PRODUCERS BANK

2024 Annual Report

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Corporate Logo

The Producers Bank logo represents the aspiration of the Bank as expressed by the ideals of its four (4) publics (customers, employees, creditors and shareholders) represented by the four (4) sides of the logo. These interlocking publics, if put together, share a common spirit of sacrifice, honesty, and teamwork; thus creating a solid and stable institution represented by the square of the logo. The Bank sees itself becoming the avenue – the yellow path – through which the countryside's green resources are transformed into new golden wealth. It aims to be the primary development financial institution in the Philippine countryside. The Bank, therefore, is the yellow sun rising on the Philippine countryside bringing new hope to Filipinos who seek a better future. Producers Bank is the dawn rising, shedding light to families and towns and bringing hope by being the number one (1) partner of entrepreneurs and farmers in producing more wealth for the country.

Tagline

"Be Way Ahead with PRODUCERS BANK"

Vision

To be the number one (1) partner bank of entrepreneurs and farmers in producing more wealth for the country.

Mission

- To make our depositors happy with the value and quality of services they get from Producers Bank
- To provide responsive and innovative credit and other services needed by farmers, small and medium-entrepreneurs
- To assure challenging and rewarding jobs and long-term employment for our employees
- To make our stakeholders very proud of our contributions to economic development in the Philippine countryside

Philosophy

The main purpose for our existence is to create long-term value to our shareholders by generating for them superior and sustainable returns. We will achieve this by:

- Providing our customers value-added products and better service delivery;
- Adhering to what our laws and regulations require;
- Promoting a corporate culture that subscribes to high moral and ethical standards underpinned by codes of corporate governance and best practices;
- Creating a working environment based on the values of equal opportunity and meritocracy; and
- Improving the quality of life of our employees and in the communities that we serve particularly in areas that are not served by the large financial institutions.

Business Model

In keeping with its vision and mission, Producers Bank supports the drivers of the local economy for the creation of more wealth and to spur economic growth. Majority of the branches are in the countryside outside the main growth hubs, and where many of the unbanked sectors of the population are located. By reaching to the folks in the countryside, Producers Bank is actively supporting the financial inclusion program of the government.

Producers Bank has been accredited continuously by the Bangko Sentral ng Pilipinas as a Rural Financial Institution for the purpose of implementing the RA 11901 – The Agriculture, Fisheries and Rural development Financing Enhancement Act of 2022 (AFRD). As such, it accepts deposits from other banks for their alternative compliance under the said law.

To further strengthen its commitment to support the local economy in the countryside, Producers Bank targets a portfolio mix of 60% farmers and SME loans, 40% consumer loans. To ensure this, lending operations have been rationalized with the Retail Banking Group taking charge of farmer's loans, consumer loans and SME loans.

Financial Highlights

	Consolidated [1]		Parent Bank (Solo)		
	2024	2023	2024	2023	
Profitability					
Total Net Interest Income	2,251,304,803	2,062,396,155	2,251,304,803	2,035,064,307	*
Total Non-Interest Income	1,281,459,007	1,198,277,043	1,281,459,007	1,191,713,282	*
Total Non-Interest Expenses	1,846,079,995	1,756,641,184	1,846,079,995	1,738,390,052	*
Pre-provision profit	1,686,683,815	1,504,032,014	1,686,683,815	1,488,387,537	
Allowance for credit losses	761,462,490	716,524,324	761,462,490	706,884,881	*
Net Income	1,378,715,280	1,250,884,652	1,378,715,280	1,237,401,467	*
Selected Balance Sheet Data					
Liquid Assets	10,330,068,712	7,238,141,149	10,330,068,712	6,963,207,655	*
Gross Loans	26,639,539,863	25,233,583,781	26,639,539,863	25,131,929,555	*
Total Assets	41,469,629,484	36,892,734,422	41,469,629,484	36,575,940,028	*
Deposits	27,122,320,930	23,024,734,070	27,122,320,930	22,727,223,212	*
Total Equity	7,001,367,864	5,628,095,169	7,001,367,864	5,613,128,333	*
Selected Ratios					
Return on equity	22.47%	25.35%	22.47%	25.12%	*
Return on assets	3.65%	3.56%	3.65%	3.55%	*
CET 1 capital ratio (for UBs/KBs)					
Tier 1 capital ratio (for Ubs/KBs)					
Capital Adequacy Ratio	19.16%	16.01%	19.16%	16.02%	*
Per common share data (For UB, KBs and publicly listed Banks)					
Net Income per share:	10.29	9.34	10.29	9.24	
Basic	133,955,801	133,955,801	133,955,801	133,955,801	*
Diluted					
Book Value	52.27	42.00	52.27	41.90	
Others					
Stock dividends declared		0		0	
Headcount	2,215	2,062	2,215	2,030	
Officers	831	763	831	758	
Staff	1,384	1,299	1,384	1,272	

* Based on 2024 Audited Financial Statement
* 2024 has 0 Subsidiaries

Chairperson's Message

"Without continual growth and progress, such words as improvement, achievement and success have no meaning."

--- Benjamin Franklin

This quote truly describes the journey of Producers Bank for the past three (3) decades of successful banking operations.

Producers Bank's strength and growth did not happen overnight. The path was not at all smooth and straight. Instead, Producers Bank's road to success was characterized by consistent action, resilience, commitment to continuous learning and improvement and a well-defined vision: "To be the number one (1) partner bank of small and medium entrepreneurs (SMEs) and farmers in the country."

Producers Bank is never afraid to try new strategies to implement. It is never afraid to take calculated risks. Producers Bank believes that there is no such thing as a mistake but rather, an opportunity to learn and improve its operations.

Having this kind of business perspective, Producers Bank has continuously broken new grounds in the banking industry, particularly in the savings bank sector.

Producers Bank still takes pride in being the largest standalone savings bank in the Philippines in terms of branch network, ending the year 2024 with two hundred eighty-eight (288) branches nationwide. It has remained steadfast in its commitment to implement financial inclusion in banking. For 2024, Producers Bank has finally penned another highlight in its history --- to open a branch in all regions in the Philippines with the opening of Producers Bank – Calapan Branch in MIMAROPA Region.

With its nationwide presence, Producers Bank has given everyone, particularly those in unbanked areas, access to a wide range of financial services. Producers Bank offers deposits, loans, and online banking products and services to the localities where it operates.

In addition, Producers Bank has also embarked on a new endeavor in 2024, that is, it partnered with Mastercard to offer credit cards to its target markets. This also enabled Producers Bank to offer various payment solutions including point of sale (POS), e-commerce acquiring, and world-class payment solutions.

As Chairman, I am pleased with how Producers Bank remained at the forefront of innovation, breaking new grounds and committed to excellence which enabled us to stay ahead of the curve and competition. Producers Bank was never complacent and always prioritized its customers, ensuring that the Bank's products and services meet their evolving needs.

Furthermore, Producers Bank's resilience and adaptability have positioned the Bank for continued growth and success which is very evident in the Bank's 2024 financial highlights.

For net income, Producers Bank shoot up its earnings as it generated One point Three Billion Pesos (PhP1.3 Billion) and registered an eight per cent (8%) increase amounting to One Hundred One Million Pesos (PhP101 Million) compared to its 2023 net income of One point Two Billion Pesos (PhP 1.2 Billion).

In terms of deposit generation, deposits climbed to Twenty Seven point Twelve Billion Pesos (PhP27.12 Billion) which signifies the increased customer trust and confidence in Producers Bank. This further solidifies how well-regarded Producers Bank is in every community where it operates.

On the other hand, the Bank's loan portfolio surged to Twenty Six point Sixty Three Billion Pesos (PhP26.63 Billion) which showed Producers Bank's high level of lending activity as it supports businesses and individuals, thereby contributing to the overall economic growth in the country.

These remarkable achievements would not be possible without a strong organization working together. Hence, I would like to commend all levels of operations of Producers Bank for a job well done for 2024.

First, to the Bank's officers and staff who are at the forefront of banking operations and working triply hard to bring in the target deposits, loans, and net income set out for the year.

Second, the passion and vision of the Chief Executive Officer, Mr. Andres M. Cornejo coupled with the transformational leadership of the President & Chief Operating Officer, Mr. Andrei D. Cornejo brought Producers Bank to greater heights and remained as one of the leaders in the savings bank sector.

Finally, I would also like to give credit to the members of the Board of Directors (BOD) of Producers Bank for your overall guidance and supervision which helped Producers Bank and all its officers and staff to deliver its goals and targets for 2024.

To end, as we look ahead for more decades of Producers Bank, let us remain focused on shaping the future of Producers Bank, leveraging innovation to drive a positive impact for our customers, communities, and the banking industry.

Congratulations and let us continue to make Producers Bank grow strong!

** Based on Financial Reporting Package (FRP) submitted to Bangko Sentral ng Pilipinas (BSP).*

Gilda E. Pico

GILDA E. PICO
Chairperson

President's Report

"The greatest accomplishments in life are not achieved by individuals alone, but by proactive people pulling together for a common good. Our mission in life is to offer our gifts to benefit one another, to create mutual gain in the world. This is called teamwork."

— John J. Murphy

For the past three (3) decades, we at Producers Savings Bank Corporation ("Producers Bank") have been definite with our vision which is "To be the number one (1) partner bank of farmers and small and medium entrepreneurs in producing more wealth for the country". This vision guided Producers Bank, its management, officers and staff, into delivering remarkable results. A strategic focus on customer-centered service, innovation and operational excellence have yielded impressive outcomes not only for 2024 but for the last twenty-nine (29) years.

As President & Chief Operating Officer, it is with pride that I inform our shareholders, officers, employees and creditors, of Producers Bank's accomplishments during the twelve-month period ending 31 December 2024.

FINANCIAL PERFORMANCE

Producers Bank has continued to build on its legacy of strength, stability and service. Through the years, Producers Bank achieved solid operational performance as its financial figures continuously show an upward trend on major key indicators based on the comparative statistics for the last five (5) years (2020–2024) as presented below:

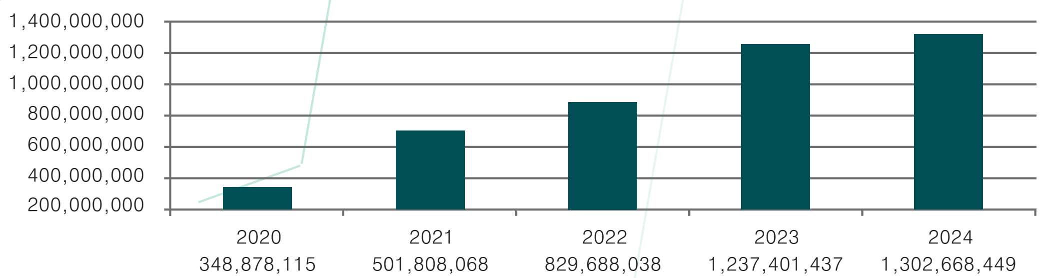
Table 1 – Financial Highlights

	2024	2023	2022	2021	2020
Net Income	1,302,668,449	1,237,401,437	829,688,038	501,808,068	348,878,115
Capital	6,478,582,049	5,626,611,519	3,768,491,899	3,215,078,203	2,726,071,426
Return on Equity	22.27%	25.23%	24.06%	16.97%	13.82%
Total Resources	40,600,458,353	36,891,252,272	32,615,632,115	28,808,803,789	28,676,392,056
Return on Assets	3.62%	3.40%	2.807%	1.97%	1.56%
Loan Portfolio	26,639,539,863	25,043,131,219	22,054,127,991	19,070,113,455	18,499,261,853
Deposit Liabilities	27,122,320,930	23,072,011,709	21,859,451,441	20,235,436,962	17,691,333,346
Past Due	2,509,561,545	2,199,694,699	1,825,978,970	1,580,290,895	1,397,836,711
Past Due Ratio	9.42%	8.55%	8.27%	8.29%	7.50%
NPL	2,130,191,628	1,808,218,943	1,328,021,983	921,543,097	689,741,361
NPL ratio	8.00%	7.03%	6.02%	4.83%	3.71%

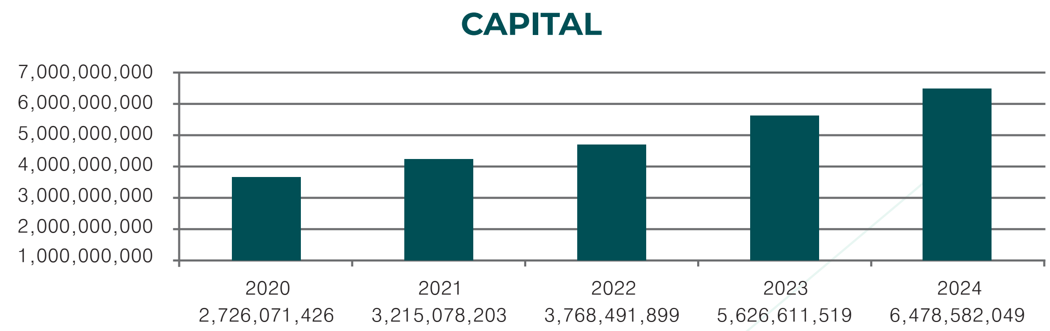
** Based on Financial Reporting Package (FRP) submitted to Bangko Sentral ng Pilipinas (BSP).*

In 2024, Producers Bank generated a Net Income of PhP1.302 Billion, up by 8.33% from the previous year. The increase is due to rising interest income as Producers Bank continues to earn more from its growing loan portfolio and the diversification and expansion of its products and services. This translated to a Return on Equity of 22.47% and a Return on Assets of 3.65%. Compared to our income last year, Producers Bank is higher by PhP101.84 Million.

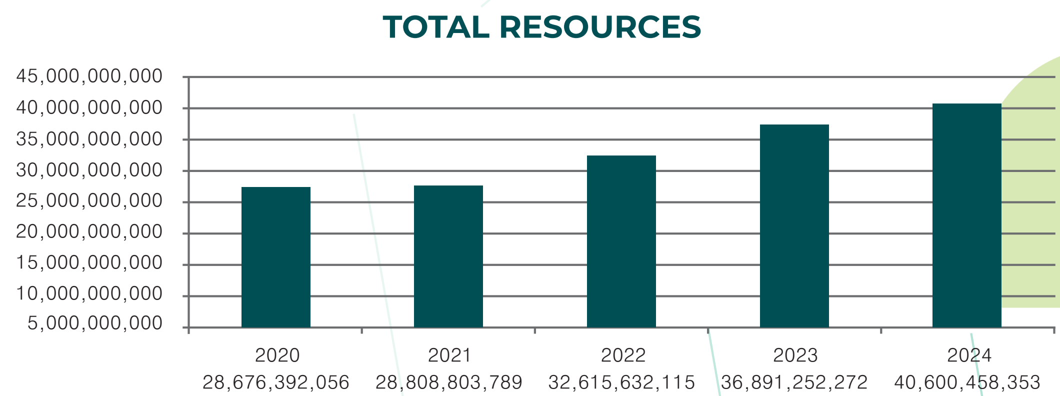
NET INCOME



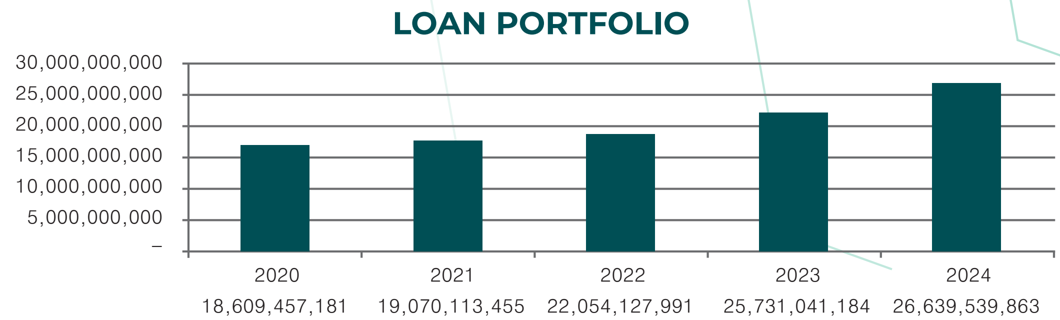
Producers Bank was able to build up its capital to PhP6.47 Billion in 2024 from PhP5.62 Billion recorded in 2023 and still continues to exceed the PhP2.0 Billion minimum capital requirement of the Bangko Sentral ng Pilipinas (BSP) for thrift banks with Head Office in the National Capital region (NCR). Producers Bank has successfully managed its retained earnings as it has reinvested its profits into the Bank and improved its debt-to-equity conversions.



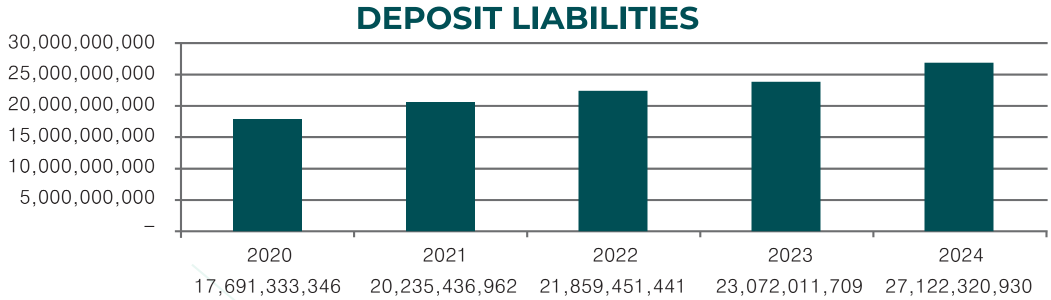
The Bank's total resources surged to PhP40.60 billion as of the end of 2024, a growth of PhP4.786 Billion or 12.97% from the previous year. The continued rise in Producers Bank's total resources every year mirrored the effective investment strategies, efficient asset management, expansion into new markets, enhanced operational efficiency and effective risk management implemented by the Bank.



The increased customer base of the Bank, focused marketing efforts by the branches and deliberate efforts in providing excellent customer experience converted to a growth in the loan portfolio. The Bank grew its loan portfolio to PhP26.63 billion: an increase of PhP1.59 Billion or 6.3% from last year's PhP25.04 Billion.



Meanwhile, cross-selling and building stronger customer relationships contributed significantly in deposit generation. Producers Bank's deposit level accelerated by 17.5% to PhP27.12 Billion from the previous year's deposits of PhP23.07 Billion which reflected the trust and confidence the saving public has in the Bank's stability as a financial institution.



BRANCH NETWORK EXPANSION

The mergers with Rural Bank of Maasin (Southern Leyte), Inc. and Community Rural Bank of San Felipe (Zambales), Inc. were approved by the Bangko Sentral ng Pilipinas (BSP) in 2024.

	Name of Bank	Merger Date
1.	Rural Bank of Maasin (Southern Leyte), Inc.	April 01, 2024
2.	Community Rural Bank of San Felipe (Zambales), Inc.	October 31, 2024

The approval of the above mergers makes Producers Bank's presence felt in Region VIII and expanded its operations in the province of Zambales.

Meanwhile, sixteen (16) organic branches were opened for the year. Producers Bank finally set up its nationwide presence as it opened Producers Bank – Calapan and made history as it sealed its presence in all regions of the Philippines.

	Location	Date of Opening
1.	Sta. Ignacia, Tarlac	February 05, 2024
2.	Pulilan, Bulacan	March 04, 2024
3.	Balaoan, La Union	May 02, 2024
4.	Casiguran, Aurora	May 15, 2024
5.	Pili, Camarines Sur	May 21, 2024
6.	Mapandan, Pangasinan	July 01, 2024
7.	Mines View Park, Baguio	August 01, 2024
8.	Allacapan, Cagayan	August 08, 2024
9.	Sogod, Southern Leyte	September 10, 2024
10.	Malaybalay, Bukidnon	September 12, 2024
11.	Balungao, Pangasinan	September 30, 2024
12.	Maramag, Bukidnon	October 01, 2024
13.	Cotabato City	October 03, 2024
14.	Calapan, Oriental Mindoro	October 14, 2024
15.	Pototan, Iloilo	November 15, 2024
16.	Calasiao, Pangasinan	November 18, 2024

As of 31 December 2024, the total branch network of Producers Bank is two hundred eighty eight (288) branches spread over eighteen (18) regions and fifty three (53) provinces in the country for the last twenty nine (29) years.

E-BANKING & PARTNERSHIP WITH MASTERCARD

One of the highlights of Producers Bank's electronic banking business is its partnership with Mastercard in the launch of its credit card product in 2024. The credit card product is an addition to the roster of electronic banking services, which Producers Bank already offers such as the ATM, Remittance, Payments, Online Banking and Agency banking services using Point-Of-Sale ("POS") solutions.

As of 31 December 2024, the Bank boasts of its extensive network of 362 strategically located ATMs nationwide. This is reflective of the Bank's dedication to providing 24/7 access to ATM services for both personal and business clients.

There is also a steady growth in the ATM and ECPay transactions and increasing number of agency banking customers during the year.

We are pleased to report that Producers Bank is on track with its full digitalization initiatives/programs.

ACCREDITED RURAL FINANCIAL INSTITUTION

As an Accredited Rural Financial Institution ("ARFI") of the Bangko Sentral Ng Pilipinas ("BSP"), Producers Bank can take deposits and investments from universal and commercial banks that are required to lend to the agriculture and agrarian ("agri-agra") sectors.

For 2024, Producers Bank has a total of one hundred twenty four (124) depositor banks with Special Time Deposit Account for Banks which can serve as their compliance with RA 11901 or The Agriculture, Fisheries and Rural Development Financing Enhancement Act of 2022 (AFRD).

The Agri-Agra law strengthens rural communities' access to private sector financing by extending bank compliance modes and establishing a special fund managed by an Agricultural and Fisheries Finance and Capacity-Building Council to finance organizational and institution-building programs and activities for rural agricultural and fisheries households.

HUMAN RESOURCES

Producers Bank has a total manpower complement of Two Thousand Two Hundred Fifteen (2,215) as of 31 December 2024. This included Six Hundred Twenty-Four (624) new hires for the year because of new branch openings, mergers and additional manpower in existing branches.

The Human Resources Management Department ("HRMD") has focused its efforts in further developing a culture of excellence within the organization. Continuous training and development programs to improve competencies were in place in 2024.

In addition, side by side initiatives on instilling corporate values of integrity, competence, professionalism and customer-centricity were also carried out.

HRMD has relentlessly provided human-centric approach in delivering services to the Bank's most important resource, that is, its people. This ensured that employees felt valued and that their needs and concerns were well attended to by HRMD.

Lastly, HRMD has steadily safeguarded the Bank and its interest protected at all times. This is done by maintaining balance and impartiality between management and employees and ensuring compliance with government regulatory bodies.

INDUSTRY BANKING

Producers Bank remains to have an outstanding performance in the thrift bank industry. Following is a summary of how the Bank fares vis-a-vis industry averages as of the end of the year. The Bank is superior in majority of the measures, and in the few where it is deficient, the variances are not that significant. Overall, Producers Bank has a very sound financial standing as of the end of 2024.

Presented below are the Bank's performance ratios as of 31 December 2024 vis-a-vis the TB System ratios.

TABLE 2 – FINANCIAL RATIOS OF PRODUCERS BANK VIS A VIS THE THRIFT BANK INDUSTRY

	Ratios	December 31, 2024		Higher/Better (Lower but acceptable)
CSOC		TB System	PSBC	
1	Cash and Due from Bank to Deposits	14.88%	26.34%	11.46%
2	Liquid Assets to Deposits { BSP Minimum Required Ratio of 20%}	31.82%	34.63%	2.81%
3	Loans (gross) to Deposits	95.71%	98.22%	2.51%
4	Capital Adequacy Ratio - BSP Regulatory requirement	17.88%	19.16%	1.28%
5	Total Capital to Total Assets	15.77%	15.96%	0.19%
CSIE				
6	Earning Asset Yield	10.41%	11.96%	1.55%
7	Funding Cost	3.81%	2.51%	-1.30%
8	Interest Spread	6.60%	9.46%	2.86%
9	Net Interest Margin	7.11%	9.63%	2.52%
10	Net Interest Income to Total Operating Income	86.78%	71.76%	-15.02%
11	Cost to Income Ratio	61.95%	42.80%	-19.15%
12	Return on Assets	1.90%	3.65%	1.75%
13	Return on Equity	12.27%	22.47%	10.20%
Others				
14	Past Due Ratio	9.17%	9.41%	0.24%
15	NPL Ratio (Gross)	6.65%	8.00%	1.35%
16	NPL Ratio (Net NPL)	3.77%	6.03%	2.26%
17	NPL Coverage	59.54%	34.82%	-24.72%

Cash and due from banks to deposit, liquid assets to deposits, loans to deposits, capital adequacy ratio, total capital to assets, earnings asset yield, funding cost, interest spread, net interest margin, net interest income to total operating income, cost to income ratio, return on assets and return on equity are better than the industry ratio.

Past due ratio, gross NPL ratio, net NPL ratio and NPL coverage are slightly below the industry ratios for valid reasons.

It is worthwhile to note that Producers Bank has been recognized as the Most Outstanding Thrift Bank among its countryside financial institution partners by the Land Bank of the Philippines during its 61st Anniversary and MERIT awards last 8 August 2024.

Producers Bank would not be able to attain these remarkable successes if not for the teamwork all levels of operations observed in 2024. Everyone worked to move in accordance with the Bank’s vision and bring in the expected results.

It is with humility that we acknowledge Divine Help in providing wisdom and guidance to the Bank, through its management.

Second, we acknowledge the members of the Board of Directors, whose diverse expertise and experiences came together to direct the Bank in achieving its overall strategies and goals.

Third, the Bank management under the steady leadership and wisdom our Co-Vice Chairman and Chief Executive Officer, Mr. Andres M. Cornejo. Along with the officers of the Bank, their combined efforts drive business growth, maintain operational efficiency, manage risks while staying up-to date with industry developments.

Next, we acknowledge all Bank employees for being at the frontline of our bank operations and delivering excellent customer service to our clients.

Lastly, our creditors for their continued trust and to our loyal customers for their patronage. Producers Bank is very happy for the strong relationships that we built and continue to strengthen through time.

PRODUCERS BANK & BEYOND

We believe that banking is a scale business. Accordingly, Producers Bank will continue expanding its branch network to ensure sustainable growth in its assets and profits for the years to come “to be way ahead!”

To end, as we enter a milestone this 2025 as our thirtieth (30th) year in the banking industry, we look forward with confidence, grounded in our success and values and inspired by the exciting possibilities ahead for Producers Bank.

Congratulations to all of us!

Thank you.

ANDREI D. CORNEJO, JR.
President and Chief Operating Officer

Risk Management System and Policies

RISK MANAGEMENT STRUCTURE

The PSBC Board of Directors exercise overall governance across the whole enterprise through the three (3) Board Committees, namely, the Corporate Governance and Compliance Committee (CGCC), the Risk Oversight Committee (ROC) and the Audit Committee (AC). Each of these Board Committees is guided by its own Charter and chaired by an Independent Director (ID). The Committee Charters are amended as needed and also to comply with new regulations.

The CGCC is supported by the Compliance Office (CO) headed by the Chief Compliance Officer (CCO), the ROC by the Risk Management Group (RMG) headed by the Chief Risk Officer (CRO) and the AC by the Internal Audit Group (IAG) headed by the IAG Head.

Top management proposes new policies and guidelines for review by the board committees and approval by the board of directors who make sure that said policies and guidelines are in accordance with government regulatory requirements and with PSBC's long term corporate strategy. Henceforth, the approved policies and guidelines are implemented by the bank operating units and monitored by top management for proper compliance.

The board of directors ensures that Bank existing policies and guidelines remain consistent with government regulatory requirements and with PSBC's long term corporate strategy. New policies and guidelines proposed by the top management are reviewed by the board committees and subsequently approved by the Board. Henceforth, these are implemented by the bank operating units and monitored by the top management for proper compliance.

RISK APPETITE AND STRATEGY

PSBC may be classified generally as a "moderately risk averse" savings bank whose preference for secured F/SME loans unequivocally proves this risk appetite. As of 31 December 2024, at least 51.71% of the Gross Loan Portfolio of the Bank is REM-secured and the remaining loan portfolio is secured either by Chattel mortgage, claims from Agricultural Guaranty Fund Pool (AGFP) surety, salary proceeds from Automatic Payroll Deduction System (APDS) of the Department of Education (DepEd), and/or assignment of receivables. In fact, the truly clean loans are considerably small.

Another indicator of the Bank's risk appetite is the institution of a Codified Approving and Signing Authorities (CASA) Manual which specifies the approving and signing authorities for all Bank transactions. In the CASA, no loan account is approved by a single signatory, but by a minimum of two signatories.

Approval limits have been revised following our strategy to focus on Agri F/SMEs. Under the revised Codified Approving & Signing Authorities (CASA), loan proposals more than P20Million up to P100Million goes to the Executive Committee while loans amounting to more than P100 Million are approved by the Board.

In pursuit of its vision to become the number 1 partner bank of farmers and MSMEs (Micro, Small & Medium Entrepreneurs) in the countryside, the Bank has developed and implemented the Business Model of focusing on serving the needs of farmers, entrepreneurs and teachers in the countryside. Such Business Model has guided the expansion activities of the Bank, whether buying existing banks or establishing organic branches. In addition, preferential lending to farmers and agri-based MSMEs has remained the "end-in-mind" of all PSBC staff and officers.

FINANCIAL RISK

Despite being a sound and sizeable financial institution, the Bank is exposed to a variety of financial risks arising from its operating, investing and financing activities. The main objective of financial risk management is to minimize the adverse impact of financial risks on the Bank's financial performance and financial position due to the unpredictability of financial markets.

The Bank's principal financial instruments consist of Due From BSP, Due From Other Banks, Interbank Loan Receivables, Investments at Amortized Cost, Financial Assets at FVTOCI (Fair Value Through Other Comprehensive Income), Loans & Receivables, Sinking Fund and Security Deposits. These financial instruments are used mainly to raise funds to sustain operations and ultimately, to generate income for the Bank.

Table 1 – PSBC's 2024-2023 Comparable Principal Financial Instruments

	Consolidated	Consolidated
	31-Dec-24	31-Dec-23
Due from BSP	3,931,176,456	732,908,045
Due from other banks	926,438,402	945, 696,049
Interbank loan receivables		599,111,629
Investment at amortized cost	28,819,385	139,049,828
Financial assets at FVTOCI	3,158,236,044	3,652,344,862
Loans and Receivables	27,403,499,337	25,448,846,638
Sinking Fund	7,061,837	7,180,266
Security Deposits	15,637,839	15,637,839
TOTAL	P30,613,254,442	P31,283,713,993

Table 1 shows the summary of PSBC's principal financial instruments as of end–year 2024. The largest Credit Risk Exposure of the Bank is "Loans and Receivables" which stood at P27.40 billion. This is followed by "Financial Assets at Fair Value through Other Comprehensive Income" at P3.16 billion and followed next by "Due from other banks" at P926 Million.

Loans and Receivables are the major sources of income for the Bank and its continuing and sustained growth through the years has enabled the Bank to grow at the strategic pace that it has intended. At the end of the day, excess lending funds are placed in safe (low risk highly liquid) instruments such as Due from BSP and Other Banks to ensure adequate liquidity consistent with the regulatory requirements.

The main risks arising from the Bank's use of financial instruments are summarized as follows:

- **Credit Risk**

Credit Risk refers to the risk of loss arising from a borrower or counterparty failing to meet its contractual obligations. It is one of the major risks of the Bank with an exposure of at least P27 Billion in lending activities. It is incumbent upon the Bank to employ adequate and effective credit risk management systems, consistent with sound banking principles and practices required by BSP.

➢ Loan Portfolio

In 2024, the Bank expanded its reach to its target market for loans, ending the year with a Loan Portfolio of P26.7 Billion – a substantial increase of P4 Billion for a growth of 6% from the previous year's P25.2 Billion.

To achieve this remarkable growth, branches continued to offer Crop Production Loans to farmers and Working Capital Loans to MSMEs. This was in addition to the Teachers Loans and Consumer Loans being handled by the branches. Meanwhile, PSBC also participates in government lending programs for F/SMEs and the CMSG Head was tasked to oversee its operations.

With the growing portfolio, the Bank was reorganized to implement the strategy with the Regional Banking Group to fully supervise the larger branch network brought about by the previous year's merger of the acquired rural banks. To ensure that the quality of the loans is maintained, loan officers from the streamlined CMSG were assigned as F/SME Officers to regional areas to assist in the packaging of loan proposals and in managing the projected increase in loan portfolio of the branches.

The salary loans increased by 0.91% from 12.8 Billion in 2023 to 12.9 Billion in 2024. Buoyed by reputation that the Bank has gained as a financial institution compliant with the DepEd policies and regulations, the branches gained a strong foothold in servicing teachers' loans in the areas where the branches are situated.

➢ <u>ACPC Accreditation</u>
Recognizing the important role PSBC plays in direct lending to farmers and livestock raisers, the Agricultural Credit Policy Council (ACPC) tapped the Bank as a conduit for two (2) of its initiatives: the Production Loan Easy Access (PLEA) and the Survival and Recovery Loan (SURE) Programs. PSBC disbursed the ACPC funds to pre-identified loan recipients, collects from the Borrowers, then remits the funds back to ACPC. This service does not expose the Bank to credit risk as the loans are secured by sovereign guaranty. Total ACPC funds disbursed reached P194 Million.

➢ <u>New Loan Products</u>
For the fast-growing cooperative depositors of the branches, credit facilities for cooperatives were developed – Term Loan for their asset acquisition and capital expenditures as well as Credit Line for their working capital needs. Also, farmers loans for crop production, the amount per hectare was increased and the term of the credit line was made available up to five (5) years from two (2) years. Moreover, to cater to micro and small entrepreneurs with minimal financial requirement, PSBC started offering its credit facilities under its Small Business Loans.

➢<u>Concentration Risk of Credit Assets</u>

The Bank is exposed to Concentration risk whenever its exposure to a certain industry or a loan type exceeds 50% of its portfolio. The Finacle system employed by the Bank monitors the levels and the status of all its credit assets daily. The Bank ensures that the concentration risk is managed effectively, in accordance with its risk appetite.

As of 31 December 2024, the distribution of loans according to industry is shown in Table 2.

Table 2 – Distribution of Loans and Receivables According to Industry

	2024	%	Consolidated 2023	%
Other community, social and personal service activities	P14,474,385,175	54.33%	P14,389,970,929	57.03%
Agriculture, Forestry and Fishing	4,266,861,649	16.02%	4,232,533,114	16.77%
Real Estate Activities	2,598,640,862	9.75%	2,214,022,429	8.77%
Wholesale and Retail Trade, Repair of Motor Vehicles, Motorcycles	1,990,964,630	7.47%	1,653,088,064	6.55%
Accommodation and Food Service Activities	711,134,756	2.67%	590,451,663	2.34%
Construction	641,435,858	2.41%	532,580,989	2.11%
Financial and Insurance Activities	551,606,954	2.07%	457,996,520	1.82%
Education	439,835,868	1.65%	365,193,541	1.45%
Private households w/ employed persons	299,917,687	1.13%	245,802,542	0.97%
Human health and social work activities	231,968,855	0.87%	192,602,590	0.76%
Manufacturing	190,107,622	0.71%	157,845,417	0.63%
Transportation and Storage	125,125,116	0.47%	103,890,764	0.41%
Electricity, gas, steam and air-conditioning Supply	103,140,583	0.39%	85,637,115	0.34%
Mining and quarrying	14,414,278	0.05%	11,968,105	0.05%
Total	P26,639,539,863	100%	P25,233,583,782	100%

As shown in Table 2, the only industry segments where the Bank has the largest Credit Risk exposures were "Other community, social, and personal service activities" at 54.33% followed by "Agriculture, Forestry and Fishing" at 16.02%. As most businesses were slow to recover, the Bank opted to lend out to teachers under the APDS loans which has the guarantee of repayment through automatic payment deductions from the teachers' salary. In fact, the Bank's APDS loan portfolio had the lowest past due ratio of less than 2%. This strategy not only expanded the loan portfolio, but increased also the income and lowered the past due rate

➢ Credit Quality of Financial Assets

The credit quality of the Bank's financial assets [due from BSP and other banks, investments at amortized cost, financial assets at FVOCI, sinking fund and security deposits] are based on the nature of the counterparty and internal rating system.

The credit quality of the Group's financial assets that are neither past due nor impaired is considered to be of good quality and expected to be collectible without incurring any credit losses.

The financial assets are classified as follows:

- High Grade – receivables which have a high probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables is readily enforceable).
- Standard Grade – receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a certain period of time.
- Substandard Grade – receivables that can be collected provided a persistent effort to collect them is made.

Table 3 shows the credit quality of financial assets, net of unearned discount.

Table 3 - Credit Quality of Financial Assets

	December 31, 2024				
	High Grade	Standard Grade	Sub Standard	Past Due or Impaired	TOTAL
Due from BSP	P3,931,176,456	P-	P-	P -	P3,931,176,456
Due from other banks	926,438,402	-	-	-	926,438,402
Interbank loan receivables		-	-	-	
Investments at amortized cost	28,819,385	-	-	-	28,819,385
Financial Assets at FVOCI	3,158,236,044	-	-	-	3,158,236,044
Loans and receivables	26,655,400,282	-	-	2,509,561,545	28,164,961,827
Shaking fund	7,061,837	-	-	-	7,061,837
Security deposit*	15,637,839			-	15,637,839
Net	P33,722,770,245	P-	P-	P2,509,561,545	P36,232,331,790

*Presented under Other Assets Account

- Liquidity Risk

Liquidity risk is the risk from the inability of the Bank to meet obligations when these become due because of inability to liquidate assets or obtain adequate funding.

The Bank was very liquid throughout 2024 and as of 31 December 2024, with the Bank's Minimum Liquidity Ratio is 39.28%. This is way above the regulatory requirement of 20% as shown in the table below.

Item	Nature of Item	As of 31 December 2024
A.	Stock of Liquid Assets	9,393,015,968
B.	Qualifying Liabilities	23,913,260,661
C.	Minimum Liquidity Ratio (A/B)	39.28%

The Bank manages the MLR on a daily basis to ensure the efficient use of funds and maximize earnings of the Bank while meeting regulatory requirements. Thus, the Treasury Management Group (TMG) monitors the liquidity, cash and reserve positions closely to ensure that sufficient liquid assets are available to meet short-term funding.

Available lines from financial institutions, as of 31 December 2024 are as follows:

Bills Payable (in Million Pesos)		
As of 31 December 2024		
Creditor	Amount	O/S
BSP	8,753,800	-
LBP	15,000,000	6,000,000
DBP	-	366,666
PDIC	42,819	42,819
Total	6,603,218	6,603,218

- **Market Risk**

Market Risk is the risk of loss of future earnings or future cash flows arising from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity prices and other market changes. With the bank's limited transactions and minimal exposure to financial instruments bearing volatile rates, its market risk is controlled and closely monitored.

OPERATIONS RISK

Operations Risk is defined as probability of loss arising from inadequate or failed internal processes, people, systems or from external events [includes legal risk, but excludes strategic and reputational risk].

The Bank crafted a new Operational Risk Management (ORM) Manual which was approved by the BOD as endorsed by the Risk Oversight Committee. New inclusions in the revised manual comprise of additional chapters on Business Continuity Management (BCM), Information Security Management, as well as, Management of Human Resource Related Risks.

Also integrated in the said manual was the four (4) ORM Policy Guidelines issued in 2017, Loss Data Base Management, Vendor Selection Risk Assessment, Advisories on Risk Events, as well as, Risk Event Reporting and Resolution.

- **Information Technology/Systems Risk**

IT/Systems Risk arises from the use of computer systems in the day-to-day conduct of Bank's operations as well as storage and access of data. To enhance risk management and to process efficiency of the IT Systems of the Bank, check and review of hardware and system applications are undertaken continuously. To apply a new technology or system, adequate risk assessment is conducted in accordance with System Development Life Cycle (SDLC) process.

➢ Hardware Refresh

In 2024, the Bank continued to monitor its hardware refresh or the replacement of servers, storage and firewall with the newest versions for Core Banking System and ATM Switch systems. With the new servers, the overall systems performance improved notably, with more transactions accommodated and an increase in productivity. For good measure, the upgrade in systems reduced risk of downtime and tightened security.

➢ POS Agency

Launched in 2022, the POS Agency Banking continues to expand its banking services to cater to the underserved customer segments, especially in the unbanked areas across the country. Digital platform thru POS Agent terminals allows PSBC to reach customers in remote areas with limited access to physical branches.

This is also in line with the initiative of Bangko Sentral ng Pilipinas on financial inclusion. Thru the accredited POS Agents, customers can do their deposit, pay bills and cash withdrawal thru the POS terminal. Customers of other Banks' can also perform balance inquiry and cash withdrawal thru PSBC POS terminals.

➢ Internet Banking and Mobile Banking

PSBC continued its digitalization journey in 2024 by offering its Internet Banking and Mobile Banking services to its customers. This innovation brings convenience, cost savings, and expanded services to its customers. Online and mobile banking save customers valuable time, allowing them to complete banking transactions in minutes. They can check their funds, pay bills and perform transfer of money between PSBC accounts and to other Banks' accounts (via instaPay).

The Bank successfully migrated its Internet Banking and Mobile Banking-InstaPay file messaging format from ISO 8583 to ISO 20022 on November 30, 2023. The previous ISO is an open global standard for financial information. Further, it is designed to simplify global business communication for efficient payments clearing and settlement among financial institutions globally.

The Bank is committed to continuously improving these services by enhancing its digital solution, cyber-security, fraud detection, network performance and customer experience for seamless and secure online transaction.

- Full Implementation to a new Human Resource Information System (HRIS)

The Bank has implemented its new HRIS in 2024. This is an enterprise system which has payroll, benefits administration, time tracking and scheduling, and employee self-service functionalities. The new HRIS has an efficient feature for recruitment, performance management, succession planning, training and learning development and employee engagement thru mobile app.

- Co-location of the Production and Disaster Recovery Site

The PLDT Vitro sites have state-of-the-art data center facilities with the best-of-breed architecture and design, which exceeded even the internationally-set tier 3 data center design standard. These will assure the Bank of a top-notch security management of its production and disaster recovery servers.

The third-party provider for the Colocation data centers regularly fine-tunes its facility for high availability in terms of power redundancy through combined reliable power grids, diesel power generators, double battery backup systems and excellent maintenance practices. The Bank also upgraded its connectivity to expand its network capacity and better performance.

- Migration to Windows 10 Operating Systems

Migration of all existing PC workstation and ATMS (within the required specifications) continued in 2024. Moreover, all succeeding new PC workstations and ATM purchases are bundled with installed Windows 10 OS.

- Automation of AML Process

The acquisition of a new AML system was completed towards the end of 2018 and became fully operational in January 2019. The Bank was able to 1) fully automate its "Know Your Client" process with accurate classification of transactions either as "covered transaction" (CTR) or "suspicious transaction" (STR), 2) implement a straight through submission of daily reports to the Anti-Money Laundering Council (AMLC); and, 3) achieve an efficient monitoring of these transactions. With such system in place, the Compliance Office can efficiently verify disposition of STRs by the branches as acceptable or not and advise immediate corrective action, if necessary.

- Partnership with ECPAY

The Bank expanded its services for processing Bills Payment, collection and prepaid loading transactions over the counter by partnering with ECPAY. By using the web portal of ECPAY, the Bank is able to offer an additional channel for fund transfers and remittances.

➢ Outsourcing of Credit Card Management System and Mastercard Principal License

In line with Producers Savings Bank Corporation (PSBC) strategic initiatives to expand our financial services, PSBC successfully entered into an outsourcing agreement to Yalamanchili for a Credit Card Management System (CMS) and secured a Mastercard Principal License.

The outsourcing of the CMS was finalized with our selected third-party vendor–Yalamanchili, which also provides our ATM Switch, POS, internet and mobile banking applications. This partnership ensures seamless integration, operational efficiency, and compliance with regulatory requirements.

Furthermore, as a Mastercard Principal Member, PSBC now has the capability to issue Mastercard-branded credit cards, further strengthening our market position. These developments mark a significant milestone in our journey towards the digital banking ecosystem and offering competitive financial products to our customers in the Philippine countryside by extending to them additional credit facility and convenience for their business and family needs.

➢ Events Risk

The Risk Management Group (RMG) and Information, Communications and Technology Group (ICTG) collaborated to complete the Information Security Risk Assessment (ISRA) for the entire Bank and prepared an enterprise-wide Business Continuity Plan (BCP). The BCP enables the Bank to continue business operations during disruptions caused by natural or man-made events. The existing BCP which focuses on continuity of IT operations is expanded to include all functional units of the Bank.

Business units of the Bank were classified into 15 business unit types according to functions. The business units, under the guidance of RMG, prepared individual Information Asset Inventory encompassing all information, physical and people assets of the business unit. Depending on the functions, the criticality of each information asset was then determined to establish the MTPOD (Maximum Tolerable Period of Disruption), RTO (Recovery Time Objective) and RPO (Recovery Point Objective) – all of which constituted the Business Impact Analysis (BIA).

Each critical information asset was then assessed for risk level as to low, medium or high and consolidated such assessments into the Information Security Risk Assessment (ISRA) so that an appropriate Risk Treatment Strategy could be determined for the information Asset.

Having completed the whole process, each business unit is then ready to prepare their own BCP based on the results of the BIA they conducted and the existing BCP of the Bank.
PSBC identified The Pacific Place (ICTG

Office in Ortigas) as the primary Emergency Operations Center (EOC) should the Pasig Head Office be unavailable during a major business disruption. An alternate EOC DR site in Cainta was also identified for prolonged business disruptions. The site has been renovated according to an approved plan and facilities.

- **People Risk**

At the center of PSBC's continued success and growth are its employees who make up the Bank's human capital. This talent pool works passionately to deliver the Bank's Vision and Mission, and to create value for its stakeholders. To maintain its industry position, the Bank's human capital is equipped with appropriate leadership and skills improvement programs aimed at regularly enhancing the capabilities of the talent pool. This initiative ensures the robustness of our workforce, keeping it relevant and effectively performing.

The Human Resources Management Department (HRMD) ensures that regular trainings are facilitated for competency building and values development. Mandatory trainings on anti–money laundering, data privacy, information security, financial consumer protection, business continuity, occupational safety and health, among others are being attended by all employees. On the other hand, trainings related to technical knowledge about credit, savings, electronic banking services, customer service as needed per designation are also being attended by the employees.

Meanwhile, HRMD aims to create a culture of excellence within the organization. Values formation activities are done such as Bible study session, mini–conferences/ or talks on the values of honesty, integrity, professionalism, compliance and hard work to ensure that employees' values are aligned with Producers Bank's values.

Strict monitoring and implementation of the Bank's Code of Discipline and existing operating manuals of the Bank are in place to ensure that employee violations are sanctioned.

- **Legal Risk**

Legal risk exposures arise mostly from foreclosure of properties and loan collection cases. The Legal Department oversees the handling of cases referred to external counsels. It also handles cases in areas where retained counsels are not available. The status of these cases and legal risk exposures are regularly reported to the Chief Executive Officer, the Risk Oversight Committee and the Board of Directors. Management is well guided by sound legal risk management policies and procedures while potential losses arising from legal cases are being assessed on a timely manner.

- **STRATEGIC RISK**

The Bank has achieved sustained and unprecedented growth mainly through mergers and acquisition, supplemented by establishment of organic branches. Its business model consists of extending loans to its niche markets (farmers and SMEs) complemented by consumer loans to salaried individuals. It has chosen to locate its bank units in unbanked communities where its services are vastly needed.

Although PSBC's aggressive expansion may have included acquisition of some financially challenged banks, the Bank has adequately utilized lessons learned in turning around such challenges, leveraging the incentives for mergers to its advantage.

The expansive strategy has been supported by internally generated capital and adoption of agile technology in delivering products and services, supported by a committed human resource. Efficient transition system and organizational set-up are put together for a seamless adoption of the PSBC business model by the acquired units.

• **REPUTATIONAL RISK**

PSBC has been operating for 29 years. It enjoys the trust and confidence of its clients, funders and the banking industry as manifested by the steady growth in deposits, increasing credit lines with its funders/creditors, as well as recognitions from the industry. The Board and Management constantly strive to increase customer satisfaction by offering innovative and customer-focused banking services. Furthermore, PSBC continuously supports Financial Inclusion Program of the BSP by opening new branches in unbanked municipalities in the Philippines.

• **ENVIRONMENTAL & SOCIAL RISK MANAGEMENT (ESRM) AND SUSTAINABLE FINANCE**

Environmental and Social (ES) events like typhoons, erosion, earthquakes, labor unrest, global warming, inflation, volcanic eruptions, elections, pandemics, floodings, etc. can cause negative consequences to the Bank either by direct impact or through its stakeholders. Failure to effectively manage ES issues in business may not only lead to a simple disruption in operation but it may cause serious financial, legal and/or reputational ramifications for the Bank.

Guided by the sustainable finance policy framework of the BSP, the ESRM of the Bank was developed in 2022 with the vision to be fully embedded in the overall bank risk management system in 2025.

➢**Sustainability strategic objectives and risk appetite**

Producers Savings Bank maintains a prudent and forward-looking approach to risk management, ensuring compliance with BSP Circular Nos. 1085 and 1128, as well as Memorandum No. M-2022-042. We are committed to integrating sustainability principles into our governance, risk management frameworks, and business strategies. In line with this, the Bank issued "phase 3, part 2 of its ESRM Guidelines which outlines the rationale, strategic objectives and the roles and responsibilities under the same.

Recognizing the material impact of environmental and social risks on financial stability and to proactively implement measures to mitigate these risks while fostering responsible banking practices, our risk appetite aligns with regulatory expectations, balancing growth opportunities with robust risk controls to safeguard financial soundness and stakeholder trust.

➢**Overview of Environmental and Social (E&S) risk management system**

Producers Bank is committed to achieving international standards in sustainable finance by effectively managing risks and leveraging opportunities in environmental and social investments. As part of this commitment, we are embedding the Environmental and Social Risk Management System (ESRMS) into our credit and operational risk frameworks in alignment with BSP Circular Nos. 1085 and 1128, as well as Memorandum No. M-2022-042.
Our governance structure ensures clear roles

and responsibilities across all levels. The Board of Directors sets the strategic direction and oversight, while senior management drives implementation. Business units integrate sustainability into their risk management processes, with risk management and compliance teams providing expertise and regulatory alignment. Internal audit ensures periodic evaluations, and the Crisis Management Team oversees responses to environmental and social events, safeguarding the institution's resilience.

➢**Products/services aligned with internationally recognized sustainability standards and practices**

Producers Savings Bank is committed to integrating internationally recognized sustainability standards and practices into our product and service offerings. While we are in the process of transitioning into Environmental and Social Risk Management (ESRM), we proactively align our business strategies with globally accepted frameworks such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and Task Force on Climate-related Financial Disclosures (TCFD). We recognize the importance of responsible finance and aim to support sustainable economic activities through risk-aware decision-making, ensuring compliance with evolving regulatory expectations and industry best practices.

- **ANTI-MONEY LAUNDERING RISK**

Producers Bank adopts a Money Laundering/Terrorist Financing and Proliferation Financing Prevention Program (MTPP) to protect and preserve the integrity and confidentiality of bank accounts and to ensure that the Philippines shall not be used as a money laundering site for the proceeds of any unlawful activity.
"The State shall extend cooperation in transnational investigations and prosecutions of persons involved in money laundering activities wherever committed, as well as in the implementation of targeted financial sanctions related to the financing of the proliferation of weapons of mass destruction, terrorism, and financing of terrorism, pursuant to the resolution of the United Nations Security Council".

In line with this declaration of policy, Producers Bank shall apply the following principles:

1. Conduct business in conformity with high ethical standards in order to protect its safety and soundness as well as the integrity of the institution;

2. Know sufficiently our customers at all times and ensure that the financially or socially disadvantaged are not denied access to bank services while at the same time prevent suspicious individuals or entities from opening or maintaining an account or transacting with the Bank by himself or otherwise;

3. Adopt and effectively implement a sound anti-money laundering and terrorist financing risk management system that identifies, assesses, monitors and controls risks associated with money laundering and terrorist financing;

4. Comply fully with Anti-Money Laundering Act (AMLA) rules and existing laws aimed at combating money laundering and terrorist financing by making sure that officers and employees are aware of their respective responsibilities and carry them out in accordance with superior and principled culture of compliance; and,

5. Fully cooperate with the Anti-Money

Laundering Council ("AMLC") and to the Bangko Sentral ng Pilipinas ("BSP") for the effective implementation and enforcement of the AMLA, as amended, and its Revised Implementing Rules and Regulations ("RIRR"), by disclosing all covered and suspicious transactions to them.

RISK BASED CAPITAL ADEQUACY RATIO COVERING COMBINED CREDIT, MARKET AND OPERATION RISK

	2024	2023
CET-1 capital	P 6,478	P 5,004
Less: Regulatory adjustments to CET-1	107	178
	6,371	4,825
Additional Tier 1 (AT-1) capital		
Less: Regulatory adjustments to AT-1	-	-
Total Tier 1 Capital	6,371	4,825
Tier 2 Capital	220	219
Less: Regulatory adjustments to Tier 2 Capital	7	7
Total Tier 2 Capital	213	212
Total qualifying capital	6,584	5,037
Total risk-weighted assets	P 34,364	P 31,448
CET-1 Capital Ratio	18.54%	15.34%
Tier 1 Capital Ratio	18.54%	15.34%
Total Capital Ratio	19.16%	16.02%

- **INFORMATION SECURITY**

In 2024, Producers Bank maintained a strong cybersecurity posture, ensuring the protection of customer data, financial transactions, and critical infrastructure. While cyber threats continue to evolve, our proactive security measures, risk management strategies, and compliance with regulatory frameworks have effectively mitigated risks.

Key highlights of the year include:

- Zero security breaches: No cybersecurity-related incidents resulted in financial loss, reputational damage, or impact to customer data or financial systems.
- Enhanced threat detection and response: Security Incident and Events Management (SIEM) capabilities enabled effective responses and monitoring.
- Successful compliance: Maintained compliance with industry regulations (e.g., BSP, Bancnet, MasterCard).
- Increased employee cybersecurity awareness: Achieved through comprehensive awareness training programs.
- Investment in next-gen security technologies: Enterprise-grade end point security system and multi-factor authentication.

Producers Bank remains committed to maintaining the highest cybersecurity standards to safeguard our clients. By leveraging advanced technologies, fostering a security-conscious culture, and adhering to regulatory requirements, we ensure resilience against emerging cyber threats.

Corporate Governance

The Board of Directors ensures that the necessary corporate policies and organizational structures are put in place to foster the long-term success of the Bank and secure its sustained competitiveness. It regularly reviews existing policies and structures to ensure compliance with pertinent laws and regulations, and that they are aligned with best practices and governance principles.

The Board accomplishes its mandate through the different committees that address specific areas of focus.

AUDIT COMMITTE

Amador N. Llona	Chairman
Julio D. Climaco, Jr.	Member
Cecilio B. Lorenzo	Member

RISK OVERSIGHT COMMITTEE

Julio D. Climaco, Jr.	Chairman
Amador N. Llona	Member
Cecilio B. Lorenzo	Member

CORPORATE GOVERNANCE AND COMPLIANCE COMMITTEE

Cecilio B. Lorenzo	Chairman
Amador N. Llona	Member
Julio D. Climaco, Jr.	Member

CORPORATE GOVERNANCE AND COMPLIANCE COMMITTEE

Pursuant to BSP Circular No. 1129, series of 2021, titled "Amendments to Corporate Governance Guidelines for BSP-Supervised Financial Institutions", and other relevant provisions of Section 133 of the Manual of Regulations for Banks (MORB 2020), the Corporate Governance and Compliance Committee Charter is hereby amended as follows:

The Committee shall be composed of at least three (3) members of the Board of Directors who shall all be non-executive directors and the majority of whom shall be independent directors, including the chairperson.

Preferably, the members of the Corporate Governance and Compliance Committee shall have the management expertise or business experience to be able to develop appropriate strategies in governing the Bank.

The Board shall appoint the members of the CGCC and one from the independent directors as the Chairperson. The Board may also appoint non-executive Directors as resource persons.

The CGCC shall have the following duties and responsibilities:

1. The Committee to assist the Board of Directors in fulfilling its corporate governance responsibilities. It shall be responsible for ensuring the Board's effectiveness and due observance of corporate governance principles and guidelines. It shall oversee the periodic performance evaluation of the Board and its committees. It shall also conduct an annual self-evaluation of its performance.

2. To review and evaluate the qualifications of all persons nominated to the Board as well as those nominated/promoted to Senior Management positions, particularly those with the rank of Vice President and up requiring appointment by the Board of Directors.

3. The Committee to ensure the annual continuing education for all directors and implement a policy for on-boarding & orientation program for first time directors. The Committee shall ensure the allocation of sufficient time, budget and other resources for the continuing education of directors and draw on external expertise as needed.

4. The Committee to decide the manner by which the Board's performance may be evaluated and propose objective performance criteria to be approved by the Board.

5. The Committee to assist the Board of Directors in fulfilling its oversight responsibilities on the following:

SELECTION OF THE BOARD OF DIRECTORS & SENIOR MANAGEMENT

The Corporate Governance and Compliance Committee (CGCC) acting as the Nominations Committee is tasked in vetting and recommending for Board approval the members of the Board and officers with the rank of VP and up as well as the Treasurer, heads of internal audit, risk management and compliance functions.

Additionally, the CGCC ensures that all interlocking directorships and/or officerships are vetted prior to endorsement for Board approval in accordance with the requirement under BSP Circular No. 1129 (2021) and the Bank's Policy on the Confirmation of the Election/Appointment of Interlocking Directorships and/or Officerships; it ensures that the benefits of having directors or officers with interlocking positions in other entities are optimized and that they devote sufficient time and attention necessary to effectively carry out his/her duties and responsibilities; and it conducts regular assessment of potential conflicts of interest of interlocking directors and/or officers in other entities as well as in interlocking positions held.

Through the CGCC, the Board always considers that it is led by competent and experienced professionals.

The CGCC brings in a diverse pool of exceptional candidates who represent Producers Bank's values and culture and firmly believe in its vision and mission statements. It follows Producers Bank's By Laws and considers related Bangko Sentral ng Pilipinas (BSP) and Securities & Exchange Commission (SEC) regulations in assessing whether the candidates fit the qualifications.

For senior management positions, applications of potential officers or promotions of existing officers to senior management positions are screened and evaluated by the Human Resources Management Department and Chief Finance & Admin. Officer who recommends to the CGCC applications or recommendations for vetting. All applications or recommendations are endorsed by CGCC for final approval of the Board of Directors.

a. The board of directors shall be responsible for the appointment/ selection of key members of senior management and heads of control functions and for the approval of a sound remuneration and other incentives policy for personnel. In this regard, the board of directors shall:

1. Oversee selection of the CEO and other key personnel, including members of senior management and heads of control functions based on the application of fit and proper standards. Integrity, technical expertise, and experience in the Bank's business, either current or planned, shall be the key considerations in the selection process. Moreover, since mutual trust and a close working relationship are important, the members of senior management shall uphold the general operating philosophy, vision and core values of the Bank.

2. Approve and oversee the implementation of performance standards as well as remuneration and other incentives policy. The policy should be consistent with the long-term strategic objectives and financial soundness of the Bank and should promote good performance, convey acceptable risk-taking behavior, and reinforce the Bank's operating and risk culture.

3. Oversee the performance of senior management and heads of control functions:

   i. The board of directors shall regularly monitor and assess the performance of the management team and heads of control functions based on approved performance standards;

   ii. The board of directors shall hold members of senior management accountable for their actions and enumerate the possible consequences if those actions are not aligned with the board of directors' performance expectations. These expectations shall include adherence to the Bank's values, risk appetite and risk culture, under all circumstances;

iii. The board of directors shall regularly meet with senior management to engage in discussions, question, and critically review the reports and information provided by the latter;

iv. Non-executive board members shall meet regularly, other than in meetings of the audit, risk oversight, corporate governance, and related party transactions committees, in the absence of senior management, with the external auditor and heads of the internal audit, compliance and risk management functions.

4. Engage in succession planning for the CEO and other critical positions, as appropriate. In this respect, the board of directors shall establish an effective succession planning program. The program should include a system for identifying and developing potential successors for the CEO and other critical positions.

5. Ensure that personnel's expertise and knowledge remain relevant. The board of directors shall provide its personnel with regular training opportunities as part of a professional development program to enhance their competencies and stay abreast of developments relevant to their areas of responsibility.

6. Ensure that employee pension funds are fully funded or the corresponding liability appropriately recognized in the books of the Bank at all times, and that all transactions involving the pension fund are conducted at arm's length terms.

b. The board of directors shall be responsible for approving Bank's objectives and strategies and in overseeing management's implementation thereof. In this regard, the board of directors shall:

1. Ensure that the Bank has beneficial influence on the economy by continuously providing services and facilities which will be supportive of the national economy.

2. Approve the Bank's strategic objectives and business plans. These shall take into account the Bank's long-term financial interests, its level of risk tolerance, and ability to manage risks effectively. In this respect, the board of directors shall establish a system for measuring performance against plans.

3. Actively engage in the affairs of the Bank and keep-up with material changes in the Banks's business and regulatory environment as well as act in a timely manner to protect the long-term interests of the Bank.

4. Approve and oversee the implementation of policies governing major areas of the Bank's operations. The board of directors shall regularly review these policies, as well as evaluate control functions (e.g., internal audit, risk management and compliance) with senior management to determine areas for improvement as well as to

promptly identify and address significant risks and issues.

c. The board of directors shall be responsible for approving and overseeing implementation of the Bank's corporate governance framework. In this regard, the board of directors shall:

1. Define appropriate governance structure and practices for its own work and ensure that such practices are followed and periodically reviewed.

2. Develop remuneration and other incentives policy for directors that shall be submitted for approval of the stockholders. The board of directors shall ensure that the policy is consistent with the long-term interest of the Bank, does not encourage excessive risk-taking, and is not in conflict with the director's fiduciary responsibilities.

3. Adopt a policy on retirement for directors and officers, as part of the succession plan, to promote dynamism and avoid perpetuation in power.

4. Conduct and maintain the affairs of the Bank within the scope of its authority as prescribed in its charter and in existing laws, rules and regulations. It shall ensure effective compliance with the latter, which include prudential reporting obligations. Serious weaknesses in adhering to these duties and responsibilities may be considered as unsafe or unsound banking.

5. Maintain, and periodically update, organizational rules, by-laws, or other similar documents setting out its organization, rights, responsibilities and key activities. The board of directors shall ensure that the Bank's organizational structure facilitates effective decision-making and good governance. This includes clear definition and delineation of the lines of responsibility and accountability

6. Oversee the development, approve, and monitor implementation of corporate governance policies. The board of directors shall ensure that corporate governance policies are followed and periodically reviewed for ongoing improvement.

7. Approve an overarching policy on the handling of RPTs to ensure that there is effective compliance with existing laws, rules and regulations at all times, that these are conducted on an arm's length basis, and that no stakeholder is unduly disadvantaged.

8. Define an appropriate corporate governance framework for group structures, which shall facilitate effective oversight over entities in the group. The board of directors of the parent company shall ensure consistent adoption of corporate governance policies and systems across the group.

d. The board of directors shall be responsible for approving Bank's risk governance framework and overseeing management's implementation thereof. In this regard, the board of directors shall:

1. Define the Bank's risk appetite. In setting the risk appetite, the board of directors shall take into account the business environment, regulatory landscape, and the Bank's long term interests and ability to manage risk.
2. Approve and oversee adherence to the

risk appetite statement (RAS), risk policy, and risk limits.

3. Oversee the development of, approve, and oversee the implementation of policies and procedures relating to the management of risks throughout the Bank.

4. Define organizational responsibilities following the three lines of defense framework. The business line functions will represent the first line of defense, the risk management and compliance functions for the second line of defense, and the internal audit function for the third line of defense. In this regard:

   i. The board of directors shall ensure that the risk management, compliance and internal audit functions have proper stature in the organization, have adequate staff and resources, and carry out their responsibilities independently, objectively and effectively;

   ii. The board of directors shall ensure that non-executive board members meet regularly, with the external auditor and heads of the internal audit, compliance and risk management functions other than in meetings of the audit and risk oversight committees, in the absence of senior management.

RISK OVERSIGHT COMMITTEE

The Risk Oversight Committee is responsible for the development and oversight of the risk management program for the Bank. The committee is composed of three (3) members of the Board of Directors who are all Independent Directors, and a Chairperson who is a non-executive member of the Board.

The members of the Risk Oversight Committee possess a range of expertise as well as adequate knowledge of the Bank's risk exposure to be able to develop appropriate strategies for preventing losses and minimizing the impact of losses when they occur. It oversees the system of limits to discretionary authority that the Board delegates to management, ensures that the system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached. The Bank's Chief Compliance Officer communicates formally and informally to the Risk Oversight Committee any material information relative to the discharge of its function.

The Risk Oversight Committee has access to external expert advice, particularly in relation to proposed strategic transactions, such as mergers and acquisitions.

Meanwhile, as embodied in the Bank's Financial Consumer Protection Manual, the Legal Department shall be concurrently designated as the Consumer Assistance Group of Producers Bank, with the Branch Managers as the concurrent Consumer Assistance Officers at the branch level to handle consumer concerns.

The Consumer Assistance Group shall, at the minimum, perform the following: (a) monitor consumer assistance process; (b) keep track, identify, and analyze the nature of complaints and recommend solutions to avoid recurrence; (c) report to senior management, i.e the President, Retail Banking Group Head and/or Chief Compliance Officer the complaints received on a monthly basis including reasons to avoid recurrence, and the suggestions for process or personnel competency needing improvement; and (d) ensure escalation of any significant complaint to the concerned unit of the Bank (Credit, Retail Banking, Treasury Management, etc.).

AUDIT COMMITTEE

The Audit Committee is composed of three (3) members of the Board of Directors, who are all independent Directors. The Chairperson is equipped with accounting, auditing, or related financial management expertise or experience.

The Chief Executive Officer, Chief Financial Officer and/or Treasurer, or officers holding equivalent positions, are not to be appointed as members of the Audit Committee.

The Audit Committee provides oversight over the Bank's financial reporting policies, practices and control. It shall monitor and evaluate the adequacy and effectiveness of the internal control system. It is responsible for the appointment of the Internal Auditor as well as the independent External Auditor who shall both report directly to the Audit Committee. In cases of appointment or dismissal of external auditors, it is encouraged that the decision be made only by the independent and non-executive members of the Audit Committee.

The Audit Committee reviews and approves the audit scope and frequency. It receives key audit reports, and ensures that senior management is taking necessary corrective actions in a timely manner to address the weaknesses, non-compliance with policies, laws and regulations and other issues identified by the Auditors.

The Audit Committee has explicit authority to investigate any matter within its terms of reference, full access to and cooperation by management and full discretion to invite any director or executive officer to attend its meetings, and adequate resources to enable it to effectively discharge its functions. The Audit Committee ensures that a review of the effectiveness of the Bank's internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually.

The Audit Committee establishes and maintains mechanisms by which officers and staff may, in confidence, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action. It ensures that arrangements are in place for the independent investigation, appropriate follow-up action, and subsequent resolution of complaints.

INTERNAL AUDIT GROUP

The Bank has created the Internal Audit Group (IAG) Charter in order to set the direction of the IAG, serve as guidelines in the efficient discharge of the internal audit function consistent with BSP Regulations and international standards; as well as improving its relations with other control functions of the Bank; set the guidelines in outsourcing internal audit activities, in providing consulting or advisory services, and in coordinating with external auditors and supervisory authority.

The IAG shall be composed of two (2) departments, namely: Head Office Operations and IT Systems Audit Department (HSAD) and Field Operations Audit Department (FOAD), which shall be both functionally and administratively under the IAG Head.

1. HSAD is divided into two (2) Audit Area Units – the HO Operations Audit Unit responsible in examining and evaluating operations of Head Office units (except

IT Departments) and the IT System Audit Unit responsible in examining and evaluating IT Risk exposures throughout the Bank, including the areas of IT management and strategic planning, IT operations, client/server architecture, local and wide area networks, telecommunications, physical and information security, electronic products & services, systems development and acquisition, and business continuity planning.

2. The FOAD, on the other hand, shall be responsible for conducting internal audits of provincial branches/lending centers. FOAD is divided into ten (10) Audit Regional Units to delineate audit coverage based on geographic locations and proximity to the Audit Area office location. Under each Audit Area Unit are the Financial Audit Team and Credit Review Team which will handle operations review/examination of Branches/Accounting Units and the Regional Lending Centers respectively

The IAG, in the exigency of service, may reassign/ change audit coverage of HSAD and FOAD.

Scope

All processes, systems, units and activities including outsourced activities shall fall within the scope of the IAG. The scope of internal audit shall cover, among others, the following:

1. Evaluation of the adequacy, efficiency and effectiveness of internal control risk management and governance systems;
2. Review of reliability, effectiveness and integrity of management and financial information systems, including electronic information system and electronic banking services;
3. Review of systems and procedures to safeguard the Bank's physical and information assets;
4. Review of compliance system and implementation of established policies and procedures; review of regulators area of interest and the monitoring of compliance with relevant rules/laws such as assessment of adequacy of capital and provisions; liquidity level; regulatory and internal reporting.

CHAIRMAN OF THE BOARD

The Chairman leads the Board of Directors as an effective working group at the head of the Bank. It promotes a culture of openness and debate and is responsible for effective communication within the Board and with shareholders. It ensures that there is a good working relationship between the Board committees and executive management and that there is sufficient time to discuss and effectively address strategic issues during Board and committee meetings.

The Chairman of the Board has a collaborative working relationship with the Co-Vice Chairman and Chief Executive Officer (CEO) and the President & Chief Operating Officer (COO) of the Bank, but very clearly, it is not involved in the running of the Bank's day-to-day operations. They share a common understanding of the Bank's goals and strategies and work together to achieve such goals. Invaluable views, inputs and directions are sought on emerging issues such as new projects and initiatives of the Bank. It is kept abreast with the Bank's operations by being available at least three days a week and by attending the Management Committee meetings.

The Chairman of the Board keeps the integrity and goals of the Bank at the forefront of every decision that it makes.

DIRECTORS' ATTENDANCE

NAME OF DIRECTOR	NUMBER OF BOARD MEETINGS	
	ATTENDED	%
Gilda E. Pico	13	100%
Andres M. Cornejo	13	100%
Sandra C. Mendoza	13	100%
Andrei D. Cornejo, Jr.	13	100%
Adrian Jean Claude D. Cornejo	13	100%
Rabboni Francis B. Arjonillo	13	100%
Cecilio B. Lorenzo	13	100%
Amador N. Llona	13	100%
Julio D. Climaco, Jr.	13	100%
		100%
Total Number of Meetings Held During the Year ** 1 special Meeting*	13	

BOARD COMMITTEE MEETINGS

AUDIT COMMITTEE

Attendance: 100% for 12 meetings in 2024

Chairman:	Amador N. Llona	12
Members:	Cecilio B. Lorenzo	12
	Julio D. Climaco, Jr.	12

RISK OVERSIGHT COMMITTEE

Attendance: 100% for 12 meetings in 2024

Chairman:	Julio D. Climaco, Jr.	12
Members:	Cecilio B. Lorenzo	12
	Amador N. Llona	12

CORPORATE GOVERNANCE AND COMPLIANCE COMMITTEE

Attendance: 100% for 12 meetings in 2024

Chairman:	Cecilio B. Lorenzo	12
Members:	Amador N. Llona	12
	Julio D. Climaco, Jr,	12

SELF-ASSESSMENT PROGRAM

In line with regulatory expectations and the Bank's internal governance framework, the Compliance Office, in partnership with the Internal Audit Group, facilitated the conduct of key self-assessment activities across the institution. These included the Branch Self-Assessment Questionnaire (BSAQ) and the Head Office Support Group Self-Assessment Questionnaire (HOSGSAQ), developed by the Compliance Office and administered by the Internal Audit Group to assess operational effectiveness, control adherence, and regulatory compliance at the branch. The support unit level self-assessment was conducted by the Compliance Office. Additionally, the Board of Directors and its Committees undertook a structured Self-Assessment to evaluate governance performance and decision-making efficacy. Results from these initiatives were used to identify gaps, reinforce internal controls, and support compliance monitoring and risk-based oversight.

Compliance functions including its role, mandate/ authority, and reporting process

a. The Compliance Office is independent from any commercial, administrative or control function within the Bank in order to allow them to carry out their work freely and objectively. It is hierarchically linked and reports directly to the Board of Directors (BOD) through the Corporate Governance and Compliance Committee. It is authorized to perform its roles and responsibilities at its own initiative. In order to warrant objectivity, officers and staff of the Compliance Office are not authorized to assume commercial or operational responsibilities in the areas they control. Providing professional consultancy in these processes or activities does not adversely affect objectivity.

b. The Compliance Office is authorized by the BOD of its right to obtain access to information from all the units of the organization to carry out its responsibilities in checking the overall compliance of the Bank. Thus, the CO has the right to access all the minutes of the BOD, BOD and Management Committees up to the 201 files of employees.

c. The Compliance Office shall have the right to conduct its own investigation of possible breaches of the compliance policy such as but not limited to specific violations of policies/rules and regulations of the regulatory bodies, crimes and losses incidents in the bank as well as with the fraud and errors discovered by the Internal Audit Group and Operations Support Group.

d. The CCO shall directly report to the BOD through the Corporate Governance and Compliance Committee the results of its compliance testing, the identified new laws and regulations, its compliance tracking for the list of outstanding compliance issues and exceptions in the latest BSP Report of Examination.

e. Ensure compliance of the Bank with the rules and regulations issued by the regulatory bodies, such as but not limited to BSP, PDIC, SEC, BIR, etc., to prevent the Bank from incurring monetary and non-monetary penalties and sanctions;

f. Ensure the independence of the compliance office from the business activities of the Bank;

g. Review and approve the appointment and/or replacement of the Chief Compliance Officer;

h. Review and approve the compliance program of the Chief Compliance Officer and its consequent implementations;

i. Ensure the Chief Compliance Officer's right to obtain access to information necessary to carry out his responsibilities;

j. Review the effectiveness of the system for monitoring compliance with laws and procedures and the results of Management's investigation and follow-up, including disciplinary action on any fraudulent acts or non-compliance;

k. Obtain regular updates from the Chief Compliance Officer regarding compliance matters;

l. Review the reports of the Compliance Officer on the results of the compliance testing performed; and

m. Ensure that the Management is taking corrective actions in a timely manner to address the weaknesses, non-compliance with policies, laws and regulations and other issues identified by the Chief Compliance Officer.

PERFORMANCE ASSESSMENT PROGRAM

The Bank's Board of Directors as the primary body to influence and enforce good corporate governance within the organization through its officers and all its employees ensures that everyone discharges their duties with utmost integrity, takes responsibility and ensures the appropriate discharge of their duties for the benefit of the Bank as well as all its stakeholders.

Review and evaluation of the qualifications of all persons nominated to the Board as well as those nominated/promoted to senior management positions, particularly those with the rank of Vice President and up requiring appointment by the Board of Directors are being adhered to.

Through the constitution of a Corporate Governance and Compliance Committee, a board-level committee, oversight to a periodic performance evaluation of the Board and its committees and executive management is conducted as well as an annual self-evaluation of its performance.

Continuing education of directors, assignment to board committees, succession plan for the board members and senior officers, and their remuneration commensurate with corporate and individual performance are ensured and are assessed to ensure contribution to shareholders' value.

ORIENTATION AND EDUCATION PROGRAM

Producers Bank has taken advantage of virtual meetings and webinars for the continued training and development program for its directors, senior management and rank and file employees for 2024.

Orientation and Education Program for the Bank's directors and senior management includes Corporate Governance Certifications for all Directors, in-house mandated trainings as required by BSP which exemplifies their excellence as the pillars of the Bank, Basic Branch Operations Training and Advanced Branch Operations Training (both are compilations of module-based topics and seminars – including, but not limited to, classroom–method and workshop method). For topics which are offered to the public, the Bank has affiliations and membership with Training Providers, for example, but not limited to, BSP, BAIPHIL, Chamber of Thrift Banks, DB Quest Inc. (to name a few).

The Bank provides employee development programs in answer to their training needs.

The HRMD is permanently responsible in seeing to it that BSP Training requirements are complied with. They are to schedule employees who may attend BSP training programs and shall for the purpose of determining training needs, consult other departments of branch offices from time to time.

HRMD is responsible for arranging/advertising group trainings or seminars that may be conducted by Producers Bank regardless of the subject matter. If the training is highly specialized, the same will be conducted with necessary assistance and consultative services from specialized staff, resource persons or training institutes.

Other areas in personnel training outside the field of money and banking shall likewise be the responsibility of HRMD including but not limited to the selection of speaker/trainer/preparation of course study, selection of trainees (in coordination with the branches and departments), conduct of examination related to such training/seminar and evaluation of the said trainings/seminar programs.

RETIREMENT AND SUCCESSION POLICY

Retirement

Republic Act No. 7641 requires the entitlement by employees to receive retirement benefits at the time of his/her retirement.

Republic Act no. 4917 on the other hand, provides for tax exemptions (subject to certain guidelines) on retirement benefits received by officials and employees of private firms in accordance with a reasonable private benefit plan maintained by the employer. The aim of Producers Bank Retirement Plan is to assure employees of retirement, death, disability and separation benefits, in the light of management's continuing effort to uphold the well–being of its employees.

As stated in the Bank's By Laws, the Board of Directors (BOD) shall serve for a term of one (1) year or until their successors are elected and qualified. A director shall hold office for said period unless he resigns, is removed from office, becomes incapacitated by reason of sickness or death, or otherwise disqualified by law or by the Bangko Sentral ng Pilipinas (BSP) rules and regulations before his term expires.

Features of the Producers Bank Retirement Plan.

Effectivity Date	27 November 2005
Coverage	Regular Full-Time Employees
Covered Service	Measured from Hiring Date
Retirement Benefit	Based on vesting schedule, but the maximum is 1.25 month's Final Salary for every year of continuous service
Normal Retirement	Age 65
Early Retirement	Age 55 with 15 years of continuous service
Late Retirement	Beyond age 65 upon mutual agreement between Company and the Employee
Death or Disability Benefit	One (1) month's final salary for every year of continuous service
Vesting	Minimum of 50% of Retirement Benefit for those with five (5) years of continuous service; thereafter, an increment of 25% for every 5 years of continuous service until 125% of final salary is reached

Succession Policy

The Bank's succession plan aims to identify officers and employees who could potentially fill and perform effectively and efficiently in each position. Hiring and training programs of the Bank ensure that potential successors are readily available.

REMUNERATION POLICY

In its remuneration policy, Producers Bank fully adheres to what Philippine laws and regulations require. In particular, please refer to the Labor Code of the Philippines (Presidential Decree No. 442), the Wage Rationalization Act (Republic Act No. 6727), the Implementing Rules and Regulations (IRR) to the Wage Rationalization Act, and pertinent Executive Orders and Wage Orders. The Bank provides a commensurate and rational salary structure depending on the scope of responsibilities /functions of each employee, which is reviewed periodically to align with the current regulatory provisions and industry trends. It complies with the wage orders or government mandated pay adjustments issued by the Department of Labor and Employment, the Tripartite Wage Boards and applicable provisions of the existing Collective Bargaining Agreement.

Producers Bank's by-laws state that the directors shall not receive any compensation, as such as directors, except for reasonable per diems. Provided however, that compensation (other than per diems) maybe granted to directors by the vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special stockholders' meeting. In no case shall the total yearly compensation of directors exceed ten percent (10%) of the net income before tax of the Bank during the preceding year.

Per diem allowances are given to the members of the Board of Directors (BOD) while the remuneration of the President and Chief Executive Officer and the Bank's highly compensated management officers also adheres to the Bank's existing salary structure wherein they are provided with salaries and allowances depending on their respective scope of responsibilities/functions.

The total overall compensation in 2024 of the Bank's Chief Executive Officer and the four (4) highly compensated executive officers amounted to Pesos: Fifty Six Million Four Hundred Sixty Thousand (PHP56,460,000.00) Only.

MAJOR STOCKHOLDER

As of 31 December 2024, the following are known to be the direct or indirect beneficial owners of more than five percent (5%) of Producers Bank's voting securities: Mr. Andres M. Cornejo owns eighty eight point ten percent (88.10%) of the total stockholdings of Producers Bank. Every stockholder is entitled to one (1) vote for each share of stock outstanding in his name on the books of Producers Bank, unless the law provides otherwise. Cumulative voting shall be used in the election of the members of the Board of Directors.

SECURITY OWNERSHIP OF DIRECTORS

As of 31 December 2024, the following are known to be direct or indirect beneficial owners of Producers Bank's voting secturities:

STOCKHOLDERS	POSITION	CITIZENSHIP	NO. OF SHARES	AMOUNT	RATIO
Cornejo, Andres M.	President & CEO, Executive Director (ED)	Filipino	118,026,071	1,180,260,710.00	88.10822%
Mendoza, Sandra C.	Vice Chairman & Head, MSSG Executive Director (ED)	Filipino	6,339,727	63,397,270.00	4.73270%
Cornejo, Andrei D.	EVP & COO, Executive Director (ED)	Filipino	4,290,242	42,902,420.00	3.20273%
Cornejo, Adrian Jean Claude D.	FVP & Head, SPE Executive Director (ED)	Filipino	4,365,716	43,657,160.00	3.25907%
Pico, Gilda E.	Chairman, Non Executive Director (NED)	Filipino	129	1,290.00	0.00010%
Llona, Amador N.	Independent Director, Non Executive Director (NED)	Filipino	32	320.00	0.00002%
Lorenzo, Cecilio B.	Independent Director, Non Executive Director (NED)	Filipino	30	300.00	0.00002%
Arjonillo, Rabonni Francis B.	Director, Non Executive Director (NED)	Filipino	20	200.00	0.00001%
Climaco, Julio Jr. D.	Independent Director, Non Executive Director (NED)	Filipino	11	110.00	0.00001%

Board of Directors

Board of Directors

Gilda E. Pico, 78
Chairman
(since September 2016)

Mrs. Pico was the Chief Executive Officer and President of Land Bank of the Philippines from November 2006 to July 2016. She served Land Bank for 35 years and was the Bank President for 10 years. She was the first woman President and Chief Executive Officer of Land Bank and the first Landbanker in career position to be appointed as head of the institution. Mrs. Gilda E. Pico is a Certified Public Accountant. She earned her degree, Bachelor of Commerce major in Accounting at the College of the Holy Spirit, Manila (Magna Cum Laude). She earned her Master in Business Administration (MBA) at the University of the East.

Sandra C. Mendoza, 49
Vice Chairman
(Director, since October 2002)

Ms. Mendoza is a graduate of the University of Asia and the Pacific where she earned her degree in Bachelor of Science in Information Technology. Prior to her current position, she was the Head of Human Resources and Administration Group. She and her husband are also entrepreneur–restaurateurs operating several very successful restaurants. She is also the President of Top Star Hotel and Jolly Hearts Academy.

ANDRES M. CORNEJO, 76

Co-VIce Chairman and
Chief Executive Officer
(Director, since November 1995)

Mr. Cornejo is a highly successful, self-made businessman and entrepreneur from Nueva Ecija. Prior to becoming a full-time entrepreneur and banker, he worked for 16 years with the First Philippine Holdings Corporation (First Holdings) holding the positions of Comptroller, Treasurer and finally Chief Financial Officer. Prior to joining First Holdings, he worked for 9 years with the local accounting firm, Carlos J. Valdes & Company CPAs. He is a graduate of the Philippine School of Business Administration with a Bachelor of Science degree in Accountancy. He has a Masters degree in Entrepreneurship from the Asian Institute of Management. Mr. Cornejo is a Certified Public Accountant. He is the Chairman of Cabiao General Hospital, Inc., Chairman of C & D Properties, Inc., and General Manager of C & D Pawnshop. He is also the Chairman of Top Star Hotel and Jolly Hearts Academy

ANDREI D. CORNEJO, JR., 47

President and Chief Operating Officer
(Director since May 2015)

Mr. Cornejo is a graduate of Bachelor of Science in Business Administration from the Philippine School of Business Administration. He was President and General Manager of Iloilo City Development Bank prior to its merger with Producers Bank. He is now the President and Chief Operating Officer for Producers Bank.

Adrian Jean Claude D. Cornejo, 33

Senior Vice President and Director
(since June 2017)

Mr. Cornejo is a Bachelor of Science in Management graduate at the Ateneo de Manila University. Mr. Cornejo first joined the Bank as Assistant Manager and Management Trainee under the Bank's Management Training Program. He was assigned to different areas of bank operations to allow him to learn basic skills and principles involved in the management of the Bank. In July 2013, Mr. Cornejo was promoted to Manager and Branch Head of the Bank's Main Branch. Two years after, in July 2015, he was promoted to Senior Manager rank and as Assistant to the Chairman and Chief Executive Officer, and Branch Head of the Main Branch in concurrent capacity. He was appointed Cluster Head for branches in the National Capital Region in November 2015, Assistant Vice President and Area Head in January 2017 and eventually, Vice President for Branch Banking Group 2. He is also the President of Cabiao General Hospital.

Cecilio B. Lorenzo, 74

Independent Director
(since January 2018)

Mr. Lorenzo finished his Bachelor of Science in Management Engineering at the Ateneo de Manila University. He also took Masters of Business Management at the Asian Institute of Management. Mr. Lorenzo was connected with various private and government owned industries. He was a Consultant and General Manager of Guevent Industrial Development Corporation (2010–2015); President of Fisher Comprehensive Security Services (2009–2010). Mr. Lorenzo held various positions for government entities. He was a Director of Development Bank of the Philippines (2010–2016); Director of DBP Center Corporation (2011–2016); Director and DBP Representative of National Resources Development Corporation (2014–2016); Director and DBP Representative of Philippine Mining Development Corporation; Director and DBP Representative of Metro Rail Transit Corporation (2014–2016). Further, he also served actively as Chairman of DBP IT Governance Board Committee; Vice Chairman of DBP Audit & Compliance Board Committee; Vice Chairman of DBP Risk Oversight Board Committee and Chairman of the Board of DBP Data Center, Inc. At present, he is the Chief Operations Officer and Board Member of Cogitat Technologies, Incorporated.

Arthur R. Ponsaran, 81

Corporate Secretary

Atty. Ponsaran completed his Bachelor of Science in Business Administration (Accounting) at the University of the East, his Bachelor of Laws at the University of the Philippines and his Management Development Program at the Asian Institute of Management. Atty. Ponsaran is also a Certified Public Accountant and is currently engaged in private law practice. He is the Managing Partner of Corporate Counsels, Philippines – Law Office. In addition, he is also Director and/or Corporate Secretary of several client corporations. He was previously connected as Assistant Counsel in Pilipinas Shell Petroleum Corporation, Vice President – Chief Legal Officer at First Philippine Holdings Corporation, First Vice President and Head, Legal Services at Bancom Development Corporation/ Bancom Group, Inc. and First Vice President for Legal Services and acted as Chief Internal Counsel at Union Bank of the Philippines.

Rabboni Francis B. Arjonillo, 65

Director (since May 2023)

Mr. Arjonillo graduated with a Bachelor of Arts degree in Economics at the De La Salle University and Master of Business Management with concentration in Finance at the Asian Institute of Management. He was the President and CEO of First Metro Investment Corporation (FMIC), an investment bank subsidiary of Metrobank, and Chairman of First Metro Securities Brokerage Corporation (FMSBC), a subsidiary of FMIC from 2015 until 2020. He was also previously connected with Land Bank of the Philippines as Executive Vice-President and Head, Treasury and Investment Banking Sector (2012-2015) and Chief Risk Officer and Senior Vice-President in China Banking Corporation Philippines (2010-2012). He spent 18 years in Citibank in various positions, the last two as Treasurer and Capital Markets Head of Citibank Vietnam (2006-2008) and Consumer Bank Treasurer of Citibank Australia (2008-2009). He started his banking career as a Management Trainee in the Bank Officers Development Program of Bank of the Philippine Islands (1983-1989). He also became a Management Trainee at Jardine Davies (1980) and an Executive Assistant at Fil-Hispano Ceramics (1981). He taught part-time at De La Salle University (1980-1989) and has been a regular resource for various organizations such as the Ateneo-BAP, FINEX and Bangko Sentral ng Pilipinas.

Amador N. Llona, 78

Independent Director
(since September 2021)

Mr. Llona obtained his Bachelor of Science in Business Administration, major in Accounting at the University of the East wherein he graduated as Cum Laude in 1969. He is a Certified Public Accountant and took up his Masters in Business Administration at the Ateneo de Manila University Graduate School of Business. Mr. Llona is the Founding Partner & Vice Chairman at Mateo Ramos Celestino Llona & Company, CPAs. He is also the President of Xyber Pros Business Solutions, Inc. and Chairman of Geoplan Philippines, Inc., and Proprietor of Jakel Mansion Condominium.

Julio D. Climaco, Jr., 67

Independent Director
(since May 2023)

Mr. Climaco is a graduate of Bachelor of Science in Commerce, Management of Financial Institutions at De La Salle University in Manila. He also pursued Masters in Economic Research at the University of Asia and the Pacific. He was a former member of Board of Directors of the following banks and corporation namely (1) United Coconut Planters Bank (2) UCPB Securities, Inc. (3) Overseas Filipino Bank (4) Producers Savings Bank Corporation (5) LSERV Corporation and (6) LBP Leasing Corporation. Mr. Climaco also handled various positions in Land Bank of the Philippines from 1993 to 2022 (i) Executive Vice President of the Branch Banking Sector (2020–2022), (ii) Executive Vice President of Corporate Services Sector (2014–2019), Senior Vice President of Corporate Services Sector (2012 – 2014), Senior Vice President of Strategic Planning Group (2009–2012), First Vice President of Strategic Planning Group (2000– 2004) and Vice President of Corporate Planning Department (1993–2000). He also worked at Isla Lipana and Co. – Price Waterhouse Coopers as Senior Consultant (1988 – 1990), Supervising Consultant (1990 – 1991), Managing Consultant (1991 – 1993), Hongkong Bank Manila (HSBC) as Market Analyst (1985–1987) and Staff Officer of Marketing Department (1987– 1988).

In 2018, Mr. Climaco received the Leadership Award from Post Master Philippines.

Board of Directors

Executive and Senior Management

ANDRES M. CORNEJO
Co-Vice Chairman and Chief Executive Officer

- 76 years old, Filipino
- Former Chief Financial Officer of the First Philippines Holdings Corp. and Manager of Carlos J. Valdes & Co.
- Graduate of BS Accountancy
- Masters in Entrepreneurship
- Certified Public Accountant

SANDRA C. MENDOZA
Vice Chairman, Executive Vice President & Chief Finance and Administrative Officer

- 49 years old, Filipino
- Graduate of BS Information Technology

ANDREI D. CORNEJO, JR.
President and Chief Operating Officer

- 47 years old, Filipino
- Graduate of BS Banking and Finance

ADRIAN JEAN CLAUDE D. CORNEJO
Senior Vice President, Asst. Chief Operating Officer and Head, Strategic Planning and Execution Group & Retail Banking Group

- 33 years old, Filipino
- Graduate of BS Management

CENON M. LADRINGAN
Executive Vice President and Head, Credit Management Support Group

- 54 years old, Filipino
- Graduate of BS Agricultural Engineering

Executive and Senior Management

ATTY. MELAMY A. SALVADORA – ASPERIN
Vice President & Head, Legal Department

- 42 years old, Filipino
- Graduate of BS Tourism
- Graduate of Bachelor of Laws

JUDEE JOY L. CAPARIÑO
Vice President and Head, Retail Banking Group (Region 6)

- 41 years old, Filipino
- Graduate of BS Accountancy
- Postgraduate in Master of Business Administration

ELMER G. CAYOG
Vice President and Head, Retail Banking Group (Region 5)

- 52 years old, Filipino
- Graduate of BS Accountancy

NERISSA A. ECHECHE
Vice President and Head, Retail Banking Group (Region 2)

- 45 years old, Filipino
- Graduate of BS Accountancy

TEODORA C. GARCIA
Vice President and Head, Retail Banking Group (Region 1)

- 51 years old, Filipino
- Graduate of BS Accountancy

MARICEL C. LADIGNON
Vice President and Head, Retail Banking Group (Region 3)

- 48 years old, Filipino
- Graduate of BS Accountancy

Executive and Senior Management

MARIA CRISTINA YASMIN S. MARIÑAS
Vice President and Regional Head

- 47 years old, Filipino
- Graduate of BS Electronics and Communications Engineering
- Postgraduate in Master of Business Administration

ATTY. EDEN BETH E. MILLANES
Vice President and Head, Retail Banking Group (Region 9 & 10)

- 45 years old, Filipino
- Graduate of Bachelor of Laws
- Graduate of BS Accountancy
- Certified Public Accountant
- Licensed Real Estate Appraiser

BERNARD APRILONE S. PADILLA
Vice President and Head, Internal Audit Group

- 36 years old, Filipino
- Graduate of BS Accountancy

GINA T. RIVERA
Vice President and Chief ICTG Officer

- 56 years old, Filipino
- Graduate of BS Business Administration Major in Accounting
- Postgraduate in Master of Business Administration

MARIGOLD C. RIVERA
Vice President, Corporate Communications Officer and Head, Human Resource Management Department

- 46 years old, Filipino
- Graduate of AB Philosophy
- Graduate of Bachelor of Laws

Executive and Senior Management

REVIER R. AVESTRUZ
Senior Assistant Vice President and Regional Head

• 45 years old, Filipino
• Graduate of BS Accountancy

PAB RONALD H. CALANOC
Senior Assistant Vice President and Head, Information Security & Technology Risk Management

• 43 years old, Filipino
• Graduate of Bachelor of Science in Information Technology

IVY L. ALENSUELA
Assistant Vice President and Head, Retail Banking Group (Regions 8, 11, 12 & 13)

• 40 years old, Filipino
• Graduate of BS Accountancy

JOFFREY S. APOLONIO
Assistant Vice President and Regional Head

• 40years old, Filipino
• Graduate of BS Accountancy

CHARITY E. ARRIOLA
Assistant Vice President and Regional Head

• 36 years old, Filipino
• Graduate of BS in Management Accounting
• Postgraduate in Master of Business Administration

MARY ANN S. BARBASA
Assistant Vice President and Head, Lending Center

• 50 years old, Filipino
• Graduate of Bachelor of Arts in Economics

Executive and Senior Management

MA. REINA M. BELEN
Assistant Vice President and Regional Head

- 51 years old, Filipino
- Graduate of BS Chemistry

MELANY L. BELTRAN
Assistant Vice President and Assistant Regional Head

- 46 years old, Filipino
- Graduate of BS Accountancy

ARACELI D. CHICO
Assistant Vice President and Head, E-Banking Group

- 39 years old, Filipino
- Graduate of BS Accountancy

PATRICIO M. CORNEJO
Assistant Vice President and Head, Bank Security Office / concurrent Head, Special Projects Department

- 63 years old, Filipino
- Graduate of BS Commerce

MA. CECILIA A. CRUZ
Assistant Vice President and Regional Head

- 53 years old, Filipino
- Graduate of BS Business Administration

MARITA T. DADUYO
Assistant Vice President and Regional Head

- 50 years old, Filipino
- Graduate of BS Accountancy

Executive and Senior Management

MA. VICTORIA L. DELA ROSA
Assistant Vice President and
Head, Controllership Group

• 41 years old, Filipino
• Graduate of BS Accountancy

RENY BOY S. EDANG
Assistant Vice President and
Head, IT Security
(Network and Cybersecurity)

• 37 years old, Filipino
• Graduate of BS in Computer Science
major in Network Engineering

LILIBETH A. FERNANDEZ
Assistant Vice President and
Head, Lending Center

• 50 years old, Filipino
• Graduate of BS Accountancy

ATTY. ANTHONY F. FRAYNA
Assistant Vice President and
Head, Lending Center

• 36 years old, Filipino
• Graduate of BS Accountancy
• Graduate of Bachelors of Laws
• Postgraduate in Master of Management

KEITH SUSIE B. LEGASPI
Assistant Vice President and
Officer-in-charge, Risk Management Group

• 40 years old, Filipino
• Graduate of Bachelor of Arts
Major in English Literature
• Graduate of Juris Doctor

CHARLIE R. MADAYAG
Assistant Vice President and
Assistant Regional Head

• 53 years old, Filipino
• Graduate of BS Commerce
major in Banking and Finance

Executive and Senior Management

MARVIN G. MADRIGAL
Assistant Vice President & Head, Retail Banking Group (Cordillera Administrative Region & Ilocos Region)

- 51 years old, Filipino
- Graduate of BS Accountancy

LOVELYN D. MALIBIRAN
Assistant Vice President and Regional Head

- 44 years old, Filipino
- Graduate of BS Commerce

MARY ANN D. MONTOYA
Assistant Vice President and Assistant Regional Head

- 45 years old, Filipino
- Graduate of BS Accountancy

MIKE C. ORDONEZ
Assistant Vice President and Regional Head

- 41 years old, Filipino
- Graduate of BS Accountancy

MARRY ELLAINE D. PIÑERA
Assistant Vice President & Head, Treasury Management Department

- 38 years old, Filipino
- Graduate of Bachelor of Arts Major in Management

NORDELIZA S. RECTO
Assistant Vice President & Officer-in-charge, Compliance Office

- 60 years old, Filipino
- Graduate of BS Mathematics

Executive and Senior Management

ROSITA M. REYES
Assistant Vice President and Regional Head

- 54 years old, Filipino
- Graduate of BS Computer Science

HAMILTON B. SALES
Assistant Vice President and Assistant Regional Head

- 44 years old, Filipino
- Graduate of BS Mechanical Engineering

CRISPIN G. TAPIC
Assistant Vice President and Head, CIPAD

- 43 years old, Filipino
- Graduate of BS Civil Engineering
- Licensed Real Estate Appraiser
- Licensed Real Estate Broker

ANIE JOY R. PADILLA
Manager & Head, Fund Management Unit & ROPA Disposal Department

- 33 years old, Filipino
- Graduate of BS Business Administration Major in Computer Management & Accounting

REDENTOR M. UBA, JR.
Manager & Head, Clearing Operations Department

- 37 years old, Filipino
- Graduate of BS Commerce

RYAN V. VELASQUEZ
Manager and Head, Administrative Services Department

- 43 years old, Filipino
- Graduate of BS Commerce Major in Banking and Finance

Operating Management

The Board of Directors delegates to the Co-VIce Chairman, Chief Executive Officer (CEO) the responsibility of managing the Bank's business operations. Closely supporting and working with the CEO at the higher level is the Chairman who directs the overall execution of the strategic plans and policies as established by the Board of Directors. Reporting directly to the Chief Executive Officer are as follows:

- Strategic Planning, Execution and Business Development Group
- Legal Department
- Chief Finance & Admin Officer
- Treasury Management Group
- Information & Communication Technology Group
- Human Resource Management Department
- Administrative Services Department

Meanwhile, supporting the Co-Vice Chairman, Chief Executive Officer is the President and Chief Operating Officer who is in charge of the day to-day operations of the operating sectors as follows:

- Assistant Chief Operating Officer
- Controllership Group
- Information Security Officer
- Chief Security Officer
- Deposit Champion
- APDS Champion
- FSME Champion
- Consumer Loans Champion
- Credit Card Champion
- E-Banking Group
  - ATM Operations Department
  - Remittance Department
  - Credit Card Management Department
- Retail Banking Group
- Credit Management Group
  - Technical Support Unit
  - Regional Lending Center
  - Credit Investigation & Property Appraisal Department
  - Remedial Management Department

ELECTRONIC BANKING GROUP

Bringing Banking Closer to Our Clients

At Producers Savings Banking Corporation (PSBC), we believe that banking should be simple, secure, and accessible to everyone—whether in busy cities or remote rural areas. As digital transformation reshapes the financial industry, we remain committed to expanding our electronic banking services, enhancing security, and introducing new products that empower individuals and businesses.

Making Everyday Banking Easier

PSBC continues to strengthen its electronic banking network, ensuring that clients can conveniently access financial services anytime, anywhere. As of December 31, 2024, our 362 ATMs nationwide provide 24/7 cash withdrawal and banking transactions. With our PSBC ATM debit card, clients can withdraw cash from thousands of Bancnet accredited ATMs across the country, making everyday banking easier and more accessible.

Beyond ATMs, we support financial inclusion through Agency Banking, aligning with the Bangko Sentral ng Pilipinas (BSP) to bring essential banking services to unbanked and underserved communities. By leveraging Point-of-Sale (POS) solutions, we enable more Filipinos to perform cash deposit and cash out transactions through our agent bank.

Digital Banking: Secure and Reliable

In today's fast-paced world, people expect banking to happen in real time. That's why PSBC's online banking services provide safe and efficient financial management, with key features such as:

✓ InstaPay –Instantly transfer up to PHP 50,000 per transaction.

✓ PESONet –Ideal for businesses and high-value transfers, with no maximum limit and same-day processing.

✓ Western Union Remittance Services –Secure global money transfers for overseas workers and their families.

Additionally, our partnership with Electronic Commerce Payments Inc. (ECPay) allows clients to pay bills quickly and securely, simplifying financial transactions for both individuals and businesses.

A Major Milestone: Introducing PSBC Credit Cards

In a significant step forward, PSBC was officially approved as a Principal Member of Mastercard on August 8, 2024— major milestone that allows us to issue our own credit cards.

This marks the beginning of a new era for PSBC, as we introduce Classic, Gold, and Platinum credit cards, designed to meet the diverse financial needs of our clients. Whether for everyday purchases, business expenses, or online transactions, our credit cards offer financial flexibility, security, and convenience.

"We've always been focused on providing banking solutions that truly serve our clients, especially those in the countryside. With the launch of PSBC credit cards, we are giving our clients even more ways to manage their finances with confidence."

Our credit cards will provide:

✓ Convenient Cashless Transactions –Shop in-store or online with ease.

✓ Seamless E-Commerce Access –Make purchases on international and local platforms.

✓ Flexible Credit Limits –Tailored to suit different spending capacities.

✓ Support for Small Businesses –Helping entrepreneurs and agricultural businesses grow.

With Mastercard's worldwide acceptance, PSBC cardholders will enjoy access to millions of merchants globally, expanding their financial reach beyond local markets.

Looking Ahead: Strengthening Security and Expanding Services

As we continue to grow, security remains our top priority. PSBC is investing in advanced cybersecurity measures to ensure that all digital and credit card transactions are safe, seamless, and protected.

In the coming year, we will continue to enhance our electronic banking services, expand credit card offerings, and develop more financial products that cater to the evolving needs of our clients.

At PSBC, our goal is simple: to make banking more accessible, secure, and innovative for every Filipino. By embracing digital advancements and expanding financial solutions, we demonstrate our commitment to being a trusted partner in our clients' financial journeys.

ATMPOS Webinar

E-Banking Refresher

PRODUCERS BANK SUPPORTS BSP FINANCIAL INCLUSION PROGRAM

For 2024, Producers Bank remains in support of the Bangko Sentral ng Pilipinas' (BSP) Financial Inclusion Program as it continues to expand its branch network namely: (i) Sta. Ignacia, Tarlac (ii) Pulilan, Bulacan (iii) Balaoan, La Union (iv) Casiguran, Aurora (v) Pili, Camarines Sur (vi) Mapandan, Pangasinan (vii) Minew View Baguio, Benguet (viii) Allacapan, Cagayan (ix) Sogod, Southern Leyte (x) Malaybalay, Bukidnon (xi) Balungao, Pangasinan (xii) Maramag, Bukidnon (xiii) Cotabato City (xiv) Calapan City, Oriental Mindoro (xv) Pototan, Iloilo (xvi) Calasiao, Pangasinan

Additionally, in 2024, the merger of Countryside Rural Bank of Maasin (Southern Leyte) Inc. and Community Rural Bank of San Felipe (Zambales) Inc. took place.

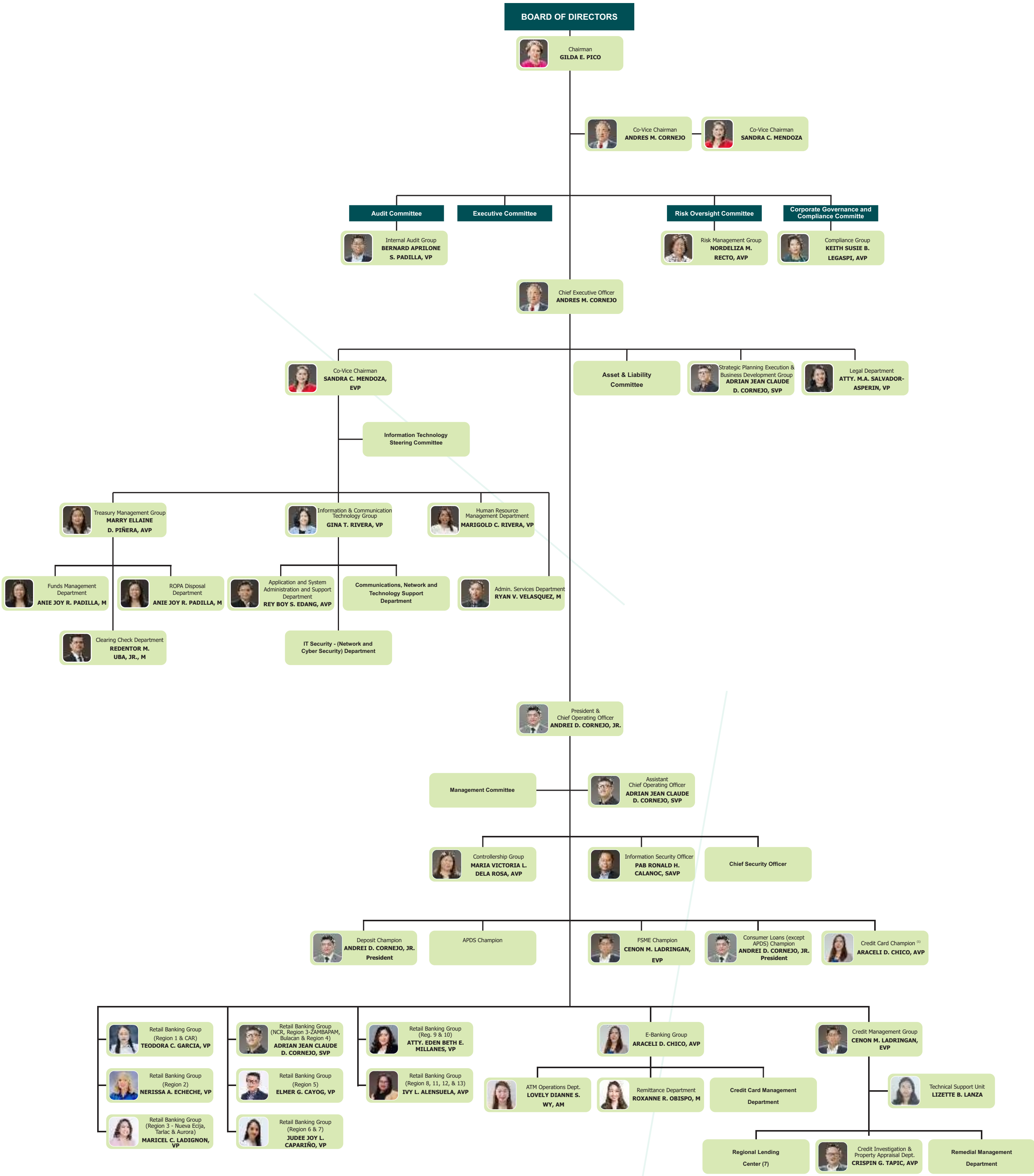
Producers Bank's success in expanding to new localities through branch openings is a testament that providing quality financial services to unbanked areas is a viable business.
On the other hand, Producers Bank believes that it has a responsibility to make its financial services accessible most especially to the farmers and entrepreneurs if it wants to achieve its vision of becoming the number one (1) partner bank of farmers and entrepreneurs in producing more wealth for the country. For 2024, the Bank was very active and visible in conducting marketing caravan to reach out to more farmers and SMEs.

Producers Bank Branch Openings




Board of Directors Meeting

Producers Savings Bank Corporation
TABLE OF ORGANIZATION
AS OF JUNE 1, 2024



Related Party Transactions

RELATED PARTY TRANSACTION

Producers Bank adopts the definition of Related Parties as provided in BSP Circular No. 1129, series of 2021, titled "Amendments to Corporate Governance Guidelines for BSP-Supervised Financial Institutions", and other relevant provisions of Section 133 of the Manual of Regulations for Banks (MORB 2020), the Corporate Governance and Compliance Committee Charter is hereby amended as follows:

1. Related parties – shall cover bank's subsidiaries as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities) that the Bank exerts direct/indirect control over or that exerts direct/indirect control over the Bank; the Bank's directors; officers; stockholders and related interests ("DOSRI"), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person/juridical entity whose interests may pose potential conflict with the interest of the Bank, hence, identified as a related party.

2. Close family members – are persons related to the Bank's directors, officers and stockholders (DOS) within the second degree of consanguinity or affinity, legitimate or common-law. These shall include the spouse, parent, child, brother, sister, grandparent, grandchild, parent-in-law, son/daughter-in-law, brother/sister-in-law, grandparent, grandchild-in-law of the Bank's DOS.

3. Corresponding persons in affiliated companies – are the DOS of the affiliated companies and their close family members.

4. Control of an enterprise exists where there is:

    a. Power over more than one-half (1/2) of the voting rights by virtue of an agreement with other stockholders; or

    b. Power to govern the financial and operating policies of the enterprise under a statute or an agreement; or

    c. Power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or

    d. Power to cast the majority votes at a meeting of the board of directors or equivalent governing body; or

    e. Any other arrangement similar to any of the above.

Control is presumed to exist if there is ownership or holding, whether direct or indirect, of 20 percent or more of a class of voting shares of a company.

5. Related party transactions – are transactions or dealings with related parties of the Bank, regardless whether or not a price is charged. These shall include, but not limited to the following:

    a. On- and off-balance sheet credit exposures and claims and write-offs;

    b. Investments and/or subscriptions for debt/equity issuances;

    c. Consulting, professional, agency and other service arrangements/contracts;

    d. Purchases and sales of assets, including transfer of technology and intangible items (e.g., research and development, trademarks and license agreements);

e. Construction arrangements/contracts;

f. Trading and derivative transactions;

g. Borrowings, commitments, fund transfers and guarantees;

h. Sale, purchase or supply of any goods or materials; and

I. Establishment of joint venture entities.

At Producers Bank, RPT is any financial transaction, arrangement or relationship entered into in any calendar year.

Vetting and Approval of Related Party Transactions (RPTs)

i. RPTs are generally allowed, provided that these are done on an arm's length basis.

ii. In addition to the approval requirements of the CASA, all RPTs shall be vetted and approved as follows:

RPT	Approval/Confirmation By
RPTs amounting to P1.0 Million and above	• Vetted and endorsed by CGCC • Approved by the BOD

A statement that the transaction is an RPT shall be disclosed on the applicable documents and the following information shall be determined during the review of the transactions:

1. The identities of the Related Party involved or the relationship;
2. The natures and terms of the transactions on arm's length basis;
3. Benefit to the Bank of the proposed RPT; and
4. Availability of other sources of comparable producers or services

The CGC Committee and other approving authorities must ensure that all RPTs are in the regular course of business and not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirements, etc.)

Any member of the Bank's ManCom, CGC Committee and the BOD who has personal interest in the transaction must abstain from the discussion, approval and management of such transaction or matter affecting the Bank.

DOSRI LOANS

Under the Bank's Policies and Procedures Manual, the transactions of the Bank with its DOSRI, which are comprised of loans and other transactions, are made substantially on the same terms as with other individuals and businesses of comparable risks. Under the Bank's DOSRI policy manual and current BSP regulations, the amount of individual accommodations to DOSRI, of which 70% must be secured, should not exceed the amount of their respective deposits and book values of their respective investments in the Bank. Such limit does not apply to loans secured by assets considered as non-risk as defined in the regulations and loans granted to officers under the Bank's Employee Fringe Benefit Programs approved by the BSP. In the aggregate, loans to DOSRI should not exceed the Bank's total regulatory capital or 15% of its total loan portfolio, whichever is lower.

Information on loans to DOSRI as of 31 December 2024 and 2023 is as follows:

	2024	2023
Total outstanding DOSRI loans	P74,762,314.84	P55,998,920.00
Percent of DOSRI loans to total loans	0.28%	0.22%
Percent of unsecured DOSRI loans to total DOSRI loans	0%	0%
Percent of past due DOSRI loans to total DOSRI loans	0%	0%
Percent of non-performing DOSRI loans to total DOSRI loans	0%	0%

KEY MANAGEMENT COMPENSATION AND DIRECTOR'S REMUNERATION

Key management personnel are the persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any of its Directors.

Short–term employee benefits pertain to the compensation received by key management personnel. Compensation includes all benefits constituting all forms of consideration paid, payable or provided by the Bank, or on its behalf, in exchange for services rendered to the Bank.

	2024	2023	2022
Short-term employee benefits	P59,767,389	P59,767,389	P59,767,389
Directors' remuneration	5,466,667	5,288,876	3,688,855
TOTAL	P65,234,056	P65,056,265	P63,456,244

DIVIDEND POLICY

Under Philippine Law, dividends may be declared out of a corporation's unrestricted retained earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the SEC. The approval of the board of directors is generally sufficient to approve the distribution of dividends. As provided for in Section 5 of the By–Laws of Producers Bank, declaration of dividends shall be subject to existing laws and Bangko Sentral ng Pilipinas (BSP) rules and regulations.

Producers Bank did not declare stock dividends for 2024.

Corporate Social Responsibility

Producers Bank's CSR Program

Producers Bank, as a financial institution, holds Corporate Social Responsibility (CSR) as a core value and has gone beyond mere compliance to embrace it as an extension of its mission and mandate. The bank believes that its CSR Programs are not just about giving back, but about doing what is right and essential for the well-being of all members of society.

Producers Bank sees itself as a partner institution in advancing the general well-being of all Filipinos, not only a partner bank in the Countryside. With its CSR Programs, the bank is dedicated to adding value for the community and positively influencing society. This dedication is seen in its activities to motivate its staff to actively engage in CSR programs and create in them a passion for public service that transcends simple obligation.

The bank operates on the principle that its purpose is not solely focused on profits or increasing its bottom line. It recognizes that creating a positive and consistent impact on the environment, consumers, employees, and communities where it operates is equally important. This holistic approach reflects Producers Bank's belief that helping others and contributing to the betterment of society is a fundamental responsibility.

Producers Bank deeply believes in the power of kindness and its ability to create a ripple effect that can positively impact entire communities. Whether it's a simple act of generosity, a small act of service, or a gesture of compassion, Producers Bank recognizes that these acts can foster cooperation, build trust, and instill a sense of security among individuals.By cultivating a culture of giving back, the bank aims to inspire a sense of responsibility towards future generations. It recognizes that the positive impact of kindness and cooperation can be passed on, creating a chain of goodwill that benefits not just the present generation, but also pays it forward to future generations.

Producers Bank's unwavering commitment to achieving a harmonious balance between sustainable growth and widespread prosperity serves as a shining example of its visionary approach. This dedication goes beyond mere financial success, as the bank strives to create a positive and lasting impact on society as a whole, going above and beyond its bottom line.

Tree Planting

During the Tree Planting Activity, Producers Bank employees and volunteers planted trees to support the government's climate control program. The initiative aims to combat climate change by reducing carbon dioxide in the atmosphere and promoting environmental sustainability.

Relief Operations

Following Typhoon Kristine

In October 2024, Typhoon Kristine brought intense rains across the Philippines, particularly affecting Regions 5, 4A, and 2. These conditions led to widespread flooding and landslides in several parts of the country.

Typhoon Kristine, known internationally as Tropical Storm Trami, developed into a tropical depression west of Guam on October 19, 2024, and was named Kristine upon entering the Philippine Area of Responsibility. The storm intensified, making landfall in Divilacan, Isabela, on October 23, 2024. The Bicol Region, including Naga City and Canaman in Camarines Sur, was among the hardest-hit areas, experiencing severe flooding due to record-breaking rainfall. In Daet, Camarines Norte, 528.5 mm of rain was recorded over a 24-hour period, marking the highest rainfall since the 1920s.

In response to the disaster, Producers Bank mobilized relief efforts to assist affected communities. In Naga City and Canaman, Camarines Sur, relief goods were distributed to affected families, providing essential support during their time of need.

Brigada Eskwela

Producers Bank actively participates in the annual Brigada Eskwela program, a nationwide initiative that brings together volunteers to help prepare public schools for the upcoming academic year. Through Brigada Eskwela, Producers Bank employees come together to contribute their time, skills, and resources to help improve the school facilities, promote cleanliness and sanitation, and create a conducive learning environment for students.

Feeding Program

In partnership with C and D Farm, the program provided nutritious meals to underserved children in the community, with the goal of improving their health.

Help Build the Church Program

The Bank recognizes the importance of spiritual well being and living in harmony with society through its cash donation to help build the St. Nicholas of Tolentine Basilica Crypt.

Take Care of Your Heart

As part of their Branch Anniversary program, the bank offers a free blood pressure checkup program in partnership with local medical professionals. Customers and members of the community can avail themselves of this service at select bank branches, promoting awareness and early detection of hypertension for better overall health.

"Producers Bank commits to improve the quality of life of our employees, and in the communities that we serve particularly in the areas that are not served by the large financial institutions."

Consumer Protection Practices

CONSUMER PROTECTION PRACTICES

Producers Bank is committed to the full compliance of all banking rules and regulations, and the adherence to global standards with regard to customer relations, particularly with respect to the privacy of customer information and consumer protection from unfair business practices, any form of discrimination, and all hazards to health and safety.

PSBC's Financial Consumer Protection policies effectively address the rights of its consumers by offering financial consumers a wide range of products and services that fit their needs and purposes and an awareness that will empower them to engage in an inclusive financial system that safeguards their rights and interests. A wide-range and dedicated approach to consumer protection is offered by PSBC to make it an important priority at all operating levels. PSBC's consumer protection policies highlight the specific and focused consideration to consumer protection at all stages of the customer across the bank. The policies express PSBC's guiding principles and framework consisting of the structure, responsibilities, and mechanisms in the protection of the financial consumers' rights.

CONSUMER PROTECTION OVERSIGHT FUNCTION

The Board of Directors (BOD) of Producers Bank is ultimately responsible for ensuring that consumer protection practices are embedded in the Bank's business operations. It also has a key role in ensuring that the Bank is adhering to the highest service standards and is embracing a culture of fair and responsible dealings in the conduct of business that will be appropriate to the Bank's corporate structure, operations and risk profile.

a) Role and Responsibility of the Board of Directors

The Board of Directors is responsible for the development and continuous improvement of the Bank's consumer protection strategy. It exercises effective oversight over the implementation of consumer protection programs, the mechanism to ensure compliance with PSBC's consumer protection policy and strategy.

The Board is responsible for maintaining a sound Consumer Protection Risk Management System (CPRMS). The CPRMS is part of the corporate-wide Risk Management System of the Bank that is a means by which it identifies, measures, monitors, and controls consumer protection risks, which include both risks to the financial consumers and the Bank, inherent in its operations. The products and services of the Bank remain to be traditional and non-complex and as such, the required Consumer Protection policies are incorporated into the overall framework for the Bank's operations, products and services, and the various product manuals of the Bank to address and prevent the various financial risks that will cause harm or loss to consumers.

The Board annually reviews the effectiveness of the CPRMS, as well as how the findings are reported in a timely and acceptable manner, and whether the appropriate audit mechanisms are in place to provide adequate oversight.

The Board oversees the performance of Senior Management in managing the day-to-day consumer protection activities of the Bank, and ensures that any weaknesses in the CPRMS are addressed and corrective actions are done in a timely manner.

b) Role and Responsibility of the Senior Management

The Senior Management and Management Committee of the Bank are responsible for the implementation of the consumer protection policies approved by the Board and manage the day-to-day consumer protection activities of the Bank. They also ensure that there are adequate resources and personnel devoted to the Bank's consumer protection program.

c) Consumer Protection Risk Management System (CPRMS)

- Compliance Program

The Consumer Protection Program is incorporated in the over-all Compliance System and Program of the Bank to prevent regulatory violations and protect consumers from financial and associated harm or loss. The Chief Compliance Officer (CCO) coordinates with concerned bank units for the efficient implementation of the Bank's Consumer Protection Program and is responsible for incorporating it in the Compliance System and Program for financial consumer protection.

- Policies and Procedures

The Bank's policies and procedures governing consumer protection are approved by the Audit Committee and the Board of Directors. These officers ensure that policies and procedures are:

a) Consistent with Consumer Protection Policies as approved by the Board;

b) Consumer protection practices are embedded in the Bank's business operations;

c) Compliant with consumer protection laws, rules, and regulations; and

d) Reviewed periodically and kept up-to-date to serve as reference for employees in their day-to-day activities.

- Internal Audit Function

The Internal Audit Group of the Bank develops and includes the Consumer Protection Audit Program in its audit function/program. It conducts the annual review of the Bank's consumer protection practices, ensures adherence to internal policies and procedures and compliance with existing laws, rules and regulations. The results of the audit findings and exceptions that are noted by the Internal Audit Group enable the Audit Committee to assess the effectiveness of the implementation and adequacy of the approved policies and standards in meeting the established consumer protection objectives.

- Training

All Bank personnel are given specific and comprehensive training that reinforces and helps in the implementation of written policies and procedures on consumer protection as well as continuing education about Consumer Protection laws, rules and regulations.

CONSUMER ASSISTANCE MANAGEMENT SYSTEM (CAMS)

The Financial Consumer Protection Manual (the "Policy") of the Bank applies to all officers and employees, including non-permanent employees (those under training and probationary status, and those employees under fixed tenure contracts). The scope of this policy includes the requirements and minimum guidelines on receiving, recording, evaluating, resolving, monitoring, reporting, and giving feedback to all concerns raised by the clients/consumers of Producers Bank.

The Bank's Consumer Assistance Group (CAG) with the Branch Heads as the concurrent Consumer Assistance Officers at the branch level are designated to handle customer requests for assistance. It coordinates all customer requests with the appropriate Bank units and provides/compiles the appropriate feedback and resolution in a timely manner.

All feedback received by the Bank are handled carefully, with urgency and documented properly. The turnaround time is observed in handling simple, moderate and complex issues. Results of the investigation are properly explained to the satisfaction of the customers.

Alternatively, customers are given the option to elevate their concerns to the BSP Financial Consumer Protection Department. All BSP referred customer concerns are responded to on or before the due date set by BSP. Complaints are monitored and reported monthly to the Senior Management, Risk Management Committee and Corporate Governance and Compliance Committee to ensure that the reputational risk and operational lapses are addressed fully and in a timely manner. The action taken on the complaint is communicated to the client within the required time frame. The same report is shared with the concerned bank units for product and service enhancements.

From the different available platforms such as email, telephone, social media, and walk-in clients by which customers can request for assistance, the Bank provided and processed eighteen thousand eight hundred nine (18,809) requests for assistance for the year 2024.

Presently, PSBC takes pride in the immediate integration of the recently enacted Financial Products and Services Consumer Protection Act in its Revised Financial Consumer Protection Manual. With the guidance of its Board of Directors, senior management, and its regulator, the Bangko Sentral ng Pilipinas, PSBC will continue to monitor, update, improve and strengthen its policies on consumer protection.

Products and Services

DEPOSIT PRODUCTS

SAVINGS ACCOUNT

Producers Bank has a savings account that allows you to deposit your money and typically earn a modest amount of interest. It is intended to offer depositors with banking convenience while also ensuring the protection of their funds.

- Passbook Savings Account and ATM Debit Card Savings Account

An interest bearing peso account that requires the showing of a passbook for deposit and withdrawal operations or transact using ATM Debit Card at any Bancnet ATMs.

To open a passbook savings account, the following requirements must be submitted: 1. Two pieces of 2x2 picture, 2. Photocopy of two (2) valid government issued IDs, and 3. Application and Agreement forms with a completely filled out Signature Card.

- US Dollar Savings

Producers Bank offers an interest-bearing U.S. Dollar Savings Account for Balikbayan/US Immigrants, Overseas Contract Workers (OCWs), US Government Retirees, Exporters, Importers, Travel Agents and Money Changers. One must have at least an initial maintaining deposit balance of 100 dollars. It can also be used as collateral for Peso loans.

To open a US Dollar Savings account, one must provide the following requirements: 1. Two pieces of 2x2 picture, 2. Photocopy of two (2) valid government issued IDs, and 3. Application and Agreement Forms with a completely filled out Signature Card.

CHECKING ACCOUNT

A non-interest-bearing peso account in which deposits are made over the counter and withdrawals are done by issuing a check.

To open a checking account, the following requirements must be submitted: 1. DTI/Business permit, 2. Two valid IDs, 3. Two pieces of 2x2 picture, 4. P5000 initial deposit, 5. proof of billing & filled out open account documents.

TIME DEPOSIT

A fixed-term investment account that allows you to earn higher interest rates on your money than a traditional savings account.

- Regular Time Deposit
- Long Term Time Deposit/Tax Exempt for Individuals

LOAN PRODUCTS

At Producers Bank, we focus on extending loan facilities that will help augment the capitalization and other financial needs of its clients. We make sure that our offerings are viable financial solutions for our clients.

CROP PRODUCTION LOAN

This product is offered to small and medium-sized farmers that have farm lots below twenty (20) hectares as well as large-sized farmers with farm lots that are twenty (20) hectares and above. Beneficiaries of the Agricultural Credit Policy Council (ACPC) Program under the Department of Agriculture and the Land Reform Program under the Agricultural Guarantee Fund Pool can use this to acquire agricultural lots, farm tractors, machinery and other farm implements.

LIVESTOCK LOAN

Poultry and piggery owners can avail of this loan provided that they have a contract growing agreement with livestock integrators.

SMALL/MEDIUM/LARGE AGRI-BASED SMES

This is offered to both single proprietors and corporations in the agricultural industry and are geared towards propagating agri-businesses.

COMMERCIAL LOANS FOR NON-AGRI SMES

This cluster of loan facilities is offered to corporate accounts and includes the Small Business Loan, SME Loan, Large Enterprise Loans for loans P20 Million and above.

MORTGAGE LOAN

Clients who want to collateral their home in order to upgrade or purchase a new home or gather funds for their business can avail of this loan.

HOUSING LOAN FOR HOMEOWNERS

Borrowers who want to purchase a property from either PSBC-financed realtors or to be financed in developed subdivisions can avail of this loan.

AUTO LOAN

Bank patrons can avail of the Auto Loan to fund the purchase of their new or second-hand vehicle to help them get to places.

TRUCK LOAN

Entrepreneurs who are ready to take that leap of financing a new truck unit can avail of this loan.

TEACHER SALARY LOAN

This personal loan is made available in compliance with the Department of Education's Automatic Payroll Deduction System (APDS) Program and can be availed by educators.

LGU SALARY LOAN

Local Government Units can dispense this loan to their employees for cash infusion or to help augment daily needs.

CASH SECURED LOAN

This credit-building loan is availed using the savings account and allows bank clients to have a guaranteed loan.

ASENSO LOANS

This loan is intended to offer farmers and small and medium-sized enterprise (SME) borrowers with extra working capital to aid in their complete recovery or expansion of their operations.

OTHER SERVICES

ATM SERVICES – Producers Bank has three hundred sixty two (362) ATMs nationwide as of December 31, 2024 offering the following services 24/7:

(1) Withdrawal
(2) Balance Inquiry
(3) Bills Payment
(4) Prepaid Load Reloading
(5) Fund Transfer

REMITTANCE

- Western Union – one of the oldest and largest money transfer companies offering international and domestic money transfer around the world.
- PESONet – It is the most convenient, affordable, reliable and secure electronic funds transfer service that

government and businesses can use to pay each other and individual person. It is most practical way for persons to pay, send or remit money to other persons especially for non-urgent transactions.

- InstaPay – is a real-time low-value Electronic Fund Transfer credit push payment scheme for transaction amounts up to P50,000.00. This retails payment system, launched on April 23, 2018, is designed to facilitate small value payments that will be especially useful for the purchase of retail goods, paying toll fees, and tickets, as well as for e-commerce, which shall enable, among others, Micro, Small and Medium Enterprises (MSMEs).

BILLS PAYMENT

- ECPay – The most convenient, reliable and trusted one-stop shop for all your PAYMENT, TOPUP and CASH-IN service needs in the country today.

ONLINE BANKING – PSBC provides a convenient and faster way of doing transactions at your fingertips through InstaPay.

- Internet Banking- https://online.producers bank.com.ph/psbibportal/

- Mobile Banking – PSBC Mobile

AGENCY BANKING (ATMPos) – is a new concept in the banking industry and new bank service channels that can operate to serve clients through "Cash Agent" or "Agent Bank" contracted by Producers Bank to accept and disburse cash in its behalf and facilitating banking activities outside bank premises.

CREDIT CARD

On August 8, 2024, PSBC was officially approved as a Principal Member of Mastercard. Following this milestone, the bank launched a new line of credit cards—Classic, Gold, and Platinum—tailored to meet the diverse financial needs of our clients. These cards are ideal for everyday purchases, business expenses, and online transactions.

Branch Directory

HEAD OFFICE

1706 AIC Burgundy Empire Tower, ADB Avenue corner Sapphire Street, Ortigas Center, Pasig City
(02) 570-4137

HEAD OFFICE EXTENSION

17th Floor, One San Miguel Avenue, San Miguel Avenue corner Shaw Boulevard, Ortigas Center, Pasig City
(02) 570-4137

DATA CENTER

Unit 205 Pacific Place Condominium, Pearl Drive corner Amethyst Street, Ortigas Center, Pasig City
(02) 638-0599 / (02) 637-6495

BRANCHES

1. ALAMINOS
G/F New EJR Building, National Road, Barangay Palamis, Alaminos City, Pangasinan
(075) 529-5159

2. ALCALA
G/F Ebron Business Center, National Road, Barangay San Nicolas, Alcala, Pangasinan
(075) 511-2052
**opened in 2025*

3. ALLACAPAN
331 Maharlika Highway Torida Building Centro East, Allacapan, Cagayan
(078) 846-9183

4. ALIAGA
General Luna Street, Poblacion West 3, Aliaga, Nueva Ecija
(044) 951 -5099

5. ALICIA
G/F Danison Commercial Building, Magsaysay Street, Alicia Public Market, Alicia, Isabela
(078) 323-2173

6. ALTAVAS
Bonifacio Street, Poblacion, Altavas, Aklan
(036) 269-1418

7. AMADEO
A. Mabini Street, Poblacion 1, Amadeo, Cavite
(046) 419-0772

8. ANAO
Poblacion, Anao, Tarlac
(045) 606-0919

9. ANGAT
M. A. Fernando Street,
Sta. Cruz, Angat, Bulacan
(0915) 429- 0083

10. ANGELES
Producers Bank Building, Sto. Rosario Street, Barangay San Jose, Angeles City, Pampanga
(045) 409-0840

11. ANGONO
69 M.L. Quezon Avenue, Barangay San Isidro,
Angono, Rizal
(02) 8771-4304

12. ANTIPOLO
145 M.L. Quezon Street, Barangay San Roque, Antipolo City, Rizal
(02) 8742-3440

13. APARRI
G/F 5-Storey Commercial Building, J.P. Rizal corner Alvarado Streets, Barangay Maura, Aparri, Cagayan
(078) 888-0152

14. ARITAO
National Highway, Poblacion, Aritao, Nueva Vizcaya
(078) 362-2527

15. ASINGAN
G/F Cañadido Building,
94 Ramos Street,
Poblacion West,
Asingan, Pangasinan
075-523-0532

16. ASUNCION
Block 13-B-6., Aguinaldo corner Mabini Street, Purok 3, Cambanogoy, Asuncion, Davao del Norte
0935-209-2002

17. AURORA, ISABELA
MM Pua Building, San Pedro, San Pablo, Aurora, Isabela
(078) 307-5710

18. AURORA, ZAMBOANGA DEL SUR
7th Avenue, San Jose, Aurora, Zamboanga Del Sur
062 947 0236

19. BAAO
National Highway, Del Rosario, Baao, Camarines Sur
0966-267-8132

20. BACOLOD
Negros First Cyber Centre Building, corner Lacson Hernaez Street, Bacolod City Negros Occidental
(034) 454-2007

21. BACOOR
F. Giron Arcade, Zapote Rotonda Bacoor, Cavite
(046) 417-5853

22. BAGABAG
Zapata Building, Provincial Road, Brgy. San Geronimo, Bagabag, Nueva Vizcaya
(078) 362-0939

23. BAGO
G/F Ramon Gonzaga Arcade, Barangay Poblacion, Bago City, Negros Occidental
(034) 461-1526

24. BAGUIO
G/F Mount Crest Hotel, Legarda Road corner Urbano Street, Baguio City, Benguet
(074) 661-0658

25. BAIS
G/F Mercado De Bais, Bais City, Negros Oriental
(035) 402-3162

26. BALANGA
GF EGS Building Don Manuel Banzon Avenue, 21. Balanga City, Bataan
(047) 633-3329 / 09666616218

27. BALAOAN
Orallo Bldg, National Highway, Brgy. Antonino Poblacion, Balaoan, La Union
072 610 7836

28. BALER
Quezon Street, Barangay Suklayin, Baler, Aurora
0919-063-7004

29. BALIUAG
Megamart Building, Barangay Tangos, Baliuag, Bulacan
(044) 766-0541

30. BALOC
Maharlika Highway, Baloc, Sto. Domingo, Nueva Ecija
0919-083-3532

31. BALUNGAO
National Road, Poblacion, Balungao, Pangasinan
(075) 522-0954

32. BAMBANG
ERJ Building, Calaocan, Bambang, Nueva Vizcaya
078-362-0924

33. BANI
Quezon Avenue, Poblacion, Bani, Pangasinan
(075) 523 0325
09338683760

34. BAROTAC NUEVO
L. Araneta Street, Barotac Nuevo, Iloilo
(033) 528-8215

35. BATANGAS CITY
24 A.A Pastor Building P. Burgos Street, Brgy. 16, Batangas City, Batangas
043-786-5398

36. BAYAMBANG
NIF Building, Rizal Avenue, Poblacion Sur, Bayambang, Pangasinan
(075) 600-0679

37. BAYOMBONG
Ongtao Building, Provincial Highway, Barangay Don Mariano Perez, Bayombong, Nueva Vizcaya
(078)362-0925

38. BAYUGAN
Esperanza Road, Bayugan City, Agusan del Sur
(085) 231-1974
0909-067-8147

39. BENITO SOLIVEN
National Highway, District 2, Benito Soliven, Isabela
0905-302-7077

40. BINALBAGAN
Poblacion, Binalbagan, Negros Occidental
(034) 432-6414

41. BINALONAN
Bayanmoto Gas Building, Mckinley Street, Binalonan, Pangasinan
(075) 529-5764

42. BLU TAGLATAWAN
Purok 2C, Burin Extension, Taglatawan, Bayugan City, Agusan del Sur
(085) 242-9351

43. BLU MAASIN
E. Rafols Street Tunga-tunga, Maasin City, Southern Leyte
(053) 802-5546

44. BINANGONAN
Baltazar Street corner Rizal Avenue, Barangay Layunan, Binangonan, Rizal
(02) 8532 - 3136

45. BINMALEY
Public Market, Poblacion, Binmaley, Pangasinan
(075) 522-2124

46. BOCAUE
Mc Arthur Highway, R.M. Mariz Building, Wakas, Bocaue, Bulacan
(044) 762-5588

47. BOLINAO
Don Prudencio Street, Germinal, Bolinao, Pangasinan
(075)523 0448

48. BONGABON
National Road, Barangay Commercial, Bongabon, Nueva Ecija
(044) 958-1243

49. BONTOC
National Highway, Poblacion, Bontoc, Southern Leyte
(053) 570-3390

50. BUENAVISTA
Mclain Street, Barangay Poblacion, Buenavista, Guimaras
(033) 322-6640

51. BUGASONG
Barangay Ilauod, Bugasong, Antique
(036) 641-26935

52. BULAN
C. Gotladera Street, Zone 4, Bulan, Sorsogon
(056)555-4057

53. BUSTOS BONGA MENOR
Gen. Alejo Santos Hi-way, Bonga Menor Bustos, Bulacan
(044) 764-6796

54. BUSTOS POBLACION
Poblacion, Bustos, Bulacan
(044) 760 0048

55. BUTUAN CITY
Producers Bank Building, Zone 4 Barangay 6, Diego Silang, Montilla Blvd., Butuan City, Agusan del Norte
(085) 817 2438

56. CABADBARAN
Barangay 9, Quary, Cabadbaran City, Agusan del Norte
085-806-0937 / 09482884733

57. CABANATUAN CENTRAL
Central Terminal Barangay D.S. Garcia Cabanatuan City, Nueva Ecija
(044) 958-0102

58. CABANATUAN EAST
Fortaleza Street, Barangay Bangad, Cabanatuan City, Nueva Ecija
(044) 803-6967

59. CABANATUAN NORTH
Maharlika Highway, Sangitan East corner General Tinio, Cabanatuan City, Nueva Ecija
(044) 464 1768

60. CABANATUAN SOUTH
Producers Bank Center II, Maharlika Highway, Barangay H. Concepcion, Cabanatuan City, Nueva Ecija
(044) 940-8979

61. CABARROGUIS
G/F Uy Building, Provincial Road, Cabarroguis, Quirino
0919-063-8646

62. CABATUAN
Unit 5, Los Angeles Arcade, Centro, Cabatuan, Isabela
(078)-323-4645

63. CABIAO
San Fernando Sur, Cabiao, Nueva Ecija
0933-858-7525

64. CADIZ
Miranda Bldg, Cabahug Street, Barangay Zone 4, Cadiz City, Negros Occidental
(034) 466-0076

65. CAGAYAN DE ORO LAPASAN
281 Recto Avenue, Lapasan Highway, Cagayan De Oro City, Misamis Oriental
(088) 855-0182

66. CAGAYAN DE ORO VELEZ
Ground Floor J & L Building, A. Velez - T. Chaves Streets, Cagayan de Oro City, Misamis Oriental
(088) 557-5089

67. CAINTA
A. Bonifacio Avenue corner Marick Drive, Barangay Sto. Domingo, Cainta, Rizal
(02) 8655-0776
(02) 8656-3876

68. CALABANGA
Zone 5, San Vicente, Calabanga, Camarines Sur
(054) 811-7015

69. CALAMBA, LAGUNA
National Highway corner Sta. Cecilia Village, Barangay Parian, Calamba City, Laguna
(049) 539 8996

70. CALAMBA, MISAMIS OCC.
Felomino Building, National Highway, Purok 1, Solinog, Calamba, Misamis Occidental
088-564-0295

71. CALAPAN
Roxas Drive, Barangay Lumangbayan, Calapan City, Oriental Mindoro
(043) 398 6030

72. CALASIAO
Rizal Street, Poblacion East, Calasiao, Pangasinan
(075) 524-7483

73. CALOOCAN
G/F RBS Tang Building, C3 Road corner J. Teodoro Street, 5th Avenue, Barangay 55, District 2, Caloocan City
0919-087-3245,
(02) 8287-0825

74. CALUMPIT
McArthur Highway, Barangay Corazon, Calumpit, Bulacan
(044) 815-5173; 09979279929

75. CAMILING
G/F M and E Building, Quezon Avenue, Poblacion C, Camiling, Tarlac
(045) 800 5970

76. CANDELARIA
Aho Building, Maharlika Highway, Malabanban Norte, Candelaria, Quezon
(042) 784-3038

77. CANLAON
Andres Bonifacio Street, Midtown, Barangay Mabigo, Canla-on City, Negros Oriental
0929-477-8731

78. CAPAS
Provincial Road, Sto. Domingo, Capas, Tarlac
(045) 491-6203

79. CARIG
Maharlika Highway Carig Sur, Tuguegarao City, Cagayan
(078) 377 8108

80. CARMEN
McArthur Highway, Barangay Carmen West, Rosales, Pangasinan
(075)649-4454

81. CARRANGLAN
Barangay F.C. Otic, Carranglan, Nueva Ecija
0919-063-7005

82. CARRASCAL
Arreza Corner Cervantes Streets, Embarcadero, Carrascal, Surigao del Sur
(086) 212-8023

83. CASIGURAN
Barangay Marikit, Casiguran, Aurora
0931-039-9377

84. CASTILLEJOS
National Highway, San Juan, Poblacion, Castillejos, Zambales
(047) 913-1390

85. CATICLAN
PRCG Building, Caticlan, Malay, Aklan
(036) 268-7827

86. CAUAYAN
G/F Prince Christopher Commercial Complex Building, Maharlika Highway corner Cortez Street, Barangay, District 2, Cauayan City Isabela
(078)-305-5610

87. CEBU
1A 260 Cement Center Building corner Uytengsu Street, Osmeña Boulevard Sambag 1 Cebu City
(032) 253-0647

88. COGEO
Lower G/F City Mall of Antipolo Olalia Road Barangay dela Paz, Antipolo City, Rizal
(02) 8771-4375

89. COMPOSTELA
Lagab, Poblacion Compostela, Compostela Valley, Davao de Oro
0938-448-8265

90. CONCEPCION, ILOILO
Azucena Street, Poblacion, Concepcion, Iloilo
0921-499-8839

91. CONCEPCION, TARLAC
BKG Building, L. Cortez Street, Barangay San Jose, Concepcion, Tarlac
(045) 800-7117

92. CORDON
Rosete Building Magsaysay, Cordon, Isabela
(078) 682-0596

93. COTABATO CITY
Datumanong Building, Notre Dame Avenue, Poblaion III, City of Cotabato, Maguindanao Del Norte
(064) 429-4038

94. CULASI
Jesus of Nazareth Building Cadiao Street, Centro Poblacion, Culasi, Antique
(036) 540-1281

95. CUYAPO
D.M. Jose District 7, Cuyapo, Nueva Ecija
(044) 950-6209

96. DAET
PSBC Building, Gov. Panotes Avenue, Barangay 8, Daet, Camarines Norte
(054) 885-2605

97. DAGUPAN
PSBC Building, Burgos Street, Dagupan City, Pangasinan
(075) 523-1440

98. DASMARINAS
UGF Annie's Plaza Building, Emilio Aguinaldo Highway, San Agustin I, Dasmarinas, Cavite
(046) 852 2926

99. DAPITAN
126 Justice Florentino Saguin Street, Potol, Dapitan City, Zamboanga del Norte
951-304-2668

100. DAVAO BAJADA
Candelaria Building, 547 J.P. Laurel Avenue, Davao City, Davao del Sur
(082) 295-2517

101. DAVAO ECOLAND
Door 101-103 Ground Floor Pink Walters Building, Quimpo Boulevard, Ecoland, Davao City, Davao del Sur
(082) 295-7784

102. DIGOS
Estrada 1st Street, Barangay Zone II, Digos City, Davao del Sur
(082) 553-2382/0948-516-1876

103. DINALUPIHAN
National Road San Ramon, Dinalupihan, Bataan
(047) 643-2050

104. DINGALAN
Baler Street, Barangay Poblacion, Dingalan, Aurora
(042) 724-2498

105. DIPOLOG
083 Rizal Avenue, corner Calibo Street, Dipolog City, Zamboanga del Norte
(065) 212-2466

106. DUMAGUETE
Plaza Donamilagros Building, Perdices, corner Sta. Rosa & Pinili Streets, Dumaguete City, Negros Oriental
(035) 523-3460

107. DUPAX DEL NORTE
Aguada's Bldg., National Highway, Malasin, Dupax Del Norte, Nueva Vizcaya
(078) 362 8313

108. EL SALVADOR
GPA Land Bldg., Door#1A, Pedro Sa Baculio, El Salvador City, Misamis Oriental
(088) 882-6989

109. ESCALANTE
Rotonda, Barangay Balintawak, Escalante City, Negros Occidental
(034) 445-1627

110. GAPAN
E. Jacinto Street, San Vicente, Gapan City, Nueva Ecija
(044) 486-8184

111. GABALDON
Purok Mirasol corner Narra Street, South Poblacion, Gabaldon, Nueva Ecija
(044) 511-6352

112. GERONA
Poblacion 1, Gerona, Tarlac
(045) 606-7334

113. GEN. NATIVIDAD
Barangay Poblacion, General Natividad, Nueva Ecija
(044) 511-2561

114. GEN. TINIO
Bonifacio Street, Poblacion Central, Gen. Tinio, Nueva Ecija
(044) 311 9472

115. GOA
G/F Multi-Storey Commercial Building, J.P. Rizal National Road corner Panday Street, Poblacion, Goa, Camarines Sur
(054) 881-9458

116. GONZAGA
G/F Cortes Building, National Highway, Barangay Paradise, Gonzaga, Cagayan
(078) 395-9554

117. GUIHULNGAN
St. Thaddeus Building, Osmeña Avenue, Barangay Poblacion, Guihulngan City, Negros Oriental
0918-454-5272
0909-345-4461

118. GUIGUINTO
Ground Floor Rockavilla Building, Poblacion, Guiguinto, Bulacan
(044) 794-1420

119. GUIMBA
M.C. Leonardo Building, Afan Salvador corner Sarmiento Streets, Guimba, Nueva Ecija
(044) 951-3700

120. HAGONOY
Felimon Building Sto. Nino, Hagonoy, Bulacan
(044) 931 3244

121. HIMAMAYLAN
Sian Building, Rizal Street, Barangay 2. Himamaylan City Negros Occidental
0927-134-7825

122. HINIGARAN
Tupas Building, Rizal Street, Brgy. 3, Hinigaran, Negros Occidental
(034) 741-0384

123. IBA
Bugallon St. cor. Taveria, Zone V, Iba, Zambales
(047) 602 2139

124. ILAGAN
G/F LSP Building, Osmeña, City of Ilagan, Isabela
(078) 624-1161

125. ILIGAN
Plaza Alemania Hotel, Quezon Avenue Extension Pala-o, Iligan City, Lanao del Norte
0917-144-6016
063-221-1318

126. IMELDA
Calamohoy Building, Purok Rizal, Rizal Street, Poblacion Imelda, Zamboanga Sibugay
905-884-7684

127. IMUS
Unit D & E, Double Tree Building, Gen. Emilio Aguinaldo Highway, Anabu 1-A, City of Imus, Cavite
(046) 886-1858

128. IPIL
Purok Petrotex, Poblacion, Ipil, Zamboanga Sibugay
(062) 955-6860

Branch Directory

129. IRIGA
Ground Floor Lemar's Building, San Roque, Iriga City, Camarines Sur
0981- 598-6635

130. ISABELA
Tourism Building, Burgos Street, Barangay 4, Isabela, Negros Occidental
0966-984-4104
0963-288-8666

131. ISULAN
National Highway Barangay Dansuli, Isulan, Sultan Kudarat
(064) 471-3247

132. JAEN
PSBC Building, Barangay Sapang, Jaen, Nueva Ecija
(044) 511-1738

133. JARO
Ground Floor Door 2 Balsy Building, Barangay Cuartero EL 98 Jaro, Iloilo City
(033) 315-5458

134. JONES
Barangay I (Poblacion), Jones, Isabela
(078) 305-5185
**opened in 2025*

135. KABANKALAN
Producers Bank Building, Aquiles Zayco Avenue Barangay 1, Kabankalan City, Negros Occidental
(034) 485-4632

136. KALIBO
The Waldolf-Garcia Building, Osmena Avenue, Kalibo, Aklan
(036) 500-7835
(036) 268-1298

137. KAPALONG
Purok 10-A, Maniki, Kapalong, Davao del Norte
(084) 807-2988
0939-453-9250

138. LA PAZ, TARLAC
Unit #517 Market Place Building, San Isidro Poblacion, La Paz, Tarlac
(045) 800-7394

139. LA PAZ, AGUSAN DEL SUR
Purok 4 Poblacion, La Paz, Agusan del Sur
0931-217-9962

140. LA TRINIDAD
Lubos Building, Km 5, Pico, La Trinidad, Benguet
(074) 661-0949

141. LAGAWE
JP Rizal Avenue, Poblacion West, Lagawe, Ifugao
0935-809-3071

142. LAOAC
Villar Street, Barangay Poblacion, Laoac, Pangasinan
(075) 600-6210
**opened in 2025*

143. LAUR
Gen. Tinio corner Gen. Natividad Streets, Barangay II, Laur, Nueva Ecija
(044) 463-6807
0919-063-8641

144. LEGAZPI
G/F 2-Storey Commercial Building, Peñaranda Street, Legazpi City, Albay
(052)-(742-2247)

145. LEMERY
Ilustre Avenue, Barangay District 1, Lemery, Batangas
043-756-3910

146. LILOY
Momar Insong Building, Baybay, Liloy, Zamboanga del Norte
0906-260-8275

147. LINGAYEN
G/F Micu Commercial Building, Avenida Rizal East, Poblacion, Lingayen, Pangasinan
(075) 540-7065

148. LIPA
General Luna Street, Sabang, Lipa City, Batangas
(043) 702-6673

149. LLANERA
Lagasca Avenue, Barangay Plaridel, Llanera, Nueva Ecija
(044) 958-1979

150. LOS BAÑOS
National Road, San Antonio, Los Baños, Laguna
(049) 557-1395

151. LORETO
Purok 4, Poblacion, Loreto, Agusan Del Sur
0912-236-0466

152. LUCENA
ADAD Building, M.L. Tagarao cor. Allarey Sts., Lucena City, Quezon
(042) 710-7947

153. LUPAO
Producers Bank Building, National Hi-way, Barangay Flores, Lupao, Nueva Ecija
(044) 456-0428

154. LUPON
E. Aguinaldo Street, Poblacion, Lupon, Davao Oriental
(087) 808-5356
0910-162-8396

155. MAASIN
E. Rafols Street, Tunga-Tunga, Maasin City, Southern Leyte
(053) 570-9835
(053) 802-5546

156. MABALACAT
Lot 8, Golden Crown Building, Mc Arthur Hi-way, Mamatitang, Mabalacat City, Pampanga
0977-415-1356
0931-809-9350

157. MADDELA
Maddela's Point Building, Poblacion Norte, Maddela, Quirino
0919-063-8587

158. MADRID
Purok 3, Barangay Linibunan, Madrid, Surigao del Sur
(086) 213-4167

159. MAGARAO
San Pantaleon, Magarao, Camarines Sur
0925-807-2463

160. MALASIQUI
Ramon Magsaysay Street, Barangay Poblacion, Malasiqui, Pangasinan
(075) 656-5464

161. MALAYBALAY
Belsar Building Sayre Highway Barangay 9 Malaybalay City, Bukidnon
(088) 537-5065

162. MALITA
Doña Pilar Building, Poblacion Highway, Malita, Davao Occidental
(082) 237-4890

163. MALLIG
Adriosula Building Centro 2, Mallig, Isabela
(078) 305-8300

164. MALOLOS
F. Estrella Street corner M. Tengco, Sto. Rosario, Malolos City, Bulacan
(044) 769-4898

165. MANAOAG
New Manaoag Mall, Llamido Street, Barangay Poblacion, Manaoag, Pangasinan
(075) 529-1088

166. MANDALUYONG
#673 Boni Avenue Barangay Plainview, Mandaluyong City
(02) 8298-7061

167. MANDAUE
Grand Arcade, A.C. Cortes Avenue, Mandaue City, Cebu
(032) 238-8137

168. MANGALDAN
G/F Berex Enterprises Building, J. Rizal Avenue, Mangaldan Commercial Center, Bari, Mangaldan, Pangasinan
(075) 524-7252

169. MANGATAREM
G/F C & D Building, Burgos Street, Mangatarem, Pangasinan
(075) 632-3405
0956-718-1597

170. MANUKAN
Caballero Building, Poblacion Manukan, Zamboanga Del Norte
0917-322-7267
0970-916-2575

171. MAPANDAN
Pandan Avenue, Poblacion, Mapandan, Pangasinan
(075) 505-0569

172. MARAMAG
MS2 Building Agrosite, South Poblacion, Maramag Bukidnon
(088) 537-5066

173. MARIA AURORA
ML Quezon Street, Barangay 4, Maria Aurora, Aurora
(042) 714-5322
0919-063-8645

174. MARIKINA
90 J.P Rizal Street, Calumpang, Marikina City
0919-087-3247

175. MARILAO
McArthur Highway, Abangan Sur, Marilao, Bulacan
(044) 815-4218

176. MATI
Doña Rosa Building, Madang Street, Barangay Central, Mati City, Davao Oriental
(087) 811-2628
0930-380-8280

177. MINES VIEW BAGUIO
#130 North Outlook Drive, Mines View, Baguio City
0933-862-7711
0930-742-3789

178. MOLAVE
Roxas Avenue, Makugihon, Molave, Zamboanga Del Sur
0977-801-0133

179. MOLO
KBEN Building MH Del Pilar Street, Molo, Iloilo City, Iloilo
(033) 336-3855

180. MONCADA
Maharlika Highway, Barangay Rizal, Moncada, Tarlac
(045) 934-1486

181. MUÑOZ
T. Delos Santos Street, Science City of Muñoz, Nueva Ecija
(044) 950-6230

182. MURCIA
Barangay Salvacion, Murcia, Negros Occidental
(034) 474-8065

183. NABUA
Nabua Municipal Library Building, National Road, Poblacion, Nabua, Camarines Sur
0948-419-5173
0929-760-8909

184. NAGA PANGANIBAN
G/F Producers Bank Building, Panganiban Drive, Barangay Concepcion Pequeña, Naga City
0917-939-4789

185. NAGCARLAN
692 Jose Coronado Street, Nagcarlan, Laguna
(049) 547-7732

186. OLONGAPO
A. Sia Building #41 Gordon Avenue Pag Asa, Olongapo City, Zambales
(047) 611 0145

187. ORTIGAS (OSMA)
LG/F One San Miguel Avenue, San Miguel Avenue corner Shaw Boulevard, Ortigas Center, Pasig City
(02) 8556-2684
0919-087-3244

188. OROQUIETA
Dajao Building, Rizal Street Poblacion 1, Oroquieta City, Misamis Occidental
(088) 520-9793

189. OTON
J. C. Zulueta Street, Poblacion South, Oton, Iloilo
(033) 321-6160

190. OZAMIZ
Ground Floor Insular Life Building, Don Anselmo Bernad Avenue, Ozamiz City, Misamis Occidental
0918-728-1675

191. PAGADIAN
F.S Pajares Corner Sanson Street, San Francisco, Pagadian City, Zamboanga del Sur
(062) 993-4100

192. PALAYAN
Aurora Road, Barangay Caimito, Palayan City, Nueva Ecija
(044) 940-9798

193. PALAUIG
West Poblacion Palauig, Zambales
0912-215-4307

194. PAMPLONA
Maharlika Highway, Tambo, Pamplona, Camarines Sur
(054) 884-0508

195. PANABO
Door 1 SBB Building, Sto. Niño, Panabo City, Davao Del Norte
(084) 823-8288

196. PANDAN
Dy Buco Building, Barangay Centro Norte, Pandan, Antique
(036) 540-1280

197. PANDI
G/F Megamart Mall, Bunsuran 1st, Pandi, Bulacan
(044) 762-6006

198. PANIQUI
No.1 Greenfield Bldg Zamora Street Poblacion Sur, Paniqui, Tarlac
(045) 800-7667
**opened in 2025*

199. PANTABANGAN
East Poblacion, Pantabangan, Nueva Ecija
0919-063-8642

200. PASACAO
Sta. Rosa Del Sur, Pasacao, Camarines Sur
0915-420-8854/0921-227-8095

201. PASIG (ADB AVE.)
Unit 109 AIC Burgundy Tower, ADB Avenue corner Sapphire Street, Ortigas Center, Pasig City
(02)8661-8008/0919-087-3243

202. PASSI
F. Palmares Sr. Street, Passi City, Iloilo
(033) 536-9723

203. PILI
Zone 5, New San Roque, Pili, Camarines Sur
0930-801-1212

204. PIÑAN
Jose S. Hamoy Avenue, Poblacion South, Piñan, Zamboanga del Norte
0975-934-1247

205. PLARIDEL
Calata Building, Banga I, Plaridel, Bulacan
(044) 792-1815

206. POLANGUI
G/F KRDC Building, National Road, Barangay Ubaliw Polangui Albay
(052) 431-2006

207. POTOTAN
Barangay Rumbang, Pototan, Iloilo
(033) 5000-230

208. POZORRUBIO
Caballero Street, Cablong, Pozorrubio, Pangasinan
(075) 636-2967

209. PRESIDENT QUIRINO
Ramos Building, National Highway, Poblacion, Pres. Quirino, Sultan Kudarat
(064) 477-5650

210. PROSPERIDAD
Purok 14, Poblacion, Prosperidad, Agusan del Sur
0910-215-3954

211. PULILAN
National Road, Barangay Cut-cot, Pulilan, Bulacan
(044) 760-2203

212. RAGAY
Poblacion Ilaod, Ragay, Camarines Sur
0927-489-1587

213. RAMOS
Poblacion Center, Ramos, Tarlac
(045) 491-1265

214. RIZAL
Aglipay Street, Poblacion Sur, Rizal, Nueva Ecija
(044) 951-2182
0936-950-3528

215. ROOSEVELT
235 Roosevelt Avenue, K-Square Building, San Francisco Del Monte, Quezon City
(02)-8570-8430

216. ROSALES
Rizal Street, Zone II, Rosales, Pangasinan
(075) 529-5766

217. ROSARIO
Carillo Building, Barangay Tay-ac, Rosario, La Union
(072) 687-0446

218. ROXAS, ISABELA
Espejo Building, Osmena Street, Bantug, Roxas, Isabela
(078) 642-0371

219. ROXAS, CAPIZ
Arturo Building, Burgos-Ilaya Street, Roxas City, Capiz
(036) 620-3572

220. SAN ANTONIO
Barangay Tikiw, San Antonio, Nueva Ecija
(044) 456-7337

221. SAN CARLOS, NEGROS OCC.
Gaisano Mall, FC. Ledesma Avenue corner Ledesma Street, San Carlos City, Negros Occidental
(034) 447-6638

222. SAN CARLOS, PANGASINAN
Palaris Street, San Carlos City, Pangasinan
(075) 531-3757

223. SAN FABIAN
#31 Rizal Street Poblacion, San Fabian, Pangasinan
(075) 653-0853

224. SAN FELIPE
National Highway Barangay West Feria, San Felipe, Zambales
(047) 232-7927

225. SAN FERNANDO, CAMARINES SUR
Zone 1, Bonifacio, San Fernando, Camarines Sur
(054) 8810 995

226. SAN FERNANDO, LA UNION
G/F Nebres Building, Quezon Avenue, Downtown Commercial Center, San Fernando City, La Union
(072)888 2938

227. SAN FERNANDO, PAMPANGA - DOWNTOWN
Consunji Street, Sto. Rosario, San Fernando City, Pampanga
(045) 887-1625

228. SAN FRANCISCO
National Highway, Purok-4, Barangay 5, San Francisco, Agusan del Sur
0907-580-7137

229. SAN ILDEFONSO
Ground Floor, ECG Building , San Juan, San Ildefonso, Bulacan
(044) 792-1260

230. SAN JACINTO
137 Ildefonso Street Barangay Capaoay, San Jacinto, Pangasinan
(075) 662-0848

231. SAN JOSE, ANTIQUE
Susana 6 Building, E. Nietes Street, Funda Dalipe, San Jose, Antique
(036) 540-1399

232. SAN JOSE CITY, N.E.
G. Salvador Building, Maharlika Road, San Jose City, Nueva Ecija
(044) 486 2952

233. SAN LEONARDO
Poblacion, San Leonardo, Nueva Ecija
(044) 958-5925

234. SAN MANUEL
Perez Street, Barangay Guiset Sur, San Manuel, Pangasinan
(075) 565-2549
0906-302-6109

235. SAN MATEO, ISABELA
G/F EVC Building, Magsaysay Avenue corner Bonifacio Street, Public Market, San Mateo, Isabela
(078) 323 0884

236. SAN MATEO, RIZAL
San Mateo-Batasan Road corner Gen. Antonio Luna Avenue, Barangay Banaba, San Mateo, Rizal
(02) 8363-3315

237. SAN MIGUEL
Tecson Street, Poblacion, San Miguel, Bulacan
(044) 762-0500

238. SAN NICOLAS
Stall 2,3,20, 21, New Public Market Building (South Wing), Zamora Street, Poblacion East, San Nicolas, Pangasinan
(075) 634-4506

239. SAN PABLO
#80 Rizal Avenue, Barangay VI-A, San Pablo City, Laguna
(049) 562-2842
(049) 562-2771

240. SAN QUINTIN
Figueroa Street, Poblacion Zone II, San Quintin, Pangasinan
(075) 529-9588

241. SANTIAGO
Marilyn 1949 Building, City Road, Centro West, Santiago City
(078) 324-4110

242. SIAYAN
National Highway, Poblacion Siayan, Zamboanga Del Norte
0954-189-1618

243. SIBAGAT
P-9A Poblacion, Sibagat, Agusan Del Sur
0907-660-2156

244. SIBALOM
Veñegas Street, District III, Sibalom, Antique
(036) 540-1280

245. SILANG
44 Aguinaldo Highway, Biga 1, Silang, Cavite
(046) 482-3705

246. SILAY
APPSI Building, Door 2, Rizal Street, Barangay Mambulac, Silay City, Negros Occidental
(034) 495-0362

247. SINDANGAN
Quezon Avenue, Poblacion, Sindangan, Zamboanga Del Norte
(065) 224-2241

248. SINILOAN
G. Redor Street, Barangay Pandeño, Siniloan, Laguna
(049) 537-9158

249. SIPOCOT
San Juan Avenue, South Centro, Sipocot, Camarines Sur
(054) 331-2147

250. SOLANO
National Highway TAM-AN Corporate Building Poblacion South, Solano, Nueva Vizcaya
(078) 321-5471

251. SOGOD
Zamora Street, Zone I, Sogod, Southern Leyte
0920-884-2087
0951-205-3726

252. SORSOGON
G/F 3-Storey Commercial Building, Rizal Street, Piot, Sorsogon City, Sorsogon
(056) 311-8678

253. STA. BARBARA, PANGASINAN
Poblacion, Sta. Barbara, Pangasinan
(075) 529-5867

254. STA. BARBARA, ILOILO
Teresita Building, Magalona Street, Sta. Barbara, Iloilo
(033) 333-1273

255. STA. IGNACIA
Poblacion West, Santa Ignacia, Tarlac
(045) 925-5913

256. STA. JOSEFA
Purok 7, Poblacion, Sta. Josefa, Agusan del Sur
0920-777-1731

257. STA. MARIA
1/F Galinato Building, Palaruan Street, Poblacion East, Sta. Maria, Pangasinan
(075) 529 - 5897

258. STA. ROSA
Producers Bank Building, Poblacion, Sta. Rosa, Nueva Ecija
(044) 463-0327

259. STO. DOMINGO - HIGHWAY
Provincial Road, Barangay Pulong Buli, Sto. Domingo, Nueva Ecija
0918-904-2847

260. STO. DOMINGO - POBLACION
D. Noriel Street, Hulo, Sto. Domingo, Nueva Ecija
0917-566-1323

261. SUBIC
National Highway, Barangay Calapandayan, Subic, Zambales
(047) 232-1352

262. SURIGAO
Narciso Corner Rizal Street, Barangay Washington, Surigao City, Surigao del Norte
(086) 826-9106

263. TABACO
G/F De Ramas Building, A. A. Berces Street, Basud, Tabaco City, Albay
0909-515-7150

264. TACURONG
Door 1 & 2 SMIT Building, National Highway, Barangay Buenaflor, Tacurong City, Sultan Kudarat
(064) 200-4863
(064) 562-4617

265. TAGUM
Topstar Hotel Building Sobrecary Street, Tagum City, Davao del Norte
(084) 216-8271

266. TAGUDIN
Pera Navals Building National Highway, Barangay Del Pilar, Tagudin, Ilocos Sur
(077) 632-0027

267. TALACOGON
Purok 5, Del Monte, Talacogon, Agusan del Sur
0920-394-3781

268. TALAVERA
Maharlika Highway, Talavera, Nueva Ecija
044-486-8260

269. TALUGTUG
Barangay Magsaysay, Talugtug, Nueva Ecija
(044) 951-0297

270. TANAY
Units 2 & 3 RK Building, New Market Road, Barangay Plaza Aldea, Tanay, Rizal
(02) 8442-8941

271. TANDAG
Capitol Road, Telaje, Tandag City
(086) 211-5079

272. TARLAC
AL'S Building, MacArthur Hi-way, San Nicolas, Tarlac City, Tarlac
(045) 491-7094

273. TAYABAS
62 General Luna Street, Barangay Angeles, Zone-2, Tayabas City, Quezon
(042) 717-2313

274. TAYTAY
Unit 114 Manila East Arcade, Rizal Avenue, San Juan Taytay, Rizal
(02) 8478-4108

275. TAYUG
Quezon Boulevard corner Bonifacio Street, Tayug, Pangasinan
(075) 572-2821
(075) 523-0468

276. TERESA
Magsaysay Avenue, Barangay San Gabriel, Teresa, Rizal
(02) 8293-3540

277. TINAMBAC
G/F Tinambac Commercial Complex, Tinambac, Camarines Sur
0917-713-8207

278. TORIL
G/F Grandma Building, National Highway, Toril, Davao City
(082) 224-2503

279. TRENTO
Purok 4A, Poblacion, Trento, Agusan del Sur
(085) 830-0483

280. TUGUEGARAO
#371 Zone 3, Buntun High Way, Tuguegarao City, Cagayan
(078) 375-3044

281. TUMAUINI
Padron Building, Barangay San Pedro, National Highway, Tumauini, Isabela
078-652-7806

282. UMINGAN
G/F Sibayan E-Square, National Highway cor. Zamora St. Poblacion West, Umingan, Pangasinan
(075) 600-0786

283. URBIZTONDO
Rizal Street Poblacion,
Urbiztondo, Pangasinan
(075) 636-1507

284. URDANETA
Urduja Building, Alexander Street, Poblacion, Urdaneta City, Pangasinan
(075) 568-7207

285. VALENCIA
Sayre Highway corner T.N. Pepito Street, Valencia City, Bukidnon
(088) 813-4005

286. VALENZUELA
38 M.H. Del Pilar Street, Barangay Palasan
Valenzuela City, NCR
(02) 8518-9953
0919-087-3246

287. VALERIA
Dolores O. Tan Building, Valeria Street, Iloilo City, Iloilo
033 351 9473

288. VALLADOLID
Barangay Poblacion, Valladolid, Negros Occidental
(034) 431-3789

289. VICTORIA
G/F General's Corner Building, Rizal Street, Barangay San Fernando, Victoria, Tarlac
(045) 628-9459

290. VICTORIAS
Osmeña Avenue,
Barangay IV, Victorias City, Negros Occidental
(034) 399-2778
(034) 717-7121

291. VILLASIS
McArthur Highway, Poblacion Zone II, Villasis, Pangasinan
(075) 523-6025

292. ZARAGOZA
Purok 7, Barangay San Isidro, Zaragoza, Nueva Ecija
0919-063-8643

293. CANDON
National Highway, Producers Bank Building, Calaoa-an, Candon City, Ilocos Sur
(077) 6441 481
**opened in 2025*

www.producersbank.com.ph

Audited Financial Statement

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS201215939

COMPANY NAME

PRODUCERS SAVINGS BANK CORPORATION AND
ITS SUBSIDIARIES

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

17TH FLOOR AIC BURGUNDY EMPIRE TOWER
ADB AVENUE CORNER SAPPHIRE ST.
ORTIGAS CENTER, 1605 PASIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
andres.cornejo@producersbank.com.ph	(02) 8706 4852	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
155	May 31	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Andres Cornejo	andres.cornejo@producersbank.com.ph	(02) 8706 4852	-

CONTACT PERSON'S ADDRESS

17th Floor AIC Burgundy Empire Tower, ADB Ave. Cor. Sapphire St., Ortigas Center, 1605 Pasig City

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

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

PRODUCERS SAVINGS BANK CORPORATION AND ITS SUBSIDIARIES

INDEX TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE

DECEMBER 31, 2024 AND 2023

Financial Statements

MOORE Roxas Tabamo & Co.

Roxas Tabamo & Co.

2nd Floor Multinational Bancorporation Centre,
6805 Ayala Avenue, Makati City 1226 Philippines

T: +632 8844 2016
E: info@roxastabamo.com

roxastabamo.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Producers Savings Bank Corporation and its Subsidiaries
17th Floor AIC Burgundy Empire Tower
ADB Avenue Corner Sapphire St.
Ortigas Center, 1605 Pasig City

Report on the Audit of Financial Statements

Opinion

We have audited the separate financial statements of **Producers Savings Bank Corporation** (the "Bank), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

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 the years then ended in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and 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 audits of consolidated and separate 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.

MOORE Roxas Tabamo & Co.

Emphasis of Matter

We draw attention to the basis of accounting that has been used in the preparation of consolidated and separate financial statements. As discussed in Note 2, the accompanying consolidated and separate financial statements have been prepared in accordance with PFRS, as modified by the application of the financial reporting relief on the staggered booking of allowance for a maximum period of five (5) years issued by the Bangko Sentral ng Pilipinas (BSP) and approved by SEC in response to the COVID-19 pandemic.

Responsibilities of Management and Those Charged with Governance for Consolidated and Separate Financial Statements

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

In preparing consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group or the Bank or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the 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 Group's and 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 auditor's report to the related disclosures in consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

MOORE Roxas Tabamo & Co.

- Evaluate the overall presentation, structure and content of consolidated and separate financial statements, including the disclosures, and whether consolidated and separate 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 the Bangko Sentral ng Pilipinas (BSP) Circular No. 1074, Series of 2020, *Amendments to Regulations on Financial Audit of Banks*

Our audits were conducted for the purpose of forming an opinion on the basic consolidated and separate financial statements taken as a whole. The supplementary information as disclosed in Note 31 to the basic consolidated and separate financial statements is presented for purposes of filing with the BSP and is not a required part of the basic consolidated and separate financial statements. Such supplementary information is the responsibility of the management of the Group and the Bank. The supplementary information has been subjected to the auditing procedures applied in our audits of the basic consolidated and separate financial statements, in our opinion, is fairly stated in all material respects in relation to the basic consolidated and separate financial statements taken as a whole.

Report on the Supplementary Information Required by the Bureau of Internal Revenue (BIR)

Our audit was conducted for the purpose of forming an opinion on the separate financial statements taken as a whole. The supplementary information as disclosed in Note 32 to the separate financial statements is presented for purposes of filing with the BIR and is not a required part of the separate financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the separate financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

ROXAS TABAMO & CO.

Christian S. Felismino

Christian Francis S. Felismino
Partner
CPA Certificate No. 0111361
Tax Identification No. 237-332-255
BIR Accreditation No. 08-001682-016-2022, issued on October 14, 2022,
effective until October 13, 2025
BSP Accreditation No. 111361-BSP, Group A, issued on February 4, 2020,
effective for the audit of 2020 to 2024 financial statements of BSP covered
institutions PTR No. 10079586, issued on January 5, 2024, Makati City

March 25, 2025
Makati City

MOORE Roxas Tabamo & Co.

Roxas Tabamo & Co.

2nd Floor Multinational Bancorporation Centre,
6805 Ayala Avenue, Makati City 1226 Philippines

T: +632 8844 2016
E: info@roxastabamo.com

roxastabamo.com

INDEPENDENT AUDITOR'S SUPPLEMENTAL WRITTEN STATEMENT

The Shareholders and the Board of Directors
Producers Savings Bank Corporation and its Subsidiaries
17th Floor AIC Burgundy Empire Tower
ADB Avenue Corner Sapphire St.
Ortigas Center, 1605 Pasig City

We have audited the financial statements of **Producers Savings Bank Corporation** (the "Bank") as at and for the year ended December 31, 2024, on which we have rendered the attached report dated March 25, 2025.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Group and the Bank has a total number of one hundred thirty-two (132) shareholders owning one hundred (100) or more shares each.

ROXAS TABAMO & CO.

Christian Francis S. Felismino
Partner
CPA Certificate No. 0111361
Tax Identification No. 237-332-255
BIR Accreditation No. 08-001682-016-2022, issued on October 14, 2022,
effective until October 13, 2025
BSP Accreditation No. 111361-BSP, Group A, issued on February 4, 2020,
effective for the audit of 2020 to 2024 financial statements of BSP covered institutions
PTR No. 10079586, issued on January 5, 2024, Makati City

March 25, 2025
Makati City

MOORE Roxas Tabamo & Co.

Roxas Tabamo & Co.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE

The Shareholders and the Board of Directors
Producers Savings Bank Corporation and its Subsidiaries
17th Floor AIC Burgundy Empire Tower
ADB Avenue Corner Sapphire St.
Ortigas Center, 1605 Pasig City

We have audited, in accordance with Philippine Standards on Auditing, the basic financial statements of **Producers Savings Bank Corporation** (the "Bank") as at and for the years ended December 31, 2024 and 2023 and have issued our report thereon dated March 25, 2025. Our audits were conducted for the purpose of forming an opinion on the basic consolidated and separate financial statements taken as a whole. The schedule listed in the Index to Financial Statements and Supplementary Schedule are presented for purposes of complying with the Revised Securities Regulation Code (SRC) Rule 68 and the Securities and Exchange Commission (SEC) Memorandum Circular No. 11, Series of 2008 and are not part of the basic consolidated and separate financial statements. Such schedule is the responsibility of management. The schedule has been subjected to the auditing procedures applied in our audit of the basic consolidated and separate financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated and separate financial statements taken as a whole.

ROXAS TABAMO & CO.

Christian Francis S. Felismino
Partner
CPA Certificate No. 0111361
Tax Identification No. 237-332-255
BIR Accreditation No. 08-001682-016-2022, issued on October 14, 2022,
effective until October 13, 2025
BSP Accreditation No. 111361-BSP, Group A, issued on February 4, 2020,
effective for the audit of 2020 to 2024 financial statements of BSP covered institutions
PTR No. 10079586, issued on January 5, 2024, Makati City

March 25, 2025
Makati City

PRODUCERS SAVINGS BANK CORPORATION AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

			Consolidated	Separate
	Note	**2024**	2023	2023
ASSETS				
Cash and other cash items		**₱2,285,398,425**	₱1,787,187,761	₱1,757,199,821
Due from Bangko Sentral ng Pilipinas (BSP)	*6*	**3,931,176,456**	732,908,045	723,001,357
Due from other banks	*6*	**926,438,402**	945,696,049	802,700,590
Interbank loans receivable		**-**	599,111,629	599,111,629
Investments at amortized cost	*7*	**28,819,385**	139,049,828	27,961,026
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	*8*	**3,158,236,044**	3,652,344,862	3,652,344,862
Loans and receivables, net	*9*	**27,403,499,337**	25,448,846,638	25,348,121,601
Noncurrent assets held for sale	*10*	**29,587,715**	29,245,256	29,245,256
Property and equipment, net	*11*	**925,459,680**	962,014,910	957,904,505
Right-of-use assets	*26*	**386,912,476**	179,371,429	179,371,429
Investment properties, net	*12*	**1,962,505,963**	2,042,887,952	2,039,975,109
Investment in subsidiaries		**-**	-	95,119,374
Sinking fund	*13*	**7,061,837**	7,180,266	7,061,837
Intangible assets, net	*14*	**104,764,750**	124,625,132	116,481,744
Other assets	*15*	**319,769,015**	242,264,665	240,339,888
		₱41,469,629,484	₱36,892,734,422	₱36,575,940,028
LIABILITIES AND EQUITY				
Liabilities				
Deposit liabilities				
Demand	*17*	**₱4,867,940,429**	₱4,001,109,603	₱4,001,109,603
Savings	*17*	**13,587,840,275**	12,245,935,946	11,973,405,429
Time	*17*	**8,666,540,226**	6,777,688,520	6,752,708,180
		27,122,320,930	23,024,734,069	22,727,223,212
Bills payable	*18*	**6,603,218,467**	7,109,485,919	7,109,485,919
Accrued interest, taxes and other payable	*19*	**344,899,233**	336,401,399	332,344,780
Lease liabilities	*26*	**324,382,822**	181,221,115	181,221,115
Redeemable preference shares	*21*	**1,483,429**	1,483,429	1,365,000
Deferred tax liabilities, net	*28*	**22,002,494**	134,742,757	138,789,916
Other liabilities	*20*	**49,954,245**	476,570,565	472,381,752
		34,468,261,620	31,264,639,253	30,962,811,694
Equity				
Capital stock	23	**1,339,558,010**	1,339,558,010	1,339,558,010
Paid-in surplus	23	**419,111,471**	419,111,471	419,111,471
Surplus free		**5,433,318,749**	4,069,570,304	4,054,603,469
Unrealized losses on financial assets at FVOCI	8	**(176,589,091)**	(186,113,341)	(186,113,341)
Remeasurement losses on retirement plan		**(14,031,275)**	(14,031,275)	(14,031,275)
		7,001,367,864	5,628,095,169	5,613,128,334
		₱41,469,629,484	₱36,892,734,422	₱36,575,940,028

See Notes to Consolidated and Separate Financial Statements.

PRODUCERS SAVINGS BANK CORPORATION AND ITS SUBSIDIARIES

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

			Consolidated	Separate
	Notes	**2024**	2023	2023
INTEREST INCOME				
Loans and receivables	*9*	**₱2,767,871,418**	₱2,426,653,520	₱2,408,074,737
Investment at amortized cost	*8*	**157,640,052**	172,080,616	165,520,684
Due from BSP and other banks	*6*	**86,169,537**	88,427,726	84,975,800
		3,011,681,007	2,687,161,862	2,658,571,221
INTEREST EXPENSE				
Deposit liabilities	*17*	**371,046,913**	249,499,584	248,240,792
Bills payable	*18*	**362,123,567**	320,979,300	320,979,300
Lease liabilities	*26*	**27,205,726**	54,286,823	54,286,823
		760,376,205	624,765,707	623,506,915
NET INTEREST INCOME		**2,251,304,803**	2,062,396,155	2,035,064,306
OTHER INCOME				
Service charges, fees and commissions	*24*	**1,009,975461**	860,917,586	860,158,722
Gain on foreclosure and sale of assets	*12*	**142,014,672**	234,886,144	233,946,774
Foreign exchange gain, net		**2,376,673**	990,180	990,180
Miscellaneous		**127,092,201**	101,483,133	96,617,606
		1,281,459,007	1,198,277,043	1,191,713,282
OTHER EXPENSES				
Salaries and other employee benefits	*25*	**924,892,065**	840,213,106	829,990,727
Depreciation and amortization		**281.428,188**	231,204,009	243,444,717
Taxes and licenses		**144,045,469**	188,753,283	186,743,121
Communication, light and water		**90,638,161**	86,475,139	85,608,572
Provision for probable losses	*16*	**68,025,046**	78,235,128	65,000,428
Transportation and travel		**55,771,621**	59,579,225	59,253,201
Security, janitorial and other services		**70,114,950**	63,796,146	63,325,925
Insurance		**47,147,954**	43,808,977	43,104,067
Repairs and maintenance		**36,774,895**	23,715,665	23,486,623
Stationery and supplies		**6,076,425**	22,180,689	21,935,475
Representation and entertainment		**17,043,060**	18,692,507	18,506,574
Information technology		**16,806,434**	13,944,759	13,741,115
Litigation and assets acquired expenses		**5,480,336**	4,097,193	3,937,072
Miscellaneous	*27*	**81,832,390**	81,945,358	80,312,435
		1,846,079,995	1,756,641,184	1,738,390,052
INCOME BEFORE INCOME TAX		**1,686,683,814**	1,504,032,014	1,488,387,536
INCOME TAX EXPENSE		**307,968,534**	253,147,362	250,986,069
NET INCOME		**₱1,378,715,280**	₱1,250,884,652	₱1,237,401,467

See Notes to Consolidated and Separate Financial Statements.

PRODUCERS SAVINGS BANK CORPORATION AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Note	**2024**	Consolidated 2023	Separate 2023
NET INCOME		**₱1,378,75,280**	₱1,250,884,652	₱1,237,401,467
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified to profit or loss				
Unrealized gain (loss) on financial assets at FVOCI			**135,915,324**	**135,915,324**
TOTAL COMPREHENSIVE INCOME		**1,378,75,280**	**1,386,799,976**	**1,373,316,791**
Attributable to:				
Equity holders of the bank		**1,378,75,280**	**1,386,799,976**	**1,373,316,791**
Non-controlling interest				
		₱1,378,75,280	**₱1,386,799,976**	**₱1,373,316,791**

See Notes to Consolidated and Separate Financial Statements.

PRODUCERS SAVINGS BANK CORPORATION AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Capital Stock (Note 23)	**Paid-in Surplus**	**Surplus Free**	**Unrealized Losses on Financial Assets at FVOCI** (Note 8)	**Remeasurement Losses on Retirement Plan** (Note 25)	**Total Equity**
As at January 1, 2024	₱1,339,558,010	₱419,111,471	**₱4,054,603,469**	(₱186,113,341)	(₱14,031,275)	₱5,613,128,334
Net income for the year	-	-	1,378,715,280	-	-	1,378,715,280
Net change unrealized gain on financial assets, at fair value through other comprehensive income	-	-	-	9,524,250	-	9,524,250
As at December 31, 2024	**₱1,339,558,010**	**₱419,111,471**	**₱5,433,318,749**	**(₱176,589,091)**	**(₱14,031,275)**	**₱7,001,367,864**

Consolidated	Capital Stock (Note 23)	Paid-in Surplus	Surplus Free	Unrealized Losses on Financial Assets at FVOCI (Note 8)	Remeasurement Losses on Retirement Plan (Note 25)	Total Equity
As at January 1, 2023	₱1,339,558,010	₱419,111,471	₱2,818,685,652	(₱322,028,665)	(₱14,031,275)	₱4,241,295,193
Net income for the year	-	-	1,250,884,652	-	-	1,250,884,652
Net change unrealized gain on financial assets, at fair value through other comprehensive income	-	-	-	135,915,324	-	135,915,324
As at December 31, 2023	₱1,339,558,010	₱419,111,471	₱4,069,570,304	(₱186,113,341)	(₱14,031,275)	₱5,628,095,169

Separate	Capital Stock (Note 23)	Paid-in Surplus	Surplus Free	Unrealized Losses on Financial Assets at FVOCI (Note 8)	Remeasurement Losses on Retirement Plan (Note 25)	Total Equity
As at January 1, 2023	₱1,339,558,010	₱419,111,471	₱2,817,202,002	(₱322,028,665)	(₱14,031,275)	₱4,239,811,543
Net income for the year	-	-	1,237,401,467	-	-	1,237,401,467
Net change unrealized gain on financial assets, at fair value through other comprehensive income	-	-	-	135,915,324	-	135,915,324
As at December 31, 2023	₱1,339,558,010	₱419,111,471	4,054,603,469	(₱186,113,341)	(₱14,031,275)	₱5,613,128,334

See Notes to Consolidated and Separate Financial Statements

PRODUCERS SAVINGS BANK CORPORATION AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Notes	**2024**	Consolidated 2023	Separate 2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱1,1,686,683,814**	₱1,504,032,014	₱1,488,387,536
Adjustments for:				
Depreciation and amortization	*11,12,14,26*	**281,428,188**	231,204,009	243,444,717
Provision for probable losses	*16*	**68,025,046**	78,235,128	65,000,428
Interest on lease liabilities	*26*	**27,205,726**	54,286,823	54,286,823
Write off of intangible assets		**-**	-	-
Loss on sale of investments at amortized cost	*7*	**-**	-	-
Loss on sinking fund		**-**	-	-
Gain on sale of noncurrent assets held for sale and investment properties	*12*	**(64,722,177)**	(55,896,707)	(55,023,937)
Gain on foreclosure of investment properties	*12*	**(77,292,495)**	(178,989,437)	(178,922,837)
Retirement expense	*25*	**70,639,222**	63,505,752	63,505,752
Operating income before working capital changes		**1,991,967,324**	1,696,377,582	1,680,678,482
Increase in:				
Loans and receivables		**(2,055,377,736)**	(3,998,456,163)	(3,921,709,402)
Other assets		**372,344,587**	(330,937,152)	(231,911,781)
Increase (decrease) in:				
Deposit liabilities		**4,395,097,718**	1,088,238,072	867,771,771
Accrued interest, taxes and other expenses		**12,554,453**	56,081,603	51,988,767
Other liabilities		**(422,427,507)**	255,630,967	251,567,872
Net cash used in operations		**4,294,158,839**	(1,233,065,091)	(1,301,614,291)
Contributions to plan assets		**(70,639,222)**	(63,118,934)	(63,118,934)
Income taxes paid		**(307,968,534)**	(74,854,135)	(56,162,034)
Net cash used in operating activities		**3,915,551,083**	(1,371,038,160)	(1,420,895,259)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiaries		**- -**	-	(95,119,374)
Proceeds from sale of:				
Non-current assets held for sale	*10*	**(342.459)**	85,146,707	191,696,353
Investment properties		**77,469,146**	1,327,510	107,738,609
Acquisitions of:				
Financial assets at FVOCI		**-**	-	(1,000,000,000)
Property and equipment	*11*	**(148,323,170)**	(178,488,105)	(88,259,197)
Intangible assets	*14*	**(1,674,040)**	(1,296,357)	(487,500)
Investments Properties	*12*	**858,359**	(390,737,372)	-
Net cash used in investing activities		**(72,012,164)**	(579,166,991)	(1,100,904,419)

Forward

	Note	2024	Consolidated 2023	Separate 2023
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from bills payable		**₱10,093,732,548**	₱8,700,000,000	₱8,700,000,000
Payment of bills payable		**(10,600,000,000)**	(7,900,000,000)	(7,900,000,000)
Payment of lease liability		**(76,271,581)**	(98,652,711)	(98,652,711)
Net cash provided by financing activities		**(582,539,033)**	701,347,289	701,347,289
NET DECREASE IN CASH AND CASH EQUIVALENTS		**3,260,999,886**	(1,166,281,381)	(1,298,714,961)
CASH AND CASH EQUIVALENTS AT JANUARY 1				
Cash and other cash items		**1,757,199,821**	1,660,980,181	1,659,358,305
Due from BSP		**723,001,357**	1,661,529,878	1,659,243,931
Due from other banks		**802,700,590**	681,424,193	634,875,509
Interbank loan receivables		**599,111,629**	1,227,250,613	1,227,250,613
		3,882,013,397	5,231,184,865	5,180,728,358
CASH AND CASH EQUIVALENTS AT DECEMBER 31				
Cash and other cash items		**2,285,398,425**	1,787,187,761	1,757,199,821
Due from BSP	*6*	**3,931,176,456**	732,908,045	723,001,357
Due from other banks	*6*	**926,438,402**	945,696,049	802,700,590
Interbank loan receivables	*6*	**-**	599,111,629	599,111,629
		₱7,143,013,283	₱4,064,903,484	₱3,882,013,397
OPERATIONAL CASH FLOWS FROM INTEREST				
Interest received		**₱3,011,681,007**	₱2,562,132,475	₱2,535,056,028
Interest paid		**₱760,376,205**	₱568,717,228	₱567,796,659
SUPPLEMENTAL DISLOSURE ON CASHFLOW INFORMATION				
Non-cash information on investing activities:				
Additions to investment at FVOCI		**₱-**	₱-	₱-
Additions to noncurrent assets held for sale	*10*	**4,994,707**	4,994,707	4,994,707
Additions to right-of-use asset	*26*	**13,150,172**	13,150,172	13,150,172
		₱18,144,879	₱18,144,879	₱18,144,879
Non-cash information on financing activity:				
Additions to lease liability	*26*	**(₱13,150,172)**	(₱13,150,172)	(₱13,150,172)

See Notes to Consolidated and Separate Financial Statements.

PRODUCERS SAVINGS BANK CORPORATION

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

1. Corporate Information

Producers Savings Bank Corporation (PSBC or the "Bank") was registered with the Philippine Securities and Exchange Commission (SEC) on October 1, 2012 to operate as a thrift banking corporation. Likewise, on the same day, SEC issued the Certificate of Filing of the Articles and Plan of Consolidation by and between PSBC and New Rural Bank of Victorias, Inc. (NRBV) to be known as PSBC.

The registration of PSBC with SEC came after the approval by the Monetary Board (MB) of the Bangko Sentral ng Pilipinas (BSP) of the consolidation of PSBC and NRBV under MB Resolution No. 963 dated June 15, 2012. The MB approval also granted several meaningful consolidation incentives to the consolidated bank.

Pursuant to Republic Act (R.A.) No. 7906 and MB Resolution No. 963 dated June 15, 2012, the BSP awarded PSBC's Certificate of Authority to operate as a thrift bank on October 8, 2012. PSBC commenced operations as a consolidated bank on October 12, 2012.

In 2024, the merger of Bank with the following subsidiaries were approved by the BSP Monetary Board as of report date:

Name of bank	BSP approval date	SEC Approval date
Rural Bank of Maasin (Southern Leyte), Inc.	Mar. 14, 2024	April 1, 2024
Community Rural Bank of San Felipe (Zambales), Inc.	Oct. 16, 2024	Oct 30, 2024

PSBC has 288 and 271 operating branches as at December 31, 2024 and 2023, respectively. Currently, it operates in 18 regions, namely, Cordillera Autonomous Region, Regions I to III, National Capital Region, Region IV-A, IV-B, V, VI, VII, VIII, IX, X, XI, XII, XIII and Bangsamoro Autonomous Region in Muslim Mindanao.

The principal office of PSBC is located at the 17th Floor AIC Burgundy Empire Tower, ADB Avenue Corner Sapphire St., Ortigas Center, 1605 Pasig City.

Approval of Issuance of Financial Statements

Consolidated and separate financial statements of the Group and the Bank, respectively, as at and for the year ended December 31, 2024 were approved and authorized for issuance by the BOD on March 25, 2025.

2. **Basis of Preparation and Statements of Compliance**

Statements of Compliance
The accompanying consolidated and separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRSs consist of PFRSs, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

Consolidated and separate financial statements of the Group and the Bank, respectively, have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the following financial reporting reliefs issued by the BSP and approved by the SEC in response to the COVID-19 pandemic:

- On March 14, 2020, Bangko Sentral ng Pilipinas (BSP), issued Memorandum No. 2020-008 Regulatory Relief for BSP-supervised Financial Institutions affected by COVID-19. As part of the regulatory relief issued in the memorandum, the Bank applied for staggered booking of allowance for credit losses over a maximum period of five (5) years in 2021. On April 21, 2021, the BSP approved the Bank's application to avail the financial reporting relief of staggered booking of allowance for credit losses of certain loan accounts over a maximum period of five (5) years.

  The impact of the relief availed on the affected financial statements line items as at and for the years ended December 31, 2024 and 2023 is as follows:

	2024		
	Amount without relief	**Impact of relief**	**Amount with relief**
Loans and other receivables, net	**₱27,378,797,667**	**₱24,701,670**	**₱27,403,499,337**
Allowance for impairment on loans	**(736,760,820)**	**(24,701,670)**	**(761,462,490)**
Provision for probable losses	**43,323,376**	**24,701,670**	**68,025,046**
Surplus	**(5,471,906,558)**	**24,701,670**	**(5,447,204,888)**
Deferred tax liability, net	**(28,177,912)**	**6,175,418**	**(22,002,494)**

	2023		
	Amount without relief	Impact of relief	Amount with relief
Loans and other receivables, net	₱25,323,419,931	₱24,701,670	₱25,348,121,601
Allowance for impairment on loans	(682,183,211)	(24,701,670)	(706,884,881)
Provision for probable losses	40,298,758	24,701,670	65,000,428
Surplus	(4,079,305,139)	24,701,670	(4,054,603,469)
Deferred tax liability, net	(144,965,334)	6,175,418	(138,789,916)

Basis of Measurement
Consolidated and separate financial statements have been prepared on the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) which are measured at fair value and retirement liability measured at present value of the defined benefit obligation less the fair value of the plan assets.

Functional and Presentation Currency
Consolidated and separate financial statements include accounts maintained in the Regular Banking Unit (the "RBU") and the Foreign Currency Deposit Unit (the "FCDU"). The functional currency of the RBU and the FCDU is the Philippine Peso (₱) and United States Dollar ($), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated to their equivalents in PHP (see Note 3 for the accounting policy on *Foreign Currency Transactions and Translations*). Consolidated and separate financial statements individually prepared for these units are combined after eliminating inter-unit accounts.

The Group and the Bank determine its functional currency and items of each entity included in the consolidated and separate financial statements are measured using that functional currency. The respective functional currencies of the subsidiary are presented under *Basis of Consolidation.* Consolidated and separate financial statements are presented in Philippine Peso, and all values are rounded to the nearest peso, unless otherwise stated.

Presentation of Consolidated and Separate Financial Statements
This report includes both consolidated and separate financial statements of the Group and the Bank, respectively, as at and for the years ended December 31, 2024 and 2023.

The financial statements include consolidated and separate financial statements of the Group and the Bank, respectively, and are prepared for the same reporting period as the Group and the Bank using consistent accounting policies. The following are the wholly-owned domestic subsidiary of the Bank:

Subsidiary	Principal Place of Business and Country of Incorporation	Effective Percentage of Ownership	Functional Currency
Financial Institutions			
Rural Bank of Maasin (Southern Leyte), Inc.	Philippines	100%	PHP
Community Rural Bank of Bank of San Felipe (Zambales), Inc.	Philippines	100%	PHP

All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full in the consolidation. The subsidiary is fully consolidated from the date on which control is transferred to the Bank. Control is achieved where the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of subsidiary ceases when control is transferred out of the Bank or the Bank. The results of a subsidiary acquired or disposed of during the year are included in the consolidated statements of income and consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

Changes in the Bank's ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid (or to be paid) or received is recognized directly in equity included as part of 'Translation adjustment and others' and attributed to the owners of the Group.

When a change in ownership interest in a subsidiary occurs which results in a loss of control over the subsidiary, the Bank: (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary; (b) derecognizes the carrying amount of any non-controlling interest; (c) derecognizes the related other comprehensive income (OCI) recorded in equity and recycles the same to statements of income or retained earnings; (d) recognizes the fair value of the consideration received; (e) recognizes the fair value of any investment retained; (f) recognizes any surplus or deficit in statements of income; and (g) reclassifies the Bank's share of components' gains (losses) previously recognized in OCI to statements of income or surplus, as appropriate, as would be required if the Bank had directly disposed of the related assets or liabilities.

The acquisition method of accounting is used when a subsidiary is acquired by the Bank. The cost of an acquisition is measured at the fair value of the consideration, including contingent consideration, given at the date of exchange. Acquisition-related costs are recognized as an expense in the statements of income in the period in which they are incurred. The acquired identifiable assets, liabilities and contingent liabilities are generally measured at their fair values at the date of acquisition.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three (3) elements of control.

Separate Financial Statements
In the separate financial statements, investments in subsidiary are carried at cost less accumulated impairment in value. Dividends earned are reported as dividend income when the right to receive the payment is established.

3. **Material Accounting Policies**

The material accounting policies that have been used in the preparation of the consolidated and separate financial statements are set below.

Adoption of New and Amended PFRS
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Group and the Bank adopted effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements* and PFRS Practice Statement 2, *Making Materiality Judgements - Disclosure Initiative - Accounting Policies*. The amendments aim to help entities provide accounting policy disclosures that are more useful by (a) replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and (b) Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amended standard also clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.

- Amendments to PAS 12, *Income Taxes – Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences.

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*. The amendments introduced in response to the Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD) include:

  (i) A Company within the scope of Pillar Two legislation shall disclose that it has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, and
  (ii) An entity shall disclose separately its current tax expense (income) related to Pillar Two income taxes.

  Due to the uncertain nature of the tax reforms, the Group and the Bank cannot quantify the impact on the amount of deferred tax assets and liabilities not recognized on the balance sheet in the current period. No amounts were recognized in the prior period in relation to the Pillar Two Model Rules, to which these amendments would apply.

- PFRS 17, *Insurance Contracts*. This standard will replace PFRS 4, *Insurance Contracts*. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued.

New and Amended PFRS Issued
Relevant new and amended PFRS which are effective for the year ended December 31, 2024 and have been applied in preparing the consolidated and separate financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current. Non-current Liabilities with Covenants.* The amendments to PAS 1 together impact the classification of liabilities with covenants and any convertible notes that the Group and the Bank issue with liability classified conversion features. It may impact the classification of some of the Group's and the Bank's debts and will require additional disclosure about the effect of the covenants of the Group and the Bank.

- Amendments to PAS 7 and PFRS 7, *Supplier Financing Arrangements*. The amendments will have no impact on the amounts recognized in the consolidated and separate financial statements but will require additional disclosures to be provided around the Group's and the Bank's use of supplier financing arrangements.

- Amendments to PFRS 16, *Leases – Lease Liability in a Sale and Leaseback*. The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments requirement seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right-of-use it retains solely because of a measurement of the lease liability (e.g. following a lease modification or change in the lease term) applying the general requirements in PFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the consolidated and separate financial statements of the Group and the Bank, respectively.

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 the FCDU of the Group and the Bank are translated to their respective presentation currencies based on the Bankers Association of the Philippines (BAP) closing rate prevailing at the statements of financial position date and exchange rates as at date of transaction for the reporting period for income and expenses. Foreign exchange differences arising from foreign currency transactions and translation of foreign currency-denominated assets and liabilities to the functional currency are credited to or charged against the statements of income under "Foreign exchange losses (gains)", except for differences arising from the translations of financial assets at FVOCI which are recognized directly in "Net change in unrealized gains (losses) of financial assets at FVOCI" in the period in which the rates change. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is determined.

Financial Instruments

Date of Recognition. The Group and the Bank recognize a financial asset or a financial liability in Consolidated and Separate statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

Classification. The Group and the Bank classify its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's and the Bank's business model and its contractual cash flow characteristics.

As at December 31, 2024 and 2023, the Group and the Bank do not have financial assets and liabilities at FVPL.

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

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

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Group and the Bank may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of consolidated and separate statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As at December 31, 2024 and 2023, the Group's and the Bank's İnvestment to various financial institutions are classified under this category (see Note 8).

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

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

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. 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. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2024 and 2023, the Group's and the Bank's cash and other cash items (COCI), due from BSP, due from other banks, interbank loans receivable, investments at amortized cost, loans and receivables, sinking fund, and security deposits (included under 'other assets') are included under this category (see Note 6, 7, 9, 13 and 15).

Interbank loans receivable consists of securities sold under repurchase agreements at a specified future date ("repos") that are not derecognized from consolidated and separate statements of financial position. The corresponding cash received, including accrued interest, is recognized in consolidated and separate statements of financial position as liability of the Group and the Bank, reflecting the economic substance of such transaction. Conversely, securities purchased under agreements to resell at a specified future date ("reverse repos") are not recognized in consolidated and separate statements of financial position. The corresponding cash paid, including accrued interest, is recognized in consolidated and separate statements of financial position as securities purchased under resale agreement, and is considered as a loan to the counterparty. The Group and the Bank are not permitted to sell or re-pledge the collateral in the absence of default by the owner of the collateral. The difference between the purchase price and resale price is treated as interest income in consolidated and separate statements of income and is amortized over the life of the agreement using the effective interest method. The Group and the Bank normally enters into overnight reverse repurchase agreement with the BSP.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group and the Bank having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2024 and 2023, the Group's and the Bank's liabilities arising from its deposit liabilities, bills payable, lease liabilities, accrued interest, and other liabilities, excluding statutory liabilities, are included under this category (see Note 17, 18, 19, 20 and 26).

Reclassification of financial assets

Subsequent to initial recognition, the Group and the Bank may reclassify financial assets only if the objectives of its business model for managing those financial assets changes.

The Group and the Bank are required to reclassify the following financial assets:

- from amortized cost or FVTOCI to FVTPL, if the objective of the business model changes so that the amortized cost or FVTOCI criteria are no longer met
- from FVTPL to amortized cost or FVTOCI, if the objective of the business model changes so that the amortized cost or FVTOCI criteria start to be met and the characteristics of the instruments contractual cash flows are SPPI
- from amortized cost to FVTOCI if the business model changes so that the objective becomes both to collect contractual cash flows and to sell or from FVTOCI to amortized cost if the business model becomes solely for the collection of contractual cash flows.

Reclassification of financial assets designated as at FVTPL or equity financial assets at FVTOCI at initial recognition is not permitted.

A change in the Group's or the Bank's business model must be effectual before the reclassification date. The reclassification date is the beginning of the reporting period following the change in the business model.

Impairment of Financial Assets

Overview of the Expected Credit Losses (ECL) Principles. Impairment under PFRS 9 requires the use of an expected loss approach for the calculation of impairment allowances. The standard's core principle with respect to impairment is that impairment allowances are recognized before the losses are actually incurred. The losses are recognized through the whole life of the asset regardless of deterioration of credit quality of the asset. However, if credit quality further deteriorates in the lifetime of the loan, the approach on how and to what extent losses are estimated should be changed accordingly.

Definition of "Default" and "Cure". The Group and the Bank define a financial instrument as in default, which is fully aligned with the definition of credit impaired, in all cases when the borrower becomes 31 days past due on its contractual payments. As a part of a qualitative assessment of whether a customer is in default, the Group and the Bank also consider a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group and the Bank carefully consider whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e. to have cured) when it no longer meets any of the default criteria and has exhibited a satisfactory track record.

Staging assessment. The Group's and the Bank's credit exposures shall be classified into three stages using the following time horizons in measuring ECL:

Stage of Credit Impairment	Characteristics	Time horizon in measuring ECL
Stage 1	Credit exposures that are considered "performing" and with no significant increase in credit risk since initial recognition or with low credit risk	Twelve (12) months
Stage 2	Credit exposures that are considered "under-performing" or not yet non-performing but with significant increase in credit risk since initial recognition	Lifetime
Stage 3	Credit exposures with objective evidence of impairment, thus, considered as "non-performing"	Lifetime

Significant increase in credit risk (SICR). The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probabilities of default and qualitative factors, including a backstop based on delinquency. If contractual payments are more than specified days past due threshold, the credit risk is deemed to have increased significantly since initial recognition. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

Also, the Group and the Bank shall transfer credit exposures from Stage 1 to Stage 2 if the following significant increases in credit risk from initial recognition were identified:

1. Accounts adversely affected by recent typhoons, floods and other catastrophes that are beyond the control of the borrowers and of the Group and the Bank but the collaterals are not impaired.

2. Government imposed regulations due to outbreaks (bird flu, foot and mouth decease, etc.), lay-off of employees, war, importation, etc.,

3. Collateral securing the loans found to be impaired but not more than 60% of the collateral value.

4. Borrowers that have declared bankruptcy during the period under review but the collaterals are not impaired.

In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Group and the Bank shall revert to recognizing a 12-month ECL. An account under Stage 3 may be reverted back to Stage 2 if days past due bucket improved to 31 from 91. If the status of an account further improves to current, it will be reverted back to Stage 1, thus, recognizing 12-month ECL.

Collective assessment. Loans and other credit accommodations shall be assessed collectively if not subjected to individual assessment.

The Group's and the Bank's loans and other credit accommodations shall be grouped with other loans that share similar credit risk characteristics for collective impairment evaluation based on or a combination of the following:

a. Loan Type
b. Collateral Type
c. Market/Industry Segment
d. Geographical Location
e. Stage level/Status

The grouping of accounts for collective assessment shall be as follows:

a. Farmers' Loan
b. Corporate and SME loans
c. Salary Loans
d. Auto Loans
e. Housing Loans

The said loans and other credit accommodations shall be classified and provided with allowance based on the expected credit loss rates of the Group and the Bank with consideration of the future cash flow of the collateral securing the loan (for secured loans).

Loan Restructuring

To help its borrowers ease the burden of servicing their loans because of legitimate business reverses and disruption of operations caused by calamities by offering them grace period/loan extension or if needed, a longer-term loan restructuring program, to give them a chance to turn around their businesses enabling them to settle their loans, minimized defaults thereby, maintaining the quality of loan portfolio.

Components of ECL computation

a. Probability of Default (PD) – the probability of the occurrence of a default events based on the Group's and the Bank's 3-year historical data, which are expected to result in credit losses. The flow rate percentage from one past due bucket to another ranging from 30 to 180 days shall be determined.

b. Exposure at Default (EAD) – the expected outstanding exposure subject to credit risk at the period or cut-off date, when default is considered.

c. Loss Given Default (LGD) – statistically calculated based on historical loan recovery data (including the future cash flow of the property securing the loan) and adjusted according to existing conditions and forward-looking information.

Forward-looking information. The Group and the Bank incorporate forward-looking information into both its assessment of whether the credit risk of a financial asset has increased significantly since its initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic inputs, such as growth of the gross domestic product, inflation rates, unemployment rates, interest rates and BSP statistical indicators.

Financial Assets Carried at Amortized Cost and FVOCI. For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group and the Bank compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of SICR since initial recognition.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

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

Gain or loss on derecognition of financial asset is measured at the difference between the fair value of the consideration received over the carrying amount of the financial asset.

Financial Liability. A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired. Where an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statements of income. A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is difference by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group and the Bank could raise debt with similar terms and conditions in the market. The difference between carrying value of the original liability and fair value of the new liability is recognized in consolidated and separate statements of income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished by merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

<u>Fair Value Measurement</u>
The Group and the Bank measure a number of financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group and the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

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

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

For assets and liabilities that are recognized in the consolidated and separate financial statements on a recurring basis, the Group and the Bank determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each statement of financial position date.

For the purpose of fair value disclosures, the Group and the Bank have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained in Note 5.

Cash and other cash items
Cash and other cash items pertain to checks and other cash items, petty cash fund and cash in vault maintained in each branch of the Bank.

Checks and other cash items are checks from bank account holders directing the Bank to pay a specific amount and short-term financial assets such as money orders or items in the process of collection that a bank expects to convert into cash.

Noncurrent Assets Held for Sale
Noncurrent assets held for sale include assets with or without improvements that are highly probable to be sold within one (1) year and are included in the sales auction program for the year. Assets held for sale are stated at the lower of its carrying amount and fair value less costs of disposal.

The Group and the Bank measure a noncurrent asset that ceases to be classified as held for sale at the lower of:

- the carrying amount before the noncurrent asset was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the noncurrent asset not been classified as held for sale; and
- the recoverable amount at the date of the subsequent decision not to sell.

The Group and the Bank include any required adjustment to the carrying amount of a noncurrent asset that ceases to be classified as held for sale in income from continuing operations in the year in which the asset ceases to be held for sale.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation/amortization and any impairment losses.

Initially, an item of property and equipment is measured at its cost, comprised of its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent costs that can be reliably measured are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Group and the Bank.

Depreciation is recognized in consolidated and separate statements of income on a straight-line basis based on the estimated useful lives (EUL) of the related depreciable assets. Leasehold rights and improvements are amortized on a straight-line basis over the EUL of the improvements or the terms of the leases, whichever is shorter. The EUL of property and equipment follows:

Property classification	Number of Years
Bank premises, furniture and fixtures	2 - 30
Equipment	2 - 5
Leasehold improvements	2 – 10 or over the lease terms, whichever is shorter

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

When major parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in consolidated and separate statements of income.

Investment Properties
Investment properties are composed of assets acquired from foreclosure or *dacion en pago*, and are initially measured at cost including transaction costs. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of each asset cannot be measured, in which case the investment property acquired is measured at the carrying amount of the asset given up. Foreclosed properties are classified under investment properties from foreclosure date.

Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation for the improvement and any impairment in value in the land or improvement.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in consolidated and separate statements of income under “Gains on foreclosure and sale of property and equipment and foreclosed assets” account in the period of derecognition.

Depreciation is calculated on a straight-line basis over the EUL of the investment properties of up to 10 years for buildings and improvements.

The useful life and the depreciation and amortization methods are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of investment properties.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-occupation or the start of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the start of owner-occupation or of development with a view to sell.

Business Combination

Business combination is accounted for using the acquisition method. The consideration transferred in a business combination is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interest issued by the Group and the Bank. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group and the Bank recognize any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportional share of the recognized amounts of acquiree’s identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PFRS 9 either in the statements of income or as a change in OCI. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within capital funds.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the fair value of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized as “Gain on bargain purchase” in consolidated and separate statements of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s and the Bank’s cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Investment in Subsidiaries

Subsidiaries are entities controlled by the Bank. The Bank controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Bank reassess whether it has control if there are changes to one or more elements of control. This includes circumstances in which protective rights held become substantive and lead to the Bank having power over an investee.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date on which control commences until the date on which control ceases.

Intangible Assets

Intangible assets consist of software costs and goodwill. Intangible assets acquired separately, included under “Intangible assets - net” account in the statements of financial position, are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets are not capitalized but recognized in consolidated and separate statements of income in the period when the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Software Costs

Software is stated at cost less any impairment in value.

The Group and the Bank estimate the useful life of its software for 10 years.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's and the Bank's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost net of impairment losses (see accounting policy on Impairment of Nonfinancial Assets).

Impairment of Nonfinancial Assets

Property and Equipment, Noncurrent Assets Held for Sale, Intangible Assets, Investment Properties.

At each reporting date, the Group and the Bank assess whether there is any indication of impairment on property and equipment, non-current assets held for sale, intangible assets, investment properties and goodwill 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 Group and the Bank make a formal estimate of net recoverable amount.

The net recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal 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 CGU to which it belongs. Value in use is the present value of future cash flows expected to be derived from an asset or CGU while fair value less costs of disposal is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable and willing parties less any costs of disposal. Where the carrying amount of an asset (or CGU) exceeds its net recoverable amount, the asset (or CGU) 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 CGU).

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

The impairment loss should be allocated to reduce the carrying amount of the assets of the CGU in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the CGU; and
- then, to the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the unit.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

If such indication exists, the 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 reversal is recognized in the statements of income. Impairment loss with respect to goodwill is not reversed.

After such 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.

Equity

Capital Stock

Capital stock refers to the total amount of fully paid common stock, including stock dividends, for which the corresponding certificates have been issued. Incremental cost directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects. Where the Group and the Bank purchase its own share capital (treasury stocks), the consideration paid is deducted from equity attributable to the Group's and the Bank's shareholders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Group's and Bank's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

Paid-in Surplus

Paid-in surplus refers to the premium received on the issuance of common stock.

Surplus

Surplus includes accumulated results of operations as reported in consolidated and separate statements of income reduced by the amount of dividends declared. Surplus free refers to the unappropriated or free portion of the accumulated profits of the Group and the Bank while surplus reserves pertain to amounts set aside for possible or unforeseen losses or for undeterminable liabilities not otherwise recorded in the books.

Revenue and Expense Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the Bank, and the income can be reliably measured. Expense is recognized when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen to the Group and the Bank that can be measured reliably.

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

Interest Income and Interest Expense

Interest income and interest expense are recognized in consolidated and separate statements of income for all financial instruments measured at amortized cost and interest-bearing financial instruments classified as financial assets at FVOCI as they accrue, using the EIR. The calculation takes into account all the contractual terms of the financial instruments including any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. The EIR is established on initial recognition of the financial asset and liability and is not revised subsequently.

The carrying amount of the financial asset or liability is adjusted if the Group and the Bank revise its estimates of payments or receipts. The change in carrying amount is recognized in statements of income as interest income or expense.

Service Charges, Fees and Commissions

Fees and commission income are recognized to the extent that an inflow of economic benefits is probable and that the amount of revenue can be reliably measured. Fees and commission income is recognized at the fair value of the consideration received/receivable.

Fees and commission income and expenses that are integral to the EIR of a financial asset or liability are included in the measurement of the EIR. If the fees are received upfront, these are amortized over the term that the service is rendered.

Service charges and penalties are recognized only upon collection or accrued when there is reasonable degree of certainty as to their collectability. Fees earned for the provision of services over a period of time are accrued over that period.

Fees and commission expenses are recognized when incurred.

Other Income. Other income is recognized when earned.

Expenses

Expenses are recognized in the statements of comprehensive 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 the statements of comprehensive 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 benefit or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Employee Benefits

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 Group and the Bank have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefits

The Group and the Bank have a funded, noncontributory defined benefit plan administered by a trustee. A defined benefit plan is a pension plan that defines as amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation. The retirement cost is generally funded through payments to a trustee-administered fund, determined by annual actuarial calculations.

The retirement asset/liability recognized in consolidated and separate statements of financial position in respect of the defined benefits retirement plan is the present value of the defined benefits obligation at the valuation date less the fair value of plan assets. The defined benefits obligation is calculated annually by an independent actuary using the projected unit credit method. When the calculation results in a potential asset for the Group and 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.

The present value of the defined benefits obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement liability.

Remeasurement of the retirement asset/liability, which include 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 OCI. The Group and the Bank determine the net interest expense (income) on the retirement 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 retirement benefit liability (asset), taking into account any changes in the retirement liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized under "Salaries and other employee benefits" in consolidated and separate statements 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 consolidated and separate statements of income.

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

Leases
The Group and the Bank assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group and the Bank as a Lessee

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

Right-of-use assets

The Group and the Bank recognize right-of-use assets at the commencement date of the leases (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized adjusted by lease payments made at or before the commencement date and lease liabilities recognized adjusted by lease payments made at or before the commencement date and lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the depreciable assets. The depreciation expense is presented under 'Depreciation and Amortization' in the statement of income.

If the ownership of the leased asset transfers to the Group and the Bank at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The lease or right-of-use assets are also subject to impairment. Refer to the accounting policies in Impairment of Nonfinancial Assets.

Lease liabilities

At the commencement date of the lease, the Group and the Bank recognize lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Bank, and payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group and the Bank use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and low-value assets

The Group and the Bank apply the short-term lease recognition exemption to its short-term leases of ATM sites (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of ATM sites that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

<u>Income Taxes</u>

Current Tax
Current income tax is the expected tax payable on the taxable income for the year using the tax rates enacted at the reporting date.

Deferred Tax

Deferred tax is provided 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. Deferred tax assets are recognized for all deductible temporary differences, carry forward benefits of unused tax credits from the excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO) to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carry forward benefits of unused MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

The carrying amount of deferred tax assets is 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 or part of the deferred tax assets to be utilized.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are applicable to the year 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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and deferred taxes related to the same taxable entity and the same taxation authority.

Provisions

Provisions are recognized when the Group and the Bank have a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group and the Bank expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is charged to current operations, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingent Assets and Contingent Liabilities

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

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individual or entities.

The definition of a “related party” is extended to include a management entity that provides key management personnel services to the company, either directly or through a group entity.

Events After the Reporting Date

Post year-end events that provide additional information about the Group’s and the Bank’s position at the reporting date (adjusting events) are reflected in the consolidated and separate financial statements, respectively. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated and separate financial statements when material.

4. Use of Judgments, Estimates and Assumptions

The preparation of the consolidated and separate financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated and separate financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments
In the process of applying the Group's and the Bank's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the consolidated and separate financial statements:

(a) *Functional Currency*

PAS 21 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 Group and the Bank consider the following:

- the currency that mainly influences sales prices for financial instruments and services;
- the currency in which funds from financing activities are generated; and
- the currency in which receipts from operating activities are usually retained.

(b) *Provisions and Contingencies*

The Group and the Bank, in the ordinary course of business, set up appropriate provisions for its present legal or constructive obligations in accordance with its policies on provisions and contingencies. Judgement is exercised by management to distinguish between commitments and contingencies (see Note 30).

(c) *Determination Whether an Arrangement Contains a Lease*

The Group and the Bank assess whether an arrangement contains a lease based on PFRS 16, as disclosed in Note 3. On adoption of PFRS 16, the Group and the Bank elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied PFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under PAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of lease under PFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019

The Group and the Bank as Lessee

The Group and Bank have entered into lease agreements as a lessee. Depreciation of right-of-use of asset and interest expense on lease liability recognized in the statement of income are disclosed in Note 26.

The Group and the Bank as Lessor

The Group and the Bank have entered into lease agreements as a lessor. The Group and the Bank have determined that it retains all the significant risks and rewards of ownership of the property leased out on operating leases.

(d) *Determining the Lease Term of Contracts with Renewal and Termination Options – The Group and the Bank as Lessee*

The Group and the Bank determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Bank have several lease contracts that include extension and termination options. The Group and the Bank apply judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Bank reassess the lease term if there is a significant event or change in circumstances that are within its control and affect its ability to exercise or not to exercise the option to renew or to terminate.

(e) *Classification of Financial Instruments*

The Group and the Bank exercise judgments in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in consolidated and separate statements of financial position.

(f) Determination of Acquisition Date for Business Combination

For each business combination, the Group and the Bank as acquirer identified the acquisition date which is the date on which control is obtained of the acquiree. The date on which the Group and the Bank obtain control is generally the date on which the Group and the Bank legally transfer the consideration, acquire the assets and assume the liabilities of the acquiree - the closing date. However, the Group and the Bank might obtain control on a date that is either earlier or later than the closing date.

MORB Section X378, *Limits on Investment in the Equities of Financial Allied Undertakings*, provides guidelines in determining compliance with ceilings on equity investments in financial allied undertakings. For a thrift bank investor, the equity investment in a rural or thrift bank financial allied undertaking is limited to 49.00% subject to 93 BSP approval. However, the BSP approval of the Group's and the Bank's acquisition of up to 100.00% of the issued and outstanding common shares of the acquiree under the specific circumstance that the acquisition is a necessary first step towards merger. Thus, the Group and the Bank assess that the acquisition is a transaction which is part of the merger and therefore should not be accounted for separately from the merger itself. Consequently, the date which constitutes the effectivity of the merger is the date on which the SEC approves the merger.

After considering all pertinent facts and circumstances, the Group and the Bank determined that the acquisition date for the business combination should be the date of the approval of the merger by the SEC.

(g) Evaluating deferred tax.

In determining the amount of current and deferred tax, the Group and the Bank take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group and the Bank believe that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group and the Bank to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(h) Determining fair value of acquired assets classified as either investment properties or assets held-for-sale.

The Group and the Bank determine the fair value of acquired properties through internally- or externally generated appraisal. The appraised value is determined based on the current economic and market conditions as well as the physical conditions of the properties.

(i) Determining classification of acquired properties.

The Group and the Bank classify its acquired properties as bank premises, furniture, fixtures and equipment if used in operations, as assets held-for-sale if expected that the properties will be recovered through sale rather than use, or as investment properties if intended to be held for capital appreciation.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

(a) Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recognized in consolidated and separate statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. These estimates may include consideration of liquidity, volatility and correlation. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

(b) *Allowance for ECL on Loans and Receivables*

Provisions are made for specific and groups of accounts, where objective evidence of credit loss exists. The Group and the Bank evaluate these accounts on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's and the Bank's relationship with the counterparties, the current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience. The amount and timing of the recorded expenses for any period would differ if the Group and the Bank made different judgments or utilized different methodologies. An increase in the allowance for ECL would increase the recorded costs and expenses and decrease current assets.

The Bank has allowance for ECL amounting to ₱761.46 million and ₱706.88 million as at December 31, 2024 and 2023, respectively (see Note 9).

The Bank's carrying amount of receivables amounted to ₱27.40 billion and ₱25.35 billion as at December 31, 2024 and 2023, respectively (see Note 9).

(c) *ECL on Investment Securities*

Loss on Investments at Amortized Cost and Financial assets at FVOCI are assessed when there has been a significant or prolonged decline in the fair value below cost or where other objective evidence of impairment exists. The determination of what is significant or prolonged requires judgment. In addition, the Group and the Bank evaluate other factors, including normal volatility in share price for quoted equities, and the future cash flows and the discount factors for unquoted equities.

No impairment loss was recognized in 2024 and 2023.

(d) *Impairment of Nonfinancial Assets*

The Group and the Bank assess impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group and the Bank consider important which could trigger an impairment review include the following:

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

The Group and the Bank recognize an impairment loss whenever the carrying amount of an asset exceeds its net recoverable amount. Net recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

The Bank's carrying amount of noncurrent assets held for sale amounted to ₱29.59 million and ₱29.25 million as at December 31, 2024 and 2023, respectively (see Note 10).

(e) *Impairment of Goodwill*

The Group's and the Bank's management conducts an annual review for any impairment in the value of goodwill. Goodwill is written down for impairment where the net present value of the forecasted future cash flows from the business is insufficient to support its carrying value. The Group and the bank used its weighted average cost of capital in discounting the expected cash flows from specific CGUs. Future cash flows from the business are estimated based on the theoretical annual income of the CGUs. Average growth rate was derived from the average increase in annual income during the last five (5) years.

The recoverable amount of the CGUs has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. A pre-tax discount rate is applied to cash flow projections. Value in use calculation of CGUs is most sensitive to the following assumptions: a) interest margin; b) discount rates; and c) projected growth rates used to extrapolate cash flows beyond the budget period.

The Bank's goodwill acquired represents the excess of the acquisition cost over the fair market value amounted to ₱104.76 million ₱101.42 million as at December 31, 2024 and 2023, respectively (see Note 14).

No impairment loss was recognized in 2024 and 2023

(f) *Estimated Useful Lives of Property and Equipment, Software Costs and Investment Properties*

The useful lives, and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from property and equipment, software costs and investment properties.

The Group's property and equipment's carrying value amounted to ₱962.01 million and ₱905.20 million as at December 31, 2024 and 2023, respectively with accumulated depreciation amounting to ₱0.96 billion and ₱1.03 billion as at December 31, 2024 and 2023, respectively. The Bank's property and equipment's carrying value amounted to ₱957.90 million and ₱903.66 million as at December 31, 2024 and 2023, respectively. The Bank's accumulated depreciation of property and equipment amounted to ₱0.94 billion and ₱1.03 billion as at December 31, 2024 and 2023, respectively (see Note 11).

The Group's investment property, net of accumulated depreciation and allowance for impairment losses, amounted to ₱2.04 billion and ₱1.73 billion as at December 31, 2024 and 2023, respectively. Accumulated depreciation of investment property amounted to ₱271.59 million and ₱230.49 million as at December 31, 2024 and 2023, respectively. Allowance for impairment losses amounted to ₱31.79 million and ₱31.17 million as at December 31, 2024 and 2023. The Bank's investment property, net of accumulated depreciation and allowance for impairment losses, amounted to ₱2.04 billion and ₱1.73 billion as at December 31, 2024 and 2023, respectively. Accumulated depreciation of investment property amounted to ₱265.76 million and ₱230.48 million as at December 31, 2024 and 2023, respectively. Allowance for impairment losses amounted to ₱31.17 million and ₱31.17 million as at December 31, 2024 and 2023 (see Note 12).

The Group's software costs' carrying value amounted to ₱15.10 million and ₱27.58 million as at December 31, 2024 and 2023, respectively. Accumulated amortization amounting to ₱100.82 million and ₱88.15 million as at December 31, 2024 and 2023, respectively. The Bank's software costs' carrying value amounted to ₱15.06 million and ₱27.57 million as at December 31, 2024 and 2023, respectively. The Bank's accumulated amortization of software cost amounted to ₱100.25 million and ₱87.58 million as at December 31, 2024 and 2023, respectively (see Note 14).

(g) *Realizability of Deferred Tax Assets*

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that sufficient taxable income will be available against which the related tax benefits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the forecasted timing and amount of future taxable income together with future tax planning strategies.

(h) *Present Value of Retirement Benefits Obligation*

The cost of retirement benefits and other post-employment benefits are determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of the plan, such estimates are subject to significant uncertainty.

The assumed discount rates were determined using the prevailing market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as at reporting date.

The Group and Bank's retirement liability or (assets) amounted to (₱39.68 million) and (₱113.36 million) million as at December 31, 2024 and 2023, respectively (See Note 25).

(i) Leases – Estimating the incremental borrowing rate (IBR)

The Group and the Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group and the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group and the Bank 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group and the Bank estimates the IBR using observable inputs (such as market interest rates) when available and are required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(j) Contingencies

The Group and the Bank are currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed by management in consultation with the legal counsels handling the Group's and the Bank's legal defense in these matters, and is based upon an analysis of potential results.

The Group's and the Bank's management currently does not believe that these proceedings will have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings. No accruals were made in relation to these proceedings.

5. Financial Risk Management Objectives and Policies

To ensure that corporate goals and objectives, and business and risk strategies are achieved, the Group and the Bank utilize a risk management process that is applied throughout the Group and the Bank in executing all business activities. The Group's and the Bank's activities are principally related to the use of financial instruments and are exposed to credit risk, liquidity risk and market risk. The BOD has the overall responsibility for the Group's and the Bank's financial risk management, which includes establishment and approval of risk strategies, policies and limits. The BOD created the Audit, Corporate Governance and Risk Management Committees to closely monitor and evaluate the financial risks in line with the strategies, policies and limits set by the BOD. The main objective of the financial risk management is to minimize the adverse impact of financial risks on the Group's and the Bank's financial performance and financial condition due to the unpredictability of financial markets.

The Group's and the Bank's principal financial instruments consist of COCI, due from BSP, due from other banks, investments at amortized cost, financial assets at FVOCI, loans and receivables, deposit liabilities and bills payable. The main purpose of these financial instruments is to generate income and raise finances for the Group's and the Bank's operations.

The Group and the Bank maintain a CAR of 10.00% or better at all times.

The main risks arising from the Group's and the Bank's use of financial instruments are summarized as follows:

(a) Credit Risk and Concentration Limit,
(b) Liquidity Risk,
(c) Market Risk,
(d) Foreign Exchange Risk, and
(e) Interest Risk.

Credit Risk and Concentration Limit

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration limits for the Group and the Bank are set by types of borrowers and loan classifications. In setting the concentration limits, the Group and the Bank considers the BSP regulations.

To avoid significant concentrations of credit risk on the Group's and the Bank's loans and receivables, it spreads out its risks by setting limits on loan amounts that are way below its allowable single borrower's limit and sets a limit on industry concentration. The Group's and the Bank's system of credit approval is such that the higher the credit exposure, the more approving bodies are required to review and approve the credit proposal.

To mitigate credit risk, the Group and the Bank have set a target of having at least 90.00% of total loan portfolio secured by tangible collateral, predominantly by registered mortgages on real properties. An independent unit in the Group and the Bank validate property appraisal, title verification, credit investigation and credit evaluation done by the loan originating branch. Insurance coverage and assignment of the insurance policies in favor of the Group and the Bank are required on these assets (e.g., improvements on real properties, motor vehicles, etc.). Further, the Group and the Group require that the borrowers be insured (e.g., life insurance, mortgage redemption insurance, etc.) and assign the insurance policies in favor of the Group and the Bank.

Credit Risk Exposures

The table below shows the Group's and the Bank's maximum exposure to credit risk for collateral held or other credit enhancements, as at December 31, 2024 and 2023:

	December 31, 2024		Consolidated December 31, 2023		Separate December 31, 2023	
	Before Collateral	**After financial Effect of Collateral or Credit Enhancement**	Before Collateral	After financial Effect of Collateral or Credit Enhancement	Before Collateral	After financial Effect of Collateral or Credit Enhancement
Due from BSP	**₱3,931,176,456**	**₱3,931,176,456**	₱732,908,045	₱732,908,045	₱732,001,357	₱732,001,357
Due from other banks	**926,438,402**	**926,438,402**	945,696,049	945,696,049	802,700,590	802,700,590
Interbank loan receivables	**-**	**-**	599,111,629	599,111,629	599,111,629	599,111,629
Investments at amortized cost	**28,819,385**	**28,819,385**	139,049,828	139,049,828	27,961,026	27,961,026
Small and medium-sized entity	**7,508,688,806**	**-**	6,269,491,565	-	6,234,427,100	-
Salary	**12,881,745,840**	**12,881,745,840**	12,785,703,848	12,785,703,848	12,764,954,213	12,764,954,213
Agrarian reform	**4,302,072,946**	**-**	4,268,685,173	-	4,255,586,974	-
Auto	**907,962,941**	**-**	968,512,705	-	967,944,183	-
Housing	**774,362,939**	**-**	708,601,237	-	699,333,512	-
Loans to individuals for other purposes	**299,917,687**	**299,917,687**	268,741,314	268,741,314	245,802,543	245,802,543
Sinking fund	**7,061,837**	**7,061,837**	7,180,266	7,180,266	7,061,837	7,061,837
Security deposits*	**15,637,839**	**15,637,839**	15,637,839	15,637,839	15,637,839	15,637,839
	₱31,583,885,078	**₱18,090,797,446**	₱27,709,319,498	₱15,494,028,818	₱27,352,522,803	₱15,195,231,034

** Presented under Other Assets account*

Collateral and Other Credit Enhancements

The amount and type of collateral required depends on the assessment of the credit risk of the borrower or counterparty. Guidelines are implemented regarding the acceptability of types of collateral valuation and parameters.

The main types of collateral obtained are as follows:

- Due from other banks is insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum of ₱500,000 for every depositor per grouping institution;
- The Group and the Bank have established a loan product to lend to small farmers who may have no access to formal credit institutions because the land they are tilling is small and is not covered by a guarantee or surety to be executed in favor of the Group and the Bank by the Agricultural Guarantee Fund Pool (AGFP).

Borrower Risk Rating (BRR) Disclosure

The Group and the Bank also established an Internal Credit Risk Rating System (ICRRS), which is a loan review and loan loss provisioning system that clearly sets forth the criteria for uniformly classifying loans. ICRRS has three (3) components, namely:

- the BRR which requires an assessment of the creditworthiness of the borrower, focusing on the outlook for loan repayment without considering the type or amount of the facility, or its security arrangements. The criteria to be assessed here are those which have a direct bearing on the borrower's long-term chances of survival and the factors directly to these. Although the borrower's financial condition is evaluated on the basis of the past three (3) years' historical financial statements, this is primarily to determine any trend in the entity's financial condition going forward, and how it will impact the borrower's future solvency, or debt-service capabilities. The BRR is determined by focusing on the borrower's credit quality based on factors such as the borrower's: (a) stability, (b) access to financial markets, (c) ability to service debt, (d) financial position strength, and (e) external rating by agencies, where applicable;

- the Facility Risk Factor (FRF) which is determined for each individual facility, taking into account the different security arrangements, or risk influencing factors, to allow a more precise depiction of risk. FRF is determined based on security arrangements supporting the facility. Since the FRF focuses on the quality and quantity of the collateral cover applicable to the underlying facility, independent of borrower quality, the FRF can upgrade the BRR on the basis of the facility's collateral position, or can downgrade it due to risk-enhancing features; and

- the Adjusted Borrower Risk Rating (ABRR) which is the result of the combination of the BRR and FRF.

Risk Concentration

Credit risk can arise whenever a significant number of borrowers have similar characteristics and are affected similarly by changes in economic or other conditions. The Group and the Bank analyze the credit risk concentration to an individual borrower, related group of accounts, industry, geographic, internal rating buckets, currency, term and security. To mitigate risk concentration, the Group and the Bank constantly checks for breaches in regulatory and internal limits. Credit risk is managed through a continuing review of credit policies, systems and procedures.

Credit Quality Per Class of Financial Assets

The credit quality of the Group's and the Bank's Due from BSP and other banks, investments at amortized cost, sinking fund and security deposits are based on the nature of the counterparty and internal rating system.

Loans are secured either by real estate, chattel, or other assets (see Note 9).

The credit quality of the Group's and the Bank's financial assets that are neither past due nor impaired is considered to be of good quality and expected to be collectible without incurring any credit losses.

The Group's and the Bank's bases in grading its financial assets are as follows:

- *High Grade*
  These are receivables which have a high probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables is readily enforceable).
- *Standard Grade*
  These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a certain period of time.
- *Substandard Grade*
  These are receivables that can be collected provided a persistent effort to collect them is made.

The tables below show the credit quality by class of financial assets (gross of credit and impairment losses and unearned discount) based on the Group's and the Bank's credit rating:

	December 31, 2024					
	Neither Past Due nor Individually Impaired					
Separate	**High Grade**	**Standard Grade**	**Substandard**	**Unrated**	**Past Due or Impaired**	**Total**
Due from BSP	**₱3,931,176,456**	**₱-**	**₱-**	**₱-**	**₱-**	**₱3,931,176,456**
Due from other banks	**926,438,402**	**-**	**-**	**-**	**-**	**926,438,402**
Interbank loan receivables		**-**	**-**	**-**	**-**	
Investments at amortized cost	**28,819,385**	**-**	**-**	**-**	**-**	**28,819,385**
Financial assets at FVOCI	**3,158,236,044**	**-**	**-**	**-**	**-**	**3,158,236,044**
Loans and receivables	**25,655,400,282**	**-**	**-**	**-**	**2,509,561,545**	**28,164,961,827**
Sinking fund	**7,061,837**	**-**	**-**	**-**	**-**	**7,061,837**
Security deposit*	**15,637,839**	**-**	**-**	**-**	**-**	**15,637,839**
	₱33,722,770,245	**₱-**	**₱-**	**₱-**	**₱2,509,561,545**	**₱36,232,331,790**

	December 31, 2023					
	Neither Past Due nor Individually Impaired					
Consolidated	High Grade	Standard Grade	Substandard	Unrated	Past Due or Impaired	Total
Due from BSP	₱732,908,045	₱-	₱-	₱-	₱-	₱732,908,045
Due from other banks	945,696,049	-	-	-	-	945,696,049
Interbank loan receivables	599,111,629	-	-	-	-	599,111,629
Investments at amortized cost	139,049,828	-	-	-	-	139,049,828
Financial assets at FVOCI	3,652,344,862	-	-	-	-	3,652,344,862
Loans and receivables	23,955,330,949	-	-	-	2,210,040,013	26,165,370,962
Sinking fund	7,180,266	-	-	-	-	7,180,266
Security deposit*	15,637,839	-	-	-	-	15,637,839
	₱30,047,259,467	₱-	₱-	₱-	₱2,210,040,013	₱32,257,299,480

December 31, 2023

	Neither Past Due nor individually Impaired					
Separate	**High Grade**	**Standard Grade**	**Substandard**	**Unrated**	**Past Due or Impaired**	**Total**
Due from BSP	**₱723,001,357**	**₱-**	**₱-**	**₱-**	**₱-**	**₱723,001,357**
Due from other banks	**802,700,590**	**-**	**-**	**-**	**-**	**802,700,590**
Interbank loan receivables	**599,111,629**	**-**	**-**	**-**	**-**	**599,111,629**
Investments at amortized cost	**27,961,026**	**-**	**-**	**-**	**-**	**27,961,026**
Financial assets at FVOCI	**3,652,344,862**	**-**	**-**	**-**	**-**	**3,652,344,862**
Loans and receivables	**23,855,311,783**	**-**	**-**	**-**	**2,199,694,699**	**26,055,006,482**
Sinking fund	**7,061,837**	**-**	**-**	**-**	**-**	**7,061,837**
Security deposit*	**15,637,839**	**-**	**-**	**-**	**-**	**15,637,839**
	₱29,683,130,923	**₱-**	**₱-**	**₱-**	**₱2,199,694,699**	**₱31,882,825,622**

** Presented under Other Assets account*

Liquidity Risk
Liquidity risk is the risk from inability to meet obligations when they become due because of inability to liquidate assets or obtain adequate funding. The Group and the Bank ensure that sufficient liquid assets are available to meet short-term funding and regulatory requirements.

Management of Liquidity Risk

The Group and the Bank mitigate liquidity risk through its Asset and Liability Committee (ALCO) and Treasury Management Unit, who ensure that sufficient liquid assets are available to meet short-term funding and regulatory requirements. The amount and the sources of funds (such as secondary liquidity reserves, unused credit lines and rediscounting lines) that are available to the Group and the Bank and the circumstances under which the Group and the Bank may use those funds are determined on a weekly basis. The Group and the Bank require all branches to maintain liquid assets to total deposits/other liabilities ratio of at least 20% or 15% liquidity reserves, net of legal reserves.

The Group's and the Bank's liquidity, cash and reserves positions are monitored on a daily basis. The Group and the Bank maintain sufficient liquidity reserves in the form of high-yielding placements with the BSP, deposits with other banks and investments in government securities (GS). The Group also has obtained sufficient liquidity lines from other banks and non-banking lending institutions that can relieve financial pressures in the event of an extraordinary demand for liquidity. Further, the Group and the Bank actively rediscounts loans with many entities that have given it more than sufficient rediscounting lines.

Analysis of Financial Liabilities by Remaining Contractual Maturities

The tables below summarize the maturity profile of the Group's and the Bank's financial liabilities as at December 31, 2024 and 2023 based on contractual undiscounted repayment obligations.

	December 31, 2024					
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
Deposit liabilities:						
Demand	**₱4,867,940,429**	**₱-**	**₱-**	**₱-**	**₱-**	**₱4,867,940,429**
Savings	**13,587,840,275**	**-**	**-**	**-**	**-**	**13,587,840,275**
Time	**1,489,227,502**	**2,761,480,447**	**1,605,428,300**	**2,810,403,976**	**-**	**8,666,540,226**
Bills payable	**-**	**5,000,000,000**	**-**	**560,399,215**	**1,042,819,252**	**6,603,218,467**
Accrued interest, taxes and other payables*	**-**	**344,899,233**	**-**	**-**	**-**	**344,899,233**
Other liabilities**	**49,954,245**	**-**	**-**	**-**	**-**	**49,954,245**
Total undiscounted financial liabilities	**₱19,994,962,452**	**₱8,106,379,680**	**₱1,605,428,300**	**₱3,370,803,191**	**₱1,042,819,252**	**₱34,120,392,875**

**Amounts include accrued interest payable, accrued taxes and licenses and accrued other expenses*
***Amounts exclude withholding tax payable*

	December 31, 2023					
Consolidated	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
Deposit liabilities:						
Demand	₱4,001,109,603	₱-	₱-	₱-	₱-	₱4,001,109,603
Savings	12,245,935,946		-		-	12,245,935,946
Time	1,151,203,467	1,486,589,016	1,923,592,102	2,216,303,935	-	6,777,688,520
Bills payable	-	-	4,900,000,000	966,666,667	1,242,819,252	7,109,485,919
Accrued interest, taxes and other payables*	-	227,573,698	-	-	-	227,573,698
Other liabilities**	452,347,385	-	-	-	-	452,347,385
Total undiscounted financial liabilities	₱17,850,596,401	₱1,714,162,714	₱6,823,592,102	₱3,182,970,602	₱1,242,819,252	₱30,814,141,071

**Amounts include accrued interest payable, accrued taxes and licenses and accrued other expenses*
***Amounts exclude withholding tax payable*

	December 31, 2023					
Separate	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
Deposit liabilities:						
Demand	₱4,001,109,603	₱-	₱-	₱-	₱-	₱4,001,109,603
Savings	11,973,405,429	-	-	-	-	11,973,405,429
Time	1,148,072,991	1,482,546,525	1,918,361,265	2,203,727,399	-	6,752,708,180
Bills payable	-	-	4,900,000,000	966,666,667	1,242,819,252	7,109,485,919
Accrued interest, taxes and other payables*	-	223,517,079	-	-	-	223,517,079
Other liabilities**	448,300,210	-	-	-	-	448,300,210
Total undiscounted financial liabilities	₱17,570,888,233	₱1,706,063,604	₱6,818,361,265	₱3,170,394,066	₱1,242,819,252	₱30,508,526,420

**Amounts include accrued interest payable, accrued taxes and licenses and accrued other expenses*
***Amounts exclude withholding tax payable*

The tables below show the contractual expiry by maturity of the Group's and the Bank's contingent liabilities:

	December 31, 2024				
Separate	**On Demand**	**Less than 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Total**
Contingent liabilities	**₱-**	**₱39,660,363**	**₱-**	**₱-**	**₱39,660,363**

	December 31, 2023				
Consolidated	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Contingent liabilities	₱-	₱1,988,657	₱-	₱-	₱1,988,657

	December 31, 2023				
Separate	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Contingent liabilities	₱-	₱1,988,657	₱-	₱-	₱1,988,657

Market Risk

Market risk is the risk of loss of future earnings or future cash flows arising from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity prices and other market changes. The Group's and the Bank's market risk is manageable within conservative bounds.

Interest Rate Risk

Interest rate risk is the risk to earning or capital resulting from adverse movements in the interest rates. The economic perspective of interest rate risk focuses on the value of a financial instrument in the current interest environment and the sensitivity of that value to changes in interest rates.

The Group and the Bank mitigate interest rate risk (risk of loss or the risk of reduction in income due to changes in the interest rate environment) through the ALCO. The Group and the Bank also monitor and measure the interest rate risk using an interest rate gap analysis. The gap analysis measures, for any given period, any mismatch between the amounts of interest-bearing assets and interest-bearing liabilities, which would mature or reprice during the period.

Interest rate risk is also addressed by the Group and the Bank by setting prudential limits on short-term loans vis-à-vis medium-term loans (maximum limit of 30% of total outstanding loans receivable). Short-term loans allow the Group and the Bank to adjust loan pricing quickly should interest rates move up with respect to its sources of funds. Medium-term loans, on the other hand, are generally repriced periodically. In cases of medium-term loan whose interest rates are fixed, the interest rate generally provides sufficient cushion in terms of spread over sourcing rates.

The Group and the Bank also maintain a very large portion of its deposit base in short-term deposits. The interest rates on savings and time deposits are set by reference to prevailing market rates being quoted by the commercial banks. Demand deposits are generally non-interest bearing.

The Group and the Bank also make an extensive use of rediscounting funds, the interest rates on which are generally fixed for the entire term, thus assuring that the interest spread of the Group and the Bank is maintained at all times.

The Group and the Bank closely monitor the movements of interest rates in the market and review its asset-liability structure to ensure that exposures to fluctuations in interest rates are kept within acceptable limits.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and Bank's results of operations:

Separate	**December 31, 2024**	
Currency	**Changes in Interest Rates (In Basis Points)**	**Sensitivity of Net Interest Income (In Millions)**
PHP	**+100**	**₱2.74**
PHP	**-100**	**(2.74)**

Consolidated	December 31, 2023	
Currency	Changes in Interest Rates (In Basis Points)	Sensitivity of Net Interest Income (In Millions)
PHP	+100	₱2.54
PHP	-100	(2.54)

Separate	December 31, 2023	
Currency	Changes in Interest Rates (In Basis Points)	Sensitivity of Net Interest Income (In Millions)
PHP	+100	₱2.54
PHP	-100	(2.54)

The sensitivity of the results of operations is measured as the effect of the assumed changes in interest rates on the net interest income for one year based on the floating rate of financial assets and financial liabilities held as at December 31, 2024 and 2023.

The tables set forth the interest rate repricing gap as at December 31, 2024 and 2023, based on the reporting made to BSP.

	December 31, 2024							
In Millions	**Up to 1 Month**	**1-3 Months**	**3-12 Months**	**1-3 Years**	**3-5 Years**	**Beyond 5 Years**	**Non-rate Sensitive**	**Total**
RESOURCES								
Due from BSP	3,931	-	-	-	-	-	-	3,931
Due from other banks	926	-	-	-	-	-	-	926
Financial assets at fair value through OCI	-	-	-	-	-	-	3,158	3,158
Other investments - net	-	-	-	-	-	29	-	29
Loans	21,869	-	1,233	237	2,071	1,229	-	26,640
Sales contract receivable	-	-	-	132	-	-	-	132
Accrued interest income from financial assets	677	-	-	-	-	-	-	677
	27,404	-	1,233	370	2,071	1,258	3,158	35,494
LIABILITIES AND EQUITY	-	-	-	-	-	-	-	-
Deposit liabilities	1,489	2,761	1,605	-	2,810	13,588	4,868	27,122
Bills payable	560	-	5,000	-	-	-	-	5,560
Redeemable preferred shares	1	-	-	-	-	-	-	1
Accrued interest expense on financial liabilities	345	-	-	-	-	-	-	345
	2,396	2,761	6,605	-	2,810	13,588	4,868	33,029
Total periodic gap	(25,008)	2,761	5,372	(370)	740	12,330	1,710	(2,465)

Consolidated	**December 31, 2023**							
In Millions	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 3 Years	3 - 5 Years	Beyond 5 Years	Non-rate Sensitive	Total
Assets								
Due from BSP	₱733	₱-	₱-	₱-	₱-	₱-	₱-	₱733
Due from other Banks	946	-	-	-	-	-	-	946
Interbank loan receivables	599	-	-	-	-	-	-	599
Financial Assets at FVOCI	-	-	-	-	-	-	3,652	3,652
Loans and receivables	4,511	-	3,465	2,240	12,209	2,809	-	25,234
Sales contract receivable	-	-	-	92	-	-	-	92
Accrued interest income from financial assets	393	-	-	-	-	-	-	393
	7,182	-	3,465	2,332	12,209	2,809	3,652	31,649
Liabilities and Equity								
Deposit liabilities	1,063	1,373	1,777	-	2,656	12,246	4,090	23,205
Bills payable	-	-	4,900	-	967	1,243	-	7,110
Redeemable preferred shares	-	-	-	1	-	-	-	1
Accrued interest expense on financial liabilities	-	105	-	-	-	-	-	105
	1,063	1,478	6,677	1	3,623	13,489	4,090	30,421
	₱6,119	(₱1,478)	(₱3,212)	₱2,331	₱8,586	(₱10,680)	(₱438)	₱1,228

Separate	December 31, 2023							
In Millions	Up to 1 Month	1 – 3 Months	3 - 12 Months	1 - 3 Years	3 - 5 Years	Beyond 5 Years	Non-rate Sensitive	Total
Assets								
Due from BSP	₱723	₱-	₱-	₱	₱	₱-	₱	₱723
Due from other Banks	803	-	-			-	-	803
Interbank loan receivables	599	-	-	-	-	-	-	599
Financial Assets at FVOCI	-	-	-			-	3,652	3,652
Investment at amortized cost	-	-	-			28	-	28
Loans and receivables	20,361	-	1,233	237	2,071	1,230	-	25,132
Sales contract receivable			-	92	-	-	-	92
Accrued interest income from financial assets	392	-	-	-	-	-	-	392
	22,878	-	1,233	329	2,071	1,258	3,652	31,421
Liabilities and Equity	-	-	-	-	-	-	-	-
Deposit liabilities	1,442	264	619	-	1,062	11,973	7,367	22,727
Bills payable	136	-	6,973	-	-	-	-	7,109
Redeemable preferred shares	1	-	-	-	-	-	-	1
Accrued interest expense on financial liabilities	-	104	-	-	-	-	-	104
	1,579	368	7,592	-	1,062	11,973	7,367	29,941
	₱21,299	(₱368)	(₱6,359)	₱329	₱1,009	(₱10,715)	(₱3,715)	₱1,480

Currency Risk

The Group and the Bank manage its exposure to the effects of fluctuations in the foreign currency exchanges by complying with existing regulatory guidelines on the FCDU and by limiting such exposure within the limits that management believes to be relatively conservative for the size of the Group and the Bank.

The Group's and the Bank's exposure to foreign exchange risk as at December 31, 2024 and 2023 is considered to be minimal as the Group's and the Bank's functional currency for FCDU is also in USD. As at December 31, 2024 and 2023, the Group's exposure amounted to $0.02 million.

Fair Value Measurement

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

	December 31, 2024				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets Measured at Fair Value					
Financial Assets:					
Financial Asset at FVTOCI	**₱3,158,236,044**	**₱3,158,236,044**	**₱-**	**₱-**	**₱3,158,236,044**
Assets for which Fair Values are disclosed					
Financial Assets					
Loans and Receivables	**₱27,403,499,337**	**₱-**	**₱-**	**₱27,403,499,337**	**₱27,403,499,337**
Nonfinancial Assets:					
Investment properties	**1,976,392,102**	**-**	**-**	**1,976,392,102**	**1,976,392,102**
	₱32,538,127,483	**₱3,158,236,044**	**₱-**	**₱29,379,891,439**	**₱32,538,127,483**

	December 31, 2023				
Consolidated	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Asset Measured at Fair Value					
Financial Asset:					
Financial Asset at FVTOCI	**₱3,652,344,862**	**₱3,652,344,862**	**₱-**	**₱-**	**₱3,652,344,862**
Assets for which Fair Values are disclosed					
Financial Assets:					
Loans and Receivables	₱25,448,846,638	₱-	₱25,448,846,638	₱-	₱25,448,846,638
Nonfinancial Assets:					
Investment properties	2,042,887,952	-	2,042,887,952	-	2,042,887,952
	₱27,491,734,590	₱-	₱27,491,734,590	₱-	₱27,491,734,590

	December 31, 2023				
Separate	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets Measured at Fair Value					
Financial Assets:					
Financial Asset at FVTOCI	₱3,652,344,862	₱3,652,344,862	₱-	₱-	₱3,652,344,862
Assets for which Fair Values are disclosed					
Financial Assets					
Loans and Receivables	₱25,348,121,601	₱-	₱-	₱25,348,121,601	₱25,348,121,601
Nonfinancial Assets:					
Investment properties	2,039,975,109	-	-	2,039,975,109	2,039,975,109
	₱27,388,096,710	₱-	₱-	₱27,388,096,710	₱27,388,096,710

The methods and assumptions used by the Group and the Bank in estimating the fair value of its assets and liabilities follow:

Cash and Other Cash Items, Due from BSP and Other Banks
The carrying amounts approximate their fair values due to the short-term nature of these assets.

Loans and Receivables
Fair values of receivables from customers are estimated using the discounted cash flow methodology, that makes use of the Group's and the Bank's current incremental lending rates for similar types of loans. The carrying amounts of other receivables approximate their fair values due to their relatively short-term maturities.

Investment Properties
Fair values are based on valuations made by independent and in-house appraisers, using the market sales comparison approach. Under this approach, recent transactions for similar properties in the same areas as the investment properties were considered, taking into account the economic conditions prevailing at the time the valuations were made. Prices of recent transactions are adjusted to account for differences in a property's size, shape, location, marketability and bargaining allowances. For depreciable properties, other inputs considered in the valuations will include the age and remaining useful life of the buildings and improvements.

Financial Liabilities
Fair values of time deposits and other financial liabilities that are due to mature beyond one (1) year are estimated using the discounted cash flow methodology, using the Group's and Bank's current incremental borrowing rates for similar borrowings. The carrying amounts of the savings, demand deposits and other financial liabilities approximate their fair values since these are due and demandable.

6. Due from BSP and Other Banks, and Interbank Loans Receivable

Due from BSP
This account represents demand deposit accounts (DDA), and overnight deposit facilities (ODF) and time deposit facility (TDF) of the Group and the Bank with the BSP maintained to meet the reserve requirements. This also serves as a clearing account for interbank claims. Details are as follows:

		Consolidated	Separate
	2024	2023	2023
DDA	**₱211,176,456**	₱152,908,045	₱143,001,357
ODF and TDF	**3,720,000000**	580,000,000	580,000,000
	₱3,931,176,456	₱732,908,045	₱723,001,357

DDA represents the deposit maintained by the Group and the Bank with BSP as reserve requirement against deposit liabilities.

ODF and TDF both bear annual interest rate of 5.25% and 5.75% in 2024 and 2023, respectively.

The account also serves as the Group and the Bank's clearing account for its check clearing operations as a member of the Philippine Clearing House Corporation (PCHC).

Interbank Loan Receivables
This account pertains to the Bank's reverse repurchase agreements (RRP) with BSP that bear annual interest rate of 6.00% in 2024 and 2023, amounting to ₱0.00 billion and ₱0.60 billion as at December 31, 2024 and 2023, respectively.

Due from Other Banks
This account represents funds deposited with domestic banks which are used by the Group and the Bank as part of its operating funds. Details are as follows:

		Consolidated	Separate
	2024	2023	2023
Demand	**₱369,307,371**	₱459,701,836	₱459,701,836
Savings	**548,932,372**	384,897,296	287,427,476
Time deposits	**8,197,659**	101,096,917	55,571,278
	₱926,438,402	₱945,696,049	₱802,700,590

Savings account earns interest ranging from 0.25% to 0.75% per annum in 2024 and 2023 while time deposits earn interest ranging from 0.75% to 3.50% and 0.75% to 3.50% per annum in 2024 and 2023, respectively.

The savings and time deposits account include dollar-denominated deposits amounting to $0.16 million and $0.19 million as at December 31, 2024 and 2023, respectively.

Details of foreign exchange gain, net on dollar-denominated deposits follows:

	2024	Consolidated 2023	Separate 2023
Foreign exchange gain	**₱2,376,672**	**₱990,180**	**₱990,180**

Details of interest income earned on due from BSP, interbank loans receivable and other banks follows:

	2024	Consolidated 2023	Separate 2023
Due from BSP and interbank loans receivable	**₱78,420,737**	₱82,992,692	₱82,992,692
Due from other banks	**6,268,535**	5,435,034	1,983,108
	₱84,689,272	₱88,427,726	₱84,975,800

7. **Investments at Amortized Cost**

This account consists of:

	2024	Consolidated 2023	Separate 2023
Government securities	**₱27,888,636**	₱138,036,304	₱27,030,277
Other debt securities	**930,749**	1,013,524	930,749
	₱28,819,385	₱139,049,828	₱27,961,026

Government securities pertain to investments held by the Bureau of Treasury under the Registry of Scripless Securities.

Investments of the Group and the Bank bear annual interest rates ranging from 2.00% to 6.87% in 2024 and 2023. The Bank level interest earned amounted to ₱157.64 million ₱165.52 million and in 2024 and 2023, respectively.

8. **Financial Assets at FVOCI**

This account pertains to investments in various financial institution with the fund value amounting to the following:

	2024	Consolidated 2023	Separate 2023
Land Bank of the Philippines	₱1,166.736,865	₱1,659,067,697	₱1,659,067,697
Philippine Bank of Communications	1,553,181,657	1,546,976,441	1,546,976,441
First Metro Investment Corporation	234,983,105	235,781,895	235,781,895
Unionbank of the Philippines	164,887,366	171,704,026	171,704,026
Philippine Deposit Insurance Corporation	37,503,704	37,864,483	37,864,483
China Bank	943,348	950,320	950,320
Bank of the Philippine Islands	-	-	-
Bank of Commerce	-	-	-
	₱3,158,236,044	₱3,652,344,862	₱3,652,344,862

The interest rate ranges from 2.38% to 6.86% per annum with maturity of one (1) year to 15 years.

The Bank's unrealized losses on financial assets at FVOCI amounted to ₱176.59 million and ₱186.11 million as at December 31, 2024 and 2023, respectively.

9. **Loans and Receivables, Net**

This account consists of:

	Note	2024	Consolidated 2023	Separate 2023
Loans:				
Small and medium-sized entity loans		**₱7,508,688,806**	₱6,269,491,565	₱6,234,427,100
Salary loans		**12,881,745,840**	12,785,703,848	12,764,954,213
Agrarian reform loans		**4,302,072,946**	4,268,685,173	4,255,586,974
Housing loans		**774,362,939**	708,601,237	699,333,512
Auto loans		**907,962,941**	968,512,705	967,944,183
Loans to individual for other purpose		**299,917,687**	268,741,314	245,802,543
		26,674,751,159	25,269,735,842	25,168,048,525
Less: Unearned discounts		**35,211,297**	36,152,060	36,118,970
		₱26,639,539,863	₱25,233,583,782	₱25,131,929,555
Other Receivables:				
Accounts receivable		**716,014,179**	446,414,192	439,218,133
Sales contracts receivable		**132,325,805**	92,138,956	92,138,956
Accrued interest receivable		**677,081,980**	393,234,032	391,719,838
		1,525,421,964	931,787,180	923,076,927
		28,164,961,827	26,165,370,962	26,055,006,482
Less: Allowance for probable losses	*16*	**761,462,490**	716,524,324	706,884,881
		₱27,403,499,337	₱25,448,846,638	₱25,348,121,601

Sales contracts receivable refers to the amortized cost of assets acquired in settlement of loans through foreclosure or dacion in payment and subsequently sold on installment basis whereby the title to the said properties is transferred to the buyer only upon full payment of the agreed selling price.

Details of interest income earned on loans and receivables follow:

	2024	Consolidated 2023	Separate 2023
Loans	**₱2,762,189,737**	₱2,422,089,097	₱2,403,510,314
Sales contracts receivable	**5,681,680**	4,564,423	4,564,423
	₱2,767,871,418	₱2,426,653,520	₱2,408,074,737

10. **Noncurrent Assets Held for Sale**

As at December 31, 2024 and 2023, these noncurrent assets were stated at carrying amount and comprised the following:

	2024	Consolidated 2023	Separate 2023
Balance at beginning of year	**₱29,245,256**	₱53,737,341	₱53,737,341
Transfers*	**29,587,715**	4,994,707	4,994,707
Disposals	**(29,245,256)**	(29,486,792)	(29,486,792)
Balance at end of year	**₱29,587,715**	₱29,245,256	₱29,245,256

**Pertains to the investment properties transferred to noncurrent asset held for sale*

The Bank disposed its noncurrent assets with a carrying amount of ₱29.59 million and ₱29.25 million as at December 31, 2024 and 2023, respectively and recognized gain on sale amounting to ₱64.72 million and ₱55.02 million, respectively (see Note 12).

11. **Property and Equipment, Net**

Details on the movement of this account follow:

	2024			
	Bank Premises, Furniture and Fixtures	**Equipment**	**Leasehold Improvements**	**Total**
Cost				
Balance at January 1	**₱956,328,114**	**₱624,313,674**	**₱321,548,390**	**₱1,902,190,178**
Additions	**51,929,141**	**51,226,390**	**37,167,638**	**148,323,170**
Other adjustments	**(4,657,827)**	**(14,801,166)**	**(48,416,727)**	**(205,712,832)**
Balance at December 31	**1,011,599,428**	**660,738,898**	**336,769,329**	**2,009,107,655**
Accumulated Depreciation and Amortization				
Balance at January 1	**298,208,155**	**445,163,081**	**200,914,437**	**944,285,673**
Depreciation and amortization	**29,788,0367**	**69,722,743**	**24,851,591**	**124,362,370**
Other Adjustments	**8,316,647**	**6,722,810**	**(39,526)**	**(205,712,832)**
Balance at December 31	**336,312,839**	**521,608,634**	**225,726,503**	**1,083,647,976**
Net Book Value at December 31	**₱675,286,589**	**₱139,130,264**	**₱111,042,827**	**₱925,459,680**

	2023			
Consolidated	Bank Premises, Furniture and Fixtures	Equipment	Leasehold Improvements	Total
Cost				
Balance at January 1	₱922,884,101	₱654,550,307	₱356,313,819	₱1,933,748,227
Additions	94,538,333	73,583,117	13,874,548	181,995,998
Other adjustments	(50,537,163)	(96,172,223)	(48,039,976)	(194,749,362)
Balance at December 31	966,885,271	631,961,201	322,148,391	1,920,994,863
Accumulated Depreciation and Amortization				
Balance at January 1	328,888,469	476,036,290	223,619,784	1,028,544,543
Depreciation and amortization	27,511,059	71,932,332	25,741,381	125,184,772
Other adjustments	(50,537,163)	(96,172,223)	(48,039,976)	(194,749,362)
Balance at December 31	305,862,365	451,796,399	201,321,189	958,979,953
Net Book Value at December 31	₱661,022,906	₱180,164,802	₱120,827,202	₱962,014,910

	2023			
Separate	Bank Premises, Furniture and Fixtures	Equipment	Leasehold Improvements	Total
Cost				
Balance at January 1	₱921,061,995	₱652,039,091	₱356,313,819	₱1,929,414,905
Additions	91,396,613	73,440,194	13,651,298	178,488,105
Other adjustments	(56,130,494)	(101,165,611)	(48,416,727)	(205,712,832)
Balance at December 31	956,328,114	624,313,674	321,548,390	1,902,190,178
Accumulated Depreciation and Amortization				
Balance at January 1	327,453,638	474,678,129	223,619,784	1,025,751,551
Depreciation and amortization	26,885,011	71,650,563	25,711,380	124,246,954
Other Adjustments	(56,130,494)	(101,165,611)	(48,416,727)	(205,712,832)
Balance at December 31	298,208,155	445,163,081	200,914,437	944,285,673
Net Book Value at December 31	₱658,119,959	₱179,150,593	₱120,633,953	₱957,904,505

As at December 31, 2024 and 2023, the cost of fully-depreciated property and equipment still in use amounted to ₱1.39 billion.

As per Section 109 of the MORB, the total investment of the Group in real estate and improvements, thereon, including bank equipment, shall not exceed 50% of the Group's net worth. The Group is in compliant with aforementioned investment limit as at December 31, 2024 and 2023.

Other adjustments pertain to adjustments related to acquisition of the bank's wholly owned subsidiaries.

12. Investment Properties, Net

The movement in investment properties follows:

	2024		
Separate	**Land**	**Building**	**Total**
Cost			
Balance as at January 1	**₱1,570,351,422**	**₱766,553,316**	**₱2,336,904,738**
Additions	**132,662,790**	**27,560,700**	**160,183,490**
Transfers and other adjustments	**(163,729,916)**	**16,478,140**	**(147,251,776)**
Balance as at December 31	**1,539,244,296**	**810,592,156**	**2,349,836,452**
Accumulated Depreciation			
Balance as at January 1		**265,755,847**	**265,755,847**
Depreciation	**-**	**66,006,193**	**52,120,054**
Other adjustments	**-**	**38,509,074**	**38,509,074**
Balance as at December 31	**-**	**370,271,115**	**356,384,976**
Allowance for Impairment Losses			
Balance as at January 1 and December 31	**-**	**17,059,374**	**17,059,374**
Net Carrying Amount	**₱1,539,244,296**	**₱423,261,668**	**₱1,976,392,102**

	2023		
Consolidated	Land	Building	Total
Cost			
Balance as at January 1	₱1,330,890,068	₱658,767,260	₱1,989,657,328
Additions	267,904,607	131,832,765	399,737,372
Transfers and other adjustments	(25,711,245)	(17,419,057)	(43,130,302)
Balance as at December 31	1,573,083,430	773,180,968	2,346,264,398
Accumulated Depreciation			
Balance as at January 1	-	230,490,809	230,490,809
Depreciation	-	51,732,414	51,732,414
Reclassification	-	(10,633,832)	(10,633,832)
Balance as at December 31	-	271,589,391	271,589,391
Allowance for Impairment Losses			
Balance as at January 1 and December 31	-	31,787,055	31,787,055
Net Carrying Amount	₱1,573,083,430	₱469,804,522	₱2,042,887,952

	2023		
Separate	Land	Building	Total
Cost			
Balance as at January 1	₱1,330,650,168	₱658,599,672	₱1,989,249,840
Additions	267,904,607	122,832,765	390,737,372
Transfers and other adjustments	(28,203,353)	(14,879,121)	(43,082,474)
Balance as at December 31	1,570,351,422	766,553,316	2,336,904,738
Accumulated Depreciation			
Balance as at January 1		230,481,034	230,481,034
Depreciation	-	51,676,240	51,676,240
Other adjustments	-	(16,401,427)	(16,401,427)
Balance as at December 31	-	265,755,847	265,755,847
Allowance for Impairment Losses			
Balance as at January 1 and December 31	-	31,173,782	31,173,782

Net Carrying Amount	₱1,570,351,422	₱469,623,687	₱2,039,975,109

The fair values of the Group's and the Bank's investment properties have been determined by BSP-accredited appraisers or in-house appraisers on the basis of recent sales of similar property in the same area as the investment property and are therefore within Level 3 of the fair value hierarchy. In compliance with pertinent BSP rules, the appraisals of individual real estate properties with a carrying amount of loan of more than 5.00 million were conducted by independent appraisers acceptable to the BSP. The fair value of investment properties approximates the carrying value as at December 31, 2024 and 2023.

Details on gain on assets foreclosed and sold are as follow:

	Note	**2024**	Consolidated 2023	Separate 2023
Gain on foreclosure of investment properties		**₱77,292,495**	₱178,989,437	₱178,922,837
Gain on sale of noncurrent assets held for sale and investment properties	*10*	**64,722,177**	55,896,707	55,023,937
		₱142,014,672	₱234,886,144	₱233,946,774

Bank's direct operating expenses other than depreciation expense and impairment losses on investment properties amounting to ₱3.93 million and ₱3.93 million in 2024 and 2023, respectively, are recorded under the "Litigation and assets acquired expenses" account in the statements of income

13. Sinking Fund

In 2007, the Group and the Bank placed two (2) sinking fund accounts equivalent to the present value of its liability for the redemption of its issued Preferred "A" and Preferred "B" shares of stocks with Land Bank of the Philippines Trust Banking Group.

The Group has outstanding sinking fund accounts amounting to ₱7.18 million and ₱7.06 million as at December 31, 2024 and 2023, respectively. The Bank has outstanding sinking fund accounts amounting to ₱7.06 million as at December 31, 2024 and 2023.

14. Intangible Assets, Net

This account consists of:

	2024	Consolidated 2023	Separate 2023
Goodwill	**₱101,553,777**	₱109,527,542	₱101,419,154
Software costs	**3,201,973**	15,097,590	15,062,590
	₱104,764,750	₱124,625,132	₱116,481,744

	2024	Consolidated 2023	Consolidated 2023
Cost			
Balance as at January 1	**₱115,916,271**	₱115,727,287	₱115,727,287
Additions	**1,674,000**	1,331,357	1,331,357
Other adjustments		(1,142,373)	(1,142,373)
Balance as at December 31	**117,590,311**	115,916,271	115,916,271
Accumulated Amortization			
Balance as at January 1	**100,818,681**	88,151,001	88,151,001
Amortization	**12,391,618**	13,234,700	13,234,700
Other adjustments	**1,169,040**	(567,020)	(567,020)
Balance as at December 31	**114,379,338**	100,818,681	100,818,681
Net Book Value	**₱3,210,973**	₱15,097,590	₱15,097,590

Goodwill

Movement in goodwill follows:

	2024	Consolidated 2023	Separate 2023
Cost			
Balance as at January 1	**₱101,379,430**	₱103,913,930	₱103,379,430
Adjustment	**174,347**	5,613,612	(1,960,276)
Balance as at December 31	**₱101,553,777**	₱109,527,542	₱101,419,154

Adjustment pertains to adjustments related to acquisition of the bank's wholly owned subsidiaries.

15. Other Assets

This account consists of:

	Note	2024	Consolidated 2023	Separate 2023
Stationery and supplies on hand		**₱32,933,647**	₱25,833,180	₱25,626,563
Security deposits		**15,637,839**	15,637,839	15,637,839
Prepayments		**4,037,519**	2,653,415	2,584,581
Petty cash fund		**1,680,500**	1,332,000	1,315,000
Retirement	*25*	**39,680,481**	113,355,408	113,355,408
Miscellaneous assets		**225,799,029**	83,452,823	81,820,497
		₱319,769,015	₱242,264,665	₱240,339,888

Prepayments include prepaid insurance, legal fees, and other expenses.

Miscellaneous assets include security non-refundable fees paid in 2010 to PCHC. PCHC provides, maintains and renders check clearing service to the Group and the Bank.

16. Allowance for Probable Losses

Details on the movement of this account is summarized as follows:

	2024		
Separate	**Loans and Receivables (Note 9)**	**Investment Properties (Note 12)**	**Total**
Balance, January 1	**₱706,884,881**	**₱31,173,782**	**₱738,058,663**
Adjustment from merger	**10,640,089**	**-**	**10,640,089**
Provisions taken up to profit or loss	**68,025,046**	**-**	**68,025,046**
Accounts written-off, disposals, transfers and others	**(24,087,526)**	**(14,114,408)**	**(38,201,934)**
Balance, December 31	**₱761,462,490**	**₱17,059,374**	**₱778,521,864**

	2023		
Consolidated	Loans and Receivables (Note 9)	Investment Properties (Note 12)	Total
Balance, January 1	₱941,888,301	₱31,787,055	₱973,675,356
Adjustment from merger	10,640,089	-	10,640,089
Provisions taken up to profit or loss	78,235,128	-	78,235,128
Accounts written-off, disposals, transfers and others	(314,239,194)	-	(314,239,194)
Balance, December 31	₱716,524,324	₱31,787,055	₱748,311,379

Separate	2023 Loans and Receivables (Note 9)	Investment Properties (Note 12)	Total
Balance, January 1	₱938,999,277	₱31,173,782	₱970,173,059
Adjustment from merger	17,124,370	-	17,124,370
Provisions taken up to profit or loss	65,000,428	-	65,000,428
Accounts written-off, disposals, transfers and others	(314,239,194)	-	(314,239,194)
Balance, December 31	₱706,884,881	₱31,173,782	₱738,058,663

17. **Deposit Liabilities**

This account consists of:

	2024	Consolidated 2023	Separate 2023
Demand	**₱4,867,940,429**	₱4,001,109,603	₱4,001,109,603
Savings	**13,587,840,275**	12,245,935,946	11,973,405,429
Time	**8,666,540,226**	6,777,688,520	6,752,708,180
	₱27,122,320,930	₱23,024,734,069	₱22,727,223,212

Savings deposit liabilities bear annual fixed interest rate of 0.25% in 2024 and 2023. Time deposit liabilities bear fixed interest rates ranging from to 0.50% to 6.00% in 2024 and 2023. Foreign currency-denominated deposits are subject to annual interest rates ranging 0.25% to 0.50% in 2024 and 2023.

On June 8, 2023, BSP Circular No. 1175 was issued reducing the reserve requirements against deposit and deposit substitute liabilities to 2%. BSP Circular No. 1100, allowed peso-denominated loans that are granted to micro, small and medium enterprises as alternative compliance (see Note 6 and 9).

The Bank is in compliance with such regulations as at December 31, 2024 and 2023. Interest expense on deposit liabilities consists of:

	2024	Consolidated 2023	Separate 2023
Savings	**₱28,808,675**	₱27,670,891	₱25,689,177
Time	**342,238,237**	220,569,901	159,646,694
	₱371,046,913	₱248,240,792	₱185,335,871

18. **Bills Payable**

This account consists of borrowings from rediscounting facility availed by the Group and the Bank from other banks. Details on the movement of this account is summarized as follows:

	2024	Consolidated 2023	Separate 2023
Balance, January 1	**₱7,109,485,919**	₱6,309,485,919	₱6,309,485,919
Availments	**10,093,732,548**	8,700,000,000	8,700,000,000
Payments	**(10,600,000,000)**	(7,900,000,000)	(7,900,000,000)
Balance, December 31	**₱6,603,218,467**	₱7,109,485,919	₱7,109,485,919

Interest expense incurred by the Bank on bills payable amounted to ₱389.36 million and ₱320.98 million in 2024 and 2023, respectively.

Bills payable of the Group and the Bank are subject to annual interest rates ranging from 2.12% to 6% and 2.12% to 4% in 2024 and 2023, respectively.

19. Accrued Interest, Taxes and Other Payable

This account consists of:

	2024	Consolidated 2023	Separate 2023
Accrued interest payable			
Bills payable	**₱57,541,029**	₱60,893,344	₱60,893,344
Deposit liabilities	**47,429,43**	43,624,587	43,110,696
	104,970,171	104,517,931	104,004,040
Accrued taxes and licenses payable	**83,127,593**	16,804,243	16,645,914
Income tax payable	**112,268,677**	108,827,701	108,827,701
Accrued other expenses	**44,532,791**	106,251,524	102,867,125
	₱344,899,233	₱336,401,399	₱332,344,780

Accrued other expenses pertain to provision for retirement, manager's check payable and accrual of employees' salaries and bonuses.

20. Other Liabilities

This account consists of:

	2024	Consolidated 2023	Separate 2023
Accounts payable	**₱20,573,378**	₱431,120,352	₱429,132,076
Documentary stamp payable	**13,544,230**	12,165,225	12,109,499
Withholding tax payable	**10,856,000**	24,223,180	24,081,542
SSS and Medicare benefits payable	**4,980,637**	9,061,808	7,058,635
	₱49,954,245	₱476,570,565	₱472,381,752

Accounts payable, rent, Bancnet credits, janitorial, messengerial and various expenses attributable to the Group's and the Bank's operations.

21. Redeemable Preference Shares

The composition of the account follows:

		2024	Consolidated 2023	Separate 2023
Authorized:				
Preferred A - 15,000,000 shares		**₱150,000,000**	₱150,000,000	₱150,000,000
Preferred B - 35,000,000 shares		**350,000,000**	350,000,000	350,000,000
		500,000,000	500,000,000	500,000,000
Issued and outstanding:				
Preferred A - 1,000,000 shares	**-**	**-**	-	-
Preferred B - 3,000,000 shares	**-**	**-**	-	-
Balance, January 1		**1,483,429**	**1,483,429**	1,365,000
Issuance of shares		**-**	-	-
Balance, December 31		**₱1,483,429**	**₱1,483,429**	₱1,365,000

The liability for the redeemable preferred shares was assumed from the consolidation of PSBC and PBCOM Rural Bank.

As stated in the Bank's Articles of Incorporation, preferred shares shall have preference over common shares in the assets of PSBC in the event of liquidation. The preferred shares shall consist of (a) preferred-series "A" share consisting of 15,000,000 shares and (b) preferred series "B" share consisting of 35,000,000 shares.

Preferred-series "A" Shares
Preferred-series "A" shares which was issued to the Land Bank of the Philippines (LBP) shall have the following rights, preferences, qualifications and limitations incorporated in the certificates of stock evidencing the preferred shares:

Dividend Rights and Restrictions

The holders of the preferred-series "A" shares are entitled to receive, as and when declared by the BOD, an annual cumulative preferential dividend, payable commencing at the end of the year following the issue date and at the end of each year thereafter (the "Dividend Payment Date") at a rate equivalent to the average 364-day Treasury Bill based on the latest weekly auction prior to the release of the equity or anniversary date plus one percent (1%) per annum.

Dividends accrued and unpaid, if any, on the preferred-series "A" shares shall be cumulative and no cash dividends shall be declared and paid to holders of common shares until after such accumulated, accrued and unpaid dividends on the preferred-series "A" shares shall have been paid or provision thereof made; Provided, that in no case shall dividends be paid on the preferred-series "A" shares in the absence of sufficient undivided profits, free surplus and without the approval of the BSP.

Redemption

The Group and the Bank shall be obligated to redeem any and all preferred-series "A" shares outstanding at the end of five (5) years from the date of issue of such preferred shares (the "Redemption Date") at a price (the "Redemption Price") equal to the par value thereof together with all accrued and unpaid dividends thereon, provided that:

(a) redemption shall be allowed only upon prior approval of the BSP and only if the shares redeemed are replaced with at least an equivalent amount of newly paid-in shares so that the total paid-in share capital is maintained at the same level immediately prior to redemption; and
(b) such redemption may not be made where the Group and the Bank are insolvent or if such redemption will cause insolvency, impairment of capital or inability of the Group and the Bank to meet its debts as they mature.

Sinking Fund

A sinking fund for the redemption of the preferred-series "A" shares shall be created upon the issuance thereof, to be effected by the transfer of free surplus to a restricted surplus account, which sinking fund shall not be available for dividends and without prior approval of the BSP. The preferred-series "A" shares shall be issued upon the further condition that the Group and the Bank shall not treat in any way the redeemable preferred stock as time deposit, deposit substitute or other forms of borrowing (see Note 13).

Voting Rights

The preferred-series "A" shares shall not have the right to vote, except only on matters where non-voting shares are expressly given the right to vote pursuant to the provisions of the Corporation Code.

Preference in Liquidation

In the event of liquidation, dissolution or winding up of the Group and the Bank (whether voluntary or involuntary), the holders of preferred-series "A" shares shall be entitled to receive out of the net assets of the Group and the Bank available for distribution to its shareholders and after satisfying all creditors, whether from capital or earnings, an amount equal to the par value of the preferred-series "A" shares, plus accrued and unpaid dividends if any, before any distribution of the assets of the Group and the Bank may be made to holders of common shares. The holders of preferred- series "A" shares shall be entitled to no other or further distribution, and any assets remaining after such distribution shall be distributed exclusively to holders of common shares.

Ranking

No amendment of the terms and conditions of issuance of the preferred-series “A” shares may be made without the affirmative vote of a majority of the holders of the preferred-series “A” shares.

Reissuance of Preferred-series “A” Shares Redeemed

All shares of preferred-series “A” redeemed may be reissued, at the option of the BOD, whether as common or preferred shares and of whatever class or series and with such features and under such terms as the BOD shall determine.

Convertibility

No convertibility to common shares upon maturity of the investment.

Other Terms

The BOD may provide for such other terms and conditions for the issuance of the preferred-series “A” share, as may be consistent with the foregoing provisions.

<u>Preferred-series “B” Shares</u>
Preferred-series “B” shares shall have the following rights, preferences, qualifications and limitations, all of which shall be incorporated in the certificates of stock evidencing the preferred shares:

Dividend Rights and Restrictions

The holders of the preferred-series “B” shares shall be entitled to receive, as and when declared by the BOD, a quarterly cumulative preferential dividend, payable commencing 90 days after the issue date and dividend payment date at a rate equivalent to the average 91-day Treasury Bill rate for the last two weekly auctions preceding the immediately preceding Dividend Payment Date plus a premium equivalent to two percent (2%) per annum. Dividends accrued and unpaid, if any, on the preferred-series “B” shares shall be cumulative and no cash dividends shall be declared and paid to holders of common shares until after such accumulated, accrued and unpaid dividends on the preferred-series “B” shares shall have been paid or provision thereof made; Provided, that in no case shall dividends be paid on the preferred-series “B” shares in the absence of sufficient undivided profits, free surplus and without the approval of the BSP.

Redemption

The Group and the Bank shall be obligated to redeem any and all preferred-series “B” shares outstanding at the end of five (5) years from the redemption date at redemption price”) equal to the par value thereof together with all accrued and unpaid dividends thereon, provided that:

(a) redemption shall be allowed only upon prior approval of the BSP and only if the shares redeemed are replaced with at least an equivalent amount of newly paid-in shares so that the total paid-in share capital is maintained at the same level immediately prior to redemption, and
(b) such redemption may not be made where the Group and the Bank are insolvent or if such redemption wilt cause insolvency, impairment of capital or inability of the Group and the Bank to meet its debts as they mature.

On January 15, 2021, the BSP approved the request of the Bank for the redemption of preferred shares amounting to ₱40 million.

Sinking Fund/Other conditions

A sinking fund for the redemption of the preferred-series “B” shares shall be created upon the issuance thereof, to be effected by the transfer of free surplus to a restricted surplus account, which sinking fund shall not be available for dividends and without prior approval of the BSP. The preferred-series “B” shares shall be issued upon the further condition that the Group and the Bank shall not treat in any way the redeemable preferred shares as time deposit, deposit substitute or other forms of borrowing.

Voting Rights

The preferred-series “B” shares shall not have the right to vote, except only on matters where non-voting shares are expressly given the right to vote pursuant to the provisions of the Corporation Code.

Preference in Liquidation

In the event of liquidation, dissolution or winding up of the Group and the Bank (whether voluntary or involuntary), the holders of preferred-series "B" shares shall be entitled to receive out of the net assets of the Group and the Bank available for distribution to its shareholders and after satisfying all creditors, whether from capital or earnings, an amount equal to the par value of the preferred-series "B" shares, plus accrued and unpaid dividends, if any, before any distribution of the assets of the Bank may be made to holders of common shares. The holders of preferred- series "B" shares shall be entitled to no other or further distribution, and any assets remaining after such distribution shall be distributed exclusively to holders of common shares.

Ranking

No amendment of the terms and conditions of issuance of the preferred-series "B" shares may be made without the affirmative vote of a majority of the holders of the preferred-series "B" shares.

Reissuance of Preferred-series "B" Shares Redeemed

All shares of preferred-series "B" shares redeemed may be reissued, at the option of the BOD, whether as common or preferred shares and of whatever class or series and with such features and under such terms as the BOD shall determine.

Convertibility

No convertibility to common shares upon maturity of the investment.

Other Terms

The BOD may provide for such other terms and conditions for the issuance of the preferred-series "B" shares, as may be consistent with the foregoing provisions.

22. Maturity Profile of Assets and Liabilities

The following tables present the maturity profile of the financial assets and financial liabilities of the Group and the Bank:

				Consolidated			Separate		
	31-Dec-24			31-Dec-23			31-Dec-23		
	Within 1 year	**Beyond 1 Year**	**Total**	Within 1 year	Beyond 1 Year	Total	Within 1 year	Beyond 1 Year	Total
Financial									
Assets Cash and other									
cash items	**₱ 2,285,398,425**	**₱-**	**₱ 2,285,398,425**	₱1,787,187,761		₱1,787,187,761	₱1,757,199,821	₱-	₱1,757,199,821
Due from BSP	**3,931,176,456**	**-**	**3,931,176,456**	732,908,045		732,908,045	723,001,357	-	723,001,357
Due from other banks	**926,438,402**	**-**	**926,438,402**	945,696,049		945,696,049	802,700,590	-	802,700,590
Interbank loan receivables	**-**	**-**	**-**	599,111,629		599,111,629	599,111,629	-	599,111,629
Investments at amortized cost	**28,819,385**		**28,819,385**	139,049,828		139,049,828	27,961,026		27,961,026
Financial assets at									
FVOCI -		**3,158,236,044**	**3,158,236,044**		3,652,344,862	3,652,344,862	-	3,652,344,862	3,652,344,862
Loans and									
receivables, net	**11,601,282,359**	**15,802,216,977**	**27,403,499,337**	10,515,857,798	14,932,988,840	25,448,846,638	10,415,150,761	14,932,970,840	25,348,121,601
Sinking fund	**7,061,837**		**7,061,837**	7,180,266	7,180,266	7,180,266	7,061,837		7,061,837
Security deposits		**15,637,839**	**15,637,839**		15,637,839	15,637,839		15,637,839	15,637,839
	18,780,176,864	**18,976,090,860**	**37,756,267,725**	14,726,991,376	18,600,971,541	33,327,962,917	14,332,187,021	18,600,953,541	32,933,140,562
Financial									
Liabilities Deposit									
liabilities	**24,311,916,954**	**2,810,403,976**	**27,122,320,930**	16,247,045,550	6,777,688,520	23,024,734,069	15,974,515,032	6,752,708,180	22,727,223,212
Bills payable		**6,603,218,467**	**6,603,218,467**	-	7,109,485,919	7,109,485,919	-	7,109,485,919	7,109,485,919
Accrued interest and other payables	**344,899,233**	**-**	**344,899,233**	336,401,399	-	336,401,399	332,344,780	-	332,344,780
Redeemable preferred shares	**1,365,000**	**-**	**1,365,000**	1,483,429	-	1,483,429	1,365,000	-	1,365,000
Other liabilities	**49,954,245**	**-**	**49,954,245**	476,570,565	-	476,570,565	472,381,752	-	472,381,752
	24,708,135,432	**9,413,622,443**	**34,121,757,875**	17,061,500,943	13,887,174,439	30,948,675,381	16,780,606,564	13,862,194,099	30,642,800,663
Net assets									
(liabilities)	**(₱5,927,958,568)**	**₱9,562,468,417**	**₱3,634,509,850**	(₱2,334,509,567	₱4,713,797,102	₱2,379,287,536	₱2,448,419,543)	₱4,738,759,442	₱2,290,339,899

23. **Equity**

The amount of the authorized common share of the Group and the Bank is ₱1.50 billion and is divided into 150,000,000 common shares with a par value of ₱10 per share.

The Group and the Bank have total issued and outstanding shares of 133,955,801 common shares with par value of ₱10 per share amounting to ₱1,339,558,010 as at December 31, 2024 and 2023.

Capital Management
The primary objective of the Group's and the Bank's capital management is to ensure its ability to have sufficient capital to underpin its risk-taking activities, continue as a going concern, maintain a strong credit rating and quality Capital Adequacy Ratio (CAR), ensure compliance with BSP regulations and provide reasonable returns and benefits to its shareholders.

The BOD manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. 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 Group's and the Bank's compliance with regulatory requirements and ratios is based on the amount of the Group's and the Bank's "unimpaired capital" (regulatory net worth) for reporting to the BSP, which is determined on the basis of regulatory accounting policies which differ from PFRS in some respects.

The BSP sets and monitors compliance with minimum capital requirements by banks. In implementing current capital requirements, the BSP has issued Circular No. 688 which implemented the Revised Risk Based Capital Adequacy Framework under Basel 1.5 effective on January 1, 2012. It requires the Bank to maintain a prescribed risk-based capital adequacy ratio (expressed as percentage of qualifying capital to risk weighted assets) of not less than 10.00%.

Qualifying capital consists of Tier 1 and Tier 2 capital elements, net of required deductions from capital. Tier 1 capital includes paid-up capital, retained earnings and current year profit. Deferred income tax and total outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders, and related interests (DOSRI) are considered as deductions from the Tier 1 Capital. On the other hand, Tier 2 capital is comprised of general loan provision which is limited to 1.00% of credit risk-weighted assets.

The breakdown of the Group's and the Bank's risk-weighted assets as at December 31, 2024 and 2023 as reported to the BSP follows (in millions):

		Consolidated	Separate
	2024	2023	2023
Credit risk-weighted assets	**₱30,463**	₱28,292	₱28,292
Operational risk-weighted assets	**3,901**	3,156	3,156
	₱34,364	₱31,448	₱31,448

The following table sets the capital adequacy ratio as reported to the BSP as of December 31, 2024 and 2023 (in millions):

		Consolidated	Separate
	2024	2023	2023
CET-1 capital	**₱6,478**	₱5,004	₱5,004
Less: Regulatory adjustments to CET-1	**107**	178	178
	6,371	4,826	4,826
Additional Tier 1 (AT-1) capital			
Less: Regulatory adjustments to AT-1	**-**	-	-
Total Tier 1 Capital	**6,371**	4,826	4,826
Tier 2 Capital	**220**	219	219
Less: Regulatory adjustments to Tier 2 capital	**7**	7	7
Total Tier 2 Capital	**213**	212	212
Total qualifying capital	**6,584**	5,038	5,038
Total risk-weighted assets	**₱34,364**	₱31,448	₱31,448
CET-1 Capital Ratio	**18.54%**	15.91%	15.91%
Tier 1 Capital Ratio	**18.54%**	15.35%	15.35%
Total Capital Ratio	**19.16%**	16.02%	16.02%

24. Service Charges, Fees and Commissions

This account consists of:

		Consolidated	Separate
	2024	2023	2023
Bank commissions	**₱998,166,568**	₱851,296,055	₱851,296,055
Service fees	**11,808,893**	9,621,531	8,862,667
	₱1,009,975,461	₱860,917,586	₱860,158,722

25. Retirement Cost

The Group and the Bank have a funded, noncontributory defined benefit retirement plan covering all of its regular and full-time employees. The actuarial present value of the retirement benefit liability under the plan is measured in terms of actuarial assumptions of mortality, investment yield and salary increase rates.

The Group's and the Bank's retirement plan is registered with the BIR as a tax-qualified plan under R.A. No. 4917, as amended, and complies with the minimum retirement benefit specified under RA No. 7641, the "New Retirement Law".

The plan typically exposes the Group and the Bank to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

Interest rate risk

A decrease in the government bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The risk relating to benefits to be paid to the dependents of the plan members (widow and orphan benefits) is re-insured by an external insurance company.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out at December 31, 2023, by an independent actuary. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the Projected Unit Credit Method.

As at December 31, 2024 and 2023, the principal actuarial assumptions used in determining retirement benefits liability for the Group's and the Bank's retirement plan are shown below:

		Consolidated	Separate
	2024	2023	2023
Average working life	**31 years**	31 years	31 years
Discount rate	**6.12%**	6.12%	6.12%
Future salary increases	**6.00%**	6.00%	6.00%

The following table shows reconciliation from the opening balances to the closing balances for net retirement benefit liability (asset) and its components.

	Defined Benefits Obligation		**Fair Value of Plan Assets**		**Net Retirement Benefit**	
	2024	2023	**2024**	2023	**2024**	2023
Balance at January 1	**355,133,904**	353,299,036	**373,549,302**	346,041,526	(18,415,398)	7,257,510
Included in Profit or Loss					-	
Current service cost	**42,436,788**	45,558,161			**42,436,788**	45,558,161
Benefits paid		(5,720,063)		(5,720,063)		
Contributions			**70,639,222**	63,118,934	**(70,639,222)**	(63,118,934)
Asset return in net interest cost				17,578,910		(17,578,910)
Interest expense	**6,937,351**	17,947,591			**6,937,351**	17,947,591
	49,374,139	57,785,689	**70,639,222**	74,977,781	**(21,265,083)**	(17,192,092)
Included in OCI						
Remeasurement gain (loss) on DBO):						
Due to change in financial assumption						
Due to change in demographic assumption						
Due to experience						
Remeasurement (loss) gain on plan assets				(47,470,005)	-	**(47,470,005)**
Remeasurement (gain) loss					-	
on effect of asset ceiling - OCI		(55,950,821)			-	(55,950,821)
	-	(55,950,821)	-	(47,470,005)	-	(103,420,826)
Balance at December 31	**404,508,043**	355,133,904	**444,188,524**	373,549,302	**(39,680,481)**	(113,355,408)

Movements in remeasurement losses on retirement benefit plan are as follow:

	2024	Consolidated 2023	Separate 2023
As at January 1 and December 31	**₱14,031,275**	₱14,031,275	₱14,031,275

The major categories of plan assets, at carrying values follow:

	S 2024	Consolidated 2023	Separate 2023
Deposit in banks	**33.32%**	**33.32%**	**33.32%**
Financial assets at FVPL	**66.68%**	**66.68%**	**66.68%**
Government securities	**0%**	**0%**	**0%**

Sensitivity Analysis

Reasonably possible changes to one of the relevant actuarial assumptions, with all other assumptions constant, would have affected the net retirement liability of the Group and the Bank by the amounts shown below:

	Change in Assumption	Defined Benefit Obligation 2024	2023
Discount rate	**+100 bps**	**(₱34,350,303)**	(₱34,350,303)
	-100 bps	**57,452,918**	57,452,918
Salary increase rate	**+100 bps**	**55,086,375**	55,086,375
	-100 bps	**(33,975,089)**	(33,975,089)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

The defined benefit plans expose the Group and the Bank to actuarial risks, such as longevity risk, interest risk, and market (investment risk).

The actuary determines the level of funding appropriate for the Group's and the Bank's retirement plan which takes into consideration the Group's and the Bank's employee data, retirement plan benefits and retirement fund balance.

The weighted average duration of the defined benefit obligations is equal to the expected average remaining working lives as at December 31, 2024 and 2023.

Compensation and Fringe Benefits

The details of the following accounts are as follow:

	Separate 2024	Consolidated 2023	Separate 2023
Salaries and wages	**₱731,341,450**	₱631,768,062	₱625,852,802
Fringe benefits	**117,232,850**	115,531,228	113,264,150
Retirement expense	**70,639,222**	63,505,752	63,505,752
Director's fee	**5,466,666**	5,288,876	5,288,876
Other benefits	**211,876**	24,119,188	22,079,147
	₱924,892,065	₱840,213,106	₱829,990,727

Maturity analysis of the undiscounted benefit payments:

	Separate 2024	Consolidated 2023	Separate 2023
Less than 5 years	**₱122,525,835**	₱122,525,835	₱122,525,835
More than 5 to 10 years	**30,201,625**	30,201,625	30,201,625
More than 10 years	**14,227,384,978**	14,227,384,978	14,227,384,978
	₱14,380,112,438	₱14,380,112,438	₱14,380,112,438

26. Leases

The Group and the Bank as Lessee

The Group and the Bank lease the premises occupied by most of its branches. The lease contracts are for periods ranging from 5 to 15 years and are renewable upon mutual agreement between the Group or the Bank and the lessors. The lease obligation is subject to an implicit rate in the lease contract used to discount liability ranging from 5% to 8% per annum.

Maturity analysis - contractual undiscounted cash flows:

	2024	2023	
		Consolidated	Separated
Within one year	**₱70,876,583**	₱70,876,583	₱70,876,583
After one year but not more than five years	**202,158,608**	202,158,608	202,158,608
More than five years	**93,013,807**	93,013,807	93,013,807
	₱366,048,998	₱366,048,998	₱366,048,998

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2024	Consolidated 2023	Separate 2023
As at January 1	**₱181,221,115**	₱212,436,831	₱212,436,831
Additions	**192,227,562**	13,150,172	13,150,172
Accretion of interest	**27,205,726**	54,286,823	54,286,823
Payments	**(76,271,581)**	(98,652,711)	(98,652,711)
As at December 31	**₱324,271,822**	₱181,221,115	₱181,221,115

Right-of-use Assets
Details and movements of right-of-use assets follow:

	2024	Consolidated 2023	Separate 2023
As at January 1	**₱179,371,429**	₱220,508,080	₱220,508,080
Additions	**286,209,054**	13,150,172	13,150,172
Depreciation	**(78,668,007)**	(54,286,823)	(54,286,823)
As at December 31	**₱386,912,476**	₱179,371,429	₱179,371,429

27. **Miscellaneous Expenses**

This account consists of:

	Separate 2024	Consolidated 2023	Separate 2023
Fees and commission	**₱34,785,155**	₱30,970,708	**₱30,520,144**
Marketing and advertising	**3,967,606**	3,460,693	**3,171,960**
Supervision fees	**9,489,380**	9,554,616	**9,496,874**
Periodicals and magazines	**190,650**	159,842	**159,362**
Fines, penalties and charges	**396,454**	783,251	**315,544**
Others	**33,003,145**	101,963,965	**37,483,955**
	₱81,832,390	₱134,615,473	**₱81,945,358**

Other expenses include expenses which are not directly related to any specific expense accounts e.g., fuel and lubricants, value gifts and treats distributed to clients, charity events and employees, and supervision fees.

28. **Income and Other Taxes**

Income and other taxes are comprised of Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU) income taxes which are discussed as follows:

Under Philippine tax laws, the Group and the Bank are subject to percentage and other taxes presented under "Taxes and licenses" account in the statements of income as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp taxes.

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

	2024	Consolidated 2023	Separate 2023
Current income tax expense	**₱272,912,416**	₱184,057,937	₱181,896,644
Deferred tax expense	**35,056,118**	69,089,425	69,089,425
	₱307,968,534	₱253,147,362	₱250,986,069

Income tax expense consists of:

The current provision for corporate income tax in 2024 and 2023 represents regular corporate income tax.

The reconciliation of the income tax expense computed at the statutory tax rate to the effective income tax shown in consolidated and separate statements of income follows:

	2024	Consolidated 2023	Separate 2023
Income before income tax	**₱1,700,569,953**	₱1,504,032,014	₱1,488,387,536
Income tax at statutory income tax rate of 25% in 2024 and 2023	**425,142,488**	376,008,004	372,096,884
Additions to (reductions in) income taxes resulting from the tax effects of:			
Nondeductible expense	**17,006,262**	16,250,107	16,250,106
Tax-exempt income	**(60,952,397)**	(62,624,121)	(62,624,121)
Allowable Expense	**(69,722,185)**	(80,309,626	(78,559,798)
Nontaxable income	**(38,561,751)**	(65,266,427)	(65,266,427)
DTA expense	**35,056,118**	69,089,425	69,089,425
Effective income tax	**₱307,968,534**	₱253,147,362	₱250,986,069

The components of net deferred tax liabilities in consolidated and separate statements of financial position at December 31, 2024 follow:

	2024	
	Tax Base	**Deferred Tax Asset (Liability)**
Deferred tax asset on:		
Allowance for credit losses	**₱761,462,490**	**₱190,365,623**
Retirement liability (asset)	**(39,680,481)**	**(9,920,120)**
Remeasurement losses on retirement	**14,031,275**	**3,507,819**
	735,813,284	**183,953,321**
Deferred tax liability on:		
Net unrealized gain on financial asset at FVOCI	**(186,113,341)**	**(46,528,335)**
Adjustment to PFRS 16	**(34,279,613)**	**(8,569,903)**
Unrealized gain on foreclosed properties	**(603,430,307)**	**(150,857,577)**
	(823,823,261)	**(205,955,815)**
Deferred tax liabilities, net	**(₱88,009,976)**	**(₱22,002,494)**

The components of net deferred tax liabilities in consolidated and separate statements of financial position at December 31, 2023 follow:

Consolidated	2023 Tax Base	2023 Deferred Tax Asset (Liability)
Deferred tax asset on:		
Allowance for credit losses	₱716,524,324	₱179,131,081
Retirement liability (asset)	113,355,408	28,338,852
Remeasurement losses on retirement	14,031,275	3,507,819
	843,911,007	210,977,752
Deferred tax liability on:		
Net unrealized gain on financial asset at FVOCI	(186,113,341)	(46,528,335)
Adjustment to PFRS 16	(34,279,613)	(8,569,903)
Unrealized gain on foreclosed properties	(1,161,498,904)	(290,374,726)
Unrealized foreign exchange gain	(990,180)	(247,545)
	(1,382,882,038)	(345,720,509)
Deferred tax liabilities, net	(₱538,971,031)	(₱134,742,757)

Separate	2023 Tax Base	2023 Deferred Tax Asset (Liability)
Deferred tax asset on:		
Allowance for credit losses	₱706,884,881	₱176,721,220
Retirement liability (asset)	113,355,408	28,338,852
Remeasurement losses on retirement	14,031,275	3,507,819
	834,271,564	208,567,891
Deferred tax liability on:		
Net unrealized gain on financial asset at FVOCI	(186,113,341)	(46,528,335)
Adjustment to PFRS 16	(34,279,613)	(8,569,903)
Unrealized gain on foreclosed properties	(1,169,038,275)	(292,259,569)
	(1,389,431,229)	(347,357,807)
Deferred tax liabilities, net	(₱555,159,665)	(₱138,789,916)

29. 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.

The Bank's related parties include its DOSRI, the Bank's key management personnel and others described below:

	2024		2023	
Related Parties	**Transaction Amount**	**Outstanding Balance**	Transaction Amount	Outstanding Balance
DOSRI				
Loans and receivables	**₱1,637,280**	**₱74,762,315**	₱10,583,400	₱55,998,920

Details of the related party transactions as at and for December 31, 2024 and 2023 follow:

	December 31, 2024		December 31, 2023			
	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance	Terms	Conditions
Key Management Personnel						
Demand deposit	**₱-**	**₱-**	₱-	₱1,486,912	0% interest rate	0.25% interest if the account reach the ₱10,000.00
Savings deposit	**-**	**251,619,544**	-	238,389,626		

Time deposit	**-**	**205,337,196**	-	102,899,343	30 days to 1 year	maintaining balance 3.00% - 4.00% interest rate
Other Related Parties						
Savings deposit	**-**	**55,257,541**	-	49,509,369		0.25% interest if the account reach the ₱10,000.00 maintaining balance

Details of deposit liabilities with related parties are not disclosed in compliance with R.A. No. 1405, *Law on the Secrecy of Group Deposits* and BSP Circular No. 895, *Guidelines on Related Party Transactions.*

The related party transactions shall be settled in cash. The outstanding balances of related party transactions are not impaired as at December 31, 2024 and 2023.

Compensation of Key Management Personnel of the Group and the Bank
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank, directly or indirectly, including any director (whether executive or otherwise) of that Group or the Bank.

The remuneration of directors and other members of key management included in the "Salaries and other employee benefits" account in consolidated and separate statements of income for the years ended December 31, 2024 and 2023 follows:

		Consolidated	Separate
	2024	2023	2023
Short-term employee benefits	**₱59,767,389**	₱59,767,389	₱59,767,389
Directors' remuneration	**5,466,667**	**5,288,876**	**5,288,876**
	₱65,234,056	**₱65,056,265**	**₱65,056,265**

30. **Other Matters**

(a) *Contingencies*

The Group and the Bank are a party to certain lawsuits or claims filed by third parties which are either pending decision by the courts or are subject to settlement agreements. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of management and legal counsel of the Group and the Bank, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated and separate financial statements of the Group and the Bank, respectively.

The Bank have contingent liabilities, particularly items held in trust as collateral, amounting to ₱39,660,363 and ₱1,988,657 as at December 31, 2024 and 2023, respectively.

(b) *Commitments*

There were no outstanding purchase commitments as at December 31, 2024 and 2023.

31. **Supplementary Information Required Under BSP Circular No. 1074**

Basic Quantitative Indicators of Financial Performance and Liquidity
The following basic ratios measure the financial performance and liquidity of the Group and the Bank:

	Separate 2024	Consolidated 2023	Separate 2023
Return on average equity	**22.47%**	25.35%	25.12%
Return on average assets	**3.65%**	3.56%	3.55%
Net interest margin on average earning assets	**9.63%**	9.66%	9.66%
Capital to risk assets ratio	**19.16%**	16.01%	16.02%
Minimum liquidity ratio	**39.28%**	33.57%	33.57%
Leverage ratio	**15.2%**	13.86%	13.97%
Total exposure measure	**₱41,483,515,623**	₱36,101,278,142	₱35,814,448,822

Significant Credit Exposures as to Industry Sector
As at December 31, 2024 and 2023, information on the concentration of credit as to industry before taking into account the allowance for credit losses follow:

	2024		Consolidated 2023		Separate 2023	
	Amount	**%**	Amount	%	Amount	%
Other community, social and personal service activities	**₱ 14,474,385,175**	**54.33%**	₱14,389,970,929	57.03%	₱14,301,381,813	56.91%
Agriculture, forestry and fishing	**4,266,861,649**	**16.02%**	4,232,533,114	16.77%	4,219,468,004	16.79%
Real estate activities	**2,598,640,862**	**9.75%**	2,214,022,429	8.77%	2,214,022,429	8.81%
Wholesale and retail trade, repair of motor vehicles, motorcycles	**1,990,964,630**	**7.47%**	1,653,088,064	6.55%	1,653,088,064	6.58%
Accommodation and food service activities	**711,134,756**	**2.67%**	590,451,663	2.34%	590,451,663	
Construction	**641,435,828**	**2.41%**	532,580,989	2.11%	532,580,989	2.12%
Financial & Insurance activities	**551,606,954**	**2.07%**	457,996,520	1.82%	457,996,520	1.82%
Education	**439,835,868**	**1.65%**	365,193,541	1.45%	365,193,541	1.45%
Private households with employed persons	**299,917,687**	**1.13%**	245,802,542	0.97%	245,802,542	0.98%
Human health and social work activities	**231,968,855**	**0.87%**	192,602,590	0.76%	192,602,590	0.76%
Manufacturing	**190,107,622**	**0.71%**	157,845,417	0.63%	157,845,417	0.63%
Transportation and storage	**125,125,116**	**0.47%**	103,890,764	0.41%	103,890,764	0.41%
Electricity, gas, steam and air-conditioning supply	**103,140,583**	**0.39%**	85,637,115	0.34%	85,637,115	0.34%
Mining and quarrying	**14,414,278**	**0.05%**	11,968,105	0.05%	11,968,104	0.05%
	₱ 26,639,539,863	**100.00%**	₱25,233,583,782	100.00%	₱25,131,929,555	100.00%

BSP considers that concentration of credit risk exists when the total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio. Identified concentration of credit risks are controlled and managed accordingly. The Group's and Bank's loan portfolio 'Other community, social and personal service activities' exceeds the BSP's 30% concentration as at December 31, 2024 and 2023.

Breakdown of Total Loans as to Security

As at December 31, 2024 and 2023, the breakdown of loans as to collateral follows:

	2024		Consolidated 2023		Separate 2023	
	Amount	**%**	Amount	%	Amount	%
Loans secured by:						
Real estate	**₱12,585,124,691**	**47.18%**	₱11,230,687,811	44.51%	₱11,173,289,618	44.46%
Chattel	**907,962,941**	**3.40%**	967,127,106	3.83%	966,555,075	3.85%
Others	**299,917,687**	**1.12%**	268,356,840	1.06%	245,449,789	0.98%
	13,793,005,320	**51.71%**	12,466,171,757	49.40%	12,385,294,482	49.28%
Unsecured	**12,881,745,840**	**48.29%**	12,767,412,025	50.60%	12,746,635,073	50.72%
	₱26,674,751,159	**100.00%**	₱25,233,583,782	100.00%	₱25,131,929,555	100.00%

Breakdown of Total Loans as to Status

Under banking regulations, loan accounts shall be considered non-performing when they are considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal or interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for `more than ninety (90) days have been capitalized, refinanced, or delayed by agreement. Restructured loans shall be considered non-performing. However, if prior restructuring, the loans were categorized as performing, such classification shall be retained. Moreover, nonperforming loans (NPLs) 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. Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after they have become past due.

As at December 31, 2024 and 2023, the Performing and NPLs of the Group and the Bank, classified per product type are as follows:

	Separate 2024	Consolidated 2023	Separate 2023
Gross Performing Loans:			
Small and medium-sized entity loans	**₱6,506,906,304**	₱5,403,243,486	₱5,368,179,024
Salary loans	**12,543,938,172**	12,510,636,039	12,490,472,484
Agrarian reform loans	**3,712,982,520**	3,711,173,730	3,698,783,732
Housing loans	**625,061,472**	631,369,264	622,995,636
Auto loans	**855,753,377**	934,715,422	934,146,901
Loans to individuals for other purposes	**299,917,687**	266,560,771	245,251,805
	24,544,559,531	23,457,698,712	23,359,829,582
Gross NPLs:			
Small and medium-sized entity loans	**1,001,782,503**	866,248,078	866,248,076
Salary loans	**337,807,668**	275,067,809	274,481,729
Agrarian reform loans	**589,090,426**	521,359,385	520,684,272
Housing loans	**149,301,467**	77,231,973	76,337,876
Auto loans	**52,209,564**	33,797,283	33,797,283
Loans to individuals for other purposes	**-**	2,180,542	550,737
	2,130,191,628	1,775,885,070	1,772,099,973
Less: deductions as required by the BSP	**-**	-	-
Net NPLs	**2,130,191,628**	1,775,885,070	1,772,099,973
	₱26,674,751,159	₱25,233,583,782	₱25,131,929,555

On the Bank level, gross and net NPL ratios are 8.00% and 7.18% as at December 31, 2024 and 2023, respectively.

Aggregate amount of secured liabilities and assets pledged as security
In the normal course of operations, the Group and the Bank have no secured liabilities and securities pledged as security.

Information on Related Party Loans
In the ordinary course of business, the Group and the Bank have various transactions with its related parties and with certain DOSRI. These transactions usually arise from normal banking activities such as lending, borrowing, deposit arrangements and trading of securities, among others. Under existing policies of the Group and the Bank, transactions with related parties are made substantially on the same terms as with other individuals and businesses of comparable risks.

Under current banking regulations, the amount of individual loans to DOSRI, of which 70.00% must be secured, should not exceed the amount of their respective unencumbered deposits and book value of their respective investments in the Group and the Bank. In the aggregate, loans to DOSRI generally should not exceed the lower of the Group's and the Bank's total regulatory capital or 15.00% of the total loan portfolio.

The following table shows information relating to DOSRI loans:

		Consolidated	Separate
	2024	2023	2023
Total outstanding DOSRI loans	**₱74,762,315**	₱55,998,920	₱55,998,920
Percent of DOSRI loans to total loans	**0.28%**	0.22%	0.22%
Percent of unsecured DOSRI loans to total DOSRI loans	**Nil**	Nil	Nil
Percent of past due DOSRI loans to total DOSRI loans	**Nil**	Nil	Nil
Percent of nonperforming DOSRI loans to total DOSRI loans	**Nil**	Nil	Nil

Contingencies and Commitments Arising from Off-Balance Sheet Items
In the normal course of operations, the Group and the Bank make various commitments, such as guarantees, commitments to extend credit, etc., which are not reflected in the accompanying consolidated and separate financial statements of the Group and the Bank, respectively. The Group and the Bank do not anticipate any material losses as a result of these transactions.

The following is a summary of contingencies at their peso equivalent contractual amounts arising from off-books accounts as at December 31, 2024 and 2023:

		Consolidated	Separate
	2024	2023	2023
Late deposits/payments received	**₱39,639,144**	₱1,969,596	₱1,969,596
Items held for safekeeping	**7,272**	7,538	7,538
Items held as collateral	**13,947**	11,523	11,523
	₱39,660,363	₱1,988,657	₱1,988,657

These obligations are not recognized in consolidated and separate statements of financial position, however, these contain credit risk and are therefore part of the overall risk of the Group and the Bank.

32. **Supplementary Information Required under Revenue Regulations (RR)**

Presented below is the supplementary information which is required by the BIR under its existing Revenue Regulations (RR) to be disclosed as part of the notes to the separate financial statements, in addition to the disclosures mandated under PFRS.

Revenue Regulation (RR) No. 15-2010

The Bureau of Internal Revenue (BIR) has issued RR No. 15-2010 which requires certain tax information to be disclosed in the notes to the separate financial statements, in addition to the disclosures mandated under PFRS. Presented below is the supplementary information required under RR 15-2010:

a. Other taxes and licenses

Details of the Group's and the Bank's other taxes and licenses and permits in 2024 are as follows:

Business permit	**₱6,548,705**
Documentary stamp tax	**126,032,738**
Gross receipt tax	**67,452,363**
	₱200,033,806

b. Withholding taxes

Details of withholding taxes paid in 2024 are as follows:

Withholding tax on compensation	**₱17,132,281**
Expanded withholding taxes	**21,740,419**
Final withholding taxes	**43,195,409**
	₱82,068,109

c. Tax assessment and cases

The Group and the Bank have no unpaid deficiency tax assessments as of December 31, 2024 nor does it have any pending tax cases, litigation and/or prosecution in courts or bodies outside the BIR.

REVENUE REGULATION (RR) NO. 34-2020

RR No. 34-2020, Prescribing the Guidelines and Procedures for the Submission of BIR Form No. 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents, Amending for this Purpose the Pertinent Provisions of RR Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010, to streamline the guidelines and procedures for the submission of BIR Form No. 1709, TPD and other supporting documents. Section 2 of the RR enumerated the taxpayers required to file and submit the RPT Form, together with the Annual Income Tax Return.

The Group and the Bank are not covered by the requirements and procedures for related party transactions provided under RR 34-2020 for the year ended December 31, 2024.