P2.5 million) and P5.2 million for the years ended December 31, 2024, 2023 and 2022.

The Bank does not occupy repossessed properties for business use. As at December 31, 2024 and 2023, the fair value of investment properties amounted to P151.8 million and P115.5 million, respectively (see Note 6).

11. Other Assets

This account consists of:

	Note	**2024**	2023
Computer software costs - net		**P481,305,139**	P125,122,038
Properties under trustee	*6*	**302,939,723**	341,124,812
Prepaid expenses and other charges		**74,048,497**	56,928,368
Rental deposits	*5*	**55,812,623**	53,077,834
Returned checks and other cash items	*5*	**3,719,364**	516,982
Miscellaneous		**804,779,995**	437,724,688
		P1,722,605,341	P1,014,494,722

The movements in computer software are as follows:

	2024	2023
Cost		
Balance at beginning of year	**P670,947,373**	P740,942,768
Additions	**430,041,631**	31,534,564
Disposals	**(799,176)**	(2,232,236)
Write offs	**-**	(99,297,723)
Balance at end of year	**1,100,189,828**	670,947,373
Accumulated Amortizations		
Balance at beginning of year	**545,825,335**	542,560,657
Amortization	**73,858,530**	69,210,415
Disposals	**(799,176)**	(1,140,908)
Write offs	**-**	(64,804,829)
Balance at end of year	**618,884,689**	545,825,335
	P481,305,139	P125,122,038

In 2023, the Bank has written off computer software with net book value of P34.5 million and was recorded as part of Other expenses account in the statement of income (see Note 22). For the years ended December 31, 2024, 2023 and 2022, the Bank incurred losses from the derecognition of computer software amounting to nil, P1.1 million and P5.5 million, respectively.

Properties under trustee pertains to transferred properties to the Trustee. As at December 31, 2024 and 2023, the Bank disposed properties under trustee with carrying value amounting to P73.8 million and nil, respectively. The Bank incurred a gain from disposal of properties amounting to P5.1 million for the year ended December 31, 2024 and nil for the years ended December 31, 2023 and 2022.

As at December 31, 2024 and 2023, the recorded allowance for credit losses for properties under trustee amounting to P20.5 million and P39.6 million, respectively. For the years ended December 31, 2024 and 2023, the recorded reversal of impairment losses on properties under trustee amounted to P1.3 million and nil, respectively.

As at December 31, 2024 and 2023, the fair value of properties under trustee amounted to P337.4 million and P516.5 million, respectively (see Note 6).

The following table shows the disaggregation of miscellaneous assets:

	2024	2023
Documentary stamp tax	**P27,002,681**	P11,912,160
Stationery and office supplies	**4,179,364**	5,588,714
Others:		
Hardware and software items	**584,984,238**	192,938,093
Credit support annex (CSA) collateral	**104,139,798**	78,071,700
Others	**84,473,914**	149,214,021
	P804,779,995	P437,724,688

Hardware and software items pertain to capital expenditures relating to the Bank's mobile banking which is under development.

CSA collateral pertains to deposit with other banks that is used as collateral for a derivative contract entered during the year.

Other miscellaneous assets pertain to creditable withholding taxes, reserve requirement under trustee agreement and subscription fees for applications and cloud.

12. Loss Allowance on Financial Instruments

Composition and movements in loss allowance on financial instruments are as follows:

	2024					
	Loans and Receivables (Note 8)	**Interbank Loans Receivable**	**Debt Financial Assets at FVOCI** (Note 7)	**Investment Securities at Amortized Cost** (Note 7)	**Off-balance Sheet Commitments and Contingencies** (Note 16)	**Total**
Balance at beginning of year	**P2,034,165,509**	**P191,910**	**P5,560,380**	**P12,687,278**	**P28,173,409**	**P2,080,778,486**
Impairment losses	**863,316,473**	**(40,421)**	**2,766,371**	**3,529,840**	**(12,749,551)**	**856,822,712**
Accounts charged off and others	**(552,251,983)**	**-**	**-**	**-**	**-**	**(552,251,983)**
Foreign exchange and other movements	**10,597,272**	**7,482**	**75,160**	**286,370**	**341,489**	**11,307,773**
Balance at end of year	**P2,355,827,271**	**P158,971**	**P8,401,911**	**P16,503,488**	**P15,765,347**	**P2,396,656,988**

	2023					
	Loans and Receivables (Note 8)	Interbank Loans Receivable	Debt Financial Assets at FVOCI (Note 7)	Investment Securities at Amortized Cost (Note 7)	Off-balance Sheet Commitments and Contingencies (Note 16)	Total
Balance at beginning of year	P1,603,348,248	P79,481	P801,751	P2,099,534	P16,825,580	P1,623,154,594
Impairment losses	933,494,991	127,390	4,761,204	10,597,040	11,567,600	960,548,225
Accounts charged off and others	(501,942,633)	-	-	-	-	(501,942,633)
Foreign exchange and other movements	(735,097)	(14,961)	(2,575)	(9,296)	(219,771)	(981,700)
Balance at end of year	P2,034,165,509	P191,910	P5,560,380	P12,687,278	P28,173,409	P2,080,778,486

The loss allowance on loans and receivables includes the loss allowances for sales contract receivables and accounts receivables amounting to P8.3 million and P35.6 million in 2024 and 2023, respectively.

The loss allowance on debt financial assets at FVOCI is not recognized in the statement of financial position because the carrying amounts of these assets are their fair values. The loss allowance is recognized as part of the Net unrealized gain (loss) on financial assets at FVOCI in the statement of OCI.

The loss allowance on off-balance sheet commitments and contingencies is recognized by the Bank as an additional provision under Other liabilities in the statement of financial position (see Note 16).

Movements in the loss allowance on loans and receivables are as follows:

	2024						
	Institutional Banking	**Mortgage Banking**	**Small Business Loans**	**Retail Banking**	**Accrued Interest Receivable**	**Other Receivables**	**Total**
Balance at beginning of year	**P1,204,961,167**	**P38,507,361**	**P509**	**P691,369,019**	**P63,665,772**	**P35,661,681**	**P2,034,165,509**
Impairment losses	**347,242,837**	**10,961,925**	**4,584**	**435,430,586**	**47,444,979**	**22,231,562**	**863,316,473**
Accounts charged off and others	**(84,244,849)**	**-**	**-**	**(375,681,677)**	**(92,325,457)**	**-**	**(552,251,983)**
Foreign exchange and other movement	**10,404,069**	**-**	**(2,953)**	**-**	**196,156**	**-**	**10,597,272**
Balance at end of year	**P1,478,363,224**	**P49,469,286**	**P2,140**	**P751,117,928**	**P18,981,450**	**P57,893,243**	**P2,355,827,271**

	2023						
	Institutional Banking	Mortgage Banking	Small Business Loans	Retail Banking	Accrued Interest Receivables	Other Receivables	Total
Balance at beginning of year	P994,851,646	P22,730,420	P4,407	P529,314,669	P54,264,928	P2,182,178	P1,603,348,248
Impairment losses	456,132,681	15,776,941	(3,898)	381,782,312	46,327,452	33,479,503	933,494,991
Accounts charged off and others	(245,283,229)	-	-	(219,727,962)	(36,931,442)	-	(501,942,633)
Foreign exchange and other movements	(739,931)	-	-	-	4,834	-	(735,097)
Balance at end of year	P1,204,961,167	P38,507,361	P509	P691,369,019	P63,665,772	P35,661,681	P2,034,165,509

The following tables show the reconciliation from the opening to the closing balance of the loss allowance by class of financial instrument:

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and Receivables				
Balance at beginning of the year	**P638,034,541**	**P303,797,641**	**P1,092,333,327**	**P2,034,165,509**
Movement of beginning balance:				
Transfer to Stage 1	**11,380,978**	**(10,019,636)**	**(1,361,342)**	**-**
Transfer to Stage 2	**(4,414,473)**	**(138,843,810)**	**143,258,283**	**-**
Transfer to Stage 3	**(43,810,529)**	**(64,752,266)**	**108,562,795**	**-**
Net remeasurement of loss allowance	**(436,088,748)**	**(42,621,606)**	**411,188,506**	**(67,521,848)**
New financial assets originated or purchased	**464,055,067**	**42,264,186**	**424,519,068**	**930,838,321**
Derecognized assets	**-**	**-**	**(552,251,983)**	**(552,251,983)**
	629,156,836	**89,824,509**	**1,626,248,654**	**2,345,229,999**
Foreign exchange and other movements	**4,837,534**	**-**	**5,759,738**	**10,597,272**
Balance at end of the year	**P633,994,370**	**P89,824,509**	**P1,632,008,392**	**P2,355,827,271**

	2023			
	Stage 1	Stage 2	Stage 3	Total
Loans and Receivables				
Balance at beginning of the year	P612,546,260	P174,521,447	P816,280,541	P1,603,348,248
Movement of beginning balance:				
Transfer to Stage 1	39,185,515	(9,425,986)	(29,759,529)	-
Transfer to Stage 2	(19,490,995)	95,983,766	(76,492,771)	-
Transfer to Stage 3	(813,731)	(36,063,032)	36,876,763	-
Net remeasurement of loss allowance	(104,210,674)	13,157,043	129,070,482	38,016,851
New financial assets originated or purchased	440,773,695	138,293,074	316,411,371	895,478,140
Derecognized assets	(329,933,444)	(72,684,928)	(99,324,261)	(501,942,633)
	638,056,626	303,781,384	1,093,062,596	2,034,900,606
Foreign exchange and other movements	(22,085)	16,257	(729,269)	(735,097)
Balance at end of the year	P638,034,541	P303,797,641	P1,092,333,327	P2,034,165,509

	2024	2023
	Stage 1	Stage 1
Interbank Loans Receivable		
Balance at beginning of the year	**P191,910**	P79,481
Net remeasurement of loss allowance	**(191,910)**	127,390
New financial assets originated or purchased	**151,489**	-
Foreign exchange and other movements	**7,482**	(14,961)
Balance at end of year	**P158,971**	P191,910

	2024	2023
	Stage 1	Stage 1
Debt Financial Assets at FVOCI		
Balance at beginning of the year	**P5,560,380**	P801,751
Net remeasurement of loss allowance	**(29,131)**	3,167,780
New financial assets originated or purchased	**2,795,502**	1,593,424
Foreign exchange and other movements	**75,160**	(2,575)
Balance at end of year	**P8,401,911**	P5,560,380

	2024	2023
	Stage 1	Stage 1
Investment Securities at Amortized Cost		
Balance at beginning of the year	**P12,687,278**	P2,099,534
Net remeasurement of loss allowance	**1,197,403**	8,851,040
New financial assets originated or purchased	**2,332,437**	1,746,000
Foreign exchange and other movements	**286,370**	(9,296)
Balance at end of year	**P16,503,488**	P12,687,278

	2024	2023
	Stage 1	Stage 1
Off-balance Sheet Commitments and Contingencies		
Balance at beginning of the year	**P28,173,409**	P16,825,580
Net remeasurement of loss allowance	**(21,877,738)**	(5,413,311)
New financial assets originated or purchased	**9,128,187**	16,980,911
Foreign exchange and other movements	**341,489**	(219,771)
Balance at end of year	**P15,765,347**	P28,173,409

The breakdown of impairment losses is as follows:

		2024	
	Individual Impairment	**Collective Impairment**	**Total**
Loans and receivables:			
Loans and discounts	**P763,836,722**	**P29,803,210**	**P793,639,932**
Other receivables		**69,676,541**	**69,676,541**
Interbank loans receivable	**-**	**(40,421)**	**(40,421)**
Financial assets at FVOCI	**-**	**2,766,371**	**2,766,371**
Investment securities at amortized cost	**-**	**3,529,840**	**3,529,840**
Off-balance sheet commitments and contingencies	**-**	**(12,749,551)**	**(12,749,551)**
Total	**P763,836,722**	**P92,985,990**	**P856,822,712**

	2023		
	Individual Impairment	Collective Impairment	Total
Loans and receivables:			
Loans and discounts	P538,755,562	P314,365,686	P853,121,248
Other receivables	-	80,373,743	80,373,743
Interbank loans receivable	-	127,390	127,390
Financial assets at FVOCI	-	4,761,204	4,761,204
Investment securities at amortized cost	-	10,597,040	10,597,040
Off-balance sheet commitments and contingencies	-	11,567,600	11,567,600
Total	P538,755,562	P421,792,663	P960,548,225

BSP Reporting
Loan provisioning under BSP regulations hinges on the qualitative appraisal and classification of the loan. Aside from classifying loans to past due and current, these are also grouped as unclassified or classified.

These classified loans are further grouped depending on the likelihood of losses the Bank will incur. Definitions of each classification are as follows:

I. Pass - These are loans or other credit accommodations that do not have a greater-than-normal credit risk. The borrower has the apparent ability and willingness to satisfy his obligations in full and therefore no loss in ultimate collection is anticipated.

II. Especially Mentioned - These are loans or other credit accommodations that have potential weaknesses that deserve management's close attention. If left uncorrected, these make affect the repayment of the loan.

III. Substandard - These are loans or other credit accommodations that have well-defined weakness/(es), that may jeopardize repayment/liquidation in full, either in respect of the business, cash flow or financial position, which may include adverse trends or developments that affect willingness or repayment ability of the borrower.

IV. Doubtful - These are loans and other credit accommodations that exhibit more severe weaknesses than those classified as "Substandard", whose characteristics on the basis of currently known facts, conditions and values make collection or liquidation highly improbable, however the exact amount remains undeterminable.

Under Regulatory reporting, effective August 29, 2018, BSP Circular 1011 requires a general loan loss provision equivalent to one percent (1.0%) of the outstanding balance of collectively and individually assessed loans when estimated/computed provisions are less than one percent (<1.0%) and/or no specific provisions are made, excluding loans which are considered non-risk under existing laws, rules, and regulations.

	Note	**2024**	2023
NPLs	*5*	**P2,062,351,507**	P1,451,265,666
Less NPLs fully provided with loss allowance		**304,542,456**	356,938,835
		P1,757,809,051	P1,094,326,831

13. Deposit Liabilities

As at December 31, 2024 and 2023, non-interest bearing deposits are 0.4% and 0.3% of the total deposits, respectively.

The remaining deposit liabilities earn annual fixed interest rates ranging from 0.0% to 4.7% in 2024, 2023 and 2022, respectively.

On June 23, 2023, the BSP issued Circular No. 1175 to reduce the reserve requirement from 12% to 9.5% effective on the reserve week starting on June 30, 2023. On September 5, 2024, the BSP issued Circular No. 1201 further reduced the reserve requirement from 9.5% to 7% effective on the reserve week starting on October 25, 2024.

In 2024 and 2023, the Bank is compliant with such reserve requirements.

The total liquidity and statutory reserves, as reported to the BSP, are as follows:

	2024	2023
Due from BSP	**P2,187,224,301**	P2,479,061,522

Interest expense on deposit liabilities consists of:

	2024	2023	2022
Time	**P1,255,512,053**	P1,219,584,947	P375,155,261
Demand	**130,422,530**	23,692,873	21,315,091
Savings	**7,816,621**	3,803,792	3,722,254
	P1,393,751,204	P1,247,081,612	P400,192,606

Accrued interest payable on deposit liabilities amounted to P179.4 million as at December 31, 2024 and 2023.

As at December 31, 2024 and 2023, the Bank has deposits from the Parent Bank amounting to P119.9 million and P110.3 million, respectively. The interest expense incurred by the Bank arising from the deposits amounted to P27,714 and P25,708 for the years ended December 31, 2024 and 2023, respectively. Accrued interest payable from these deposits amounted to nil and P1,609 as at December 31, 2024 and 2023, respectively (see Note 25).

14. Bills Payable

This account consists of unsecured short-term and long-term borrowings from banks and other financial institutions.

The Bank is an accredited participating financial institution, as a conduit bank for Official Development Assistance Wholesale Lending Facilities managed by various government or sovereign lending institutions.

Bills payable and accrued interest payable consists of the following:

		2024		2023	
	Note	**Bills Payable**	**Accrued Interest Payable**	Bills Payable	Accrued Interest Payable
Due to Parent Bank	*25*	**P17,535,609,263**	**P61,461,461**	P11,579,229,143	P26,499,863
Due to external lenders		**3,759,184,755**	**8,649,728**	1,937,950,000	2,325,194
		P21,294,794,018	**P70,111,189**	P13,517,179,143	P28,825,057

Foreign currency denominated interbank borrowings are subject to interest rates ranging from 2.6% to 6.8%, 3.8% to 6.5% and 1.5% to 5.5% in 2024, 2023 and 2022, respectively.

Interest expense on bills payable amounted to P963.6 million, P418.8 million and P117.2 million in 2024, 2023 and 2022, respectively.

15. Accrued Interest, Taxes and Other Expenses

This account consists of:

	Note	**2024**	2023
Accrued interest payable	*13, 14*	**P249,489,589**	P208,211,360
Net retirement liability	*4, 19*	**244,602,126**	145,458,896
Accrued taxes payable		**91,925,593**	76,721,680
Accrued other expenses		**463,275,263**	407,173,533
		P1,049,292,571	P837,565,469

Accrued other expenses refer to various payables for taxes and licenses, payroll, utilities and other expenses.

16. Other Liabilities

This account consists of:

	Note	**2024**	2023
Accounts payable	*5*	**P3,754,785,622**	P1,049,462,557
Lease liabilities	*5, 20*	**542,356,597**	592,953,770
Bills purchased - contra	*5, 8*	**335,082,927**	330,764,795
Withholding taxes payable		**52,954,651**	46,232,069
Provision for liability	*5, 12*	**15,765,347**	28,173,409
Payment order payable	*5*	**70,000**	5,735,684
Miscellaneous		**82,305,809**	78,201,636
		P4,783,320,953	P2,131,523,920

The majority of the accounts payable as at year-end represent monies to be credited to customer deposit accounts for payroll and inward remittances and amounts owed to government agencies for statutory deductions and taxes and other creditors for normal expenditures. These are non-interest bearing and are payable on demand.

Bills purchased account is a contra-account to domestic bills purchase transactions recorded as part of Loans and receivables account. This represents accommodations given to Bank customers with approved bills purchase line of credit which enables the customer to encash checks with one day clearing instead of the usual three (3) days clearing time.

Provision for liability pertains to loss allowance on the Bank's off-balance sheet commitments and contingencies.

Miscellaneous includes unclaimed manager's check for more than one (1) year and unclaimed balances of credit or deposits with the Bank as defined by the Revised Unclaimed Balances Act of 2013.

17. Maturity Analysis of Assets and Liabilities

The following table presents the maturity profile of the assets and liabilities of the Bank based on the amounts to be recovered or settled with and/or after more than one (1) year after the reporting period (in thousands):

	2024			2023		
	Within One Year	**Beyond One Year**	**Total**	Within One Year	Beyond One Year	Total
Financial Assets						
Financial assets at amortized cost:						
Cash and other cash items	**P590,276**	**P -**	**P590,276**	P814,715	P -	P814,715
Due from BSP	**4,270,028**	**-**	**4,270,028**	3,426,463	-	3,426,463
Due from other banks	**2,159,647**	**-**	**2,159,647**	1,109,317	-	1,109,317
Investment securities - gross	**457,164**	**13,949,943**	**14,407,107**	1,251,045	11,604,835	12,855,880
Interbank loans receivable - gross	**875,123**	**-**	**875,123**	71,981	-	71,981
Loans and receivables - gross	**24,507,140**	**33,196,806**	**57,703,946**	28,745,244	22,556,631	51,301,875
Other assets*	**16,568**	**42,964**	**59,532**	6,750	46,845	53,595
	32,875,946	**47,189,713**	**80,065,659**	35,425,515	34,208,311	69,633,826
Financial assets at FVTPL	**1,170,525**	**-**	**1,170,525**	538,340	-	538,340
Financial assets at FVOCI	**455,527**	**7,014,343**	**7,469,870**	1,206,118	5,285,812	6,491,930
	34,501,998	**54,204,056**	**88,706,054**	37,169,973	39,494,123	76,664,096
Non-financial Assets						
Property and equipment - net	**-**	**709,736**	**709,736**	-	687,968	687,968
Investment properties - net	**-**	**101,025**	**101,025**	-	89,426	89,426
Deferred tax assets - net	**-**	**701,091**	**701,091**	-	627,004	627,004
Other assets	**262,816**	**1,400,257**	**1,663,073**	488,147	472,754	960,901
	262,816	**2,912,109**	**3,174,925**	488,147	1,877,152	2,365,299
	34,764,814	**57,116,165**	**91,880,979**	37,658,120	41,371,275	79,029,395
Less: Loss allowance	**(1,317,285)**	**(1,055,204)**	**(2,372,489)**	(1,166,882)	(930,845)	(2,097,727)
Unearned discount and capitalized interest	**(607)**	**(918)**	**(1,525)**	(897)	(958)	(1,855)
	P33,446,922	**P56,060,043**	**P89,506,965**	P36,490,341	P40,439,472	P76,929,813

Includes returned checks and other cash items and rent deposit.

	2024			2023		
	Within One Year	**Beyond One Year**	**Total**	Within One Year	Beyond One Year	Total
Financial Liabilities						
Financial liabilities at FVTPL	**P153,316**	**P -**	**P153,316**	P65,937	P -	P65,937
Financial liabilities at amortized cost:						
Deposit liabilities	**51,403,896**	**117,756**	**51,521,652**	48,490,858	757,483	49,248,341
Bills payable	**18,547,157**	**2,747,637**	**21,294,794**	5,758,480	7,758,699	13,517,179
Outstanding acceptances	**4,427**	**-**	**4,427**	345,663	-	345,663
Manager's checks	**66,297**	**-**	**66,297**	74,140	-	74,140
Accrued interest, taxes and other expenses**	**712,765**	**-**	**712,765**	615,385	-	615,385
Other liabilities***	**4,131,889**	**500,406**	**4,632,295**	1,403,810	575,107	1,978,917
	75,019,747	**3,365,799**	**78,385,546**	56,754,273	9,091,289	65,845,562
Non-financial Liabilities						
Accrued taxes and other expenses	**336,527**	**-**	**336,527**	222,180	-	222,180
Income tax payable	**17,937**	**-**	**17,937**	21,314	-	21,314
Other liabilities	**151,027**	**-**	**151,027**	152,607	-	152,607
	505,491	**-**	**505,491**	396,101	-	396,101
	P75,525,238	**P3,365,799**	**P78,891,037**	P57,150,374	P9,091,289	P66,241,663

***Excludes retirement liability, accrued taxes and other non-financial accrual*
****Excludes withholding taxes payable, provision liability and miscellaneous liability*

18. Equity

For two (2) consecutive years, capital stock and related additional paid-in capital (APIC) consist of the following (in thousands):

	2024		2023	
	Shares	**Amount**	Shares	Amount
Common stock - P10 par value:				
Issued and fully paid, beginning	**348,307**	**P3,483,072**	348,307	P3,483,072
Additional shares	**-**	**-**	-	-
Treasury shares	**-**	**-**	-	-
Issued and fully paid, ending	**348,307**	**P3,483,072**	348,307	P3,483,072
Authorized	**400,000**	**P4,000,000**	400,000	P4,000,000

	2024	2023
Additional paid-in capital from capital payments, at beginning of year	**P2,022,761**	P2,022,761
Restricted stock award:		
Beginning	**4,720**	930
Additions	**2,691**	3,790
	7,411	4,720
Total additional paid-in capital, at end of year	**P2,030,172**	P2,027,481

The number of holders of the Bank's outstanding common shares is 110 for both December 31, 2024 and 2023.

The shares of the Bank were listed in the PSE since June 1999. In December 2000, the Parent Bank substantially increased its equity in the Bank through the acquisition of shares held by a minority group. As a result of this acquisition, the Parent Bank controlled approximately 91.0% of the Bank's capital stock compared to 57.0% prior to the acquisition. The General Banking Law of 2000 allows foreign banks to own up to 100.0% of Philippine incorporated banks, compared to 60.0% under the previous law. A further acquisition of shares held by the public representing approximately 4.0% of the Bank's equity was made by the Parent Bank in January 2001 through a tender offer at a price of P19.0 per share, the same price at which the shares from the minority group was acquired. In May 2001, the Parent Bank purchased another 4.0% of the outstanding shares at a price of P18.3 per share.

On October 29, 2014, the BSP issued Circular No. 854, which became effective on November 19, 2014, prescribing the revised minimum capitalization of banks operating in the Philippines. Existing banks not meeting the requirement shall be given a period of five years from effectivity of the circular within which to meet the minimum capital. In addition, these banks must submit an acceptable capital build-up program within one year from date of effectivity of the circular. The Bank, falling under the category of commercial banks with total number of branches ranging from ten to one hundred, must have a minimum capital of P10.0 billion by November 2019 (see Note 5, Regulatory Qualifying Capital).

On April 28, 2016, the Bank submitted its capital build up program (CBUP) to the BSP detailing the Bank's strategic plans in order to meet the required capital level. On June 16, 2016, the Monetary Board approved the Bank's CBUP. As at December 31, 2018, the Bank's unimpaired capital amount to P6.9 billion. Thus, the Bank needed additional P3.0 billion capital in order to comply with BSP Circular 854 by November 2019.

In accordance with the Bank's CBUP, the Bank's stockholders, during the annual meeting held on July 25, 2019, approved the increase of authorized shares from 300 million to 400 million shares in order to have sufficient unissued shares to be purchased by Parent Bank.

On September 27, 2019, in compliance with BSP Circular No. 854, Parent Bank purchased the remaining 52,031,269 unissued shares of the Bank and the 484,920 treasury shares at a price of P29.755 per share. The issuance resulted to the following movements:

	Increase (Decrease)
Additional paid-in capital	P1,019,770,021
Capital stock	520,312,690
Treasury stock	(15,951,674)
Retained earnings	(1,571,372)

The decrease in Retained earnings pertains to (a) the excess of the carrying amount of the treasury stock over the consideration; and (b) stock issuance costs amounting to P0.05 million.

In addition, Parent Bank subscribed to 48,307,202 new shares at the same price of P29.755 per share and paid the entire subscribed amount in cash. Consequently, the Bank paid for documentary stamp taxes (DST) amounting to P4.8 million, which was charged against APIC.

The Bank filed its application for the amendment of its Articles of Incorporation with the BSP for the increase in authorized capital on October 11, 2019.

Based on Section 123 of the MORB, deposits for stock subscription shall be recognized as part of equity for prudential reporting purposes when all of the following conditions are met:

a. The deposit for stock subscription meets the definition of an equity instrument under PAS 32 *Financial Instruments: Presentation* such that the deposit for stock subscription shall not be interest-bearing nor withdrawable by the subscriber;

b. The Bank's existing authorized capital is already fully subscribed;

c. The Bank's stockholders and board of directors have approved the proposed increase in authorized capital;

d. The Bank has filed an application for the amendment of its articles of incorporation for the increase in authorized capital with the appropriate supervising department of the BSP, duly supported by complete documents as prescribed by the BSP: Provided, That the approval of the SEC on the same application shall be obtained within the period prescribed under the SEC Financial Reporting Bulletin (FRB) on Deposits for future Subscription.

   In case the applications for the amendment of articles of incorporation for the increase in authorized capital have been returned due to insufficiency of supporting documents, the deposit for stock subscription shall not qualify for recognition as an equity instrument; and

e. The bank must have obtained approval of the Monetary Board on transactions involving significant ownership of voting shares of stock by any person, natural or juridical, or by one group of persons as provided in Sec. 122 (Transactions involving voting shares of stocks, Item “b”), if applicable.

Considering the status of the Bank’s application for the increase in capital stock as at December 31, 2019, the deposits for stock subscription, did not meet conditions (d) and (e).

As at December 31, 2019, the said subscription amounting to P1.4 billion is lodged under the Deposits for future stock subscription account in Other liabilities in the statement of financial position. The said deposit was reclassified by the Bank as capital on February 10, 2020 for prudential reporting purposes and on March 6, 2020 for financial reporting purposes.

The Bank’s application for the increase in authorized capital stock was approved by the Monetary Board of the BSP on February 10, 2020 and was later approved by SEC on March 6, 2020.

The reclassification resulted to additional 48,307,202 shares issued and outstanding and reflected the following movements:

	Increase
Additional paid-in capital	P949,478,054
Capital stock	483,072,020

As at December 31, 2024 and 2023, Parent Bank owns 99.72% of the Bank’s capital stock.

As at December 31, 2024 and 2023, the Bank is compliant with the revised minimum capitalization requirement.

Voluntary Share Delisting
As discussed in Note 1, the Bank has filed voluntary delisting of its shares in PSE on October 7, 2011 and has officially delisted from the trading Board effective on February 24, 2012.

On November 28, 2012, the BSP issued Circular No. 775 requiring banks, which are majority-owned by foreign banks and are established in the Philippines, to list on the local stock exchange within three (3) years from the effectivity of the circular (which was 15 days after it was published in a newspaper of general circulation).

Circular No. 775 cited as basis the provisions of Republic Act (RA) No. 7721, *An Act Liberalizing the Entry and Scope of Operations of Foreign Banks in the Philippines and for Other Purposes*.

Section 2 of RA No. 7721 cited the listing requirement for foreign banks that entered the country by buying as much as 60.0% of an existing bank or investing in up to 60.0% of the voting stock of a new subsidiary incorporated in the country.

On July 15, 2014, RA No. 10641, *An Act Allowing the Full Entry of Foreign Banks in the Philippines, Amending for the Purpose RA 7721*, was signed into a law by the President of the Philippines. Under the new law, foreign banks may now own up to 100.0% of domestic subsidiary banks. On November 21, 2014, the BSP issued Circular No. 858 implementing R.A. 10641. The said circular effectively removed the listing requirement for foreign banks.

Restricted Retained Earnings
At the regular meeting of the BOD held on June 23, 2015, the BOD approved the restriction of the full amount of retained earnings for the following purposes:

i.) to comply with minimum capital requirement set forth under BSP Circular No. 854;

ii.) to comply with the requirements of the ICAAP pursuant to BSP Circular No. 639;

iii.) to provide for buffer in preparation for BASEL III requirements.

The restriction on retained earnings relating to ICAAP and BASEL III ensure that the Bank has adequate, available qualified capital at all times to reasonably manage the significant risks identified and assessed in the ICAAP and BASEL III. The guidelines on bank's ICAAP under Section 130 and Appendices 94, 95 and 96 of the MORB supplements the BSP's risk-based capital adequacy framework.

Appropriation for the Deficiency on General Loan Loss Provision (GLLP)
BSP Circular 1011 requires the Bank to set up GLLP equivalent to 1.0% of all outstanding Stage 1 on-balance sheet loans, except for accounts considered as credit risk-free under existing regulations. In cases when the computed loss allowance on such Stage 1 accounts is less than the 1.0% percent general provision required, the deficiency shall be recognized by appropriating the Retained Earnings account.

As at December 31, 2024 and 2023, the loss allowance computed in accordance with PFRS 9 is more than the required GLLP by P67.9 million and P144.4 million, respectively. As such, appropriation is not necessary.

Statutory Reserve
As at December 31, 2024 and 2023, statutory reserves amounting to P4.98 million pertains to reserves for trust business.

In compliance with BSP regulations, 10.0% of the Bank's profit from trust business is appropriated to surplus reserve. This yearly appropriation is required until the retained earnings amount to 20.0% of the Bank's authorized capital stock.

During 2024 and 2023, the Bank did not appropriate additional reserves since the Bank's retained earnings already amounted to at least 20.0% of the authorized capital stock.

19. Compensation and Fringe Benefits

The account consists of:

	2024	2023	2022
Employee benefits:			
Salaries and wages	**P955,147,222**	P856,679,212	P846,791,800
Fringe benefits	**331,377,765**	266,716,748	239,523,535
Medical allowance	**45,880,462**	42,755,410	41,378,573
Retirement benefit expense - net	**44,462,993**	36,523,706	37,494,024
Statutory employer contributions	**39,513,503**	34,040,168	26,322,205
	1,416,381,945	1,236,715,244	1,191,510,137
Directors' fees	**9,542,470**	8,523,490	9,680,294
	P1,425,924,415	P1,245,238,734	P1,201,190,431

The Bank has a funded, noncontributory, defined benefit retirement plan covering all of its permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the plan. Annual cost is determined using the projected unit credit method and valuations are obtained on a periodic basis. The Bank's latest actuarial valuation date is December 31, 2024.

A regular employee who has reached at least sixty (60) years of age and completed a minimum of five (5) years of service is eligible for normal retirement benefits. The normal retirement benefit is calculated as a percentage of the employee's monthly basic salary for each year of service, based on the vesting schedule. The statutory minimum benefit in accordance with RA 7641 is incorporated in the valuation.

Employees who are at least fifty (50) years old and have completed a minimum of ten (10) years of service are eligible for early retirement benefits. The early retirement benefit is also calculated as a percentage of the employee's monthly basic salary, based on the vesting schedule.

In the event of death, the death benefit is 100% of the employee's final monthly salary per year of service.

In the event of disability, the disability benefit is also 100% of the employee's final monthly salary per year of service.

Republic Act No. 7641, *Retirement Pay Law*, requires provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than what is provided under the law. The law does not require minimum funding of the plan.

The plan is registered with the Bureau of Internal Revenue (BIR) as tax-qualified plan under Republic Act No. 4917, as amended. The control and administration of the retirement plan is vested in the Board of Trustees (BOT). The BOT of the retirement plan exercises voting rights over the shares and approve material transactions. The retirement plan's accounting and administrative functions are undertaken by the Bank's Trust Operations Department.

The following table shows reconciliation from the opening balances to the closing balances for net retirement benefit liability and its components:

	Defined Benefits Obligation		Fair Value of Plan Assets		Net Retirement Benefit Liability	
	2024	2023	**2024**	2023	**2024**	2023
Balance at January 1	**P340,958,175**	P270,217,709	**P195,499,279**	P163,762,554	**P145,458,896**	P106,455,155
Included in Profit or Loss						
Current service cost	**35,590,000**	28,858,935	**-**	-	**35,590,000**	28,858,935
Interest expense	**20,798,449**	19,455,675	**11,925,456**	11,790,904	**8,872,993**	7,664,771
	56,388,449	48,314,610	**11,925,456**	11,790,904	**44,462,993**	36,523,706
Included in OCI						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Financial assumptions	**49,589,459**	32,918,378	**-**	-	**49,589,459**	32,918,378
Experience adjustment	**77,687,106**	28,067,075	**-**	-	**77,687,106**	28,067,075
Return on plan assets excluding interest income	**-**	-	**4,554,684**	(4,593,890)	**(4,554,684)**	4,593,890
	127,276,565	60,985,453	**4,554,684**	(4,593,890)	**122,721,881**	65,579,343
Others						
Contributions paid by the employer	**-**	-	**68,041,644**	63,099,308	**(68,041,644)**	(63,099,308)
Benefits paid	**(31,949,632)**	(38,559,597)	**(31,949,632)**	(38,559,597)	**-**	-
	(31,949,632)	(38,559,597)	**36,092,012**	24,539,711	**(68,041,644)**	(63,099,308)
Balance at December 31	**P492,673,557**	P340,958,175	**P248,071,431**	P195,499,279	**P244,602,126**	P145,458,896

Retirement benefit expense is recognized under Compensation and fringe benefits in the statement of income. Net remeasurement loss (gain) on retirement liability, net of tax, is recognized in statement of OCI.

The actual return on plan assets amounted to P16.5 million and P7.2 million in 2024 and 2023, respectively.

The net retirement liability is included under Accrued interest, taxes and other expenses account in the statement of financial position (see Note 15).

Benefit payments from plan assets for retired and resigned employees amounted to P31.9 million and P38.60 million for the years ended December 31, 2024 and 2023, respectively.

The movements in net remeasurement loss on retirement liability are as follows:

	Note	**2024**	2023
Net remeasurement loss on retirement liability at beginning of year		**(P155,663,169)**	(P106,478,661)
Net remeasurement loss recognized in OCI:			
Change in remeasurement loss on retirement liability during the year		**(122,721,881)**	(65,579,343)
Deferred tax	*21*	**30,680,471**	16,394,835
		(92,041,410)	(49,184,508)
		(P247,704,579)	(P155,663,169)

The Bank's plan assets consist of the following:

	2024	2023
Debt securities	**47.9%**	79.7%
Due from banks	**31.9%**	14.1%
Loans	**13.3%**	1.6%
Equity investments	**6.4%**	4.0%
Accrued interest receivables	**0.5%**	0.6%
Dividend receivable	**0.0%**	0.0%
	100.00%	100.00%

The Bank contributed P68.0 and P63.1 million to its defined benefits retirement plan as at December 31, 2024 and 2023, respectively. The Bank expects to contribute P66.3 million to its defined benefits retirement plan in 2025.

The principal actuarial assumptions used to determine retirement benefits are as follows:

	In Percentages	
	2024	2023
Discount rate	**5.9%**	6.1%
Salary increase rate	**5.0%**	4.0%

Assumptions for mortality and disability rate are based on the adjusted 1985 Unisex Annuity Table and the Adjusted 1952 Disability Table reflecting experience improvement and Philippine experience.

As at December 31, 2024 and 2023, the weighted average duration of defined benefit obligation is 13 years.

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2024			
	Discount Rate		**Salary Increase Rate**	
	+0.5%	**-0.5%**	**+0.5%**	**-0.5%**
Defined benefit obligation	**(P22,424,504)**	**P24,110,541**	**P22,782,208**	**(P21,408,050)**
Retirement liability	**(22,424,504)**	**24,110,541**	**22,782,208**	**(21,408,050)**

	2023			
	Discount Rate		Salary Increase Rate	
	+0.5%	-0.5%	+0.5%	-0.5%
Defined benefit obligation	(P15,596,365)	P16,757,179	P15,995,422	(P15,029,880)
Retirement liability	(15,596,365)	16,757,179	15,995,422	(15,029,880)

In the actuarial report, the actuary employed the Projected Unit Credit (PUC) method as the basis for conducting the sensitivity analysis. Key assumptions incorporated into the analysis included the valuation date, annual interest rate, annual salary increase, and the chosen valuation method. Although the analysis does not take into account of the full distribution of cashflows expected under the plan, it does provide an appropriation of the sensitivity of the assumptions shown.

Transactions with the retirement plan are made at normal market prices and terms. Outstanding balances as at December 31, 2024 and 2023 are unsecured and settlements are made in cash. There have been no guarantees provided for any retirement plan receivables. The Bank has no impairment losses relating to the receivables from retirement plan in 2024 and 2023.

The plan exposes the Bank to interest rate risk, market (investment) risk, and longevity risk.

The BOT reviews the level of funding required for the retirement fund. This includes the asset-liability matching (ALM) strategy and investment risk management policy. The Bank's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Bank monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation.

The BOT approves the percentage of asset to be allocated for fixed income instruments and equities. The retirement plan has set maximum exposure limits for each type of permissible investments in marketable securities and deposit instruments. The BOT may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

Maturity Profile

Year	Benefits
1 - 5 years	P177,193,583
6 - 10 years	401,683,424
11 - 15 years	432,968,029
16 years and up	1,673,162,020
	P2,685,007,056

20. Leases

As at December 31, 2024, the Bank's branch sites and its Head Office are under lease arrangements. The lease contracts are for periods ranging from 2 to 10 years and some are renewable at the Bank's option under certain terms and conditions. Various lease contracts include escalation clauses, which bear an annual rent increase of 3% to 10% in 2024.

Rent, utilities and equipment maintenance expenses recognized under Occupancy and other equipment-related costs in the statement of income are presented below:

	2024	2023	2022
Repairs and maintenance	**P168,423,678**	P166,866,216	P113,334,998
Rent relating to short-term and low value assets	**28,901,421**	28,261,673	26,604,610
Power, light and water	**23,105,554**	24,886,808	25,705,304
	P220,430,653	P220,014,697	P165,644,912

Right-of-use assets relate to leased branches and office premises that are presented within property and equipment (see Note 9).

	2024	2023
Balance at January 1	**P514,620,704**	P591,051,659
Additions	**56,717,180**	37,481,223
Depreciation charge for the year	**(115,099,031)**	(113,912,178)
Balance at December 31	**P456,238,853**	P514,620,704

Lease liabilities relate to the present value of the remaining lease payments on the Bank's lease contracts presented within Other liabilities (see Note 16).

	2024	2023
Balance at January 1	**P592,953,770**	P655,556,049
Additions	**56,717,180**	37,481,223
Accretion of interest	**25,671,687**	26,600,748
Payment of lease liabilities	**(132,986,040)**	(126,684,250)
Balance at December 31	**P542,356,597**	P592,953,770

	2024	2023
Current	**P41,949,935**	P17,846,600
Non-current	**500,406,662**	575,107,170
	P542,356,597	P592,953,770

Future undiscounted rental payments are as follows:

	2024	2023
Within 1 year	**P135,304,590**	P132,450,221
Later than 1 year and not later than 5 years	**467,176,264**	569,300,176
More than 5 years	**4,408,050**	37,388,728

Amounts recognized in the statement of income:

	2024	2023	2022
Depreciation charge for the year	**P115,099,031**	P113,912,178	P113,031,301
Accretion of interest on lease liabilities	**25,671,687**	26,600,748	28,958,929
Expenses relating to short-term leases	**15,666,793**	15,841,526	14,599,573
Expenses relating to leases of low-value assets	**13,234,628**	12,420,147	12,005,037
	P169,672,139	P168,774,599	P168,594,840

Expenses relating to short-term leases and low-value assets are recognized as rent expense under Occupancy and other equipment-related costs in the statement of income.

Amounts recognized in statement of cash flows:

	2024	2023	2022
Total cash outflow for leases:			
Payment of lease liabilities	**P132,986,040**	P126,684,250	P122,394,332
Amounts recognized in the statement of income:			
Expenses relating to short-term leases	**15,666,793**	15,841,526	10,683,366
Expenses relating to leases of low-value assets	**13,234,628**	12,420,147	12,118,107
	28,901,421	28,261,673	22,801,473
	P161,887,461	P154,945,923	P145,195,805

21. Income and Other Taxes

On March 26, 2021, the President of the Philippines has approved the Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE Act), provisions vetoed by the President. Below are the salient features of the Act that are relevant to the Bank:

- Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5.00 million and with total assets not exceeding P100.00 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.

- MCIT rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 (2% beginning 1 July 2023).

- The imposition of improperly accumulated earnings tax has been repealed.

The measure took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation.

On April 8, 2021, the BIR issued the following implementing revenue regulations that are effective immediately upon publication:

- BIR RR No. 2-2021, *Amending Certain Provisions of Revenue Regulations No. 2-98, As Amended, to Implement the Amendments Introduced by Republic Act No. 11534, or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), to the National Revenue Code of 1997, as Amended, Relative to the Final Tax on Certain Passive Income*

- BIR RR No. 3-2021, *Rules and Regulations Implementing Section 3 of Republic Act (RA). No. 11534, Otherwise Known as the "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE", Amending Section 20 of the National Internal Revenue Code of 1997, As Amended*

- BIR RR No. 4-2021, *Implementing the Provisions on Value-Added Tax (VAT) and Percentage Tax Under Republic Act (RA) No. 11534, Otherwise Known as the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE) Which Further Amended the National Revenue Code of 1997, as Amended, as Implemented by Revenue Regulations (RR) No. 16-2005 (Consolidated Value-Added Tax Regulations of 2005), As Amended*

- BIR RR No. 5-2021, *Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to Republic Act (RA) No. 11534 or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), Which Further Amended the National Revenue Code (NIRC) of 1997*

In addition, current tax regulations provide for the ceiling on the amount of entertainment and representation (EAR) that can be claimed as a deduction against taxable income. Under the regulation, EAR allowed as deductible expense for a service bank like the Bank is limited to the actual EAR paid or incurred but not to exceed 1.0% of net revenue. EAR of the Bank amounted to P0.9 million and P0.9 million (included under "Miscellaneous expenses" account in the statement of income) in 2024 and 2023, respectively (see Note 22).

The regulations also provide for MCIT of 1.0% on modified gross income and allow a net operating loss carry-over (NOLCO). The Bank's MCIT and NOLCO may be applied against the Bank's income tax liability and taxable income, respectively, over a three-year period from the year of inception/incurrence, except for MCIT and NOLCO incurred in 2020 and 2021, which may be applied over five (5) years pursuant to Section 4 (bbbb) of Bayanihan II.

According to Section 4 (bbbb) of Bayanihan II and as implemented under RR No. 25-2020, the net operating loss of a business or enterprise incurred for the taxable years 2021 and 2020 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss. Ordinarily, NOLCO can be carried over as deduction from gross income for the next three (3) consecutive years only.

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is subject to 10.0% income tax. The FCDU's other income, those that are not classified as onshore or offshore under R.A. 11534, is subject to 25.0% RCIT based on net taxable income or 1.0% MCIT based on gross income effective July 1, 2020 to June 30, 2023 and 2% effective July 1, 2023. In addition, interest income on deposit placements with other FCDUs and offshore banking units (OBUs) is taxed at 15%. RA No. 9294, which became effective in May 2004, provides that the income derived by the FCDU from foreign currency transactions with non-residents, OBUs, local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.0% income tax.

In 2011, the BIR issued RR 4-2011, Proper allocation of costs and expenses amongst income earning of banks and other financial institutions for income tax reporting purposes, which requires banks to allocate and claim as deduction only those costs and expenses attributable to RBU to arrive at the taxable income of the RBU subject to regular income tax. Any cost or expense related with or incurred for the operations FCDU are not allowed as deduction from the RBU's taxable income. In computing for the amount allowable as deduction from RBU operations, all costs and expenses should be allocated between the RBU and FCDU by specific identification and by allocation. In a Decision dated December 1, 2021, the Supreme Court declared RR 4-2011 void for having issue ultra vires. It ruled that RR 4-2011 unduly contravened and expanded the provisions of the Tax Code. The Supreme Court Decision became final and executory on June 7, 2022, and was recorded in the Book of Entries of Judgement.

Income taxes consist of:

	2024	2023
Recognized in Statements of Income		
Current	**P83,863**	P89,302,990
MCIT	**44,748,384**	347,905
Final	**180,184,274**	123,459,052
	225,016,521	213,109,947
Deferred income tax expense	**(43,406,313)**	(96,723,410)
	P181,610,208	P116,386,537
Recognized in Statements of OCI		
Deferred income tax expense	**P30,680,471**	P16,394,835

Net deferred tax assets consist of:

	2024	2023
Deferred tax assets:		
Loss allowances	**P538,613,281**	P471,386,975
Leases liability	**135,589,149**	148,238,443
Net expense accrual	**115,818,816**	101,793,383
Net retirement liability	**61,150,531**	36,364,724
Excess MCIT over RCIT	**14,126,687**	-
Accumulated depreciation of investment properties	**11,401,630**	10,506,932
Unamortized past service costs	**6,505,760**	5,488,833
Unrealized loss on debt securities	**4,496,217**	7,484,708
Net unrealized mark-to-market loss on derivatives	**-**	3,443,046
	887,702,071	784,707,044
Deferred tax liabilities:		
Right-of-use asset - net	**114,059,713**	128,655,176
Unrealized mark-to-market gain on derivatives	**47,113,852**	-
Revaluation gain on properties under trustee	**16,909,314**	20,146,008
Unrealized gain on non-financial asset	**8,528,043**	8,901,495
	186,610,922	157,702,679
	P701,091,149	P627,004,365

The Bank has adopted Amendments to PAS 12, *Deferred tax related to Assets and Liabilities arising from a Single Transaction* from July 1, 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences e.g., leases and decommissioning liabilities. For leases and decommissioning liabilities, the Bank is required to recognize the associate deferred tax assets and liabilities from the beginning of the earlier comparative period presented with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the Bank applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Bank previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognized on a net basis. Following the amendments, the Bank has recognized separate deferred tax asset in relation to its lease liabilities and deferred tax liability in relation to its right-of-use assets. However, there was no impact on statement of financial position because the balance qualifies for offset under paragraph 74 of PAS 12. There was also no impact on the opening retained earnings as at January 1, 2024 as a result of the change.

The movement in the deferred tax balances as recognized in the statement of income and statement of OCI as is follows:

	Balance at Beginning of Year	Recognized in Profit or Loss	Recognized in OCI	Balance at December 31, 2024 Net	Deferred Tax Assets	Deferred Tax Liabilities
Loss allowances:						
Loans and receivables	**P460,408,223**	**P69,092,864**	**P -**	**P529,501,087**	**P529,501,087**	**P -**
Off-balance sheet commitments and contingencies	**7,043,352**	**(3,102,015)**	**-**	**3,941,337**	**3,941,337**	**-**
Investment securities at amortized cost	**1,592,362**	**590,812**	**-**	**2,183,174**	**2,183,174**	**-**
Investment securities at FVOCI	**962,065**	**702,301**	**-**	**1,664,366**	**1,664,366**	**-**
Investment properties	**1,380,973**	**(57,656)**	**-**	**1,323,317**	**1,323,317**	**-**
Lease liability	**148,238,443**	**(12,649,294)**	**-**	**135,589,149**	**135,589,149**	**-**
Net expense accrual	**101,793,383**	**14,025,433**	**-**	**115,818,816**	**115,818,816**	**-**
Net retirement liability	**36,364,724**	**(5,894,664)**	**30,680,471**	**61,150,531**	**61,150,531**	**-**
Excess MCIT over RCIT	**-**	**14,126,687**	**-**	**14,126,687**	**14,126,687**	**-**
Accumulated depreciation of investment properties	**10,506,932**	**894,698**	**-**	**11,401,630**	**11,401,630**	**-**
Unamortized past service costs	**5,488,833**	**1,016,927**	**-**	**6,505,760**	**6,505,760**	**-**
Unrealized loss on debt securities	**7,484,708**	**(2,988,491)**	**-**	**4,496,217**	**4,496,217**	**-**
Unrealized mark-to-market loss (gain) on derivatives	**3,443,046**	**(50,556,898)**	**-**	**(47,113,852)**	**-**	**(47,113,852)**
Right-of-use asset - net	**(128,655,176)**	**14,595,463**	**-**	**(114,059,713)**	**-**	**(114,059,713)**
Revaluation gain on properties under trustee	**(20,146,008)**	**3,236,694**	**-**	**(16,909,314)**	**-**	**(16,909,314)**
Unrealized gain on non-financial asset	**(8,901,495)**	**373,452**	**-**	**(8,528,043)**	**-**	**(8,528,043)**
Deferred tax assets (liabilities)	**P627,004,365**	**P43,406,313**	**P30,680,471**	**P701,091,149**	**P887,702,071**	**(P186,610,922)**

	Balance at Beginning of Year	Recognized in Profit or Loss	Recognized in OCI	Balance at December 31, 2023		
				Net	Deferred Tax Assets	Deferred Tax Liabilities
Loss allowances:						
Loans and receivables	P345,725,050	P114,683,173	P -	P460,408,223	P460,408,223	P -
Off-balance sheet commitments and contingencies	4,206,395	2,836,957	-	7,043,352	7,043,352	-
Investment properties	6,074,783	(4,693,810)	-	1,380,973	1,380,973	-
Investment securities at amortized cost	253,734	1,338,628	-	1,592,362	1,592,362	-
Investment securities at FVOCI	142,275	819,790	-	962,065	962,065	-
Net expense accrual	113,026,544	(11,233,161)	-	101,793,383	101,793,383	-
Net retirement liability	26,613,789	(6,643,900)	16,394,835	36,364,724	36,364,724	-
Right-of-use asset - net	(147,762,915)	19,107,739	-	(128,655,176)	-	(128,655,176)
Lease liability	163,889,012	(15,650,569)		148,238,443	148,238,443	
Accumulated depreciation of investment properties	9,272,367	1,234,565	-	10,506,932	10,506,932	-
Unrealized loss on debt securities	12,181,713	(4,697,005)	-	7,484,708	7,484,708	-
Unamortized past service costs	4,949,905	538,928	-	5,488,833	5,488,833	-
Unrealized mark-to-market loss on derivatives	3,941,623	(498,577)	-	3,443,046	3,443,046	-
Excess MCIT over RCIT	-	-	-	-	-	-
Unrealized gain on non-financial asset	(22,164,975)	13,263,480	-	(8,901,495)	-	(8,901,495)
Revaluation gain on properties under trustee	(6,463,180)	(13,682,828)	-	(20,146,008)	-	(20,146,008)
Deferred tax assets (liabilities)	P513,886,120	P96,723,410	P16,394,835	P627,004,365	P784,707,044	(P157,702,679)

The Bank did not recognize deferred tax assets on the following:

	2024		2023	
	Tax Base	**DTA**	Tax Base	DTA
Loss allowance	**P266,233,149**	**P66,558,287**	P240,352,593	P60,088,148
NOLCO	**222,023,018**	**55,505,755**	12,904,482	3,226,121
Excess MCIT over RCIT	**-**	**-**	347,905	347,905
	P488,256,167	**P122,064,042**	P253,604,980	P63,662,174

The unrecognized deferred tax asset on loss allowance, NOLCO and excess MCIT over RCIT pertains to FCDU books.

The reconciliation between the statutory income tax and income taxes follows:

	2024	2023	2022
Income before income tax expense	**P212,618,272**	P126,821,391	P501,246,564
Income tax on income before tax expense at statutory rate at 25%	**P53,154,568**	P31,705,348	P125,311,641
Tax effects of:			
FCDU loss (income)	**105,161,585**	58,658,093	18,115,362
Temporary differences	**(43,406,314)**	(96,723,410)	15,054,312
Nondeductible interest expense	**36,112,045**	23,698,199	18,586,857
Nondeductible operating expense	**(5,864,960)**	(10,562,643)	22,551,416
Tax-paid (tax-exempt income)	**114,035**	(1,810,646)	(2,454,876)
Others:			
Nondeductible loss allowance	**209,664,462**	201,816,575	101,295,394
Nondeductible written off accounts	**(138,062,996)**	(86,615,642)	(83,624,889)
Nontaxable trading loss (gains)	**(47,866,475)**	(1,802,692)	4,473,569
Excess MCIT over RCIT	**14,126,687**	-	(16,727,758)
Nontaxable other income	**(1,606,292)**	(1,976,644)	(8,628,864)
Net operating loss carry over	**-**	-	(25,881,900)
Other	**83,863**	-	-
Effective income tax	**P181,610,208**	P116,386,538	P168,070,264

NOLCO

On September 30, 2020, the Bureau of Internal Revenue issued Revenue Regulations (RR) No. 25-2020 which provides that businesses or enterprises which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from gross income for the next five (5) consecutive taxable years, immediately following the year of such loss, unless otherwise disqualified. The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next five (5) consecutive taxable years following the year such loss was incurred. Such RR took effect immediately.

Inception Year	Expiry Year	December 31, 2023	Addition	Application	Expiration	**December 31, 2024**
2024	2027	P -	P222,270,753	P -	P -	**P222,270,753**
2023	2026	-	-	-	-	**-**
2022	2025	-	-	(103,527,600)	-	**(103,527,600)**
2021	2026	103,527,600	-	-	-	**103,527,600**
		P103,527,600	P222,270,753	(P103,527,600)	P -	**P222,270,753**

Excess MCIT over RCIT

Inception Year	Expiry Year	December 31, 2023	Addition	Expiration/ Application	**December 31, 2024**
2024	2027	P -	P14,126,687	P -	**P14,126,687**
2023	2026	347,905	-	-	**347,905**
2022	2025	-	-	-	**-**
		P347,905	P14,126,687	P -	**P14,474,592**

Under Philippine tax laws, the RBU of the Bank is subject to percentage and other taxes (presented as Taxes and licenses account in the statement of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and DST. Income taxes include the corporate income tax, as discussed below, and final taxes paid at the rate of 20.0%, which is a final withholding tax on gross interest income from government securities and other deposit substitutes.

The breakdown of Taxes and licenses account presented in the statement of income and expenses follows:

	2024	2023
Gross receipts tax	**P248,948,983**	P220,525,390
Documentary stamp expenses	**136,407,932**	124,761,675
License and permit fees	**7,513,143**	5,655,080
Others	**543,938**	393,053
	P393,413,996	P351,335,198

22. Income and Expenses

In the following table, service fees and commission income from contracts with customers in the scope of PFRS 15, is disaggregated by major type of service. The table also includes a reconciliation of the disaggregated service fees and commission income with the Bank's reportable segments (see Note 24).

	2024				
	Treasury (in thousands)	**Institutional Banking (in thousands)**	**Retail Banking (in thousands)**	**Others (in thousands)**	**Total (in thousands)**
Credit-related	**P3,572**	**P203,253**	**P44,514**	**P1,866**	**P253,205**
Deposit-related	**2,096**	**12,506**	**50,493**	**944**	**66,039**
Miscellaneous	**102**	**5,453**	**37,785**	**14,799**	**58,139**
	P5,770	**P221,212**	**P132,792**	**P17,609**	**P377,383**

	2023				
	Treasury (in thousands)	Institutional Banking (in thousands)	Retail Banking (in thousands)	Others (in thousands)	Total (in thousands)
Credit-related	P392	P106,988	P44,469	(P3)	P151,846
Deposit-related	-	1,593	66,001	(4)	67,590
Miscellaneous	-	6,973	34,628	12,205	53,806
	P392	P115,554	P145,098	P12,198	P273,242

	2022				
	Treasury (in thousands)	Institutional Banking (in thousands)	Retail Banking (in thousands)	Others (in thousands)	Total (in thousands)
Credit-related	P300	P82,066	P65,101	(P147)	P147,320
Deposit-related	-	1,274	58,487	4	59,765
Miscellaneous	-	4,705	33,250	6,945	44,900
	P300	P88,045	P156,838	P6,802	P251,985

Miscellaneous income consists of:

	2024	2023	2022
Recovery on charged-off assets	**P70,772,195**	P76,294,007	P85,688,024
Income from trust division	**24,345,669**	12,171,037	12,367,187
Gain (loss) on disposal of foreclosed assets	**5,999,127**	(2,523,573)	5,168,087
Unrealized gain on investment properties	**4,563,297**	14,764,746	34,549,528
Gain on disposal of property and equipment	**585,333**	164,302	-
Rent income - safety deposit box	**580,386**	589,958	608,272
Dividend income	**240,000**	280,000	280,000
Other income	**22,403,546**	28,933,715	41,562,210
	P129,489,553	P130,674,192	P180,223,308

Other income mainly consists of proceeds from sale of cash cards. The following table shows the disaggregation of other income by the reportable segments of the Bank.

	2024	2023	2022
Retail banking	**P17,021,750**	P23,505,243	P38,159,300
Institutional banking	**4,914,739**	5,093,416	3,254,420
Treasury	**58,610**	(104,838)	33,872
Others	**408,447**	439,894	114,618
	P22,403,546	P28,933,715	P41,562,210

Security, messengerial, janitorial expenses and other fees consist of:

	2024	2023	2022
Sales agent commission	**P109,233,478**	P117,284,276	P76,861,668
Clerical expenses	**42,408,353**	32,759,080	23,809,450
Security expenses	**32,563,885**	30,400,028	27,924,896
Messengerial expenses	**14,794,405**	11,671,165	13,825,798
Janitorial expenses	**10,581,351**	8,076,951	9,366,713
	P209,581,472	P200,191,500	P151,788,525

Sales agent commission is a monetary reward given to sales representatives of the Bank who have managed to achieve their sales target.

Clerical expenses pertain to expenses incurred in relation to departmental administration, information systems and regulatory requirements.

Security expenses pertain to expenses incurred to transport of valuable properties of the Bank such as money.

Miscellaneous expenses consist of:

	2024	2023	2022
Insurance	**P106,609,961**	P105,162,793	P100,280,206
Management and professional fees	**103,378,330**	70,066,505	46,770,461
Postage and cable	**42,534,373**	42,051,639	31,580,935
Banking and supervision fees	**25,968,780**	26,498,493	18,437,759
Office supplies	**18,034,297**	23,784,533	25,877,629
Telecommunications	**12,726,229**	8,308,260	7,019,512
Litigation	**11,824,712**	14,206,233	13,997,091
Travel and transportation	**11,436,761**	11,438,053	8,371,839
Advertising	**8,259,321**	7,084,237	5,291,186
Bank charges	**4,207,236**	3,329,369	3,488,022
Freight	**2,443,861**	2,501,455	1,759,412
Membership dues	**2,019,694**	1,763,424	1,741,347
Entertainment and representation	**1,044,198**	980,509	647,017
Fuel and lubricants	**258,659**	261,566	463,146
Write-off of computer software	**-**	34,492,894	-
Donation	**-**	-	500,000
Other expenses	**52,245,291**	47,884,242	47,503,815
	P402,991,703	P399,814,205	P313,729,377

Other expenses consist of fees paid for periodicals, VISA and check processing.

The following table shows the disaggregation of other expenses by the reportable segments of the Bank.

	2024	2023	2022
Retail banking	**P35,065,074**	P33,252,003	P36,436,223
Treasury	**5,049,208**	4,235,879	2,366,139
Institutional banking	**1,842,200**	(672,423)	(258,018)
Others	**10,288,809**	11,068,783	8,959,471
	P52,245,291	P47,884,242	P47,503,815

23. Basic/Diluted Earnings Per Share

Earnings per share is computed as follows:

	2024	2023	2022
Net income	**P31,008,064**	P10,434,854	P333,176,300
Weighted number of shares outstanding	**348,307,202**	348,307,202	348,307,202
Basic/diluted earnings per share	**P0.09**	P0.03	P0.96

There are no potentially dilutive shares as at December 31, 2024, 2023 and 2022. Accordingly, diluted EPS is the same as basic EPS.

24. Operating Segment Information

The Bank is organized based on the products and services that it offers and operates three principal areas namely: Treasury, Institutional Banking and Retail Banking and others.

Treasury - principally provides money market, trading and treasury services, as well as the management of the Bank's funding operations by use of government securities and placements and acceptances with other banks.

Institutional Banking - principally handles loans, trade finance and other credit facilities and deposit and current accounts for institutional customers.

Retail Banking - addresses the individual and retail markets. It covers deposit taking and servicing, consumer lending such as home mortgages and personal loans.

Others - principally handling supportive roles which are performed by Operations, Finance Group, Institutional Credit Risk Management Group and Retail Credit Management Group and other divisions under the direct stewardship of the Office of the President.

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.

Interest income is reported at the net as management primarily relies on the net interest income as performance measure, not the gross income and expense.

The Bank has no significant customers which contributes 10.0% or more of the total revenue, net of interest expense.

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

The following table presents revenue and income information of operating segments presented in accordance with PFRS Accounting Standards as at and for the years ended December 31, 2024, 2023 and 2022 (amounts in thousands):

	2024				
	Treasury	**Institutional Banking**	**Retail Banking**	**Others**	**Total**
Net interest income					
Third party	**P412,287**	**P1,906,224**	**P1,010,305**	**P -**	**P3,328,816**
Intersegment	**(255,977)**	**(800,028)**	**1,056,438**	**(433)**	**-**
	156,310	**1,106,196**	**2,066,743**	**(433)**	**3,328,816**
Non-interest income	**148,939**	**239,287**	**273,140**	**9,971**	**671,337**
Revenue - net of interest expense	**305,249**	**1,345,483**	**2,339,883**	**9,538**	**4,000,153**
Less: Non-interest expenses	**241,945**	**1,159,599**	**2,367,926**	**18,065**	**3,787,535**
Income (loss) before income taxes	**63,304**	**185,884**	**(28,043)**	**(8,527)**	**212,618**
Less: Income taxes	**80,079**	**35,994**	**65,513**	**24**	**181,610**
Net income (loss)	**(P16,775)**	**P149,890**	**(P93,556)**	**(P8,551)**	**P31,008**
Service fees and commission income	**P5,770**	**P221,212**	**P140,946**	**P9,455**	**P377,383**
Depreciation and amortization	**P4,245**	**P13,251**	**P78,908**	**P109,592**	**P205,996**
Software amortization	**P4,919**	**P17,021**	**P12,736**	**P39,183**	**P73,859**
Impairment losses	**P6,389**	**P340,471**	**P508,667**	**(P189)**	**P855,338**

	2023				
	Treasury	Institutional Banking	Retail Banking	Others	Total
Net interest income					
Third party	P361,109	P2,075,629	P764,944	P -	P3,201,682
Intersegment	(657,837)	(622,772)	1,280,990	(381)	-
	(296,728)	1,452,857	2,045,934	(381)	3,201,682
Non-interest income	128,231	127,592	286,842	8,761	551,426
Revenue - net of interest expense	(168,497)	1,580,449	2,332,776	8,380	3,753,108
Less: Non-interest expenses	140,139	879,297	1,510,038	1,096,813	3,626,287
Income (loss) before income taxes	(308,636)	701,152	822,738	(1,088,433)	126,821
Less: Income taxes	116,100	14,798	(14,560)	48	116,386
Net income (loss)	(P424,736)	P686,354	P837,298	(P1,088,481)	P10,435
Service fees and commission income	P392	P114,185	P146,468	P12,197	P273,242
Depreciation and amortization	P3,993	P15,058	P76,923	P82,368	P178,342
Software amortization	P4	P14,813	P51,975	P2,418	P69,210
Impairment losses	P15,699	P477,020	P469,143	P279	P962,141

	2022				
	Treasury	Institutional Banking	Retail Banking	Others	Total
Net interest income					
Third party	P456,189	P1,222,089	P1,079,927	P -	P2,758,205
Intersegment	(270,977)	(234,675)	505,833	(181)	-
	185,212	987,414	1,585,760	(181)	2,758,205
Non-interest income	223,509	121,426	324,318	9,457	678,710
Revenue - net of interest expense	408,721	1,108,840	1,910,078	9,276	3,436,915
Less: Non-interest expenses	124,487	622,052	1,226,841	962,288	2,935,668
Income (loss) before income taxes	284,234	486,788	683,237	(953,012)	501,247
Less: Income taxes	78,758	64,076	25,148	89	168,071
Net income(loss)	P205,476	P422,712	P658,089	(P953,101)	P333,176
Service fees and commission income	P300	P88,045	P156,838	P6,802	P251,985
Depreciation and amortization	P3,882	P15,365	P74,931	P74,796	P168,974
Software amortization	P4	P13,938	P16,893	P34,186	P65,021
Impairment losses	(P735)	P271,604	P292,599	(P30)	P563,438

Segment information for the statement of financial position is as follows (amounts in thousands):

	Year	Segment Assets	Segment Liabilities	Capital Expenditures
Institutional Banking	**2024**	**P45,978,135**	**P34,699,442**	**P6,952**
	2023	40,733,711	19,448,300	2,932
Treasury	**2024**	**28,675,239**	**11,922,279**	**36**
	2023	21,807,471	12,811,939	4,581
Retail Banking	**2024**	**13,285,318**	**30,164,662**	**14,505**
	2023	13,151,551	32,709,381	31322
Others	**2024**	**1,568,273**	**2,104,654**	**148,982**
	2023	1,287,760	1,272,043	38,806
Total	**2024**	**P89,506,965**	**P78,891,037**	**P170,475**
Total	2023	P76,980,493	P66,241,663	P77,641

Presented below is the summary of information on reportable segments:

	2024	2023	2022
Revenues - net of interest expense			
Total revenue for reportable segments	**P4,000,153**	P3,753,108	P3,436,915
Income before Taxes			
Total profit for reportable segments	**P212,618**	P126,821	P501,247

	2024	2023
Assets		
Total assets for reportable segments	**P89,506,965**	P76,980,494
Liabilities		
Total liabilities for reportable segments	**P78,891,037**	P66,241,622

25. 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. Parties are also considered to be related if they are subjected to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

The Bank treats other subsidiaries and branch offices of the Parent Bank as related parties (collectively referred to as entities under common control).

The Bank has loan transactions with investees and with certain DOSRI. Existing banking regulations limit the amount of individual loans to DOSRI, 70.0% of which must be secured, to the total of their respective deposits and book value of their respective investments in the Bank. In the aggregate, loans to DOSRI generally should not exceed the respective total regulatory capital or 15.0% of total loan portfolio, whichever is lower.

On March 15, 2004, the BSP issued Circular 423 which provides for the amended definition of DOSRI accounts. It clarifies that loans granted to officers and employees under an approved fringe benefit program is excluded from the individual ceiling but is subject to 5.0% aggregate ceiling.

The following table shows information relating to DOSRI/Related Party loans (in thousands):

	2024		2023	
	DOSRI Loans	**Related Party Loans**	DOSRI Loans	Related Party Loans
Total outstanding loans	**P -**	**P -**	P -	P -
Percent of DOSRI/related party loans to total loan portfolio	**0.0%**	**0.0%**	0.0%	0.0%
Percent of unsecured DOSRI/ related party loans to total loans	**Nil**	**Nil**	Nil	Nil
Percent of past due DOSRI/ related party loans to total loans	**Nil**	**Nil**	Nil	Nil

None of the Bank's Directors have any self-dealing/related party transactions with the Bank directly by themselves in 2024 and 2023.

On January 31, 2007, BSP Circular No. 560 was issued providing the rules and regulations that govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks. Under the said Circular, total outstanding exposures to each of the bank's subsidiaries and affiliates shall not exceed 10.0% of bank's net worth, the unsecured portion of which shall not exceed 5.0% of such net worth. Further, the total outstanding exposures to subsidiaries and affiliates shall not exceed 20.0% of the net worth of the lending bank. BSP Circular No. 560 is effective on February 15, 2007.

Directors' fees incurred during the years ended December 31, 2024, 2023 and 2022 amounted to P9.5 million, P8.5 million and P9.7 million, respectively (see Note 19).

The significant account balances with respect to related parties included in the financial statements (after appropriate eliminations have been made) are as follows:

				Outstanding Balance			
Category/Transaction	***Note***	**Year**	**Amount of the Transaction**	**Due from Related Parties**	**Due to Related Parties**	**Terms**	**Conditions**
Parent							
Current Deposits	*25a*						
Deposits		**2024**	**P1,832,899,296**	**P -**	**P119,947,404**	**Demandable; interest bearing**	**Unsecured**
Withdrawals			**(1,827,647,929)**	**-**	**-**		
Forex			**4,363,037**	**-**	**-**		
Deposits		2023	2,309,890,574	-	110,333,000	Demandable; interest bearing	Unsecured
Withdrawals			(2,224,133,042)	-	-		
Forex			(89,903)	-	-		
Interest Expense on Current Deposits	*25a*						
Accruals		**2024**	**27,714**	**-**	**-**	**Demandable; interest bearing**	**Unsecured**
Settlements			**29,323**	**-**	**-**		
Accruals		2023	25,708	-	-		
Settlements			24,099	-	1,609	Demandable; interest bearing	Unsecured
Bills Payable from Parent Bank	*25b*						
Availments		**2024**	**3,163,545,500**	**-**	**9,968,464,354**	**2-3 years; interest bearing**	**Unsecured**
Settlements			**(389,033,000)**	**-**	**-**		
Forex			**282,500,000**	**-**	**-**		
Unamortized discount			**9,798,146**	**-**	**-**		
Availments		**2024**	**15,241,284,000**	**-**	**5,900,190,000**	**60-279 days; interest bearing**	**Unsecured**
Settlements			**(13,343,160,000)**	**-**	**-**		
Forex			**181,536,000**	**-**	**-**		
Availments		**2024**	**926,136,321**	**-**	**1,666,954,909**	**1-2 years; interest bearing**	**Unsecured**
Settlements			**-**	**-**	**-**		
Forex			**(102,456,357)**	**-**	**-**		
Availments		2023	1,693,500,000	-	6,915,424,199	2-3 years; interest bearing	Unsecured
Settlements			(837,000,000)	-	-		
Forex			(68,300,000)	-	-		
Unamortized discount			(5,825,801)	-	-		
Availments		2023	17,928,204,000	-	3,820,530,000	60 days; interest bearing	Unsecured
Settlements			(14,620,625,000)	-	-		
Forex			(44,599,000)	-	-		
Availments		2023	853,086,026	-	843,274,944	2 years; interest bearing	Unsecured
Settlements			(11,801,444)	-	-		
Forex			1,990,362	-	-		

Forward

				Outstanding Balance			
Category/Transaction	***Note***	**Year**	**Amount of the Transaction**	**Due from Related Parties**	**Due to Related Parties**	**Terms**	**Conditions**
Interest Expense on Bills Payable	*25b*						
Accruals		**2024**	**P449,365,301**	**P -**	**P -**	**Demandable; interest**	**Unsecured**
Settlements			**(433,167,255)**	**-**	**16,198,046**	**bearing**	
Accruals		**2024**	**198,797,643**	**-**	**-**	**Demandable; interest**	**Unsecured**
Settlements			**(172,363,683)**	**-**	**26,433,959**	**bearing**	
Accruals		**2024**	**57,719,832**	**-**	**-**	**Demandable; interest**	**Unsecured**
Settlements			**(38,890,376)**	**-**	**18,829,456**	**bearing**	
Accruals		2023	313,711,521	-	-	Demandable; interest	Unsecured
Settlements			(312,875,522)	-	12,965,809	bearing	
Accruals		2023	27,810,027	-	-	Demandable; interest	Unsecured
Settlements			(19,858,080)	-	7,951,947	bearing	
Accruals		2023	20,831,832	-	-	Demandable; interest	Unsecured
Settlements			(15,249,725)	-	5,582,107	bearing	
Entities under Common Control							
Current Deposits to CTBC - Hongkong	*25c*						
Deposits		**2024**	**14,027,313**	**13,615,903**	**-**	**Demandable;**	**Unsecured;**
Withdrawals			**(15,018,639)**	**-**	**-**	**non-interest bearing**	**no impairment**
Forex and other movement			**314,095**	**-**	**-**		
Deposits		2023	26,132,968	14,293,134	-	Demandable;	Unsecured;
Withdrawals			(21,220,780)	-	-	non-interest bearing	no impairment
Forex and other movement			(1,372,886)	-	-		
Current Deposits to CTBC - Canada	*25c*						
Deposits		**2024**	**307,882,072**	**3,066,411**	**-**	**Demandable;**	**Unsecured;**
Withdrawals			**(298,281,517)**	**-**	**-**	**non-interest bearing**	**no impairment**
Forex and other movement			**(7,710,734)**	**-**	**-**		
Deposits		2023	105,966,862	1,176,590	-	Demandable;	Unsecured;
Withdrawals			(89,422,070)	-	-	non-interest bearing	no impairment
Other Related Parties Employees' retirement fund held by Trust Operations							
Deposit Liabilities	*25d*						
Deposits		**2024**	**548,466,127**	**-**	**79,428**	**Demandable;**	**Unsecured**
Withdrawals			**(548,615,997)**	**-**	**-**	**non-interest bearing**	
Deposits		2023	275,996,155	-	229,298	Demandable;	Unsecured
Withdrawals			(275,781,252)	-	-	non-interest bearing	
Total		**2024**		**P16,682,314**	**P17,717,097,556**		
Total		2023		P15,469,724	P11,716,292,913		

All transactions with related parties are to be settled in cash and without impairment.

25a *Current Deposits with Parent Bank*

These transactions are demandable and interest bearing. Interest rate on these deposit liabilities booked under RBU is 0.13%, while interest rate on deposits booked under FCDU is 0.01% for the year ended December 31, 2024. These are recorded as part of 'Deposit liabilities' account in the statement of financial position.

The interest expense incurred by the Bank arising from these deposits amounted to P27,714, P25,708, P63,058 for the years ended December 31, 2024, 2023, and 2022, respectively. Accrued interest payable, shown as part of under Accrued interest, taxes and other expenses account in the statement of financial position amounted to nil and P1,609 as at December 31, 2024 and 2023, respectively.

25b *Short and Long-term Borrowings with Parent Bank*
The long-term borrowing with Parent Bank denominated in USD is interest bearing and has a two (2) to three (3) year term. The outstanding loan amounting to P10.0 billion has an interest rate ranging from 4.72% to 5.62% per annum. Interest rate is repriced monthly.

The short-term borrowing with Parent Bank denominated in USD is interest bearing and has a 60-279 days' term. The outstanding loan amounting to P5.9 billion has an interest rate ranging from 4.70% to 5.03% per annum. Interest rate is repriced monthly.

The long-term borrowing with Parent Bank denominated in Australian Dollars is interest bearing and has a one (1) to two (2) year term. The outstanding loan amounting to P1.7 billion has an interest rate ranging from 4.70% to 4.95% per annum. Interest rate is repriced monthly.

The interest expense incurred by the Bank arising from these borrowings amounted to P705.9 million, P362.4 million and P23.4 million for the years ended December 31, 2024, 2023 and 2022, respectively. Accrued interest payable, shown as part of under Accrued interest, taxes and other expenses account in the statement of financial position amounted to P61.5 million and P26.5 million as at December 31, 2024 and 2023, respectively.

25c *Current Deposits with Entities under Common Control*
Deposits with CTBC Bank Co., LTD - Hongkong Branch was recorded as part of 'Due from Other Banks' account in the statement of financial position. This account is due and demandable and non-interest bearing. Also, these are unsecured and without impairment.

Deposits with CTBC Bank Co., LTD Canada Branch was recorded as part of 'Due from Other Banks' account in the statement of financial position. This account is due and demandable and non-interest bearing. Also, this is unsecured and without impairment.

25d *Employees' Retirement Fund held by Trust Operations*
These are due and demandable deposits of the Bank's Trust Operations Department which is recorded as part of 'Deposit Liabilities' account in the statement of financial position. These deposits are non-interest bearing.

The remuneration of directors and other members of key management personnel are as follows:

	2024	2023
Short-term benefits	**P172,273,781**	P154,098,459
Share-based payment	**2,690,843**	3,790,023
Other long-term benefits	**2,429,390**	2,273,704
	P177,394,014	P160,162,186

In accordance with the Bank's by-laws, profit share of officers and employees is computed at 10.0% of net income after tax.

The Bank's compensation to key management Personnel is shown as part of Compensation and fringe benefits in the statement of income (see Note 19).

Furthermore, the Bank has a separate funded noncontributory defined benefit plans covering substantially all its officers and regular employees. Under this retirement plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The Bank's employee benefit fund (or retirement plan asset) is in the form of a trust account being maintained by the Bank's Trust Operations Department.

As discussed in Note 19, the Bank's retirement plan assets are invested in various debt and equity instruments, such as government securities, corporate papers, equity securities traded in PSE, as well as investments in BSP's special deposit account and placements with the Bank. The Bank's retirement plan assets do not have investments in real properties.

Other than placements with the Bank, the Bank's retirement plan assets do not have investments in securities, whether debt or equity, issued by the Bank as at December 31, 2024 and 2023.

As at December 31, 2024 and 2023, the carrying values of the Bank's retirement plan assets, which approximate its fair value, amounted to P248.07 million and P195.5 million, respectively (see Note 19).

26. Derivative Financial Instruments

The table below shows the fair values of derivative financial instruments entered into by the Bank, recorded as derivative assets or derivative liabilities, together with the notional amounts. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding as at December 31, 2024 and 2023 and are not indicative of either market risk or credit risk (in thousands).

	2024		
	Assets	**Liabilities**	**Notional Amount**
Freestanding Derivatives - Currency Forwards and Swaps			
Buy:			
USD/PHP	**P163,275,061**	**(P118,636,747)**	**USD462,456,000**
USD/EURO	**-**	**(438,503)**	**USD7,284,795**
USD/JPY	**96,073**	**-**	**USD3,000,000**
Sell:			
USD/PHP	**161,821,113**	**(34,239,835)**	**USD379,196,000**
USD/EURO	**-**	**(572)**	**USD3,123,030**
	P325,192,247	**(P153,315,657)**	

	2023		
	Assets	Liabilities	Notional Amount
Freestanding Derivatives - Currency forwards and swaps			
Buy:			
USD/PHP	P24,355,538	(P44,804,332)	USD181,312
Sell:			
USD/PHP	28,311,491	(21,132,381)	USD84,200
	P52,667,029	(P65,936,713)	

The Bank entered into currency forwards and swap contracts to manage its foreign exchange risks. Currency forwards are contractual agreements to buy or sell a specified currency at a specific price and date in the future. Currency swaps are contractual agreements to exchange principal and interest payments at fixed intervals denominated in two (2) different currencies.

The net movements in fair value changes of derivatives are as follows (amounts in thousands):

	2024	2023
Net derivative liability at beginning of year	**(P13,270)**	(P15,417)
Net changes in fair value of derivatives	**185,653**	2,597
Fair value of settled contracts	**(506)**	(450)
Net derivative liability at end of year	**P171,877**	(P13,270)

27. Classification and Measurement of Financial Instruments under PFRS 9

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments:

	Note	Mandatorily at FVTPL	FVOCI - Debt Instruments	FVOCI - Equity Instruments	Amortized Cost	Total Carrying Amount
Financial Assets						
Cash and other cash items	*5, 6, 17*	**P -**	**P -**	**P -**	**P590,275,773**	**P590,275,773**
Due from BSP	*5, 17*	**-**	**-**	**-**	**4,270,027,822**	**4,270,027,822**
Due from other banks	*5, 17*	**-**	**-**	**-**	**2,159,646,712**	**2,159,646,712**
Interbank loans receivable - gross	*5, 17*	**-**	**-**	**-**	**875,123,000**	**875,123,000**
Financial assets at FVTPL	*5, 6, 7, 17*	**1,170,525,362**	**-**	**-**	**-**	**1,170,525,362**
Financial assets at FVOCI	*5, 6, 7, 17*	**-**	**7,454,279,481**	**15,590,817**	**-**	**7,469,870,298**
Investment securities at amortized cost - gross	*5, 7, 17*	**-**	**-**	**-**	**14,407,107,399**	**14,407,107,399**
Loans and receivables - gross	*5, 8, 17*	**-**	**-**	**-**	**57,703,945,552**	**57,703,945,552**
Other assets*	*17*	**-**	**-**	**-**	**59,531,987**	**59,531,987**
Total Financial Assets		**P1,170,525,362**	**P7,454,279,481**	**P15,590,817**	**P80,065,658,245**	**P88,706,053,905**
Financial Liabilities						
Deposit liabilities	*5, 6, 17*	**P -**	**P -**	**P -**	**P51,521,651,730**	**P51,521,651,730**
Financial liabilities at FVTPL	*5, 6, 17, 26*	**153,315,657**	**-**	**-**	**-**	**153,315,657**
Bills payable	*5, 6, 14, 17*	**-**	**-**	**-**	**21,294,794,018**	**21,294,794,018**
Outstanding acceptances	*5, 6, 17*	**-**	**-**	**-**	**4,427,526**	**4,427,526**
Manager's checks	*5, 6, 17*	**-**	**-**	**-**	**66,297,573**	**66,297,573**
Accrued interest, taxes and other expenses**	*17*	**-**	**-**	**-**	**712,764,852**	**712,764,852**
Other liabilities***	*17*	**-**	**-**	**-**	**4,632,295,146**	**4,632,295,146**
Total Financial Liabilities		**P153,315,657**	**P -**	**P -**	**P78,232,230,845**	**P78,385,546,502**

**Includes returned checks and other cash items and rent deposit*
***Excludes retirement liability, accrued taxes and other non-financial accruals*
****Excludes withholding taxes payable, provision liability and miscellaneous liability*

	Note	Mandatorily at FVTPL	FVOCI - Debt Instruments	FVOCI - Equity Instruments	Amortized Cost	Total Carrying Amount
Financial Assets						
Cash and other cash items	*5, 6, 17*	P -	P -	P -	P814,714,838	P814,714,838
Due from BSP	*5, 17*	-	-	-	3,426,463,360	3,426,463,360
Due from other banks	*5, 17*	-	-	-	1,109,317,042	1,109,317,042
Interbank loans receivable - gross	*5, 17*	-	-	-	71,981,000	71,981,000
Financial assets at FVTPL	*5, 6, 7, 17*	538,339,517	-	-	-	538,339,517
Financial assets at FVOCI	*5, 6, 7, 17*	-	6,475,889,344	16,040,817	-	6,491,930,161
Investment securities at amortized cost – gross	*5, 7, 17*	-	-	-	12,855,879,911	12,855,879,911
Loans and receivables - gross	*5, 8, 17*	-	-	-	51,301,874,780	51,301,874,780
Other assets*	*17*	-	-	-	53,594,816	53,594,816
Total Financial Assets		P538,339,517	P6,475,889,344	P16,040,817	P69,633,825,747	P76,664,095,425
Financial Liabilities						
Deposit liabilities	*5, 6, 17*	P -	P -	P -	P49,248,341,196	P49,248,341,196
Financial liabilities at FVTPL	*5, 6, 17, 26*	65,936,713	-	-	-	65,936,713
Bills payable	*5, 6, 14, 17*	-	-	-	13,517,179,143	13,517,179,143
Outstanding acceptances	*5, 6, 17*	-	-	-	345,662,618	345,662,618
Manager's checks	*5, 6, 17*	-	-	-	74,139,847	74,139,847
Accrued interest, taxes and other expenses**	*17*	-	-	-	615,384,891	615,384,891
Other liabilities***	*17*	-	-	-	1,978,916,807	1,978,916,807
Total Financial Liabilities		P65,936,713	P -	P -	P65,779,624,502	P65,845,561,215

**Includes returned checks and other cash items and rent deposit*
***Excludes retirement liability, accrued taxes and other non-financial accruals*
****Excludes withholding taxes payable, provision liability and miscellaneous liability*

The Bank does not hold any financial instruments designated as at FVTPL for both 2024 and 2023.

28. Supplementary Information Required under BSP Circular No. 1074

The following supplementary information is required by Appendix 55 - Disclosure Requirements to the Audited Financial Statements (AFS) to Section 174 of the MORB of the BSP, amended by BSP Circular No. 1074, *Amendments to Regulations on Financial Audit of Banks*.

(a) Notes to the Financial Statements

a. *Capital Position* - please refer to Note 5

b. *Leverage Ratio and Total Exposure Measure* - please refer to Note 5

c. *Liquidity Position* (Liquidity Coverage Ratio and Net Stable Funding Ratio) - please refer to Note 5

d. *Provisioning Methodology and Key Assumptions used in Determining Allowance for Credit Losses* - please refer to Notes 3 and 5

e. *Accounting Policies* - please refer to Notes 2 and 3

(b) Supplemental Information

Financial Performance Indicators
The following basic ratios measure the financial performance of the Bank:

		2024	2023	2022
a.	Net income	**P31,008,064**	P10,434,854	P333,176,300
b.	Average total equity	**10,661,875,531**	10,636,299,422	10,599,530,596
	Return on average equity (a/b)	**0.29%**	0.10%	3.14%
c.	Net income	**P31,008,064**	P10,434,854	P333,176,300
d.	Average total assets	**83,300,759,122**	73,349,558,019	61,312,828,665
	Return on average assets (c/d)	**0.04%**	0.01%	0.54%
e.	Net interest income	**P3,328,816,258**	P3,201,682,433	P2,758,205,017
f.	Average interest earning assets	**72,841,540,186**	68,366,141,971	55,784,174,708
	Net interest margin on average earning assets (e/f)	**4.57%**	4.68%	4.94%

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

Description of Capital Instruments Issued- please refer to Note 18.

Significant Credit Exposures - please refer to Note 5.

Breakdown of Total Loans as to:

i. security - please refer to Note 5
ii. status - please refer to Note 8

Information on Related Party Loans - none as at December 31, 2024 and 2023 as disclosed in Note 25.

Secured Liabilities and Assets Pledged as Security
As at December 31, 2024 and 2023, a deposit in other bank amounting to P104.1 million and P78.1 million respectively, was used as collateral for a derivative contract to mitigate counterparty risk in derivative transactions. This deposit is recorded as part of Other asset account in the statement of financial position (see Note 11). Other than this, there are no other assets being and liabilities pledged by the Bank as security as at December 31, 2024 and 2023.

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

For regulatory reporting purposes, the following is a summary of the commitments and contingent liabilities at their equivalent peso contractual amounts (amounts in thousands):

	2024	2023
Standby letters of credit	**P9,639,507**	P4,337,092
Trust department accounts	**4,443,710**	2,045,031
Credit commitments	**-**	1,605,395
Outstanding guarantees	**8,406**	362,951
Sight/usance import letters of credit	**279,215**	198,713
Outward bills for collection	**2,404**	34,393
Inward bills for collection	**(389,914)**	-
Others	**748**	4,209
Total	**P13,984,076**	P8,587,784

Securities and other properties held by the Bank in a fiduciary or agency capacity for its customers are not included in the Bank's statement of financial position since these items are not assets of the Bank. As at December 31, 2024 and 2023 total assets held by the Bank's Trust Department amounted to P4.4 billion and P2.0 billion, respectively.

In connection with the trust operations of the Bank, government securities with carrying value of P4.59 billion (face value of P4.59 billion) and P2.62 billion (face value of P2.58 billion) as of December 31, 2024 and 2023 are deposited with the BSP in compliance with existing banking regulations relative to the trust functions of the Bank.

In compliance with existing BSP regulations, 10.0% of the Bank's income from trust business is appropriated to retained earnings. This yearly appropriation is required until the retained earnings for trust functions equals 20.0% of the Bank's regulatory net worth. No part of such retained earnings shall at any time be paid out as dividends, but losses accruing in the course of business may be charged against such surplus. As at December 31, 2024 and 2023, the reserve for trust functions recorded under "Statutory reserve" in the statement of financial position amounted to P5.0 million.

As at December 31, 2024 and 2023, off-balance sheet commitments and contingent liabilities with credit risk exposure amounted to P15.8 million and P28.2 million, respectively. These include unused commercial letters of credit and credit commitments which are subject to ECL.

No sale and repurchase agreements were not recognized in the balance sheet asset as at December 31, 2024 and 2023.

Other Commitments

The assets pledged by the Bank are strictly for the purpose of providing collateral for the counterparty. To the extent that the counterparty is permitted to sell and/or re-pledge the assets, they are classified in the statement of financial position as pledged collateral. The pledged assets will be returned to the Bank when the underlying transaction is terminated but, in the event of the Bank's default, the counterparty is entitled to apply the collateral in order to settle the liability.

No interest and foreign exchange rate related items were transacted as at December 31, 2024 and 2023.

29. Supplementary Information Required Under Revenue Regulations 15-2010 of the Bureau of Internal Revenue (BIR)

On November 25, 2010, the BIR issued Revenue Regulations (RR) No. 15-2010 for the amendments in certain provisions of RR No. 21-2002, as *Amended, Implementing Section 6(H) of the Tax Code of 1997, Authorizing the Commissioner of Internal Revenue to Prescribe Additional Procedural and/or Documentary Requirements in Connection with the Preparation and Submission of Financial Statements Accompanying the Bank's Tax Returns*.

In compliance with the above RR, the Bank presents information on taxes, duties and license fees paid or accrued during the taxable years.

The details of taxes and licenses account in 2024 are as follows:

Gross receipt tax (GRT)	**P248,948,983**
Documentary stamp tax	**136,407,932**
Business taxes and licenses	**7,216,886**
Bank car registration	**336,705**
Real property tax	**283,762**
Community tax certificate	**12,495**
Other fees and taxes	**207,233**
	P393,413,996

The NIRC of 1997 provides for the imposition of GRT on gross receipts derived by banks from sources within the Philippines. Accordingly, the Bank's gross receipts are subject to GRT as re-imposed in RA No. 9238 beginning January 1, 2004.

Details of the GRT remitted in 2024 are as follows:

	Tax Base	Total Remittances	Balance
Income subject to 5.0%	**P4,055,656,907**	**P185,086,761**	**P17,696,084**
Income subject to 1.0%	**310,352,369**	**2,857,830**	**245,693**
Other income subject to 7.0%	**615,180,199**	**43,025,310**	**37,304**
	P4,981,189,475	**P230,969,901**	**P17,979,081**

Documentary Stamp Tax
Movement in documentary stamp tax as follows:

	Balance
Documentary stamps on hand, December 31, 2023	P11,912,160
Purchases (BIR Form 2000)	400,000,000
Documentary stamps used	(384,909,479)
Documentary stamps on hand, December 31, 2024	**P27,002,681**

Withholding Taxes
Details of total remittances of withholding taxes in 2024 are as follows:

	Total Remittances	Balance
Final withholding tax on interest on deposits	**P227,631,273**	**P24,155,519**
Withholding taxes on compensation and benefits	**217,376,855**	**24,094,903**
Expanded withholding taxes	**32,837,502**	**2,510,706**
Final withholding tax - others	**22,818,040**	**2,154,045**
	P500,663,670	**P52,915,173**

Outstanding amount of withholding taxes are included in Other liabilities account in the statement of financial position.

Letter of Authority
On October 25, 2023, the Bank received a Letter of Authority (LOA) from the BIR for the taxable year ended December 31, 2021. On the LOA, the Revenue District Office No. 125 - Regular LT Audit Division II was authorized to examine the Regular Banking Unit and Foreign Currency Denominated Unit books and other accounting records of the Bank.

On November 6, 2023, the Bank submitted all the required documents, books and records to the revenue officers. There were no updates received from the BIR as of date.

30. Audit Fees

The Bank's fee for the audit of the annual financial statements recorded as 'Management and professional fees' under Miscellaneous Expenses in the statement of income consists of:

	2024	2023
Total audit fees	**P3,223,800**	P2,604,348
Non-audit service:		
External quality assessment review of internal audit	**600,000**	-
	P3,823,800	P2,604,348

The Bank's policy allows KPMG Philippines to provide assurance and other audit-related services that, while outside the scope of the statutory audit, are consistent with the role of an external auditor. These include regulatory and prudential reviews requested by regulators. Any other services that are not audit or audit-related services are non-audit services.

The Bank's policy allows certain non-audit services to be provided where the service would not contravene auditor independence requirements. KPMG Philippines may not provide services that are perceived to be in conflict with the role of an external auditor or breach auditor independence. These include consulting advice and subcontracting of operational activities normally undertaken by management, and engagements where the external auditor may ultimately be required to express an opinion on its own work.

31. Sustainable Finance Framework

The Bank recognizes that monitoring of Environment and Social Risks shall be of high priority in the coming years given the Parent Bank initiatives and local regulatory requirements such as the BSP Circular 1085, *Sustainable Finance Framework*, BSP Circular 1128, *Environmental and Social Risk Management Framework*, and BSP Circular No. 1149 *Guidelines on the Integration of Sustainability Principles in Investment Activities of Banks*. directive for all financial institutions to develop sustainable finance policy framework and environmental and social risk management framework.

The Bank has launched its three-year sustainability transition plan in response to the abovementioned BSP Circulars. To this end, the Bank aims to embed sustainability principles including environment and social risk areas, into our corporate governance framework, risk management systems, and strategic objectives consistent with the size, risk profile, and complexity of our operations.

The Sustainable Finance Transition Plan commenced on December 17, 2020 upon approval of the Board of Directors and all the policies, guidelines, manuals, limit monitoring processes have been substantially implemented since March 2023.

The Risk Governance Policy has been updated to include the roles and responsibilities and policies on Environment and Social Risks of the Parent Bank have been adapted to the local setting. The Bank released its first Sustainability Finance Policy in June 2022 and an updated version has been released in June 2023. Majority of the other related policies, guidelines and manuals affected by the BSP Circulars have been updated in 2022 and 2023.

The Bank has identified five labels for ESG, namely: ESG Exclusion list, ESG Sensitive Sector, High ESG Risk Company, Carbon Intensive Sector, and Unclassified or those that do not fall on the first four classifications. All customers, vendors, and outsourced service providers will be assessed for ESG tagging during on-boarding and renewal of facilities or contracts. ESG risks is also considered in the assessment of credit risks, operational risks, business continuity plan, market and liquidity risks starting 2023.

The Bank has implemented a collateral risk assessment process starting September 30, 2022 where collaterals are given a rating internally of low, medium, high risk based on the Hazard Hunter (https://hazardhunter.georisk.gov.ph/) results on the location of the real estate property. The said risk assessment is indicated in the appraisal report and considered in the assessment of the credit risk.

To enable the Bank to manage concentration of investment securities that have E&S risks as well as its impact to the overall performance of the Banking Book securities, the Bank implemented an ESG limit for investment securities starting May 2023.

Sustainability Strategic Objectives and Risk Appetite

Objective: The bank endeavors to conform to relevant policies, exert a positive impact on global sustainable development, and promote a low-carbon economy.

<table>
<tr><th colspan="3">RISK APPETITE SUMMARY</th></tr>
<tr><td>Risk Appetite Statement</td><td colspan="2">The Bank’s business operations shall take into consideration the positive and negative impacts on the environment, society, and economy. Anchored on our Parent Bank’s strategy and implementation principles for sustainable finance, the bank endeavors to achieve and embed sustainable finance in our operations, taking into account the company’s business growth, the rights and interests of its stakeholders, and sustainable environmental and social development.</td></tr>
<tr><td>Exclusion/ Restricted List</td><td colspan="2">Entities involved in:
▪ Crimes, and terrorist activities
▪ Armament industry (production or sale of anti-personnel mines, biological and chemical weapons, cluster weapons, depleted uranium, nuclear weapons, and white phosphorus; production or sale of guns, small arms, and ammunition in the commercial market, excluding companies that solely serve national defense or government)
▪ Pornography industry
▪ Other industries that may affect social and public security as may be defined by regulatory bodies and standard setting bodies (e.g. Basel).</td></tr>
<tr><td>ESG Sensitive Sector</td><td colspan="2">▪ Thermal coal extraction: >25% of the borrower’s revenue from coal mining
▪ Thermal coal power generation: >25% of the borrower’s power generation capacity from coal-fired electricity
▪ Tobacco: >10% of the borrower’s revenue from tobacco production (excluding wrapping or packing of cigarettes)
▪ Unconventional Oil and Gas extraction: >10% of the borrower’s revenue is from sale or unconventional oil and gas extraction, including oil sands, shale oil and gas, arctic oil and gas, ultra-deep-water oil and gas</td></tr>
<tr><td>High ESG Risk Company</td><td colspan="2">Score exceeds forty points in the Sustainalytics Database</td></tr>
<tr><td rowspan="8">Carbon Intensive Industries</td><td>Carbon Intensive Sector</td><td>Description of Definitions</td></tr>
<tr><td>Power generation</td><td>More than 25% of the electricity generation capacity comes from coal-fired power, oil, or natural gas.</td></tr>
<tr><td>Marine shipping/ airlines</td><td>More than 25% the obligor’s revenue is from providing marine shipping or cargo transportation or air transportation services.</td></tr>
<tr><td>Iron and steel/ smelting</td><td>The company is in the upstream and midstream of the steel industry chain:
More than 25% of the obligor’s revenue is from the manufacture of the following iron and steel products:
Carbon steel or stainless-steel product that is produced by blast furnace smelting or electric furnace smelting, such as slabs, billets, steel ingots, etc., or hot-rolled steel/coils, shape steel, rebar, iron or steel wire rod, bar steel, etc. that is made from slabs. billets, steel ingots, etc., through high-temperature heating processes. The same standards for the aforementioned manufacturing processes also apply to the smelting industry of other non-ferrous metals such as copper, aluminum, and lead.</td></tr>
<tr><td>Cement</td><td>The company is in the midstream of the cement industry chain: More than 25% of the obligor’s revenue is from producing cement or cement clinker.</td></tr>
<tr><td>Petrochemical</td><td>The company is in the upstream and midstream of the petrochemicals and plastics industry chain: More than 25% of the obligor’s revenue is from the
refining and cracking of mineral crude oil, oil shale,
coal, and crude oil to produce gasoline, diesel, fuel oil, and basic plastic raw materials (e.g., ethylene, propylene, butadiene, benzene, phenol, etc.) or from engaging chemical reactions, such as polymerization, esterification, and alkylation, to produce chemical raw materials (including but not limited to plastic raw materials of PVC / PE / PP / PS / ABS / SM / AN / AA and other one-step refining).</td></tr>
<tr><td>Fossil fuel mining</td><td>More than 25% of the obligor’s revenue is from thermal coal, petroleum, natural gas, or oil shale extraction; or more than 10% of the obligor’s revenue is from exploitation of oil sands.</td></tr>
</table>

OVERVIEW OF THE E&S RISK MANAGEMENT SYSTEM

	**GOVERNANCE** The Board of Directors of the Company (the “Board”) views oversight and effective management of environmental, social and governance (“ESG”) related risks and opportunities as essential to the Company’s ability to execute its strategy and achieve long-term sustainable growth. As such, the full Board receives regular updates on the implementation of the Transition Plan. In addition to oversight by the full Board, the Board coordinates with the Risk Management Committee and Audit Committee to ensure active and on-going Committee-level oversight of the Company's management of ESG related risks and opportunities.
	**STRATEGY** The Bank has implemented ESG Risk Acceptance Criteria to be used during onboarding of new obligors and annual reviews of existing obligors classified as ESG Sensitive and High ESG Risk Company. Exposures to ESG Sensitive and High ESG Risk Company also requires a higher pricing where the minimum return on risk adjusted capital is set at 15%. This will have an impact on the Bank's loan portfolio in the short-, medium-, and long-term horizon. The Bank shall apply appropriate exposure control and reduction strategy to ESG Sensitive and High ESG Risk customers with zero transition plans and promote sustainable financing by targeting companies with ESG related requirements.
	**RISK MANAGEMENT** • For institutional banking, customers are assessed and tagged as ESG sensitive, High ESG risk company, Carbon intensive in line with the Bank's ESG Risk Appetite Statement and Sustainable Finance Policy. Limit monitoring has been implemented in managing the risk exposure to ESG Sensitive and High ESG Risk Company. • Collaterals were also risk assessed and provided risk ratings starting 2022. ESG risks are identified and included in the appraisal reports which forms part of the credit assessment of the obligor. • Vendors and outsourced services providers are assessed for ESG tagging.
	**METRICS AND TARGETS** • Management By Objectives (MBO) of employees include ESG component starting 2023. • The exposures for ESG Sensitive and High ESG risk company have a limit that is calculated and monitored monthly. Meanwhile, exposures to carbon intensive industries will also be monitored regularly but not included in the limit calculation. • Total water consumption (cubic meters), total electric consumption (Kwh) and waste disposal will be regularly monitored and reported**.**

Products and Services Aligned with Internally Recognized Sustainability Standards and Practices

The Bank has adopted the Equator Principles (EP) in 2019 to align with Parent Bank practice. The Bank conducts risk categorization and assessment of the projects based on the environmental and social criteria from International Finance Corporation’s eight Performance Standards and climate change risk. A loan that falls under EP are subjected to additional terms and conditions. This is applied to all corporate loans under the Institution Banking Group. As of December 31, 2024, there are no exposures that will fall under the Equator Principles.

ESG Exposure Monitoring

The Bank has implemented ESG limit monitoring. The Bank's exposure on ESG Sensitive Sector and High ESG Risk Company was capped at 20% of the Bank's total credit exposures (ESG Limit Ceiling) and an ESG Warning Trigger has been set at 16%. Certain actions should be done when the ESG Warning Trigger is exceeded. Below is the breakdown per classification:

	December 31, 2024	
Classification	**Count**	**Exposure (in million PHP)**
ESG Exclusion List	**0**	**0**
ESG Sensitive Sector	**3**	**2,891,874,455.70**
High ESG Risk Company	**2**	**6,138,677,398.95**
Carbon Intensive Industries	**5**	**2,314,786,409.46**
Unclassified Obligors	**194**	**44,381,967,209.32**
Total IBG Portfolio	**204**	**55,727,305,473.43**
Total Bankwide Portfolio		**66,268,234,250.69**
ESG Limit Utilization (ESG Limit Ceiling: 20%; ESG Warning Trigger 16%)		**13.63%**

Similarly, the Bank has implemented an ESG bond exposure monitoring. The Bank has set a limit on the aggregate exposure of debt securities with E&S Risk at PHP1.5 billion for Peso Bonds and USD10 million for foreign currency denominated bonds. The limits will enable the Bank to manage unwanted concentration of securities that have E&S Risk and its accompanying effect in the overall performance of the Banking Book portfolio. Below is the usage as of December 31, 2024.

DATE	PESO BONDS (in PHP)			FCY BONDS (in USD)		
	Exposure (at Face Value)	**Limit**	**Usage**	**Exposure (at Face Value)**	**Limit**	**Usage**
December 31, 2024	**-**		**0%**	**-**		**0%**
December 31, 2023	-		0%	-		0%

CTBC BANK (PHILIPPINES) CORPORATION
INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

PART I

Schedule A:	Reconciliation of Retained Earnings Available for Dividend Declaration

PART II (Schedules Required by Annex 68-J of the Revised SRC Rule 68)

Schedule A:	Financial Assets
Schedule B:	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
Schedule C:	Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
Schedule D:	Long-Term Debt
Schedule E:	Indebtedness to Related Parties (Long-Term Loans from Related Companies)
Schedule F:	Guarantees of Securities of Other Issuers
Schedule G:	Capital Stock

PART III

Schedule A:	Schedule of Financial Soundness Indicators

PART IV

Schedule A:	Relationship Map
Schedule B:	Amendment to PFRS 7, *Disclosure: Offsetting Financial Assets and Financial Liabilities*

PART V

Schedule A:	Supplementary Schedule of External Auditor Fee-related Disclosure

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024

CTBC BANK (PHILIPPINES) CORPORATION

Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City

Unappropriated Retained Earnings, beginning of the reporting period		**P -**
Add/Less: Net Income (loss) for the current year		**31,008,064**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	P -	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(152,117,315)	
Unrealized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	(10,229)	
Unrealized foreign exchange gain of Investment Property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards	-	
		(152,127,544)
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	49,096,766	
Realized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	9,529,618	
Realized foreign exchange gain of Investment Property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards	-	
		58,626,384

Forward

Add: <u>Category C.3</u>: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Adjusted Net Income/Loss		**(P62,493,096)**
Add/Less: <u>Category F</u>: Other items that should be excluded from the determination of the amount of available for dividend distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	P -	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	88,406,897	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	1,946,169	
BASEL III requirements and ICAAP1	(27,859,970)	
Sub-total		**62,493,096**
Total Retained Earnings, end of the reporting period available for dividend		**P -**

CTBC BANK (PHILIPPINES) CORPORATION
Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City

SCHEDULES REQUIRED BY ANNEX 68-J
DECEMBER 31, 2024

Philippine Securities and Exchange Commission (SEC) issued the Revised Securities Regulation Code Rule (SRC) 68. It prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by the Revised SRC Rule 68. These are presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A:	Financial Assets
Schedule B:	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
Schedule C:	Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
Schedule D:	Long-Term Debt
Schedule E:	Indebtedness to Related Parties (Long-Term Loans from Related Companies)
Schedule F:	Guarantees of Securities of Other Issuers
Schedule G:	Capital Stock

CTBC BANK (PHILIPPINES) CORPORATION
Fort Legend Towers, Third Avenue corner 31st Street, Bonifacio Global City, Taguig City

SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2024

Financial Assets

Below is the detailed schedule of financial assets in equity and debt securities of the Bank as of December 31, 2024:

Name of Issuing Entity and Association of Each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position	Value Based on Market Quotation at End of Year	Income Received and Accrued
Financial Assets at FVTPL					
Government securities:					
Fixed rate treasury notes	n/a	P840,488,430	P832,124,769	P832,124,769	P7,901,407
Republic of the Philippines (ROP) bonds	n/a	12,831,853	13,208,346	13,208,346	-
Sub-total		853,320,283	845,333,115	845,333,115	7,901,407
Derivative assets:					
AMERTRON	n/a	636,295,000	8,154,077	-	-
ANZ	n/a	581,450,000	1,149,167	-	-
BDO Unibank, Inc.	n/a	16,676,402,500	94,301,035	-	-
BPI	n/a	2,313,800,000	22,091,723	-	-
HINDUJAGLOBAL	n/a	740,416,000	3,689,973	-	-
ICBC	n/a	5,784,500	-	-	-
ING	n/a	5,554,675,811	21,967,108	-	-
MBTC	n/a	6,389,645,000	52,674,366	-	-
PNB	n/a	578,450,000	1,017,051	-	-
RCBC	n/a	3,789,965,000	33,674,426	-	-
Standard Chartered	n/a	1,931,706,946	8,421,525	-	-
Security Bank	n/a	4,087,785,000	46,976,708	-	-
UBP	n/a	584,000,000	3,995,050	-	-
USSC	n/a	289,225,000	7,195,576	-	-
VANTAGEFIN	n/a	138,828,000	-	-	-
VXI	n/a	5,967,058,820	19,884,461	-	-
Sub-total		50,265,487,577	325,192,246	-	-
Financial Assets at FVOCI					
Government securities:					
Fixed rate treasury notes	n/a	6,300,840,805	6,001,244,710	6,001,244,710	98,620,887
US treasury bills	n/a	-	-	-	-
Republic of the Philippines (ROP) bonds	n/a	1,759,825,029	1,399,045,140	1,399,045,140	26,905,267
Republic of Indonesia (ROI) bonds	n/a	66,087,913	53,989,631	53,989,631	470,151
Sub-total		8,126,753,747	7,454,279,481	7,454,279,481	125,996,305
Equity securities:					
BANCNET	50,000	-	6,940,717	n/a	-
PCHC	21,000	-	5,000,100	n/a	-
BAP		-	500,000	n/a	-
Orchard Gold and Country Club	1	-	2,945,000	2,945,000	-
Subic Bay Yacht Club Corporation	1	-	205,000	205,000	-
Sub-total		-	15,590,817	3,150,000	-
Investment Securities at Amortized Cost					
Government securities:					
Fixed rate treasury notes	n/a	8,210,517,000	8,209,312,416	8,209,312,416	101,215,190
ROP bonds	n/a	6,216,054,307	5,883,274,829	5,883,274,829	112,286,729
ROI bonds	n/a	196,673,145	182,680,216	182,680,216	3,152,151
US treasury notes	n/a	113,647,348	115,336,450	115,336,450	146,506
Total		P14,736,891,800	P14,390,603,911	P14,390,603,911	P216,800,576

CTBC BANK (PHILIPPINES) CORPORATION
Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City

SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2024

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Ending Balance
Employee loans/total	**P21,652,202**	**P11,275,500**	**P8,700,173**	**P -**	**P9,800,155**	**P14,427,374**	**P24,227,529**

CTBC BANK (PHILIPPINES) CORPORATION
Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2024

Name and Designation of Debtor	Balance at Beginning Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period

None to report

CTBC BANK (PHILIPPINES) CORPORATION
Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City

SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2024

Type of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under Caption "Current Portion of Long-Term Debt" in Related Balance Sheet	Amount shown undercaption "Long-Term Debt" in Related Balance Sheet	Interest Rates	Amounts or Numbers of Periodic Installments	Maturity Dates
Deposit liabilities - time	**P237,224,536**	**P -**	**P237,224,536**	**4.25% - 4.70%**	**various**	**various**
Deposit liabilities - time	**USD988,202**	**-**	**USD 988,202**	**4.10% - 4.40%**	**various**	**various**
Long term bills payable	**-**	**-**	**-**	**-**	**-**	**-**
Long term bills payable	**-**	**-**	**-**	**-**	**-**	**-**

CTBC BANK (PHILIPPINES) CORPORATION
Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City

SCHEDULE E-INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2024

Name of Related Parties	Balance at Beginning of Year	Balance at End of Year	Nature, Terms and Conditions
CTBC Bank Co., Ltd. (Parent Bank)	**P941,290,000**	**P -**	61 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	**2,879,240,000**	**-**	62 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	**-**	**578,450,000**	60 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	**-**	**146,986,187**	75 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	**-**	**867,675,000**	90 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	**-**	**578,450,000**	92 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	**-**	**578,450,000**	122 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	**-**	**578,450,000**	123 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	**-**	**404,915,000**	151 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	**-**	**289,225,000**	153 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	**-**	**289,225,000**	180 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	**-**	**1,735,350,000**	279 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	**-**	**580,481,041**	1 year; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	**843,274,944**	**2,819,450,179**	2 years; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	**P6,915,424,199**	**P8,088,501,854**	3 years; interest bearing; unsecured

CTBC BANK (PHILIPPINES) CORPORATION
Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City

SCHEDULE F-GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2024

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount of Guaranteed and Outstanding	Amount Owned by Person of which Statement is Filed	Nature of Guarantee
		None to report		

CTBC BANK (PHILIPPINES) CORPORATION
Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City

SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2024

Title of issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown under the Related Balance Sheet Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by Related Parties	Directors, Officers and Employees	Others
Common shares						
				Additional common shares and reissuance of treasury shares in September 2019		

Required information is disclosed in Note 18: Equity to the basic financial statements of the Bank.

CTBC BANK (PHILIPPINES) CORPORATION
Fort Legend Towers, Third Avenue corner 31st Street, Bonifacio Global City, Taguig City

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS DECEMBER 31, 2024

Liquidity Ratios
The ratios for the years 2024 and 2023 are as follows:

	2024	2023
Current assets	**P33,436,297,883**	P41,435,536,349
Current liabilities	**75,639,296,451**	57,150,372,449
Ratio of current assets to current liabilities	**44.2%**	72.5%
Net liquid assets[1]	**P7,032,328,670**	P7,877,965,152
Total deposits	**51,521,652,730**	49,248,341,196
Ratio of net liquid assets to total deposits	**13.6%**	16.0%

Solvency Ratio
The ratios for the years 2024 and 2023 are as follows:

	2024	2023
Total liabilities	**P78,891,036,969**	P66,241,662,430
Total equity	**10,615,927,798**	10,738,831,328
Ratio of debt to equity	**743.1%**	616.8%

Assets to Equity Ratio
The ratios for the years 2024 and 2023 are as follows:

	2024	2023
Total assets	**P89,506,964,767**	P76,980,493,758
Total equity	**10,615,927,798**	10,738,831,328
Ratio of total assets to equity	**843.1%**	716.8%

Interest Rate Coverage Ratio
The ratios for the years 2024 and 2023 are as follows:

	2024	2023
Income before interest and taxes	**P2,595,614,989**	P1,819,278,627
Interest expense	**2,382,996,715**	1,692,457,236
Interest coverage ratio	**108.9%**	107.5%

Profitability Ratios
The ratios for the years 2024 and 2023 are as follows:

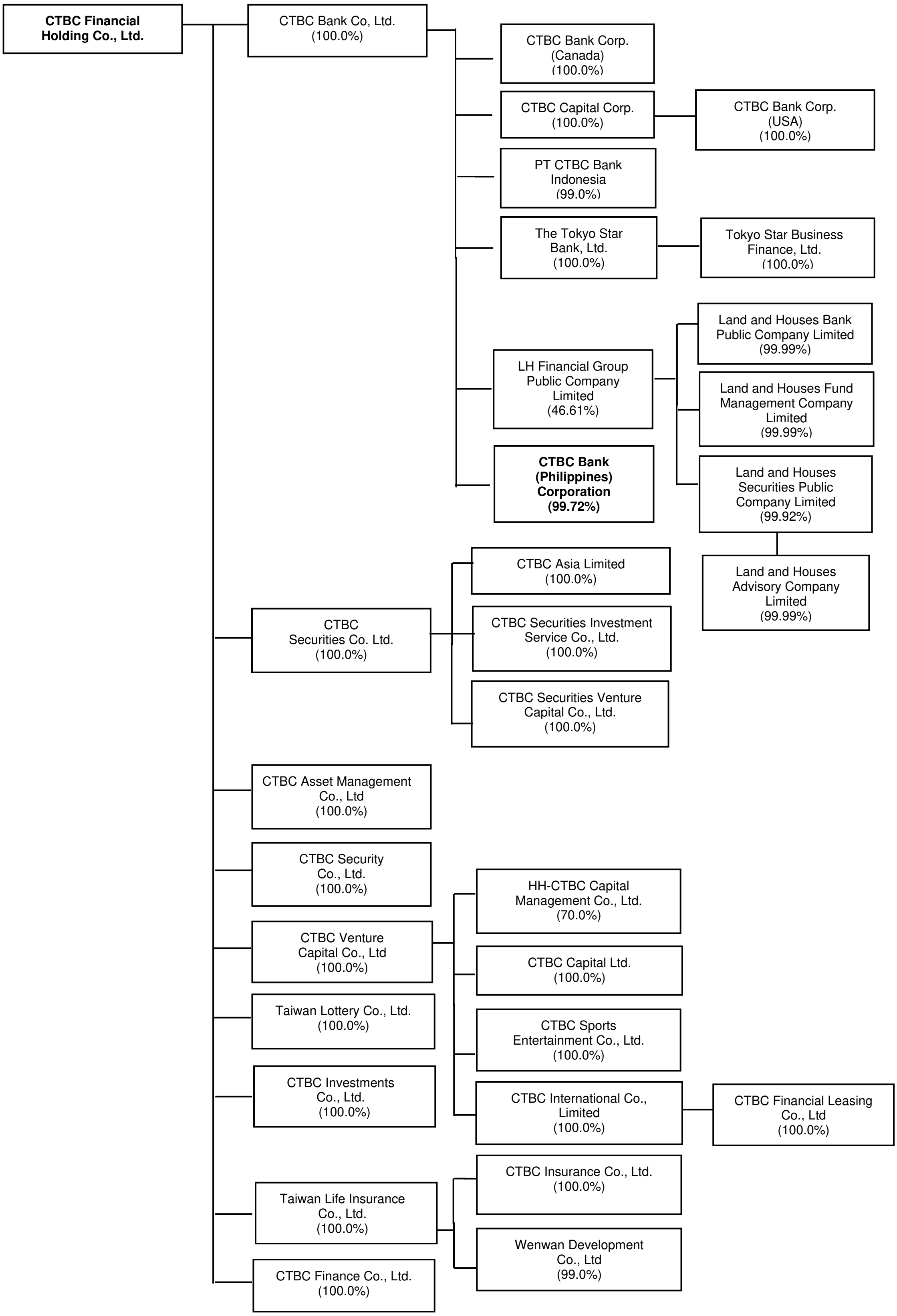
	2024	2023
Net income	**P31,008,064**	P10,434,854
Average total equity[2]	**10,776,142,120**	10,636,299,422
Return on average equity	**0.29%**	0.1%
Net income	**P31,008,064**	P10,434,854
Average total assets[2]	**79,488,701,503**	73,349,558,019
Return on average assets	**0.04%**	0.01%
Net interest income	**P3,328,816,258**	P3,201,682,433
Average interest earning assets[2]	**72,841,540,186**	68,366,141,971
Net interest margin on average earning assets	**4.57%**	4.68%

[1/] Net liquid assets consist of cash, due from BSP, due from other banks, interbank loans, securities held for trade and available for sale less derivatives liabilities and interbank borrowings.
[2/] Average balances were determined using the ending balances of December 31, 2024 and December 31, 2023

CTBC BANK (PHILIPPINES) CORPORATION
Fort Legend Towers, Third Avenue corner 31st Street, Bonifacio Global City, Taguig City

RELATIONSHIP MAP
DECEMBER 31, 2024

Below is a map showing the relationship between and among the Group and its ultimate parent Bank, subsidiaries, and associates as of December 31, 2024



Amendment to PFRS 7, Disclosure: Offsetting Financial Assets and Financial Liabilities

These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32, *Financial Instruments: Presentation*. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangements of 'similar agreement,' irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

a. Gross amounts of those recognized financial assets and recognized financial liabilities;
b. Amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
c. Net amounts presented in the statement of financial position;
d. Amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
   - Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32;
   - Amounts related to financial collateral (including cash collateral); and
e. Net amount after deducting the amounts in (d) from the amounts in (c) above.

Pursuant to the amendments to PFRS 7 requiring the Bank to disclose information about rights to offset and related arrangements, the Bank's financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2024 and 2023 are as follows (in millions):

	2024					
	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Statements of Financial Position	Net Amounts of Financial Assets Presented in the Statements of Financial Position	Related Amounts not Offset in the Statements of Financial Position		Net Amount
				Financial Instruments	Cash Collateral Received	
Financial Assets						
Derivatives-trading assets	**P325**	**P -**	**P325**	**P -**	**P -**	**P -**
Derivatives held for risk management	**-**	**-**	**-**	**-**	**-**	**-**
Reverse sale and repurchase, securities borrowing and similar agreements	**-**	**-**	**-**	**-**	**-**	**-**
Loans and receivables	**-**	**-**	**-**	**1,018**	**1,018**	**-**
Total	**P325**	**P -**	**P325**	**P1,018**	**P1,018**	**P -**
Financial Liabilities						
Derivatives-trading liabilities	**P153**	**P -**	**P153**	**P -**	**P -**	**P -**
Derivatives held for risk management	**-**	**-**	**-**	**-**	**-**	**-**
Sale and repurchase, securities lending and similar agreements	**-**	**-**	**-**	**-**	**-**	**-**
Customer deposits	**-**	**-**	**-**	**-**	**-**	**-**
Total	**P153**	**P -**	**P153**	**P -**	**P -**	**P -**

	2023					
	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Statements of Financial Position	Net Amounts of Financial Assets Presented in the Statements of Financial Position	Related Amounts not Offset in the Statements of Financial Position		Net Amount
				Financial Instruments	Cash Collateral Received	
Financial Assets						
Derivatives-trading assets	P53	P -	P53	P -	P -	P -
Derivatives held for risk management	-	-	-	-	-	-
Reverse sale and repurchase, securities borrowing and similar agreements	-	-	-	-	-	-
Loans and receivables	-	-	-	953	953	-
Total	P53	P -	P53	P953	P953	P-
Financial Liabilities						
Derivatives-trading liabilities	P66	P -	P66	P -	P -	P -
Derivatives held for risk management	-	-	-	-	-	-
Sale and repurchase, securities lending and similar agreements	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-
Total	P66	P -	P66	P -	P -	P -

The gross amounts of recognized financial assets and financial liabilities and their net amounts as presented in the statement of financial position are on the following basis:

- Derivative assets and liabilities - fair value;
- Assets and liabilities resulting from sale and repurchase agreements, reverse sale and repurchase agreements and securities lending and borrowing - amortized cost;
- Loans and advances to customers - amortized cost; and
- Customer deposits - amortized cost.

The amounts that are offset in the statement of financial position are measured on the same basis.

The tables below reconcile the ‘net amounts of financial assets and financial liabilities presented in the statement of financial position,’ as set out above, to the line items presented in the statement of financial position are as follows (in millions):

		2024			
Types of Financial Assets	***Note***	**Net Amounts**	**Line Item in The Statement of Financial Position**	**Carrying Amount in Statement of Financial Position**	**Financial Assets not in Scope of Offsetting Disclosures**
Derivative-trading assets	7	**P325**	**Financial Assets at FVPL**	**P -**	**P -**
Derivatives held for risk management		**-**	**-**	**-**	**-**
Reverse sale and repurchase, securities borrowing and similar agreements		**-**	**-**	**-**	**-**
Loans and receivables	*8*	**-**	**Loans and Receivables**	**-**	**-**
Financial Liabilities					
Derivative-trading liabilities	*7*	**153**	**Derivative Liabilities**	**-**	**-**
Sale and repurchase securities lending and similar agreements		**-**	**-**	**-**	**-**
Derivatives held for risk management		**-**	**-**	**-**	**-**
Customer deposits		**-**	**-**	**-**	**-**

Types of Financial Assets	*Note*	2023 Net Amounts	Line Item in The Statement of Financial Position	Carrying Amount in Statement of Financial Position	Financial Assets not in Scope of Offsetting Disclosures
Derivative-trading assets	7	P53	Financial Assets at FVPL	P -	P -
Derivatives held for risk management		-	-	-	-
Reverse sale and repurchase, securities borrowing and similar agreements		-	-	-	-
Loans and receivables	*8*	-	Loans and Receivables	-	-
Financial Liabilities					
Derivative-trading liabilities	*7*	66	Derivative Liabilities	-	-
Sale and repurchase securities lending and similar agreements		-	-	-	-
Derivatives held for risk management		-	-	-	-
Customer deposits		-	-	-	-

CTBC BANK (PHILIPPINES) CORPORATION
Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION
December 31, 2024

	2024	2023
Total Audit Fees *(Section 2.1a)*[1]	**P3,223,800**	P2,604,348
Non-audit service fees:		
Other assurance services	**-**	-
Tax services	**-**	-
All other services	**600,000**	-
Total Non-audit Fees *(Section 2.1b)*[2]	**600,000**	-
Total Audit and Non-audit Fees	**P3,823,800**	P2,604,348

Audit and Non-audit Fees of Other Related Entities *(Section 2.1c)*[3]

	2024	2023
Audit Fees	**P -**	P -
Non-audit service fees:		
Other assurance services	**-**	-
Tax services	**-**	-
All other services	**-**	-
Total Audit and Non-audit Fees of Other Related Entities	**P -**	P -

[1] Disclosure of the agreed fees (excluding out of pocket expenses and VAT) with the external auditor/audit firm and its network (as applicable) for the audit of the covered company's stand-alone and/or consolidated financial statements and the covered company's consolidated subsidiaries' financial statements on which the external auditor/audit firm expresses an opinion. These do not include fees for special purpose audit or review of financial statements.
[2] Disclosure of charged or billed fees (excluding out of pocket expenses and VAT) by the external auditor/audit firm or a network firm (as applicable) for non-audit services to the covered company and its related entities over which the covered company has direct or indirect control that are consolidated in the financial statements on which the external auditor/audit firm expresses an opinion. These include other assurance services such as special purpose audit or review of financial statements.
[3] Disclosure of fees for services (excluding out of pocket expenses and VAT) charged to any related entities of the covered company over which the covered company has direct or indirect control, which are not yet disclosed in (a) or (b), such as fees for services to any unconsolidated subsidiaries that meet the consolidation exemption criteria of Philippines Financial Reporting Standard (PFRS) 10 applicable to investment entities, if the external auditor/audit firm has reason to believe that these are relevant to the evaluation of the external auditor/audit firm's independence, as communicated by the external auditor/audit firm with the covered company's Those Charged with Governance or equivalent (e.g., Audit Committee).

ANNEX "F-1"

INTERIM UNAUDITED FINANCIAL STATEMENT
AS OF MARCH 31, 2025
&
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Security Code BS-021
SEC Number AS95-08814A
File Number ________

CTBC BANK (PHILIPPINES) CORPORATION
Fort Legend Towers, 31st St. corner 3rd Avenue,
Bonifacio Global City, Taguig City

(Company's Full Name)

8988-9287

(Telephone Number)

2025 December 31

(Fiscal Year Ending)
(Month & Day)

SEC FORM 17-Q
Quarterly Report

Form Type

Amendment Designation
(If Applicable)

March 31, 2025

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17- Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended March 31, 2025

2. Commission identification number AS95-08814A

3. BIR Tax Identification No. 004-665-166

4. Exact name of registrant as specified in its charter
   CTBC Bank (Philippines) Corporation

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

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of registrant's principal office — Postal Code

   Fort Legend Towers, 31st St. corner 3rd Avenue, Bonifacio Global City, Taguig City — 1634

8. Registrant's telephone number, including area code (632) 8988-9287

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class		**Number of shares common stock outstanding and amount of debt outstanding**
Common	₱10.00 par value	348,307,202 shares ₱3,483,072,020

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [ ] No [/]

12. Indicate by check mark whether the registrant:

(a) Has filed all reports required by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports).

Yes [/]   No [ ]

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

Yes [/]   No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

(Refer to Attached Financial Statements)

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operation

As of March 31, 2025, the Bank's total assets stood at Php87.0 billion lower by Php2.5 billion or 3% compared with the Php89.5 billion total assets at year-end 2024.

Due from BSP decreased by Php2.0 billion or 47% driven by lower level of overnight deposit placements maintained with BSP. Moreover, Due from Other Banks also decreased by Php796 million as a result of the net movements in the balances maintained with various local and foreign banks while Interbank Loans Receivable went up by Php497 million or 57%.

Financial Assets at Fair Value Through Profit or Loss (FVTPL) increased by Php488 million or 42% attributed to growth in fixed income assets, Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) went up by Php849 million or 11% due to higher securities volume. On the other hand, Investment Securities at Amortized Cost went down by Php178 million during the period. Total investment securities accounted for 28% of the bank's total assets.

Net Loans and Receivables, representing 62% of the Bank's total assets dropped by Php1.6 billion due to maturities of corporate loan accounts.

The Bank's deposit level was at Php54.6 billion, up by 6% or Php3.1 billion as compared with the 2024 year-end level and accounted for 71% of the total liabilities. The increase was driven by the higher level of time deposits which increased by Php3.2 billion. This was partially offset by the combined decrease from demand and savings deposits of Php141 million.

Financial Liabilities at Fair Value through Profit or Loss (FVTPL) grew by Php195 million or 127% mainly from the increase in negative fair value balance of stand-alone swaps as of March 31, 2025. Contrarily, Bills Payable recorded a decrease of Ph3.0 billion due to settlements of outstanding obligations to local banks.

Furthermore, Manager's checks increased by Php198 million or 299%, resulting from the normal operations of the bank. Other liabilities were lower by Php2.8 billion can be attributed to lower accounts payable, among others.

The Bank recorded a pretax loss of Php176 million for the period – a sharp contrast from the Php121 million income generated last year, primarily driven by elevated provisions for impairment and credit losses, which amounted to Php416 million, significantly higher than the Php95 million booked in the prior-year period. The income performance translated to a return on equity and return on assets at -6.26% and -0.75%, respectively.

Total interest income went up by Php185 million or 14% on account of higher interest income on loans and receivables by Php103 million, and interest income on investment securities by Php64 million. Meanwhile, increase in interest expense on deposit liabilities by Php75 million and interest expense on bills payable and other borrowings by Php35 million accounted for the Php110 million increase in the total interest expense of the bank. As a result, net interest income improved by Php76 million or 9% year-on-year.

Total non-interest income was higher by Php41 million on account of the Php37 million increase in trading and securities and foreign exchange arising from treasury-related activities. Foreign exchange gain went down by Php13 million due to fluctuations in the peso-dollar exchange rate.

The Bank's operating expenses, excluding provision, was slightly higher by Php95 million or 14%. Compensation and fringe benefits were up by Php26 million or 8% due to the increase in manpower complement. Depreciation and amortization and amortization of software licenses went up by Php7 million and Php10 million, respectively, reflecting investments in IT infrastructure.

Non-performing loans (NPL) decreased to 3.13% from 3.62% last December, while the NPL Coverage increased to 188.5% from 112.3%. The Bank's capital adequacy ratio (CAR) is at 13.6% as of March 31, 2025, well above the regulatory minimum, indicating a sound capital position.

Key Financial Indicators

The following ratios are used to assess the performance of the Bank presented on a comparable basis:

	March 31, 2025	March 31, 2024
Return on Average Equity (ROE)	-6.26%	1.92%
Return on Average Assets (ROA)	-0.75%	0.27%
Net Interest Margin on Average Earning Assets	4.36%	4.63%
Cost-to-Income Ratio	76.77%	76.28%

	March 31, 2025	December 31, 2024
Non-Performing Loan Ratio (NPL)	3.13%	3.62%
Non-Performing Loan Cover	188.45%	112.33%
Capital Adequacy Ratio	13.6%	13.6%

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

- Return on Average Equity ---- Annualized Net Income divided by average total capital funds for the period indicated
- Return on Average Assets ---- Annualized Net Income divided by average total resources for the period indicated
- Net Interest Margin on Average Earning Assets ---- Annualized Net Interest income divided by average total interest earning assets for the period indicated
- Cost to income ratio --- Total Operating expenses divided by the sum of net interest income plus other income
- Non-Performing Loan Ratio --- Total non-performing loans divided by gross loan portfolio
- Non-Performing Loan Cover --- Total allowance for probable loan losses divided by total non-performing loans
- Capital Adequacy Ratio --- Total capital divided by risk-weighted assets
- Average balances were determined as the average of the current and previous calendar balances of the respective statements of financial position accounts.

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Liquidity ratio

The ratios for March 2025 and end-of-year 2024 were as follows:

	March 2025	December 2024
Current assets	₱ 32,750,611,891	₱ 33,436,297,883
Current liabilities	61,368,863,773	75,639,296,451
Ratio of current assets to current liabilities	53.4%	44.2%

	March 2025	December 2024
Net liquid assets	₱ 11,907,964,489	₱ 7,032,328,670
Total deposits	54,574,928,737	51,521,651,729
Ratio of net liquid assets to total deposits	21.8%	13.6%

Net liquid assets consist of cash, due from BSP, due from other banks, interbank loans, securities held for trade and available for sale less derivative liabilities and interbank borrowings.

Solvency ratio

The ratios for March 2025 and end-of-year 2024 were as follows:

	March 2025	December 2024
Total liabilities	₱ 76,438,536,595	₱ 78,891,036,968
Total equity	10,528,758,646	10,615,927,799
Ratio of debt to equity	726.0%	743.1%

Assets-to-equity ratio

The ratios for March 2025 and end-of-year 2024 were as follows:

	March 2025	December 2024
Total assets	₱ 86,967,295,241	₱ 89,506,964,768
Total equity	10,528,758,646	10,615,927,799
Ratio of total assets to equity	826.0%	843.1%

Interest Rate Coverage Ratio

The ratios for March 2025 and end-of-year 2024 were as follows:

	March 2025	December 2024
Income before income tax & interest expense	₱ 494,343,803	₱ 2,595,614,989
Interest expense	670,196,952	2,382,996,716
Interest coverage ratio	73.8%	108.9%

Additional Management Discussion and Analysis (for those with variances of more than 5% March 31, 2025 vs. December 31, 2024)

Balance Sheet –

Cash and Other Cash Items increased by Php64 million or 11%. Property and equipment went down by Php36 million or 5% while Investment Properties went up by Php44 million due to additional foreclosures during the quarter. Deferred Tax Assets increased by Php83 million due to movements in temporary tax differences.

Outstanding acceptances was higher by Php3 million while Accrued interest, taxes and other expenses was down by Php97 million. Income taxes payable was higher by Php14 million or 77% mainly due to accrual of corporate income tax.

The Bank's total capital was at Php10.5 billion, lower by Php87 million compared last year. This was driven by the decrease of Php163 million in retained earnings reflecting the net loss incurred during the period, this was partially offset by a Php66 million improvements in Unrealized Losses on Financial Asset at FVOCI. Cumulative Translation adjustments loss decreased by Php12 million due to exchange rate movements.

Income Statement (variance analysis for March 31, 2025 vs. March 31, 2024)

Interest earned from deposits with BSP and other banks and from Interbank Loans receivable increased by Php12 million and Php6 million, respectively, reflecting improved returns from short-term placements and liquidity management. Service fee and commission income increased by 21% or Php14 million owing to higher syndication fees recognized during the period. Moreover, Miscellaneous income totaled Php35 million up 13% compared to the same period last year.

Various operating expense lines registered relative movements as compared with the same period last year. Taxes and licenses increased by Php16 million or 17% due to higher revenue and volume-related taxes. Occupancy and other equipment-related costs also went up by Php20 million or 37% largely driven by increased costs related to software maintenance and IT infrastructure support. Moreover, Miscellaneous expense also increased by Php17 million or 17%. Provision for income tax was lower by Php83 million due to net movements across corporate, final and deferred income taxes.

Material Events and Uncertainties:

Economic impacts of these events include disruption to banking operations; significant disruption to client businesses in 'highly exposed sectors', particularly, trade and transportation, travel and tourism, hospitality/entertainment/sport, manufacturing, construction and retail; and a significant increase in economic uncertainty, evidenced by more volatile asset prices and currency exchange rates.

As of March 31, 2025, major global events, such as the imposition of tariffs by the United States of America, have not caused any material adverse effects to the Bank's financial performance and condition.
Other than these, there are no known trends, events, uncertainties that had or reasonably expected to have a material favorable or unfavorable impact on income from continuing operations. There are also no known material commitments for capital expenditures as of reporting date. There are no significant elements of income or loss that arose from the Bank's continuing operations. Likewise, there are no seasonal aspects that had material effect on the financial condition or results of operations.

PART II – OTHER INFORMATION

(none)

SIGNATURES

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

Issuer	**CTBC BANK (PHILIPPINES) CORPORATION**
Signature (Title)	**MR. ANDREW A. FALCON** Senior Vice President Finance Group Head
Date	MAY 09 2025
Signature (Title)	Atty. Rolando V. Vicerra **ATTY. ROLANDO V. VICERRA** First Vice President Corporate Secretary and Legal Department Head
Date	MAY 09 2025

Notes to Financial Statements Required Under SRC Rule 68.1

1. Diluted Earnings per share as of March 31, 2025 is (P0.47).

2. The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the Philippines. The Bank's financial statements as of March 31, 2025 are prepared in compliance with new Philippine Financial Reporting Standards (PFRS):

1) The same accounting policies and methods of computation are followed in these interim financial statements as compared with the most recent annual financial statements.

2) Seasonal or cyclical events and/or conditions do not significantly affect the interim operations of the bank.

3) Trading gain as of March 31, 2025 amounted to P38.8 million, reflecting a substantial increase of 2478% compared to the P1.5 million gain in the same period the previous year.

4) There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.

5) There are no issuances, repurchases, and repayments of debt and equity securities.

6) There are no cash dividends paid separately for ordinary shares and other shares.

7) Segment information for the period ended March 31, 2025 and 2024 are as follows:

	TREASURY GROUP		CORPORATE BANKING		RETAIL BANKING		OTHERS		TOTAL	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
Results of operations (in thousands)										
Net interest income	**43,555**	(232,817)	**317,659**	441,263	**515,521**	592,319	**(54)**	23	**876,681**	800,787
Non-interest income	**33,864**	9,477	**50,779**	28,941	**68,720**	72,858	**2,092**	1,654	**155,456**	112,930
Total revenue	**77,419**	(223,340)	**368,438**	470,204	**584,241**	665,177	**2,038**	1,676	**1,032,136**	913,717
Non-interest expense	**77,577**	33,600	**509,910**	87,588	**615,748**	375,237	**4,755**	295,907	**1,207,990**	792,333
Income (loss) before income tax	**(158)**	(256,940)	**(141,471)**	382,616	**(31,507)**	289,940	**(2,717)**	(294,231)	**(175,853)**	121,385
Income tax provision (benefit)	**4,964**	30,072	**(17,935)**	29,399	**211**	10,609	**-**	11	**(12,760)**	70,091
Net income (loss)	**(5,122)**	(287,012)	**(123,537)**	353,216	**(31,718)**	279,331	**(2,717)**	(294,242)	**(163,093)**	51,294
YTD Average (in Php millions)										
Total assets	**27,638**	21,823	**45,039**	39,351	**13,541**	12,989	**583**	1,568	**86,800**	75,730
Total liabilities	**8,462**	12,821	**35,977**	19,908	**31,988**	31,309	**1,329**	1,032	**77,756**	65,070

8) At the regular meeting of the BOD held on June 23, 2015, the BOD approved the amendments on the restriction of the retained earnings for the following purposes:

- To comply with the minimum capital requirements set by the Bangko Sentral ng Pilipinas (BSP) pursuant to Circular No. 854;
- To comply with the requirements of the Internal Capital Adequacy Assessment Process (ICAAP) pursuant to BSP Circular No. 639; and
- To provide for buffer to comply with BASEL III requirements.

9) The Bank's common shares were listed in the Philippines Stock Exchange (PSE) in June 1999. On October 7, 2011, the Board of Directors (BOD) authorized the Bank to file a petition for voluntary delisting with the PSE and to purchase the outstanding shares through a tender offer in accordance with the rules of the PSE and Securities and Exchange Commission (SEC), subject to prior regulatory approval. On December 15, 2011, the Bank obtained approval for the delisting and share buyback through a special stockholders' meeting as required by the Bank's By-Laws. On December 19, 2011, the Bank received the approval of the Monetary Board for the delisting and share buyback. As of January 27, 2012, common shares held by minority stockholders amounting to Php12.7 million were tendered to and reacquired by the Bank. On February 8, 2012, the PSE approved the Bank's petition for voluntary delisting. Official delisting of the Bank's shares from the trading Board became effective on February 24, 2012, after the payment of pertinent fees.

   On July 21, 2014, Republic Act No. 10641 entitled "An Act Allowing the Full Entry of Foreign Banks in the Philippines, Amending for the Purpose Republic Act 7721" was signed into a law by the President of the Philippines. Under the said law, foreign banks may own up to 100% of domestic subsidiary banks.

On October 29, 2014, the BSP issued Circular No. 854, which became effective on November 19, 2014, prescribing the revised minimum capitalization of banks operating in the Philippines. Existing banks not meeting the requirement shall be given a period of five years from effectivity of the circular within which to meet the minimum capital. In addition, these banks must submit an acceptable capital build-up program within one year from date of effectivity of the circular. The Bank, falling under the category of commercial banks with total number of branches ranging from ten to one hundred, must have a minimum capital of P10.0 billion by November 2019.

On April 28, 2016, the Bank submitted its capital build up program (CBUP) to the BSP detailing the Bank's strategic plans in order to meet the required capital level. On June 16, 2016, the Monetary Board approved the Bank's CBUP. As at December 31, 2018, the Bank's unimpaired capital amount to P6.9 billion. Thus, the Bank needed additional P3.0 billion capital in order to comply with BSP Circular 854 by November 2019.

In accordance with the Bank's CBUP, the Bank's stockholders, during their annual meeting held on July 25, 2019, approved the increase of authorized shares from 300 million to 400 million shares in order to have sufficient unissued shares to be purchased by Parent Bank.

On September 27, 2019, in compliance with BSP Circular No. 854, Parent Bank purchased the remaining 52,031,269 unissued shares of the Bank and the 484,920 treasury shares at a price of P29.755 per share. The issuance resulted to the following movements:

in thousands	Increase (Decrease)
Additional paid-in capital	P1,019,770,021
Capital stock	520,312,690
Treasury stock	(15,951,674)
Retained earnings	(1,571,372)

The decrease in Retained earnings pertains to (a) the excess of the carrying amount of the treasury stock over the consideration; and (b) stock issuance costs amounting to P0.05 million.

In addition, Parent Bank subscribed to 48,307,202 new shares at the same price of P29.755 per share and paid the entire subscribed amount in cash.

The Bank filed its application for the amendment of its articles of incorporation with the BSP for the increase in authorized capital on October 11, 2019.

The Bank's application for the increase in authorized capital stock was approved by the Monetary Board of the BSP on February 10, 2020 and was later approved by SEC on March 6, 2020.

As at December 31, 2019, the said subscription amounting to P1.4 billion was lodged under the "Deposits for future stock subscription" account in "Other liabilities" in the statements of financial position (see Note 16). The said deposit was reclassified by the Bank as capital on February 10, 2020 for prudential reporting purposes and on March 6, 2020 for financial reporting purposes.

The reclassification resulted to additional 48,307,202 shares issued and outstanding and reflected the following movements:

	Increase (Decrease)
Additional paid-in capital	**P949,478,054**
Capital stock	483,072,020

10) There are no material events subsequent to the end of the interim period that has not been reflected in the financial statements.

11) There are no changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

12) Summary of the Bank's commitments and contingent liabilities:

	March 31, 2025	December 31, 2024
Trust department accounts	**P 6,143,902**	P 4,443,710
Standby letters of credit	**10,694,055**	9,639,507
Sight/usance import letters of credit	**286,316**	279,215
Credit commitments	**-**	-
Outward bills for collection	**96,754**	2,404
Others	**(20,745)**	748

13) There are no other material contingencies and any other events or transactions that are material to an understanding of the current interim period.

14) Financial risk disclosures and financial instruments

The Bank is in the business of creating value out of taking risks.

Major financial risks arise primarily from the use of financial instruments which include:

- Credit risk
  Credit risk is the risk that one party to a financial transaction will fail to honor an obligation and cause the Bank to incur a financial loss. Credit risk arises primarily from the Bank's corporate and retail loans (customer credit risk) and investment securities (counterparty credit risk).

- Market risk (e.g., foreign exchange risk, interest rate risk, etc.)
  Market risk is the risk that the Bank's earnings or capital or its ability to meet business objectives will be adversely affected by changes in the level, volatility or correlation of market risk factors, such as interest rates (including credit spread), foreign exchange, equities and commodities. The Bank's market risk originates from its holdings in its foreign exchange instruments, debt securities, and derivatives.

- Liquidity risk
  Liquidity risk is the risk of loss to earnings or capital due to the inability to meet funding requirements within a reasonable period of time at a reasonable price.

  The following principles summarize the Bank's overall approach to risk management:

- The BOD provides the overall direction and supervision of the Bank's risk management;

- The key risks faced by the Bank - both financial and non-financial - are managed by appropriate functional levels within the Bank;

- The risk management functions are independent from the businesses and provide check-and-balance for risk taking units;

- Risk management involves managing the balance between risk and reward, to enable the Bank to fulfill its commitment to protect shareholder interest, as well as deliver value to the banking public, and comply with relevant regulations; and

- Risk management process is done via four steps: (1) *Risk Identification* - involves selecting the method for risk identification and describing the characteristics of risks; (2) *Risk Measurement* - refers to the establishing/maintenance of tools or methods to measure risk and identifying the responsible units that will ensure the effectiveness or appropriateness of the risk measurement tools or methods; (3) *Risk monitoring* - pertains to the setting up of assessment frequency, reviewing of risk status, and proposing and implementing of action plans; and (4) *Risk Reporting* - includes clearly defining the reporting mechanism, necessary content and relevant assessment mechanism.

The Bank, owing to its commercial banking license, engages in retail and corporate lending as well as deposit taking, and securities investment. As such, the Bank's activities result in recognition of financial assets, such as corporate loans, personal loans, mortgage loans, government securities, etc., and/or financial liabilities, such as demand and time deposits, and bills payable. The Bank also enters into plain-vanilla financial derivatives such as forwards and swaps as part of its risk management strategies and client-driven activities.

The Bank has various financial exposures in foreign currencies from FX spots and derivatives transactions, as well as FX-denominated loans and Philippine government securities. As of date, the Bank does not have investments in securities issued by foreign entities.

The bank classifies its financial assets in accordance with its business model: financial assets at FVPL, Investment Securities at Amortized Cost (AC), financial assets at FVOCI, and loans and receivables. Financial liabilities are classified as financial liabilities at FVPL and other financial liabilities carried at amortized cost.

The fair value for financial instruments traded in active markets at the statement of financial position date is based on their quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction is used since it provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not quoted in an active market, the fair value is determined by using appropriate valuation techniques incorporating as much as possible market desirable inputs, such as economic indicators and volatility. Valuation techniques include discounted cash flow methodologies, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.

The fair value of derivatives that are not quoted in active markets is determined using appropriate valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by management. All models are reviewed before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, 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.

There were no significant changes to the Bank's policies relating to financial instruments and risk management during the quarter-ended.

15) Offsetting Financial Assets and Financial Liabilities

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

As of March 31, 2025
in millions of Php

Types of financial assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position: Financial instruments	Related amounts not offset in the statement of financial position: Cash Collateral received	Net amount
Derivatives-trading assets	327	0	327	0	0	0
Derivatives held for risk management	0	0	0	0	0	0
Reverse sale and repurchase, securities borrowing and similar agreements	0	0	0	0	0	0
Loans and advances to customers	0	0	0	1,022	1,022	-
Total	327	0	327	1,022	1,022	0

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

As of March 31, 2025
in millions of Php

Types of financial liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position: Financial instruments	Related amounts not offset in the statement of financial position: Cash Collateral received	Net amount
Derivatives-trading liabilities	348	0	348	0	0	0
Derivatives held for risk management	0	0	0	0	0	0
Sale and repurchase, securities lending and similar agreements	0	0	0	0	0	0
Customer deposits	0	0	0	0	0	0
Total	348	0	348	0	0	0

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

As of December 31, 2024
in millions of Php

Types of financial assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position: Financial instruments	Related amounts not offset in the statement of financial position: Cash Collateral received	Net amount
Derivatives-trading assets	325	0	325	0	0	0
Derivatives held for risk management	0	0	0	0	0	0
Reverse sale and repurchase, securities borrowing and similar agreements	0	0	0	0	0	0
Loans and advances to customers	0	0	0	1,018	1,018	0
Total	325	0	325	1,018	1,018	0

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

As of December 31, 2024
in millions of Php

Types of financial liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position: Financial instruments	Related amounts not offset in the statement of financial position: Cash Collateral received	Net amount
Derivatives-trading liabilities	153	0	153	0	0	0
Derivatives held for risk management	0	0	0	0	0	0
Sale and repurchase, securities lending and similar agreements	0	0	0	0	0	0
Customer deposits	0	0	0	0	0	0
Total	153	0	153	0	0	0

The tables below reconcile the ‘Net amounts of financial assets and financial liabilities presented in the statement of financial position’, as set out above, to the line items presented in the statement of financial position.

As of March 31, 2025
in millions of Php

Types of financial assets	Net amounts	Line item in the statement of financial position	Carrying amount in statement of financial position	Financial assets not in scope of offsetting disclosures	Note
Derivative-trading assets	327	Financial Assets at Fair Value through Profit or Loss	0	0	-
Derivatives held for risk management	0	-	0	0	-
Reverse sale and repurchase, securities borrowing and similar agreements	0	-	0	0	-
Loans and advances to customers	0	Loans and advances to customers	0	0	-

As of March 31, 2025
in millions of Php

Types of financial liabilities	Net amounts	Line item in the statement of financial position	Carrying amount in statement of financial position	Financial liabilities not in scope of offsetting disclosures	Note
Derivative-trading liabilities	348	Derivative liabilities	0	0	-
Sale and repurchase securities lending and similar agreements	0	-	0	0	-
Derivatives held for risk management	0	-	0	0	-
Customer depositis	0	-	0	0	-

As of December 31, 2024
in millions of Php

Types of financial assets	Net amounts	Line item in the statement of financial position	Carrying amount in statement of financial position	Financial assets not in scope of offsetting disclosures	Note
Derivative-trading assets	325	Financial Assets at Fair Value through Profit or Loss	0	0	-
Derivatives held for risk management	0	-	0	0	-
Reverse sale and repurchase, securities borrowing and similar agreements	0	-	0	0	-
Loans and advances to customers	0	Loans and Receivables - net	0	0	-

As of December 31, 2024
in millions of Php

Types of financial liabilities	Net amounts	Line item in the statement of financial position	Carrying amount in statement of financial position	Financial liabilities not in scope of offsetting disclosures	Note
Derivative-trading liabilities	153	Derivative liabilities	0	0	-
Sale and repurchase securities lending and similar agreements	0	-	0	0	-
Derivatives held for risk management	0	-	0	0	-
Customer deposits	0	-	0	0	-

CTBC BANK (PHILIPPINES) CORPORATION
STATEMENT OF CONDITION
March 31, 2025
(With Comparative Figures for December 31, 2024)

	March 31, 2025 Unaudited	December 31, 2024 Audited
RESOURCES		
Cash and Other Cash Items	**653,821,322**	590,275,773
Due from Bangko Sentral ng Pilipinas	**2,281,292,940**	4,270,027,822
Due from Other Banks	**1,363,605,218**	2,159,646,712
Interbank Loans Receivable	**1,371,821,683**	874,964,029
Financial Assets at Fair Value through Profit or Loss (FVTPL)	**1,658,055,391**	1,170,525,362
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	**8,318,945,587**	7,469,870,298
Investment Securities at Amortized Cost (AC)	**14,212,950,383**	14,390,603,911
Loans and Receivables	**53,734,974,559**	55,346,593,008
Property and Equipment	**673,903,473**	709,736,062
Investment Properties	**145,085,628**	101,025,300
Deferred Tax Assets - net	**783,732,879**	701,091,149
Other Resources	**1,769,106,178**	1,722,605,341
	86,967,295,241	89,506,964,767
LIABILITIES AND CAPITAL FUNDS		
Liabilities		
Deposit Liabilities		
Demand	**14,933,534,423**	16,401,004,173
Savings	**9,406,745,187**	8,080,732,931
Time	**30,234,649,127**	27,039,914,626
	54,574,928,737	51,521,651,730
Financial Liabilities at Fair Value through Profit or Loss (FVTPL)	**348,070,279**	153,315,657
Bills Payable	**18,284,064,520**	21,294,794,018
Outstanding Acceptances	**7,904,579**	4,427,526
Manager's Checks	**264,729,763**	66,297,573
Accrued Interest, Taxes and Other Expenses	**952,368,790**	1,049,292,571
Income Tax Payable	**31,763,985**	17,936,941
Other Liabilities	**1,974,705,942**	4,783,320,953
	76,438,536,595	78,891,036,969
Capital Funds		
Common Stock	**3,483,072,020**	3,483,072,020
Treasury Stock	**-**	-
Additional Paid-in Capital	**2,027,588,952**	2,030,172,344
Restricted Retained Earnings	**5,679,903,466**	5,842,996,846
Statutory Reserve	**4,981,159**	4,981,159
Cumulative FX Translation Adjustment	**(8,443,867)**	(20,470,292)
Net Unrealized Gain (Loss) on Financial Asset at FVOCI	**(410,638,505)**	(477,119,700)
Net Unrealized Gain (Loss) Retirement Obligation	**(247,704,579)**	(247,704,579)
	10,528,758,646	10,615,927,798
	86,967,295,241	89,506,964,767

CTBC BANK (PHILIPPINES) CORPORATION
STATEMENTS OF INCOME
(With Comparative Figures for the three months ended March 31, 2024)
(in Php)

	January to March	
	2025	2024
INTEREST INCOME		
Loans and receivables	**1,235,353,281**	1,131,864,304
Investment securities	**262,294,863**	204,431,689
Interbank loans receivable	**9,558,761**	3,717,041
Deposits with BSP and other banks	**20,024,326**	8,099,271
INTEREST INCOME ON FINANCIAL ASSETS AT FVTPL	**19,646,326**	13,598,626
	1,546,877,557	1,361,710,931
INTEREST EXPENSE		
Deposit liabilities	**430,712,227**	355,715,823
Bills payable and other borrowings and others	**233,451,179**	198,327,324
Lease Liabilities	**6,033,547**	6,880,697
	670,196,953	560,923,844
NET INTEREST INCOME	**876,680,604**	800,787,087
Service fees and commission income	**80,865,082**	66,964,626
Trading and securities gain - net	**38,828,936**	1,506,234
Foreign exchange gain - net	**548,493**	13,333,270
Miscellaneous - net	**35,213,270**	31,126,043
TOTAL OPERATING INCOME	**1,032,136,385**	913,717,260
Compensation and fringe benefits	**362,230,207**	336,724,049
Provision for (recovery from) impairment and credit losses	**415,571,710**	95,364,754
Taxes and licenses	**114,230,245**	97,922,977
Security, messengerial and janitorial expenses	**49,759,994**	49,527,863
Occupancy and other equipment-related costs	**73,051,707**	53,489,843
Depreciation and amortization	**54,945,211**	47,697,928
Amortization of software license	**24,984,499**	15,192,157
Miscellaneous	**113,215,962**	96,413,047
TOTAL OPERATING EXPENSES	**1,207,989,535**	792,332,618
INCOME BEFORE INCOME TAX	**(175,853,150)**	121,384,642
PROVISION FOR INCOME TAX	**(12,759,768)**	70,090,706
NET INCOME	**(163,093,382)**	51,293,936
Basic/Diluted Earnings Per Share	**(0.47)**	0.15

CTBC BANK (PHILIPPINES) CORPORATION
STATEMENTS OF CHANGES IN EQUITY

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	Capital Stock	Treasury Stock	Additional Paid-in Capital	Restricted Retained Earnings	Statutory Reserves	Cumulative Translation Adjustments	Net Unrealized Gain or Loss on Financial Assets at FVOCI	Net Remeasurement Loss on Retirement Liability	Total
Balance at January 1, 2025	**3,483,072,020**	**-**	**2,030,172,344**	**5,842,996,846**	**4,981,159**	**(20,470,292)**	**(477,119,700)**	**(247,704,579)**	**10,615,927,798**
Net income for the quarter				**(163,093,381)**					**(163,093,381)**
Other Comprehensive Income (Loss) for the period									
Items that may not be classified to profit or loss:									
Net unrealized loss on equity financial assets at FVOCI							**1,000,000**		**1,000,000**
Net remeasurement loss on retirement liability								-	-
Items that may be reclassified to profit or loss:									
Net unrealized gain on debt financial assets at FVOCI							**65,481,195**		**65,481,195**
Cumulative translation adjustments						**12,026,425**			**12,026,425**
Total Other Comprehensive Income (Loss)	**-**	**-**	**-**	**-**	**-**	**12,026,425**	**66,481,195**	**-**	**78,507,620**
Total Comprehensive Income for the period	**-**	**-**	**-**	**(163,093,381)**	**-**	**12,026,425**	**66,481,195**	**-**	**(84,585,761)**
Restricted Stock Award			**(2,583,391)**						**(2,583,391)**
Balance at March 31, 2025	**3,483,072,020**	**-**	**2,027,588,953**	**5,679,903,465**	**4,981,159**	**(8,443,867)**	**(410,638,505)**	**(247,704,579)**	**10,528,758,646**
Balance at January 1, 2024	3,483,072,020	-	2,027,481,501	5,811,988,782	4,981,159	(14,224,835)	(418,804,131)	(155,663,169)	10,738,831,328
Net income for the quarter				51,293,936					51,293,936
Other Comprehensive Income (Loss) for the period									
Items that may not be classified to profit or loss:									
Net unrealized loss on equity financial assets at FVOCI							850,000		850,000
Net remeasurement loss on retirement liability								(0)	(0)
Items that may be reclassified to profit or loss:									
Net unrealized gain on debt financial assets at FVOCI							(84,189,084)		(84,189,084)
Cumulative translation adjustments						(973,847)			(973,847)
Total Other Comprehensive Income (Loss)	-	-	-	-	-	(973,847)	(83,339,084)	(0)	(84,312,931)
Total Comprehensive Income for the period	-	-	-	51,293,936	-	(973,847)	(83,339,084)	(0)	(33,018,995)
Restricted Stock Award			228,305						228,305
Balance at March 31, 2024	3,483,072,020	-	2,027,709,806	5,863,282,718	4,981,159	(15,198,682)	(502,143,215)	(155,663,169)	10,706,040,638
Balance at January 1, 2024	3,483,072,020	-	2,027,481,501	5,811,988,782	4,981,159	(14,224,835)	(418,804,130)	(155,663,169)	10,738,831,328
Net income for the year				31,008,064					31,008,064
Other comprehensive income for the year									
Items that may not be classified to profit or loss:									
Net unrealized loss on equity financial assets at FVOCI							(450,000)		(450,000)
Net remeasurement loss on retirement liability								(92,041,410)	(92,041,410)
Items that may be reclassified to profit or loss:									-
Net unrealized gain on debt financial assets at FVOCI							(57,865,570)		(57,865,570)
Cumulative translation adjustments						(6,245,457)			(6,245,457)
Total Other Comprehensive Income	-	-	-	-	-	(6,245,457)	(58,315,570)	(92,041,410)	(156,602,437)
Total Comprehensive Income for the year	-	-	-	31,008,064	-	(6,245,457)	(58,315,570)	(92,041,410)	(125,594,373)
Restricted Stock Award accrual			2,690,843						2,690,843
Balance at December 31, 2024	3,483,072,020	-	2,030,172,344	5,842,996,846	4,981,159	(20,470,292)	(477,119,700)	(247,704,579)	10,615,927,798

CTBC BANK (PHILIPPINES) CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
(With Comparative Figures for the three months ended March 31, 2024)
(in Php)

	January to March	
	2025	2024
NET INCOME FOR THE PERIOD	**(163,093,381)**	51,293,936
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		
Items that may not be reclassified to profit or loss		
Net unrealized (loss) gain on equity financial assets at FVOCI	**1,000,000**	850,000
Net remeasurement (loss) gain on retirement liability - net of tax	**-**	(0)
	1,000,000	850,000
Items that may be reclassified to profit or loss		
Net unrealized gain (loss) on debt financial assets at FVOCI	**65,481,195**	(84,189,084)
Cumulative translation adjustments	**12,026,425**	(973,847)
	77,507,620	(85,162,931)
	78,507,620	(84,312,931)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(84,585,761)**	(33,018,995)

CTBC BANK (PHILIPPINES) CORPORATION
STATEMENTS OF CASH FLOWS

	For the three months ended March 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes	**(175,853,150)**	121,384,643
Adjustments for:		
Impairment losses	**415,571,710**	95,364,754
Foreign exchange revaluation (gain) loss on financial assets at FVOCI and investment securities at amortized cost	**98,485,328**	(145,069,140)
Depreciation and amortization	**54,945,211**	47,697,928
Foreign exchange revaluation (gain) loss on bills payable	**(202,811,088)**	168,170,470
Amortization of net discount on financial assets at FVOCI and investment securities at amortized cost	**(34,437,829)**	(2,132,078)
Amortization of computer software costs	**24,984,499**	15,192,157
Retirement benefit expense	**15,888,609**	11,115,748
Realized gain on sale on financial assets at FVOCI	**(18,401,039)**	(17,235,430)
Unrealized gain on investment securities	**(337,311)**	-
Accretion of interest on lease liabilities	**6,033,547**	6,880,697
Mark-to-market (gain)/loss on financial assets at FVTPL	**(10,751,084)**	7,617,928
Gain on disposal of foreclosed assets	**(3,503,151)**	(4,700,614)
Restricted stock award	**(2,583,392)**	228,305
Dividend income	**-**	(240,000)
(Gain) loss on disposal of property and equipment	**(111,479)**	10
Foreign exchange revaluation (gain) loss on interbank loans receivable	**591**	2,315
Changes in operating assets and liabilities:		
Decrease (increase) in amounts of:		
Financial assets at FVTPL	**(476,778,945)**	(686,726,851)
Loans and receivables	**1,201,889,555**	2,364,630,937
Other assets	**(66,907,496)**	(40,038,359)
Increase (decrease) in amounts of:		
Deposit liabilities	**3,053,277,007**	(3,513,822,555)
Financial liabilities at FVTPL	**194,754,622**	7,833,897
Outstanding acceptances	**3,477,053**	(341,176,755)
Manager's checks	**198,432,190**	(49,524,483)
Accrued taxes and other expenses	**(96,923,781)**	(110,376,741)
Other liabilities	**(2,798,041,384)**	129,818,047
Net cash generated from (used in) operations	**1,380,298,793**	(1,935,105,168)
Contribution to the plan assets	**(15,888,609)**	(11,115,748)
Income taxes paid	**(56,054,918)**	(41,116,361)
Net cash provided by (used in) operating activities	**1,308,355,266**	(1,987,337,277)

Forward

	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial assets at FVOCI	**(5,097,106,796)**	(3,371,087,077)
Investment securities at amortized cost	**(26,216,953)**	(1,632,610,643)
Property and equipment	**(8,628,268)**	(119,763,946)
Foreclosed assets	**(44,313,522)**	(433,985)
Computer software costs	**(4,577,840)**	(27,341,528)
Proceeds from disposals of:		
Financial assets at FVOCI	**4,299,455,644**	2,194,648,864
Foreclosed assets	**3,503,151**	4,700,614
Property and equipment	**1,853,489**	1,115,352
Investment securities at amortized cost	**-**	769,036,313
Proceeds from maturities of:		
Financial assets at FVOCI	**-**	2,297,790,115
Investment securities at amortized cost	**173,117,625**	280,492,096
Dividends received	**-**	240,000
Net cash used in investing activities	**(702,913,470)**	396,786,175
CASH FLOWS FROM FINANCING ACTIVITIES		
Settlement of bills payable	**(27,345,000,592)**	(80,277,616,096)
Availments of bills payable	**24,537,082,182**	81,327,568,198
Payment of lease liabilities	**(33,803,638)**	(32,997,391)
Net cash provided by (used in) financing activities	**(2,841,722,048)**	1,016,954,711
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS	**12,026,425**	(973,847)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,224,253,827)**	(574,570,239)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
Cash and other cash items	**590,275,773**	814,714,838
Due from BSP	**4,270,027,822**	3,426,463,360
Due from other banks	**2,159,646,712**	1,109,317,042
Interbank loans receivable - gross	**875,123,000**	71,981,000
	7,895,073,307	5,422,476,240
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash and other cash items	**653,821,322**	745,913,712
Due from BSP	**2,281,292,940**	2,963,358,586
Due from other banks	**1,363,605,218**	744,953,703
Interbank loans receivable - gross	**1,372,100,000**	393,680,000
	5,670,819,480	4,847,906,001
CASH FLOWS FROM INTEREST		
Interest received	**1,264,936,368**	1,163,471,166
Interest paid	**(455,379,464)**	(401,352,802)
	809,556,904	762,118,364

CTBC BANK (PHILIPPINES) CORPORATION
Aging of Loans and Receivables
As of March 31, 2025

Type of Accounts Receivable	Total	1 Month	2 - 3 Mos.	4 - 6 Mos.	7 to 11 Mos.	1 - 2 Years	3 - 5 Years	5 Years - Above	Past Due Accounts, Non-performing Loans & Items in Litigation
a) Trade Receivables									
1) DBTR	2,157,355,488	291,600,177	401,875,004	900,663,643	16,611,927		-	96,430,000	450,174,736
2) IBTR- PESO	2,202,709,096	137,704,411	1,383,573,674	628,673,219	32,273,337		-	20,484,455	-
3) IBTR- USD	-	-	-	-	-		-	-	-
4) CLA	7,904,579	7,904,579	-	-	-		-	-	-
Subtotal	4,367,969,163	437,209,167	1,785,448,679	1,529,336,862	48,885,264	-	-	116,914,455	450,174,736
Less: Allow. For Doubtful Acct.	406,579,140								
Net Trade Receivable	3,961,390,023	437,209,167	1,785,448,679	1,529,336,862	48,885,264	-	-	116,914,455	450,174,736
b) Non - Trade Receivables									
1 BILLS DISC-CHK DISC-HO DEP	13,359,530	13,359,530	-	-	-	-	-	-	-
2 BILLS DISCOUNTED - CLEAN	688,060,532	275,249,378	63,222,767	10,830,945	84,600,906	86,535,994	143,870,542	23,750,000	-
3 DBP - CLEAN - NDOSRI	61,271,777	61,271,777	-	-	-	-	-	-	-
4 ITL- SALARY LOANS - NDOSRI	3,732,327	-	-	-	-	-	-	-	3,732,327
5 L & D - DOSRI - TL - MT - CLEAN	7,043,058,547	325,450,000	294,680,445	452,646,341	1,677,100,061	2,094,348,673	2,168,392,181	30,440,845	-
6 L & D - DOSRI - TL - ST - CLEAN	8,428,175,459	3,002,396,324	3,565,420,805	1,657,691,665	202,666,667	-	-	-	-
7 L & D - FX - RES - CLEAN	23,294,046,484	4,494,064,833	1,207,453,196	4,826,818,862	6,880,607,207	1,825,490,259	4,059,612,127	-	-
8 L & D - OFFICERS - CAR LOAN	11,203,983	480,000	246,536	939,999	1,229,868	3,680,163	4,627,416	-	-
9 L & D - OFFICERS - EMERGENCY LN	135,939	-	-	-	85,490	-	50,450	-	-
10 L & D - OFFICERS - HOUSING LOAN	6,670,063	-	-	-	-	2,891,111	3,778,952	-	-
11 L & D - OFFICERS - MULTI-PURP LN	4,457,510	129,000	691,989	739,408	1,359,807	1,368,611	168,695	-	-
12 NPL - PD - SALARY LOAN	480,947,513	-	-	-	-	-	-	-	480,947,513
13 NPL - PD - TL-MORT-TRADITIONAL	65,218,557	-	-	-	-	2,791,164	2,943,824	-	59,483,570
14 NPL - PD-L&D - DOM - TL-ST	294,746,958	-	-	-	-	-	-	-	294,746,958
15 NPL - PD-L&D-DOM-BD-CHK DISC	99,994,745	-	-	-	-	-	-	-	99,994,745
16 NPL-CURRENT-REST-L&D-PL-PUBLIC	10,010,855	-	-	-	-	-	-	-	10,010,855
17 NPL-CUR-RESTR LOANS-DOM-NDOSRI	305,737,572	-	-	-	-	-	-	-	305,737,572
18 NPL-PD-REST-L&D-PL-PUBLIC	2,180,234	-	-	-	-	-	-	-	2,180,234
19 NPL-PD-RESTRUC LOAN-DOM-NDOSRI	10,902,759	-	-	-	-	-	-	-	10,902,759
20 NPL-RESTRUC LOAN-FX-NRES-NDOSRI CUR	133,137,222	-	-	-	-	-	-	-	133,137,222
21 PAST DUE - RESTRUCTURED LOAN - SALA	643,305	-	-	-	-	-	-	-	643,305
22 PD - L & D - DOM - OFF & EMP	375,367	-	-	-	-	-	-	-	375,367
23 PD - SALARY LOAN	116,525,981	-	-	-	-	-	-	-	116,525,981
24 PD-TL-MORT-TRADITIONAL	169,988,717	-	-	-	-	-	-	-	169,988,717
25 RESTRUC LOANS - DOM - NDOSRI	510,192,923	-	-	-	-	99,357,918	410,835,005	-	-
26 RESTRUCTURED LOAN - SALARY LOANS	70,384,949	6,025,266	25,484,905	21,132,486	12,198,247	-	5,544,044	-	-
27 TIME LOAN - DREAM HOME LOAN	380,625	-	-	-	-	-	-	380,625	-
28 TIME LOAN - MORTGAG MGR	9,632,220	-	-	-	-	-	-	9,632,220	-
29 TIME LOAN- SALARY LOAN	4,594,150,861	327,690,499	514,493,931	478,859,071	1,411,847,751	1,501,619,278	359,640,332	-	-
30 TL-MORT-MAXCSHBACK-20%	18,946,311	-	-	-	-	-	-	18,946,311	-
31 TL-MORT-TRADITIONAL	4,481,060,576	83,610,272	172,040,648	220,118,205	634,351,966	1,051,611,405	1,662,557,684	656,770,397	-
Subtotal	50,929,330,404	8,589,726,878	5,843,735,222	7,669,776,982	10,906,047,970	6,669,694,576	8,822,021,252	739,920,398	1,688,407,125
Add: Unamortized Transaction cost	64,569,853								
Less: Allow. For Doubtful Acct.	1,904,254,136.89								
Net Non - Trade Receivable	49,089,646,119	8,589,726,878	5,843,735,222	7,669,776,982	10,906,047,970	6,669,694,576	8,822,021,252	739,920,398	1,688,407,125

Accounts Receivables	138,393,397
Accrued Interest Receivables	633,761,967
Unquoted Debt Securities	-
	772,155,364
Less: Allowance for impairment	86,408,912
	685,746,452
Net Receivables (a + b)	**53,736,782,594**
Less: Unearned Interest and Discounts	1,808,035
	53,734,974,559

Notes: If the Company's collection period does not match with the above schedule and revision is necessary to make the schedule not misleading, the proposed collection period in this schedule may be changed to appropriately reflect the Company's actual collection period.

ANNEX "G"

MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF
CTBC (PHILIPPINES) BANK CORP.
CTBC Bank HR Training Room
22nd Floor, Fort Legend Tower, 31st Street corner 3rd Avenue, Bonifacio Global City, Taguig City 1634, Philippines, June 27, 2024, Thursday, at 9:30 AM

Stockholders in attendance

Name of Stockholder	No. of Shares
CTBC Bank Co., Ltd. (by proxy in favor of Cheng-Hsin Wang)	347,319,203
Cheng-Hsin Wang	1
William B. Go	53
Oliver Jimeno	1
Alexander A. Patricio	1
Stephen D. Sy	1
Luis Benitez Jr.	1
Ya-Ling Chiu	1
TOTAL	347,319,262

1.0 CALL TO ORDER

1.1 Mr. Cheng-Hsin, Chairman, called the meeting to order at 9:30 a.m. Atty. Rolando V. Vicerra, Corporate Secretary, recorded the minutes thereof.

2.0 CERTIFICATION OF NOTICE AND QUORUM

2.1 Atty. Rolando V. Vicerra certified that notices had been sent to the stockholders in accordance with the By-Laws of the Bank. Atty. Vicerra declared that out of 348,307,202 issued and outstanding shares, 347, 319,262 shares or approximately more than 99.72% of the outstanding capital stock were present in person or represented by proxy. A quorum was present for the transaction of business.

3.0 APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF JULY 5, 2023

3.1 The stockholders read the Minutes. Upon motion made and duly seconded, and there being no objection, the Minutes of the Annual Shareholders' Meeting of July 5, 2023 was declared approved by the Chairman.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	347,319,262	0	0
% of Voting Shares Present	99.72%	0.00%	0.00%

4.0 CHAIRMAN'S ADDRESS

4.1 Mr. Cheng-Hsin Wang delivered the Chairman's address to the stockholders.

The highlights were as follows:

Good morning!

On behalf of CTBC Bank Philippines' Board of Directors, I wish to express my sincere gratitude to our shareholders for your support towards the Bank throughout the years. It is my honor and privilege to deliver to you this message today.

In 2023, CTBC Bank Taiwan, our Parent Bank, pursued steady growth through a diversified business structure. In terms of financial performance in 2023, our Parent Bank reported an annual consolidated net revenue of NT$137.8 billion (US$ 4.3 billion), consolidated pre-tax income of NT$53 billion (USD 1.7 billion), with a consolidated after-tax ROE of 11.89%, placing our Parent Bank in the leading position in the Taiwan banking industry. We take pride in our Parent Bank's outstanding performance.

As for CTBC Philippines, in early 2022, we had a remarkable lending asset growth momentum. However, in the latter half of 2022 and first half of 2023, we encountered rate hikes and inverted interest rate structures. This caused funding cost and liquidity issues all the way into 2023, which hampered our lending business engagement and resulted in less harvest for our treasury business. Having said that, we still delivered PHP1.09B as our 2023 Pre-Provision Profit, which is quite decent when compared to 2022's PHP1.06B.

However, revenue growth and profit is not the only goal we pursue. As a bank, we strongly believe that having a robust asset quality is of the utmost importance, and this is something that we are not willing to compromise on. Hence, after numerous discussions internally and with our Parent Bank, we had decided to nearly double our annual provision in 2023. Indeed, this had been offsetting much of our PPP (working profit), and our bottom line in 2023 is not as pretty. However, instead of viewing this as a short term pain, we see this as a long term gain, because we can continue to grow our loan businesses in a more prudent and robust manner. We are confident that in the long run, this will not only benefit the bank, but also our shareholders.

As our Bank continue to pursue new heights, we remain focused towards adapting to this new era of digitalization. As of June 2024, we have just completed some exciting new milestones, including the launch of our RIB/ Mobile banking, and our new core banking system-GBP. We are eager to pursue these new initiatives, including escalating our CASA collection to mitigate our funding cost. The last but not least, I hereby remain thankful to our Parent Bank for their confidence in our leadership team, our Board of Directors for their guidance, our employees for their hard & smart work, and most especially our clients, shareholders, and partners, for their continued support and encouragement. We will do our best to prove our resilience and growth in 2024.

Again, thank you very much, and good day to all.

5.0 PRESIDENT'S REPORT AND APPROVAL OF THE 2023 ANNUAL REPORT

5.1 Mr. Oliver Jimeno, President and CEO, delivered his report

The highlights of his report are as follows:

Good morning, esteemed shareholders, members of the Board of Directors, and valued partners.
On behalf of CTBC Bank Philippines, I extend my heartfelt gratitude to each of you for your unwavering support and trust in our institution.

Let me begin by acknowledging the insights provided by our Chairman into our Bank's performance and strategic directions. As we take a closer look to what shaped the Bank's performance last year, allow me to shed light on some of the key indicators that contributed to the country's economic landscape.

In 2023, the country recorded a GDP growth rate of 5.6%, a significant decline from previous year's 7.6%. The elevated inflation coupled with the constant pressure on price stability resulted to a sustained rise in interest rates, which inevitably resulted to higher funding costs. This was the predicament that most banks had to face throughout the year.

Despite these challenges, the Bank rallied in the last quarter of 2023 to end the year with a total assets of almost 77 billion pesos. This represents 11% growth year-on-year, owing to the 8% growth in total loans, or 3.7 billion pesos, and 27% growth in securities, or 4.2 billion pesos. This translated to a Net Interest Income of 3.2 billion pesos, or a 440 million increase year-on-year. The high Net Interest Income propelled the Bank's annual revenue to 3.65 billion pesos, the highest that the Bank has generated since its inception. The strong revenue resulted to a healthy working profit of over 1 billion pesos. However, as our Chairman earlier conveyed, in fulfilling our commitment to maintain the Bank's asset quality and deliver a strong balance sheet, the Bank eventually set aside a total provision of 962 million pesos causing the Bank's pretax income to contract at 126 million pesos from the previous year's 501 million pesos.

This past year has taught us invaluable lessons. And in its truest meaning, tough times indeed bring out the best in a person, and in this case, in an institution like CTBC Bank Philippines. With this, I am happy to share with you that we have bounced back this year. As of May 2024, the Bank's pretax income has reached 176 million pesos, far exceeding the full-year income registered last year. We will continue to drive our core business towards achieving yet another milestone this year.

In addition, we have made significant strides in our digital transformation journey and forged partnership that will position the Bank to even greater success in the future. As of today, we have fulfilled two of our major groundbreaking initiatives with the launch our new Retail NetBanking last May 13, 2024 along with a new core banking system, which was implemented last June 17, 2024.

With these achievements, I want to commend every department, every team, and every individual who demonstrated unparalleled dedication and commitment to all our endeavors. I am incredibly proud of what we have accomplished together, and I am excited about the opportunities that lie ahead. And as we embark on this next phase of our journey, rest assured that we will carry forward the lessons that we have learned over the past years. Our journey has not been easy but is marked by sheer will and determination. The resilience we have shown is a testament to our strength as a team and as an institution. Together, we have proven that there is no challenge too great, no obstacle insurmountable.
Finally, to our dear shareholders, I wish to share my optimism about the future of CTBC Bank Philippines. We will continue to demonstrate resilience, embrace innovation, and pursue growth. The path forward continues from here on, and the path has never been clearer and brighter. Thank you once again for your trust and support. Together, we will achieve greater things and reach new heights.

Thank you, and good day to all.

5.2 The President then submitted for approval by the stockholders the Bank's 2023 annual report.

Upon motion duly made and seconded, and there being no objection, the Chairman declared the 2023 Annual Report to the shareholders approved.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	347,319,262	0	0
% of Voting Shares Present	99.72%	0.00%	0.00%

6.0 SUBMISSION OF THE AUDITED FINANCIAL STATEMENTS OF THE BANK AND OF THE TRUST AND INVESTMENT SERVICES DEPARTMENT AS OF DECEMBER 31, 2023

6.1 The Audited Financial Statements of the Bank and of the Trust and Investment Services Department as of 31 December 2023 was then submitted for the approval of the stockholders.

Upon motion made and duly seconded and there being no objection, the Chairman declared the Audited Financial Statements of the Bank and of the Trust and Investment Services Department as of 31 December 2023 approved.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	347,319,262	0	0
% of Voting Shares Present	99.72%	0.00%	0.00%

7.0 APPROVAL RATIFICATION OF THE ACTS, DECISIONS AND PROCEEDINGS OF THE BOARD OF DIRECTORS, COMMITTEES, MANAGEMENT AND OFFICERS SINCE LAST ANNUAL MEETING

7.1 Upon motion of duly made and seconded, and there being no objection, the Chairman declared all the acts, decisions and proceedings of the Board of Directors, Committees, Management and Officers for the year 2023-2024 and since the last annual meeting, ratified.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	347,319,262	0	0
% of Voting Shares Present	99.72%	0.00%	0.00%

8.0 ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS

8.1 Mr. Cheng-Hsin Wang nominated the following as members of the Board of Directors:

Cheng-Hsin Wang
William B. Go
Oliver D. Jimeno
Jen-Wen Liao
Ya-Ling Chiu
Alexander A. Patricio as Independent Director
Stephen D. Sy as Independent Director
Luis Y. Benitez, Jr. as Independent Director

Upon motion made and duly seconded, and there being no objection, the eight (8) nominees were elected as members of the Board of Directors.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	347,319,262	0	0
% of Voting Shares Present	99.72%	0.00%	0.00%

9.0 CONFIRMATION OF RELATED PARTY TRANSACTIONS

9.1 Upon motion made and duly seconded, and there being no objection, the Chairman confirmed the renewal of the credit facilities in favor of CTBC BANK CO., LTD. pursuant to BSP Circular 895 Series of 2015 Guidelines on Related Party Transactions, particularly Section X146.2.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	347,319,262	0	0
% of Voting Shares Present	99.72%	0.00%	0.00%

9.2 Details of the Related Party Transactions are as follows:

BORROWER	:	CTBC BANK CO. LTD
FACILITY	:	1) USD0.7 Million Pre-Settlement Risk Line (PHP Securities Trading) 2) USD1.1 Million Pre-Settlement Risk Line (USD Securities Trading) 3) USD 7.0 Million Pre-Settlement Risk Line (Foreign Exchange) 4) USD29.0 Million Settlement Risk Line 5) USD14.0 Million Standby Letter of Credit Line
PURPOSE OF CREDIT FACILITY	:	Facility 1-4: To facilitate the trading of securities and foreign exchange currencies with CTBC Bank Co. Ltd., Taipei and its branches. Facility 5: The Standby Letter of Credit shall be used as collateral for credit facilities to be extended by lending units of CTBC Bank (Philippines) Corp. to their clients.
BENEFICIARY		Not Applicable
AMOUNT	:	Total Credit limit is USD51.8Million
TERM	:	12 months
INTEREST	:	Not Applicable
SECURITY/COLLATERAL SUPPORT HELD	:	Clean
REPAYMENT SOURCES	:	Working Capital
JUSTIFICATION / CREDIT BASIS	:	1) Long term credit rating of A1 from Moody's, A from S&P and A from Fitch, all with stable outlook. 2) Ranked no. 1 in Taiwan and no. 158 in the world in terms of Tier 1 Capital per The Banker, July 2022 issue 3) Satisfactory dealings
REASON FOR DOSRI/ RPT	:	CTBC Bank (Philippines) Corp. is 99.72% owned by CTBC Bank Co., Ltd.
RELATED PARTY TRANSACTION	:	Is the Facility for confirmation by the shareholders? (Please refer to your Unit's Guidelines.) Yes ■
		No ☐ If Yes, Relationship Manager/Account Officer shall ensure that the Facility/ies or any amendment/s will be part of the Agenda for confirmation in the next shareholders' meeting.
INFORMATION ON BORROWER'S RELATIVE CREDIT TERMS COMPARISON		Not Applicable

BORROWER	:	CTBC BANK CO. LTD.
FACILITY	:	Proposed increase in Standby Letter of Credit (SBLC) Facility from current USD14Million to USD35Million (incremental of USD21Million).
PURPOSE OF CREDIT FACILITY	:	Rationale for the proposed amount of USD35Million : (1) USD20Million to support Facility of Sen Yeh Philippines; (2) about USD10Million for prospective customers of Taiwan Desk; and (3) about USD5Million to be made available for prospective transactions from other teams in CTBC PH, that would require Parent Bank to issue the SBLC
BENEFICIARY		NA
AMOUNT	:	-Proposed SBLC Limit at USD35Million -Total Credit Facility for CTBC Bank Co Ltd. is now at USD72.762Million
TERM	:	Up to 36 months
INTEREST	:	Not Applicable
SECURITY/COLLATERAL SUPPORT HELD	:	Clean
REPAYMENT SOURCES	:	Working Capital
JUSTIFICATION / CREDIT BASIS	:	1) Long term credit rating of A1 from Moody's, A from S&P and A from Fitch, all with stable outlook. 2) Ranked no. 1 in Taiwan and no. 158 in the world in terms of Tier 1 Capital per The Banker, July 2022 issue 3) Satisfactory dealings
REASON FOR DOSRI/ RPT	:	CTBC Bank (Philippines) Corp. is 99.72% owned by CTBC Bank Co., Ltd.
RELATED PARTY TRANSACTION	:	Is the Facility for confirmation by the shareholders? (Please refer to your Unit's Guidelines.) Yes ■ No If Yes, Relationship Manager/Account Officer shall ensure that the Facility/ies or any amendment/s will be part of the Agenda for confirmation in the next shareholders' meeting.
INFORMATION ON BORROWER'S		Not Applicable
RELATIVE CREDIT TERMS COMPARISON		

10.0 APPOINTMENT OF EXTERNAL AUDITOR

10.1 Upon motion made and duly seconded, and there being no objection, the Chairman declared the accounting firm of R.G. Manabat and Co. ("RGM") duly appointed external auditor of the Bank and of the Trust and Investment Services Department.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	347,319,262	0	0
% of Voting Shares Present	99.72%	0.00%	0.00%

11.0 OTHER MATTERS: QUESTIONS FROM SHAREHOLDERS

11.1 The Chairman asked if there were questions or matters that the shareholders would like to raise or be considered. No questions nor other matters were raised by the shareholders.

12.0 ADJOURNMENT

12.1 Upon motion duly made and seconded, the meeting was adjourned at 10:00 o'clock a.m.

Certified Correct:

ATTY. ROLANDO V. VICERRA
Corporate Secretary

ALPHA M. TAGLE
Assistant Corporate Secretary

ANNEX "H"

A. PROPOSED SHAREHOLDERS' RESOLUTIONS TO APPROVE THE AMENDMENTS TO THE ARTICLES OF INCORPORATION

In view of the Capital Build Up Program, it will be proposed during the meeting that Article Seventh of the Bank's Articles of Incorporation shall have to be amended to increase the Bank's authorized capital stock.

1. Amendment to Article Seventh of the Articles of Incorporation

"**RESOLVED**, that the Board of Directors of **CTBC BANK (PHILIPPINES) CORP.** (the "**Corporation**") hereby approves the amendment of the Articles of the Incorporation of the Corporation to increase the authorized capital stock of the Corporation **from** Four Billion Pesos (Php4,000,000,000.00) divided into Four Hundred Million (400,000,000) common shares with a par value of Ten Pesos (Php10.00) per share **To** Four Billion Five Hundred Million Pesos (Php4,500,000,000.00) divided into Four Hundred Fifty Million (450,000,000) common shares with a par value of Ten Pesos (Php10.00) per share, or an increase of Five Hundred Million Pesos (Php500,000,000.00) divided into Fifty Million (50,000,000) common shares with a par value of Ten Pesos (Php10.00) per share, and the amendment of Article Seventh of the Amended Articles of Incorporation of the Corporation to read as follows:

> **"SEVENTH:** That the capital stock of the Bank is **FOUR BILLION FIVE HUNDRED MILLION PESOS** (P 4,500,000,000.00) and said capital stock is divided into Four Hundred Fifty Million (450,000,000) Common Stock with a par value of Ten Pesos (P 10.00) each.

"RESOLVED, FURTHER, that in connection with the foregoing, the directors and officers of the Corporation, as well as the law firm of **Castillo Laman Tan Pantaleon and San Jose** or any of its lawyers, associates, and/or duly authorized representatives, acting singly, be, and is hereby authorized, to deliver such certifications, documents, papers, and instruments to the relevant government agencies, including the Bangko Sentral ng Pilipinas ("BSP") and the Securities and Exchange Commission ("SEC"), to obtain the approval for the amendment of the Corporation's Articles of Incorporation and increase of authorized capital stock;

"RESOLVED, FINALLY, that the aforementioned resolutions are subject to stockholders' ratification in a stockholders' meeting held for that purpose."

2. To issue the following resolutions covering the issuance of 13,926,152 common shares to CTBC Bank Co., Ltd. and issue the corresponding Board Resolution as follows:

“**WHEREAS**, in a meeting held on May 5, 2025, the Board of Directors of **CTBC BANK (PHILIPPINES) CORP.** (the “**Corporation**”) by at least a majority vote, approved the increase of the Corporation’s authorized capital stock **from** Four Billion Pesos (Php 4,000,000,000.00) divided into Four Hundred Million (400,000,000) common shares with a par value of Ten Pesos (Php 10.00) per share **to** Four Billion Five Hundred Million Pesos (Php 4,500,000,000.00) divided into Four Hundred Fifty Million (450,000,000) common shares with a par value of Ten Pesos (Php 10.00) per share, or an increase of Five Hundred Million Pesos (Php500,000,000.00) divided into Fifty Million (50,000,000) common shares with a par value of Ten Pesos (Php10.00) per share (“**ACS Increase**”*);*

“WHEREAS, in a meeting held on June 26, 2025, the Stockholders of the Corporation representing at least 2/3 of the outstanding capital stock, approved the ACS Increase;

“WHEREAS, CTBC Bank Co., Ltd. intends to subscribe to Thirteen Million Nine Hundred Twenty Six Thousand One Hundred Fifty Two Million (13,926,152) common shares with a par value of Ten Pesos (Php 10.00) per share, or an aggregate par value of One Hundred Thirty Nine Two Hundred Sixty One Thousand Five Hundred Twenty Pesos (Php139,261,520) (“**Shares**”) out of the ACS increase of the Corporation;

“NOW THEREFORE, IT IS HEREBY RESOLVED THAT, the Board of Directors of the Corporation hereby approves the issuance of the Shares, out of the ACS increase of the Corporation, to CTBC Bank Co., Ltd;

“RESOLVED, FURTHER, that the Board of Directors hereby approves the subscription by CTBC Bank Co., Ltd., to the Shares at a subscription price of Thirty Pesos and 479/100 (Php30.479) per share, for a total subscription price of Four Hundred Twenty-Four Million Four Hundred Fifty Five Thousand One Hundred Eighty Six and 81/100 Pesos (Php424,455,186.81);

RESOLVED, FINALLY, that the President of the Corporation is hereby authorized and directed to take all necessary actions and execute all documents including a subscription contract which may be required to effect the subscription and issuance of the aforementioned shares to CTBC Bank Co., Ltd.”

B. PROPOSED SHAREHOLDERS' RESOLUTIONS TO APPROVE THE AMENDMENTS TO THE BY-LAWS

"RESOLVED, that **Article III *Board of Directors*, Section 11** of the Bank's By-laws is hereby amended, to read as follows:

"FROM: Article III *Board of Directors*

"Section 11. Policies and Procedures/Guidelines/Manuals (P&P).

(1.) Any new product, service to be offered by the Bank to its customers, shall first be approved by the majority vote of the Board of Directors.

(2.) Any new Policies & Procedures (P&P) and its amendments shall be approved by the majority vote of the Board of Directors.

(3.) The Board of Directors may require the management of the Bank to prepare any new P&P and its amendment. (As amended on 21 June 2001).

"TO: Article III *Board of Directors*

"Section 11. Policies, Product and Services.

(1.) Any new product or service to be offered by the Bank to its customers shall first be approved by the majority vote of the Board of Directors.

(2.) Any new policy and amendments thereto shall be approved by the majority vote of the Board of Directors.

(3.) The Board of Directors may, in accordance with law, authorize and/or delegate to the officer(s) of the Bank or any of its committees the preparation of any guidelines, manuals and procedures, including amendments thereto, implementing the policies set by the Board of Directors.