COVER SHEET

A S O 9 4 0 0 2 7 3 3

S.E.C. Registration Number

E A S T W E S T B A N K I N G C O R P O R A T I O N

(Company's Full Name)

T H E B E A U F O R T , 5 T H A V E N U E C O R .

2 3 RD S T . B O N I F A C I O G L O B A L C I T Y ,

T A G U I G C I T Y

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

ATTY. BENEDICTO M. VALERIO, JR

Contact Person

8575-3871

Company Telephone Number

Month Day

SEC FORM 20-IS (Definitive)

FORM TYPE

Month Day

Secondary License Type, if Available

M S R D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. Use blank ink for scanning purposes

EAST WEST BANKING CORPORATION
NOTICE OF ANNUAL STOCKHOLDERS MEETING

TO ALL STOCKHOLDERS;

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting of EAST WEST BANKING CORPORATION ("EW") will be conducted virtually on Friday, April 19, 2024 at 8:30 AM at which the following matters shall be taken up:

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the 2023 Annual Stockholders' Meeting
5. Chairman's Report
6. Ratification of the Audited Financial Statements for the year ending 31st December 2023
7. Ratification of the Acts and Resolutions of the Board of Directors and Management for 2023
8. Election of the Members of the Board of Directors to serve for 2024-2025
9. Appointment of External Auditor
10. Other Matters (if any)
11. Adjournment

Only Stockholders on record at the close of business on February 29, 2024 shall be entitled to notice of and to vote at this meeting.

PLEASE NOTE THAT THE CORPORATION IS NOT SOLICITING PROXIES.

In view of the current circumstances, stockholders may only attend the meeting by remote communication, by voting *in absentia* or through proxy by appointing the Chairman of the meeting.

Duly accomplished proxies shall be submitted on or before April 12, 2024 to the Office of the Corporate Secretary at 5F Executive Office, The Beaufort, 5th avenue, corner 23rd street, Bonifacio Global City, Taguig or by email to EW-ASM@eastwestbanker.com. A proxy submitted by a corporation should be accompanied by a Corporate Secretary's certificate quoting the board resolution designating a corporate officer to execute the proxy. In addition to the above requirement for corporations, a proxy form given by a broker or custodian bank in respect of shares of stock carried by such broker or custodian bank for the account of the beneficial owner must be accompanied by a certification under oath stating that the broker or custodian bank has obtained the written consent of the account holder.

The procedures for attending the meeting by remote communication and for casting their votes *in absentia* are set forth in the Information Statement.

ATTY. BENEDICTO M. VALERIO
Corporate Secretary

EXPLANATION OF AGENDA ITEMS

1. **Call to Order**
   Chairman Jonathan T. Gotianun will welcome the stockholders and guests and formally begin the 2024 Annual Stockholders Meeting of the Bank.

2. **Proof of Notice of Meeting**
   The Corporate Secretary will certify that notice of the meeting was duly sent to the stockholders and that a quorum exists for the valid transaction of business.

   Pursuant to Sections 57 and 23 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020 which provide for remote attendance and voting in absentia in stockholders' meetings, the Company has set up a system and process to allow stockholders to vote online in absentia on the matters in the agenda. Only stockholders who successfully registered in the stockholder registration system, together with those who voted in absentia or by proxy, will be included in determining the existence of a quorum.

   The following are the procedures for the meeting:

   - Stockholders who wish to appoint the Chairman as proxy may submit the same on or before April 12, 2024 to the Office of the Corporate Secretary at 5F Executive Office, The Beaufort, 5th avenue, corner 23rd street, Bonifacio Global City, Taguig or by email to EW-ASM@eastwestbanker.com.
   - Stockholders who wish to attend the meeting via remote communication and/or vote in absentia online must register at the following web address: https://shareholders.filinvest.com.ph/EW_SHAREHOLDERSYSTEM. After validation, the stockholders will receive an email with instructions on how to access the voting ballot and the meeting. The details of process are provided in the Information Statement.
   - The votes will be tabulated by the Office of the Corporate Secretary and the stock transfer agent. The results will be reported in the meeting.
   - Any comments and questions on the agenda should be emailed to EW-ASM@eastwestbanker.com on or before April 12, 2024 The Board of Directors and/or officers will endeavor to answer these questions during the meeting. Due to time constraints, any questions that will not be addressed during the meeting may be answered by email.
   - There will be an audio and visual recording of the meeting. A copy of such recorded proceedings will be provided to a stockholder upon request.

3. **Certification of Quorum**
   The Presiding Officer asks the Corporate Secretary if there is a quorum according to the provisions specified in the By-laws and in this protocol, and if the Board can conduct business. An affirmation from the Corporate Secretary will mean that the meeting can proceed.

4. **Approval of the Minutes of the 2023 Annual Stockholders' Meeting**
   Stockholders will be asked to approve the minutes of the Stockholders' Meeting held on April 24, 2023, which contain, among others, the (a) annual report to stockholders and approval of financial statements, (b) ratification of all acts of the Board of Directors (c) election of the Board of Directors, (d) appointment of external auditors and other matters.

5. **Chairman's Report**
   The Chairman will present to the stockholders the Bank 's activities, business and financial performance, and other relevant data for the preceding year.

6. **Ratification of the Audited Financial Statements for the year ending 31 December 2023**
   Stockholders will be provided information about the financial position, performance and changes in financial position of the Bank.

7. **Ratification of the Acts and Resolutions of the Board of Directors and Management for 2023**
   All acts of the Board of Directors, Executive Committee, Management and other Committees during the year 2022 will be presented to the Stockholders for their approval and ratification.

8. **Election of the Members of the Board of Directors to serve for 2024 - 2025**
   The Chairman will present the nominees for election as members of the Board of Directors, including the independent directors.

9. **Appointment of External Auditors**
   The stockholders will ratify the Audit Committee 's and Board 's selection of auditors.

10. **Other Matters**
    All matters that arise after the notice, agenda, and information statement have been sent out, may be presented for the consideration of the stockholders.

11. **Adjournment**

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   [ ] Preliminary Information Statement
   [X] Definitive Information Statement

2. Name of Registrant as specified in its charter: **EAST WEST BANKING CORPORATION**

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

4. SEC Identification Number: **ASO94-002733**

5. BIR Tax Identification Code: **003-921-057**

6. Address of principal office: **The Beaufort, 5th Avenue, corner 23rd Street, Fort Bonifacio Global City, Taguig City**

7. Registrant's telephone number, including area code: **+632 8575-3888**

8. Date, time, and place of the meeting of security holders
   Date: **April 19, 2024**
   Time: **8:30 AM**
   Place: **via Remote Communications, Online web address for registration, remote participation and voting:** https://shareholders.filinvest.com.ph/EW_SHAREHOLDERSYSTEM

9. Approximate date on which the Information Statement is first to be sent or given to security holders:
   On or before March 26, 2024

10. In case of Proxy Solicitations:

EAST WEST BANKING CORPORATION IS NOT SOLICITING PROXIES

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	**2,249,975,411 shares**

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

   Yes __X__ No _______

   The above common shares are listed in the Philippine Stock Exchange (PSE)

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time, and place of meeting of security holders

Date: April 19, 2024
Time: 8:30 AM
Place: via Remote Communications, Online web address for registration for remote participation and voting: https://shareholders.filinvest.com.ph/EW_SHAREHOLDERSYSTEM

The Bank ensures the integrity and secrecy of voting in absentia and its stockholders in accordance with the Bank's Data Privacy Policies. The Meeting proceedings shall be recorded in audio and video format. A copy of such recorded proceedings will be provided to a stockholder upon request.

Mailing address of principal office: The Beaufort, 5th Avenue, corner 23rd Street, Fort Bonifacio Global City, Taguig City

Approximate date on which the Information Statement is first to be sent or given to security holders is on: On or before March 26, 2024

East West Banking Corporation is not asking any of its stockholders for a proxy.

Item 2. Dissenters' Right of Appraisal

A stockholder has a right to dissent and demand payment of the fair value of his shares in any of the following instances under Section 80 of The Revised Corporation Code (R.A. 11232): (a) In case an amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; (c) In case of merger or consolidation; and (d) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

Any stockholder who votes against the proposed corporate action may avail himself of the right of appraisal by making a written demand on the Bank within thirty (30) days after the meeting for the payment of the fair value of his shares. In order to perfect such right, the stockholder shall follow the procedures as described under Sections 80 to 85 of The Revised Corporation Code.

There are no matters or proposed corporate actions included in the agenda of the meeting which may give rise to the exercise by a security holder of the right of appraisal

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

No director or officer, or any associate of the foregoing persons, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon as contained in the agenda of the meeting.

No director has informed the Bank in writing that he intends to oppose any action to be taken as contained in the agenda of the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Class of Voting Securities: 2,249,975,411 common shares are entitled to vote on April 19, 2024 Annual Stockholders Meeting.

(b) Record Date: Only the stockholders of record as of February 29, 2024 are entitled to notice of and to vote at the meeting.

(c) Nomination and Election of Directors and Independent Directors and manner of voting:

In accordance with Sections 22 and 26 of The Revised Corporation Code (R.A. 11232), Section 15 of The General Banking Law (R.A. No. 8791), Section 38 of The Securities Regulation Code, Section 38.1 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, Section X132 and X138 of the Manual of Regulations for Banks and relevant circulars or memoranda, the Bank's Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors. The rules pertinently state that the nomination forms shall be submitted to any of the members of the Committees or to the Corporate Secretary. The rules likewise state that the Committees shall pre-screen the qualifications of the nominees and prepare a final list of candidates, indicating the nominees for independent directors.

As to the manner of voting, paragraph 2, Section 2, Article II of the Bank's By-Laws provides that during the annual meeting, the stockholders shall elect the members of the Board of Directors and may transact such other business and or consider such other matters about which they have been given prior notice before such meeting. Section 9 Article III of the By-Laws states that each stockholder entitled to vote in a meeting of stockholder may vote by proxy. For this purpose, the proxy instrument must be duly notarized as presented to the Corporate Secretary for inspection and record prior to the opening of said meeting.

Following Section 23 of The Revised Corporation Code, a stockholder entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the Bank at the time fixed in the By-laws or where the By-laws are silent, at the time of the election. The said stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit: Provided, That the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the Bank multiplied by the whole number of directors to be elected.

Stockholders may vote electronically *in absentia* by registering in the online web address https://shareholders.filinvest.com.ph/EW_SHAREHOLDERSYSTEM, subject to validation procedures. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum. The detailed instructions for electronic voting *in absentia* are set forth in Annex A

East West Banking Corporation is not asking any of its stockholders for a proxy.

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

Record and beneficial owners holding 5% or more of voting securities as of February 29, 2024

Title of Class	Name, Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	%
Common	Filinvest Development Corporation 6/F The Beaufort, 5th Ave. cor, 23rd St., Fort Bonifacio Global City, Taguig City (Stockholder)	A.L. Gotianun, Inc. (Parent Corporation of FDC)	Filipino	900,136,017	40.01%
Common	FDC Ventures, Inc. (formerly FDC Forex Corporation) 6/F The Beaufort, 5th Ave. cor, 23rd St., Fort Bonifacio Global City, Taguig City (Stockholder)	Filinvest Development Corporation (Parent Corporation of EW, owns 100% of FDC Ventures, Inc.)	Filipino	851,517,164	37.84%
Common	PCD Nominee Corporation 37th Floor, Tower I, The Enterprise Center,6766 Ayala Ave. corner Paseo de Roxas, Makati City	Various stockholders/clients	Filipino	392,812,928	17.46%
Common	PCD Nominee Corporation 37th Floor, Tower I, The Enterprise Center, 6766 Ayala Ave. corner Paseo de Roxas, Makati City	Various stockholders/clients	Non-Filipino	73,962,153	3.29%

Based on the list provided by the Philippine Depository and Trust Corp. to the Bank's transfer agent, Stock Transfer Service, Inc., as of February 29, 2024, none among the stockholders under the PCD Nominee Corporation holds 5% or more of the Bank's securities.

Filinvest Development Corporation (FDC) is the record and beneficial owner of 40.0% of the outstanding capital stock of the Bank. It is also the beneficial owner – through registered owner FDC Ventures, Inc. (formerly FDC Forex Corporation) of 37.8% of the shares of the Bank. FDC is majority owned by A.L. Gotianun, Inc. The Bank and FDC's ultimate parent Corporation is A.L. Gotianun, Inc.

Lourdes Josephine Gotianun-Yap is the proxy holder and authorized to vote on behalf of Filinvest Development Corporation and FDC Ventures, Inc. (formerly FDC Forex Corporation) with 77.9% shareholding in the Corporation.

Except as stated above, the Bank has no knowledge of any person holding more than 5% of the Bank's outstanding shares under a voting trust or similar agreement. The Bank is likewise not aware of any arrangement which may result in a change in control of the Bank, or of any additional shares which the above-listed beneficial or record owners have the right to acquire within thirty (30) days, from options, warrants, rights, conversion privilege or similar obligation, or otherwise.

Directors and Management as of February 29, 2024

Title of Class	Name	Position	Citizenship	Nature of Beneficial Ownership	No. of Shares Held	Percent of Ownership
Common	Jonathan T. Gotianun	Chairman of the Board	Filipino	Direct / Indirect	22,792,360	1.0130%
Common	Josephine Gotianun-Yap	Vice-Chairman	Filipino	Direct / Indirect	22,308,580	0.9915%
Common	Jacqueline S. Fernandez	President / Director	Filipino	Direct	496,455	0.0221%
Common	Joseph M. Yap	Director	Filipino	Direct	5	0.0000%
Common	Isabelle Therese G. Yap	Director	Filipino	Direct / Indirect	209,205	0.0093%
Common	Rhoda A. Huang	Director	Filipino	Direct	5	0.0000%
Common	Imelda B. Capistrano	Independent Director	Filipino	Direct	5	0.0000%
Common	Jose Maria G. Hofileña	Independent Director	Filipino	Direct	5	0.0000%
Common	Gregorio U. Kilayko	Independent Director	Filipino	Direct	5	0.0000%
Common	Cristina Q. Orbeta	Independent Director	Filipino	Direct	5	0.0000%
Common	Armando L. Suratos	Independent Director	Filipino	Direct	5	0.0000%
		Subtotal			**45,806,635**	**2.0359%**
Common	Jerry G. Ngo	Chief Executive Officer	Singaporean	Direct	19,095,900	0.8487%
Common	Gerardo Susmerano	Senior Executive Vice President	Filipino	Direct	750,558	0.0334%
Common	Rafael S. Algarra, Jr.	Senior Executive Vice President	Filipino	Direct	185,000	0.0082%
Common	Ivy B. Uy	Executive Vice President	Filipino	Direct	299,088	0.0133%
Common	Zenaida A. Ong	Executive Vice President	Filipino	Direct	3,500	0.0002%

Common	Renato P. Peralta	Senior Vice President	Filipino	Direct	92,319	0.0041%
Common	Richard Chester C. Tamayo	Senior Vice President	Filipino	Direct	9,000	0.0004%
Common	Grace N. Ang	Senior Vice President	Filipino	Direct / Indirect	137,256	0.0061%
		Subtotal			**20,672,621**	**0.9188%**
		Total			**66,479,256**	**2.9547%**

Voting trust holders of 5% or more

To the extent known to the Bank, there is no person or group of persons holding more than 5% of the common shares by virtue of a voting trust or similar agreement as there has been no voting trust which has been filed with the Bank and the Securities and Exchange Commission.

Change in Control

There have been no arrangements that have resulted in a change of control of the Bank during the period covered by this report.

Item 5. Directors and Executive Officers

(a) Incumbent Directors

The Bank is overseen by its Board of Directors (BOD) consisting of six regular members and five Independent Directors. The members of the Board are elected annually by the stockholders and shall each serve a term of one (1) year until the election and qualification of a new set of BOD. Furthermore, the BOD shall elect among themselves a Chairman and a Vice-Chairman.

The current list of the Bank's members of the Board is as follows:

Name	Age (as of 2024 ASM)	Citizenship
Jonathan T. Gotianun	71	Filipino
Lourdes Josephine Gotianun-Yap	68	Filipino
Jacqueline S. Fernandez	61	Filipino
Joseph M. Yap	73	Filipino
Isabelle Therese G. Yap	36	Filipino
Rhoda A. Huang	61	Filipino
Imelda B. Capistrano*	68	Filipino
Jose Maria G. Hofileña*	62	Filipino
Gregorio U. Kilayko*	68	Filipino
Cristina Q. Orbeta*	72	Filipino
Armando L. Suratos*	78	Filipino

**Independent Director*

Name	Profile
Jonathan T. Gotianun Chairman	• Chairman of the Board since April 2007 • Concurrent positions: Chairman of High Yield Sugar Farms Corporation, Director of East West Ageas Life Insurance Corporation, East West Leasing and Finance Corporation, East West Rural Bank Inc, Filinvest Asia Corporation, Filinvest Alabang Inc, Filinvest Development Corporation, FDC Utilities Inc. FDC Misamis Power Corporation, Countrywide Water Services Inc. Filinvest Land Inc, Davao Sugar Central Co, Inc., Cotabato Sugar Central Co Inc, Pacific Sugar Holdings Corporation.

Name	Profile
	• Past position: Vice Chairman of EastWest from 1994 to 2007 • Education: Management Eng. (Completed 4 Years Out of the Required 5 Years for This Course) – Ateneo De Manila University; Bachelor of Science of Commerce – Sta. Clara University, Sta. Clara; Masters in Management – Kellogg School of Management, Northwestern University
Lourdes Josephine Gotianun-Yap Vice Chairman	• Concurrent positions: Chairman of Filinvest Alabang, Inc., Entrata Hotel Services Inc, Mactan Seascapes Services Inc., Filinvest Hospitality Corporation, Quest Restaurants, Inc., Boracay Seascapes, Inc., Chinatown Seascapes Hotel Inc, Duawon Seascapes Resort Inc, Mimosa Cityscapes Inc, Pacific Sugar Holdings Corporation; Director of Davao Sugar Central Company, Inc. FDC Utilities Inc, Cyberzone Properties Inc, FSM Cinemas Inc, Filinvest Development Corp, Festival Supermall Inc, Filinvest Asia Corp, Chroma Hospitality Inc, Countrywide Water Services Inc, Cotabato Sugar Central Company Inc, High Yield Sugar Farms Corporation, Filinvest Land Inc, FDC Misamis Power Corporation, FDC retail Electricity Sales Corporation, FDC Danao Power Corporation, FDC Camarines Power Corporation, FDC Casecnan Hydropower Corporation, FDC Negros Power Corporation, FDC Renewables Corporation, Corporate Technologies Incorporated, Filinvest Mimosa Inc, Property Maximizer Professional Corp, Property Specialist Resources Inc. Leisurepro Inc., Filinvest All Philippines Inc, Filinvest Cyberparks, Inc, Proplus Inc, Philippine DCS Development Corporation, Filinvest Lifemalls Corporation, FCGC Corporation, Filinvest BCDA Clark Inc, Filinvest Cyberzone Mimosa Inc, Dreambuilders Pro Inc. • Education: Business Management degree from the Ateneo de Manila University and master's in business administration, Major in Finance degree from the University of Chicago
Jacqueline S. Fernandez President, Director	• Years of experience: Over 33 years of banking experience • Concurrent positions: President of East West Bank • Past positions: Chief Lending Officer of East West Bank, Head of Consumer Credit of Standard Chartered Bank Philippines • Education: Graduate of the University of the Philippines Diliman, AB Economics, Cum Laude and master's in business administration
Joseph Del Mar Yap Director	• Concurrent Positions: Director – FM REIT, Philippine DCS Corporation, Lipad Corp, Chroma Hospitality Inc, Entrata Hotel Services Inc, Filinvest Hospitality Corporation, Quest Restaurants, Inc, Proplus Inc, Filinvest Corporate City Foundation, Promei, FDC Green Energy Corp, FDC Casesnan Hydro Power Corp, FDC Renewables Corporation. • Past Positions: Ambassador Extraordinary and Plenipotentiary to the Republic of Singapore; Special Envoy of the President to Singapore for Business and Investment; President and CEO, Filinvest Land, Inc., Filinvest REIT Corporation, Filinvest Asia Corporation, Filinvest-BCDA Clark, Inc., Filinvest DCS Development Corporation

Name	Profile
	• Education: Bachelor of Science Degree in Management Engineering (Honorable Mention), Ateneo de Manila University, Candidate for Degree of Master of Science in Industrial Engineering with concentration in Operations Research, University of the Philippines, master's in business administration (MBA), major in Finance, Harvard Business School
Isabelle Therese G. Yap Director	• Concurrent positions: Director – Investree Philippines, F(DEV) Digital Innovations and Ventures, Al Gotianun Inc, Andremerc Holdings Inc • Past positions: Previously worked in multinational companies like McKinsey & Company, Razorfish, SingTel, Credit Suisse, and HSBC • Education: Business Management, Double Major Finance and Marketing degree from Singapore Management University, with a master's degree in business administration from Harvard Business School
Rhoda A. Huang Director	• Concurrent Position: Director – Filinvest Development Corporation • Past Positions – BPI Capital Corporation President, Managing Director, Chairman; Credit Suisse Hongkong Limited Philippines Director and Head Investment Banking; JPMorgan Chase Philippines Branch Vice President – Investment Banking, Consultant Investment Banking; The Chase Manhattan Bank (Merged Institution with Chemical Bank and Manufacturers Hanover Trust Company) (Subsequently Merged into JPMorgan Chase) Vice President Global Client Management; REANGCO Corporation Director, Stockholder and Treasurer; New Lora Holdings Corporation Director, Stockholder and Treasurer; Fort Integrated Ventures Enterprise Inc. Director, Stockholder and Treasurer; RCC Pd Options Inc. Stockholder and Treasurer • Education Bachelor's Degree in Business Administration and Accountancy, University of the Philippines
Imelda B. Capistrano Independent Director	• Past positions: Director and Country Manager at Wells Fargo Bank, Senior Vice President and Country Manager of Wachovia Bank, N.A., Manila Representative Office • Education: Graduate of University of the Philippines, Diliman, Bachelor's Degree in Business Economics and Master's in Business Administration
Jose Maria G. Hofileña Independent Director	• Concurrent positions: Director at Ateneo de Manila School of Law, Board of Trustees of Advancement for Rural Kids Philippines Inc., and Philippine Association of Law Schools • Past positions: Partner at Sycip Salazar Hernandez & Gatmaitan • Education: Bachelor of Arts degree with Honors from Ateneo de Manila University, and Bachelor of Laws at Ateneo de Manila School of Law; Master of Laws from Harvard University Law School • Lawyer
Gregorio U. Kilayko Independent Director	• Concurrent positions: Independent Director of Philequity Funds and East West Ageas Life Insurance Corporation • Past positions: Independent Director Belle Corporation, SM Prime Holdings, Inc., Country Representative of James Capel Securities (Philippines), President of ING Baring Securities (Philippines) and

Name	Profile
	ABN-Amro Securities (Philippines), Chairman and CEO of ABN-Amro Bank (Philippines), Manager of NCRD, Bureau of Energy Development, Treasury, Philippine National Oil Company • Education: B.S. Industrial Management Engineering degree at De La Salle University, with a master's degree in Energy Management and Business Administration from University of Pennsylvania
Cristina Q. Orbeta Independent Director	• Concurrent positions: Consultant in World Bank: assigned as Deposit Insurance Expert to Laos, Independent Director at PGA Sompo Insurance • Past positions: Adviser and Member of The Board - UCPB and UCPB Savings Bank; Member of The Board - UCPB Leasing; Deputy General Manager - Credit Lyonnais / Calyon, Manila Offshore Branch; President/Vice Chairperson of The Board - PDIC; Executive Vice-President- PDIC; Director - Central Bank; Executive Director - Central Bank Board of Liquidators • Education: Graduate of University of the East, Bachelor's Degree in Mathematics - magna cum laude, and Master's in Economics; Master's in public administration from Harvard University
Armando L. Suratos Independent Director	• Concurrent positions: Independent Director -Philippine Payments Management Inc and Philippine Life Assurance Corp, Director - ABD Philippine Bond Index Fund, Kapatiran Kaunlaran Foundation, Inc., Mary Johnston College of Nursing • Past positions: Independent Director - Philippine Trust Company; Independent Director- Manila Bulletin Publishing Corporation; Monetary Board Member - Bangko Sentral ng Pilipinas and Board of Director - International Association of Currency Affairs • Education: BSBA in University of the Philippines; ll. b. (8th place in the 1971 bar examinations) Ateneo de Manila Law School and investment Negotiation Course Georgetown University • Lawyer

The Bank held its Annual Stockholders Meeting on April 24, 2023.

The Bank held twelve (12) Regular Board Meetings from January to December 2023; four (4) Special Board Meeting; and one (1) Organizational Meeting of the Board held on April 24, 2023 or a total of Seventeen (17) Board Meetings.

Board of Directors	No. of Meetings Attended	Percent Present
Jonathan T. Gotianun	17	100%
Antonio C. Moncupa, Jr.*	7	100%
Jacqueline S. Fernandez	16	94%
L. Josephine G. Yap	17	100%
Isabelle G. Yap	17	100%
Wilson L. Sy*	6	86%
Gregorio U. Kilayko	16	94%
Jose Maria G. Hofileña	15	88%
Armando L. Suratos	17	100%
Cristina Que Orbeta	17	100%

Imelda B. Capistrano	17	100%
Joseph M. Yap**	10	100%
Francis Nathaniel C. Gotianun**/***	5	100%
Rhoda A. Huang****	3	75%

** resigned as of April 24, 2023*
*** joined the Bank as of April 24, 2023*
****resigned as of September 1, 2023*
***** joined the Bank as of September 28, 2023*
** resigned as of April 24, 2023*

A certification on the qualifications of the Independent Directors is attached herewith as Annex B.

(b) Executive Officers

The following is the list of Key Executive Officers of the Bank as of February 29, 2024:

Name	Rank	Age (as of 2024 ASM)	Citizenship
Jerry G. Ngo	Chief Executive Officer	54	Singaporean
Jacqueline S. Fernandez	President	61	Filipino
Rafael S. Algarra, Jr.	Senior Executive Vice President	54	Filipino
Gerardo Susmerano	Senior Executive Vice President	58	Filipino
Ivy B. Uy	Executive Vice President	50	Filipino
Lawrence L. Lee	Executive Vice President	53	Singaporean
Zenaida A. Ong	Executive Vice President	51	Filipino
Cecilio Frederick M. Pusag	Executive Vice President	54	Filipino
Juan Alfonso D. Suarez	Executive Vice President	51	Filipino
Daniel L. Ang Tan Chai	Senior Vice President	66	Filipino
Renato P. Peralta	Senior Vice President	65	Filipino
Joseph Gerard D. Tiamson	Senior Vice President	57	Filipino
Aylwin Herminia P. Tamayo	Senior Vice President	58	Filipino
Richard Chester C. Tamayo	Senior Vice President	45	Filipino
Annaliza G. Tan-Cimafranca	Senior Vice President	48	Filipino
Mylene C. Subido	Senior Vice President	52	Filipino
Salvador R. Serrano	Senior Vice President	57	Filipino
Norman Martin C. Reyes	Senior Vice President	58	Filipino
Grace N. Ang	Senior Vice President	46	Filipino
Amy Belen R. Dio	First Vice President	61	Filipino
Emma B. Co	First Vice President	60	Filipino

Name	Profile
Jerry G. Ngo Chief Executive Officer	• Years of experience: more than 20 years of extensive experience in banking, finance consultancy and digital • Concurrent positions: Managing Director and Founder, Ora et Labora Capital Partners Pte Ltd.; Vice Chairman for Asia, Delta Capita; Consultant, Filinvest Development Corporation • Past position: Former Group Chief Financial Officer & Board Director at PT Saratoga Investama Sedaya Tbk in Indonesia • Education: Completed Advanced Management Program from Harvard Business School, MBA (Hons) from University of Chicago – Booth School of Business, Masters in Management (Distinction) from University of San Jose- Recolletos, BS

Name	Profile
	Medical Technology (cum Laude) from Velez College, Philippines
Rafael S. Algarra, Jr. SEVP, Financial Markets and Wealth Management Head, Treasurer	• Years of experience: Over 27 years of banking experience • Past positions: Former EVP & Head of Financial Markets in Security Bank • Education: Graduate of Ateneo de Manila University, BS Management Engineering and Asian Institute of Management, Masters in Business Management
Gerardo Susmerano SEVP, Retail Banking Head	• Years of experience: Over 22 years of banking experience • Past positions: Former Center Head of International Exchange Bank • Education: Graduate of the University of Sto. Tomas, BS Accounting, and Asian Institute of Management, Masters in Business Administration
Ivy B. Uy EVP, Branch Banking Head	• Years of experience: over 20 years of banking experience • Past positions: Former Center Head-Manila Area of International Exchange Bank • Education: Graduate of the University of Sto Tomas, Hotel and Restaurant Management, and Asian Institute of Management, Management Development Program
Lawrence L. Lee EVP, Consumer Lending Head	• Years of experience: Over 30 years of experience in banking and finance • Past positions: Former Director of Regional Credit Operations for Asia, Australia, Europe at Citibank • Education: Graduate of University of the Philippines, Bachelor of Science in Business Economics; Masters in Applied Business Economics from University of Asia and the Pacific
Zenaida A. Ong EVP, Corporate Banking Head	• Years of experience: Over 20 years of professional experience in the banking industry • Past positions: Former First Vice President - Region Head for Metro Manila Lending of Security Bank Corporation • Education: Graduate of De La Salle University, Bachelor of Science in Accountancy • Certified Public Accountant
Cecilio Frederick M. Pusag EVP, Chief Information Officer, Information Technology Head	• Years of experience: over 20 years of evolving experiences in Information Technology • Past positions: Former SVP and Chief Information Officer of Security Bank • Education: Graduate of California Polytechnic University Pomona, Bachelor of Science, Business Administration/ Computer Information Systems
Juan Alfonso D. Suarez EVP, Human Resources Group Head	• Years of experience: more than 20 years of experience in Human Resources from various industries such as Telecommunications, Insurance, Technology, Consumer and Power • Past positions: Former Senior Vice President & Group Chief Human Resources Officer at Aboitiz Equity Ventures (AEV), former First Vice President & Chief Human Resources Officer at Aboitiz Power (AP); and former Head of HR Business Partnering and Centers of Expertise at PLDT and Smart Communications

Name	Profile
	• Education: Graduate of Bachelor of Arts in Behavioral Science and Bachelor of Science in Commerce, and Masters in Business Administration at DLSU; Obtained Bachelor of Laws at Arellano University Law School - Executive Program
Daniel L. Ang Tan Chai SVP, Chief Finance Officer	• Years of experience: More than 30 years of experience in Finance with a background in IT • Past positions: Former First Vice President and Chief Financial Officer of Metrobank Card Corporation • Education: Graduate of University of the Philippines, B.S. Industrial Engineering, Masters in Business Administration from the same University
Renato P. Peralta SVP, Chief Corporate Credit Officer	• Years of experience: Over 30 years of professional experience in the banking industry, particularly in the areas of credit, account management, FX trading and stock brokerage • Past positions: Former FVP and Credit Management Head of EastWest Banking Corporation • Education: Graduate of Ateneo de Manila University, AB Economics
Joseph Gerard D. Tiamson SVP, Bank Operations Head	• Years of experience: Almost 40 years of banking experience • Past positions: Former Senior Vice President for Central Operations Group in BDO • Education: Graduate of Ateneo De Manila University, Bachelor of Science degree in Business Management
Aylwin Herminia P. Tamayo SVP, Credit Cards and Business Governance Head	• Years of experience: Over 30 years of work experience in the banking industry with in-depth background in credit, credit cards, and remedial • Past positions: Former First Vice President and Head of Credit Cards at EastWest Banking Corporation, Former Remedial Head at Standard Chartered Bank; Former Recovery Head at Citibank • Education: Graduate of University of the Philippines, BA Mass Communication Major in Journalism
Richard Chester C. Tamayo SVP, Wealth Management Head	• Years of experience: over 20 years of experience in banking and finance • Past positions: Former Vice President and Head of Ortigas Branch of Standard Chartered Bank • Education: Graduate of Ateneo de Manila University, Bachelor of Arts, Major in Economics • Certified Public Accountant
Annaliza G. Tan-Cimafranca SVP, Enterprise Oversight Head	• Years of experience: Almost 30 years of experience in governance roles, particularly in the financial sector • Past positions: Former Senior Vice President for Filinvest Land and Filinvest Development Corporation • Education: Graduate of Polytechnic University of the Philippines, Bachelor of Science degree in Accountancy in Magna Cum Laude.
Mylene C. Subido	• Years of experience: over 20 years of experience in banking and finance

Name	Profile
SVP, Securities, Derivatives, Foreign Exchange Distribution Head	• Past positions: Former Executive Director at Accion Capital Management; former Senior Vice President and Head of Institutional Accounts and Wealth Management at Hongkong & Shanghai Banking Corp (HSBC) • Education: Graduate of from De La Salle University, Bachelor of Science in Commerce Major in Accounting, Masters in Business Administration and Master of Early Childhood Education • Certified Public Accountant
Salvador R. Serrano SVP, Central Branch Operations Head	• Years of experience: Almost 30 years of banking experience, specifically on audit and bank operations • Past positions: Former SVP & Head of Operations in One Network Bank • Education: Graduate of University of Sto. Tomas, Bachelor of Science in Commerce, Major in Accounting, Masters in Business Administration from De La Salle University
Norman Martin C. Reyes SVP, Bank Marketing and Corporate Communications Head	• Years of experience: over 20 years of experience in the Banking and Health industry handling several positions in Product Development, Sales, Digital innovation, and Marketing • Past positions: Former Digital Transformation Advisor at Medicard Philippines; former Chief Marketing Officer and Digital Innovations Head at Philippine National Bank • Education: Graduate of from University of the Philippines, Bachelor of Arts; Master's Degree in Business Management at Asian Institute of Management (AIM)
Grace N. Ang SVP, Chief Risk Officer	• Years of experience: 20 years of banking experience • Past positions: Former Senior Manager of International Exchange Bank • Education: Graduate of De La Salle University, B.S. Accountancy • Certified Public Accountant
Amy Belen R. Dio FVP, Chief Compliance Officer	• Years of experience: over 30 years of experience in banking and finance • Past positions: Former Chief Compliance Officer (CCO) & Compliance Division Head of BPI Family Savings Bank (BFSB) • Education: Graduate of Ateneo de Manila University, Economics (Honors Program); received her law degree from the University of the Philippines • Lawyer
Emma B. Co FVP, Chief Audit Executive	• Years of experience: over 30 years of accounting, banking, and audit experience • Past Positions: Former Chief Audit Executive (CAE) at Philippine Savings Bank (PSBank) • Education: Graduate of University of Sto. Tomas, Bachelor's Degree in Accounting; Lyceum of the Philippines University, Bachelor of Laws. Master of Science in Information Management from Ateneo De Manila University • Lawyer and a Certified Public Accountant

None of the above-named Directors and Executive Officers of the Bank works for the government.

(c) Nominees for election as Directors and Independent Directors for 2024-2025

The Corporate Governance and Compliance Committee ("CGCC") serves as the Nomination Committee of the Bank. In its meeting held on February 22, 2024, the CGCC has reviewed and evaluated the qualifications of nominated directors (including independent directors) in accordance with the Bank's By-Laws and Manual on Corporate Governance and relevant rules and regulations. The nominees for the independent directors have no relationship / affiliation with FDC and FDC Ventures, Inc. (formerly FDC Forex Corp.) The CGCC nominees for election as Directors and Independent Directors are enumerated below:

Name	Citizenship	Nominated as
Jonathan T. Gotianun	Filipino	Director
Lourdes Josephine G. Yap	Filipino	Director
Jacqueline S. Fernandez	Filipino	Director
Isabelle Therese G. Yap	Filipino	Director
Joseph Del Mar Yap	Filipino	Director
Rhoda A. Huang	Filipino	Director
Jose Maria G. Hofileña	Filipino	Independent Director
Gregorio U. Kilayko	Filipino	Independent Director
Armando L. Suratos	Filipino	Independent Director
Imelda B. Capistrano	Filipino	Independent Director
Cristina Q. Orbeta	Filipino	Independent Director

The Corporate Governance and Compliance Committee, in addition to the certification of the nominees, has determined that the nominees possess all the qualifications and none of the disqualifications for Directors as set forth in the Revised Manual on Corporate Governance. The nominees for the independent directors have no relationship / affiliation with FDC and FDC Ventures, Inc. (formerly FDC Forex Corporation).

A certification on the qualifications of the Independent Directors is attached herewith as Annex B.

The CGCC is composed of Ms. Cristina Q. Orbeta as Chairman, Mr. Jonathan T. Gotianun, Atty. Armando L. Suratos and Atty. Jose Maria G. Hofileña, as members.

(d) Family Relationships

Mr. Jonathan T Gotianun and Mrs. Lourdes Josephine Gotianun-Yap are siblings. Mr. Joseph M. Yap is the husband of Mrs. Lourdes Josephine Gotianun-Yap and their daughter is Ms. Isabelle Therese G. Yap.

(e) Involvement in Legal Proceedings

To the best of the Bank's knowledge and belief and after due inquiry, none of the Bank's directors, nominees for election as director, or executive officer have in the five-year period prior to the date of this Report:

1) had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time;
2) convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses;
3) subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily

enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or

4) found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

The Bank has been, and may in the future be, implicated in lawsuits in connection with the ordinary course of its business. However, neither the Bank nor any of its subsidiaries have been subject to any order, judgment, or decree, or violated any securities or commodities law for the last five years, or are involved in any litigation or arbitration proceedings that may have, or have had, a material adverse effect on it or its subsidiaries' financial condition, nor, so far as any of them is aware, is in any such proceeding pending or threatened.

All legal proceedings involving the Bank are efficiently and competently attended to and managed by a group of thirteen (13) in-house counsels who are graduates of reputable law schools in the country. As its external counsels, the Bank retains or engages the services on case to case basis the following respected law firms: Sobreviñas Hayudini Navarro and San Juan Law Offices; Sycip Salazar Hernandez & Gatmaitan Law Office; Valerio and Associates; Angara Abello Concepcion Regala & Cruz; Vera Law Office; Atty. Romeo Guillermo; Atty. Fillmore Gomos; Alvarez Nuez Galang and Espina; Lopez, Nietes-Gengos Laborte-Ildesa Panigbatan-Nafarrete Law Offices; Quitain Law Office; Atty. Remie Calatrava; Cantago & Partners; Atty. Henri S. Cariño; D.G. Udarbe & Partners Attorneys-at-Law; and Atty. Cherie Marie Laddaran.

(f) Significant Employees

No single person is expected to make a significant contribution to the business since the Bank considers the collective efforts of all its employees as instrumental to the overall success of the Bank's performance.

(g) Relationships and Related Transactions

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

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

The Group has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business.

The amounts and the balances arising from significant related party transactions of the Group and of the Parent Company are as follows:

Category	2023 Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Significant investors:			
Loans receivable	**₱–**	**₱4,842,800**	Loans granted with a term of five years, interest of 4.75%, secured with deposit holdout, current and not impaired
Releases	–		
Collection	–		
Deposit liabilities		**3,301,196**	Earns interest at the respective bank deposit rates
Deposits	**26,414,689**		
Withdrawals	**25,459,540**		
Accrued interest receivable	–	**64,283**	Interest income accrued on outstanding loans receivable
Accrued expenses	–	**50,376**	Payable for management and professional fees paid by FDC (reimbursement for expenses)
Guarantees and commitments	–	**4,842,800**	Unused credit line (omnibus facility) with term of 10 months
(Forward)			
Interest income	**230,033**		Interest income on loans receivable
Interest expense	**14,628**		Interest expense on deposit liabilities
Key management personnel:			
Loans receivable	**₱–**	**₱2,381**	Loans granted with a term of five years, interest of 9.82%, secured with chattel mortgage, current and not impaired
Releases	**2,807**	–	
Collection	**426**	–	
Deposit liabilities	–	**365,196**	Earns interest at the respective bank deposit rates
Deposits	**935,194**	–	
Withdrawals	**903,639**	–	
Interest income	**255**	–	Interest income on loans receivable
Interest expense	**1,943**	–	Interest expense on deposit liabilities
Other related parties:			
Loans receivable	**₱–**	**₱7,431,386**	Loans granted with terms ranging from four days to thirteen and a half years, interest ranging from 5.01% to 17.07%, secured by real estate mortgage, chattel mortgage & deposit hold-out, current, and not impaired
Releases	**1,740,872**	–	
Collection	**2,948,289**	–	
Receivables purchased (booked under 'Loans Receivable')	–	**107,598**	Receivables purchased by the Parent Company from FLI (Note 9), current and not impaired
Releases	**107,598**	–	
Collections	**501,041**	–	
Accounts receivable	–	**38,376**	Receivables from EW Ageas Life which represent expenses shouldered by the Parent Company
Deposit liabilities	–	**14,038,878**	Earns interest at the respective bank deposit rates
Deposits	**206,580,187**	–	
Withdrawals	**208,323,109**	–	
Accounts payable	–	–	Collection of loan insurance on behalf of EW Ageas Life that remained unremitted
Guarantees and commitments	–	**7,323,712**	Unused credit lines
Accrued interest receivable	–	**67,366**	Interest income accrued on outstanding loans receivable
Interest income	**413,048**	–	Interest income on loans receivable

Interest expense	**206,496**	–	Interest expense on deposit liabilities
Commission fees	–	–	Commission fees received from EW Ageas Life
Service fee expense	–	–	Service fees paid to FLI for account servicing equivalent to 1.12% of loan amounts collected by FLI on behalf of the Parent Company (Note 9)
Rent expense	**122,537**		Rent expenses paid for lease transactions with other related parties such as Filinvest Asia Corporation,

	2022		
Category	**Amount/ Volume**	**Outstanding Balance**	**Terms and Conditions/Nature**
Significant investors:			
Loans receivable	₱–	₱4,842,800	Loans granted with a term of five years, interest of 4.75%, secured with deposit holdout, current and not impaired
Releases	–	–	
Collection	–	–	
Deposit liabilities	–	2,346,047	Earns interest at the respective bank deposit rates
Deposits	11,920,865	–	
Withdrawals	12,426,558	–	
Accrued interest receivable	–	61,132	Interest income accrued on outstanding loans receivable
Accrued expenses	–	28,120	Payable for management and professional fees paid by FDC (reimbursement for expenses)
Guarantees and commitments	–	4,842,800	Unused credit line (omnibus facility) with term of 10 months
Interest income	230,033	–	Interest income on loans receivable
Interest expense	13,021	–	Interest expense on deposit liabilities
Key management personnel:			
Deposit liabilities	–	333,641	Earns interest at the respective bank deposit rates
Deposits	1,677,646	–	
Withdrawals	1,782,101	–	
Interest income	–	–	Interest income on loans receivable
Interest expense	1,039	–	Interest expense on deposit liabilities
Other related parties:			
Loans receivable	–	8,638,803	Loans granted with terms ranging from four days to thirteen and a half years, interest ranging from 5.01% to 17.07%, secured by real estate mortgage, chattel mortgage & deposit hold-out, current and not impaired
Releases	4,858,591	–	
Collection	3,151,081	–	
Receivables purchased (booked under 'Loans Receivable')	–	501,041	Receivables purchased by the Parent Company from FLI (Note 9), current and not impaired
Releases	501,041	–	
Collections	2,283,451	–	
Accounts receivable	–	30,836	Receivables from EW Ageas Life which represent expenses shouldered by the Parent Company
Deposit liabilities	–	15,781,800	Earns interest at the respective bank deposit rates
Deposits	171,885,730	–	
Withdrawals	174,220,017	–	
Accounts payable	–	53,151	Collection of loan insurance on behalf of EW Ageas
	–		Life that remained unremitted
Guarantees and commitments	–	8,137,550	Unused credit lines
Accrued interest receivable	–	55,578	Interest income accrued on outstanding loans receivable

Interest income	–	765,248	Interest income on loans receivable
Interest expense	206,151	–	Interest expense on deposit liabilities
Commission fees	–	–	Commission fees received from EW Ageas Life
Service fee expense	–	–	Service fees paid to FLI for account servicing equivalent to 1.12% of loan amounts collected by FLI on behalf of the Parent Company (Note 9)
Rent expense	81,553		Rent expenses paid for lease transactions with other related parties such as Filinvest Asia Corporation,

The Group's significant investors pertain to FDC, the immediate Parent Company of the Group, and FDC Ventures, Inc. (formerly FDC Forex Corporation) (a company under common control of FDC).

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly. The Group considers the members of the Management Committee to constitute key management personnel for purposes of PAS 24, *Related Party Disclosures*. The Group provides banking services to its key management personnel.

Other related parties pertain to the Group's affiliates (subsidiaries of FDC).

The Group and the Parent Company had no outright purchases and outright sale of debt securities with significant shareholders and key management personnel in 2023, 2022 and 2021.

The Parent Company's subsidiaries have no transactions with related parties outside of the Group. The transactions disclosed above are the same for the Group and the Parent Company.

Parent Company Related Party Transactions

Transactions between the Parent Company and its subsidiaries meet the definition of related party transactions. Details of the Parent Company's subsidiaries are disclosed in Note 10.

In addition to the transactions discussed above, the following are the transactions between the Parent Company and its subsidiaries that are recognized in the Parent Company's statements of financial position and statements of income and eliminated in the consolidated financial statements:

	2023		
Category	**Amount/ Volume**	**Outstanding Balance**	**Terms and Conditions/Nature**
Subsidiaries:			
Receivables purchased	**₱–**	**₱6,279,326**	Receivables purchased by the Parent Company from EWRB (Note 9)
Acquisitions	**44,246,601**	–	
Collections	**37,967,275**	–	
Receivable sold	–	**284,054**	Employee loans sold by the Parent Company to EWRB (Note 9)
Accounts receivable	–	**718,412**	Amount collected by EWRB from borrowers on behalf of the Parent Company that remained unremitted and other related expenses shouldered by the Parent Company on behalf of the Subsidiaries
Accounts receivable	–	**150,679**	Receivables from subsidiaries which represent expenses shouldered by Parent Company
Deposit liabilities	–	**547,434**	Earns interest at the respective bank deposit rates
Deposits	**131,428,220**	–	

Withdrawals	**131,322,036**	–	
Accounts payable	–	**77,591**	Cash reloading transactions between EWRB and the Parent Company
Interest expense	**726**	–	Interest expense on deposits of EWRB and EWIB
Interest income	**115**	–	Interest income on loans receivable
Service fee expense	**150,154**	–	Service fees paid to EWRB for account servicing equivalent to 0.37% of loan amounts collected by EWRB on behalf of the Parent Company for the receivables purchased (Note 9) and for collection of credit card payments
Service fee income	**1,031**	–	Service fees paid by EWRB for account servicing equivalent to 0.37% of loan amounts collected by the Parent Company on behalf of EWRB for the receivables sold (Note 9)

(Forward)

Commission expense	–	–	Commission expense paid by the Parent Company to QMIS
Rent income	**42,212**	–	Rent of office space leased to subsidiaries

	2022		
Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Subsidiaries:			
Receivables purchased	–	₱32,433,426	Receivables purchased by the Parent Company from EWRB (Note 9)
Acquisitions	46,174,920	–	
Collections	13,741,493	–	
Receivable sold	–	255,972	Employee loans sold by the Parent Company to EWRB (Note 9)
Accounts receivable	–	510,091	Amount collected by EWRB from borrowers on behalf of the Parent Company that remained unremitted and other related expenses shouldered by the Parent Company on behalf of the Subsidiaries
Accounts receivable	–	244,637	Receivables from subsidiaries which represent expenses shouldered by Parent Company
Deposit liabilities	–	441,250	Earns interest at the respective bank deposit rates
Deposits	103,935,766	–	
Withdrawals	103,700,130	–	
Accounts payable	–	40,410	Cash reloading transactions between EWRB and the Parent Company
Interest expense	956	–	Interest expense on deposits of EWRB and EWIB
Interest income	3,738	–	Interest income on loans receivable
Service fee expense	56,159	–	Service fees paid to EWRB for account servicing equivalent to 0.37% of loan amounts collected by EWRB on behalf of the Parent Company for the receivables purchased (Note 9) and for collection of credit card payments
Service fee income	995	–	Service fees paid by EWRB for account servicing equivalent to 0.37% of loan amounts collected by the Parent Company on behalf of EWRB for the receivables sold (Note 9)
Commission expense			Commission expense paid by the Parent Company to QMIS
Rent income	41,153		Rent of office space leased to subsidiaries

Remunerations of Directors and other Key Management Personnel
Total remunerations of key management personnel are as follows (amounts in thousands):

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Short-term employee benefits	**₱334,404**	₱280,924	₱245,576	**₱303,943**	₱221,361	₱224,658
Post-employment benefits	**16,321**	59,120	6,847	**16,321**	59,120	6,847
	₱350,726	₱340,044	₱254,445	**₱320,264**	₱280,480	₱233,526

Remunerations given to directors which were approved by the Board Remuneration Committee amounted to ₽25.32 million in 2023, ₽22.94 million in 2022, ₽21.54 million in 2021 for the Group and the Parent Company.

Subsidiaries and Affiliate
The following are the subsidiaries and affiliate of East West Banking Corporation (the Bank) as of December 31, 2023:

Name	Principal Activities	Effective Percentage of Ownership
East West Rural Bank, Inc. (EWRB)	Consumer banking	100.00%
East West Insurance Brokerage, Inc. (EWIB)	Non-life insurance brokerage	100.00%
East West Leasing and Finance Corporation (EWLF)	Finance and leasing	100.00%
Quest Marketing and Integrated Services Inc. (QMIS)	Sales and marketing	100.00%
Assurance Solutions Insurance Agency (ASIA)	General insurance and marketing	100.00%
East West Ageas Life Insurance Corporation (EWAL)	Life insurance	50.00%

East West Rural Bank, Inc.
East West Rural Bank, Inc. (formerly Finman Rural Bank, Inc.) was incorporated and registered with Philippine Securities and Exchange Commission (SEC) on November 5, 1997 for the purpose of accumulating deposits and granting loans to various individuals and corporate entities as well as government and private employees. The Bank was granted authority by the Bangko Sentral ng Pilipinas (BSP) to operate as a rural bank and commenced operations in March 1998. Its principal office is located at 3rd and 4th Floors, East West Bank Building, J.P. Laurel Avenue corner Iñigo Street, Bajada, Davao City.

East West Insurance Brokerage, Inc.
East West Insurance Brokerage, Inc. (EWIB) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 6, 2015 primarily to act as an insurance broker in soliciting, negotiating, and forwarding applications for fire insurance, motor car insurance, engineering insurance, personal accident insurance, travel insurance, bonds & surety, directors and officer's liability insurance, aviation insurance, marine cargo insurance and other non-life insurance services. On September 23, 2015, EWIB received its license to act as an insurance broker from the Insurance Commission (“IC”). It started its commercial operations in September 24, 2015. Its principal place of business is located at The Beaufort, 5th avenue corner 23rd street, Bonifacio Global City, Taguig City.

East West Leasing and Finance Corporation
East West Leasing and Finance Corporation (EWLF) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 6, 2016, primarily to engage in general financing and investment business, with secondary license to operate as a financing company in accordance with the Financing Company Act of 1998 and its implementing rules and regulations. Its place of business is located at The Beaufort, 5th avenue corner 23rd street, Bonifacio Global City, Taguig City.

Quest Marketing and Integrated Services Inc. (formerly known as Price Solutions Philippines, Inc.)
On November 25, 2016, SCMB Overseas Ltd., a wholly owned subsidiary of Standard Chartered Bank (SCB) Philippines, completed the transfer of its 100% ownership of Quest Marketing and Integrated

Services Inc. (QMIS) as part of the asset and share transfer agreement by and between SCB Philippines and SCMB. QMIS was registered with the Philippine Securities and Exchange Commission (SEC) on July 17, 2007 primarily to engage in providing sales and marketing services for financial institutions. The principal place of business is at 7th Floor, Global Trade Center, 1024 EDSA, Quezon City.

Assurance Solutions Insurance Agency, Inc.
On November 25, 2016, SCMB Overseas Ltd., a wholly owned subsidiary of Standard Chartered Bank (SCB) Philippines, completed the transfer of its 100% ownership of Assurance Solutions Insurance Agency (ASIA) as part of the asset and share transfer agreement by and between SCB Philippines and SCMB. ASIA was registered the Philippine Securities and Exchange Commission (SEC) on July 17, 2007 primarily to engage in general insurance agency business. The principal place of business is at 6th Floor, 6788 Sky Plaza Building, Ayala Avenue, Makati City.

East West Ageas Life Insurance Corporation
East West Ageas Life Insurance Corporation (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 20, 2015. The Company's primary purpose is to undertake and write insurance upon the life of individuals, and every insurance appertaining thereto or connected therewith; to make contracts of insurance providing for all risks, hazards, guarantees and contingencies to which life, accident, or health insurance is applicable; to indemnify against legal liability; to compute endowments and grant, purchase or dispose of annuities; to procure re-insurance of its risks; to issue policies stipulated to be with or without participation in profits; and to purchase for its own benefit any policy of insurance or other obligation as well as claims of policyholders.

On December 22, 2015, the Company obtained from the Insurance Commission (IC) a license to operate as a life insurance business. The Certificate of Authority was granted effective from January 1, 2016 to December 31, 2018 and renewed on December 5, 2018 with certificate No. 019/07-R effective from January 1, 2019 to December 31, 2021. On December 16, 2021, the Company renewed its license with certificate No. 22/19-R effective from January 1, 2022 to December 31, 2024.

The Company started its commercial operations on February 1, 2016.

On March 28, 2016, East West Banking Corporation (EWBC) and Ageas Insurance International N.V. (Ageas) entered into a Deed of Sale for the transfer of 1,666,655 shares from EWBC to Ageas. The resulting shareholder structure became 50% less one share for EWBC and 50% plus one share for Ageas. EWBC and Ageas control the Company through a Joint Venture Agreement.

Item 6. Compensation of Directors and Executive Officers

The following table identifies and summarizes the aggregate compensation of EastWest's CEO and the four most highly compensated executive officers of the Bank in 2021, 2022 and 2023:

In million pesos:

<table>
<tr><th>Name</th><th>Year</th><th>Salary</th><th>Bonus</th><th>Others</th><th>Total</th></tr>
<tr><td rowspan="3">Antonio C. Moncupa, Jr.
Jacqueline S. Fernandez
Rafael S. Algarra, Jr.
Gerardo Susmerano
Cecilio Frederick M. Pusag</td><td>2023</td><td>₱92.7</td><td>₱46.1</td><td>₱1.6</td><td>₱140.4</td></tr>
<tr><td>2022</td><td>₱78.9</td><td>₱75.3</td><td>₱57.7</td><td>₱211.9</td></tr>
<tr><td>2021</td><td>₱73.8</td><td>₱82.1</td><td>₱-</td><td>₱155.9</td></tr>
</table>

<table>
<tr><td rowspan="3">Aggregate compensation paid to all officers and Directors as a group unnamed (in millions)</td><td>2023</td><td>₱4,135</td></tr>
<tr><td>2022</td><td>₱3,895</td></tr>
<tr><td>2021</td><td>₱3,652</td></tr>
</table>

The growth in aggregate compensation of the CEO and the four most highly compensated executive officers of the Bank for 2024 is estimated to be the same as that of the prior year.

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

Standard Arrangement
Non-executive directors and directors who are not directors or officers of Filinvest Development Corporation receive per diem of ₱60,000 for every committee or special board meeting and ₱120,000 for every regular board meetings.

Executive directors and directors who are officers or directors of Filinvest Development Corporation do not receive per diem as the same has been considered in their compensation.

Other Arrangement
The Bank does not have any agreement to pay additional compensation to its directors other than the above but may, without any obligation, grant additional compensation if certain performance driven goals are met.

Each member of the Board of Directors received the following as Directors for the year 2023:

Name of Directors	Amount
Jonathan T. Gotianun*	₱ -
Jacqueline S. Fernandez*	-
Lourdes Josephine Gotianun-Yap*	-
Isabelle G. Yap*	-
Wilson L. Sy	1,480,000.00
Antonio C. Moncupa, Jr.	540,000.00
Imelda B. Capistrano	3,520,000.00
Joseph Del Mar Yap	1,320,000.00
Jose Maria G. Hofileña	4,420,000.00
Gregorio U. Kilayko	4,240,000.00
Cristina Q. Orbeta	4,900,000.00
Armando L. Suratos	4,900,000.00
Total	**₱ 25,320,000.00**

**Executive directors do not receive per diem as the same has been considered in their compensation*

<u>Item 7. Independent Public Accountants</u>

Sycip Gorres Velayo & Co. (SGV & Co.), a member firm of Ernst & Young Global Limited, has been the Bank's independent accountant for more than 25 years and is again recommended for appointment at the scheduled annual stockholders' meeting.

None of the Bank's external auditors have resigned during the two most recent fiscal years (2022 and 2021) or any interim period. In compliance with the Revised Securities Regulations (SRC) Rule 68 and Code of Ethics for Professional Accountants in the Philippines on the rotation of external auditors or signing partners of a firm every after seven (7) years of engagement, Ms. Veronica Mae A. Arce was assigned as the signing partner in 2019, replacing Ms. Josephine Adrienne Abarca who was assigned since 2013. Representatives of SGV & Co. are expected to be present at the meeting to respond to matters relating to the auditors' report on the 2022 financial statements of the Bank that may be pertinently raised during the meeting. Their representative will be given the opportunity to make a statement if they so desire.

The Bank has paid the following fees to SGV & Co relative to the regular and special engagements rendered by the latter that are reasonably related to the performance of the audit or review of the Bank's financial statements:

Fiscal Year	Audit Fees (Group)	Tax and Other Related Fees
2023	₱8,628,900	₱3,484,600
2022	₱5,941,228	₱2,258,928
2021	₱5,394,900	₱2,972,849

The Bank's Audit Committee approves the audit fees and fees for non-audit services of external auditors, if any, as stated in the Audit Charter.

The Audit Committee is composed of Messrs. Gregorio Kilayko (Chairman), Ms. Josephine Gotianun-Yap, Armando L. Suratos, Jose Maria G. Hofileña and Cristina Q. Orbeta

Per SGV & Co.'s representation during the Audit Committee meeting on March 23, 2023, they confirm that they did not have any disagreement with Management that could be significant to the Bank's financial statements or their auditor's report. Further, there are no matters that in their professional judgment may reasonably be thought to bear on their independence or that they gave consideration to in reaching the conclusion that independence has not been impaired.

Item 8. Compensation Plans

Not applicable

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

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

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up in the meeting with respect to the modification of any class of the Bank's securities or the issuance of authorization for of issuance of one class of the Bank's securities in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

Annex C – Brief Description of the General Nature and Scope of the Business of the Bank
Annex D – Management's Discussion and Analysis
Annex E – 2023 Audited Financial Statements

There were no disagreements with SGV & Co. on accounting and financial disclosures.

The Principal Accountants are expected to be present at the meeting and will have the opportunity to make a statement if they desire to do so. They are also expected to be available to respond to matters relating to the auditors' report on the 2023 financial statements of the Bank that may be pertinently raised during the meeting.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

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

Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken up in the meeting with respect to material acquisition or disposition of any property by the Bank.

Item 14. Restatement of Accounts

There is no action to be taken with respect to the restatement of any asset, capital, or surplus account of the Corporation.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The following are included in the Agenda for the April 19, 2024 Annual Stockholders' Meeting for the approval of the stockholders of the Corporation:

1. Approval of the Minutes of the April 24, 2023 Annual Stockholders' Meeting

   Hereunder is a summary of the salient matters discussed at the Annual Stockholders' Meeting of the Bank in 2023:

   a. The minutes of the 2022 Annual Stockholders' Meeting held on April 24, 2023 was approved;

Vote	Number of shares voted	Percent of voting shares present or represented
For	1,772,658,015	95.98%
Against	-	0.00%
Abstain	74,332,698	4.02%

   b. A report of the President on the Results of Operations for the year 2022 was presented;

   c. The 2022 Audited Financial Statements was approved;

Vote	Number of shares voted	Percent of voting shares present or represented
For	1,771,742,365	95.93%
Against	-	0.00%
Abstain	75,248,343	4.07%

   d. All legal acts, resolutions, and proceedings taken by the Board of Directors and Management in 2022 were confirmed and ratified;

Vote	Number of shares voted	Percent of voting shares present or represented
For	1,771,742,365	95.93%
Against	-	0.00%
Abstain	75,248,343	4.07%

   e. Eleven (11) Directors were elected to serve for the term 2023-2024;

Name of Director	For	Against	Abstain
Jonathan T. Gotianun	1,771,780,615	877,400	74,332,693
Josephine Gotianun-Yap	1,769,566,265	3,091,750	74,332,693

Jacqueline S. Fernandez	1,772,658,015	–	74,332,693
Joseph M. Yap	1,772,658,015	–	74,332,693
Isabelle Therese G. Yap	1,772,658,015	–	74,332,693
Francis Nathaniel C. Gotianun	1,772,658,015	–	74,332,693
Jose Maria G. Hofileña	1,771,392,015	–	74,332,693
Gregorio U. Kilayko	1,772,658,015	1,266,000	74,332,693
Armando L. Suratos	1,772,658,015	–	74,332,693
Imelda B. Capistrano	1,772,658,015	–	74,332,693
Cristina Q. Orbeta	1,772,658,015	–	74,332,693

f. SGV was appointed as External Auditor of the Bank for 2023-2024; and

Vote	Number of shares voted	Percent of voting shares present or represented
For	1,770,671	95.87%
Against	1,986,150	0.11%
Abstain	74,332,693	4.02%

A copy of the Minutes of the 2023 Annual Stockholders Meeting was uploaded in the Bank's website (Link) and attached herewith as Annex F.

2. Ratification of the Audited Financial Statements for the year ending 31st December 2023

   The Audited Financial Statements for the year ending 31st December 2023 will be included in the Definitive Information Statement.

3. Ratification of the Acts and Resolutions of the Board of Directors and Management for 2023

   A list of all legal acts, resolutions and proceedings taken by the Directors and Management will be too voluminous to be included in this report. These pertain to acts which are made in the ordinary course of business and have been subject of disclosures to the Securities and Exchange Commission ("SEC"), the Philippine Stock Exchange ("PSE") and to some extent to the Bangko Sentral ng Pilipinas ("BSP") when applicable. These actions are subjected to the annual review of the BSP and the Bank's external auditor.

4. Election of the Members of the Board of Directors to serve for 2024-2025

   Please refer to the list of nominees under Item 5 (c) – "Directors and Executive Officers - Nominee Directors" for details.

5. Appointment of External Auditor

   Please refer to the write-up on SGV & Co. under Item 7 – "Independent Public Accountants" for details.

6. Other Matters

<u>**Item 16. Matters Not Required to be Submitted**</u>

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

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

There are no matters or actions to be taken up in the meeting with respect to amendment of Charter, By-Laws, or other documents.

Item 18. Other Proposed Action

Not applicable.

Item 19. Voting Procedures

In accordance with Sections 22 and 26 of The Revised Corporation Code (R.A. 11232), Section 15 of The General Banking Law (R.A. No. 8791), Section 38 of The Securities Regulation Code, Section 38.1 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, Section X132 and X138 of the Manual of Regulations for Banks and relevant circulars or memoranda, the Bank's Nominations and Corporate Governance Committees adopted rules governing the nomination and election of directors. The rules pertinently state that the nomination forms shall be submitted to any of the members of the Committees or to the Corporate Secretary. The rules likewise state that the Committees shall pre-screen the qualifications of the nominees and prepare a final list of candidates, indicating the nominees for independent directors.

As to the manner of voting, paragraph 2, Section 2, Article II of the Bank's By-Laws provides that during the annual meeting, the stockholders shall elect the members of the Board of Directors and may transact such other business and or consider such other matters about which they have been given prior notice before such meeting. Section 9 Article III of the By-Laws states that each stockholder entitled to vote in a meeting of stockholder may vote by proxy. For this purpose, the proxy instrument must be duly notarized as presented to the Corporate Secretary for inspection and record prior to the opening of said meeting.

Following Section 23 of The Revised Corporation Code, a stockholder entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the Bank at the time fixed in the bylaws or where the bylaws are silent, at the time of the election. The said stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit: Provided, That the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the Bank multiplied by the whole number of directors to be elected.

The Corporate Secretary shall act as the election inspector at the annual stockholders' meeting and shall be authorized to count the votes to be cast.

Item 20. Participation of Stockholders by Remote Communication

In order for the Company to properly conduct validation procedures, stockholders who wish to participate in the meeting via remote communication and/or vote *in absentia* must register at https://shareholders.filinvest.com.ph/EW_SHAREHOLDERSYSTEM on or before April 5, 2024.

The detailed instructions for electronic voting *in absentia* are set forth in Annex A.

PART II.

INFORMATION REQUIRED IN A PROXY FORM

EAST WEST BANKING CORPORATION IS NOT SOLICITING PROXIES

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete, and correct. This report is signed in the City of Taguig on March 26, 2024

By:

ATTY. BENEDICTO M. VALERIO, JR.
Corporate Secretary

ANNEX A

2024 ANNUAL STOCKHOLDERS' MEETING
OF
EAST WEST BANKING CORPORATION

REQUIREMENTS AND PROCEDURE FOR ELECTRONIC VOTING *IN ABSENTIA*
AND
PARTICIPATION BY REMOTE COMMUNICATION

I. REGISTRATION

East West Banking Corporation (the "Corporation") has established a designated website in order to facilitate the registration of and voting *in absentia* by stockholders at the annual meeting, as provided under Sections 23 and 57 of the Revised Corporation Code.

a. Stockholders as of February 29, 2023 ("Stockholders") may register at the web address: https://shareholders.filinvest.com.ph/EW_SHAREHOLDERSYSTEM. The deadline for registration is April 5, 2024.

b. To register, the stockholders are required to provide the following supporting documents:
   i. For Individual Stockholders:
      1. A scanned copy of the stockholder's valid government-issued ID showing photo, signature, and personal details, preferably with residential address (in JPG format). The file size should be no larger than 2MB;
      2. A valid and active e-mail address;
      3. A valid and active contact number.
   ii. For Individual Stockholders with Joint Accounts
      1. A scanned copy of an authorization letter signed by all stockholders, identifying who among them is authorized to cast the vote for the account;
      2. A scanned copy of the authorized stockholder's valid government-issued ID showing photo, signature, and personal details, preferably with residential address (in JPG format). The file size should be no larger than 2MB;
      3. A valid and active e-mail address;
      4. A valid and active contact number.
   iii. For Individual Stockholders under Broker Accounts
      1. A broker's certification on the stockholder's number of shareholdings;
      2. A scanned copy of the stockholder's valid government-issued ID showing photo, signature, and personal details, preferably with residential address (in JPG format). The file size should be no larger than 2MB;
      3. A valid and active e-mail address;
      4. A valid and active contact number.
   iv. For Corporate Stockholders
      1. A secretary's certificate attesting to the authority of the representative to vote for, and on behalf of the corporation;
      2. A scanned copy of a valid government-issued ID of the stockholder's representative showing photo, signature, and personal details, preferably with residential address (in JPG format). The file size should be no larger than 2MB;
      3. A valid and active e-mail address of the stockholder's representative;
      4. A valid and active contact number of the stockholder's representative.

Important Note: Incomplete or inconsistent information may result in an unsuccessful registration. As a result, stockholders will not be able to access to vote electronically in absentia, but may still vote through a proxy, by submitting a duly accomplished proxy form on or before April 12, 2024.

c. After registration, the Company, together with its stock transfer agent, Stock Transfer Service, Inc. (STSI) will conduct the validation process. Upon validation, the Company will send an email to the stockholder, which shall be sent to the email address of the stockholder indicated in the registration form, containing instructions for voting *in absentia* and remote attendance for the meeting.

II. ELECTRONIC VOTING *IN ABSENTIA*

a. Registered stockholders have until April 12, 2024, 11:59 PM (Philippine time) to cast their votes *in absentia*.

b. All agenda items indicated in the Notice of Meeting will be set out in the digital absentee ballot and the registered stockholder may vote as follows:
   i. For items other than the election of directors, the registered stockholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the stockholder's shares.
   ii. For the election of directors, the registered stockholder has the option to:
      1. Distribute his votes equally among all the candidates;
      2. Abstain;
      3. Cast such number of votes for each nominee as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. Should the votes cast by the stockholder exceed the number of votes he is entitled to, the votes for each nominee shall be reduced in equal proportion, rounded down to the nearest whole number. Any balance shall be considered abstained.

Once voting on the agenda items is finished, the registered stockholder can proceed to submit the accomplished ballot by clicking the "Submit" button.

c. The Office of the Corporate Secretary of the Company, with the assistance of representatives of the Company's stock transfer agent, Stock Transfer Service, Inc. (STSI), will count and tabulate the votes cast *in absentia* together with the votes cast by proxy.

d. During the meeting, the Corporate Secretary shall report the votes received and inform the stockholders if the particular agenda item is carried or disapproved. The total number of votes cast for each item for approval and/or ratification under the agenda will be shown on the screen.

III. PARTICIPATION BY REMOTE COMMUNICATION

a. Prior to the meeting, the Company will send email instructions to those stockholders who have successfully registered, which shall be sent to the email address of the stockholder indicated in the registration form, on how they can attend the meeting through remote communication and have access to the livestream of the meeting.

b. Only those stockholders who successfully registered in the stockholder registration system, together with the stockholders who voted *in absentia* or by proxy, will be included in determining the existence of a quorum.

c. Stockholders may send any questions and/or comments relating to the agenda on or before April 12, 2024 to EW-ASM@eastwestbanker.com. Questions or comments received on or before April 12, 2024 may be responded to during the meeting. Any questions not answered during the meeting may be answered via email.

d. Stockholders who register and vote on the website for voting *in absentia* are hereby deemed to have given their consent to the collection, use, storing, disclosure, transfer, sharing and general processing of their personal data by the Company and by any other relevant third party for the purpose of electronic voting *in absentia* for the Annual Stockholders' Meeting and for all other purposes for which the stockholder can cast his/her/its vote as a stockholder of the Company. The Bank ensures the integrity and secrecy of voting in absentia and its stockholders in accordance with the Bank's Data Privacy Policies.

For any clarifications, please contact us through EW-ASM@eastwestbanker.com.

ANNEX B – CERTIFICATION ON QUALIFICATION OF INDEPENDENT DIRECTORS

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Armando L. Suratos, Filipino, of legal age and a resident of 38 Havana St. BF Homes Paranaque City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of East West Banking Corporation and have been its independent director since 2021.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Philippine Life Financial Assurance Corp.	Independent Director	since October 2018
Supervisory Committee, ABF Philippine Bond Index Fund	Chairman	since October 2017
Mary Johnston College of Nursing Scholarship Foundation Inc.	Vice Chairman	since July 2021
Kapatiran Kaunlaran Foundation, Inc.	Vice Chairman	since April 2012
Resources for the Blind, Inc.	Vice Chairman	since May 2022
Maestro Holdings, Inc.	Director	since November 2022
ELSAL Ventures OPC	Member, Advisory Board	since September 2022

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of East West Banking Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of East West Banking Corporation and its subsidiaries other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation, or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. (For those in government service/affiliated with a government agency or GOCC) I have the required permission from the Not Applicable to be an independent director in ____________________________, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.

8. I shall inform the Corporate Secretary of East West Banking Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this __________ day of MAR 0 1 2024, at Makati City.

ARMANDO L. SURATOS
Affiant

SUBSCRIBED AND SWORN to before me this ______ day of MAR 0 1 2024 at Makati City, affiant personally appeared before me and exhibited to me his/her Driver's License No. N10-77-000767 with the expiration date December 5, 2032.

LOURDES A. ONA
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-034 until December 31, 2025
MCLE Compliance No. VII-0025815 valid until April 14, 2025
Office Address: 42nd flr., PBCOM Tower, 6795 Ayala Ave. cor. V.A. Rufino St., Makati City
Roll No. 38097/IBP Lifetime No. 02701/PTR No. 10083593, January 8, 2024, Makati City

Doc. No. 2;
Page No. 1;
Book No. VII;
Series of 2024;

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Cristina Que Orbeta**, Filipino, of legal age and a resident of 442 Calbayog St. Barangay Highway Hills Mandaluyong City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of East West Banking Corporation and have been its independent director since 2022.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
World Bank	Consultant	Since 2017
PGA Sompo Insurance Corporation	Independent Director	June 15, 2023

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of East West Banking Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of East West Banking Corporation and its subsidiaries other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.

7. I shall inform the Corporate Secretary of East West Banking Corporation of any changes in the abovementioned information within five days from its occurrence.

8. I shall inform the Corporate Secretary of East West Banking Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this ___________ day of MAR 01 2024, at Makati City.

CRISTINA Q. ORBETA
Affiant

SUBSCRIBED AND SWORN to before me this _______ day of MAR 01 2024 at Makati City, affiant personally appeared before me and exhibited to me his/her Passport No. P9802575A issued at DFA NCR East on 04 December 2018.

LOURDES A. ONA
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-034 until December 31, 2025
MCLE Compliance No. VII-0025815 valid until April 14, 2025
Office Address: 42nd flr., PBCOM Tower, 6795 Ayala Ave. cor. V.A. Rufino St., Makati City
Roll No. 38397/IBP Lifetime No. 02701/PTR No. 10083593, January 8, 2024, Makati City

Doc. No. 4;
Page No. 1;
Book No. VII;
Series of 2024;

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Gregorio U. Kilayko, Filipino, of legal age and a resident of #119 San Enrique St., Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of East West Banking Corporation and have been its independent director since 2019.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
PhilEquity Funds	Independent Director	2013
East West Ageas Life Insurance Corporation	Independent Director	2021

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of East West Banking Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of East West Banking Corporation and its subsidiaries other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation, or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. (For those in government service/affiliated with a government agency or GOCC) I have the required permission from the Not Applicable to be an independent director in ______________________, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.

8. I shall inform the Corporate Secretary of East West Banking Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this __________ day of _____________, at ______________________.

GREGORIO U. KILAYKO
Affiant

SUBSCRIBED AND SWORN to before me this _______ day of _______________ at ___________________, affiant personally appeared before me and exhibited to me his/her Passport ID No. P9445903A issued at DFA NCR SOUTH on 07 November 2018.

Doc. No. __________;
Page No. __________;
Book No. _________;
Series of __________;

SECRETARY'S CERTIFICATE

The undersigned, **BENEDICTO M. VALERIO, JR.**, of legal age, Filipino, Corporate Secretary of East West Banking Corporation duly certifies that Director Gregorio U. Kilayko approved the Certification of Independent Director electronically done since he is out of the country. Director Kilayko is currently in Canada. In the meantime, we are constrained to submit a Director's certification containing his electronic signature.

IN WITNESS WHEREOF, the undersigned has signed this Certificate this MAR 0 1 2024 at Makati City, Philippines.

ATTY. BENEDICTO M. VALERIO, JR.
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SUBSCRIBED AND SWORN to before me in Makati City, this MAR 0 1 2024, by Atty. Benedicto M. Valerio, Jr., personally known to me, who is the same person who personally signed before me the foregoing affidavit and acknowledged that he executed the same.

LOURDES A. ONA
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-034 until December 31, 2025
MCLE Compliance No. VII-0025815 valid until April 14, 2025
Office Address: 42nd flr., PBCOM Tower, 6795 Ayala Ave. cor. V.A. Rufino St., Makati City
Roll No. 36397/IBP Lifetime No. 02701/PTR No. 10083593, January 8, 2024, Makati City

Doc. No. 1;
Page No. 1;
Book No. VII;
Series of 2024.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Imelda B. Capistrano**, Filipino, of legal age and a resident of 32 Sta. Ana Magallanes Village Magallanes Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of East West Banking Corporation and have been its independent director since 2022.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
N/A	N/A	N/A

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of East West Banking Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of East West Banking Corporation and its subsidiaries other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation, or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. (For those in government service/affiliated with a government agency or GOCC) I have the required permission from the Not Applicable to be an independent director in ____________________________, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.

8. I shall inform the Corporate Secretary of East West Banking Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this ___________ day of MAR 0 1 2024, at Makati City.

IMELDA B. CAPISTRANO
Affiant

SUBSCRIBED AND SWORN to before me this _______ day of MAR 0 1 2024 at Makati City, affiant personally appeared before me and exhibited to me his/her Passport No. P6034630A issued at DFA Manila on 15 February 2018.

LOURDES A. OMA
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-034 until December 31, 2025
MCLE Compliance No. VII-0025815 valid until April 14, 2025
Office Address: 42nd flr., PBCOM Tower, 6795 Ayala Ave. cor. V.A. Rufino St., Makati City
Roll No. 38397/IBP Lifetime No. 02701/PTR No. 10083593, January 8, 2024, Makati City

Doc. No. 500;
Page No. 100;
Book No. VI;
Series of 2024;

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Jose Maria G. Hofileña , Filipino, of legal age and a resident of Edades Tower 18 Amorsolo Drive Rockwell Center Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of East West Banking Corporation and have been its independent director since 2019.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Ateneo De Manila University School of Law	Dean	since 2018
Philippine Association of Law Schools	Board of Trustees	since 2019

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of East West Banking Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of East West Banking Corporation and its subsidiaries other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation, or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. (For those in government service/affiliated with a government agency or GOCC) I have the required permission from the Not Applicable to be an independent director in ____________________, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.

8. I shall inform the Corporate Secretary of East West Banking Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this __________ day of MAR 0 1 2024, at Makati City.

JOSE MARIA G. HOFILEÑA
Affiant

SUBSCRIBED AND SWORN to before me this ______ day of MAR 0 1 2024 at Makati City, affiant personally appeared before me and exhibited to me his/her Passport ID No. P0313880B issued at DFA NCR NORTHEAST on 19 January 2019.

Doc. No. __________;
Page No. __________;
Book No. _________;
Series of __________;

LOURDES A. ONA
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-034 until December 31, 2025
MCLE Compliance No. VII-0025815 valid until April 14, 2025
Office Address: 42nd flr., PBCOM Tower, 6795 Ayala Ave. cor. V.A. Rufino St., Makati City
Roll No. 38397/IBP Lifetime No. 02701/PTR No. 10083593, January 8, 2024, Makati City

CERTIFICATION

The undersigned, **BENEDICTO M. VALERIO, JR.,** of legal age, Filipino and residing at No. 103 Narra Street Ayala Alabang Village, Muntinlupa City, after being duly sworn, hereby deposes and states, That:

1. He is the Corporate Secretary of **East West Banking Corporation** (the **"Bank")**, a corporation duly organized and existing under and by virtue of Philippine Laws with principal office address at the 5th floor, The Beaufort Tower, 5th avenue cor. 23rd Streets, Bonifacio Global City, Taguig City;

2. Based on the records of the Bank, none of its Incumbent Directors and Executive Officers are connected and/or are working in the government, to wit:

(a) Incumbent Directors (11)	(b) Executive Officers (21)
JONATHAN T. GOTIANUN	JERRY G. NGO (CEO)
LOURDES JOSEPHINE GOTIANUN-YAP	JACQUELINE S. FERNANDEZ ((PRESIDENT)
JACQUELINE S. FERNANDEZ	RAFAEL S. ALGARRA, JR.
ISABELLE THERESE G. YAP	GERARDO SUSMERANO
JOSEPH DEL MAR YAP	LAWRENCE L. LEE
RHODA A. HUANG	ZENAIDA A. ONG
JOSE MARIA G. HOFILEÑA	CECILIO FREDERICK M. PUSAG
GREGORIO U. KILAYKO	JUAN ALFONSO D. SUAREZ
ARMANDO L. SURATOS	IVY B. UY
IMELDA B. CAPISTRANO	DANIEL L. ANG TAN CHAI
CRISTINA QUE ORBETA	RENATO P. PERALTA
	JOSEPH GERARD D. TIAMSON
	AYLWIN HERMINIA P. TAMAYO
	RICHARD CHESTER C. TAMAYO
	ANNALIZA G. TAN-CIMAFRANCA
	MYLENE C. SUBIDO
	SALVADOR R. SERRANO
	NORMAN MARTIN C. REYES
	GRACE N. ANG
	AMY BELEN R. DIO
	EMMA B. CO

Atty. Benedicto M. Valerio Jr.
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this MAR 08 2024, affiant exhibiting to me his Passport No. P0258129B issued at DFA NCR SOUTH on January 16, 2019.

Doc. No. 423;
Page No. 85;
Book No. VI;
Series of 2024.

LOURDES A. ORA
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-034 until December 31, 2025
MCLE Compliance No. VII-0025615 valid until April 14, 2025
Office Address: 42nd flr., PBCOM Tower, 6795 Ayala Ave. cor. V.A. Rufino St., Makati City
Roll No. 38397/IBP Lifetime No. 02701/PTR No. 10083593, January 8, 2024, Makati City

ANNEX C – Brief Description of the General Nature and Scope of the Business of the Bank

Overview of the Bank

East West Banking Corporation (the "Bank", "EW") is a universal bank in the Philippines that provides a wide array of products and services catering to the financial needs of consumers, middle market corporates, and the mass affluent. Through its vast network of stores nationwide, it offers a wide range of banking products and services, as well as allied financial services: non-life insurance brokerage, bancassurance, and leasing.

EW was registered with the Securities and Exchange Commission ("SEC") as a domestic corporation on March 22, 1994 and was granted authority by the Bangko Sentral ng Pilipinas ("BSP") to operate as a commercial bank under Monetary Board Resolution No. 101 dated July 6, 1994, and commenced operations on July 8, 1994. EastWest was also granted authority by the BSP to operate an expanded foreign currency deposit unit under MB Resolution No. 832 dated August 31, 1994. On July 26, 2012, the Bank received the approval of the BSP to operate as a universal bank under Monetary Board Resolution No. 1696 dated 25 November 2010. EastWest's ultimate parent company is A.L. Gotianun, Inc. EastWest's head office is located at The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City. On July 26, 2012, the BSP granted the Bank the authority to operate as a universal bank under Monetary Board Resolution No. 1696 dated November 25, 2010.

EW has been listed on the Philippine Stock Exchange ("PSE") since May 7, 2012. Its market capitalization as of December 31, 2023, was ₱19.2 billion. EW is approximately 77.9% owned by Filinvest Development Corporation ("FDC"). FDC is the listed holding company of the Filinvest Group, one of the largest conglomerates in the Philippines with interests in banking, real estate, hospitality and tourism, power generation and sugar. EW is a majority-owned subsidiary of FDC, incorporated on April 27, 1973, FDC started out as a consumer finance and banking business established by FDC's patriarch, Andrew L. Gotianun, Sr.

On 19 August 2011, EastWest entered into a deed of assignment for the purchase of majority of the outstanding shares and control of Green Bank (A Rural Bank), Inc. ("GBI"). Consequently, GBI became a subsidiary of EastWest. The GBI acquisition enabled EastWest to significantly expand its branch network by adding 46 branches.

On 15 June 2012, the BSP Monetary Board approved the application of EastWest to acquire up to 100.0% of the outstanding shares of Finman Rural Bank, Inc. ("FRBI"), subject to certain conditions, a rural bank engaged in the business of extending credit to farmers, tenants, and rural enterprises. EW subsequently increased its ownership in FRBI to 100.0% through additional share acquisitions and capital contributions in 2012 and 2013. In May 2013, FRBI changed its name to East West Rural Bank, Inc. ("EWRB") and entered into an asset purchase agreement with GBI, effectively consolidating all of the Bank's rural banking business in EWRB.

In May 2013, EWRB and GBI entered into an asset purchase agreement with assumption of liabilities, in which EWRB will acquire selected loan portfolio, licenses for GBI's branches, and various assets necessary for branch business and operations, as well as assume the deposits and other liabilities incidental to the branch business and operations. The transfer of these assets and liabilities took effect on 31 October 2013.

On 17 February 2014, the SEC approved the application of EastWest to change its registration from a Government Securities Eligible Dealer (with Broker/Dealer of securities functions) to an Underwriter of Securities Engaged in Dealing Government Securities (with Broker/Dealer of securities functions), in accordance with the Securities Regulation Code and its implementing rules, as well as, other pertinent laws, rules and regulations applicable, with validity until 31 December 2018.

On March 28 and June 5, 2014, the BSP and the SEC respectively, approved the proposed merger between EW and GBI. On July 31, 2014, the merger between EW and GBI was completed.

On January 29, 2015, the BOD approved the common shares rights offering, subsequently, the BOD approved the application of the bank to list up to 371,574,000 common shares with par value of ₱10 per share to cover its stock rights offering. On May 8, 2015, a total of 371,574,000 common shares were listed at the PSE with ₱10 par value per share. The total proceeds raised by the Bank from the sale of the said shares amounted to P8.0 billion while the net proceeds (after deduction of direct costs related to equity issuance) amounted to ₱7.9 billion.

On May 18, 2015, the BSP approved EastWest's initial equity investment amounting to ₱30.0 million in East West Brokerage, Inc. ("EWIB"), a proposed wholly owned insurance Brokerage insurance company of EastWest. EWIB was registered with the SEC on July 6, 2015.

On September 21, 2015, the BSP approved the request of the Bank for initial equity investment amounting to ₱500.0 million in East West Ageas Life Insurance Corporation ("EWAL"), a proposed joint venture with Ageas Insurance International N.V. The joint venture company, EWAL, shall be primarily engaged in life insurance business. EWAL was registered with the SEC on October 20, 2015.

On May 6, 2016, EW entered into an asset and share transfer agreement with Standard Chartered Bank ("SCB") and SCMB Overseas Limited for the acquisition of SCB Philippines' retail banking business (including all of SCB Philippines' three branches) and the transfer of 100.0% ownership of the entities, namely: QMIS and ASIA. The acquisition was approved by the BSP on August 8, 2016. On November 25, 2016, after satisfying all the conditions under the asset and share transfer agreement, the transfer of assets and liabilities was completed.

In 2016, the BSP approved and confirmed the initial equity investment in East West Leasing and Finance Corporation ("EWLF") of ₱100.0 million. It was registered with the SEC in October 2016 with secondary license to operate as a financing company in accordance with the Financing Company Act of 1998 and its implementing rules and regulations. The principal place of business of EWLFC is at East West Corporate Center, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

On July 13, 2017, the BOD approved the following: (1) the Bank's increase in authorized capital stock from ₱20.0 billion to ₱50.0 billion and (2) the subsequent declaration of a 50% Stock Dividend or 750,000,000 common shares to cover the minimum required subscription and payment for the said increase in authorized capital stock. On April 16, 2018, a total of 749,991,801 common shares were listed at the PSE.

On June 19, 2019, the Philippine Competition Commission ("PCC") approved the Bank's purchase of the dealer-generated auto-lending portfolio held by Philippine Bank of Communications ("PBCom").

Principal Products and Services

EastWest Bank presents a comprehensive range of deposit products consisting primarily of Peso demand, savings, and time deposits. The Bank extends offerings in U.S. dollar and other foreign currency savings and time deposits. In terms of loans, the Bank provides a spectrum of options, ranging from consumer loans—covering auto, mortgage, and personal needs—to corporate loans. Furthermore, the Bank furnishes various payment solutions, including debit, prepaid, and credit cards.

EastWest further enhances its services through a suite of electronic platforms, catering to both individual and corporate clients. These include internet banking, mobile banking, phone banking, and ATMs, ensuring convenient access and seamless transactions.

Below lists out the various products and services of EastWest:

Deposit Products and Related Services

Savings Accounts: Super Saver, Save & Pawtect, Passbook Savings, Regular Savings, Kiddie Savings
Checking Accounts: Cheque Max, Regular Checking, Super Saver Checking (upcoming)
Time Deposit Accounts: Peso Time Deposit, Long Term Time Deposit, Online Peso Time Deposit.
USD and 3rd Currency Accounts: US Dollar Super Saver, US Dollar Savings, US Dollar Time Deposit, Online Dollar Time Deposit, Chinese Yuan Savings and Time Deposit, Euro Savings and Time Deposit, Japanese Yen Savings and Time Deposit, Singapore Dollar Savings and Time Deposit, Australian Dollar Savings and Time Deposit, British Pound Savings, Hongkong Dollar Savings, New Zealand Dollar Savings
Debit and Prepaid Cards: Classic Debit Card, Priority Platinum Debit Card, General Purpose Prepaid Card, Personal Loan Prepaid Card, Travel Money Card

Consumer Loans and Related Services

Auto Loan: Auto Loan, Fleet Financing, Refinancing
Home Loan: Top-Up Loan, Home Equity, Home Construct, Reimbursement, Home Acquire/ Condo Acquire, Lot Acquire
Personal Loan

Credit Cards

Elite Credit Cards: EastWest Priority Visa Infinite, EastWest Platinum Mastercard, EastWest Visa Platinum, EastWest JCB Platinum
Core Credit Cards: EastWest EveryDay Titanium Mastercard, EastWest Dolce Vita Titanium Mastercard, EastWest Visa Classic and Gold, EastWest JCB Gold, EastWest Practical Mastercard
Co-brand and Affinity Cards: EastWest Singapore Airlines KrisFlyer World Mastercard, EastWest Singapore Airlines KrisFlyer Platinum Mastercard

Investment Banking

Securities Underwriting
Financial Advisory

Corporate Credit Facilities

Working Capital Loans and Facilities: Short Term Loan, Revolving Promissory Note Facility, Trade Check Discounting Facility
Floor Stock Financing: Floor Stock Facility
Trade Finance: Import and Domestic Letters of Credit, Document Against Payment, Documents Against Acceptance and Open Account, Trust Receipt Loan, Export Advance Facility, Export Bills Purchase
Guarantees: Foreign and Domestic Standby Letters of Credit (SLBC), Bank Guarantees, Committed Credit Line
Bills Purchase: Domestic Bills Purchase Line, Foreign Bills Purchase Line
Term Financing: Long Term Loans, Project Financing

Hedging Products

Foreign Exchange: Spot, Forwards, Swaps

Investment Products

Fixed Income: Peso Government and Corporate Securities, USD-denominated Government and Corporate Securities

Trust Products

Corporate Solutions: Employee Benefit Trust/Retirement Account, Fund Management

Wealth Management: Personal Management Trust, Investment Management Account (Equities and Fixed Income/Bond Investments)
Investment Funds: EW Peso Money Market Fund, EW Peso Intermediate Term Bond Fund, EW Peso Long Term Bond Fund, EW Dollar Intermediate Term Bond Fund, EW PSEi Tracker Fund, EW PhilEquity Feeder Fund, EW S&P 500 Index Feeder Fund
Other Fiduciary: Escrow Agency

<u>Cash Management Services</u>
Collection Services: Auto Debit Arrangement, Bills Collect, Check Deposit Pick-up, Check Warehousing, Payment Gateway, Cash Vault
Disbursement Services: Check-writing, Electronic Invoice Payment & Presentment, Bulk Intra Bank and Inter Bank Funds Transfer, Corporate Bills Payment
Liquidity Management Services: Account Sweeping, Reverse Account Sweeping
Payroll Services: Payroll Crediting, Payroll System with HRIS (Human Resource Information System)
Other Services: Government Payments, Electronic Invoice Presentment and Payment (EIPP), Inventory Management System (IMS)

<u>Small and Medium Enterprise Banking / Business Loans</u>
Revolving Credit Facility
Term Loans
Omnibus Line
Promissory Note Line (PNL)
Trade Checks Discounting Line (TCDL)/Receivables Purchase Line
Export Advance Loan Line
Letters of Credit (Import/Domestic)
Standby Letter of Credit (Foreign/Domestic)
Trust Receipt Line
Domestic Bills Purchase
Export Bills Purchase

Distribution Network
EastWest's products and services are made available across multiple distribution and delivery channels. As of December 31, 2023, EastWest has a total of 393 branches, with 220 of these branches in Metro Manila. For the rest of the country, the Bank has 93 branches in other parts of Luzon, 41 branches in Visayas, and 39 branches in Mindanao. ATM network is at 584, composed of 399 on-site ATMs and 185 off-site ATMs.

The Bank's subsidiary rural bank has a total of 76 branches and 22 branch lites bringing the group branch store network total to 491.

Employees

As at December 31, 2023, EastWest had 6,559 full-time employees compared to 5,878 in 2022. The following table categorizes EastWest's full-time employees rank, as of December 31, 2023 and 2022:

	2023	2022
Executives	305	277
Managers	2,769	2,438
Rank and File	3,485	3,072
Total	**5,787**	**5,787**

The subsidiaries have 1,623 officers/staff, bringing the combined manpower of 8,182.

There is no existing collective bargaining agreement between EastWest and any of its employees, and EastWest's employees are not part of any labor union.

Market Information
The Company will not issue any security other than Common Shares.

The common shares of EastWest have been listed on the PSE on May 7, 2012 under the ticker "EW". The table below shows the high and low prices of EastWest shares transacted at the PSE since 2019:

Year Ended December 31, 2023	High	Low
1st Quarter – 2023	7.02	6.99
2nd Quarter – 2023	6.93	6.79
3rd Quarter – 2023	9.49	9.00
4th Quarter – 2023	8.52	8.45

Year Ended December 31, 2022	High	Low
1st Quarter – 2022	8.47	8.40
2nd Quarter – 2022	7.03	7.00
3rd Quarter – 2022	6.17	5.90
4th Quarter – 2022	6.70	6.60

Year Ended December 31, 2021	High	Low
1st Quarter – 2021	9.78	9.68
2nd Quarter – 2021	10.44	9.98
3rd Quarter – 2021	9.06	8.92
4th Quarter – 2021	9.84	9.53

High and Low price of the Registrant's shares as of March 22, 2024 (last practicable trading day) were ₱8.98 and ₱8.85, respectively.

Holders
EastWest's top 20 shareholders as of February 29, 2024 are as follows:

Name of Stockholder	Number of Shares	Percent
1. FILINVEST DEVELOPMENT CORPORATION	900,136,017	40.01%
2. FDC FOREX CORPORATION	851,517,164	37.84%
3. PCD NOMINEE CORPORATION (FILIPINO	392,812,928	17.46%
4. PCD NOMINEE CORPORATION (NON-FILIPINO)	73,962,153	3.29%
5. F. YAP SECURITIES INC.	22,905,600	1.02%
6. CO JONATHAN DEE	1,200,000	0.05%
7. BERIT HOLDINGS CORPORATION	1,048,410	0.05%
8. ALBARRACIN TRINIDAD M. OR ALBARRACIN MARIO M.	1,000,000	0.04%
9. ALFREDO B. CATAPANG OR CARMINA P. CATAPANG	1,000,000	0.04%
10. TEH ALFONSO S.	750,000	0.03%
11. TEAM GLADIOLA INC.	745,930	0.03%
12. SUSMERANO GERARDO	750,558	0.03%
13. FERNANDEZ JACQUELINE SARMIENTO	496,455	0.03%
14. MANUEL A. SANTIAGO &/OR ELLA C. SANTIAGO	330,600	0.01%
15. HERRERA VICTORIA S.	161,000	0.01%
16. CHENG JOSHUA	150,000	0.01%
17. MIRIAM CHENG BONA ITF MARK JERICHO C. BONA	150,000	0.01%
18. GOTAUCO QUIRINO CHEONG	131,598	0.01%

19. CAROUSEL HOLDINGS INC.	119,636	0.01%
20. UY IVY B.	112,500	0.01%
TOTAL	**2,249,480,549**	**99.99%**

Total number of shareholders as of February 29, 2024 is 103, of which 86 are owning at least 100 shares.

Equity Ownership of Foreigners on Common Shares as of February 29, 2024 is as follows:

Nationality	Number of Stockholders	Number of Shares	% Percent
Filipino	99	2,175,963,907	96.71%
Foreign	3	73,971,004	3.29%
Indian	1	40,500	0.00%
Total	**103**	**2,249,975,411**	**100.00%**

Free Float Level

Based on the Public Ownership Report of the Bank as of December 31, 2023, 19.19% of the total outstanding shares are owned by the public.

Recent Sale of Unregistered Securities

There were no recent sales of unregistered or exempt securities, including issuance of securities constituting an exempt transaction.

Declaration of Dividends

Dividends may be declared from the surplus profits arising from the business of the Bank at such time and in such percentage as the Board of Directors may deem proper. No dividends may be declared that will impair the Bank's capital below regulatory prescriptions. Stock dividends shall be declared in accordance with the law. The Board in principle, has set 20% to 30% of earnings will be declared as dividends. This policy has been put on hold in the meantime that the Bank is in a 'full speed' growth plan. The decision was made in lieu of making a capital call.

The Board of Directors of the Bank, in its special meeting on April 24, 2023, approved the declaration of cash dividends amounting to ₱0.41 per share or around ₱925 million to stockholders on record as of May 12, 2023. The dividends were paid on May 31, 2023.

The Board of Directors of the Bank, in its special meeting on April 22, 2022, approved the declaration of cash dividends amounting to ₱0.40 per share or around ₱900 million to stockholders on record as of May 11, 2022. The dividends were paid on May 31, 2022.

No dividends were declared and paid by the Bank in 2021.

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

The Bank is guided by the Board approved Manual on Corporate Governance which is the framework of rules, systems, and process that governs the performance of the Board of Directors and Management in the performance of their duties and responsibilities. The Manual on Corporate Governance outlines the Board governance processes which defines, among others, the corporate governance, board of directors, nomination and election, meetings, and quorum requirements. The Manual also enumerates the duties expected from the Board members, Board committees, and key officers and employees. It also features a disclosure system which highlights adherence to the principles of transparency, accountability, and fairness.

Evaluation System and Compliance

Each Board Committee regularly reports to the Board of Directors. On an annual basis, the Bank also accomplishes and submits to the SEC the Integrated Annual Corporate Governance Report (I-ACGR) to determine extent of compliance with the recommendations provided under the Code of Corporate Governance for Publicly Listed Companies.

In addition to the examination mandated by law or regulation, the corporate governance process is also subjected to the review of Internal Audit Division of the Bank. Review was primarily focused on the execution of BOD's governance responsibilities, appropriateness of BOD and Board-level committees' structure and composition, soundness of existing Board processes (e.g., board meetings and attendance, board diversity, board appointments and re-election, and remuneration matters), adherence to disclosure and transparency requirements, adequacy of internal control system and risk management framework, and active promotion and protection of stakeholders' rights.

The Chief Compliance Officer is tasked with the formulation of specific measures to determine the level of compliance with the Corporate Governance Manual by the Board members, officers, and employees. There has been no deviation from the Manual on Corporate Governance standards as of the date of this Report. Any violation of the Bank's Corporate Governance Manual shall be subjected to the provisions of the Bank's Code of Discipline and Ethics.

Training and Continuing Education

The Bank held the annual Corporate Governance Seminar on December 6, 2023 conducted by Institute of Corporate Directors as part of EWBC's initiative to have a competent Board of Directors and Senior Management effectively instilling a clear strategy in protecting the rights of its stakeholders at the same time operating the business profitably. The seminar focused on board governance, strategy and cultural change related to digital transformation for digital disruption-ready Board, strategic IT governance to align IT processes with business strategies, and managing risks arising from innovative and disruptive business trends, and overview on money-laundering and consequences, implications of technology, role of the board in AML compliance, and latest laws in AML in the Philippines and abroad.

Board Committees

To support the effective performance of the Board's functions and fulfill the principles of good corporate governance, the Board created each of the following committees and appointed Board members thereto.

Executive Committee

The Executive Committee is empowered to direct the business of the Bank vested by law in the Board of Directors insofar as such powers and authority may be lawfully delegated to the Executive Committee, including the power to review and approve proposals and transactions related to credit in amounts within the limits of its delegated authority.

The Executive Committee shall have five (5) regular members that meets weekly or as often as it may be necessary to address all matters referred to it. In 2022, twenty-nine (29) regular meetings were conducted and attended by at least a majority of the Committee members.

Name	Role	Meetings attended	% Present
Jonathan T. Gotianun	Chairman	28	97%
Antonio C. Moncupa Jr.	Member	28	97%
Josephine Gotianun-Yap	Member	27	93%
Isabelle Therese G. Yap	Member	26	90%
Jacqueline S. Fernandez	Member	24	83%
Total Meetings Held		**29**	

Corporate Governance and Compliance Committee (CGCC)

The Corporate Governance and Compliance Committee leads the Bank and assists the Board of Directors in defining and fulfilling the corporate governance policies and attaining best practices while overseeing the implementation of compliance program, money laundering prevention program and ensuring that regulatory compliance issues are resolved expeditiously. In addition to its governance role, the CGCC also assumes the nomination function whereby it reviews and evaluates the qualifications of all persons nominated to the Board, all direct reports of the CEO and the President, regardless of rank, heads of Governance Units and other positions of the Bank requiring appointment by the Board of Directors. The Committee oversees the annual performance evaluation of the Board, its committees, and individual directors in accordance with the Corporate Governance Manual.

The Committee, composed of four (4) members of the Board of Directors, three of whom are independent directors, including the Chairperson, meets every month or when necessary. In 2023, thirteen (13) meetings (regular and special) were conducted and attended by Committee members.

Directors	Role	Meetings Attended	% Present
Cristina Que-Orbeta	Chairman	13	100%
Armando Suratos	Member	13	100%
Jose Maria Hofileña	Member	13	100%
Jonathan T. Gotianun	Member	12	92%
Total Meetings Held: 13			

Related Party Transaction Committee (RPT Committee)

The RPT Committee assists the Board in ensuring that transactions with related parties of the Bank are handled in a sound and prudent manner, with integrity and in compliance with the applicable laws and regulations to protect the interest of depositors, creditors, and other stakeholders. It also ensures that related party transactions are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged by such transactions.

The RPT Committee, composed of three (3) members of the Board of Directors, two of whom are independent directors, including the Chairperson, meets every other month or when necessary. In 2023, ten (10) meetings (regular and special) were conducted and attended by Committee members.

Directors	Role	Meetings Attended	% Present
Jose Maria G. Hofilena	Chairman	10	100%
Jonathan T. Gotianun	Member	10	100%
Imelda B. Capistrano	Member	10	100%
Total Meetings Held: 10			

Audit Committee

The Audit Committee assists the Board of Directors in overseeing the Bank's financial reporting process, system of internal controls and the process for monitoring compliance with laws and regulations and the code of conduct. It also provides reasonable assurance to the Board on the overall management of risks of the Bank. It is responsible for setting up the Internal Audit, and for appointing the Chief Audit Executive and an independent external auditor who both report to the Audit Committee. It monitors and evaluates the effectiveness and accuracy of the internal control system established throughout the Bank, through the Internal Audit.

The Internal Audit provides independent, objective assurance and consulting services designed to add value and improve the Bank's operations. It helps the organization accomplish its objectives by bringing a systematic, disciplined approach in evaluating and improving the effectiveness of risk management, internal control, and governance processes. It functionally reports to the Audit Committee and administratively to the Chief Executive Officer. Internal Audit is independent to the Bank's other organizational units of as well as of the personnel subject to audit.

The Audit Committee, which consists of five (5) members, four of whom are independent directors, including the Chairman, meets once a month. In 2023, the Audit Committee had twelve (12) regular meetings an executive session with the external auditor, and a separate meeting with the heads of the governance units, namely Internal Audit, Compliance and Risk Management, without any executive director or senior management present. These meetings were attended by all of the Committee members, including the Chairman.

Name	Role	Meetings attended	% Present
Gregorio U. Kilayko	Chairman	12	100%
Jose Maria G. Hofileña	Member	12	100%
Josephine Gotianun-Yap	Member	12	100%
Armando L. Suratos	Member	12	100%
Cristina Q. Orbeta	Member	12	100%
Total Meetings Held		**12**	

Risk Management Committee

The Risk Management Committee (RMC) assists the Board in fulfilling its responsibilities in managing the Bank's risk-taking activities. The RMC reviews principles, policies, strategies, processes, and control frameworks pertaining to risk management. It also recommends to the Board any necessary modifications or amendments to strategies and policies relative to risk management. Its functions include identifying and evaluating the Bank's risk exposures, estimating its impact to the organization and assessing the magnitude, direction and distribution of risks across the Bank, which it uses as basis in determining risk tolerances that it subsequently recommends to the Board for approval. RMC reports to the Board the overall risk exposures as well as the effectiveness of its risk management practices and processes while recommending further policy revisions when necessary. Members of the Committee possess adequate knowledge and understanding of the institution's risk exposures and expertise in developing appropriate risk policies and strategies.

The Risk Management Committee, which meets every month is composed of three (3) independent directors, including the Chairperson. In 2023, twelve (12) regular meetings were conducted and attended by the Committee members.

Name	Role	Meetings attended	% Present
Armando L. Suratos	Chairman*	12	100%
Gregorio U. Kilayko	Member**	12	100%
Cristina Q. Orbeta	Member***	12	100%
Total Meetings Held		**12**	

**Committee member and Chairman since April 2021*
***Chairman up to March 2021 and Committee member thereafter*
****Committee member since February 2022*

Rewards and Talent Management Committee

The Rewards and Talent Management Committee carries out responsibilities relating to the following:

a. Development and succession of key executives;
b. Compensation principles and practices;
c. Other strategic Human Resource items as the committee may deem appropriate

The Committee shall be composed of at least three (3) members of the Board of Directors with at least one (1) independent director that meets at least once a year or when necessary. In 2023, two (2) meetings was conducted and attended by all of the Committee members.

Name	Role	Meetings attended	% Present
Josephine Gotianun-Yap	Chairman	2	100%
Jonathan T. Gotianun	Member	2	100%
Jerry G. Ngo	Member	2	100%
Imelda B. Capistrano	Member	2	100%
Gregorio U. Kilayko	Member	2	100%
Total Meetings Held		2	

Trust Committee

The Trust Committee assists the Board in fulfilling its responsibilities to oversee the proper management and administration of trust and other fiduciary business. Duly constituted and authorized by the Board, the Committee acts within the sphere of authority as provided in the Bank's By-laws and/or as may be delegated by the Board. It undertakes such responsibilities but not limited to the following:

1) Ensure that fiduciary activities are conducted in accordance with applicable laws, rules and regulations, and prudent practice;
2) Ensure that policies and procedures that translate the Board's objectives and risk tolerance into prudent operating standards are in place and continue to be relevant; comprehensive and effective;
3) Oversee the implementation of the risk management framework and ensure that internal controls are in place to the fiduciary activities;
4) Adopt an appropriate organizational structure/staffing pattern and operating budgets that shall enable the trust department to effectively carry out its functions;
5) Oversee and evaluate performance of the Trust Officer;
6) Conduct regular meetings at least once a quarter, or more frequently as necessary, depending on the size and complexity of the fiduciary business; and
7) Report regularly to the Board on matters arising from fiduciary activities.

The Trust Committee is composed of five (5) members, namely the President or any senior officer of the bank, the Trust Officer and three non-executive or independent directors or those considered as qualified independent professionals, as defined under MORB. It meets once every quarter or more frequently as circumstances may warrant. In 2023, four (4) regular meetings and one (1) special meeting was conducted and attended by at least a majority of the Committee members.

Name	Role	Meetings attended	% Present
Joseph M. Yap[1]	Chairman	3[2]	75%
Jonathan T. Gotianun	Member	4	80%
Jerry G. Ngo[3]	Member	5	100%
Imelda B. Capistrano	Member	5	100%
Raul Victor M. De Guzman	Member	5	100%
Total Meetings Held		**5**	

1 Joseph M. Yap replaced Wilson L. Sy as of 24 April 2023, as approved in the Organizational Meeting of the Board of Directors Resolution No. 04-2023-02 dated 27 April 2023

2 Joseph M. Yap did not attend the March 20, 2023 regular Trust Committee Meeting since he assumed office 24 April 2023.

3 Jerry G. Ngo replaced Antonio C. Moncupa Jr.as of 24 April 2023, as approved in the Organizational Meeting of the Board of Directors Resolution No. 04-2023-02 dated 27 April 2023.

UNDERTAKING

EastWest will provide without charge its Annual Report or SEC Form 17-A to its stockholders upon receipt of a written request addressed to Atty. Benedicto M. Valerio, Jr., Corporate Secretary, at 5th Floor, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

ANNEX D – Management's Discussion and Analysis

Item 6. Management's Discussion and Analysis or Plan of Operation

Summary of Key Financials and Ratios

Statements of Financial Position
(Amounts in millions)

	December 31				Increase (Decrease) 2023 vs 2022		Increase (Decrease) 2022 vs 2021		Increase (Decrease) 2021 vs 2020	
	2023	2022	2021	2020	Amount	%	Amount	%	Amount	%
ASSETS										
Cash and Other Cash Items	₱9,370	₱8,713	₱7,706	₱8,149	₱657	7.54	₱1,007	13.07	(₱443)	(5.44)
Due from Bangko Sentral ng Pilipinas	16,172	36,114	58,842	48,893	(19,942)	(55.22)	(22,728)	(38.63)	9,950	20.35
Due from Other Banks	2,469	4,530	19,335	11,392	(2,060)	(45.49)	(14,806)	(76.57)	7,943	69.72
Interbank Loans Receivables and Securities Purchased Under Resale Agreements	16,441	10,009	17,519	17,111	6,432	64.26	(7,510)	(42.87)	408	2.38
Financial Assets at Fair Value Through Profit or Loss (FVTPL)	4,112	1,958	4,057	7,524	2,154	109.99	(2,099)	(51.73)	(3,467)	(46.08)
Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)	18,484	16,746	41,661	29,472	1,738	10.38	(24,914)	(59.80)	12,189	41.36
Investment Securities at Amortized Cost	75,401	63,546	20,815	20,900	11,855	18.66	42,731	205.28	(84)	(0.40)
Loans and Receivables	296,615	258,089	213,563	243,716	38,526	14.93	44,526	20.85	(30,154)	(12.37)
Investment in a Joint Venture	993	929	614	665	64	6.91	314	51.18	(51)	(7.64)
Property, Equipment and Right-of-Use Assets	7,164	5,600	4,422	5,090	1,564	27.94	1,178	26.63	(667)	(13.11)
Investment Properties	976	840	928	981	135	16.11	(88)	(9.46)	(53)	(5.42)
Deferred Tax Assets	4,099	3,907	4,160	5,170	192	4.92	(253)	(6.09)	(1,010)	(19.53)
Goodwill and Other Intangible Assets	6,943	6,896	6,795	6,793	47	0.68	101	1.49	2	0.04
Other Assets	4,964	3,493	4,344	2,347	1,471	42.13	(851)	(19.59)	1,997	85.06
TOTAL ASSETS	464,205	421,372	404,762	408,202	42,834	10.17	16,610	4.10	(3,440)	(0.84)
LIABILITIES AND EQUITY										
LIABILITIES										
Deposit Liabilities										
Demand	139,767	124,768	120,321	106,938	15,000	12.02	4,447	3.70	13,383	12.51
Savings	152,641	136,127	124,668	121,848	16,514	12.13	11,459	9.19	2,819	2.31
Time	64,126	65,824	69,420	87,846	(1,698)	(2.58)	(3,596)	(5.18)	(18,426)	(20.98)
Long-term Negotiable Certificates of Deposits	-	2,447	12,436	12,423	(2,447)	-100.00	(9,989)	(80.32)	13	0.11
	356,535	329,166	326,845	329,056	27,369	8.31	2,321	0.71	(2,211)	(0.67)
Bills and Acceptances Payable and Securities Sold Under Repurchase Agreements	15,404	6,761	98	3,569	8,642	127.82	6,663	6,788.90	(3,471)	(97.25)
Accrued Taxes, Interest and Other Expenses	4,638	3,479	2,975	2,947	1,159	33.31	504	16.93	28	0.95
Cashier's Checks and Demand Draft Payable	984	1,382	731	679	(397)	(28.76)	651	89.07	52	7.65
Bonds Payable	-	3,698	3,688	3,677	(3,698)	(100.00)	11	0.29	10	0.28

Subordinated Debt	-	-	1,242	1,241	-	0	(1,242)	(100.00)	1	0.10
Income Tax Payable	297	126	141	402	171	135.46	(15)	(10.65)	(261)	(64.89)
Lease Liability	6,073	4,379	3,106	3,467	1,694	38.69	1,273	40.97	(360)	(10.40)
Other Liabilities	13,099	11,345	6,586	7,681	1,754	15.46	4,759	72.26	(1,095)	(14.26)
TOTAL LIABILITIES	397,030	360,337	345,412	352,719	36,693	10.18	14,925	4.32	(7,307)	-2.07
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY										
Common Stock	22,500	22,500	22,500	22,500	-	0.00	-	0.00	-	0.00
Additional Paid-in Capital	5,065	5,065	5,065	5,065	-	0.00	-	0.00	-	0.00
Surplus Reserves	971	959	947	937	13	1.32	12	1.28	10	1.07
Surplus	40,447	35,299	31,586	27,081	5,148	14.58	3,713	11.76	4,505	16.64
Fair Value Reserves on Financial Assets at Fair Value Through Other Comprehensive Income	(1,155)	(2,140)	(139)	190	984	(45.99)	(2,001)	1441.24	(329)	- 173.09
Remeasurement Gains (Losses) on Retirement Plans	(479)	(438)	(211)	(403)	(42)	9.55	(226)	106.94	191	(47.48)
Cumulative Translation Adjustment	(173)	(211)	(397)	113	38	(17.81)	186	(46.96)	(510)	- 450.82
TOTAL EQUITY	67,175	61,035	59,350	55,483	6,141	10.06	1,685	2.84	3,867	6.97
TOTAL LIABILITIES AND EQUITY	464,205	421,372	404,762	408,202	42,834	10.17	16,610	4.10	(3,440)	(0.84)

Statements of Income

	December 31				**Increase (Decrease) 2023 vs 2022**		**Increase (Decrease) 2022 vs 2021**		**Increase (Decrease) 2021 vs 2020**	
	2023	**2022**	**2021**	**2020**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
INTEREST INCOME										
Loans and receivables	₱29,841	₱22,410	₱21,102	₱28,004	₱7,430	33.16	₱ 1,309	6.20	(6,903)	(24.65)
Financial assets at fair value through other comprehensive income and investment securities at amortized cost	4,110	3,019	1,214	1,901	1,091	36.15	1,805	148.68	(687)	(36.15)
Financial assets at fair value through profit or loss	220	164	345	498	56	34.39	(181)	(52.49)	(153)	(30.66)
Due from BSP and other banks and interbank loans receivables and securities purchased under resale agreement	390	527	592	307	(137)	(25.94)	(65)	(10.91)	285	92.71
	34,561	26,120	23,252	30,710	8,441	32.32	2,868	12.33	(7,458)	(24.29)
INTEREST EXPENSE										
Deposit liabilities	5,231	2,262	1,768	3,561	2,969	131.29	494	27.92	(1,793)	(50.35)
Bills and acceptances payable and SSURA, bonds payable, subordinated debt and other borrowings	768	293	238	407	475	162.05	55	23.15	(168)	(41.44)
Lease Liability	338	240	220	240	97	40.50	21	9.43	(20)	(8.32)
	6,337	2,795	2,226	4,207	3,542	126.71	569	25.58	(1,981)	(47.10)
NET INTEREST INCOME	28,225	23,325	21,027	26,503	4,899	21.01	2,298	10.93	(5,477)	(20.66)
OTHER INCOME										
Service charges, fees and commissions	4,769	3,781	3,726	3,711	989	26.15	55	1.48	15	0.40
Gain on sale of investment securities at amortized cost	-	-	1,850	3,675	-		(1,850)	(100.00)	(1,825)	(49.65)
Trading and securities gain (loss)	338	(396)	(841)	1,464	733	(185.39)	446	(52.98)	(2,305)	(157.47)
Foreign exchange gain	656	571	930	346	85	14.82	(359)	(38.57)	584	168.63
Loss on asset foreclosure and dacion transactions	615	(9)	(525)	(152)	624	(6,605.74)	515	(98.20)	(373)	244.97
Gain (loss) on sale of assets	183	105	(224)	21	78	73.78	329	(147.11)	(244)	(1178.17)
Trust Income	127	121	100	79	6	4.54	21	21.44	21	25.93
Miscellaneous Income	749	746	968	(2,264)	3	0.39	(222)	(22.96)	3,232	(142.76)

TOTAL OPERATING INCOME	35,660	28,244	27,010	33,383	7,416	26.26	1,234	4.57	(6,373)	(19.09)
OPERATING EXPENSES										
Compensation and fringe benefits	7,349	5,960	5,671	5,711	1,388	23.29	289	5.09	(39)	(0.69)
Provision for impairment and credit losses	7,688	4,951	4,149	9,834	2,738	55.30	801	19.31	(5,685)	(57.81)
Taxes and licenses	2,492	1,889	1,904	2,583	603	31.95	(15)	(0.79)	(679)	(26.30)
Depreciation and amortization	1,640	1,985	2,229	1,957	(345)	(17.39)	(244)	(10.93)	271	13.86
Amortization of intangible assets	200	181	168	186	18	10.04	13	7.80	(18)	(9.65)
Rent	368	258	260	91	110	42.57	(1)	(0.50)	169	186.01
Miscellaneous	8,244	6,732	6,288	5,702	1,512	22.45	445	7.07	586	10.27
TOTAL OPERATING EXPENSES	27,981	21,957	20,669	26,065	6,024	27.44	1,288	6.23	(5,396)	(20.70)
INCOME BEFORE SHARE IN NET INCOME OF SUBSIDIARIES AND JOINT VENTURE	7,679	6,287	6,341	7,319	1,392	22.14	(54)	(0.85)	(977)	(13.35)
SHARE IN NET LOSS OF A JOINT VENTURE	(152)	(229)	(236)	(301)	76	(33.37)	7	(3.16)	65	(21.47)
INCOME BEFORE INCOME TAX	7,527	6,059	6,105	7,018	1,468	24.24	(47)	-0.76	(913)	(13.01)
PROVISION FOR INCOME TAX	1,444	1,433	1,590	510	10	0.73	(157)	-9.87	1,080	211.71
NET INCOME	6,083	4,625	4,515	6,508	1,458	31.52	110	2.44	(1,993)	(30.62)
ATTRIBUTABLE TO:										
Equity holders of the Parent Company	6,083	4,625	4,515	6,508	1,458	31.52	110	2.44	(1,993)	(30.62)
NET INCOME	6,083	4,625	4,515	6,508	1,458	31.52	110	2.44	(1,993)	(30.62)

Key Financial Ratios	**31-Dec-23**	**31-Dec-22**	**31-Dec-21**	**Variance 2023 vs 2022**	**Variance 2022 vs 2021**
Return on Equity[1]	9.5%	7.7%	7.9%	1.8%	(0.2%)
Return on Assets[2]	1.4%	1.1%	1.1%	0.3%	0.0%
Net Interest Margin[3]	7.6%	7.1%	6.5%	0.5%	0.6%
Cost-to-Income Ratio[4]	56.9%	60.2%	61.2%	(3.3%)	(0.9%)
Capital Adequacy Ratio[5]	13.8%	13.8%	15.6%	0.0%	(1.8%)
Tier-1 Ratio[6]	13.0%	13.0%	14.5%	0.0%	(1.5%)

[1] *Net Income divided by average total equity*

[2] *Net Income divided by average total assets*

[3] *Net Interest Income divided by average interest-earning assets*

[4] *Operating expenses divided by net revenues*

[5] *Total qualifying capital divided by total risk-weighted assets*

[6] *Net tier-1 capital divided by total risk-weighted assets*

Financial Performance Highlights

As of December 31, 2023, and December 31, 2022 (Audited)

The Group's consolidated total assets stood at ₱464.2 billion, higher by ₱42.8 billion or 10% compared with ₱421.4 billion as of December 31, 2022. The following are major changes under assets:

Cash and Other Cash Items was higher by 8% to ₱9.4 billion mainly due to the timing of cash requirements of the stores. Due from BSP which represents 3% of total assets, decreased from ₱36.1 billion to ₱16.2 billion on the account of redeployment of excess liquidity to higher earning assets. Due from Other Banks decreased by ₱2.1 billion from ₱4.5 billion to ₱2.5 billion due to lower nostro placements in foreign currency accounts. Interbank Loans Receivable and Securities Purchased under Resale Agreements increased by 64% from ₱10.0 billion to ₱16.4 billion.

Please refer to the year-end consolidated statements of cash flows for more information on cash and cash equivalents.

Total investment securities consisting of Financial Assets at Fair Value Through Profit or Loss (FVPL), Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) and Investment Securities at Amortized cost represented 21% and 20% of the Group's total assets as of December 31, 2023 and December 31, 2022, respectively, went up by ₱15.7 billion or 19%. The increase was due to the combined growth in the portfolios of FVPL, FVOCI and Investment Securities at Amortized cost. Investment Securities at Amortized cost went up by 19% or ₱11.9 billion particularly on treasury notes and government bonds. FVOCI securities increased by ₱1.7 billion or 10% from ₱16.7 billion to ₱18.5 billion. FVPL securities increased by ₱2.2 billion or 110% from ₱2.0 billion to ₱4.1 billion. Increases for both FVOCI and FVPL were due to net purchases during the period.

Loans and Receivables, net of allowance and unearned interest and discounts, increased by 15%, from ₱258.1 billion to ₱ 296.6 billion. Loans and Receivables represented 64% of the Group's total consolidated assets.

Consumer loans was up by 24% to ₱230.4 billion driven mainly by auto loans, credit cards, teachers' loans, and personal loans. On the other hand, Corporate Banking posted a decrease of 13% to ₱59.6 billion.

Investments in a joint venture increased by ₱64.2 million from ₱929.0 million to ₱993.2 billion, due to additional capital infusion offset by the recognition of EW's share in the net loss of East West Ageas Life Insurance Corporation ("EWAL"), a joint venture between EW and EWAL. As of December 31, 2023, the Bank's ownership interest in EWAL was at 50%.

Other assets increased by 42% or ₱1.5 billion from ₱3.5 billion to ₱5.0 billion mainly from prepayments in deposit insurance and system maintenance.

The Group's consolidated total liabilities were ₱397.0 billion as of December 31, 2023, higher by ₱36.7 billion or 10% compared with December 31, 2022 balances. Major changes in liabilities are as follows:

Deposit liabilities represented 90% and 91% of the consolidated total liabilities as of December 31, 2023 and December 31, 2022, respectively, wherein, Demand and Savings deposits accounted for 82% and 79% of the Group's total deposits, respectively. Dollar deposits growth was both due to increase in volume and foreign exchange revaluation.

Bills and acceptance payables increased by 128% to ₱15.4 billion mainly from the higher volume of repo borrowings to support funding in FCDU books including purchase of FVOCI and Investment Securities at Amortized Cost.

Accrued taxes, interest, and other expenses increased by 33% to ₱4.6 billion mainly from the accrual of manpower expenses for the year because of higher headcount and increase in fringe benefits

Bonds payable pertains to 4.5% fixed-rate bonds with issue price at 100.0% face value issued on February 10, 2020. The bonds matured last February 21, 2023 with a face value of ₱3.70 billion, same with the carrying value of ₱3.70 billion reported as of December 31, 2022.

Cashier's and Manager's Checks decreased by 29% or ₱397.3 million from ₱1.4 billion to ₱1.0 billion from lower level of outstanding issued checks.

Income tax payable was at ₱297.2 million as of December 31, 2023 representing accrual for the current year which is due for remittance to BIR in April 2024.

Lease liabilities increased by 39% or ₱1.7 billion from 4.4 billion to 6.1 billion due to additional ROU set up from renewal of various lease contracts in 2023.

Other liabilities increased by 15% or ₱1.8 billion from ₱11.3 billion to ₱13.1 billion, mainly from higher outstanding checks on consumer loan releases by ₱361.4 million and VISA and Mastercard settlement by ₱80.0 million, and payable for settlements to Bancnet by ₱123.9 million.

Total equity stood at ₱67.2 billion, ₱6.1 billion higher than December 31, 2022 level of ₱61.0 billion, attributed to the net income for the year ended December 31, 2023 amounting to ₱6.1 billion coupled with higher mark-to-market gains on FVOCI by ₱985.0 million and cumulative translation adjustment by ₱37.5 million. This was partially offset by the payment of dividends amounting to ₱922.5 million.

EW declared on April 24, 2023 cash dividends amounting to ₱922.5 million. This was equivalent to Php 0.41 per share which was paid last May 31, 2023 to all stockholders of record as of May 12, 2023.

Discussion of Results of Operations

For the year ended December 31, 2023 and December 31, 2022 (Audited)

The Group registered a consolidated net income of ₱6.1 billion for the year ended December 31, 2023, 32% or ₱1.5 billion higher than the ₱4.6 billion recorded last year.

Interest income went up by ₱8.4 billion or 32%, largely attributable to higher volume of loans and receivables by ₱7.4 billion, followed by interest income on FVOCI and investment securities at amortized cost by ₱1.1 billion, interest income on FVPL securities by ₱56.4 million. The increase, however, was tempered by the decline in interest income on deposit with banks and others by ₱136.8 million.

Meanwhile, interest expense increased from interest expense on deposit liabilities by ₱3.0 billion and in interest expense on other borrowings by ₱475.1 million, both as a result of higher volume and higher cost of funding for the period. Nevertheless, net interest income improved by ₱4.9 billion or by 21%.

Non-interest income improved by 59% or ₱2.5 billion from ₱4.9 billion to ₱7.4 billion mainly from higher service fees and commission income, trading securities gain and gains from sale of foreclosed assets.

Service Fees and Commission Income increased to ₱4.8 billion, 26% higher than the ₱3.8 billion recorded last year due to higher loan-related fees and charges.

The Group reflected ₱337.8 million in trading gains as of December 31, 2023 from mark-to-market gains on FVPL versus ₱395.6 trading loss recorded last year.

The Group posted a net gain on foreclosure and sale on assets amounting to ₱797.6 million for the year ended December 31, 2023 compared to a net gain on foreclosure and sale on assets amounting to ₱95.9 million for the year ended December 31, 2022.

Operating expenses, excluding provision for impairment and credit losses, increased by 19% from ₱17.0 billion to ₱20.3 billion driven mainly by IT, manpower and higher taxes such as GRT and DST from increased transaction volume.

Compensation and Fringe Benefits amounted to ₱7.3 billion on account of higher headcount and normal annual payroll and benefit increases to compensate for inflation.

Taxes and Licenses went up by ₱603.4 million or 32% from ₱1.9 billion to ₱2.5 billion due to higher Gross Receipt Tax and Documentary Stamp Tax on account of increased volume from both loans and deposits. Depreciation and amortization expenses went down by ₱345.2 million or 17% to ₱1.6 billion for the year ended December 31, 2023 from ₱2.0 billion recorded last year, mainly due to decreased auto ROPA depreciation. Meanwhile, amortization of software costs ended at ₱ 199.6 million from ₱181.4 million last year. Rent expense was recorded at ₱368.4 million. Miscellaneous Expenses increased by ₱1.5 billion to ₱8.2 billion versus ₱6.7 billion last year.

For the year ended December 31, 2023, the Group set aside ₱7.7 billion in provision for impairment and credit losses, ₱2.7 billion higher compared to last year on account of loan portfolio growth.

EW also reported share in net income from its investment in EWAL, amounting to a net income of ₱152.3 million from net loss of ₱228.6 million.

Financial Performance Highlights

As of December 31, 2022, and December 31, 2021 (Audited)

Financial Position

The Group's consolidated total assets stood at ₱421.4 billion, higher by ₱42.8 billion or 4.6% compared with ₱404.8 billion as of December 31, 2021. The following are major changes under assets:

Cash and Other Cash Items was higher by 13% or ₱1.0 billion mainly depends to the timing of stores' requirements. Due from BSP decreased from ₱58.8 billion to ₱36.1 billion on the account of redeployment of excess liquidity to higher earning assets. Due from Other Banks decreased by ₱14.8 billion from ₱19.3 billion to ₱4.5 billion due to lower nostro placements in foreign currency accounts. Interbank Loans Receivable and Securities Purchased under Resale Agreements also declined by 43% from ₱17.5 billion to ₱10.0 billion.

Please refer to the year-end consolidated statements of cash flows for more information on cash and cash equivalents.

The Bank's total securities portfolio increased by 24% to ₱82.3 billion. Hold-To-Collect (HTC) securities portfolio increased by ₱42.7 billion to ₱63.5 billion. The Bank continued to be cautious in investments and trading due to the weight of post pandemic adjustments. The build-up, however, has started supporting core income growth for the year.

Total gross loans increased by 20% to ₱258.7 billion, mainly from consumer lending in line with the economy's recovery. Business loans grew by 13% or ₱8.2 billion to ₱68.7 billion. Consumer loans that account for 73% of the Bank's total loan portfolio, grew by 22% driven by the improvement in teacher's loans and credit cards, growing by 96% and 24%, respectively. The teacher's loans portfolio grew as private lending institutions were allowed by DepEd to start offering 5-year term loan to teachers (from 3 years previously). Meanwhile, credit cards portfolio growth was driven by consumer spending that drove retail and installment billings up. In contrast, auto and mortgage loans declined by ₱652.5 million combined from last year, as new loan releases were still not enough to cover for maturities. Personal loans, however, have started growing again towards the end of the year, growing by 9%, driven by demand and normalization of credit policies.

Investments in a joint venture increased by ₱314.5 million from ₱614.5 million to ₱929.0 million, due to additional capital infusion offset by the recognition of EW's share in the net loss EWAL, a joint venture between EW and EWAL. As of December 31, 2022, the Bank's ownership interest in EWAL was at 50.0%.

Total deposits stood at ₱329.2 billion, flat from the previous year as CASA growth of 6% or ₱15.9 billion was enough for the Bank's funding requirements. In contrast, time deposits declined by 17% or ₱13.6 billion from maturities of time deposits and ₱10.0 billion of long-term negotiable certificates of deposits (LTNCD) that the Bank chose to settle with its excess liquidity to avoid higher interest expenses. CASA ratio improved to 79% from the previous year's 75%.

The Bank's Capital Adequacy Ratio (CAR) under Basel III remained more than adequate at 13.8% as of December 31, 2022, while CET-1 ratio stood at 13%. The Bank's Tier 1 capital is composed entirely of common equity. Capital ratios continue to be above BSP standards.

Result of Operations

The Group consolidated net income stood at ₱6 billion for the year ended December 31, 2023, 2% or ₱110.3 million higher than the ₱4.6 billion recorded last year.

Interest income higher by 12% or ₱2.9 billion. Interest income on securities accounted for ₱1.6 billion, doubling from the previous year mainly due to the build-up of higher-yielding securities. Interest income on loans, meanwhile, accounted for the remaining ₱1.3 billion increase, driven by the resumption of loan bookings in the second half of 2022. Interest expense, on the other hand, increased by 26% to ₱2.8 billion, mainly from the impact of monetary policy tightening on interest rates.

Net interest income (NII) was 11% higher at ₱23.3 billion due to the steady increase in the levels of loans and securities that manifested through the increased earning capacity of the Bank that is almost back to pre-pandemic levels. Interest income grew by 12% or ₱2.9 billion. Net interest margin (NIM) stood at 7.1%, 62 basis points (bps) higher from the previous year driven mainly by the shift in asset proportion in favor of higher-earning loans.

Fees and other income, excluding trading gains, were at ₱4.7 billion which was 17% higher than previous years, mainly due to gains on sale of real and other properties acquired (ROPA).

Securities trading and foreign exchange activities posted a gain of ₱175.5 million compared to the ₱1.9 billion gain last year. Securities trading losses were at ₱395.6 million, significantly lower than the ₱1.0 billion gain from last year. The wide variance was a result of the base effect as trading income for 2021 was higher than usual due to the sale of hold-to-collect investment securities amounting to ₱1.9 billion. Also, in 2021, the trading gains were higher than the long-term average as low interest rates were maintained after the substantial reduction early in the pandemic. In 2022, interest rates moved higher resulting to the unusual trading losses. Foreign Exchange gains, meanwhile, ended at ₱571.2 million, from previous year's ₱929.7 million from lower gains on swap transactions.

Total operating expenses, excluding provisions for losses, increased by 3% to ₱17.0 billion. Manpower expenses were higher by 5% at ₱6.0 billion, while other operating expenses increased by 2% to ₱11.0 billion.

Provisions for losses, were higher by 19% to ₱5.0 billion from the ₱4.1 billion provisions booked in 2021. Provisions as a percentage of gross loans (or credit cost) was at 2.1%, compared to 1.8% in the same period last year.

Known trends, demands, commitments, events or uncertainties

There are no known demands, commitments, events or uncertainties that will have a material impact on the Bank's liquidity within the next twelve (12) months.

Events that will trigger direct or contingent financial obligation

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

Material off-balance sheet transactions, arrangements or obligations

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unsolicited entities or other persons created during the reporting period other than those disclosed in the financial statements.

Capital Expenditures

The Bank has commitments for capital expenditures mainly for implementation of IT projects. These are not expected to significantly affect the Group's cash or liquidity position.

Significant Elements of Income or Loss

Significant elements of the consolidated net income of the Group for the twelve (12) months ended December 31, 2023, and 2022 came from its continuing operations.

Seasonal Aspects

There are no seasonal aspects that had a material effect on the Group's financial condition and results of operations.

Other Information:
As of December 31, 2023, EastWest Bank has a total of 392 stores, with 213 of these stores in Metro Manila. For the rest of the country, the Bank has 100 stores in other parts of Luzon, 40 branches in Visayas, and 39 stores in Mindanao. The total ATM network is 584, composed of 476 on-site ATMs and 108 off-site ATMs. Total headcount of EastWest is 6,559.

The Bank's subsidiaries have a total of 76 stores and 1,623 officers/staff, bringing the Group's store network total to 468 with 584 ATMs and a combined manpower complement of 8,182

Financial Performance Highlights

As of December 31, 2021, and December 31, 2020 (Audited)

Financial Position

The Group's consolidated total assets stood at ₱404.8 billion, lower by ₱3.4 billion or 0.8% compared with ₱408.2 billion as of December 31, 2020. The following are major changes under assets:

Cash and Other Cash Items was lower by 5% to ₱443.2 million mainly depends to the timing of stores' requirements. Due from BSP increased from ₱48.9 billion to ₱58.8 billion. Similarly, Due from Other Banks also higher by ₱7.9 billion from ₱ 11.4 billion to ₱19.3 billion representing excess liquidity. Interbank Loans Receivable and Securities Purchased under Resale Agreements also higher by 2% from ₱17.1 billion to ₱17.5 billion.

Please refer to the year-end consolidated statements of cash flows for more information on cash and cash equivalents.

The Bank's total securities portfolio increased by 15% to ₱66.5 billion. Hold-To-Collect (HTC) securities portfolio was relatively flat at ₱20.8 billion. The Bank continued to be cautious in securities trading given the volatility in the market, with its trading portfolio accounting for only 6% of the total securities portfolio and only 1% of the Bank's total assets.

The Bank's total loans declined by 12% to ₱215.9 billion as it took a more measured credit risk taking stance while beefing up liquidity resulting from its pandemic response and the overall weak demand from businesses and households.

Total deposits stood at ₱326.8 billion or 1% lower from the same period last year. This was driven by time deposits declining by 18% to ₱81.9 billion from the lower funding requirements of the Bank. In contrast, CASA deposits increased by 7% to ₱ 245.0 billion as the low interest rate environment prompted the build-up of idle funds due to lack of higher-earning alternatives. CASA ratio improved to 75%, from the previous year's 70%.

The Bank's Capital Adequacy Ratio (CAR) under Basel III, remained more than adequate at 15.6% as of December 31, 2021 while CET-1 ratio stood at 14.5%. The Bank's Tier 1 capital is composed entirely of common equity. Capital ratios continue to be above BSP standards.

Result of Operations

EW ended 2021 with a net income of ₱4.5 billion, 31% lower than the ₱6.5 billion in 2020. The lower income was mainly due to lower loan volumes, the full year impact of the rate cap on credit cards, lower trading gains, and write-off of deferred tax assets for the year.

NII or the difference between interest income and interest expense, was down by ₱5.5 billion or 21% to ₱21.0 billion. For the second year, the Bank booked substantially lower loan volumes compared to pre-pandemic levels. With the lower bookings and run-offs of existing loans running its course, interest income declined by 24% from 2020. The Bank also felt the full impact of the interest rate cap on credit cards in 2021. The effect is rather more felt by EW as credit card receivables account for about 15% of total loans. The slower recovery of consumer loans had more effect on EW because of its unique loan structure where more than 70% of its loans are in consumer loans.

Fees and other income, excluding trading gains, was at ₱4.0 billion which was 190% higher than last years. This was mainly driven by the recognition of modification losses last year resulting from loan payment deferments brought about by Bayanihan Acts 1 and 2. Fee income, on the other hand, was flat at ₱3.7 billion.

Securities trading and foreign exchange gains were at ₱1.9 billion compared to ₱5.5 billion last year. Securities trading gains ended at ₱1.0 billion, lower by ₱4.1 billion from last year, due to lower gains on sale and mark-to-market losses on the Bank's trading portfolio. Foreign Exchange gains ended at ₱929.7 million, from the ₱346.1 million gain last year. The sharp increase in Foreign Exchange gains was caused by higher income on FX derivative transactions from increased volume including revaluation gains on the Bank's open FX position.

Total operating expenses, excluding provisions for losses, grew by 2% to ₱16.5 billion. Manpower expenses was flat at ₱ 5.7 billion while other operating expenses grew by 3% to ₱10.8 billion, mainly from pandemic-related collection costs and warehouse rent, offset by lower costs of doing business including gross receipts tax (GRT) and less advertising and marketing campaigns.

Provisions for losses, dropped by 58% to ₱4.1 billion from the ₱9.8 billion provisions booked last year. Provisions as a percentage of gross loans (or credit cost) is currently at 1.8%, compared to 3.8% in the same period last year.

ANNEX E – 2023 Audited Financial Statements

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

SyCip, Gorres, Velayo & Co., the independent auditors appointed by the stockholders, have audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.

JONATHAN T. GOTIANUN
Chairman

JERRY G.NGO
Chief Executive Officer

DANIEL L. ANG TAN CHAI
Chief Finance Officer

Signed this March 26, 2024

EAST WEST BANKING CORPORATION
EastWest Bank Corporate Center, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig, M.M.
Telephone number 8575-3888 | Email: service@eastwestbanker.com | www.eastwestbanker.com
A member of the F I L I N V E S T Group

MAR 2 6 2024 Makati City

SUBSCRIBED AND SWORN to before me on this ____________________ at ______________ City, affiant exhibited to me his/her ID ____________________ issued at ________________________ on ______________________

ATTY. MA. ANNA LOURDES DIMAANO-PAMFILO
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-124 until December 31, 2024
MCLE Compliance No. VII-0023162 valid until April 14, 2025
Office Address: 42nd flr., PBCOM Tower, 6795 Ayala Ave. cor. V.A. Rufino St., Makati City
Roll No. 38200 [illegible], January 3, [illegible]; Makati City

DOC. NO.: 84
PAGE NO.: 17
BOOK NO.: XI
SERIES NO.: 2024

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	4	-	0	0	2	7	3	3

COMPANY NAME

EAST WEST BANKING CORPORATION

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

THE BEAUFORT, 5TH AVENUE COR.
23RD ST. BONIFACIO GLOBAL CITY
TAGUIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.eastwestbanker.com	**8575-3888**	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
102	**April 24**	**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
Minda L. Cayabyab	**MLCayabyab@eastwestbanker.com**	**8575-3390**	

CONTACT PERSON's ADDRESS

The Beaufort, 5th Avenue cor. 23rd Street, Fort Bonifacio Global City, Taguig 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.*

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
East West Banking Corporation
East West Corporate Center
The Beaufort, 5th Avenue corner 23rd Street
Fort Bonifacio Global City
Taguig City

Report on the Audit of the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of East West Banking Corporation (the Parent Company) and its subsidiaries (the Group) and the parent company financial statements of the Parent Company, which comprise the consolidated and parent company statements of financial position as at December 31, 2023 and 2022 and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated and parent company financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and parent company financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2023 and 2022, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2023, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Adequacy of allowance for credit losses on loans and receivables

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

Allowance for credit losses on loans and receivables of the Group and the Parent Company as of December 31, 2023 amounted to ₱11.92 billion and ₱11.29 billion, respectively. Provision for credit losses on loans and receivables of the Group and the Parent Company in 2023 amounted to ₱6.54 billion and ₱6.22 billion, respectively.

The disclosures related to the allowance for credit losses on loans and receivables are included in Note 15 to the financial statements.

Audit response

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

We (a) assessed the Bank's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts and credit risk management policies and practices in place; (c) tested the Bank's application of internal credit risk rating system by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in the Bank's records and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries including the timing, related direct costs, write-offs and collateral valuations, and the effects of any financial support and credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) evaluated the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Bank's lending portfolios and broader industry knowledge; and (h) tested the effective interest rate used in discounting the expected loss.

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

We recalculated impairment provisions on a sample basis. We involved our internal specialists in the performance of the above procedures. We reviewed the completeness of the disclosures made in the financial statements.

We involved our internal specialists in the performance of the above procedures.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 17-A, SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2023, but does not include the financial statements and our auditor’s report thereon. The SEC Form 17-A, SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

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

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance the audit. We remain solely responsible for our audit opinion.

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

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

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

Reports on the Supplementary Information Required Under Section 174 of the Manual of Regulations for Banks (MORB) and Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Section 174 of the Manual of Regulations for Banks (MORB) in Notes 36 and Revenue Regulations No. 15-2010 in Note 37 to the financial statements is presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Parent Company. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Veronica Mae A. Arce.

SYCIP GORRES VELAYO & CO.

Veronica Arce

Veronica Mae A. Arce
Partner
CPA Certificate No. 0117208
Tax Identification No. 234-282-413
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-135-2021, November 10, 2021, valid until November 9, 2024
PTR No. 10079902, January 5, 2024, Makati City

March 21, 2024

EAST WEST BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
(Amounts are presented in thousands of Philippine Pesos)

	Consolidated		Parent Company	
	As of December 31			
	2023	2022	**2023**	2022
ASSETS				
Cash and Other Cash Items	**₱9,370,138**	₱8,713,151	**₱9,284,751**	₱8,636,012
Due from Bangko Sentral ng Pilipinas (Notes 7 and 16)	**16,171,987**	36,114,397	**15,745,451**	35,723,579
Due from Other Banks (Note 7)	**2,469,290**	4,529,635	**2,338,337**	4,345,763
Interbank Loans Receivables and Securities Purchased Under Resale Agreements (Note 7)	**16,441,418**	10,009,266	**16,441,418**	10,009,266
Financial Assets at Fair Value Through Profit or Loss (FVTPL) (Notes 8 and 17)	**4,112,322**	1,958,310	**4,112,322**	1,958,310
Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI) (Notes 8 and 17)	**18,483,960**	16,746,386	**18,483,960**	16,746,386
Investment Securities at Amortized Cost (Notes 8 and 17)	**75,401,019**	63,546,191	**73,802,254**	61,907,103
Loans and Receivables (Notes 9, 15 and 28)	**296,615,470**	258,089,075	**268,428,909**	238,438,474
Investment in Subsidiaries (Note 10)	**–**	–	**6,851,951**	5,753,689
Investment in a Joint Venture (Note 10)	**993,166**	928,977	**993,166**	928,977
Property, Equipment and Right-of-Use Assets (Note 11)	**7,164,358**	5,599,958	**6,818,018**	5,220,333
Investment Properties (Notes 12 and 15)	**975,600**	840,242	**974,903**	839,545
Deferred Tax Assets (Note 25)	**4,098,880**	3,906,672	**3,735,365**	3,515,512
Goodwill and Other Intangible Assets (Note 13)	**6,943,484**	6,896,471	**6,893,992**	6,862,669
Other Assets (Notes 14 and 15)	**4,964,230**	3,492,802	**4,828,737**	3,351,106
TOTAL ASSETS	**₱464,205,322**	₱421,371,533	**₱439,733,534**	₱404,236,724
LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 16 and 28)				
Demand	**₱139,767,483**	₱124,767,617	**₱140,651,219**	₱125,486,700
Savings	**152,641,165**	136,126,924	**129,773,260**	120,275,702
Time	**64,126,014**	65,824,377	**64,126,014**	65,824,377
Long-Term Negotiable Certificates of Deposits	**–**	2,447,204	**–**	2,447,204
	356,534,662	329,166,122	**334,550,493**	314,033,983
Bills and Acceptances Payable and Securities Sold Under Repurchase Agreements (Note 17)	**15,403,706**	6,761,456	**15,403,706**	6,761,456
Accrued Taxes, Interest and Other Expenses (Note 18)	**4,637,744**	3,478,980	**4,016,984**	3,011,883
Cashier's Checks and Demand Draft Payable	**984,224**	1,381,537	**984,224**	1,381,537
Bonds Payable (Note 19)	**–**	3,698,439	**–**	3,698,439
Income Tax Payable	**297,166**	126,208	**220,189**	62,113
Lease Liability (Note 27)	**6,073,341**	4,378,945	**5,845,165**	4,107,058
Other Liabilities (Note 21)	**13,099,317**	11,345,276	**11,537,611**	10,145,685
TOTAL LIABILITIES	**397,030,160**	360,336,963	**372,558,372**	343,202,154
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Common Stock (Note 23)	**22,499,754**	22,499,754	**22,499,754**	22,499,754
Additional Paid-in Capital (Note 23)	**5,065,059**	5,065,059	**5,065,059**	5,065,059
Surplus Reserves (Note 29)	**971,414**	958,741	**971,414**	958,741
Surplus (Note 29)	**40,447,010**	35,298,878	**40,447,010**	35,298,878
Fair Value Reserves on Financial Assets at Fair Value Through Other Comprehensive Income (Note 8)	**(1,155,498)**	(2,139,544)	**(1,155,498)**	(2,139,544)
Remeasurement Losses on Retirement Plans (Note 26)	**(479,447)**	(437,667)	**(479,447)**	(437,667)
Cumulative Translation Adjustment	**(173,130)**	(210,651)	**(173,130)**	(210,651)
TOTAL EQUITY	**67,175,162**	61,034,570	**67,175,162**	61,034,570
TOTAL LIABILITIES AND EQUITY	**₱464,205,322**	₱421,371,533	**₱439,733,534**	₱404,236,724

See accompanying Notes to Financial Statements.

EAST WEST BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF INCOME

(Amounts are presented in thousands of Philippine Pesos)

	Consolidated			Parent Company		
	Years Ended December 31					
	2023	2022	2021	**2023**	2022	2021
INTEREST INCOME						
Loans and receivables (Notes 9 and 28)	**₱29,840,680**	₱22,410,380	₱21,101,535	**₱25,899,327**	₱18,662,563	₱18,256,166
Financial assets at fair value through other comprehensive income and investment securities at amortized cost (Note 8)	**4,109,779**	3,018,589	1,213,865	**4,058,731**	2,966,337	1,163,139
Financial assets at fair value through profit or loss (Note 8)	**220,277**	163,904	345,017	**220,277**	163,904	345,017
Due from BSP and other banks and interbank loans receivables and securities purchased under resale agreement (Note 7)	**390,453**	527,239	591,800	**390,361**	528,097	589,816
	34,561,189	26,120,112	23,252,217	**30,568,696**	22,320,901	20,354,138
INTEREST EXPENSE						
Deposit liabilities (Note 16)	**5,230,691**	2,261,514	1,767,942	**4,253,515**	1,928,060	1,542,017
Bills and acceptances payable and SSURA, bonds payable, subordinated debt and other borrowings (Notes 17, 19 and 20)	**768,279**	293,185	238,072	**768,279**	248,474	168,143
Lease liability (Note 27)	**337,695**	240,354	219,636	**321,123**	220,357	191,562
	6,336,665	2,795,053	2,225,650	**5,342,917**	2,396,891	1,901,722
NET INTEREST INCOME	**28,224,524**	23,325,059	21,026,567	**25,225,779**	19,924,010	18,452,416
OTHER INCOME (LOSSES)						
Service charges, fees and commissions (Note 24)	**4,769,438**	3,780,805	3,725,738	**4,039,789**	3,141,503	3,317,183
Foreign exchange gain	**655,790**	571,168	929,741	**655,790**	571,169	929,741
Trust income (Note 29)	**126,733**	121,233	99,828	**126,733**	121,233	99,828
Gain (loss) on sale of assets (Notes 9, 11,12 and 14)	**183,080**	105,349	(223,613)	**182,813**	111,073	(226,724)
Gain on sale of investment securities at amortized cost (Note 8)	**–**	–	1,850,425	**–**	–	1,850,425
Gain (loss) on asset foreclosure and dacion transactions	**614,532**	(9,446)	(524,816)	**614,532**	(9,446)	(524,816)
Trading and securities gain (loss) (Note 8)	**337,827**	(395,638)	(841,415)	**337,827**	(395,638)	(841,415)
Miscellaneous income (Note 24)	**748,567**	745,696	967,961	**687,485**	708,806	934,290
TOTAL OPERATING INCOME	**35,660,491**	28,244,226	27,010,416	**31,870,748**	24,172,710	23,990,928
OPERATING EXPENSES						
Compensation and fringe benefits (Notes 26 and 28)	**7,348,809**	5,960,407	5,671,448	**6,755,174**	5,455,848	5,204,372
Provision for impairment and credit losses (Notes 9, 12, 14 and 15)	**7,688,252**	4,950,614	4,149,431	**7,091,798**	4,718,914	4,099,408
Depreciation and amortization (Notes 11, 12 and 14)	**1,639,948**	1,985,179	2,228,766	**1,504,728**	1,857,453	2,081,750
Taxes and licenses	**2,492,079**	1,888,695	1,903,738	**2,073,785**	1,574,635	1,596,088
Rent (Note 27)	**368,424**	258,413	259,723	**361,688**	256,425	271,857
Amortization of intangible assets (Note 13)	**199,647**	181,433	168,298	**195,138**	176,585	157,745
Miscellaneous (Note 24)	**8,243,931**	6,732,261	6,287,660	**7,809,599**	6,293,643	5,882,686
TOTAL OPERATING EXPENSES	**27,981,090**	21,957,002	20,669,064	**25,791,910**	20,333,503	19,293,906
INCOME BEFORE SHARE IN NET INCOME OF SUBSIDIARIES AND JOINT VENTURE	**7,679,401**	6,287,224	6,341,352	**6,078,838**	3,839,207	4,697,022
SHARE IN NET INCOME OF SUBSIDIARIES (Note 10)	–	–	–	**1,112,238**	1,819,713	1,160,738
SHARE IN NET LOSS OF A JOINT VENTURE (Note 10)	**(152,335)**	(228,619)	(236,077)	**(152,335)**	(228,619)	(236,077)
INCOME BEFORE INCOME TAX	**7,527,066**	6,058,605	6,105,275	**7,038,741**	5,430,301	5,621,683
PROVISION FOR INCOME TAX (Note 25)	**1,443,770**	1,433,280	1,590,239	**955,445**	804,976	1,106,647
NET INCOME	**₱6,083,296**	₱4,625,325	₱4,515,036	**₱6,083,296**	₱4,625,325	₱4,515,036
Basic and Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 31)	**₱2.70**	₱2.06	₱2.01	**₱2.70**	₱2.06	₱2.01

See accompanying Notes to Financial Statements.

EAST WEST BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

(Amounts are presented in thousands of Philippine Pesos)

	Consolidated			Parent Company		
	Years Ended December 31					
	2023	2022	2021	**2023**	2022	2021
NET INCOME FOR THE YEAR	**₱6,083,296**	₱4,625,325	₱4,515,036	**₱6,083,296**	₱4,625,325	₱4,515,036
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX						
Items that will not be reclassified to profit or loss in subsequent periods:						
Change in remeasurement losses of retirement liability (Note 26)	**(41,780)**	(226,171)	191,166	**(27,805)**	(232,518)	170,214
Change in fair value reserves on equity securities at FVTOCI (Note 10)	**525**	(30,092)	(16,548)	**–**	–	–
Share in changes in remeasurement loss of retirement liabilities of subsidiaries and joint venture (Notes 10 and 26)	–	–	–	**(13,975)**	6,347	20,952
Share in changes in fair value reserves on equity securities at FVTOCI of a joint venture (Note 10)	–	–	–	**525**	(30,092)	(16,548)
Items that may be reclassified to profit or loss in subsequent periods:						
Change in fair value reserves on debt securities at FVTOCI (Note 8)	**983,521**	(1,970,632)	(312,209)	**983,521**	(1,970,632)	(312,209)
Cumulative translation adjustment	**37,521**	186,497	(510,354)	**37,521**	186,497	(510,354)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**979,787**	(2,040,398)	(647,945)	**979,787**	(2,040,398)	(647,945)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	**₱7,063,083**	₱2,584,927	₱3,867,091	**₱7,063,083**	₱2,584,927	₱3,867,091

See accompanying Notes to Financial Statements.

EAST WEST BANKING CORPORATION AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

(Amounts are presented in thousands of Philippine Pesos)

Consolidated

Year Ended December 31, 2023

Equity Attributable to Equity Holders of the Parent Company

	Common Stock (Note 23)	Additional Paid in Capital (Note 23)	Surplus Reserves (Note 29)	Surplus (Note 29)	Fair Value Reserves on Financial Assets at FVTOCI (Note 8)	Remeasurement Losses on Retirement Plan (Note 26)	Cumulative Translation Adjustment	Total Equity
Balance at January 1, 2023	**₱22,499,754**	**₱5,065,059**	**₱958,741**	**₱35,298,878**	**(₱2,139,544)**	**(₱437,667)**	**(₱210,651)**	**₱61,034,570**
Net income	–	–	–	**6,083,296**	–	–	–	**6,083,296**
Other comprehensive income	–	–	–	–	**984,046**	**(41,780)**	**37,521**	**979,787**
Total comprehensive income	–	–	–	**6,083,296**	**984,046**	**(41,780)**	**37,521**	**7,063,083**
Transfer to surplus reserves (Note 29)			**12,673**	**(12,673)**	–	–	–	–
Appropriations during the year (Note 23)	–	–	–	–	–	–	–	–
Dividends declaration (Note 23)	–	–	–	**(922,491)**	–	–	–	**(922,491)**
Balance at December 31, 2023	**₱22,499,754**	**₱5,065,059**	**₱971,414**	**₱40,447,010**	**(₱1,155,498)**	**(₱479,447)**	**(₱173,130)**	**₱67,175,162**
Balance as at January 1, 2022	₱22,499,754	₱5,065,059	₱946,618	₱31,585,667	(₱138,821)	(₱211,495)	(₱397,148)	₱59,349,634
Net income	–	–	–	4,625,325	–	–	–	4,625,325
Other comprehensive income	–	–	–	–	(2,000,723)	(226,172)	186,497	(2,040,398)
Total comprehensive income	–	–	–	4,625,325	(2,000,723)	(226,172)	186,497	2,584,927
Transfer to surplus reserves (Note 29)	–	–	12,123	(12,123)	–	–	–	–
Appropriations during the year (Note 23)	–	–	–	–	–	–	–	–
Dividends declaration (Note 23)	–	–	–	(899,991)	–	–	–	(899,991)
Balance at December 31, 2022	₱22,499,754	₱5,065,059	₱958,741	₱35,298,878	(₱2,139,544)	(₱437,667)	(₱210,651)	₱61,034,570
Balance as at January 1, 2021	₱22,499,754	₱5,065,059	₱936,635	₱27,080,614	₱189,936	(₱402,661)	₱113,206	₱55,482,543
Net income	–	–	–	4,515,036	–	–	–	4,515,036
Other comprehensive income	–	–	–	–	(328,757)	191,166	(510,354)	(647,945)
Total comprehensive income	–	–	–	4,515,036	(328,757)	191,166	(510,354)	3,867,091
Transfer to surplus reserves (Note 29)	–	–	9,983	(9,983)	–	–	–	–
Appropriations during the year (Note 23)	–	–	–	–	–	–	–	–
Dividends declaration (Note 23)	–	–	–	–	–	–	–	–
Balance at December 31, 2021	₱22,499,754	₱5,065,059	₱946,618	₱31,585,667	(₱138,821)	(₱211,495)	(₱397,148)	₱59,349,634

See accompanying Notes to Financial Statements.

Parent Company

	Year Ended December 31, 2023							
	Common Stock (Note 23)	**Additional Paid in Capital** (Note 23)	**Surplus Reserves** (Note 29)	**Surplus** (Note 29)	**Fair Value Reserves on Financial Assets at FVTOCI** (Note 8)	**Remeasurement Losses on Retirement Plan** (Note 26)	**Cumulative Translation Adjustment**	**Total Equity**
Balance at January 1, 2023	**₱22,499,754**	**₱5,065,059**	**₱958,741**	**₱35,298,878**	**(₱2,139,544)**	**(₱437,667)**	**(₱210,651)**	**₱61,034,570**
Net income	–	–	–	**6,083,296**	–	–	–	**6,083,296**
Other comprehensive income	–	–	–	–	**984,046**	**(41,780)**	**37,521**	**979,787**
Total comprehensive income	–	–		**6,083,296**	**984,046**	**(41,780)**	**37,521**	**7,063,083**
Transfer to surplus reserves (Note 29)	–	–	**12,673**	**(12,673)**	–	–	–	–
Appropriations during the year (Note 23)	–	–			–	–	–	–
Dividends declaration (Note 23)	–	–		**(922,491)**	–	–	–	**(922,491)**
Balance at December 31, 2023	**₱22,499,754**	**₱5,065,059**	**₱971,414**	**₱40,447,010**	**(₱1,155,498)**	**(₱479,447)**	**(₱173,130)**	**₱67,175,162**
Balance at January 1, 2022	₱22,499,754	₱5,065,059	₱946,618	₱31,585,667	(₱138,821)	(₱211,495)	(₱397,148)	₱59,349,634
Net income	–	–	–	4,625,325	–	–	–	4,625,325
Other comprehensive income	–	–	–	–	(2,000,723)	(226,172)	186,497	(2,040,398)
Total comprehensive income	–	–	-	4,625,325	(2,000,723)	(226,172)	186,497	2,584,927
Transfer to surplus reserves (Note 29)	–	–	12,123	(12,123)	–	–	–	–
Appropriations during the year (Note 23)	–	–	–	–	–	–	–	–
Dividends declaration (Note 23)	–	–	–	(899,991)	–	–	–	(899,991)
Balance at December 31, 2022	₱22,499,754	₱5,065,059	₱958,741	₱35,298,878	(₱2,139,544)	(₱437,667)	(₱210,651)	₱61,034,570
Balance at January 1, 2021	₱22,499,754	₱5,065,059	₱936,635	₱27,080,614	₱189,936	(₱402,661)	₱113,206	₱55,482,543
Net income	–	–	–	4,515,036	–	–	–	4,515,036
Other comprehensive income	–	–	–	–	(328,757)	191,166	(510,354)	(647,945)
Total comprehensive income	–	–	–	4,515,036	(328,757)	191,166	(510,354)	3,867,091
Transfer to surplus reserves (Note 29)	–	–	9,983	(9,983)	–	–	–	–
Appropriations during the year (Note 23)	–	–	–	–	–	–	–	–
Dividends declaration (Note 23)	–	–	–	–	–	–	–	–
Balance at December 31, 2021	₱22,499,754	₱5,065,059	₱946,618	₱31,585,667	(₱138,821)	(₱211,495)	(₱397,148)	₱59,349,634

See accompanying Notes to Financial Statements.

EAST WEST BANKING CORPORATION AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
(Amounts are presented in thousands of Philippine Pesos)

	Consolidated			Parent Company		
	Years Ended December 31					
	2023	2022	2021	**2023**	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	**₱7,527,066**	₱6,058,605	₱6,105,275	**₱7,038,741**	₱5,430,301	₱5,621,683
Adjustments for:						
Provision for impairment and credit losses (Note 15)	**7,688,252**	4,950,614	4,149,431	**7,091,798**	4,718,914	4,099,408
Depreciation and amortization (Notes 11, 12 and 14)	**1,639,948**	1,985,179	2,228,766	**1,504,728**	1,857,453	2,081,750
Share in net loss of a joint venture (Note 10)	**152,335**	228,619	236,077	**152,335**	228,619	236,077
Amortization of intangible assets (Note 13)	**199,647**	181,433	168,298	**195,138**	176,585	157,745
Loss (gain) on asset foreclosure and dacion transactions (Note 33)	**(614,532)**	9,446	524,816	**(614,532)**	9,446	524,816
Loss (gain) on sale of assets (Notes 11, 12 and 14)	**(183,080)**	(105,349)	223,613	**(182,813)**	(111,073)	226,724
Gain on remeasurement of previoulsy held interest	**(41,780)**	–	–	**(27,805)**	–	–
Net amortization of debt issuance cost and discount from subordinated debt	–	–	1,179	–	–	–
Amortization of bond issuance cost	–	10,753	10,252	–	10,753	10,252
Amortization of premium on financial assets at fair value through other comprehensive income and investment securities at amortized cost	**532,150**	(5,435,965)	(1,340,345)	**491,827**	(5,475,086)	(1,378,292)
Accretion of lease liabilities (Note 27)	**337,695**	240,354	219,636	**321,123**	220,357	191,562
Share in net income of subsidiaries (Note 10)	–	–	–	**(1,112,237)**	(1,819,713)	(1,160,738)
Gain on sale of investment securities at amortized cost (Note 8)	–	–	(1,850,425)	–	–	(1,850,425)
Gain on modification of loans (Note 24)	–	–	(346,769)	–	–	(346,769)
Changes in operating assets and liabilities:						
Decrease (increase) in the amounts of:						
Loans and receivables	**(49,549,958)**	(54,170,528)	18,723,310	**(40,419,592)**	(59,053,325)	19,731,051
Financial assets at FVTPL	**(2,154,012)**	2,098,541	3,466,741	**(2,154,012)**	2,098,541	3,466,741
Other assets	**(464,555)**	(1,049,293)	(673,601)	**(552,983)**	1,014,044	(702,497)
Increase (decrease) in the amounts of:						
Deposit liabilities	**27,368,540**	2,321,217	(2,211,045)	**20,516,510**	6,664,363	(1,811,619)
Cashier's checks and demand draft payable	**(397,313)**	650,835	51,907	**(397,313)**	650,835	51,907
Accrued taxes, interest and other expenses	**1,158,764**	503,715	28,015	**1,005,101**	388,843	(19,558)
Other liabilities	**1,754,041**	4,521,616	(822,726)	**1,391,926**	3,828,353	(892,215)
Net cash generated from (used in) operations	**(5,046,792)**	(37,000,208)	28,892,405	**(5,752,060)**	(39,161,790)	28,237,603
Income taxes paid	**(1,544,926)**	(1,227,531)	(951,059)	**(1,007,954)**	(600,067)	(519,096)
Net cash provided by (used in) operating activities	**(6,591,718)**	(38,227,739)	27,941,346	**(6,760,014)**	(39,761,857)	27,718,507
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of:						
Investment properties and other repossessed assets (Notes 12 and 14)	**2,743,162**	6,375,723	4,310,145	**2,743,163**	6,375,723	4,307,144
Financial assets at FVOCI (Note 8)	**4,442,304**	235,817,583	189,123,604	**4,442,304**	235,817,584	189,123,603
Property and equipment (Note 11)	**19,247**	38,743	23,656	**14,413**	35,416	22,304
Proceeds from maturity of investment securities at amortized cost	**–**	111,672	601,788	**–**	111,672	601,788
Proceeds from sale of investment securities at amortized cost	**–**	–	13,879,335	**–**	–	13,879,335
Acquisitions of:						
Investment securities at amortized cost	**(12,039,512)**	(38,371,279)	(12,246,156)	**(12,039,512)**	(38,371,279)	(12,146,811)
Financial assets at FVOCI	**(5,543,251)**	(211,908,930)	(200,565,241)	**(5,543,251)**	(211,908,930)	(200,565,241)
Property and equipment (Note 11)	**(436,239)**	(440,645)	(268,576)	**(392,389)**	(386,943)	(253,795)
Capitalized software (Note 13)	**(246,660)**	(283,646)	(170,780)	**(226,461)**	(283,042)	(171,727)
Additional capital infusion in a joint venture (Note 10)	**(216,000)**	(575,000)	(200,000)	**(216,000)**	(575,000)	(200,000)
Net cash provided by (used in) investing activities	**(11,276,949)**	(9,235,779)	(5,512,225)	**(11,217,733)**	(9,184,799)	(5,403,400)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from bills and acceptances payable	**190,319,825**	26,346,204	–	**190,319,825**	26,346,204	–
Payments of bills and acceptances payable	**(181,677,575)**	(19,682,898)	(3,470,653)	**(181,677,575)**	(19,682,898)	(3,470,653)
Settlement of bonds payable	**(3,698,439)**	–	–	**(3,698,439)**	–	–
Payment of lease liability (Note 27)	**(1,066,269)**	(1,093,643)	(1,100,975)	**(948,236)**	(980,866)	(975,971)
Payment of subordinated debt (Note 20)	**–**	(1,241,964)	–	**–**	–	–
Dividends paid (Note 23)	**(922,491)**	(899,991)	–	**(922,491)**	(899,991)	–
Net cash provided by (used in) financing activities	**2,955,051**	3,427,708	(4,571,628)	**3,073,084**	4,782,449	(4,446,624)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(₱14,913,616)**	(₱44,035,810)	₱17,857,493	**(₱14,904,663)**	(₱44,164,207)	₱17,868,483

(Forward)

	Consolidated			Parent Company		
	Years Ended December 31					
	2023	2022	2021	**2023**	2022	2021
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	**₱8,713,151**	₱7,705,729	₱8,148,882	**₱8,636,012**	₱7,641,626	₱8,076,124
Due from Bangko Sentral ng Pilipinas	**36,114,397**	58,842,366	48,892,706	**35,723,579**	58,425,477	48,469,521
Due from other banks	**4,529,635**	19,335,182	11,392,088	**4,345,763**	19,292,742	11,353,609
Interbank loans receivables and securities purchased under resale agreement	**10,009,266**	17,518,984	17,111,092	**10,009,266**	17,518,984	17,111,092
	59,366,449	103,402,261	85,544,768	**₱58,714,620**	102,878,829	85,010,346
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	**9,370,138**	8,713,151	7,705,729	**9,284,751**	8,636,012	7,641,626
Due from Bangko Sentral ng Pilipinas	**16,171,987**	36,114,397	58,842,366	**15,745,451**	35,723,579	58,425,477
Due from other banks	**2,469,290**	4,529,635	19,335,182	**2,338,337**	4,345,763	19,292,742
Interbank loans receivables and securities purchased under resale agreement	**16,441,418**	10,009,266	17,518,984	**16,441,418**	10,009,266	17,518,984
	₱44,452,833	₱59,366,449	₱103,402,261	**₱43,809,957**	₱58,714,620	₱102,878,829

NET OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDENDS						
Interest received	**₱35,806,523**	₱26,534,264	₱24,666,193	**₱31,793,197**	₱22,693,961	₱21,590,294
Interest paid	**5,790,731**	2,388,795	2,047,380	**4,853,642**	2,018,710	1,743,564
Dividend received	**2,629**	736	663	**2,629**	736	663

See accompanying Notes to Financial Statements.

EAST WEST BANKING CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

East West Banking Corporation (EW or the Bank or the Parent Company) is a domestic universal bank which was registered with the SEC on March 22, 1994. The Bank was granted authority by the Bangko Sentral ng Pilipinas (BSP) to operate as a commercial bank and operate an expanded foreign currency deposit unit in 1994. Subsequently in 2012, the Parent Company was authorized by the BSP to operate as a universal bank. The Parent Company's common shares were listed and commenced trading in the Philippine Stock Exchange (PSE) on May 7, 2012 (Note 23).

As of December 31, 2023 and 2022, the Parent Company is effectively 77.85%, owned by Filinvest Development Corporation (FDC). The Parent Company's ultimate parent company is A.L. Gotianun, Inc. The Parent Company's head office is located at East West Corporate Center, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

Through its network of 468 branches as of December 31, 2023 and 2022, the Bank and its subsidiaries (the Group) provide a wide range of financial services to consumer and corporate clients, which includes deposit-taking, loan and trade finance, treasury, trust services, credit cards, cash management, custodial services, insurance services and leasing and finance.

2. Material Accounting Policy Information

Basis of Presentation
The accompanying financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVTOCI) and derivative financial instruments that have been measured at fair value. The financial statements are presented in Philippine peso (₱) and all values are rounded to the nearest thousand except when otherwise indicated.

The financial statements of the Parent Company include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of the RBU and the FCDU is the Philippine peso and United States dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated into their equivalents in Philippine peso, which is the Parent Company's presentation currency (accounting policy on Foreign Currency Transactions and Translation). The financial statements individually prepared for these units are combined after eliminating inter-unit accounts.

The functional currency of all subsidiaries and the joint venture is the Philippine peso.

Statement of Compliance
The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Presentation of Financial Statements
The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented in Note 22.

Basis of Consolidation

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies. The following are the wholly-owned subsidiaries of the Parent Company as of December 31, 2023 and 2022:

	Principal Activities
East West Rural Bank, Inc. (EWRB)	Consumer banking
East West Insurance Brokerage, Inc. (EWIB)	Non-life insurance brokerage
Quest Marketing and Integrated Services, Inc. (Q iMIS)	Sales and marketing
Assurance Solutions Insurance Agency (ASIA)*	General insurance and marketing
East West Leasing and Finance Corporation (EWLFC)*	Finance and leasing

** Non-operational since 2017*

All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in the consolidated financial statements.

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control and continues to be consolidated until the date when control ceases. Control is achieved when the Parent Company is exposed, or has rights, to variable return from its involvement with an entity and has the ability to affect those returns through its power over the entity. The Parent Company has power over the entity when it has existing rights that give it the current ability to direct relevant activities (i.e., activities that significantly affect the entity's returns). Consolidation of subsidiaries ceases when control is transferred out of the Parent Company. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

Changes in Accounting Policies and Procedures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new pronouncements effective as at January 1, 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements.

- Amendments to Philippine Accounting Standards (PAS) 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies*
  The amendments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:
  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments to the Practice Statement provide non-mandatory guidance. The amendments have had an impact on the Group's disclosure of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments also clarify 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.

- Amendments to PAS 12, *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*
  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented.

- Amendments to PAS 12, *Income Taxes – International Tax Reform – Pillar Two Model Rules*
  The amendments have been introduced in response to the Base Eroson and Profit Sharing Pillar Two model rules of the Organization for Economic Cooperation and Development and include:
  - A mandatory temporary exemption to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
  - Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

  The mandatory temporary exemption – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023 but not for any interim periods ending on or before December 31, 2023.

  The amendments had no impact on the Group's financial statements as the Group is not in the scope of the Pillar Two model rules as its revenue is less than EUR750 million per year.

Cash and Cash Equivalents
For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, amounts due from Bangko Sentral ng Pilipinas (BSP) and other banks, and interbank loans receivables and SPURA with original maturities of three months or less from dates of placements and that are subject to insignificant risks of changes in value. Due from BSP includes the statutory reserves required by the BSP which the Group considers as cash equivalents wherein withdrawals can be made to meet the Group's cash requirements as allowed by the BSP.

Foreign Currency Transactions and Translation
The financial statements are presented in PHP, which is the Group's functional and presentation currency. The book of accounts of RBU are maintained in PHP, while those of the FCDU are maintained in USD.

RBU
For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities in the RBU are translated in Philippine peso based on the Philippine Dealing System (PDS) closing rate prevailing at the statement of financial position date and foreign currency-denominated income and expenses, at the prevailing exchange rate at the date of transaction. Foreign exchange differences arising from revaluation and translation of foreign currency-denominated assets and liabilities of the RBU are credited to or charged against operations in the period in which the rates change.

Non-monetary items that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

FCDU
As at the reporting date, the assets and liabilities of the FCDU of the Parent Company are translated into the Parent Company's presentation currency (the Philippine Peso) at PDS closing rate prevailing at the statement of financial position date, and their income and expenses are translated at Bankers Association of the Philippines (BAP) weighted average rate for the year. Exchange differences arising on translation are taken to the statement of comprehensive income under 'Cumulative translation adjustment'. Upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in the statement of comprehensive income is recognized in the statement of income in the RBU books.

Fair Value Measurement
The Group measures certain financial instruments such as financial assets at FVTPL, financial assets at FVTOCI and derivative financial instruments at fair value at each statement of financial position date. Also, fair values of financial instruments carried at amortized cost and investment properties carried at cost are measured for disclosure purposes.

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

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each statement of financial position date.

External appraisers are involved for valuation of significant non-financial assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are adhered to.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy (Note 5).

SPURA
Securities purchased under agreements to resell at a specified future date ('reverse repos') are not recognized in the balance sheet. The corresponding cash paid including accrued interest is recognized in the balance sheet as SPURA. The difference between the purchase price and resale price is treated as interest income and is accrued over the life of the agreement using the EIR method.

Financial Instruments - Initial Recognition and Subsequent Measurement
Date of recognition
The Group recognizes financial instruments when, and only when, the Group becomes a party to the contractual terms of the financial instruments.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date, i.e., the date that an asset is delivered to or by the Group. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the Group, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Group. Securities transactions and related commission income and expense are recorded also on a settlement date basis. Deposits, amounts due to banks and customers, and loans and receivables are recognized when cash is received by the Group or advanced to the borrowers.

Derivatives are recognized on trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Trade date accounting refers to (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Initial recognition of financial instruments
The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing instruments, as described below. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction cost are added in, or subtracted from this amount. When the fair value of financial instrument at initial recognition differs from the transaction price, the Group accounts for Day 1 profit or loss, as described below.

'Day 1' Difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of income. In

cases where the transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial Instruments - Classification, Reclassification and Subsequent Measurement

Financial assets are measured at FVTPL unless these are measured at FVOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Bank may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test (SPPI test).

Contractual cash flow characteristics test

The Group assesses the contractual terms of financial assets to identify whether they meet the 'solely payments of principal and interest' (SPPI) test. Principal, for the purpose of this test, is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than *de minimis* exposure to risks or volatility in the contractual cash flows that are unrelated to a basis lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-on-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model, and the financial assets held within that business model) and in particular, the way those risks are managed
- How managers of the business are compensated
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets at amortized cost
Financial assets are measured at amortized cost if both of the following conditions are met:
- the contractual terms of the instrument give rise on specified dates to cash flows that are SPPI on the principal amount outstanding; and
- the asset is held within the Group's business model whose objective is to hold assets in order to collect contractual cash flows.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any allowance for credit losses, with the calculated interest recognized as 'Interest income in the statement of income.

The Group's financial assets at amortized cost are presented in the statement of financial positions as 'Due from BSP', 'Due from other banks', 'Interbank loans receivables and SPURA', 'Investment securities at amortized cost', 'Loans and receivables' and other financial assets (i.e., security deposits, deposit to suppliers and returned cash and other cash items) under 'Other assets'.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch that would arise had the financial asset been measured at amortized cost. As of December 31, 2023 and 2022, the Group has not made such designation.

Financial assets at FVTOCI
Financial assets at FVTOCI include debt and equity securities.

Debt securities at FVTOCI
Debt securities at FVTOCI are those that meet both of the following conditions:
- the contractual terms of the financial asset give rise to cash flows that are SPPI on the outstanding principal amount;
- the asset is held within a business model whose objective is both to sell or hold the financial asset in order to both collect contractual cash flows.

Debt securities at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for sale or disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income as 'Change in net unrealized gains (losses) on debt securities at FVTOCI'. The effective yield component and foreign exchange gains (losses) of debt securities at FVTOCI are reported on the statement of income. The ECL arising from impairment of such investments are recognized in OCI with a corresponding charge to 'Provision on credit and impairment losses' in the statement of income.

On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

Financial assets at FVTPL
Debt instruments that do not meet the amortized cost or FVTOCI criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are measured at fair value through profit or loss. Equity investments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at FVTOCI at initial recognition. Derivative assets classified as at FVTPL are those that are not designated under hedge accounting treatment.

The Group's financial assets at FVTPL include government securities, private bonds, equity securities held for trading purposes and derivative assets.

Financial assets at FVTPL are initially measured at fair value without considering transaction costs. Subsequently, financial assets at FVTPL are re-measured fair value, and fair value gains and losses on these instruments are recognized as 'Trading and securities gain' in the statement of income. Interest earned on these investments is reported in the statement of income under 'Interest income' while dividend income is reported in the statement of income under 'Miscellaneous income' when the right of payment has been established. Quoted market prices, when available, are used to determine the fair value of these financial instruments. If quoted market prices are not available, their fair values are estimated based on inputs provided by the BSP, Bureau of Treasury and investment bankers. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques.

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the PDS closing rate at the statement of financial position date. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at FVTPL, the foreign exchange component is recognized in the statement of income. For equity financial assets designated as at FVTOCI, any foreign exchange component is recognized in OCI. For foreign currency-denominated debt instruments classified as at amortized cost and as at FVTOCI, the foreign exchange gains and losses are determined based on the amortized cost of the asset and are recognized in the statement of income.

Reclassification of financial assets
Subsequent to initial recognition, the Group may reclassify financial assets only if the objective of its business model for managing those financial assets changes.

The Group is required to reclassify the following financial assets:
- from amortized cost 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 business model must be effected before the reclassification date. The reclassification date is the beginning of the reporting period following the change in the business model.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or is designated as at FVTPL.

A financial liability is held for trading if:
- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Management may designate a financial liability at FVTPL upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:
- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows, or it is clear, with little or no analysis, that it would not be separately recorded.

Financial liabilities at FVTPL are initially measured at fair value without considering transaction costs. Subsequently, financial liabilities at FVTPL are re-measured fair value, and fair value gains and losses on these instruments are recognized as 'Trading and securities gain' in the statement of income. Interest earned on these investments is reported in the statement of income under 'Interest income' while dividend income is reported in the statement of income under 'Miscellaneous income' when the right of payment has been established. Quoted market prices, when available, are used to determine the fair value of these financial instruments. If quoted market prices are not available, their fair values are estimated based on inputs provided by the BSP, Bureau of Treasury and investment bankers. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques.

As of December 31, 2023 and 2022, the Group's financial liabilities at FVTPL include derivative liabilities.

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

After initial measurement, financial liabilities not qualified and not designated as FVTPL are subsequently measured at amortized cost using the effective interest amortization method. Amortized cost is calculated by taking into account any discount or premium on the issuance and fees that are an integral part of the effective interest rate (EIR).

Impairment of Financial Assets
PFRS 9 requires the Group to record ECL for all loans and other debt financial assets not classified as at FVTPL, together with irrevocable loan commitments and financial guarantee contracts.

Expected credit loss methodology
ECL represent credit losses that reflect an unbiased and probability-weighted amount which is based on reasonable and supportable information about past events, current conditions and forecasts of future economic conditions, and the time value of money. The objective of the new impairment model is to record lifetime losses on all financial instruments which have experienced a significant increase in credit risk (SICR) since their initial recognition. As a result, ECL allowances are now measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a SICR since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the next 12 months after the reporting date. Lifetime ECLs are credit losses that result from all possible default events over the expected life of a financial instrument.

Staging assessment
For non-credit-impaired financial instruments:
- Stage 1 is comprised of all non-impaired financial instruments which have not experienced SICR since initial recognition. The Group recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 is comprised of all non-impaired financial instruments which have experienced SICR since initial recognition, evidenced by missed payments (for monthly amortizing exposures) and/or the significant increase in the likelihood of default. The Group recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:
- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of the financial asset. The ECL model requires that lifetime ECL be recognized for credit-impaired financial instruments.

For the movement of accounts to better stages (i.e. from Stage 2 or 3 to Stage 1 or 2):
- Financial instruments are moved to better stages when there is significant improvement to the credit risk such that the criteria for assessment of the better stage are met and there is consistent evidence of good credit behavior by the borrower.

Financial assets that are credit-impaired on initial recognition are classified as purchased or originated credit-impaired (POCI) assets. These are recorded at fair value at initial recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECL is only recognized or released to the extent that there is a subsequent change in the ECLs.

Definition of "default" and "cure"
For the calculation of ECL, the Group defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, in all cases when the borrower becomes: 1) 91 days past due for amortizing exposures; or 2) non-collection of full amounts at maturity date for non-amortizing loans or bullet-payment loans. As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate likelihood of non-payment when an account is under litigation. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e., cured) when it no longer meets any of the default criteria and there is sufficient evidence to support full collection thru payments received for at least 6 months.

Credit risk at initial recognition
The Group has an internal credit assessment process to determine the credit risk of exposures at initial recognition. The Group has separate models for its key portfolios in which the customers are rated using internal credit rating grades. The models incorporate both qualitative and quantitative information.

Significant increase in credit risk (SICR)
The Group monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or lifetime ECL, the Group assesses whether there has been a SICR since initial recognition. A set of defined empirical-based rules and expert judgment that discriminate good and bad credit make up the SICR model. For corporate loans and investments to debt-type instruments, accounts are considered to have a SICR if the equivalent Probability of default (PD) exceeds the Group's set threshold. The Group also considers an account to have a SICR if contractual payments are more than thirty (30) days past due or the account is considered "watchlist".

To capture the impact of the pandemic to the credit portfolios, the Bank performed the following: 1) updated the macroeconomic forecasts to reflect the downturn caused by the pandemic and the outlook on the recovery; and 2) identified borrower segments that are likely to experience income disruption due to the community quarantine restrictions and factor adjustments are applied to the expected loss parameters based on the estimated potential increase to defaults and/or difficulty in recoveries as determined through expert credit judgment.

Restructuring
In certain circumstances, the Group modifies the original terms and conditions of a credit exposure to create a new loan agreement or payment schedule. The modifications can be given depending on the borrower's or counterparty's current or expected financial difficulty. The modifications may include, but are not limited to, change in interest rate and terms, principal amount, maturity date, date and amount of periodic payments and accrual of interest and charges. Accounts subjected to distressed restructuring with indications of unlikeliness to pay are categorized as impaired accounts and are initially moved to Stage 3.

Assessment of ECL on a collective basis
The Group calculates ECL either on an individual or collective basis. The Group performs collective impairment by grouping exposures into smaller homogenous portfolios based on a combination of borrower and account characteristics. Accounts with similar attributes (i.e., type of facility) are pooled together for calculating provisions based on the ECL models.

ECL parameters and methodologies
ECL is a function of the PD, Exposure at default (EAD) and Loss given default (LGD), with consideration for the expected timing of the loss, and is estimated by incorporating forward-looking economic information through the use of statistical techniques and/or experienced credit judgment.

The PD represents the likelihood that a credit exposure will not be repaid and will go into default in either a 12-month horizon for Stage 1 or within the remaining life of the exposure for Stage 2. The PD for each individual instrument is modelled based on historical data and is adjusted for current market conditions and reasonable and supportable information about future economic conditions. The Group segmented its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristics of the portfolio, behavior of the accounts and materiality of the portfolio as compared to the total portfolio.

EAD is modelled on historical data and represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet and undrawn amounts from irrevocable committed credit lines, EAD includes an estimate of any further amounts to be drawn at the time of default (i.e., credit conversion factor). LGD is the amount that may not be recovered in the event of default and is modelled based on historical net cash flow recoveries from collections and the sale of foreclosed assets.

Economic overlays
The Group incorporates economic overlays into its assessment of SICR and its measurement of ECL. A broad range of economic overlays are considered as economic inputs, such as GDP growth, inflation rates, unemployment rates and interest rates. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect these, quantitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The Group's loans and receivables consists of different portfolios, such as auto, corporate, credit card receivables, mortgage loans, as well as other receivables (e.g., personal, branch, emerging enterprise lending, and Department of Education (DepEd) loans). In compliance with PFRS 9, the Group has developed ECL parameters and methodologies for each portfolio, using historical data as well as forward-looking inputs and assumptions.

Undrawn Loan Commitments
Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. Starting January 1, 2019, these contracts are in the scope of the ECL requirements where the Group estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to financial guarantees and undrawn amounts of irrevocable loan commitments is recognized in 'Other liabilities'.

Financial guarantees
Financial guarantees are initially recognized at fair value. Subsequent to initial recognition, the Group's liability under each financial guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement and the amount of related ECL.

Restructured loans
Loan restructuring may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subjected to an individual or collective impairment assessment, calculated using the loan's original EIR. The difference between the recorded value of the original loan and the present value of the restructured cash flows, discounted at the original EIR, is recognized in 'Provision for impairment and credit losses' in the statement of income.

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 financial assets) is derecognized when:

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

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial assets are written off either partially or fully only when the Group has stopped pursuing the recovery. If a write-off is later recovered, any amounts formerly charged are credited to 'Recovery on charged-off assets' under 'Miscellaneous income' in the statements of income.

Modification of financial assets

In certain circumstances, the Group modifies the original terms and condition of a credit exposure to form a new loan agreement on payment schedule. The modification can be given on the borrower's or counterparty's current or expected financial difficulty. The modification may include, but are not limited to, change in interest rate and terms, principal amount, maturity date, date and amount of period payments and accrual of interest and charges.

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Bank considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Bank considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered "solely payment for principal and interest"

The Bank also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Bank considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Bank recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

If the modification does not result in cash flows that are substantially different, as set out above, then it does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Financial liabilities
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 from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

SSURA
Securities sold under agreements to repurchase at a specified future date ('repos') are not derecognized from the statement of financial position. The corresponding cash received, including accrued interest, is recognized in the statement of financial position as SSURA included in 'Bills and acceptances payable and SSURA' and is considered as a loan to the Group, reflecting the economic substance of such transaction.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Property and Equipment
Land is stated at cost less any impairment in value and depreciable properties including buildings, leasehold improvements and furniture, fixtures and equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the assets to their working condition and location for their intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs, and maintenance are normally charged against operations in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of the assets. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any accumulated impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives (EUL) of the property, equipment and ROU assets.

	Group	Parent
Buildings	25-40 years	30-40 years
Major furniture, fixtures and equipment	3-5 years	3-5 years
ROU asset	6-10 years	6-10 years

The EUL of the vaults of EWRB is 20 years. The cost of the leasehold improvements is amortized over the shorter of the covering lease term or the EUL of the improvements of 10 years.

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

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

Investment Properties

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at the fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of the asset given up. Foreclosed properties are recorded as 'Investment properties' upon: (a) entry of judgment in case of judicial foreclosure; (b) execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or (c) notarization of the Deed of Dacion in case of dation in payment (dacion en pago). Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation and any impairment in value. Investment properties comprise completed property and property under construction or re-development (land, buildings and malls) that are held to earn rentals or capital appreciation or both and that are not occupied by the Group. Investment properties also include right-of-use assets involving real properties that are subleased to other entities.

For those right-of-use assets that qualify as investment properties, i.e., those land and buildings that are subleased by the Group, these are classified under investment properties in accordance with paragraph 48 of PFRS 16. Consistent with the Group's policy regarding the measurement of investment properties, these assets are subsequently measured at cost less amortization and impairment in value.

Investment properties are derecognized when they have either been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the statement of income under 'Gain on sale of assets' in the year of retirement or disposal.

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

Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties but not to exceed 10 years for both buildings and condominium units.

Foreclosed properties of land or building are classified under Investment properties from foreclosure date.

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

Other repossessed assets

Other repossessed assets comprise of repossessed vehicles which are measured at cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis using the remaining useful life from the time of acquisition of the asset. The useful life of other repossessed assets is estimated to be five (5) years.

The carrying values of other properties acquired are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amounts (see accounting policy on Impairment of Nonfinancial Assets).

Investments in Subsidiaries

Investments in subsidiaries in the Parent Company's separate financial statements are accounted for under the equity method.

Under the equity method, an investment in subsidiary is carried in the statement of financial position at cost plus post-acquisition changes in the Parent Company's share of the net assets of the subsidiary. Post-acquisition changes in the share of net assets of the subsidiaries include the share in the: (a) income or losses; and (b) remeasurement of retirement plans. Dividends received are treated as a reduction in the carrying amount of the investments. The statement of income reflects the share of the results of operations of the subsidiary. Where there has been a change recognized directly in the equity of the subsidiary, the Parent Company recognizes its share of any changes and thus, when applicable, discloses in the statement of changes in equity. If the Parent Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Parent Company discontinues recognizing its share in further losses.

Investment in a Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group’s investment in a joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group’s share of net assets of the joint venture since the acquisition date. The statement of income reflects the Group’s share of the results of operations of the joint venture. Any change in OCI of the investee is presented as part of the Group’s OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture. The aggregate of the Group’s share of profit or loss of a joint venture is shown on the face of the statement of income and represents profit or loss after tax.

On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in a joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in a joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss as ‘Share in net income (loss) of joint venture’ in the statement of income.

Upon loss of joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

<u>Intangible Assets</u>
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets, excluding goodwill and branch licenses, are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic 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 at each statement of financial position date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of income.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually or more frequently, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income when the asset is derecognized.

Intangible assets include goodwill, branch licenses, customer relationship, core deposits and capitalized software (Note 13).

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 interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Branch licenses
Branch licenses are determined to have indefinite useful lives. These are tested for impairment annually either individually or at the CGU level. Such intangible assets are not amortized. The useful life is reviewed annually to determine whether indefinite useful life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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

Following initial recognition, customer relationship and core deposits are measured at cost less accumulated amortization and any accumulated impairment losses. Customer relationship related to the credit cards business is amortized on a straight-line basis over its useful life of 40 years while the customer relationship related to the auto loans business and core deposits are amortized on a straight-line basis over its useful life of 13 and 10 years, respectively (Note 13).

Capitalized software
Capitalized software acquired separately is measured at cost on initial recognition. Following initial recognition, capitalized software is carried at cost less accumulated amortization and any accumulated impairment losses. The capitalized software is amortized on a straight-line basis over its estimated useful life of 5-10 years.

<u>Impairment of Nonfinancial Assets</u>
An assessment is made at each statement of financial position date whether there is any indication of impairment of property and equipment, investment properties, other repossessed assets and intangible assets, 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. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated at the higher of the asset's value in use or its fair value less cost to sell. In assessing value in use, the estimated future

cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged against the statement of income in the period in which it arises, unless the asset is carried at a revalued amount in which case the impairment loss is charged against the revaluation increment of the said asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is credited to current operations, unless the asset is carried at a revalued amount in which case the reversal of the impairment loss is credited to the revaluation increment of the said asset.

The following criteria are also applied in assessing impairment of specific assets:

Property and equipment, investment properties and other repossessed assets
The carrying values of the property and equipment and investment properties are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or CGUs are written down to their recoverable amounts.

Goodwill
Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Branch licenses
Branch licenses are tested for impairment annually at the statement of financial position date either individually or at the CGU level, as appropriate.

Other intangible assets
Other intangible assets such as customer relationship, core deposits and capitalized software are assessed for impairment whenever there is an indication that they may be impaired.

Revenue Recognition
Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

The following specific recognition criteria must also be met before revenue is recognized:

Service charges and penalties
Service charges and penalties earned over a period of time are accrued over that period as the customer simultaneously receives and consumes the benefits provided by the Group. Service charges and penalties are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to a customer and excludes amounts collected on behalf of third parties.

Interest income
Under PFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortised cost, interest rate derivatives for which hedge accounting is applied and the related amortisation/recycling effect of hedge accounting. Interest income on interest bearing financial assets at FVOCI under PFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Group recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognized at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.
The IBOR reform Phase 2 amendments allow as a practical expedient for changes to the basis for determining contractual cash flows to be treated as changes to a floating rate of interest, provided certain conditions are met. The conditions include that the change is necessary as a direct consequence of IBOR reform and that thetransition takes place on an economically equivalent basis.

Commissions earned on credit cards
Commissions earned on credit cards are taken up as income upon receipt from member establishments of charges arising from credit availments by credit cardholders. These commissions are computed based on certain agreed rates and are deducted from amounts remittable to member establishments.

Purchases by credit cardholders, collectible on an installment basis, are recorded at the cost of the items purchased plus certain percentage of cost. The excess over cost is credited to Unearned discount and is shown as a deduction from Loans and receivables in the statement of financial position.

The unearned discount is taken to income over the installment terms and is computed using the effective interest method.

Gain on sale of assets
Income from sale of assets include any gains or losses on the retirement or disposal of property and equipment, investment properties, and other repossessed assets. The gain or loss arising from the derecognition is recognized in the statement of income in the year of retirement or disposal.

Other income
Income from sale of services or properties is recognized when control of such services or properties are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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

Expenses are recognized in the statement of income:
- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when the expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Expenses in the statement of income are presented using the nature of expense method. General and administrative expenses are cost attributable to administrative and other business activities of the Group.

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

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

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized 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 ownership of the leased asset transfers to the Group 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 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 recognizes 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 payments of penalties for terminating the lease, if the lease term reflects the Group 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 uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest 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 applies 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.

Retirement Cost
Defined benefit plan
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statement of income. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets (excluding net interest on defined benefit asset) and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All remeasurements are recognized in other comprehensive income account. Remeasurement gains (losses) on retirement plan are not reclassified to profit or loss in subsequent periods.

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

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

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes the related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlement to annual leave is recognized as a liability when the employees render the services that increase their annual leave entitlement. The cost of accumulating annual leave is measured as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Provisions and Contingencies
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and where, appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as Interest expense in the statement of income.

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

Debt Issue Costs

Issuance, underwriting and other related expenses incurred in connection with the issuance of debt instruments (other than debt instruments designated at FVTPL) are deferred and amortized over the terms of the instruments using the effective interest method. Unamortized debt issuance costs are included in the measurement of the related carrying value of the debt instruments in the statement of financial position.

Income Taxes

Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date.

Deferred taxes

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

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of Minimum Corporate Income Tax (MCIT) over the regular income tax and unused Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Current tax and deferred tax relating to items recognized directly in equity is recognized in other comprehensive income and not in the statement of income.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Equity

Capital stock is measured at par value for all shares issued. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to Additional paid in capital account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct cost incurred related to the equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged to 'Additional paid in capital' account. If additional paid-in capital is not sufficient, the excess is charged against 'Surplus'.

Surplus represents accumulated earnings of the Group less dividends declared.

Dividends on Common Shares
Dividends on common shares are recognized as a liability and deducted from equity when declared and approved by the Board of Directors (the Board or BOD) of the Parent Company and approved by the BSP. Dividends for the year that are declared and approved after the statement of financial position date, if any, are dealt with as an event after the financial reporting date and disclosed accordingly.

Earnings Per Share (EPS)
Basic EPS is determined by dividing the net income for the year attributable to common shares by the weighted average number of common shares outstanding during the year while diluted EPS is computed by dividing net income for the year attributable to common shares by the weighted average number of outstanding and dilutive potential common shares. Basic and diluted EPS are given retroactive adjustments for any stock dividends declared and stock rights exercised in the current year, if any. The Group does not have dilutive potential common shares.

Segment Reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is one that provides products or services within a particular economic environment that is subject to risks and returns that are different from those segments operating in other economic environments.

The Group's operations are organized according to the nature of products and services provided. Financial information on business segments is presented in Note 6.

Events after the Financial Reporting Date
Post year-end events that provide additional information about the Group's position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes when material to the financial statements.

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

Standards Issued but Not Yet Effective

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

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
  The amendments clarify:
  - That only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current;
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on its current practice and whether existing loan agreements may require renegotiation.

- Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*
  The amendments clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted, but will need to be disclosed.

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments to the Practice Statement provide non-mandatory guidance. Early adoption of the amendments is permitted as long as this fact is disclosed.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right-of-use retained. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

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

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

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

Deferred effectivity

- PFRS 10, *Consolidated Financial Statements*, and PAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments)
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

3. Significant Accounting Judgments and Estimates

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

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

Unless otherwise stated, below significant judgements and estimates apply as of and for the years ended December 31, 2023, 2022 and 2021:

Judgments

a) *Determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates*

   Upon adoption of the Interpretation, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group determined, based on its tax compliance review, that it is probable that its income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the consolidated financial statements of the Group.

b) *Evaluation of business model in managing financial assets and sale of investment securities at amortized cost*

   The Group manages its financial assets based on business models that maintain adequate level of financial assets to match expected cash outflows and maintain adequate level of high-quality liquid assets while maintaining a strategic portfolio of financial assets for investment and trading activities consistent with its risk appetite.

   The Group's business model allows for financial assets to be held to collect contractual cash flows even when sales of certain financial assets occur. PFRS 9, however, emphasizes that if more than infrequent and more than insignificant sales are made out of a portfolio of financial assets carried at amortized cost, the entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers the following to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reason for those sales and why those sales do not reflect a change in the Group's objective for the business model:

   - sales or derecognition of debt instrument under any of the circumstances spelled out under the relevant BSP Circulars on PFRS 9;
   - sales in preparation for funding a potential aberrant behavior in the depositors' withdrawal pattern triggered by news of massive withdrawals or massive withdrawal already experienced by other systemically important banks in the industry;
   - sales attributable to an anticipated or in reaction to major events in the local and/or international arena that may adversely affect the collectability of the debt instrument and seen to prospectively affect adversely the behavior of deposits or creditors; and
   - sales that the Asset-Liability Management Committee (ALCO) deems appropriate to be consistent with managing the Group's balance sheet based upon but are not limited to the set risk limits and target ratios that have been approved by the BOD.

   In 2021, the Parent Company sold investment securities at amortized cost and assessed that the disposal was not inconsistent with the hold-to-collect (HTC) business model (see Note 8).

c) *Testing the cash flow characteristics of financial assets*

   In determining the classification of financial assets under PFRS 9, the Group assesses whether the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

d) *Determination of joint control over EW Ageas Life*
   Control is presumed to exist when an investor 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. On the other hand, joint control is presumed to exist when the investors contractually agree on the sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Based on the provisions of the joint venture arrangement between the Parent Company and Ageas (Note 10), both parties have to agree in order for any resolution to be passed relating to the joint venture entity's relevant activities. This joint arrangement is classified as a joint venture since the parties have rights to the net assets of the joint venture entity.

e) *Contingencies*
   The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsels handling the Group's defense in these matters and is based upon an analysis of potential results. The Group 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 (Note 30).

<u>Estimates</u>

a) *Fair values of derivatives*
   Management applies valuation techniques to determine the fair value of derivatives that are not quoted in active market. Valuation techniques are used to determine fair values which are validated and periodically reviewed by qualified independent personnel. All models are reviewed before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, the models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to develop estimates and assumptions. Changes in assumptions about these factors could affect reported fair values of derivatives. The Group uses judgements to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

   Fair value measurements of financial instruments (including derivatives) as of December 31, 2023 and 2022 are disclosed in Note 5.

b) *Estimation of expected credit losses on financial assets*
   The ongoing recovery from the COVID-19 pandemic, the war in Ukraine and the Middle East (i.e. Israel and Palestine), and the global cost of living crisis are the prevailing events that continue to contribute to the uncertainty in the global economy. In response to these external events, the Group made changes and updates in the methodology used in calculating for the expected credit losses.

In 2023, the Group made some enhancements and updates to the ECL model of the Group as follows:

- updating of the coverage data for the historical components of the model, thus, incorporating the impact of the post-pandemic recovery;
- refinements to the segmentation that further granularizes and therefore, differentiates between borrower behavior; and
- refinements to the framework for the selection of the base, best and worst economic outlook to be applied to ECL and their corresponding weights or likelihood of occurrence.

The updated data coverage is the basis for establishing the relationship between economic conditions and default through the macroeconomic overlay model tas well as the through the cycle (i.e. historical) default and recovery experience of the Group. The framework for the selection of economic outlook is used in the generation of economic forecasts that serve as input for estimating the forward-looking expected loss.

The measurement of credit losses under PFRS 9 across all categories of financial assets requires significant judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a SICR. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and interdependencies. Significant elements of the models include, among others:

- segmenting the Group's credit risk exposures;
- the Group's definition of default;
- determining the method to estimate ECL;
- identifying exposures with significant deterioration in credit quality;
- determining assumptions to be used in the ECL model such as the counterparty credit risk rating;
- the expected life of the financial asset and expected recoveries from defaulted accounts; and
- incorporating forward-looking information (called overlays) in calculating ECL.

The carrying values of loans and receivables and the related allowance are disclosed in Notes 9 and 15, while the carrying values of debt financial assets at FVTOCI and amortized cost and their related allowances are disclosed in Notes 8 and 15.

c) *Impairment of non-financial assets (excluding goodwill and branch licenses)*
The Group assesses impairment on non-financial assets and considers the following impairment indicators:

- significant underperformance relative to 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 recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Except for investment properties where recoverable amount is determined based on fair value less cost to sell, the recoverable amount of all other non-financial assets is determined based on the assets' value in use computation which considers the present value of estimated future cash flows expected to be generated from the continued use of the asset. The Group is required to make estimates and assumptions that can materially affect the carrying amount of the asset being assessed.

The carrying values of the investment in subsidiaries and joint venture, property and equipment, investment properties, intangible assets (excluding goodwill and branch licenses), and other non-financial assets recorded in 'Other Assets' of the Group and the Parent Company are disclosed in Notes 10, 11, 12, 13, and 14.

d) *Impairment of goodwill and branch licenses*
The Group determines whether goodwill and branch licenses are impaired at least on an annual basis. Goodwill and branch licenses are written down for impairment where the net present value of the forecasted future cash flows from the CGUs is insufficient to support its carrying value. The Group has used the cost of equity as the discount rate for the value in use (VIU) computation. The Group determined the cost of equity using the capital asset pricing model.

The recoverable amount of the CGU has been determined based on a VIU calculation using cash flow projections from financial budgets approved by the BOD covering a five-year period. Future cash flows from the CGU are estimated based on the theoretical annual income of the CGU. Average growth rate was derived from the average increase in annual income during the last 5 years. The discount rate applied reflects the current market assessment of the risk specific to each CGU. Key assumptions in VIU calculation of CGUs are most sensitive to the following assumptions: a) interest margin; b) discount rates; c) market share during the budget period; and d) projected growth rates used to extrapolate cash flows beyond the budget period.

The carrying values of goodwill and branch licenses of the Group and the Parent Company are disclosed in Note 13.

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

Key assumptions used in forecast of future taxable income include loan portfolio and deposit growth rates.

The Group believes it will be able to generate sufficient taxable income in the future to utilize its deferred tax assets. Taxable income is sourced mainly from interest income, and earnings from service charges, fess, commissions and trust activities.

The recognized and unrecognized net deferred tax assets of the Group and of the Parent Company are disclosed in Note 25.

4. Financial Risk Management Objectives and Policies

Risk Management

To ensure that corporate goals and objectives, and business and risk strategies are achieved, the Parent Company utilizes a risk management process that is applied throughout the organization in executing all business activities. Employees' functions and roles fall into one of the three categories where risk must be managed: business units, operating units and governance units.

The Parent Company's activities are principally related to the use of financial instruments and are exposed to credit risk, operational risk and market risk, the latter being subdivided into trading and banking book risks such as liquidity and interest rate risk. Forming part of a coherent risk management system that the Parent Company employs are the risk concepts, control tools, analytical models, statistical methodologies, historical research, and market analysis. These tools support the key risk processes that involve identifying, measuring, controlling, and monitoring risks.

Risk Management Structure

a. *Board of Directors (BOD)*

The Parent Company's risk culture is practiced and observed across the Group, putting the prime responsibility on the BOD. It establishes the risk culture and the risk management organization and incorporates the risk process as an essential part of the strategic plan of the Group. The BOD approves the Parent Company's articulation of risk appetite which is used internally to help management understand the tolerance for risk in each of the major risk categories, its measurement and key controls available that influence the Parent Company's level of risk taking. All risk management policies and policy amendments, risk-taking limits such as but not limited to credit and trade transactions, market risk limits, counterparty limits, trader's limits and activities are based on the Parent Company's established approving authorities which are approved by the Parent Company's BOD. At a high level, the BOD also approves the Parent Company's framework for managing risk.

b. *Executive Committee*

This is a BOD level committee, which leads the bank-wide strategic planning and the execution thereof, and reviews the bankwide credit strategy, profile and performance. It approves the credit risk-taking activities based on the Parent Company's established approving authorities and likewise reviews and endorses credit-granting activities, including the Internal Credit Risk Rating System.

c. *Loan and Investments Committee*

This committee is headed by the Chairman of the Parent Company and whose primary responsibility is to: oversee the Parent Company's credit risk-taking activities and overall adherence to the credit risk management framework; review business/credit risk strategies, quality and profitability of the Parent Company's credit portfolio; and recommend changes to the credit evaluation process, credit risk acceptance criteria and the minimum and target return per credit or investment transaction. All credit risk-taking activities based on the Parent Company's established approving authorities are evaluated and approved by this committee. It establishes infrastructure by ensuring business units have the right systems, and adequate and competent manpower support to effectively manage its credit risk.

d. *Asset-Liability Management Committee (ALCO)*
ALCO, a management level committee, meets on a weekly basis and is responsible for the over-all management of the Parent Company's market, liquidity, and financial position related risks. It monitors the Parent Company's liquidity position and reviews the impact of strategic decisions on liquidity. It is responsible for managing liquidity risks and ensuring exposures remain within established tolerance levels. The ALCO's primary responsibilities include, among others, (a) ensuring that the Parent Company and each business unit holds sufficient liquid assets of appropriate quality and in appropriate currencies to meet short-term funding and regulatory requirements, (b) managing financial position and ensuring that business strategies are consistent with its liquidity, capital and funding strategies, (c) establishing asset and/or liability transfer pricing policies that are consistent with the financial position objectives, (d) recommending market and liquidity risk limits to the Risk Management Committee and BOD, and (e) approving the assumptions used in contingency and funding plans. It also reviews cash flow forecasts, stress testing scenarios and results, and implements liquidity limits and guidelines.

e. *Risk Management Committee (RMC)*
RMC is a BOD level committee that convenes monthly and is primarily responsible in assisting the BOD in managing the Parent Company's risk-taking activities. This is performed by the Committee by institutionalizing risk policies and overseeing the Parent Company's risk management system. It recommends risk appetite and tolerances for the Parent Company's major risk exposures to the BOD. Risk management principles, strategies, framework, policies, processes, and initiatives and any modifications and amendments thereto are reviewed and endorsed by the RMC to the BOD for approval. It oversees and reports to the BOD the effectiveness of the risk management system, overall risk profile, and compliance with the risk appetite and tolerances that the BOD approved.

f. *Audit Committee (Audit Com)*
The Audit Com is a BOD level committee that assists the BOD in fulfilling its responsibilities for overseeing senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide reasonable assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. It is tasked to discuss with management the Parent Company's major risk exposures and ensures accountability on the part of management to monitor and control such exposures including the Parent Company's risk assessment and risk management policies. The Audit Com oversees the internal audit function and is responsible for monitoring and reviewing its effectiveness while ensuring its independence.

g. *Corporate Governance and Compliance Committee (CGCC)*
The CGCC is a BOD level committee that leads the Parent Company in defining and fulfilling the corporate governance policies and attaining best practices while overseeing the implementation of the Parent Company's compliance program, money laundering and terrorist financing prevention program and ensuring that regulatory compliance issues are resolved expeditiously. In addition to its governance role, the CGCC also assumes the nomination function whereby it reviews and evaluates the qualifications of all persons nominated to the BOD, all direct reports of the President and Chief Executive Officer (CEO), Heads of Governance Units regardless of rank, and other positions of the Parent Company requiring appointment by the BOD. The committee oversees the annual performance evaluation of the BOD, its committees, and individual directors and conducts an annual self-evaluation of its performance as prescribed under and in accordance with the Corporate Governance Manual and Securities and Exchange Commission (SEC) Code of Corporate Governance for Publicly Listed Companies.

h. *Related Party Transactions (RPT) Committee*
The RPT Committee is a BOD level committee that assists the BOD in ensuring that the transactions with related parties of the Parent Company are handled in a sound and prudent manner, with integrity and in compliance with the applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders. It also ensures that related party transactions are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged by such transactions.

i. *Asset Impairment Committee (AIC)*
AIC is a management level committee that convenes monthly in a year and shall officially represent the Parent Company's source of experienced credit judgement insofar as the asset impairment exercise is concerned. This experienced credit judgment is tapped to provide guidance under the conditions that include, but are not limited to the following: 1) The result of the calculation is assessed to be unreasonable such that it is considered as not fairly representative of the Parent Company's historical experience, current, and prospective credit condition or other conditions deemed relevant in reasonably determining the recoverable value of the Parent Company's assets; 2) There is an adverse change in the prevailing or foreseen prospective economic condition relative to the embedded presumption in the existing impairment framework; and 3) The data set in the calculation parameters is not available or insufficient to complete the calculation.

j. *Risk Management Division (RMD)*
RMD performs an independent risk governance function within the Parent Company. RMD is tasked with identifying, measuring, controlling, and monitoring existing and emerging risks inherent in the Parent Company's overall portfolio (on- or off-balance sheet). RMD develops and employs risk assessment tools to facilitate risk identification, assessment and measurement. It is responsible for developing and implementing the framework for policies and practices to assess and manage enterprise-wide market, credit, operational, and all other risks of the Parent Company.

It also develops risk tolerance limits for BOD approval, as endorsed by the RMC, and monitors compliance with approved risk tolerance limits. Finally, it regularly apprises the BOD, through the RMC, the results of its risk monitoring.

k. *Internal Audit (IA)*
IA provides an independent assessment of the adequacy of the Parent Company's internal controls, risk management, governance framework and execution/operational practices. Internal audit activities are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing (ISPPIA) and the Code of Ethics. IA has adopted a risk assessment methodology, which provides a sound basis in the selection of areas of coverage and frequency of audit for the preparation of the annual audit plan. IA employs a risk-based audit approach that examines both the adequacy of the policies and the Parent Company's compliance with the procedures while assuring audit coverage of the areas identified as representing the greatest current risk. It discusses the results of assessments with management, and reports its findings and recommendations to the Audit Com. IA's activities are suitably designed to provide the BOD with reasonable assurance that significant financial and operating information is materially complete, reliable and accurate; internal resources are adequately protected; and employee performance is in compliance with the Parent Company's policies, standards, procedures and applicable laws and regulations.

l. Compliance Division
Compliance Division is vested with the responsibility of overseeing the design of the Parent Company's Compliance Program and coordinating its effective implementation towards the sound management of Business and Compliance Risks. It also manages the implementation of the Money Laundering and Terrorist Financing Program. Its mandate is to ensure that the Parent Company is compliant with relevant and applicable laws, rules, regulations, codes of conduct and standards of good practice while avoiding an overly risk-averse environment that inhibits business growth. It serves as the Parent Company's central point of contact with banking regulators.

The major risk types identified by the Group are disclosed in the following section:

Credit Risk
Credit risk refers to the potential loss of earnings or capital arising from an obligor/s, customer/s or counterparty's failure to perform and/or to meet the terms of any contract with the Group. Credit risk may last for the entire tenor of the exposure, may be set at the full amount of the transaction and in some cases, may exceed the original principal exposure. The risk may arise from lending, trade financing, trading, investments and other activities undertaken by the Group. To identify and assess this risk, the Group has: 1) approval process per borrower, business and/or product segment; and 2) structured and standardized internal credit risk rating system for corporate borrowers and score models for consumer products such as credit cards, auto, mortgage and personal loans. For large corporate credit transactions, the Parent Company has a comprehensive procedure for credit evaluation, risk assessment, and well-defined concentration limits that are established for each borrower. The Group's credit risk is managed at the portfolio level, which may be on an overall perspective or according to product type.

<u>Credit Concentration</u>
Excessive concentration of lending plays a significant role in the weakening of asset quality. The Group reduces this risk by diversifying its loan portfolios across various sectors and borrowers. The Group believes that good diversification across economic sectors and geographic areas, among others, will enable it to ride through business cycles without causing undue harm to its asset quality.

The Group's loan portfolio is in line with the Group's policy of not having significant concentrations of exposure to specific industries or group of borrowers. Management of risk concentration is by client/counterparty, by industry sector, and by geographical location. For risk concentration monitoring purposes, the financial assets are broadly categorized into loans and receivables, loans and advances to banks, and investment securities. The Group ensures compliance with BSP's limit on exposure to any single person or group of connected persons by closely monitoring large exposures and top 20 borrowers for both single and group accounts.

Aside from ensuring compliance with BSP's limit on exposures to any single person or group of connected persons and to large exposures, it is the Parent Company's policy to keep the expected loss (determined based on the credit risk rating of the account) of the latter to, at most, one percent (1.00%) of their aggregate outstanding balance. This is to maintain the quality of the large exposures within the Group's risk appetite. With this, accounts with better risk grades are given priority in terms of being granted a bigger share in the Group's loan facilities.

Aligned with the Manual of Regulations for Banks definition, the Group considers its loan portfolio concentrated if it has exposures of more than thirty percent (30.00%) to an industry.

Credit Concentration Profile as of December 31, 2023 and 2022

Maximum exposure to credit risk

The tables below provide the analysis of the maximum exposure to credit risk of the Group and the Parent Company's financial instruments, excluding those where the carrying values are reflected in the statement of financial position and related notes already represent the financial instrument's maximum exposure to credit risk, before and after taking into account collateral held or other credit enhancement:

	Consolidated							
	2023				2022			
	Maximum Exposure to Credit Risk [A]	**Fair Value of Collateral [B]**	**Financial Effect of Collateral [C]**	**Net Exposure [D] = [A] – [C]**	Maximum Exposure to Credit Risk [A]	Fair Value of Collateral [B]	Financial Effect of Collateral [C]	Net Exposure [D] = [A] – [C]
Securities purchased under resell agreement (SPURA)	**₱15,976,310**	**₱15,976,310**	**₱15,976,310**	**₱–**	₱–	₱–	₱–	₱–
Loans and receivables:								
Receivables from customers								
Corporate lending	**59,632,224**	**26,694,071**	**8,851,633**	**50,780,591**	68,811,837	29,960,135	8,279,263	60,532,574
Consumer lending	**237,245,146**	**92,740,786**	**71,702,992**	**165,542,154**	189,920,377	77,529,015	64,563,550	125,356,827
	₱312,853,680	**₱135,411,167**	**₱96,530,935**	**₱216,322,745**	₱258,732,214	₱107,489,150	₱72,842,813	₱185,889,401

	Parent Company							
	2023				2022			
	Maximum Exposure to Credit Risk [A]	**Fair Value of Collateral [B]**	**Financial Effect of Collateral [C]**	**Net Exposure [D] = [A] – [C]**	Maximum Exposure to Credit Risk [A]	Fair Value of Collateral [B]	Financial Effect of Collateral [C]	Net Exposure [D] = [A] – [C]
Securities purchased under resell agreement (SPURA)	**₱15,976,310**	**₱15,976,310**	**₱15,976,310**	**₱–**	₱–	₱–	₱–	₱–
Loans and receivables:								
Receivables from customers								
Corporate lending	**59,557,798**	**26,561,069**	**8,806,878**	**50,750,921**	68,745,390	29,824,688	8,230,933	60,514,457
Consumer lending	**208,899,438**	**92,740,786**	**71,703,227**	**137,196,210**	169,930,472	77,518,761	64,558,998	105,371,474
	₱284,433,546	**₱135,278,165**	**₱96,486,415**	**₱187,947,131**	₱238,675,862	₱107,343,449	₱72,789,931	₱165,885,931

Credit risk, in respect of derivative financial products, is limited to those with positive fair values which are included under financial assets at FVTPL (Note 5). As a result, the maximum credit risk is limited to the amounts on the statements of financial position plus commitments to customers such as unused commercial letters of credit, outstanding guarantees and others as disclosed in Note 36 to the financial statements.

For off-balance sheet items, the figures presented below summarize the Group's and the Parent Company's maximum exposure to credit risk:

	2023					2022				
	Notional Principal Amount	**Credit Conversion Factor**	**Credit Equivalent Amount**	**Credit Risk Mitigation**	**Net Credit Exposure**	Notional Principal Amount	Credit Conversion Factor	Credit Equivalent Amount	Credit Risk Mitigation	Net Credit Exposure
Off-balance sheet items*										
Direct credit substitutes	**₱434,151**	**100%**	**₱434,151**	**₱–**	**₱434,151**	₱618,749	100%	₱618,749	–	₱618,749
Transaction-related contingencies	**3,087,808**	**50%**	**1,543,904**	**–**	**1,543,904**	2,843,341	50%	1,421,671	–	1,421,671
Guarantees	**91,216**	**20%**	**18,243**	**–**	**18,243**	–	20%	–	–	–
Letters of credit	**392,906**	**20%**	**78,581**	**–**	**78,581**	608,805	20%	121,761	–	121,761
	₱4,006,081		**₱2,074,879**	**₱–**	**₱2,074,879**	₱4,070,895		₱2,162,181	₱–	₱2,162,181

*For all other off-balance sheet exposures (see Note 30), credit conversion factor is 0.00%.

Collateral and other credit enhancements

Collaterals are taken into consideration during the loan application process as they offer an alternative way of collecting from the client should a default occur. The percentage of loan value attached to the collateral offered is part of the Group's lending guidelines. Such percentages take into account safety margins for foreign exchange rate exposure/fluctuations, interest rate exposure, and price volatility.

Collaterals are valued according to existing credit policy standards and following the latest appraisal report, serve as the basis for the secured amount of the loan facility. Premium security items are collaterals that have the effect of reducing the estimated credit risk for a facility. The primary consideration for enhancements falling under such category is the ease of converting them to cash.

The Group is not permitted to sell or re-pledge the collateral in the absence of default by the owner of the collateral. It is the Group's policy to dispose foreclosed assets in an orderly fashion. The proceeds of the sale of the foreclosed assets, included under 'Investment Properties', are used to reduce or repay the outstanding claim. In general, the Group does not occupy repossessed properties for business use.

As part of the Group's risk control on security/collateral documentation, standard documents are made for each security type and deviation from the pro-forma documents are subject to legal review prior to implementation.

Credit collaterals profile
The table below provides the collateral profile of the outstanding loan portfolio of the Group and the Parent Company:

	Consolidated				**Parent Company**			
	2023		2022		**2023**		2022	
	Gross Amount	**%**	Gross Amount	%	**Gross Amount**	**%**	Gross Amount	%
Loans secured by:								
Chattel	**₱81,558,366**	**27.47**	₱66,580,479	25.73	**₱81,289,791**	**30.28**	₱66,318,606	27.78
Real estate	**22,569,967**	**7.60**	25,113,211	9.71	**22,496,871**	**8.38**	25,058,827	10.50
Others*	**15,516,687**	**5.23**	15,972,417	6.17	**15,515,194**	**5.78**	15,966,016	6.68
	119,645,020	**40.30**	107,666,107	41.61	**119,301,856**	**44.44**	107,343,449	44.97
Unsecured	**177,232,351**	**59.70**	151,066,106	58.39	**149,155,380**	**55.56**	131,332,413	55.03
	₱296,877,371	**100.00**	₱258,732,213	100.00	**₱268,457,236**	**100.00**	₱238,675,862	100.00

**Consists of government securities, corporate bonds, shares of stock, hold-out on deposits, assignment of receivables etc.*

The credit exposures, after due consideration of the allowed credit enhancements, are considered the maximum credit exposure to any client or counterparty.

As for the computation of credit risk weights, hold-out on deposits with the Parent Company, Home Guaranty cover, and Philippine sovereign guarantees are the only credit risk mitigants considered as eligible.

Large exposures and top 20 borrowers
The table below summarizes the top 20 borrowers and large exposures of the Group and the Parent Company: (There was change in the regulatory definition of large exposures that was adopted by the Bank in 2023. Refer to the note for each table that captures the respective definition for the covered period.)

	2023			
	Top 20 Borrowers		**Large Exposures***	
	Single Borrowers	**Group Borrowers**	**Single Borrowers**	**Group Borrowers**
Aggregate Exposure	**₱27,604,739**	**₱29,125,122**	**₱11,543,024**	**₱12,286,823**
Composite Risk Rating	**3.24**	**3.39**	**1.00**	**1.00**
Total Credit Loss/Aggregate Exposure	**1.38%**	**1.69%**	**0.01%**	**0.02%**

**Large exposures refer to exposures to a counterparty or a group of related counterparties equal to or greater than 10.00% of the Parent Company's qualifying capital.*

	2022			
	Top 20 Borrowers		Large Exposures*	
	Single Borrowers	Group Borrowers	Single Borrowers	Group Borrowers
Aggregate Exposure	₱27,788,038	₱33,087,135	₱12,350,277	₱19,167,735
Composite Risk Rating	2.89	3.12	1	2.01
Total Credit Loss/Aggregate Exposure	2.21%	2.05%	0.01%	0.39%

**Large exposures refer to exposures to a counterparty or a group of related counterparties equal to or greater than 5.00% of the Parent Company's qualifying capital.*

Concentration by industry

The tables below show the distribution of the Group and the Parent Company's financial assets before taking into account any collateral or other credit enhancements analyzed by industry sector as of December 31, 2023 and 2022:

	Consolidated					
	2023					
	Loans and Receivables		**Loans and Advances to Banks***	**Investment Securities****	**Other Financial Assets*****	**Total**
	Amount	**%**				
Activities of households as employers and undifferentiated goods-and-services-producing activities of households for own use	**₱212,499,312**	**68.87**	**₱–**	**₱–**	**₱–**	**₱212,499,312**
Real estate, renting and business activity	**24,703,996**	**8.01**	**–**	**15,068**	**–**	**24,719,064**
Wholesale and retail trade, repair of motor vehicles	**22,786,921**	**7.39**	**–**	**–**	**–**	**22,786,921**
Financial intermediaries	**10,022,249**	**3.25**	**35,083,516**	**2,411,398**	**–**	**47,517,163**
Education	**9,803,173**	**3.18**	**–**	**–**	**–**	**9,803,173**
Manufacturing	**7,449,135**	**2.41**	**–**	**166**	**–**	**7,449,301**
Electricity, gas, steam and air-conditioning supply	**7,128,870**	**2.31**	**–**	**2,399,382**	**–**	**9,528,252**
Other service activities	**3,736,544**	**1.21**	**–**	**1,071,840**	**–**	**4,808,384**
Accommodation and food service activities	**2,466,181**	**0.80**	**–**	**519,648**	**–**	**2,985,829**
Transportation and storage	**2,136,776**	**0.69**	**–**	**–**	**–**	**2,136,776**
Government and foreign sovereign	**1,535,700**	**0.50**	**–**	**87,626,099**	**–**	**89,161,799**
Construction	**1,509,341**	**0.49**	**–**	**–**	**–**	**1,509,341**
Agriculture, fisheries and forestry	**829,046**	**0.27**	**–**	**–**	**–**	**829,046**
Administrative and support service activities	**550,605**	**0.18**	**–**	**–**	**–**	**550,605**
Holding	**72,204**	**0.02**	**–**	**3,964,409**	**–**	**4,036,613**
Others****	**1,309,133**	**0.42**	**–**	**–**	**643,853**	**1,952,986**
	308,539,186	**100.00**	**35,083,516**	**98,008,010**	**643,853**	**442,274,565**
Allowance for credit losses (Note 15)	**11,923,717**		**821**	**10,708**	**–**	**11,935,246**
Total	**₱296,615,470**		**₱35,082,695**	**₱97,997,302**	**₱643,853**	**₱430,339,319**

** Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA*
*** Includes financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost.*
**** Includes other financial assets presented under 'Other assets' (Note 14)*
***** Includes Arts and recreation activities, mining and quarrying, human health and social activities, and information and communication.*

	Consolidated					
	2022					
	Loans and Receivables		Loans and Advances to Banks*	Investment Securities**	Other Financial Assets***	Total
	Amount	%				
Activities of households as employers and undifferentiated goods-and-services-producing activities of households for own use	₱170,124,373	62.93	₱–	₱–	₱–	₱170,124,373
Real estate, renting and business activity	26,645,121	9.86	–	15,068	–	26,660,189
Wholesale and retail trade, repair of motor vehicles	22,551,473	8.34	–	–	–	22,551,473
Financial intermediaries	10,465,267	3.87	50,654,495	2,390,243	–	63,510,005
Manufacturing	9,714,244	3.59	–	130	–	9,714,374
Electricity, gas, steam and air-conditioning supply	8,504,601	3.15	–	2,416,589	–	10,921,190
Education	7,293,006	2.70	–	–	–	7,293,006
Other service activities	3,106,516	1.15	–	1,007,572	–	4,114,088
Transportation and storage	2,514,589	0.93	–	–	–	2,514,589
Accommodation and food service activities	2,468,071	0.91	–	501,711	–	2,969,782
Construction	2,223,701	0.82	–	–	–	2,223,701
Government and foreign sovereign	1,161,282	0.43	–	72,077,196	–	73,238,478
Agriculture, fisheries and forestry	814,372	0.30	–	–	–	814,372
Administrative and support service activities	422,712	0.16	–	–	–	422,712
Holding	72,706	0.03	–	3,853,659	–	3,926,365
Others****	2,237,591	0.83	–	–	505,621	2,743,212
	270,319,625	100.00	50,654,495	82,262,168	505,621	403,741,909
Allowance for credit losses (Note 15)	12,230,550		1,197	11,280	–	12,243,027
Total	₱258,089,075		₱50,653,298	₱82,250,888	₱505,621	₱391,498,882

* *Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA*
** *Includes financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost.*
*** *Includes other financial assets presented under 'Other assets' (Note 14)*
**** *Includes Arts and recreation activities, mining and quarrying, human health and social activities, and information and communication.*

`

	Parent Company 2023					
	Loans and Receivables		**Loans and Advances to Banks***	**Investment Securities****	**Other Financial Assets*****	**Total**
	Amount	**%**				
Activities of households as employers and undifferentiated goods-and-services-producing activities of households for own use	**₱193,641,808**	**69.23**	**₱–**	**₱–**	**₱–**	**193,641,808**
Real estate, renting and business activity	**24,673,321**	**8.82**	**–**	**15,068**	**–**	**24,688,389**
Wholesale and retail trade, repair of motor vehicles	**22,778,412**	**8.14**	**–**	**–**	**–**	**22,778,412**
Financial intermediaries	**9,931,261**	**3.55**	**34,526,027**	**2,411,398**	**–**	**46,868,686**
Manufacturing	**7,440,705**	**2.66**	**–**	**166**	**–**	**7,440,871**
Electricity, gas, steam and air-conditioning supply	**7,128,254**	**2.55**	**–**	**2,399,382**	**–**	**9,527,636**
Other service activities	**3,683,352**	**1.32**	**–**	**1,071,840**	**–**	**4,755,192**
Accommodation and food service activities	**2,464,580**	**0.88**	**–**	**519,648**	**–**	**2,984,228**
Transportation and storage	**2,136,776**	**0.76**	**–**	**–**	**–**	**2,136,776**
Construction	**1,504,852**	**0.54**	**–**	**–**	**–**	**1,504,852**
Government and foreign sovereign	**1,483,752**	**0.53**	**–**	**86,027,334**	**–**	**87,511,086**
Agriculture, fisheries and forestry	**813,386**	**0.29**	**–**	**–**	**–**	**813,386**
Administrative and support service activities	**550,605**	**0.20**	**–**	**–**	**–**	**550,605**
Education	**146,845**	**0.05**	**–**	**–**	**–**	**146,845**
Holding	**72,204**	**0.03**	**–**	**3,964,409**	**–**	**4,036,613**
Others****	**1,272,738**	**0.45**	**–**	**1,007,572**	**619,150**	**2,899,460**
	279,722,851	**100.00**	**34,526,027**	**97,416,817**	**619,150**	**412,284,845**
Allowance for credit losses (Note 15)	**11,293,943**		**821**	**10,708**	**–**	**11,305,472**
Total	**₱268,428,908**		**₱34,525,206**	**₱97,406,109**	**₱619,150**	**₱400,979,373**

** Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA*
*** Includes financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost.*
**** Includes other financial assets presented under 'Other assets' (Note 14)*
***** Includes Arts and recreation activities, mining and quarrying, human health and social activities, and information and communication.*

	Parent Company 2022					
	Loans and Receivables*		Loans and Advances to Banks*	Investment Securities**	Other Financial Assets***	Total
	Amount	%				
Activities of households as employers and undifferentiated goods-and-services-producing activities of households for own use	₱157,079,482	62.83	₱–	₱–	₱–	₱157,079,482
Real estate, renting and business activity	26,610,686	10.64	–	15,068	–	26,625,754
Wholesale and retail trade, repair of motor vehicles	22,542,818	9.02	–	–	–	22,542,818
Financial intermediaries	10,507,965	4.20	50,079,806	2,390,243	–	62,978,014
Manufacturing	9,705,828	3.88	–	130	–	9,705,958
Electricity, gas, steam and air-conditioning supply	8,503,985	3.40	–	2,416,589	–	10,920,574
Other service activities	3,041,973	1.22	–	–	–	3,041,973
Transportation and storage	2,514,589	1.01	–	–	–	2,514,589
Accommodation and food service activities	2,466,471	0.99	–	501711	–	2,968,182
Construction	2,220,848	0.89	–	–	–	2,220,848
Government and foreign sovereign	1,108,003	0.44	–	70,438,107	–	71,546,110
Agriculture, fisheries and forestry	797,314	0.32	–	–	–	797,314
Administrative and support service activities	422,712	0.17	–	–	–	422,712
Education	202,823	0.08	–	–	–	202,823
Holding	72,706	0.03	–	3,853,659	–	3,926,365
Others****	2,215,681	0.89	–	1,007,572	480,533	3,703,786
	250,013,884	100.00	50,079,806	80,623,079	480,533	381,197,302
Allowance for credit losses (Note 15)	11,575,411		1,197	11,280	–	11,587,888
Total	₱238,438,473		₱50,078,609	₱80,611,799	₱480,533	₱369,609,414

* *Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA*
** *Includes financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost.*
*** *Includes other financial assets presented under 'Other assets' (Note 14)*
**** *Includes Arts and recreation activities, mining and quarrying, human health and social activities, and information and communication*

Geographic Segmentation

The distribution of the Group's and Parent Company's financial assets by geographic region as of December 31, 2023 and 2022 follows:

	Consolidated				
	2023				
	Loans and Receivables	**Loans and Advances to Banks***	**Investment Securities****	**Other Financial Assets*****	**Total**
Philippines	**₱308,190,548**	**₱33,405,685**	**₱81,520,409**	**₱639,562**	**₱423,756,204**
Asia (excluding Philippines)	**279,347**	**661,626**	**13,198,807**	**–**	**14,139,780**
Australia	**–**	**73,293**	**–**	**–**	**73,293**
Europe	**21,534**	**164,522**	**2,022,107**	**4,272**	**2,212,435**
North America	**47,757**	**–**	**1,266,686**	**–**	**1,314,443**
USA	**–**	**778,390**	**–**	**19**	**778,409**
	308,539,186	**35,083,516**	**98,008,009**	**643,853**	**442,274,564**
Allowance for credit losses (Note 15)	**11,923,717**	**821**	**10,708**	**–**	**11,935,246**
	₱296,615,470	**₱35,082,695**	**₱97,997,301**	**₱643,853**	**₱430,339,319**

** Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA*
*** Includes financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost.*
**** Includes other financial assets presented under 'Other assets' (Note 14)*

	Consolidated				
	2022				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Other Financial Assets***	Total
Philippines	₱269,993,182	₱47,699,301	₱66,558,599	₱505,426	₱384,756,508
Asia (excluding Philippines)	256,671	331,094	12,446,222	57	13,034,044
Australia	–	401,322	–	–	401,322
Europe	21,683	500,408	2,005,361	138	2,527,590
North America	48,089	–	1,251,986	–	1,300,075
USA	–	1,722,370	–	–	1,722,370
	270,319,625	50,654,495	82,262,168	505,621	403,741,909
Allowance for credit losses (Note 15)	12,230,550	1,197	11,280	–	12,243,027
	₱258,089,075	₱50,653,298	₱82,250,888	₱505,621	₱391,498,882

** Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA*
*** Includes financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost.*
**** Includes other financial assets presented under 'Other assets' (Note 14)*

	Parent Company				
	2023				
	Loans and Receivables	**Loans and Advances to Banks***	**Investment Securities****	**Other Financial Assets*****	**Total**
Philippines	**₱279,374,213**	**₱32,848,196**	**₱79,921,644**	**₱614,859**	**₱392,758,912**
Asia (excluding Philippines)	**279,347**	**661,626**	**13,198,807**	**–**	**14,139,780**
Australia	**–**	**73,293**	**–**	**–**	**73,293**
Europe	**21,534**	**164,522**	**2,022,107**	**4,272**	**2,212,435**
North America	**47,757**	**–**	**1,266,686**	**–**	**1,314,443**
USA	**–**	**778,390**	**–**	**19**	**778,409**
	279,722,851	**34,526,027**	**96,409,243**	**619,150**	**411,277,271**
Allowance for credit losses (Note 15)	**11,293,943**	**821**	**10,708**	**–**	**11,305,472**
	₱268,428,908	**₱34,525,206**	**₱96,398,536**	**₱619,150**	**₱399,971,800**

** Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA*
*** Includes financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost.*
**** Includes other financial assets presented under 'Other assets' (Note 14)*

	Parent Company				
	2022				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Other Financial Assets***	Total
Philippines	₱249,687,441	₱47,124,611	₱64,919,511	₱480,338	₱362,211,901
Asia (excluding Philippines)	256,671	331,094	12,446,222	57	13,034,044
Australia	–	401,322	–	–	401,322
Europe	21,684	500,408	2,005,361	138	2,527,591
North America	48,088	–	1,251,985	–	1,300,073
USA	–	1,722,371	–	–	1,722,371
	250,013,884	50,079,806	80,623,079	480,533	381,197,302
Allowance for credit losses (Note 15)	11,575,411	1,197	11,280	–	11,587,888
	₱238,438,473	₱50,078,609	₱80,611,799	₱480,533	₱369,609,414

** Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA*
*** Includes financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost.*
**** Includes other financial assets presented under 'Other assets' (Note 14)*

The following summarizes the Group's credit risk management practices and the relevant quantitative and qualitative financial information regarding the credit exposures according to the Group's portfolios:

Internal Credit Risk Rating System

The Parent Company employs a credit scoring system for borrowers to assess risks relating to the borrower and the loan exposure. Borrower risk is evaluated by considering (a) quantitative factors, such as financial condition and (b) qualitative factors, such as management quality and industry outlook.

For corporate loans, the financial condition assessment focuses on profitability, liquidity, working capital management, and leverage. Management quality determination is based on the borrower's strategies, management competence and skills, and management of banking relationship while industry outlook is evaluated based on its importance to the economy, growth, industry structure and relevant government policies. Based on these factors, each borrower is assigned a Borrower Risk Rating (BRR), that ranges from 1 to 6. A borrower may be downgraded when it exhibits the characteristics of a classified account described below, in which case it will be assigned a risk rating ranging from 7 to 10.

The BRR for each borrower is reviewed annually. A more frequent review is warranted in cases where the borrower has a higher risk profile or when there are extraordinary or adverse developments affecting the borrower, the industry and/or the Philippine economy.

The following is a brief explanation of the Parent Company's risk grades:

Rating	Description	Account/Borrower Characteristics
1	Excellent	• low probability of going into default within the coming year; very high debt service capacity and balance sheets show no sign of any weakness • has ready access to adequate funding sources • high degree of stability, substance and diversity • of the highest quality under virtual economic conditions
2	Strong	• low probability of going into default in the coming year • access to money markets is relatively good • business remains viable under normal market conditions • strong market position with a history of successful financial performance • financials show adequate cash flows for debt servicing and generally conservative balance sheets
3	Good	• sound but may be susceptible, to a limited extent, to cyclical changes in the markets in which they operate • financial performance is good and capacity to service debt remains comfortable • cash flows remain healthy and critical balance sheet ratios are at par with industry norms • reported profits in the past three years and expected to sustain profitability in the coming year

Rating	Description	Account/Borrower Characteristics
4	Satisfactory	• clear risk elements exist and probability of going into default is somewhat greater, as reflected in the volatility of earnings and overall performance • normally have limited access to public financial markets • able to withstand normal business cycles, but expected to deteriorate beyond acceptable levels under prolonged unfavorable economic period • combination of reasonably sound asset and cash flow protection
5	Acceptable	• risk elements for the Parent Company are sufficiently pronounced, but would still be able to withstand normal business cycles • immediate deterioration beyond acceptable levels is expected given prolonged unfavorable economic period • there is sufficient cash flow either historically or expected in the future in spite of economic downturn combined with asset protection
5B	Acceptable	• financial condition hard to ascertain due to weak validation of financial statements coupled by funding leakages to other business interests whose financial condition is generally unknown • continuous decline in revenues and margins due to competition • substantial or unexplained build-up in borrowings with banks financing bulk of working capital and capex requirements coupled by substantial dividends pay-outs • chronically tight cash flows with operating income negative or barely enough for debt servicing • with past record of past due loans with other banks, cancelled credit cards and court cases
6	Watchlist	• with identified disruptions that may negatively affect performance but are likely to be resolved within the year • deteriorating revenue, net income, margins, and sustained increase in debt levels despite a slowdown in business activity • diversion of fund to non-core or start-up businesses and other investments that are known to be unprofitable or high risk • past due on interest and/or principal for ≤30 days and the delinquency is deemed temporary in nature • account is still in current status but already restructured but no payment experience yet or requesting for payment deferments or loan restructuring • with temporary cashflow pressures arising from unexpected circumstances but are likely to be resolved once these adverse events are mitigated or resolved.

Rating	Description	Account/Borrower Characteristics
7	Special Mention	• past due on interest and/or principal payments up to 90 days and the delinquency is not temporary in nature • intermittent delays or inadequate repayment of principal, interest or amortizations • past due account that is already requesting for payment deferments or loan restructuring • restructured account that has yet to meet the required track record of sustained payments • continuous renewal/extension without reduction in principal and lines with all creditors maxed-out and no clear source of repayment due to chronic tightness in cashflows • prolonged contraction in the business brought by adverse economic or market conditions resulting in net losses and affecting its capacity to pay • deficiency in documentation which have not been rectified within an agreed period of time unless for justifiable reasons
8	Substandard	• NPL or with chronic delays in payment because of unstable cashflow or with no definite commitment to pay or restructure • loans have already been restructured but conditions have not been fully met or tenor has been renegotiated • net loss for the last 2 years that have wiped out capital and business sustainability is a concern unless a major turnaround in business occurs. • due to difficulty in generating cashflows to service debt, repayment of the loans depends on non-operating sources such as collateral, personal funds or other assets • breach of key financial covenants that will have a significant effect on the borrower's capacity to pay
9	Doubtful	• business heavily affected by environmental, economic, health, regulatory issues to the point that closure or bankruptcy is becoming imminent • business is almost bankrupt and the only possible solution are either merger, acquisition, capital infusion or refinancing plans which are still being worked-out • business closure is imminent due to challenging business conditions such as substantial loss of market share, unsalable products due to obsolescence, tight competition and influx of cheap substitutes • with uncertainty if the Parent Company could find leviable assets or if there are other assets that can be liquidated, full recovery of principal remains uncertain due to marketability and other outstanding claims • client is difficult to coordinate with and is non-responsive to demand letters sent • Legal cases filed

Rating	Description	Account/Borrower Characteristics
10	Loss	• business is non-operational and loans are considered absolutely uncollectible due to presence of fraud and major build-up of claims and litigation • borrower's whereabouts unknown or insolvent or earning power-impaired and guarantors are insolvent or guarantee not financially supported

It is the Parent Company's policy to maintain accurate and consistent risk ratings across the corporate credit portfolio. This facilitates a focused management of the applicable risk and the comparison of credit exposures across all lines of businesses, geographic regions, and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Parent Company's rating policy. The risk ratings are assessed and updated regularly.

The consumer loan portfolio of the Group is composed of the following product lines: credit cards, auto, mortgage, salary, personal and branch loans. Each of these products have established credit risk guidelines and systems for managing credit risk across all businesses. For credit cards, auto, mortgage and personal loans, application and behavioral scoring models are in place that primarily consider demographic variables and/or payment behavior, for the assessment of the likelihood of default by the borrower. For the other consumer loans, minimum risk acceptance criteria were set for each portfolio according to the nature of the product and the target market and is used for the evaluation of the credit quality of borrowers at origination.

For purposes of comparison of different exposure types, the credit portfolios (corporate and consumer) of the Parent Company are benchmarked against marketable corporate debt securities (using the Standard & Poor's (S&P) global study on corporate exposures) based on credit risk rating and corresponding PDs (i.e., Investment Grade – BRR 1 to 4, Standard Grade – BRR 5, Substandard Grade – BRR 5B to 6, Nonperforming – BRR 7 to10).

The Parent Company assigns credit risk using the following credit score master scale:

Credit quality	**Description**	**Credit rating**
Investment Grade	These accounts are of the highest quality and are likely to meet financial obligations.	AAA to AA+ AA AA- A+ A A- BBB+ BBB
Standard Grade	These accounts may be vulnerable to adverse business, financial and economic conditions but are expected to meet financial obligations.	BBB- BB+ BB BB- B+ B B-
Substandard Grade	These accounts are vulnerable to non-payment but for which default has not yet occurred.	CCC+ to C-

Credit quality	Description	Credit rating
Non-Performing	These refer to accounts which are in default or those that demonstrate objective evidence of impairment.	Default

External Ratings
The Group also uses external ratings, such as S&P's, Moody's, and Fitch, to evaluate its counterparties and in its assignment of credit risk weights to its banking book exposures. Transactions falling under this category are normally of the following nature: placements with other banks, money market lending, debt security investments, and to some extent, equity security investments.

Credit rating grades of gross carrying amounts of financial assets
The credit quality by class of the Group's loans and receivables (gross of allowance for credit losses and unamortized premium) as of December 31, 2023 and 2022 are as follows:

	2023			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Investment Grade	**₱13,138,763**	**₱–**	**₱–**	**₱13,138,763**
Standard Grade	**39,691,941**	**2,675,587**	–	**42,367,528**
Substandard Grade	–	**1,252,173**	–	**1,252,173**
Non-Performing	–	**-**	**2,873,673**	**2,873,673**
	52,830,704	**3,927,760**	**2,873,673**	**59,632,137**
Auto loans				
Investment Grade				
Standard Grade	**63,254,410**	**8,230,182**	–	**71,484,592**
Substandard Grade	–	**111,930**	–	**111,930**
Non-Performing	–	–	**6,460,330**	**6,460,330**
	63,254,410	**8,342,112**	**6,460,330**	**78,056,853**
Credit cards				
Investment Grade	**5,561**	–	–	**5,561**
Standard Grade	**44,346,509**	**4,581,719**	–	**48,928,228**
Substandard Grade	**259,076**	**2,586,912**	–	**2,845,988**
Non-Performing	–	–	**2,133,105**	**2,133,105**
	44,611,147	**7,168,631**	**2,133,105**	**53,912,882**
Mortgage loans				
Investment Grade				
Standard Grade	**16,590,136**	**3,977**	–	**16,594,113**
Substandard Grade	–	**2,197,154**	–	**2,197,154**
Non-Performing	–	–	**1,250,576**	**1,250,576**
	16,590,136	**2,201,131**	**1,250,576**	**20,041,843**
Other consumer loans**				
Investment Grade				
Standard Grade	**71,113,855**	**44,705**	–	**71,158,560**
Substandard Grade	–	**3,865,551**	–	**3,865,551**
Non-Performing	–	–	**3,673,003**	**3,673,003**
	71,113,855	**3,910,256**	**3,673,003**	**78,697,113**
Other receivables***				
Investment Grade	**1,737,956**	–	–	**1,737,956**
Standard Grade	**5,812,495**	**757,769**	–	**6,570,264**
Substandard Grade	**3,695**	**647,636**	–	**651,332**
Non-Performing	–	–	**2,643,685**	**2,643,685**
	7,554,146	**1,405,406**	**2,643,685**	**11,603,237**
Total	**₱255,954,397**	**₱26,955,295**	**₱19,034,373**	**₱301,944,066**

**Include Corporate loans, Emerging Enterprise Loaans and Branch Loans*
***Include DepEd loans, Employee loans, Salary loans, Personal loans,*
**** Include Accrued interest receivables, Accounts receivables and Sales contract receivables.*

	2022			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Investment Grade	₱28,670,120	₱197,000	₱–	₱28,867,120
Standard Grade	2,428,006	34,707,284	–	37,135,290
Substandard Grade	1	76,144	–	76,145
Non-Performing	–	–	2,723,335	2,723,335
	31,098,127	34,980,428	2,723,335	68,801,890
Auto loans				
Investment Grade				
Standard Grade	46,171,339	7,618,244	–	53,789,583
Substandard Grade	–	2,200,461	–	2,200,461
Non-Performing	–	–	8,204,735	8,204,735
	46,171,339	9,818,705	8,204,735	64,194,779
Credit cards				
Investment Grade				
Standard Grade	32,648,161	3,629,241	–	36,277,402
Substandard Grade	877,157	1,623,553	–	2,500,710
Non-Performing	–	–	2,271,862	2,271,862
	33,525,318	5,252,794	2,271,862	41,049,974
Mortgage loans				
Investment Grade				
Standard Grade	16,028,733	1,090,230	–	17,118,963
Substandard Grade	–	718,820	–	718,820
Non-Performing	–	–	1,724,913	1,724,913
	16,028,733	1,809,050	1,724,913	19,562,696
Other consumer loans**				
Investment Grade	–	5	–	5
Standard Grade	56,517,878	52,082	–	56,569,960
Substandard Grade	66,881	2,362,086	–	2,428,967
Non-Performing	–	–	2,777,939	2,777,939
	56,584,759	2,414,173	2,777,939	61,776,871
Other receivables***				
Investment Grade	1,358,618	318	–	1,358,936
Standard Grade	5,952,419	1,132,745	–	7,085,164
Substandard Grade	27,442	648,744	–	676,186
Non-Performing	–	–	2,467,125	2,467,125
	7,338,479	1,781,807	2,467,125	11,587,411
Total	₱190,746,755	₱56,056,957	₱20,169,909	₱266,973,621

**Include Corporate loans and emerging enterprise loans*
***Include Branch loans, DepEd loans, Employee loans, Salary loans, Personal loans,*
**** Include Accrued interest receivables, Accounts receivables and Sales contract receivables.*

The credit quality by class of the Parent Company's loans and receivables (gross of allowance for credit losses and unamortized premium) as of December 31, 2023 and 2022 are as follows:

	2023			
	Gross carrying amount			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Corporate loans*				
Investment Grade	**₱13,138,763**	**₱-**	**₱ -**	**₱13,138,763**
Standard Grade	**39,663,586**	**2,675,587**	**-**	**42,339,173**
Substandard Grade	**-**	**1,252,173**	**-**	**1,252,173**
Non-Performing	**-**	**-**	**2,827,227**	**2,827,227**
	52,802,349	**3,927,760**	**2,827,227**	**59,557,336**
Auto loans				
Investment Grade				
Standard Grade	**63,254,410**	**8,230,182**	**-**	**71,484,592**
Substandard Grade	**-**	**111,930**	**-**	**111,930**
Non-Performing	**-**	**-**	**6,460,330**	**6,460,330**
	63,254,410	**8,342,112**	**6,460,330**	**78,056,852**

(Forward)

	2023			
	Gross carrying amount			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Credit cards				
Investment Grade	**₱5,561**	**₱-**	**₱-**	**₱5,561**
Standard Grade	**44,346,509**	**4,581,719**	**-**	**48,928,228**
Substandard Grade	**259,076**	**2,586,912**	**-**	**2,845,988**
Non-Performing	**-**	**-**	**2,133,105**	**2,133,105**
	44,611,146	**7,168,631**	**2,133,105**	**53,912,882**
Mortgage loans				
Investment Grade				
Standard Grade	**16,590,136**	**3,977**	**-**	**16,594,113**
Substandard Grade	**-**	**2,197,154**	**-**	**2,197,154**
Non-Performing	**-**	**-**	**1,250,576**	**1,250,576**
	16,590,136	**2,201,131**	**1,250,576**	**20,041,843**
Other Consumer Loans**				
Investment Grade				
Standard Grade	**44,973,994**	**44,705**	**-**	**45,018,699**
Substandard Grade	**-**	**1,775,756**	**-**	**1,775,756**
Non-Performing	**-**	**-**	**1,746,554**	**1,746,554**
	44,973,994	**1,820,461**	**1,746,554**	**48,541,009**
Other receivables***				
Investment Grade	**1,705,418**	**-**	**-**	**1,705,418**
Standard Grade	**5,500,672**	**757,769**	**-**	**6,258,441**
Substandard Grade	**3,695**	**569,956**	**-**	**573,651**
Non-Performing	**-**	**-**	**2,669,525**	**2,669,525**
	7,209,785	**1,327,725**	**2,669,525**	**11,207,035**
Total	**₱229,441,821**	**₱24,787,820**	**₱17,087,317**	**₱271,316,958**

**Include Corporate loans, Emerging Enterprise Loaans and Branch Loans*
***Include DepEd loans, Employee loans, Salary loans, Personal loans,*
**** Include Accrued interest receivables, Accounts receivables and Sales contract receivables.*

	2022			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Investment Grade	₱28,670,120	₱197,000	₱–	28,867,120
Standard Grade	2,411,213	34,707,284	–	37,118,497
Substandard Grade	1	76,144	–	76,145
Non-Performing	–	–	2,673,449	2,673,449
	31,081,334	34,980,428	2,673,449	68,735,211
Auto loans				
Investment Grade	–	–	–	–
Standard Grade	46,171,339	7,618,244	–	53,789,584
Substandard Grade	–	2,200,461	–	2,200,461
Non-Performing	–	–	8,204,735	8,204,735
	46,171,339	9,818,705	8,204,735	64,194,780
Credit cards				
Investment Grade	–	–	–	–
Standard Grade	32,648,161	3,629,241	–	36,277,402
Substandard Grade	877,157	1,623,553	–	2,500,710
Non-Performing	–	–	2,271,862	2,271,862
	33,525,318	5,252,794	2,271,862	41,049,973
Mortgage loans				
Investment Grade	–	–	–	–
Standard Grade	16,028,733	1,090,230	–	17,118,963
Substandard Grade	–	718,820	–	718,820
Non-Performing	–	–	1,724,913	1,724,913
	16,028,733	1,809,050	1,724,913	19,562,696
Other Consumer Loans**				
Investment Grade	–	5	–	5
Standard Grade	39,431,938	51,944	–	39,483,881
Substandard Grade	66,881	55,186	–	122,066
Non-Performing	–	–	969,761	969,761
	39,498,819	107,134	969,761	40,575,714

(Forward)

	2022			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Other receivables* **				
Investment Grade	₱1,326,054	₱318	₱–	₱1,326,372
Standard Grade	5,752,873	1,132,745	–	6,885,618
Substandard Grade	27,442	628,139	–	655,582
Non-Performing	–	–	2,470,450	2,470,450
	7,106,369	1,761,202	2,470,450	11,338,022
Total	₱173,411,912	₱53,729,315	₱18,315,171	₱245,456,397

**Include Corporate loans, Emerging Enterprise Loaans and Branch Loans*
***Include DepEd loans, Employee loans, Salary loans, Personal loans,*
**** Include Accrued interest receivables, Accounts receivables and Sales contract receivables.*

The credit quality by class of the Group's financial assets other than loans and receivables (gross of allowance for credit losses) as of December 31, 2023 and 2022 are as follows:

	2023			
	Gross carrying amount			
Credit Score	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Due from BSP				
Investment Grade	**₱16,171,987**	**₱–**	**₱–**	**₱16,171,987**
	16,171,987	–	–	**16,171,987**
Due from other banks				
Investment Grade	**2,469,290**	–	–	**2,469,290**
	2,469,290	–	–	**2,469,290**
Interbank loans receivables and SPURA				
Investment Grade	**16,441,418**	–	–	**16,441,418**
	16,441,418	–	–	**16,441,418**
Financial assets at FVTPL				
Investment Grade	**4,112,322**	–	–	**4,112,322**
	4,112,322	–	–	**4,112,322**
Financial assets at FVTOCI				
Investment Grade	**16,668,957**	–	–	**16,668,957**
Standard Grade	**263,722**	**1,551,281**	–	**1,815,003**
	16,932,680	**1,551,281**	–	**18,483,960**
Investment securities at amortized cost				
Investment Grade	**74,857,384**	–	–	**74,857,384**
Standard Grade	–	**554,343**	–	**554,343**
	74,857,384	**554,343**	–	**75,411,727**
Other financial assets (Note 14)				
Standard Grade	**21,812**	–	–	**21,812**
Non-Performing	–	–	**622,041**	**622,041**
	21,812	–	**622,041**	**643,852**
Total	**₱131,006,893**	**₱2,105,624**	**₱622,041**	**₱133,734,557**

**Includes security deposits, derivative assets, deposit to suppliers, returned cash and other cash items (RCOCI)*

	2022			
	Gross carrying amount			
Credit Score	Stage 1	Stage 2	Stage 3	Total
Due from BSP				
Investment Grade	₱36,114,397	–	–	₱36,114,397
	36,114,397	–	–	36,114,397
Due from other banks				
Investment Grade	4,529,635	–	–	4,529,635
	4,529,635	–	–	4,529,635
Interbank loans receivables and SPURA				
Investment Grade	10,009,266	–	–	10,009,266
	10,009,266	–	–	10,009,266
Financial assets at FVTPL				
Investment Grade	1,958,310	–	–	1,958,310
	1,958,310	–	–	1,958,310

(Forward)

Credit Score	2022 Gross carrying amount Stage 1	Stage 2	Stage 3	Total
Financial assets at FVTOCI				
Investment Grade	₱14,430,399	₱–	₱–	₱14,430,399
Standard Grade	823,962	1,492,025	–	2,315,987
	15,254,361	1,492,025	–	16,746,386
Investment securities at amortized cost				
Investment Grade	62,004,503	–	–	62,004,503
Standard Grade	–	1,552,968	–	1,552,968
	62,004,503	1,552,968	–	63,557,471
Other financial assets (Note 14)				
Standard Grade	18,750	–	–	18,750
Non-Performing	–	–	486,871	486,871
	18,750	–	486,871	505,621
Total	₱129,889,221	₱3,044,993	₱486,871	₱133,421,086

The credit quality by class of the Parent Company's financial assets other than loans and receivables (gross of allowance for credit losses) as of December 31, 2023 and 2022 are as follows:

Credit Score	**2023** **Gross carrying amount** **Stage 1**	**Stage 2**	**Stage 3**	**Total**
Due from BSP				
Investment Grade	**₱15,745,451**	₱–	₱–	**₱15,745,451**
	15,745,451	–	–	**15,745,451**
Due from other banks				
Investment Grade	**2,338,337**	–	–	**2,338,337**
	2,338,337	–	–	**2,338,337**
Interbank loans receivables and SPURA				
Investment Grade	**16,441,418**	–	–	**16,441,418**
	16,441,418	–	–	**16,441,418**
Financial assets at FVTPL				
Investment Grade	**4,112,322**	–	–	**4,112,322**
	4,112,322	–	–	**4,112,322**
Financial assets at FVTOCI				
Investment Grade	**16,668,957**	–	–	**16,668,957**
Standard Grade	**263,722**	**1,551,281**	–	**1,815,003**
	16,932,679	**1,551,281**	–	**18,483,960**
Investment securities at amortized cost				
Investment Grade	**73,258,619**	–	–	**73,258,619**
Standard Grade	–	**554,343**	–	**554,343**
	73,258,619	**554,343**	–	**73,812,962**
Other financial assets (Note 14)				
Standard Grade	**21,812**	–	–	**21,812**
Non-Performing	–	–	**597,337**	**597,337**
	21,812	–	**597,337**	**619,149**
Total	**₱128,850,638**	**₱2,105,624**	**₱597,337**	**₱131,553,599**

Credit Score	2022 Gross carrying amount Stage 1	Stage 2	Stage 3	Total
Due from BSP				
Investment Grade	₱35,723,579	₱–	₱–	₱35,723,579
	35,723,579	–	–	35,723,579
Due from other banks				
Investment Grade	4,345,763	–	–	4,345,763
	4,345,763	–	–	4,345,763

(Forward)

	2022			
	Gross carrying amount			
Credit Score	Stage 1	Stage 2	Stage 3	Total
Interbank loans receivables and SPURA				
Investment Grade	₱10,009,266	₱–	₱–	₱10,009,266
	10,009,266	–	–	10,009,266
Financial assets at FVTPL				
Investment Grade	1,958,310	–	–	1,958,310
	1,958,310	–	–	1,958,310
Financial assets at FVTOCI				
Investment Grade	14,430,399	–	–	14,430,399
Standard Grade	823,962	1,492,025	–	2,315,987
	15,254,361	1,492,025	–	16,746,386
Investment securities at amortized cost				
Investment Grade	60,365,415	–	–	60,365,415
Standard Grade	–	1,552,968	–	1,552,968
	60,365,415	1,552,968	–	61,918,383
Other financial assets (Note 14)				
Standard Grade	18,750	–	–	18,750
Non-Performing	–	–	461,783	461,783
	18,750	–	461,783	480,533
Total	₱127,675,444	₱3,044,993	₱461,783	₱131,182,220

Total credit risk exposure after risk mitigation

The table below shows the different credit risk exposures of the Group and of the Parent Company after credit risk mitigation, by risk weight applied in accordance with BSP Circular No. 538:

	Consolidated							
	2023							
	Capital	**Risk Buckets**						
	Deduction	**0%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Total**
Credit risk exposure after risk mitigation								
On-balance sheet assets	**₱–**	**₱66,987,927**	**₱3,217,431**	**₱74,056,036**	**₱9,192,168**	**₱273,792,753**	**₱11,808,702**	**₱439,055,017**
Off-balance sheet assets	–	–	**484,122**	**3,087,808**	–	**434,151**	–	**4,006,081**
Counterparty in the banking book (derivatives and repo-style transactions)	–	**14,918,358**	**2,284,109**	**1,487,099**	**191,094**	**55,834**		**18,936,495**
Counterparty in the trading book (derivatives and repo-style transactions)	–	–	–	–	–	–	–	–
Credit-linked notes in the banking book	–	–	–	–	–	–	–	–
Securitization exposures	–	–	–	–	–	–	–	–
	₱–	**₱81,906,284**	**₱5,985,663**	**₱78,630,943**	**₱9,383,262**	**₱274,282,739**	**₱11,808,702**	**₱461,997,593**
Credit Risk Weighted Assets	**₱–**	**₱–**	**₱1,197,133**	**₱39,315,472**	**₱7,037,447**	**₱274,282,739**	**₱17,713,053**	**₱339,545,843**

	Consolidated							
	2022							
	Capital	Risk Buckets						
	Deduction	0%	20%	50%	75%	100%	150%	Total
Credit risk exposure after risk mitigation								
On-balance sheet assets	₱12,034,253	₱69,707,065	₱12,915,763	₱61,328,039	₱10,977,483	₱232,500,896	₱11,451,744	₱398,880,990
Off-balance sheet assets	–	–	–	–	–	2,162,181	–	2,162,181
Counterparty in the banking book (derivatives and repo-style transactions)	–	–	443,113	–	–	–	–	443,113
Counterparty in the trading book (derivatives and repo-style transactions)	–	–	–	–	–	–	–	–
Credit-linked notes in the banking book	–	–	–	–	–	–	–	–
Securitization exposures	–	–	–	–	–	–	–	–
	₱12,034,253	₱69,707,065	₱13,358,876	₱61,328,039	₱10,977,483	₱234,663,077	₱11,451,744	₱401,486,284
Credit Risk Weighted Assets	₱–	₱–	₱2,671,775	₱30,664,020	₱8,233,113	₱234,663,077	₱17,177,617	₱293,409,601

	Parent Company 2023							
	Capital	**Risk Buckets**						
	Deduction	**0%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Total**
Credit risk exposure after risk mitigation								
On-balance sheet assets	**₱14,306**	**₱64,844,786**	**₱3,217,410**	**₱74,056,036**	**₱9,192,168**	**₱246,702,010**	**₱10,061,172**	**₱408,073,583**
Off-balance sheet assets	–		**484,122**	**3,087,808**	–	**434,151**	–	**4,006,081**
Counterparty in the banking book (derivatives and repo-style transactions)	–	**14,918,358**	**2,284,109**	**1,487,099**	**191,094**	**55,834**	–	**18,936,495**
Counterparty in the trading book (derivatives and repo-style transactions)	–	–	–	–	–	–	–	–
Credit-linked notes in the banking book	–	–	–	–	–	–	–	–
Securitization exposures	–	–	–	–	–	–	–	–
	₱14,306	**₱79,763,144**	**₱5,985,641**	**₱78,630,943**	**₱9,383,262**	**₱247,191,996**	**₱10,061,172**	**₱431,016,159**
Credit Risk Weighted Assets	**₱–**	**₱–**	**₱1,197,128**	**₱39,315,472**	**₱7,037,447**	**₱247,191,996**	**₱15,091,758**	**₱309,833,801**

	Parent Company 2022							
	Capital	Risk Buckets						
	Deduction	0%	20%	50%	75%	100%	150%	Total
Credit risk exposure after risk mitigation								
On-balance sheet assets	₱16,971,627	₱67,567,731	₱12,915,578	₱61,328,039	₱10,977,483	₱213,755,386	₱9,760,973	₱376,305,190
Off-balance sheet assets	–	–	–	–	–	2,162,181	–	2,162,181
Counterparty in the banking book (derivatives and repo-style transactions)	–	–	443,113	–	–	–	–	443,113
Counterparty in the trading book (derivatives and repo-style transactions)	–	–	–	–	–	–	–	–
Credit-linked notes in the banking book	–	–	–	–	–	–	–	–
Securitization exposures	–	–	–	–	–	–	–	–
	₱16,971,627	₱67,567,731	₱13,358,691	₱61,328,039	₱10,977,483	₱215,917,567	₱9,760,973	₱378,910,484
Credit Risk Weighted Assets	₱–	₱–	₱2,671,738	₱30,664,020	₱8,233,113	₱215,917,567	₱14,641,460	₱272,127,897

Liquidity Risk

Liquidity risk is the risk that sufficient funds are unavailable to adequately meet all maturing liabilities, including demand deposits and off-balance sheet commitments. The main responsibility of daily asset liability management lies with the Parent Company's Treasury Group, specifically the Liquidity Desk, which are tasked to manage the balance sheet and have thorough understanding of the risk elements involved in the respective businesses. Only the Parent Company and EWRB are potentially exposed to liquidity risk exposures, where their liquidity risk management are monitored by their respective ALCOs. Resulting analysis of the balance sheet along with the recommendation is presented during the weekly ALCO meeting where deliberations, formulation of actions and decisions are made to minimize risk and maximize returns. Discussions include actions taken in the previous ALCO meeting, economic and market status and outlook, liquidity risk, pricing and interest rate structure, limit status and utilization. To ensure that both the Parent Company and EWRB have sufficient liquidity at all times, the respective ALCO formulates a contingency funding plan which sets out the amount and the sources of funds (such as unutilized credit facilities) available to both entities and the circumstances under which such funds will be used.

By way of the Maximum Cumulative Outflow (MCO) limit, the Group is able to manage its long-term liquidity risks by placing a cap on the outflow of cash on a cumulative basis. The Group takes a multi-tiered approach to maintaining liquid assets. The Group's principal source of liquidity is comprised of Cash and other cash items, Due from BSP, Due from other banks and Interbank loans receivables and SPURA with maturities of less than one year. In addition to regulatory reserves, the Parent Company maintains a sufficient level of secondary reserves in the form of liquid assets such as short-term trading and investment securities that can be realized quickly.

Analysis of financial assets and liabilities by remaining contractual maturities

The tables below present the maturity profile of the financial assets and liabilities of the Group and of the Parent Company (reflected in thousands) which it uses to manage its liquidity risk. It is based on its internal methodology to determine the expected date the financial asset will be realized, or the financial liability will be settled. This is done through cash flow measurement and projections using contractual undiscounted cash flows or derived from the behavioral assumptions for the assets or liabilities. This approach is used to properly estimate future cash flows and enable the Group to proactively manage its liquidity requirement.

	Consolidated						
	2023						
	On demand	**Up to 1 month**	**>1 to 3 months**	**>3 to 6 months**	**>6 to 12 months**	**Beyond 1 year**	**Total**
Financial Assets							
Cash and cash equivalents*	**₱28,012,236**	**₱16,441,418**	**₱ –**	**₱ –**	**₱–**	**₱–**	**₱44,453,654**
Investments and trading securities**	–	**9,052**	**13,320**	**25,911**	**43,262**	**173,037,828**	**173,129,374**
Loans and receivables***	**35,718,917**	**41,098,650**	**16,941,533**	**15,662,752**	**19,021,973**	**281,627,675**	**410,071,500**
Other assets	–	**78,452**	–	–	–	**397,405**	**475,857**
	₱63,731,153	**₱57,627,573**	**₱16,954,853**	**₱15,688,663**	**₱19,065,235**	**₱455,062,908**	**₱628,130,385**
Financial Liabilities							
Deposit liabilities****	**₱266,002,711**	**₱39,091,366**	**₱15,511,122**	**₱2,356,588**	**₱1,205,077**	**₱6,069,224**	**₱330,236,087**
Bills and acceptances payable	**-**	**85,732**	**140,496**	**216,698**	**438,158**	**15,423,440**	**16,304,523**
Bonds payable	–	–	–	–	–	–	–
Subordinated debt	–	–	–	–	–	–	–
Lease liability	**4,755,603**	**105,769**	**179,063**	**262,397**	**633,359**	**6,811,013**	**12,747,204**
Other liabilities	–	–	–	–	**10,723,873**	**36,017**	**10,759,890**
Contingent liabilities*****	–	**8,221**	**13,402**	**14,482**	**19,274**	–	**55,379**
	₱270,758,314	**₱39,291,088**	**₱15,844,083**	**₱2,850,165**	**₱13,019,740**	**₱28,339,694**	**₱370,103,084**

*Consists of cash and cash other items, due from BSP, due from other banks and Interbank loans receivables and SPURA
**Consists of financial assets at FVTPL, investment securities at amortized cost, financial assets at FVTOCI and interest receivables from investment securities at amortized cost
***Consists of loans and receivables, sales contract receivables, bills purchased, accrued interest receivables, accounts receivables, unearned discounts and other assets classified as financial assets
****Consist of demand and savings deposit, time certificate of deposit, long term negotiable certificates of deposit and interest payable for these deposit liabilities
***** Consists of forecasted utilization from credit cards lines, and forecasted utilization from CBG credit lines

	Consolidated						
	2022						
	On demand	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	Beyond 1 year	Total
Financial Assets							
Cash and cash equivalents*	₱49,358,380	₱10,009,266	₱–	₱–	₱–	₱–	₱59,367,646
Investments and trading securities**	–	332,066	4,979,350	1,265,331	1,758,488	126,707,211	135,042,446
Loans and receivables***	28,009,889	38,546,227	18,168,450	16,754,291	19,426,924	230,939,244	351,845,025
Other assets	4,203	59,460	–	–	–	354,275	417,938
	₱77,372,472	₱48,947,019	₱23,147,800	₱18,019,622	₱21,185,412	₱358,000,730	₱546,673,055
Financial Liabilities							
Deposit liabilities****	261,334,116	39,745,420	13,894,855	3,201,122	5,516,825	6,223,742	329,916,080
Bills and acceptances payable	–	6,761,805	–	10,694	–	–	6,772,499
Bonds payable	–	14,135	3,708,014	–	–	–	3,722,149
Subordinated debt	–	–	–	–	–	–	–
Lease liability	3,807,407	183,186	149,499	217,106	414,478	4,425,223	9,196,899
Other liabilities	–	–	–	–	9,569,763	3,613,110	13,182,873
Contingent liabilities*****	–	6,208,867	11,511,382	8,068,226	4,521,734	–	30,310,209
	265,141,523	52,913,413	29,263,750	11,497,148	20,022,800	14,262,075	393,100,709

*Consists of cash and cash other items, due from BSP, due from other banks and Interbank loans receivables and SPURA
**Consists of financial assets at FVTPL, investment securities at amortized cost, financial assets at FVTOCI and interest receivables from investment securities at amortized cost
***Consists of loans and receivables, sales contract receivables, bills purchased, accrued interest receivables, accounts receivables, unearned discounts and other assets classified as financial assets
**** Consist of demand and savings deposit, time certificate of deposit, long term negotiable certificates of deposit and interest payable for these deposit liabilities
***** Consists of forecasted utilization from credit cards lines, and forecasted utilization from CBG credit lines

	Parent Company						
	2023						
	On demand	**Up to 1 month**	**>1 to 3 months**	**>3 to 6 months**	**>6 to 12 months**	**Beyond 1 year**	**Total**
Financial Assets							
Cash and cash equivalents*	**₱27,369,360**	**₱16,441,418**	**₱–**	**₱–**	**₱–**	**₱–**	**₱43,810,779**
Investments and trading securities**	–	**8,867**	**12,967**	**25,366**	**42,161**	**170,885,010**	**170,974,371**
Loans and receivables***	**35,483,970**	**41,712,034**	**16,547,398**	**15,043,635**	**17,694,291**	**244,904,989**	**371,386,317**
Other assets	–	**77,727**	–	–	–	**373,427**	**451,154**
	62,853,330	**58,240,046**	**16,560,365**	**15,069,001**	**17,736,452**	**416,163,426**	**586,622,621**
Financial Liabilities							
Deposit liabilities****	**270,838,284**	**39,091,366**	**15,511,122**	**2,356,588**	**1,205,077**	**6,069,224**	**335,071,660**
Bills and acceptances payable	–	**85,732**	**140,496**	**216,698**	**438,158**	**15,423,440**	**16,304,523**
Bonds Payable	–	–	–	–	–	–	–
Subordinated debt	–	–	–	–	–	–	–
Lease liability	**4,755,603**	**105,711**	**178,874**	**260,246**	**618,963**	**6,624,118**	**12,543,515**
Other liabilities	–	–	–	–	**9,253,745**	**36,017**	**9,289,762**
Contingent liabilities*****	–	**8,221**	**13,402**	**14,482**	**19,274**	–	**55,379**
	₱275,593,887	**₱39,291,030**	**₱15,843,894**	**₱2,848,014**	**₱11,535,217**	**₱28,152,798**	**₱373,264,841**

*Consists of cash and cash other items, due from BSP, due from other banks and Interbank loans receivables and SPURA
**Consists of financial assets at FVTPL, investment securities at amortized cost, financial assets at FVTOCI and interest receivables from investment securities at amortized cost
***Consists of loans and receivables, sales contract receivables, bills purchased, accrued interest receivables, accounts receivables, unearned discounts and other assets classified as financial assets
**** Consist of demand and savings deposit, time certificate of deposit, long term negotiable certificates of deposit and interest payable for these deposit liabilities
***** Consists of forecasted utilization from credit cards lines, and forecasted utilization from CBG credit lines

	Parent Company						
	2022						
	On demand	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	Beyond 1 year	Total
Financial Assets							
Cash and cash equivalents*	₱48,706,552	₱10,009,266	₱–	₱–	₱–	₱–	₱58,715,818
Investments and trading securities**	–	322,815	4,961,743	1,238,175	1,703,578	124,498,327	132,724,638
Loans and receivables***	27,408,511	38,915,929	17,819,290	16,115,485	17,884,622	206,880,630	325,024,467
Other assets	3,388	59,460	–	–	–	330,001	392,849
	₱76,118,451	₱49,307,470	₱22,781,033	₱17,353,660	₱19,588,200	₱331,708,958	₱516,857,772
Financial Liabilities							
Deposit liabilities****	₱246,201,977	₱39,745,420	₱13,894,855	₱3,201,122	₱5,516,825	₱6,223,742	₱314,783,941
Bills and acceptances payable	–	6,761,805	–	10,694	–	–	6,772,499
Bonds Payable	–	14,135	3,708,014	–	–	–	3,722,149
Subordinated debt	–	–	–	–	–	–	-
Lease liability	3,807,407	183,186	149,499	217,106	414,478	4,425,223	9,196,899
Other liabilities	–	–	–	–	8,364,829	3,421,497	11,786,326
Contingent liabilities*****	–	6,208,867	11,511,382	8,068,226	4,521,734	–	30,310,209
	250,009,384	52,913,413	29,263,750	11,497,148	18,817,866	14,070,462	376,572,023

* Consists of cash and cash other items, due from BSP, due from other banks and Interbank loans receivables and SPURA
** Consists of financial assets at FVTPL, investment securities at amortized cost, financial assets at FVTOCI and interest receivables from investment securities at amortized cost
*** Consists of loans and receivables, sales contract receivables, bills purchased, accrued interest receivables, accounts receivables, unearned discounts and other assets classified as financial assets
**** Consists of demand and savings deposit, time certificate of deposit, long term negotiable certificates of deposit and interest payable for these deposit liabilities
******* Consists of forecasted utilization from credit cards lines, and forecasted utilization from CBG credit lines

The Parent Company manages liquidity by maintaining sufficient liquid assets in the form of cash and cash equivalents, investment securities and loan receivables. As of December 31, 2023, and 2022, ₱118.14 billion (36.35%) and ₱100.62 billion (38.64%) respectively, of the Parent Company's loans and receivables (including interest) had remaining maturities of less than one (1) year. The total portfolio of trading and investment securities is comprised mostly of sovereign-issued securities that have high market liquidity. With the above presented liquidity profile, the Group remains to be inhibited from liquidity risk that it cannot adequately manage.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. The Parent Company treats exposures to market risk as either trading or accrual or balance sheet exposure. The market risk for the trading and investment portfolio is measured using Value at Risk

(VaR). Interest rate risk of accrual portfolios in the Banking Book are measured using Earnings at Risk (EaR).

Market Risk in the Trading Book
The BOD has set limits on the level of market risk that may be accepted. VaR limits are applied at the instrument level and approved by the BOD based on, among other things, a business unit's capacity to manage price risks, the size and distribution of the aggregate exposure to price risks and the expected return relative to price risks. The Parent Company has a Management Action Trigger (MAT) to control actual losses (composed of realized and unrealized losses) for its Trading Book.

The Parent Company applies the VaR methodology to assess the market sensitive positions held for trading and to estimate the potential economic loss based on parameters and assumptions. VaR is a method used in measuring market risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon.

Objectives and limitations of the VaR Methodology
The Parent Company utilizes the VaR model of Bloomberg Portfolio Analytics using one-year historical data set to assess possible changes in the market value of the fixed income trading portfolio. VaR for the US treasury futures is measured using Historical Simulation, while VaR for Foreign Exchange are calculated through the Parametric methodology- both instruments utilize an internally developed Excel spreadsheet.

The VaR models are designed to measure market risk in a normal market environment. The use of VaR has limitations because correlations and volatilities in market prices are based on historical data and VaR assumes that future price movements will follow a statistical distribution. Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, the probability of large market moves may be underestimated.

VaR may also be under or overestimated due to assumptions placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, VaR only represents the risk of the portfolio at the close of each business day, and it does not account for any losses that may occur beyond the specified confidence level.

In practice, actual trading results will differ from the VaR calculation and the calculation does not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR model, actual outcomes are monitored through hypothetical backtesting to test the accuracy of the VaR model.

Stress testing provides a means of complementing VaR by simulating the potential loss impact on market risk positions from extreme market conditions, such as risk factor movements based on historical financial market stress conditions and scenarios adopted from the uniform stress testing framework of the BSP.

VaR assumptions
The VaR that the Parent Company uses for majority of its trading exposures is at 99% confidence level, while FX uses a confidence level of 90% with a premise that this potential loss estimate is not expected to be exceeded if the current market risk positions were to be held unchanged for a given holding period. Foreign exchange and US Treasury Futures VaR is measured using one (1) day holding period while fixed income VaR has a holding period of five (5) days. The use of a 99% confidence level means that within the set time horizon, losses exceeding the VaR figure should occur, on average, not more than once every hundred days.

VaR is an integral part of the Parent Company's market risk management and encompasses investment positions held for trading. VaR exposures form part of the market risk monitoring which is reviewed daily against the limit approved by the BOD. The trading activities are controlled through the Market Risk Limit (MRL). RMD reports compliance to the MRL and trader's VaR limits daily. If the MRL or individual trader's limit is exceeded, any occurrence is promptly reported to the appropriate authorities such as the Treasurer, Chief Risk Officer and the Chief Executive Officer, and further to the BOD through the RMC.

The table below pertains to interest rate risk of the Parent Company's fixed income trading portfolio:

	2023	2022
Year-end VaR	**₱137,158**	₱60,302
Average VaR	**125,374**	81,430
Highest VaR	**237,091**	168,303
Lowest VaR	**15,639**	48,199

The year-end VaR for 2023 was based on the Parent Company's fixed income trading book valued at ₱4.06 billion with average yields of 6.22% and 7.16% for the peso and foreign currency denominated bonds, respectively. Its average maturities are 10 years for the peso portfolio and 26 years for the foreign currency portfolio.

The year-end VaR for 2022 was based on the Parent Company's fixed income trading book valued at P1.17 billion with average yields of 5.01% and 7.16% for the peso and foreign currency denominated bonds, respectively. Its average maturities are 7 years and 10 months for the peso portfolio and 27 years and 1 month for the foreign currency portfolio.

The market risk in the Parent Company's US treasury futures trading positions is shown in the table below:

	2023	2022
Year-end VaR	**₱–**	₱–
Average VaR	**2,674**	2,938
Highest VaR	**109,397**	27,691
Lowest VaR	**–**	–

The interest rate risk in the Parent Company's FX forwards positions is shown in the table below:

	2023	2022
Year-end VaR	**₱–**	₱3,064
Average VaR	**–**	7,403
Highest VaR	**–**	17,698
Lowest VaR	**–**	–

Foreign Currency Risk
The Parent Company holds foreign currency denominated assets and liabilities, thus, foreign exchange rate fluctuations can affect the financials and cash flows of the Parent Company. Managing the foreign exchange exposure is important for banks with exposures in foreign currencies. For the Parent Company, this includes purchase or sell of foreign currency to control the impact of changes in exchange rates on its financial position.

The table below pertains to the foreign exchange risk of the Parent Company:

	2023	2022
Year-end VaR	**₱27,318**	₱11,832
Average VaR	**23,885**	21,991
Highest VaR	**40,369**	56,921
Lowest VaR	**8,516**	4,504

The Parent Company's foreign currency exposures emanate from its net open spot and forward FX purchase and sell transactions and net foreign currency income accumulated over the years of its operations. Foreign currency-denominated deposits are generally used to fund the Parent Company's foreign currency-denominated loan and investment portfolios in the FCDU.

In the FCDU books, BSP requires banks to match the foreign currency assets with the foreign currency liabilities. Thus, banks are required to maintain at all times a 100.00% cover for their foreign currency liabilities held through FCDU.

Total foreign currency position is monitored through the daily BSP FX position reports, which are subject to the overbought and oversold limits set by the BSP at 25.00% of qualifying capital or US$150.00 million, whichever is lower.

The tables below summarize the material exposures to foreign currencies of the Parent Company as of December 31, 2023 and 2022:

	2023					
	USD	**CNY**	**HKD**	**JPY**	**Other Currencies***	**Total**
Assets						
Gross FX assets	**$1,421,604**	**$3,225**	**$2,173**	**$17,117**	**$84,396**	**$1,528,515**
Contingent FX assets	**121,750**	**24,853**	**-**	**532**	**11,653**	**$ 158,789**
	1,543,354	**28,078**	**2,173**	**17,649**	**96,049**	**1,687,304**
Liabilities						
Gross FX liabilities	**1,336,366**	**26,606**	**3,025**	**16,239**	**40,319**	**$ 1,422,556**
Contingent FX liabilities	**299,769**	**96**	**222**	**409**	**56,386**	**$ 356,882**
	1,636,135	**26,702**	**3,247**	**16,649**	**96,705**	**1,779,438**
Net exposure	**($92,781)**	**$ 1,376**	**($1,074)**	**$1,000**	**($657)**	**($92,135)**

**Other currencies include GBP, EUR, AUD, NZD and SGD.*

	2022					
	USD	CNY	EUR	JPY	Other Currencies*	Total
Assets						
Gross FX assets	$1,050,415	$26,377	$150,028	$8,390	$16,206	$1,251,416
Contingent FX assets	216,232	2,899	-	-	-	$219,131
	1,266,647	29,276	150,028	8,390	16,206	1,470,547
Liabilities						
Gross FX liabilities	1,071,118	26,827	12,624	9,219	16,764	1,136,552
Contingent FX liabilities	249,569	706	138,669	-	-	388,944
	1,320,687	27,532	151,293	9,219	16,764	1,525,496
Net exposure	($54,040)	$1,743	($1,265)	($829)	($558)	($54,949)

**Other currencies include GBP, HKD, AUD, NZD and SGD.*

The Parent Company's positions in other currencies are not individually significant.

The tables below indicate the sensitivity of the currencies which the Parent Company had significant exposures as of December 31, 2023 and 2022:

Foreign currency appreciates (depreciates)	2023			
	USD	**CNY**	**HKD**	**JPY**
10.00%	**(₱513,727)**	**₱7,618**	**(₱5,945)**	**₱5,539**
-10.00%	**₱513,727**	**(₱7,618)**	**₱5,945**	**(₱5,539)**

Foreign currency appreciates (depreciates)	2022			
	USD	**CNY**	**EUR**	**JPY**
10.00%	(₱301,298)	₱9,720	(₱7,050)	(₱4,622)
-10.00%	₱301,298	(₱9,720)	₱7,050	₱4,622

The analysis calculates the effect of a reasonably possible movement of the foreign currency rate against Peso, with all other variables held constant, on the statements of income and equity. A negative amount reflects a potential net reduction in statements of income and equity while a positive amount reflects a net potential increase. The Parent Company manages FX exposures that both impact the statements of income and equity.

Market Risk in the Banking Book

Interest rate risk
Interest rate risk in the banking book (IRRBB) is inherent in the Groups' traditional banking activities that include taking deposits to invest or grant loans. The future cash flows from these activities are exposed to variations in interest rates, largely from mismatch in tenors and prices. The Bank employs two perspectives in measuring IRRBB a) through economic perspective with Change in Economic Value of Equity (EVE) and b) through earnings perspective with Earnings-at-Risk (EaR) and VaR specifically for fixed income instruments categorized as fair value through other comprehensive income (FVOCI). EVE is an economic measure or indicator of net cash flow calculated by taking the present value of all asset cash flows and subtracts the present value of all liability cash flows. It is the net present value (NPV) or prevailing value of the Bank's balance sheet cash flows. With the use of EVE, impact to equity may be determined by subjecting the Bank's balance sheet cashflows to shocked rates. Such measure can be used for asset-liability management and in determining the impact of interest rate risk relative to equity. Respectively, EaR measures the net interest income movement due to changes in prevailing interest rates and the balance sheet re-pricing profile of the Group. The EaR limit is set as a function of the Group's net interest margin (NIM). The EaR limit preserves the Group's capital and competitive position by restricting the impact of interest rate sensitivities to NIM within the corridor of above average and within the first quartile of its peer banks. In measuring EaR, the Group's interest re-pricing assets and liabilities are matched by re-pricing (or maturity if non-repricing) buckets covering tenors within a one-year horizon, and corresponding gaps determined. If positive gap is noted, it implies that an increase in interest rates will positively affect the net interest income. Conversely, a negative gap implies that an increase in interest rates will negatively affect the net interest income. The estimated nominal impact to the Bank's earnings is derived by multiplying the volatility of benchmark yields for each tenor bucket to the repricing gap profile. The result is compared vs EaR limit to monitor the compliance with the limit and is reported to the RMC on a monthly basis. Additionally, EaR limit is reviewed and updated annually to ensure its continued relevance and alignment with the Group's financial targets, strategies, and overall risk appetite.

To complement EaR and provide Management a more holistic view of market risk in the Banking Book, the Group performs forward looking scenario, sensitivity analysis as well as stress testing activities to identify any vulnerabilities. The Bank employs three (3) methodologies in the conduct of stress testing a) economic/historical stress test which assumes a parallel shift in interest yield curves of 660basis points for PhP-denominated assets and liabilities and 270basis points for USD-denominated, b) uniform stress test, a regulatory-prescribed stress test, has three (3) scenarios with assumed parallel shift in interest rates for both PhP (from 300bps to 500bps) and USD (from 100bps to 300bps), c) reverse stress test, which primarily measures the highest swing in interest rates that can potentially wipe out the Parent Company's target net income and net interest income.

The Parent Company employs the Value-at-Risk (VaR) measurement for debt instruments categorized as fair value through other comprehensive income (FVOCI) to manage the potential threat of market fluctuations to its earnings and capital. Fixed income instruments at FVOCI are assets whose objective falls under both to collect contractual cash flows and/or sell the assets. Since fair value changes from items booked at FVOCI directly impact the equity, it is prudent to monitor and manage said risk where capital stability is sustained. The VaR assumptions and methodologies for FVOCI exposures are same as those used for the Trading Book. Similar to the Trading Book, the Parent Company has a MAT to control actual losses (composed of realized and unrealized losses) for its Banking Book.

The table below pertains to interest rate risk of the Parent Company's FVOCI portfolio:

	2023	2022
Year-end VaR	**₱527,505**	₱420,478
Average VaR	**441,174**	427,907
Highest VaR	**536,886**	493,589
Lowest VaR	**334,770**	373,706

The year-end VaR for 2023 was based on the Parent Company's FVOCI fixed income portfolios valued at ₱18.47 billion with average yields of 5.00% and 3.82% for the peso and foreign currency denominated bonds, respectively. Its average maturities are 15 years and 3 months for the peso portfolio and 12 years and 9 months for the foreign currency portfolio.

The year-end VaR for 2022 was based on the Parent Company's FVOCI fixed income portfolios valued at P16.70 billion with average yields of 5.00% and 2.09% for the peso and foreign currency denominated bonds, respectively. Its average maturities are 16 years and 2 months for the peso portfolio and 5 years and 7 months for the foreign currency portfolio.

The IRRBB risk profile is also reported to the ALCO. The ALCO deliberates on matters pertaining to the management of the Bank's assets and liabilities, such as achieving optimum asset and liability mix, pricing, liquidity levels, repricing gap positions, and asset quality. The Bank's ALCO meets on a weekly basis.

The Bank manages its IRRBB through effective diversification of funding sources. By offering various deposit, investment and loan products with differing maturities, the Bank is able to meet its short, medium and long-term obligations, optimize returns, and provide options that cater to differing preferences of its target market. The Bank's target funding mix is aligned with the Bank's overall growth plans. While the Bank mainly manages IRRBB through careful planning of its cashflows, it also has access to various derivative products that provide flexibility in responding to more abrupt market developments.

The following tables provide the average interest rates by period of re-pricing (or by period of maturity if there is no re-pricing) of the Group as of December 31, 2023 and 2022:

	2023				
	Up to 1 month	**>1 month to 3 months**	**>3 months to 6 months**	**>6 months to 12 months**	**>12 months**
RBU					
Financial assets:					
Cash and cash equivalents*	**6.27%**	-	-	-	-
Investment securities**	-	**5.13%**	**4.88%**	**4.85%**	**4.95%**
Loans and receivables	**7.24%**	**7.86%**	**8.36%**	**12.47%**	**11.48%**
Financial liabilities:					
Deposit liabilities	**4.79%**	**4.42%**	**3.71%**	**3.58%**	**3.97%**
Bills payable and SSURA	-	-	-	-	-
Bonds payable	-	-	-	-	-
Subordinated debt	-	-	-	-	-
FCDU					
Financial assets:					
Cash and cash equivalents*	**3.40%**	-	-	-	-
Investment securities**	**0.50%**	-	**4.88%**	-	**4.69%**
Loans and receivables	**4.97%**	**6.56%**	**7.28%**	-	-
Financial liabilities:					
Deposit liabilities	**4.24%**	**3.98%**	**3.91%**	**3.41%**	**2.70%**
Bills payable and SSURA	**5.62%**	**5.76%**	-	-	-

**Pertain to Due from BSP, Due from other banks, Interbank loans receivables and SPURA*
***Pertain to financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost*

	2022				
	Up to 1 month	**>1 month to 3 months**	**>3 months to 6 months**	**>6 months to 12 months**	**>12 months**
RBU					
Financial assets:					
Cash and cash equivalents*	4.51%	-	-	-	-
Investment securities**	4.90%	-	-	-	4.96%
Loans and receivables	6.12%	6.60%	10.87%	11.51%	10.69%
Financial liabilities:					
Deposit liabilities	3.45%	3.98%	4.35%	3.20%	2.79%
Bills payable and SSURA	-	-	-	-	-
Bonds payable	-	-	-	-	4.50%
Subordinated debt	-	-	-	-	-
FCDU					
Financial assets:					
Cash and cash equivalents*	0.81%	-	-	-	-
Investment securities**	5.67%	0.51%	-	-	4.11%
Loans and receivables	4.78%	4.06%	5.37%	4.86%	7.52%
Financial liabilities:					
Deposit liabilities	2.78%	2.92%	2.84%	2.04%	2.70%
Bills payable and SSURA	4.84%	-	-	-	-

**Pertain to Due from BSP, Due from other banks, Interbank loans receivables and SPURA*
***Pertain to financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost*

The following tables provide the average interest rates by period of re-pricing (or by period of maturity if there is no re-pricing) of the Parent Company as of December 31, 2023 and 2022:

	2023				
	Up to 1 month	**>1 month to 3 months**	**>3 months to 6 months**	**>6 months to 12 months**	**>12 months**
RBU					
Financial assets:					
Cash and cash equivalents*	**6.27%**	-	-	-	-
Investment securities**	-	**5.13%**	**4.88%**	**4.85%**	**4.95%**
Loans and receivables	**7.24%**	**7.87%**	**8.37%**	**12.63%**	**12.26%**
Financial liabilities:					
Deposit liabilities	**4.68%**	**4.17%**	**3.71%**	**3.58%**	**3.97%**
Bills payable and SSURA	-	-	-	-	-
Bonds payable	-	-	-	-	-
Subordinated debt	-	-	-	-	-

	2023				
	Up to 1 month	**>1 month to 3 months**	**>3 months to 6 months**	**>6 months to 12 months**	**>12 months**
FCDU					
Financial assets:					
Cash and cash equivalents*	**3.40%**	-	-	-	-
Investment securities**	**0.50%**	-	**4.88%**	-	**4.69%**
Loans and receivables	**4.97%**	**6.56%**	**7.28%**	-	-
Financial liabilities:					
Deposit liabilities	**4.24%**	**3.98%**	**3.91%**	**3.41%**	**2.70%**
Bills payable and SSURA	**5.62%**	**5.76%**	-	-	-

**Pertain to Due from BSP, Due from other banks, Interbank loans receivables and SPURA*
***Pertain to financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost*

	2022				
	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>12 months
RBU					
Financial assets:					
Cash and cash equivalents*	5.50%	-	-	-	-
Investment securities**	4.90%	-	-	-	4.96%
Loans and receivables	6.12%	6.59%	11.31%	12.46%	12.19%
Financial liabilities:					
Deposit liabilities	3.83%	3.92%	4.35%	3.20%	1.14%
Bills payable and SSURA	-	-	-	-	-
Bonds payable	-	-	-	-	4.50%
Subordinated debt	-	-	-	-	-
FCDU					
Financial assets:					
Cash and cash equivalents*	0.81%	-	-	-	-
Investment securities**	5.67%	0.51%	-	-	4.11%
Loans and receivables	4.78%	4.06%	5.37%	4.86%	7.52%
Financial liabilities:					
Deposit liabilities	2.78%	2.92%	2.84%	2.04%	2.70%
Bills payable and SSURA	4.84%	-	-	-	-

**Pertain to Due from BSP, Due from other banks, Interbank loans receivables and SPURA*
***Pertain to financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost*

The following tables set forth the interest rate re-pricing gap of the Group as of December 31, 2023 and 2022:

	2023					
	Up to 1 month	**> 1 to 3 months**	**> 3 to 6 months**	**>6 to 12 months**	**>12 months**	**Total**
Financial assets:						
Cash and cash equivalents	**₱23,441,418**	-	-	-	-	**₱23,441,418**
Investment securities	**3,726,053**	**420,946**	**1,242,592**	**204,924**	**88,278,564**	**93,873,079**
Loans and receivables	**25,979,730**	**19,028,841**	**16,043,044**	**24,440,951**	**131,550,191**	**217,042,757**
Contingent assets*	**85,236**	-	-	-	-	**85,236**
Total financial assets	**53,232,437**	**19,449,787**	**17,285,636**	**24,645,875**	**219,828,755**	**334,442,490**
Financial liabilities:						
Deposit liabilities	**103,959,463**	**18,970,205**	**2,190,854**	**80,195,307**	**5,927,246**	**211,243,075**
Bills payable and SSURA	**12,766,190**	**2,625,604**	-	-	-	**15,391,794**
Bonds Payable	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-
Contingent liabilities**	-	**2,514**	-	-	-	**2,514**
Total financial liabilities	**116,725,653**	**21,598,323**	**2,190,854**	**80,195,307**	**5,927,246**	**226,637,382**
Asset-liability gap	**(₱63,493,216)**	**(₱2,148,536)**	**₱15,094,782**	**(₱55,549,432)**	**₱213,901,509**	**₱107,805,108**

**** Consist of Foreign Currency Swap and Forward Exchange*
*****Consist of Foreign Currency Swap and Forward Exchange*

	2022					
	Up to 1 month	> 1 to 3 months	> 3 to 6 months	>6 to 12 months	>12 months	Total
Financial assets:						
Cash and cash equivalents	₱10,009,266	–	–	–	–	₱10,009,266
Investment securities	18,396,545	476,417	–	–	63,312,243	82,185,205
Loans and receivables	28,491,083	20,872,326	16,133,321	23,233,963	109,484,059	198,214,752
Contingent assets*	40,822	24,025	-	-	-	64,847
Total financial assets	56,937,716	21,372,768	16,133,321	23,233,963	172,796,302	290,474,070
Financial liabilities:						
Deposit liabilities	88,756,021	8,628,164	4,847,751	85,205,679	5,642,033	193,079,648
Bills payable and SSURA	6,705,236	–	–	–	–	6,705,236
Bonds Payable	–	3,698,439	–	–	–	3,698,439
Subordinated debt	–	-	–	–	–	-
Other Liabilities	–	14,602	–	–	–	14,602
Contingent liabilities**	–	-	–	–	–	-
Total financial liabilities	95,461,257	12,341,205	4,847,751	85,205,679	5,642,033	203,497,925
Asset-liability gap	(₱38,523,541)	₱9,031,563	₱11,285,570	(₱61,971,716)	₱167,154,269	₱86,976,145

** Consist of Foreign Currency Swap and Forward Exchange*
***Consist of Foreign Currency Swap and Forward Exchange*

The following tables set forth the interest rate re-pricing gap of the Parent Company as of December 31, 2023 and 2022:

	2023					
	Up to 1 month	**> 1 to 3 months**	**> 3 to 6 months**	**>6 to 12 months**	**>12 months**	**Total**
Financial assets:						
Cash and cash equivalents	**₱23,441,418**	**-**	**-**	**-**	**-**	**₱23,441,418**
Investment securities	**3,726,053**	**420,946**	**1,242,592**	**204,924**	**86,679,799**	**92,274,314**
Loans and receivables	**25,501,969**	**18,073,780**	**14,607,325**	**21,563,146**	**110,059,159**	**189,805,379**
Contingent assets*	**85,237**	**-**	**-**	**-**	**-**	**85,237**
Total financial assets	**52,754,677**	**18,494,726**	**15,849,917**	**21,768,070**	**196,738,958**	**305,606,348**
Financial liabilities:						
Deposit liabilities	**85,452,323**	**18,190,159**	**2,190,854**	**80,195,307**	**5,927,246**	**191,955,889**
Bills payable and SSURA	**12,766,190**	**2,625,604**	**-**	**-**	**-**	**15,391,794**
Bonds payable	**-**	**-**	**-**	**-**	**-**	**-**
Subordinated debt	**-**	**-**	**-**	**-**	**-**	**-**
Other Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
Contingent liabilities**	**-**	**2,514**	**-**	**-**	**-**	**2,514**
Total financial liabilities	**98,218,513**	**20,818,277**	**2,190,854**	**80,195,307**	**5,927,246**	**207,350,197**
Asset-liability gap	**(₱45,463,836)**	**(₱2,323,551)**	**₱13,659,063**	**(₱58,427,237)**	**₱190,811,712**	**₱98,256,151**

** Consist of Foreign Currency Swap*
*** Consist of Foreign Currency Swap*

	2022					
	Up to 1 month	> 1 to 3 months	> 3 to 6 months	>6 to 12 months	>12 months	Total
Financial assets:						
Cash and cash equivalents	₱10,009,266	-	-	-	-	₱10,009,266
Investment securities	18,396,545	476,417	-	-	61,673,155	80,546,117
Loans and receivables	28,015,175	19,984,313	14,884,659	21,046,052	95,234,507	179,164,706
Contingent assets*	40,822	24,025	-	-	-	64,847
Total financial assets	56,461,808	20,484,755	14,884,659	21,046,052	156,907,662	269,784,936
Financial liabilities:						
Deposit liabilities	88,756,021	8,628,164	4,847,751	85,205,679	5,642,033	193,079,648
Bills payable and SSURA	6,705,236	-	-	-	-	6,705,236
Bonds payable	-	3,698,439	-	-	-	3,698,439
Subordinated debt	-	-	-	-	-	-
Other Liabilities	-	14,602	-	-	-	14,602
Contingent liabilities**	-	-	-	-	-	-
Total financial liabilities	95,461,257	12,341,205	4,847,751	85,205,679	5,642,033	203,497,925
Asset-liability gap	(₱38,999,449)	₱8,143,550	₱10,036,908	(₱64,159,627)	₱151,265,629	₱66,287,011

** Consist of Foreign Currency Swap*
*** Consist of Foreign Currency Swap*

The Group also monitors its exposure to fluctuations in interest rates by using scenario analysis to estimate the impact of interest rate movements on its interest income. This is done by modeling the impact to the Group's interest income and interest expenses of different parallel changes in the interest rate curve, assuming the parallel change only occurs once and the interest rate curve after the parallel change does not change again for the next twelve months.

The following table sets forth, for the period indicated, the impact of changes in interest rates on the Group's non-trading net interest income. There is no other impact on the Group's equity other than those already affecting the statements of income.

Change in basis points	2023	2022
+100.00 bps	**(₱670,912)**	(₱378,315)
-100.00 bps	**670,912**	378,315

The following table sets forth, for the period indicated, the impact of changes in interest rates on the Parent Company's non-trading net interest income. There is no other impact on the Parent Company's equity other than those already affecting the statements of income.

Change in basis points	2023	2022
+100.00 bps	**(₱515,757)**	(₱403,550)
-100.00 bps	**515,757**	403,550

Change in Economic Value of Equity (Δ EVE)
The Bank employs change in EVE Model to measure the net present value (NPV) or prevailing value of the Bank's balance sheet cash flows at different interest rate shocks and stress scenarios. Δ EVE is calculated by deducting the Base EVE which is the NPV of the Bank's balance sheet cashflows using the effective yield per contract from Shock EVE which is calculated using the BSP prescribed parallel shift in interest rates and the existing economic stress scenario as well as scenarios internally developed by the Parent Company.

The ΔEVE of the Group ranges from ₱2 billion to ₱27 billion and ₱4 billion to ₱22 billion in 2023 and 2022, respectively. The Group's ΔEVE stood at ₱27 billion or 40% of total capital and ₱16 billion or 24% of total capital as of December 31, 2023 and 2022, respectively.

Operational Risk
Operational risk is the loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal, compliance and reputational risks but excludes strategic risk.

Adopting the Basic Indicator Approach below, where computation is based on a percentage (in accordance with BSP-prescribed capital charge) of the average gross income for the past three years, it shows the total operational risk-weighted assets of the Group and Parent Company.

	2023	2022
Group	**₱61,760,574**	₱70,780,936
Parent Company	**55,336,923**	65,101,904

Other Risk Exposures
Group risk exposures other than credit, market, operational, and interest rate risk in the banking book, while existent, are deemed insignificant relative to the mentioned risks and if taken in isolation. Hence, management of these risks are instead collectively performed and made an integral part of the Group's internal capital adequacy assessment process (ICAAP) and enterprise risk management initiatives.

5. Fair Value Measurement

The Group has assets and liabilities in the consolidated and Parent Company statements of financial position that are measured at fair value on a recurring and non-recurring basis after initial recognition. Recurring fair value measurements are those that another PFRS requires or permits to be recognized on the statements of financial position at the end of the year. These include financial assets and liabilities at FVTPL and Financial assets at FVTOCI.

The methods and assumptions used by the Group in estimating the fair values of the financial instruments are:

Cash and other cash items, due from BSP and other banks, Interbank loans receivables and SPURA and accrued interest receivables – The carrying amounts approximate their fair values in view of the relatively short-term maturities of these instruments.

Debt securities - Fair values are generally based on quoted market prices. If the market prices are not readily available, fair values are estimated using the discounted cash flow methodology.

Equity securities - Fair values of quoted equity securities are based on quoted market prices.

Derivative instruments (presented as other financial assets and liabilities in 'Other assets' and 'Other liabilities') - Fair values of derivative instruments, mainly currency forwards and swaps and interest rate swaps, are valued using a valuation technique using market observable inputs. The valuation technique applied includes forward pricing and swap models using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates, yield curves of the respective currencies and interest rate curves prevailing at the statement of financial position date. For futures, these are valued considering the prevailing futures prices on the exchange as of the statement of financial position date.

Receivable from customers and unquoted debt securities classified as loans - Fair values of loans and receivables are estimated using the discounted cash flow methodology, using the Group's current incremental lending rates for similar types of loans and receivables.

Accounts receivable, sales contract receivable and other financial assets included in other assets – quoted market prices are not readily available for these assets. These are reported at cost and are not significant in relation to the Group's total portfolio of securities

Investment properties – Fair value of investment properties are determined by independent or in-house appraisers using the market data approach. Valuations were derived on the basis of recent sales of similar properties in the same area as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made, and comparability of similar properties sold with the property being valued. Significant unobservable inputs in determining fair values include the following:

- **Location**: Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.
- **Size**: Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of the lot size differences on land value.
- **Time element**: An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time, in which case, the current data is superior to historic data.

- **Discount**: Generally, asking prices in advertisements posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

Deposit liabilities (demand, savings and time) – For demand and savings deposit, carrying amounts approximate fair values considering that these are due and demandable. Fair value of time deposit liabilities is estimated using the discounted cash flow methodology using the Group's incremental borrowing rates for similar borrowing with maturities consistent with those for the liabilities being valued.

LTNCDs and subordinated debt - Fair values of LTNCD and subordinated debt are estimated using adjusted quoted market prices of comparable investments. The adjustments on market quoted prices are unobservable inputs.

Bonds Payable – Fair value of Bonds Payable are measured using the Present Value (PV) of the computed cash flows by the PV factor.

Lease Liabilities – Fair value of lease liabilities are measured using the Bloomberg valuation (Bval) rate as of the reporting period plus the spread which is the derived difference between the actual market rate and the Bval rate.

Bills and acceptances payable, cashier's checks and demand draft payable – Carrying amounts approximate fair values due to the short-term nature of the accounts.

Other financial liabilities included in 'Other liabilities' – Quoted market prices are not readily available for these liabilities. These are reported at cost and are not significant in relation to the Group's total portfolio.

The following tables provide the fair value hierarchy of the Group's and of the Parent Company's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

	Consolidated				
	2023				
		Fair Value			
	Carrying Value	**Total Fair Value**	**Quoted Prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value					
Financial assets					
Financial assets at FVTPL:					
Government securities	**₱4,058,236**	**₱4,058,236**	**₱1,783,636**	**₱2,274,600**	**₱ –**
Private bonds	**43,707**	**43,707**	**43,707**	**–**	**–**
Equity securities	**10,379**	**10,379**	**10,379**	**–**	**–**
	4,112,322	**4,112,322**	**1,837,722**	**2,274,600**	**-**
Derivative assets*	**21,812**	**21,812**	**–**	**21,812**	**-**
Financial assets at FVTOCI:					
Government securities	**11,731,842**	**11,731,842**	**10,517,695**	**1,214,147**	**-**
Private bonds	**6,737,050**	**6,737,050**	**6,737,050**		
Equity Securties	**15,068**	**15,068**	**15,068**	**-**	**-**
	18,483,960	**18,483,960**	**17,269,813**	**1,214,147**	**-**
	22,618,094	**22,618,094**	**19,107,535**	**3,510,559**	**-**

(Forward)

	Consolidated 2023				
		Fair Value			
	Carrying Value	**Total Fair Value**	**Quoted Prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets for which fair values are disclosed					
Financial assets					
Investment securities at amortized cost:					
Government securities	**₱71,825,991**	**₱69,271,962**	**₱69,271,962**	**₱-**	**₱-**
Private bonds	**3,575,028**	**3,710,044**	**3,710,044**		
	75,401,019	**72,982,006**	**72,982,006**		
Loans and receivables					
Receivable from customers:					
Corporate lending	**57,456,170**	**59,896,026**	**–**	**–**	**59,896,026**
Consumer lending	**229,181,402**	**259,884,923**	**–**	**–**	**259,884,923**
Other receivables	**9,977,898**	**11,661,816**	**-**	**-**	**11,661,816**
	296,615,470	**331,442,765**	**-**	**-**	**331,442,765**
Other financial assets*	**622,041**	**622,041**	**-**	**-**	**622,041**
Non-financial assets					
Investment properties	**975,600**	**2,500,037**	**-**	**-**	**2,500,037**
	₱396,232,224	**₱430,164,943**	**₱92,089,541**	**₱3,510,559**	**₱334,564,843**
Financial liabilities					
Derivative liabilities**	**₱103,083**	**₱103,083**	**₱-**	**₱103,083**	**₱-**
Liabilities for which fair values are disclosed					
Financial liabilities					
Deposit liabilities					
Demand	**139,767,483**	**139,767,483**	**-**	**-**	**139,767,483**
Savings	**152,641,165**	**152,641,165**	**-**	**-**	**152,641,165**
Time	**64,126,014**	**64,452,562**	**-**	**-**	**64,452,562**
	356,534,662	**356,861,210**	**-**	**-**	**356,861,210**
Lease liability	**6,073,341**	**6,278,492**	**-**	**-**	**6,278,492**
Accrued interest payable	**500,421**	**500,421**	**-**	**-**	**500,421**
Other financial liabilities	**10,656,557**	**10,656,557**	**-**	**-**	**10,656,557**
Bills and acceptances payable and SSURA	**15,403,706**	**15,403,706**	**-**	**-**	**15,403,706**
	₱389,271,770	**₱389,803,469**	**₱-**	**₱103,083**	**₱389,700,386**

**Presented under 'Other Assets'*
***Presented under 'Other Liabilities'*

	Consolidated 2022				
		Fair Value			
	Carrying Value	Total Fair Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Financial assets					
Financial assets at FVTPL:					
Government securities	₱1,903,956	₱1,903,956	₱612,149	₱1,291,807	₱–
Private bonds	44,011	44,011	44,011	–	–
Equity securities	10,343	10,343	10,343	–	–
	1,958,310	1,958,310	666,503	1,291,807	–
Derivative assets*	18,750	18,750	–	18,750	-
Financial assets at FVTOCI:					
Government securities	10,220,132	10,220,132	9,163,310	1,056,822	–
Private bonds	6,511,186	6,511,186	6,511,186	–	–
Equity Securties	15,068	15,068	15,068	–	–
	16,746,386	16,746,386	15,689,564	1,056,822	–
	18,723,446	18,723,446	16,356,067	2,367,379	–

(Forward)

	Consolidated				
	2022				
		Fair Value			
	Carrying Value	Total Fair Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed					
Financial assets					
Investment securities at amortized cost:					
Government securities	₱59,942,557	₱53,794,820	₱53,794,820	₱–	₱–
Private bonds	3,603,634	3,524,690	3,524,690	–	–
	63,546,191	57,319,510	57,319,510	–	–
Loans and receivables					
Receivable from customers:					
Corporate lending	66,545,827	67,875,565	–	–	67,875,565
Consumer lending	181,408,629	199,950,590	–	–	199,950,590
Other receivables	10,134,620	11,587,411	–	–	11,587,411
	258,089,076	279,413,566	–	–	279,413,566
Other financial assets	486,871	486,871	–	–	486,871
Non-financial assets					
Investment properties	840,242	2,221,628	–	–	2,221,628
	₱341,685,826	₱358,165,021	₱73,675,577	₱2,367,379	₱282,122,065

(Forward)

	Carrying Value	Total Fair Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial liabilities					
Derivative liabilities**	₱107,835	₱107,835	₱–	₱107,835	₱–
Liabilities for which fair values are disclosed					
Financial liabilities					
Deposit liabilities					
Demand	124,767,617	124,767,617	–	–	124,767,617
Savings	136,126,924	136,126,924	–	–	136,126,924
Time	65,824,377	65,750,292	–	–	65,750,292
LTNCD	2,447,204	4,888,686	–	–	4,888,686
	329,166,122	331,533,519	–	–	331,533,519
Lease liability	4,376,310	4,163,693	–	–	4,163,693
Accrued interest payable	293,743	293,743	–	–	293,743
Other financial liabilities	8,696,093	8,696,093	–	–	8,696,093
Bills and acceptances payable and SSURA	6,761,456	6,761,456	–	–	6,761,456
Bonds payable	3,698,439	3,698,439	–	–	3,698,439
	₱353,099,998	₱355,254,778	₱–	₱107,835	₱355,146,943

**Presented under 'Other Assets'*
***Presented under 'Other Liabilities'*

	Parent Company				
	2023				
		Fair Value			
	Carrying Value	**Total Fair Value**	**Quoted Prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value					
Financial assets					
Financial assets at FVTPL:					
Government securities	**₱4,058,236**	**₱4,058,236**	**₱1,783,636**	**₱2,274,600**	**₱–**
Private bonds	**43,707**	**43,707**	**43,707**	**–**	**–**
Equity securities	**10,379**	**10,379**	**10,379**	–	–
	4,112,322	**4,112,322**	**1,837,722**	**2,274,600**	**-**
Derivative assets*	**21,812**	**21,812**	**-**	**21,812**	**-**
Financial assets at FVTOCI:					
Government securities	**11,731,842**	**11,731,842**	**10,517,695**	**1,214,147**	–
Private bonds	**6,737,050**	**6,737,050**	**6,737,050**	–	–
Equity securities	**15,068**	**15,068**	**15,068**	–	–
	18,483,960	**18,483,960**	**17,269,813**	**1,214,147**	–
	22,618,094	**22,618,094**	**19,107,535**	**3,510,559**	–

(Forward)

	Parent Company				
	2023				
		Fair Value			
	Carrying Value	Total Fair Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed					
Financial assets					
Investment securities at amortized cost:					
Government securities	**₱70,227,226**	**₱67,673,197**	**₱67,673,197**	**₱–**	**₱–**
Private bonds	**3,575,028**	**3,710,044**	**3,710,044**	–	–
	73,802,254	**71,383,241**	**71,383,241**	–	–
Loans and receivables					
Receivable from customers:					
Corporate lending	**57,428,483**	**59,784,353**	–	–	**59,784,353**
Consumer lending	**201,393,262**	**231,147,471**	–	–	**231,147,471**
Other receivables	**9,607,164**	**11,265,615**	–	–	**11,265,615**
	268,428,909	**302,197,439**	–	–	**302,197,439**
Other financial assets*	**597,337**	**597,337**	–	–	**597,337**
Non-financial assets					
Investment properties	**974,903**	**2,499,046**	–	–	**2,499,046**
	₱366,421,497	**₱399,295,158**	**₱90,490,776**	**₱3,510,559**	**₱305,293,822**
Financial liabilities					
Derivative liabilities**	**103,083**	**103,083**	–	**103,083**	–
Liabilities for which fair values are disclosed					
Financial liabilities					
Deposit liabilities					
Demand	**140,651,219**	**140,651,219**	–	–	**140,651,219**
Savings	**129,773,260**	**129,773,260**	–	–	**129,773,260**
Time	**64,126,014**	**64,452,562**	–	–	**64,452,562**
LTNCD	–	–	–	–	–
	334,550,493	**334,877,041**	–	–	**334,877,041**
Lease liability	**5,845,165**	**6,052,915**	–	–	**6,052,915**
Accrued interest payable	**440,341**	**440,341**	–	–	**440,341**
Other financial liabilities	**9,186,430**	**9,186,430**	–	–	**9,186,430**
Bills and acceptances payable and SSURA	**15,403,706**	**15,403,706**	–	–	**15,403,706**
Bonds payable	–	–	–	–	–
	₱365,529,218	**₱366,063,516**	**₱–**	**₱103,083**	**₱365,960,433**

Presented under 'Other Assets'
***Presented under 'Other Liabilities'*

	Parent Company				
	2022				
		Fair Value			
	Carrying Value	Total Fair Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTPL:					
Government securities	₱1,903,956	₱1,903,956	₱612,149	₱1,291,807	₱–
Private bonds	44,011	44,011	44,011	–	–
Equity securities	10,343	10,343	10,343	–	–
	1,958,310	1,958,310	666,503	1,291,807	–
Derivative assets*	18,750	18,750	–	18,750	–
Financial assets at FVTOCI:					
Government securities	10,220,132	10,220,132	9,163,310	1,056,822	–
Private bonds	6,511,186	6,511,186	6,511,186	–	–
Equity securities	15,068	15,068	15,068	–	–
	16,746,386	16,746,386	15,689,564	1,056,822	–
	18,723,446	18,723,446	16,356,067	2,367,379	–
Assets for which fair values are disclosed					
Financial assets					
Investment securities at amortized cost:					
Government securities	58,303,469	52,155,731	52,155,731	–	–
Private bonds	3,603,634	3,524,690	3,524,690	–	–
	61,907,103	55,680,421	55,680,421	–	–

(Forward)

	Parent Company				
	2022				
		Fair Value			
	Carrying Value	Total Fair Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Loans and receivables					
Receivable from customers:					
Corporate lending	₱66,529,470	₱67,808,852	₱–	₱–	₱67,808,852
Consumer lending	161,982,636	180,099,001	–	–	180,099,001
Other receivables	9,926,368	11,338,022	–	–	11,338,022
	238,438,474	259,245,875	-	-	259,245,875
Other financial assets	461,783	461,783	–	–	461,783
Non-financial assets					
Investment properties	839,545	2,220,637	–	–	2,220,637
	₱320,370,351	₱336,332,162	₱72,036,488	₱2,367,379	₱261,928,295
Liabilities measured at fair value					
Financial liabilities					
Derivative liabilities**	₱107,835	₱107,835	₱–	₱107,835	₱–
Liabilities for which fair values are disclosed					
Financial liabilities					
Deposit liabilities					
Demand	125,486,700	125,486,700	–	–	125,486,700
Savings	120,275,702	120,275,702	–	–	120,275,702
Time	65,824,377	65,750,292	–	–	65,750,292
LTNCD	2,447,204	4,888,686	–	–	4,888,686
	314,033,983	316,401,380	–	–	316,401,380
Lease liability	4,107,058	3,897,427	–	–	3,897,427
Accrued interest payable	273,750	273,750	–	–	273,750
Other financial liabilities	7,571,433	7,571,433	–	–	7,571,433
Bills and acceptances payable and SSURA	6,761,456	6,761,456	–	–	6,761,456
Bonds payable	3,698,439	3,698,439	–	–	3,698,439
	₱336,553,954	₱338,711,720	₱–	₱107,835	₱338,603,885

**Presented under 'Other Assets'*
***Presented under 'Other Liabilities'*

In 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Derivative Financial Instruments

The Parent Company's freestanding derivative financial instruments, which mainly consist of foreign currency forwards, foreign currency swaps, US Treasury futures and interest rate swaps, are transactions not designated as accounting hedges. The tables below set out information about the Parent Company's derivative financial instruments and their related fair values as of December 31, 2023 and 2022:

Foreign Currency Forwards and Swaps	**2023**	2022
Notional amount	**$410,853**	$470,282
Derivative assets	**$21,812**	₱18,750
Derivative liabilities	**103,083**	107,835

The net movements in fair values of all derivative instruments are as follows:

	2023	2022
Derivative liabilities - net at beginning of year	**(₱89,085)**	(₱197,284)
Net change in fair value and settlements for the year	**7,814**	108,199
Derivative liabilities - net at end of year	**(₱81,271)**	(₱89,085)

Fair value changes of foreign currency forwards and swaps are recognized as 'foreign exchange gain' in the statements of income while fair value changes of interest rate swaps and futures are recognized as part of 'trading and securities gain (loss)' in the statements of income (Note 8).

In 2023 and 2022, the Parent Company recognized total foreign exchange gain from foreign currency forwards and swaps amounting to ₱63.26 million and ₱187.64 million, respectively, with corresponding notional amounts of US$20.85 billion and US$13.77 billion, respectively.

In 2023 and 2022, the Parent Company recognized total realized trading gain amounting to ₱70.84 million and 23.45 million, respectively, with no outstanding balance as of year end.

6. Segment Reporting

The Group's main operating businesses are organized and managed primarily according to the current organizational structure. Each segment represents a strategic business unit that caters to the Group's identified markets. The Group's business segments are:

(a) *Retail banking* - this segment mainly covers traditional branch banking products and services such as deposits, back-to-back/emerging market loans and other over-the-counter (OTC) transactions. It likewise caters to the needs of high net-worth clients for alternative investment channels. It includes entire transaction processing, service delivery and infrastructure consisting of the Group's network of branches, automated teller machines as well as its internet banking platform;

(b) *Corporate banking* - this segment handles lending and trade financing for both large corporations and middle market clients;

(c) *Consumer banking* - this segment primarily caters to loans for individuals; and

(d) *Treasury and Trust* - this segment consists of Treasury and Trust operations of the Group. Treasury focuses on providing money market, trading and treasury services, as well as the management of the Group's funding operations through debt securities, placements and acceptances with other banks. Trust includes fund management, investment management services, custodianship, administration and collateral agency services, and stock and transfer agency services. In addition, the Parent Company through Trust, provides retail customers with alternative investment opportunities through its unit investment fund products.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment assets are those operating assets employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities are those operating liabilities that result from the operating activities of a segment and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Interest income is reported net, as management primarily relies on the net interest income as performance measure, not the gross income and expense.

The Group's revenue-producing assets are located in the Philippines (i.e., one geographical location); therefore, geographical segment information is no longer presented. The Group has no significant customers which contribute 10.00% or more of the consolidated revenue, net of interest expense.

The segment results include internal transfer pricing adjustments across business units as deemed appropriate by management. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to the business units based on a pool rate which approximates the marginal cost of funds.

Segment information of the Group as of and for the years ended December 31, 2023, 2022 and 2021 follow:

	2023					
	Retail Banking	**Corporate Banking**	**Consumer Banking**	**Treasury and Trust**	**Elimination Items**	**Total**
Statement of Income						
Net Interest Income:						
Third Party	**₱10,063**	**₱630**	**₱14,763**	**(₱601)**	**₱3,370**	**₱28,225**
Intersegment	–	**2,332**	–	**776**	**(3,108)**	–
	10,063	**2,962**	**14,763**	**175**	**262**	**28,225**
Non-interest Income	**1,699**	**159**	**4,926**	**925**	**(425)**	**7,284**
Revenue - Net of Interest Expense	**11,762**	**3,120**	**19,689**	**1,100**	**(163)**	**35,508**
Non-interest Expense	**(8,482)**	**(620)**	**(16,510)**	**(772)**	**(1,597)**	**(27,981)**
Income Before Income Tax	**3,280**	**2,500**	**3,179**	**328**	**(1,760)**	**7,527**
Provision for Income Tax	**(1,117)**	**(625)**	**44**	**(69)**	**323**	**(1,444)**
Net Income for the Year	**₱2,163**	**₱1,875**	**₱3,223**	**₱259**	**(₱1,437)**	**₱6,083**
Statement of Financial Position						
Total Assets	**47,176**	**21,711**	**254,119**	**34,005**	**107,194**	**464,205**
Total Liabilities	**337,154**	**920**	**59,563**	**47,377**	**(47,984)**	**397,030**
Statement of Income						
Depreciation and Amortization	**1,054**	**30**	**549**	**46**	**161**	**1,840**
Provision for Impairment and Credit Losses	**178**	**19**	**6,894**	**(10)**	**607**	**7,688**

	2022					
	Retail Banking	Corporate Banking	Consumer Banking	Treasury and Trust	Elimination Items	Total
Statement of Income						
Net Interest Income:						
Third Party	₱8,033	₱713	₱14,330	(₱425)	₱623	₱23,274
Intersegment	–	4	(96)	444	(300)	52
	8,033	717	14,234	19	323	23,326
Non-interest Income	1,491	256	3,179	239	(475)	4,690
Revenue - Net of Interest Expense	9,524	973	17,413	258	(152)	28,016
Non-interest Expense	(7,284)	(365)	(12,717)	(779)	(813)	(21,958)
Income Before Income Tax	2,240	608	4,696	(521)	(965)	6,058
Provision for Income Tax	(704)	(62)	(546)	142	(264)	(1,434)
Net Income for the Year	₱1,536	₱546	₱4,150	(₱379)	(₱1,229)	₱4,624
Statement of Financial Position						
Total Assets	47,170	20,987	224,279	42,531	86,405	421,372
Total Liabilities	316,544	994	59,905	36,632	(53,738)	360,337
Statement of Income						
Depreciation and Amortization	1,071	72	821	44	158	2,166
Provision for Impairment and Credit Losses	7	(52)	4,766	(0)	230	4,951

	2021					
	Retail Banking	Corporate Banking	Consumer Banking	Treasury and Trust	Elimination Items	Total
Statement of Income						
Net Interest Income:						
Third Party	₱6,663	₱1,451	₱11,363	₱5	₱1,544	₱21,026
Intersegment	–	745	–	355	(1,100)	–
	6,663	2,196	11,363	360	444	21,026
Non-interest Income	1,180	190	2,700	153	1,526	5,749
Revenue - Net of Interest Expense	7,843	2,386	14,063	513	1,970	26,775
Non-interest Expense	(6,796)	(1,264)	(11,173)	(740)	(697)	(20,670)
Income Before Income Tax	1,047	1,122	2,890	(227)	1,273	6,105
Provision for Income Tax	(436)	(281)	(113)	71	(832)	(1,591)
Net Income for the Year	₱611	₱841	₱2,777	(₱156)	₱441	₱4,514
Statement of Financial Position						
Total Assets	₱41,396	₱65,353	₱134,788	₱115,233	₱47,992	₱404,762
Total Liabilities	297,689	53,306	5,028	36,257	(46,869)	345,411
Statement of Income						
Depreciation and Amortization	1,046	22	1,090	52	187	2,397
Provision for Impairment and Credit Losses	31	655	3,411	14	39	4,150

The ‘Elimination Items’ includes the Group’s executive office and elimination items related to the Group’s segment reporting framework.

Non-interest income consists of service charges, fees and commissions, gain on sale of assets, gain (loss) on asset foreclosure and dacion transactions, trading and securities gain (loss), gain on sale of investment securities at amortized cost, foreign exchange gain, trust income, share in net loss of a joint venture and miscellaneous income. The share in net loss of a joint venture has been presented as part of the elimination items in the Group’s segment reporting framework. Non-interest expense consists of compensation and fringe benefits, taxes and licenses, depreciation and amortization, rent, amortization of intangible assets, provision for impairment and credit losses, and miscellaneous expenses.

7. Due from BSP, Due from Other Banks and Interbank Loans Receivables and SPURA

Due from BSP

This account consists of:

	Consolidated		**Parent Company**	
	2023	2022	**2023**	2022
Demand deposit account	**₱8,056,638**	₱35,762,265	**₱7,630,102**	₱35,371,447
Overnight Deposit Faciity Account	**7,000,000**	–	**7,000,000**	–
Special deposit account	**1,115,349**	352,132	**1,115,349**	352,132
	₱16,171,987	₱36,114,397	**₱15,745,451**	₱35,723,579

The annual interest rates of due from BSP range from 5.00% to 6.70% in 2023, 1.50% to 6.35% in 2022, from 1.50% to 2.05% in 2021.

Due from Other Banks
This comprises of deposit accounts with:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Foreign banks	**₱1,809,812**	₱3,798,713	**₱1,809,813**	₱3,798,713
Local banks	**660,299**	732,119	**529,345**	548,247
	2,470,111	4,530,832	**2,339,158**	4,346,960
Allowance for credit losses (Note 15)	**(821)**	(1,197)	**(821)**	(1,197)
	₱2,469,290	₱4,529,635	**₱2,338,337**	₱4,345,763

The annual interest rates of due from other banks range from 0.01% to 3.40% in 2023, 0.01% to 2.60% in 2022, 0.01% to 0.75% % in 2021.

Interbank Loans Receivables and SPURA

This accounts consist of:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
SPURA	**₱15,976,310**	**₱–**	**₱15,976,310**	**₱–**
Interbank loans receivables	**465,108**	10,009,266	**465,108**	10,009,266
	₱16,441,418	₱10,009,266	**₱16,441,418**	₱10,009,266

SPURA are lending to counterparties collateralized by government securities ranging from one to six days. These government securities, with fair value amounting to ₱15.98 billion as of December 31, 2023 were pledged in favor of the Bank as collateral for SPURA equivalent to the fair value of government securities. The Bank is not permitted to sell or repledge the related collateral in the absence of default by counterparty.

SPURA of the Bank bears annual interest rate of 5.5% to 6.39% in 2023, nil for 2022 and 2.00% in 2021. The annual interest rates of interbank call loans receivables range from 4.10% to 6.50% in 2023, 1.81% to 5.50% in 2022, 1.00% to 2.00% in 2021.

Interest Income on Due from BSP, Due from Other Banks, Interbank Loans Receivables and SPURA
This account consists of:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Interbank Loans receivables and SPURA	**₱229,035**	₱269,135	₱287,432	**₱229,149**	₱272,872	₱287,466
Due from BSP	**98,862**	235,342	293,426	**98,862**	235,342	293,426
Due from other banks	**62,556**	22,762	10,942	**62,350**	19,883	8,924
	₱390,453	₱527,239	₱591,800	**₱390,361**	₱528,097	₱589,816

8. Trading and Investment Securities

The Group and the Parent Company have the following trading and investment securities:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Financial assets at FVTPL	**₱4,112,322**	₱1,958,310	**₱4,112,322**	₱1,958,310
Financial assets at FVTOCI	**18,483,960**	16,746,386	**18,483,960**	16,746,386
Investment securities at amortized cost	**75,401,019**	63,546,191	**73,802,254**	61,907,103
	₱97,997,301	₱82,250,887	**₱96,398,536**	₱80,611,799

Financial assets at FVTPL
Financial assets at FVTPL of the Group and of the Parent Company consist of:

	2023	2022
Government securities	**₱4,058,236**	₱1,903,956
Private bonds	**43,707**	44,011
Equity securities	**10,379**	10,343
	₱4,112,322	₱1,958,310

As of December 31, 2023, 2022 and 2021, financial assets at FVTPL include net unrealized losses of ₱249.39 million, ₱294.18 million and ₱174.57 million, respectively.

In 2023, 2022 and 2021, the yield rates ranges from 3.86% to 7.99%, 3.04% to 7.77%, 0.55% to 7.16% respectively.

Financial assets at FVTOCI
Financial assets at FVTOCI of the Group and of the Parent Company consists of:

	2023	2022
Government debt securities	**₱11,731,842**	₱10,220,132
Private bonds	**6,737,050**	6,511,186
Private equity securities	**15,068**	15,068
	₱18,483,960	₱16,746,386

In 2023, 2022 and 2021, the interest rates of financial assets at FVTOCI range from 0.13% to 8.32%, 0.13% to 8.32%, and 0.03% to 8.32%, respectively.

As of December 31, 2023 and 2022, the ECL on financial assets at FVTOCI of the Group and the Parent Company (included in 'Fair value reserves on financial assets at FVTOCI') amounted to ₱16.97 million and ₱37.80 million (Note 15), respectively.

Movements in the fair value reserves on financial assets at FVTOCI investments of the Group and the Parent Company follow:

	2023	2022
Balance at beginning of year	**(₱2,139,544)**	(₱138,821)
Loss from sale of financial assets at FVTOCI realized in profit or loss	–	104,576
Changes in allowance for ECL (Note 15)	**(20,824)**	3,982
Changes in fair values of debt securities	**1,004,345**	(2,079,189)
Share in changes in fair value reserves on equity securities at FVTOCI of a joint venture (Note 10)	**525**	(30,092)
Balance at end of year	**(₱1,155,498)**	(₱2,139,544)

The private equity securities were designated as at FVTOCI on the basis that these are not held for trading. These include shares in a real estate company and a golf club. No dividend income was recognized in 2023 and 2022 for these securities.

As of December 31, 2023, the Group and Parent Company's change in fair value reserves on financial assets at FVTOCI debt and equity securities amounted to (₱1.00 billion) and (₱0.53 million), respectively.

As of December 31, 2022, the Group and Parent Company's change in fair value reserves on financial assets at FVTOCI debt and equity securities amounted to (₱2.08 billion) and (₱30.09 million), respectively.

Investment securities at amortized cost

Investment securities at amortized cost of the Group and of the Parent Company consist of:

	Consolidated		**Parent Company**	
	2023	2022	**2023**	2022
Government securities	**₱71,836,021**	₱59,953,107	**₱70,237,256**	₱58,314,019
Private bonds	**3,575,706**	3,604,364	**3,575,706**	3,604,364
Carrying value, gross of allowance for impairment losses	**75,411,727**	63,557,471	**73,812,962**	61,918,383
Allowance for impairment losses (Note 15)	**(10,708)**	(11,280)	**(10,708)**	(11,280)
	₱75,401,019	₱63,546,191	**₱73,802,254**	₱61,907,103

Peso-denominated government bonds have effective interest rates ranging from 4.96% to 7.98% in 2023, 4.96% to 7.07% in 2022, and 4.96% to 8.11% in 2021. Foreign currency-denominated government bonds have effective interest rates ranging from 2.76% to 6.66% in 2023, 2.76% to 6.22% in 2022, and 2.76% to 6.66% in 2021.

The fair value of the remaining investments at amortized cost is disclosed in Note 5.

Interest Income on Trading and Investment Securities

This account consists of:

	Consolidated			Parent		
	2023	2022	2021	**2023**	2022	2021
Financial assets at FVTPL	**₱220,277**	₱163,904	₱345,017	**220,277**	₱163,904	₱345,017
Financial assets at FVTOCI	**585,893**	861,359	589,980	**585,893**	861,359	589,980
Investment securities at amortized cost	**3,523,886**	2,157,230	623,885	**3,472,838**	2,104,978	573,159
	₱4,330,056	₱3,182,493	₱1,558,882	**₱4,279,008**	₱3,130,241	₱1,508,156

Trading and Securities Gains (Losses)

Trading and securities gains (losses) of the Group and of the Parent Company consists of:

	2023	2022	2021
Financial assets at FVTPL	**₱266,982**	(₱314,511)	(₱665,014)
Financial assets at FVTOCI	–	(104,575)	(100,098)
US Treasury futures (Note 5)	**70,845**	23,448	(88,618)
Interest rate swaps (Note 5)	–	–	12,315
	₱337,827	(₱395,638)	(₱841,415)

9. Loans and Receivables

Loans and receivables consist of:

	Consolidated		**Parent Company**	
	2023	2022	**2023**	2022
Receivables from customers*:				
Corporate lending				
Corporate loans	**₱57,673,329**	₱67,074,894	**₱57,598,527**	₱67,008,215
Other corporate loans**	**1,958,022**	1,725,616	**1,958,022**	1,725,616
	59,631,351	68,800,510	**59,556,549**	68,733,831
Consumer lending				
Auto loans	**77,815,881**	63,683,783	**77,815,881**	63,683,783
Credit cards	**53,912,882**	41,049,973	**53,912,882**	41,049,973
Mortgage loans	**19,947,825**	19,452,881	**19,947,825**	19,452,881
Other consumer loans***	**78,696,428**	61,739,560	**48,540,323**	40,538,432
	230,373,016	185,926,197	**200,216,911**	164,725,069
Receivable from customers – gross	**290,004,367**	254,726,707	**259,773,460**	233,458,900
Unamortized premium	**6,873,004**	4,005,507	**8,683,775**	5,216,962
	296,877,371	258,732,214	**268,457,235**	238,675,862
Other receivables:				
Accrued interest receivable	**6,189,094**	6,902,278	**5,972,328**	6,705,002
Other loans and receivable	**5,347,179**	4,558,732	**5,167,744**	4,506,620
Sales contracts receivable	**125,544**	126,401	**125,544**	126,401
	11,661,817	11,587,411	**11,265,616**	11,338,023
	308,539,188	270,319,625	**279,722,851**	250,013,885
Allowance for credit and impairment losses (Note 15)	**(11,923,717)**	(12,230,550)	**(11,293,943)**	(11,575,411)
	₱296,615,471	₱258,089,075	**₱268,428,908**	₱238,438,474

* **Conso** - Net of unamortized modification loss of ₱336,462 and ₱659,503 as of December 31, 2023 and 2022 respectively
* **Parent** - Net of unamortized modification loss of ₱336,462 and ₱659,474 as of December 31, 2023 and 2022 respectively
***Include emerging enterprise loans and branch loans*
****Include DepEd loans, employee loans, salary loans and personal loans*

Receivable from customers consists of:

	Consolidated		Parent Company	
	2023	**2022**	**2023**	**2022**
Loans and discounts	**₱283,777,257**	₱247,464,666	**₱253,546,351**	₱226,196,860
Unamortized premium	**6,873,004**	4,005,507	**8,683,775**	5,216,962
	290,650,261	251,470,173	**262,230,126**	231,413,822
Customer liabilities under acceptances and trust receipts	**4,989,399**	6,195,084	**4,989,399**	6,195,084
Bills purchased (Note 21)	**1,237,711**	1,066,956	**1,237,711**	1,066,956
	₱296,877,371	₱258,732,213	**₱268,457,236**	₱238,675,862

In 2016, the Parent Company entered into a sale of receivables agreement with EWRB, whereby the Parent Company will sell to EWRB, on a without recourse basis, certain employee loans of the Parent Company. In 2023 and 2022, the total employee loans sold by the Parent Company have an aggregate carrying amount of ₱284.05 million and ₱255.97 million, respectively. The selling price of the employee loans approximates the fair value at the date of sale. As of December 31, 2023 and 2022, outstanding principal balance of employee loans purchased from the Parent Company, included in ‘Other consumer loans’ of EWRB, amounted to ₱475.87 million and ₱448.24 million, respectively. In connection with the sale of receivables agreement, the Parent Company and EWRB also entered into an account servicing and collection agreement whereby EWRB agreed to pay equivalent to 0.37% of the loan amounts collected by the Parent Company on behalf of EWRB. The service fees received by the Parent Company (included under ‘Service charges, fees and commission income’ in the statements of income) amounted to ₱1.03 million, ₱0.99 million, and ₱0.88 million in 2023, 2022, and 2021 respectively (Note 28).

In 2013, the Parent Company entered into a purchase of receivables agreement with EWRB, whereby the Parent Company will purchase, on a without recourse basis, certain salary loans of EWRB. In 2023 and 2022, the total salary loans purchased by the Parent Company have an aggregate amount of ₱44.25 billion and ₱46.05 billion, respectively. The Parent Company’s acquisition cost of the salary loans approximates the fair value at the acquisition date. As of December 31, 2023 and 2022, outstanding principal balance of salary loans purchased from EWRB, included in ‘Other consumer loans’ of the Parent Company, amounted to ₱41.67 billion and ₱35.40 billion, respectively. In connection with the purchase of receivables agreement, the Parent Company and EWRB also entered into an account servicing and collection agreement whereby the Parent Company agreed to pay service fees equivalent to 0.37% of the loan amounts collected by EWRB on behalf of the Parent Company. The service fees paid by the Parent Company to EWRB (included under ‘Miscellaneous expense’ in the statements of income) amounted to ₱150.53 million, ₱56.16 million, and ₱17.33 million in 2023, 2022 and 2021, respectively (Note 28).

The Group took possession of various properties previously held as collateral with carrying amounts of ₱4.27 billion, ₱4.68 billion, and ₱7.19 billion in 2023, 2022 and 2021, respectively (Notes 12 and 14).

Interest income on loans and receivables consist of:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Receivables from customers	**₱29,840,680**	₱22,410,380	₱21,101,535	**₱25,899,327**	₱18,662,563	₱18,256,166

As of December 31, 2023 and 2022, 9.04% and 13.78% respectively of the total receivables from customers of the Group and the Parent Company were subject to interest repricing.

Remaining receivables carry annual fixed interest rates ranging from 16.08% to 40.70% in 2023, 16.08% to 45.00% in 2022, 9.00% to 45.00% in 2021 for peso-denominated receivables and from 1.00% to 10.00% in 2023, 1.25% to 10.00% in 2022, 2.00% to 10.00% % in 2021 for foreign currency-denominated receivables.

Provision for credit losses on loans and receivables of the Group amounted to ₱6.54 billion, ₱4.81 billion, ₱4.40 billion in 2023, 2022 and 2021, respectively. Provision for credit losses on loans and receivables of the Parent Company amounted to ₱6.22 billion, ₱4.57 billion, ₱4.35 billion in 2023, 2022 and 2021, respectively.

10. Investments in Subsidiaries and Joint Venture

The movements in the investments in subsidiaries of the Parent Company and investment in a joint venture of the Group and the Parent Company follow:

	Investment in Subsidiaries		Investment in a Joint Venture	
	2023	2022	**2023**	2022
Acquisition Cost				
Subsidiaries				
EWRB	**₱521,000**	₱521,000	**–**	–
EWLFC	**100,000**	100,000	**–**	–
EWIB	**30,000**	30,000	**–**	–
QMIS	**19,927**	19,927	**–**	–
ASIA	**10,305**	10,305	**–**	–
	681,232	681,232	**–**	–
Joint Venture				
EWAL				
Cost at beginning of the year	**–**	–	**3,295,000**	2,720,000
Additional investments made during the year	**–**	–	**216,000**	575,000
Balance at end of year	**681,232**	681,232	**3,511,000**	3,295,000
Accumulated share in net income (loss)				
Balance at beginning of year	**5,060,273**	5,233,831	**(2,335,335)**	(2,106,715)
Share in net income (loss)	**1,112,236**	1,819,713	**(152,335)**	(228,619)
Dividends	**–**	(1,993,271)	**–**	–
Balance at end of year	**6,172,509**	5,060,273	**(2,487,670)**	(2,335,334)
Accumulated share in other comprehensive income				
Balance at beginning of year	**12,184**	4,031	**(30,689)**	1,209
Share in changes in remeasurement gain (loss) of retirement liabilities of subsidiaries and joint venture	**(13,974)**	8,153	**–**	(1,806)
Share in changes in fair value reserves on equity securities of a joint venture	**–**	–	**525**	(30,092)
Balance at end of year	**(1,790)**	12,184	**(30,164)**	(30,689)
	₱6,851,951	₱5,753,689	**₱993,166**	₱928,977

Investments in Subsidiaries

EWRB

The Parent Company's investment cost in EWRB amounted to ₱521.00 million as of December 31, 2022 and 2021. EWRB was incorporated and registered with Philippine SEC on November 5, 1997. It was granted authority by the BSP to operate as a rural bank and commenced operations in March 1998. As a subsidiary of EWBC, its primary mandate is to grant loans to its chosen market –Teacher, SSS Pensioners and Small-scale Entrepreneurs. It also offers a limited list of deposit products with competitive interest rates. Its principal office is located at 3rd and 4th Floors, East West Bank Building, J.P. Laurel Avenue corner Iñigo Street, Bajada, Davao City.

As approved by the Board of Directors in its meeting on June 3, 2022, ₱40.00 per share dividend was declared to stockholders on record as of June 14, 2022 and paid on July 8, 2022. As of December 31, 2022, cash dividends declared was ₱2.00 billion. There were no cash dividends declared nor paid in 2023. There were no issuance of capital stocks in 2023 and 2022.

EWIB
In 2015, the BSP approved the Parent Company's initial equity investment in EWIB of ₱30.00 million. EWIB was incorporated and registered with the SEC on July 6, 2015 primarily to act as an insurance broker in soliciting, negotiating, and forwarding applications for fire insurance, motor car insurance, engineering insurance, personal accident insurance, travel insurance, bonds & surety, directors and officer's liability insurance, aviation insurance, marine cargo insurance and other non-life insurance services. On September 23, 2015, EWIB received its license to act as an insurance broker from the Insurance Commission ("IC"). It started its commercial operations in September 24, 2015. Its principal place of business is located at The Beaufort, 5th avenue corner 23rd Street, Bonifacio Global City, Taguig City.

EWLFC
In 2016, the BSP approved and confirmed the initial equity investment in EWLFC of ₱100.00 million. It was registered with the SEC in October 2016 with secondary license to operate as a financing company in accordance with the Financing Company Act of 1998 and its implementing rules and regulations. The principal place of business of EWLFC is at East West Corporate Center, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

QMIS
In 2016, the Parent Company acquired 100.00% voting shares of QMIS as part of the asset and share transfer agreement for a consideration amounting to ₱19.93 million. On November 25, 2016, SCMB Overseas Ltd., a wholly-owned subsidiary of Standard Chartered Bank (SCB), completed the transfer of its 100.00% ownership of the Company's capital stock to the Parent Company. Consequently, the Group obtained control and ownership of the QMIS on that date.

The principal place of business of the Company is at 7th Floor, Global Trade Center, 1024 EDSA, Quezon City.

ASIA
In 2016, the Parent Company acquired 100.00% voting shares of ASIA as part of the asset and share transfer agreement for a consideration amounting to ₱10.31 million. ASIA was registered with the SEC in 2012 primarily to engage in general insurance agency business. The principal place of business is at 5th Floor, 6788 Sky Plaza Building, Ayala Avenue, Makati City.

Investment in a Joint Venture
On May 28, 2015, the Parent Company and Ageas Insurance International N.V. ("Ageas") entered into a joint venture agreement to form EW Ageas Life. EW Ageas Life, which is primarily engaged in the life insurance business, was incorporated with a capitalization of ₱2.01 billion and with ultimate ownership interest of the Parent Company of 50.00% less 1 share. The Parent Company's initial investment amounted to ₱500.00 million. The joint venture agreement provided certain conditions that should be satisfied for the consummation of the agreement, which include among others, obtaining all the required regulatory approvals. EW Ageas Life was incorporated and registered with the SEC on October 20, 2015. Its primary purpose is to undertake and write insurance upon the life of individuals, and every insurance appertaining thereto or connected therewith; to make contracts of insurance providing for all risks, hazards, guarantees and contingencies to which life, accident, or health insurance is applicable; to indemnify against legal liability; to compute endowments and grant, purchase or dispose of annuities; to procure re-insurance of its risks; to issue

policies stipulated to be with or without participation in profits; and to purchase for its own benefit any policy of insurance or other obligation as well as claims of policyholders.

On December 22, 2015, EW Ageas Life obtained from the Insurance Commission (IC) a license to operate as a life insurance business. The Certificate of Authority was granted effective from January 1, 2016 to December 31, 2018 and renewed every two years. The latest renewal happened on December 16, 2021 with certificate No. 22/19-R effective from January 1, 2022 to December 31, 2024.

EW Ageas Life started its commercial operations on February 1, 2016. On March 28, 2016, the Parent Company and Ageas entered into a Deed of Sale for the transfer of 1,666,655 shares from Parent Company to Ageas. The resulting shareholder structure became 50% less one share for Parent Company and 50% plus one share for Ageas. The Parent Company and Ageas control EW Ageas Life through a Joint Venture Agreement. Its registered office is at One World Place, 32nd Street, Bonifacio Global City, Taguig City.

In 2017, additional capital aggregating to ₱1.33 billion was solely contributed by Ageas to EW Ageas Life. This increased the Parent Company's investment in the joint venture by ₱665.00 million in 2017 which was recognized as gain on capital transaction. Under the joint venture agreement, within a period of seven (7) years from consummation, the joint venture entity may at any time request for additional funding from the Parent Company and Ageas. Parent Company and Ageas each infused additional capital to EW Ageas Life amounting to ₱216.00 million in 2023 and ₱575.00 million in 2022.

In 2023 and 2022, no dividends was received from EW Ageas Life. As of December 31, 2023 and 2022, the joint venture has no contingent liabilities or capital commitments.

11. Property, Equipment and Right-of-Use Assets

The composition of and movements in the Group's property, equipment and ROU assets follow:

	2023					
	Land	**Buildings**	**Furniture, Fixtures and Equipment**	**Leasehold Improvements**	**ROU Asset**	**Total**
Cost						
Balance at beginning of year	**₱54,635**	**₱1,051,316**	**₱3,187,791**	**₱4,037,812**	**₱5,921,542**	**₱14,253,096**
Additions	–	**3,775**	**232,544**	**199,920**	**2,422,969**	**2,859,208**
Disposals/terminations and other adjustments	–	–	**(117,129)**	–	**(529,803)**	**(646,932)**
Balance at end of year	**54,635**	**1,055,091**	**3,303,206**	**4,237,732**	**7,814,708**	**16,465,372**
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	**314,894**	**2,814,130**	**3,447,369**	**2,076,745**	**8,653,138**
Depreciation and amortization	–	**30,063**	**175,863**	**191,268**	**881,089**	**1,278,283**
Disposals/terminations and other adjustments	–	–	**(100,250)**	–	**(530,158)**	**(630,408)**
Balance at end of year	–	**344,957**	**2,889,743**	**3,638,637**	**2,427,676**	**9,301,013**
Net Book Value	**₱54,635**	**₱710,134**	**₱413,463**	**₱599,095**	**₱5,387,032**	**₱7,164,358**

	2022					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	ROU Asset	Total
Cost						
Balance at beginning of year	₱54,635	₱1,071,765	₱2,987,439	₱3,915,225	₱4,933,249	₱12,962,313
Additions	–	5,100	310,417	122,587	2,125,913	2,564,017
Disposals/terminations and other adjustments	–	(25,549)	(110,065)	–	(1,137,620)	(1,273,234)
Balance at end of year	54,635	1,051,316	3,187,791	4,037,812	5,921,542	14,253,096
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	291,621	2,765,069	3,202,090	2,281,178	8,539,958
Depreciation and amortization	–	23,273	156,331	245,279	929,336	1,354,219
Disposals/terminations and other adjustments	–	–	(107,270)	–	(1,133,769)	(1,241,039)
Balance at end of year	–	314,894	2,814,130	3,447,369	2,076,745	8,653,138
Net Book Value	₱54,635	₱736,422	₱373,661	₱590,443	₱3,844,797	₱5,599,958

The composition of and movements in the Parent Company's property, equipment and ROU assets follow:

	2023					
	Land	**Buildings**	**Furniture, Fixtures and Equipment**	**Leasehold Improvements**	**ROU Asset**	**Total**
Cost						
Balance at beginning of year	**₱33,298**	**₱973,287**	**₱2,761,252**	**₱3,869,991**	**₱5,423,403**	**₱13,061,231**
Additions	–	**2,593**	**199,282**	**190,514**	**2,365,221**	**2,757,610**
Disposals/terminations and other adjustments	–	–	**(105,057)**	–	**(509,740)**	**(614,796)**
Balance at end of year	**33,298**	**975,880**	**2,855,477**	**4,060,505**	**7,278,884**	**15,204,044**
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	**284,185**	**2,443,141**	**3,300,640**	**1,812,932**	**7,840,898**
Depreciation and amortization	–	**26,611**	**149,753**	**184,836**	**781,863**	**1,143,063**
Disposals/terminations and other adjustments	–	–	**(88,179)**	–	**(509,756)**	**(597,935)**
Balance at end of year	–	**310,796**	**2,504,715**	**3,485,476**	**2,085,039**	**8,386,026**
Net Book Value	**₱33,298**	**₱665,084**	**₱350,762**	**₱575,029**	**₱5,193,845**	**₱6,818,018**

	2022					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	ROU Asset	Total
Cost						
Balance at beginning of year	₱33,298	₱997,832	₱2,523,124	₱3,749,252	₱4,457,062	₱11,760,568
Additions	–	1,004	265,022	120,739	2,076,488	2,463,253
Disposals/terminations and other adjustments	–	(25,549)	(26,894)	–	(1,110,147)	(1,162,590)
Balance at end of year	33,298	973,287	2,761,252	3,869,991	5,423,403	13,061,231
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	264,446	2,332,026	3,062,596	2,085,171	7,744,239
Depreciation and amortization	–	19,739	135,207	238,044	833,503	1,226,493
Disposals/terminations and other adjustments	–	–	(24,092)	–	(1,105,742)	(1,129,834)
Balance at end of year	–	284,185	2,443,141	3,300,640	1,812,932	7,840,898
Net Book Value	₱33,298	₱689,102	₱318,111	₱569,351	₱3,610,471	₱5,220,333

The Group has lease contracts for office branches, warehouses, spaces for Automated Teller Machines (ATMs) and office equipment. With the exception of short-term leases of low-value underlying assets, each lease is reflected on the statement of financial position as ROU asset and a lease liability.

The net gain on sale recognized by the Group for the disposal of certain property and equipment amounted to ₱2.72 million, ₱5.00 million, ₱3.64 million in 2023, 2022 and 2021, respectively. The net gain on sale recognized by the Parent Company for the disposal of certain property and equipment amounted to ₱2.46 million, ₱2.48 million, and ₱2.87 million in 2023, 2022, and 2021 respectively.

As of December 31, 2023 and 2022, the cost of fully depreciated property and equipment still in use by the Group amounted to ₱2.76 billion and ₱2.73 billion, respectively.

As of December 31, 2023 and 2022, the cost of fully depreciated property and equipment still in use by the Parent Company amounted to ₱2.21 billion and ₱2.21 billion, respectively.

12. Investment Properties

The composition of and movements in the Group's investment properties follow:

	2023		
	Land	**Buildings and Improvements**	**Total**
Cost			
Balance at beginning of year	**₱605,365**	**₱729,292**	**₱1,334,657**
Additions	**169,967**	**104,554**	**274,521**
Disposals	**(46,769)**	**(75,849)**	**(122,618)**
Balance at end of year	**728,563**	**757,997**	**1,486,560**
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	**423,869**	**423,869**
Depreciation and amortization	–	**63,987**	**63,987**
Disposals	–	**(50,483)**	**(50,483)**
Balance at end of year	–	**437,373**	**437,373**
Accumulated Impairment Losses (Note 15)			
Balance at beginning of year	**57,592**	**12,954**	**70,546**
Provision during the year	**14,261**	**1,724**	**15,985**
Disposals	**(8,448)**	**(4,496)**	**(12,944)**
Balance at end of year	**63,405**	**10,182**	**73,587**
Net Book Value	**₱665,158**	**₱310,442**	**₱975,600**

	2022		
	Land	Buildings and Improvements	Total
Cost			
Balance at beginning of year	₱664,866	₱743,093	₱1,407,959
Additions	28,623	72,813	101,436
Disposals	(88,124)	(86,614)	(174,738)
Balance at end of year	605,365	729,292	1,334,657
Accumulated Depreciation and Amortization			
Balance at beginning of year	₱–	₱397,741	₱397,741
Depreciation and amortization	–	60,401	60,401
Disposals	–	(34,273)	(34,273)
Balance at end of year	–	423,869	423,869
Accumulated Impairment Losses (Note 15)			
Balance at beginning of year	69,581	12,649	82,230
Provision during the year	6,616	6,787	13,403
Disposals	(18,605)	(6,482)	(25,087)
Balance at end of year	57,592	12,954	70,546
Net Book Value	₱547,773	₱292,469	₱840,242

The composition of and movements in the Parent Company's investment properties follow:

	2023		
	Land	**Buildings and Improvements**	**Total**
Cost			
Balance at beginning of year	**₱604,597**	**₱729,357**	**₱1,333,954**
Additions	**169,967**	**104,554**	**274,521**
Disposals	**(46,769)**	**(75,849)**	**(122,618)**
Balance at end of year	**727,795**	**758,062**	**1,485,857**
Accumulated Depreciation and Amortization			
Balance at beginning of year	**–**	**423,863**	**423,863**
Depreciation and amortization	**–**	**63,987**	**63,987**
Disposals	**–**	**(50,484)**	**(50,484)**
Balance at end of year	**–**	**437,366**	**437,366**
Accumulated Impairment Losses (Note 15)			
Balance at beginning of year	**57,592**	**12,954**	**70,546**
Provision during the year	**14,261**	**1,725**	**15,986**
Disposals	**(8,448)**	**(4,496)**	**(12,944)**
Balance at end of year	**63,405**	**10,183**	**73,588**
Net Book Value	**₱664,390**	**₱310,513**	**₱974,903**

	2022		
	Land	Buildings and Improvements	Total
Cost			
Balance at beginning of year	₱664,098	₱743,158	₱1,407,256
Additions	28,623	72,813	101,436
Disposals	(88,124)	(86,614)	(174,738)
Balance at end of year	604,597	729,357	1,333,954
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	397,735	397,735
Depreciation and amortization	–	60,401	60,401
Disposals	–	(34,273)	(34,273)
Balance at end of year	–	423,863	423,863
Accumulated Impairment Losses (Note 15)			
Balance at beginning of year	69,581	12,649	82,230
Provision during the year	6,616	6,787	13,403
Disposals	(18,605)	(6,482)	(25,087)
Balance at end of year	57,592	12,954	70,546
Net Book Value	₱547,005	₱292,540	₱839,545

The Group's and the Parent Company's investment properties consist entirely of real estate properties and land improvements acquired in settlement of loans and receivables.

The aggregate fair value of the investment properties of the Group and the Parent Company amounted to ₱2.32 billion as of December 31, 2023, and ₱2.07 billion as of December 31, 2022. Fair value has been determined based on valuations made by independent and/or in-house appraisers. Valuations were derived on the basis of recent sales of similar properties in the same area as the investment properties taking into account the economic conditions prevailing at the time the valuations were made.

As of December 31, 2023 and 2022, the carrying values of foreclosed investment properties of the Group and of the Parent Company still subject to redemption period by the borrower amounted to ₱166.15 million and ₱31.87 million, respectively.

Gain on sale recognized by the Group for the disposal of its foreclosed assets amounted to ₱111.36 million, ₱66.39 million, ₱58.50 million in 2023, 2022 and 2021, respectively.

Gain on sale recognized by the Parent Company for the disposal of its foreclosed assets amounted to ₱111.36 million, ₱66.39 million, ₱56.17 million in 2023, 2022 and 2021, respectively.

Direct operating expenses from investment properties that did not generate rent income amounted to ₱95.32 million, ₱95.57 million, ₱88.97 million for the Group and the Parent Company in 2023, 2022 and 2021, respectively. The Group and the Parent Company have no investment properties that generated rent income in 2023, 2022 and 2021.

13. Goodwill and Other Intangible Assets

As of December 31, 2023 and 2022, the intangible assets of the Group consist of:

	2023					
	Goodwill	**Branch Licenses**	**Customer Relationship**	**Core Deposits**	**Capitalized Software**	**Total**
Cost						
Balance at beginning of year	**₱3,877,241**	**₱2,167,600**	**₱154,626**	**₱105,128**	**₱2,351,436**	**₱8,656,031**
Additions	–	–	–	–	**246,660**	**246,660**
Balance at end of year	**3,877,241**	**2,167,600**	**154,626**	**105,128**	**2,598,096**	**8,902,691**
Accumulated Amortization						
Balance at beginning of year	–	–	**63,400**	**79,787**	**1,616,373**	**1,759,560**
Amortization	–	–	**3,651**	**6,469**	**189,527**	**199,647**
Balance at end of year	–	–	**67,051**	**86,256**	**1,805,900**	**1,959,207**
Net Book Value	**₱3,877,241**	**₱2,167,600**	**₱87,575**	**₱18,872**	**₱792,196**	**₱6,943,484**

	2022					
	Goodwill	Branch Licenses	Customer Relationship	Core Deposits	Capitalized Software	Total
Cost						
Balance at beginning of year	₱3,877,241	₱2,167,600	₱154,626	₱105,128	₱2,138,799	₱8,443,394
Additions	–	–	–	–	283,646	283,646
Others/Disposals	–	–	–	–	(71,009)	(71,009)
Balance at end of year	3,877,241	2,167,600	154,626	105,128	2,351,436	8,656,031
Accumulated Amortization						
Balance at beginning of year	–	–	59,639	73,317	1,515,064	1,648,020
Others/Disposals	–	–	3,761	6,470	172,318	182,549
Amortization	–	–	–	–	(71,009)	(71,009)
Balance at end of year	–	–	63,400	79,787	1,616,373	1,759,560
Net Book Value	₱3,877,241	₱2,167,600	₱91,226	₱25,341	₱735,063	₱6,896,471

As of December 31, 2023 and 2022, the intangible assets of the Parent Company consist of:

	2023					
	Goodwill	**Branch Licenses**	**Customer Relationship**	**Core Deposits**	**Capitalized Software**	**Total**
Cost						
Balance at beginning of year	**₱3,853,763**	**₱2,167,600**	**₱154,626**	**₱105,128**	**₱2,312,582**	**₱8,593,699**
Additions	–	–	–	–	**226,461**	**226,461**
Balance at end of year	**3,853,763**	**2,167,600**	**154,626**	**105,128**	**2,539,043**	**8,820,160**
Accumulated Amortization						
Balance at beginning of year	–	–	**63,400**	**79,787**	**1,587,844**	**1,731,031**
Amortization	–	–	**3,651**	**6,470**	**185,016**	**195,137**
Balance at end of year	–	–	**67,051**	**86,257**	**1,772,860**	**1,926,168**
Net Book Value	**₱3,853,763**	**₱2,167,600**	**₱87,575**	**₱18,871**	**₱766,183**	**₱6,893,992**

	2022					
	Goodwill	Branch Licenses	Customer Relationship	Core Deposits	Capitalized Software	Total
Cost						
Balance at beginning of year	₱3,853,763	₱2,167,600	₱154,626	₱105,128	₱2,029,925	₱8,311,042
Additions	–	–	–	–	283,042	283,042
Others/Disposals	–	–	–	–	(385)	(385)
Balance at end of year	3,853,763	2,167,600	154,626	105,128	2,312,582	8,593,699
Accumulated Amortization						
Balance at beginning of year	–	–	59,639	73,317	1,421,875	1,554,831
Amortization	–	–	3,761	6,470	166,354	176,585
Others/Disposals	–	–	–	–	(386)	(386)
Balance at end of year	–	–	63,400	79,787	1,587,843	1,731,030
Net Book Value	₱3,853,763	₱2,167,600	₱91,226	₱25,341	₱724,739	₱6,862,669

Goodwill

Goodwill represents the excess of the acquisitions cost over the fair value arising from acquisition of (a) Ecology Savings Bank, Inc. (“ESBI”) in 2002; (b) American International Group, Inc. Philam Savings Bank (AIGPASB) Group in 2009; (c) EWRB in 2012; (d) Green Bank, Inc. (“GBI”) in 2014; and (e) Standard Chartered Bank (“SCB”) in 2016.

The business combination resulted in the recognition of goodwill allocated to the three (3) CGUs which are also reportable segments. As of December 31, 2023 and 2022, goodwill for each CGU in the books of the Parent Company are as follows:

CGU	**Consolidated**	**Parent Company**
Consumer Banking	₱2,060,312	₱2,060,312
Treasury and Trust	1,643,239	1,643,239
Retail Banking	173,690	150,212
	₱3,877,241	₱3,853,763

Key assumptions used in VIU calculations

The recoverable amount of the CGUs has been determined based on VIU calculations using cash flow projections based on financial budgets approved by the management covering a five-year period. The VIU calculation for the CGUs is most sensitive to the following assumptions: a) interest margin; b) discount rates; c) market share during the budget period; and d) projected growth rates used to extrapolate cash flows beyond the budget period. Future cash flows were based on historical experience, strategies developed and prospects. The discount rate used for the computation of the net present value is the cost of equity and was determined by reference to comparable entities.

Discount rate and growth rate

The following discount rates were applied to the cash flow projections:

	2023			2022			2021		
	Retail banking	**Consumer Banking**	**Treasury and Trust**	Retail banking	Consumer Banking	Treasury and Trust	Retail banking	Consumer Banking	Treasury and Trust
Pre-tax discount rate	**12.30%**	**12.30%**	**12.30%**	12.30%	12.30%	12.30%	12.30%	12.30%	12.30%
Projected growth rate	**6.00%**	**6.00%**	**6.00%**	6.00%	6.00%	6.00%	6.25%	6.25%	6.25%

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the units to exceed their recoverable amount.

Branch Licenses
Branch licenses of the Group and the Parent Company amounting to ₱2.17 billion represents: one branch license acquired by the Parent Company from the BSP amounting to ₱0.20 million in 2015, 25 branch licenses acquired by the Parent Company from the BSP amounting to ₱505.20 million in 2014, 10 branch licenses acquired by the Parent Company from the BSP amounting to ₱214.80 million in 2013, 42 branch licenses acquired by the Parent Company from the BSP amounting to ₱822.00 million in 2012, and 46 branch licenses acquired by the Parent Company from the acquisition of GBI amounting to ₱625.40 million in 2011.

Customer Relationship and Core Deposits
The business combination between the Parent Company and AIGPASB Group in 2009 resulted in the acquisition of customer relationship and core deposits amounting to₱154.63 million and ₱40.43 million, respectively.

The business combination between the Parent Company and SCB in 2016 resulted in the acquisition of core deposits amounting to ₱64.70 million.

Capitalized Software
Capitalized software pertains to computer software licenses and programs acquired by the Group and the Parent Company for its banking operations. Included in the 2023 and 2022 acquisitions are software licenses acquired by the Group and the Parent Company for the upgrade of its core banking systems amounting to ₱246.66 million and ₱226.46 million in 2023 and ₱283.65 million and ₱283.04 million, respectively in 2022.

14. Other Assets

This account consists of:

	Consolidated		**Parent Company**	
	2023	2022	**2023**	2022
Financial assets				
Security deposits	**₱397,405**	₱354,274	**₱373,427**	₱330,001
Margin account	**167,996**	87,683	**167,996**	87,683
Deposit to suppliers	**49,030**	40,711	**49,030**	40,711
Derivative assets (Note 5)	**21,812**	18,750	**21,812**	18,750
Returned cash and other cash items	**4,879**	1,438	**4,879**	1,438
Other asset - petty cash fund	**2,731**	2,765	**2,006**	1,950
	643,853	505,621	**619,150**	480,533
Non-financial assets				
Other repossessed assets	**2,025,206**	967,370	**2,025,206**	967,370
Prepaid expenses	**695,500**	837,748	**614,904**	753,215
Card acquisition costs	**409,531**	219,955	**409,531**	219,955
Outward clearing	**303,795**	58,460	**303,795**	58,460
Outward settlements	**206,837**	61,384	**206,837**	61,384
Deferred charges	**184,893**	5,239	**184,893**	5,239
Documentary stamps	**192,146**	115,683	**192,146**	115,683
Equity on car plan	**162,659**	154,406	**162,458**	154,146
Stationery and supplies on hand	**78,517**	86,541	**68,923**	75,173
Interoffice items	**2,460**	322,695	**2,460**	322,695
Other miscellaneous asset	**180,107**	237,327	**129,620**	188,839
	4,441,651	3,066,808	**4,300,773**	2,922,159
	5,085,504	3,572,429	**4,919,923**	3,402,692
Allowance for impairment losses (Note 15)	**(121,274)**	(79,627)	**(91,186)**	(51,586)
	₱4,964,230	₱3,492,802	**₱4,828,737**	₱3,351,106

The allowance for impairment losses on other assets pertains to the allowances for impairment losses of other repossessed assets and of the Bank's long outstanding floats.

The movements in the allowance for impairment losses on other assets excluding other repossessed assets of the Group and the Parent Company follow:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Balance at beginning of year	**₱78,335**	₱124,593	**₱50,295**	₱98,461
Provisions during the year	**40,126**	16,666	**38,078**	13,554
Write-off and others	**(83)**	(62,924)	**(83)**	(61,720)
Balance at end of year	**₱118,378**	₱78,335	**₱88,290**	₱50,295

The movements in other repossessed assets of the Group and the Parent Company follow:

	2023	2022
Cost		
Balance at beginning of year	**₱1,222,755**	₱3,084,853
Additions	**3,993,505**	4,608,142
Disposals	**(2,899,681)**	(6,470,240)
Balance at the end of year	**2,316,579**	1,222,755
Accumulated Depreciation		
Balance at the beginning of year	**255,385**	478,402
Depreciation	**297,679**	570,558
Disposals	**(261,691)**	(793,575)
Balance at the end of year	**291,373**	255,385
Net book value, gross of allowance for impairment losses	**2,025,206**	967,370
Allowance for Impairment Losses		
Balance at beginning of year	**1,291**	–
Provision during the year	**4,561**	5,396
Disposals	**(2,956)**	(4,105)
Balance at the end of year	**2,896**	1,291
Net book value, net of allowance for impairment losses	**₱2,022,310**	₱966,079

The Group and Parent Company recognized net gain (loss) from the disposal of its repossessed assets amounting to (₱425.22 million), (₱266.28 million), (₱285.77 million) in 2023, 2022 and 2021, respectively.

15. **Allowance for Credit and Impairment Losses**

Details of and changes in the allowance for impairment and credit losses follow:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Balances at the beginning of year:				
Loans and receivables (Note 9)	**₱12,230,550**	₱12,675,324	**₱11,575,411**	₱12,039,245
Investment securities at amortized cost (Note 8)	**11,280**	11,619	**11,280**	11,619
Financial assets at FVTOCI (Note 8)	**37,795**	33,813	**37,795**	33,813
Due from other banks	**1,197**	4,549	**1,197**	4,549
Investment properties (Note 12)	**70,`546**	82,230	**70,546**	82,230
Other assets (Note 14)	**79,627**	124,594	**51,586**	98,461
Provision for unused credit lines (Note 21)	**318,594**	124,705	**318,594**	124,705
	12,749,589	13,056,834	**12,066,409**	12,394,622
Provisions charged to current operations – loans and receivables (Note 9)	**6,535,978**	4,807,184	**6,220,189**	4,572,866
Provisions charged to (recoveries credited to) current operations – due from other banks and investment securities at amortized cost	**(907)**	(4,809)	**(907)**	(4,809)
Provisions charged to current operations – financial assets at FVTOCI (Notes 8)	**(20,824)**	3,982	**(20,824)**	3,982
Provisions charged to current operations – investment properties and other assets (Notes 12 and 14)	**60,673**	(21,320)	**58,625**	(23,227)
Provisions charged to (recoveries credited to) current operations – unused credit lines (Note 20)	**145,277**	193,888	**145,277**	193,888
Write-off and others (Notes 9 and 14)	**(6,842,585)**	(5,276,005)	**(6,501,433)**	(5,060,747)
Revaluation due to change in foreign currency rates	**(358)**	4,304	**(358)**	4,304
Reversal of allowance on disposals of investment properties and other repossessed assets (Notes 12 and 14)	**(15,900)**	(14,471)	**(15,900)**	(14,853)
Balances at the end of year:				
Loans and receivables (Note 9)	**11,923,718**	12,230,550	**11,293,943**	11,575,411
Investment securities at amortized cost (Note 8)	**10,708**	11,280	**10,708**	11,280
Financial assets at FVTOCI (Note 8)	**16,971**	37,795	**16,971**	37,795
Due from other banks	**821**	1,197	**821**	1,197
Investment properties (Note 12)	**73,588**	70,546	**73,588**	70,546
Other assets (Note 14)	**121,274**	79,627	**91,186**	51,586
Provision for unused credit lines	**463,860**	318,594	**463,860**	318,594
	₱12,610,943	₱12,749,587	**₱11,951,078**	₱12,066,026

With the foregoing level of allowance for impairment and credit losses, management believes that the Group has sufficient allowance for any losses that the Group may incur from the non-collection or non-realization of its receivables and other risk assets.

The reconciliation of allowance for the receivables from customers follows:

Total Loans and Receivables - Consolidated

	2023			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱2,347,255	₱1,450,413	₱8,432,881	₱12,230,550
Newly originated assets that remained in Stage 1 as at December 31, 2023	3,109,413	–	–	3,109,413
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	–	1,311,245	2,114,744	3,425,989
Effect of collections and other movements in receivable balance (excluding write-offs)	(955,263)	(508,942)	(1,199,455)	(2,663,660)
Write-offs (Note 9)	(768,776)	(1,128,029)	(4,926,005)	(6,822,810)
Transfers from Stage 1	(294,202)	174,937	119,265	–
Transfers from Stage 2	257,367	(421,154)	163,788	–
Transfers from Stage 3	127,705	23,120	(150,825)	–
Impact on ECL of exposures transferred between stages of exposures transferred between stages	(598,565)	900,137	2,342,664	2,644,236
Balance at end of year	₱3,224,933	₱1,801,727	₱6,897,057	₱11,923,717

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱1,701,918	₱1,851,692	₱9,121,715	₱12,675,325
Newly originated assets that remained in Stage 1 as at December 31, 2022	3,175,060	–	–	3,175,060
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	615,881	1,383,552	1,999,433
Effect of collections and other movements in receivable balance (excluding write-offs)	(671,444)	(612,691)	(1,618,597)	(2,902,732)
Write-offs (Note 9)	(221,903)	(706,630)	(3,679,047)	(4,607,580)
Transfers from Stage 1	(171,889)	88,096	83,793	–
Transfers from Stage 2	353,883	(660,029)	306,146	–
Transfers from Stage 3	196,124	120,969	(317,093)	–
Impact on ECL of exposures transferred between stages of exposures transferred between stages	(2,014,494)	753,126	3,152,412	1,891,044
Balance at end of year	₱2,347,255	₱1,450,414	₱8,432,881	₱12,230,550

Reconciliation of the allowance for impairment and credit losses by class in 2023 and 2022 follows:

	2023			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	₱6,291	₱416,250	₱1,843,469	₱2,266,010
Newly originated assets that remained in Stage 1 as at December 31, 2023	246,530	–	–	246,530
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	–	53,190	60,012	113,202
Effect of collections and other movements in receivable balance (excluding write-offs)	(4,005)	(360,936)	(52,635)	(417,576)
Write-offs (Note 9)	–	–	–	–
Transfers from Stage 1	–	–	–	–
Transfers from Stage 2	48,999	(65,064)	16,065	–
Transfers from Stage 3	–	5,812	(5,812)	–
Impact on ECL of exposures transferred between stages	(15,798)	13,003	(29,317)	(32,112)
Balance at end of year	₱282,017	₱62,255	₱1,831,782	₱2,176,054
Auto loans				
Balance at beginning of year	₱295,007	₱91,106	₱2,308,610	₱2,694,723
Newly originated assets that remained in Stage 1 as at December 31, 2023	668,218	–	–	668,218
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	–	90,321	532,465	622,786
Effect of collections and other movements in receivable balance (excluding write-offs)	(62,658)	(33,031)	(683,387)	(779,076)
Write-offs (Note 9)	–	–	(1,231,909)	(1,231,909)
Transfers from Stage 1	(55,748)	45,884	9,864	–
Transfers from Stage 2	21,772	(44,841)	23,069	–

(Forward)

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Transfers from Stage 3	**₱13,589**	**₱4,563**	**(₱18,152)**	**₱–**
Impact on ECL of exposures transferred between stages	**(139,071)**	**14,579**	**763,171**	**638,680**
Balance at end of year	**₱741,109**	**₱168,581**	**₱1,703,731**	**₱2,613,421**
Credit cards				
Balance at beginning of year	**₱747,942**	**₱766,521**	**₱1,944,181**	**₱3,458,644**
Newly originated assets that remained in Stage 1 as at December 31, 2023	**833,195**	**–**	**–**	**833,195**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	**–**	**955,949**	**460,720**	**1,416,669**
Effect of collections and other movements in receivable balance (excluding write-offs)	**97,997**	**(12,912)**	**(23,971)**	**61,114**
Write-offs (Note 9)	**(577,285)**	**(1,039,678)**	**(2,134,198)**	**(3,751,161)**
Transfers from Stage 1	**(175,217)**	**102,940**	**72,277**	–
Transfers from Stage 2	**174,345**	**(271,093)**	**96,748**	–
Transfers from Stage 3	**76,654**	**5,428**	**(82,082)**	–
Impact on ECL of exposures transferred between stages	**(268,076)**	**882,962**	**1,163,438**	**1,778,324**
Balance at end of year	**₱909,555**	**₱1,390,117**	**₱1,497,113**	**₱3,796,784**
Mortgage loans				
Balance at beginning of year	**₱4,141**	**₱4,823**	**₱90,876**	**₱99,840**
Newly originated assets that remained in Stage 1 as at December 31, 2023	**46**	**–**	**–**	**46**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	**–**	**–**	**15**	**15**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(531)**	**(519)**	**(5,160)**	**(6,210)**
Write-offs (Note 9)	**–**	**–**	**–**	**–**
Transfers from Stage 1	**(566)**	**529**	**37**	**–**
Transfers from Stage 2	**1,507**	**(1,962)**	**455**	**–**
Transfers from Stage 3	**3,420**	**568**	**(3,988)**	**–**
Impact on ECL of exposures transferred between stages	**(7,882)**	**(3,439)**	**10,749**	**(572)**
Balance at end of year	**₱135**	**₱–**	**₱92,984**	**₱93,119**
Other consumer loans**				
Balance at beginning of year	**₱720,138**	**₱118,873**	**₱1,419,530**	**₱2,258,541**
Newly originated assets that remained in Stage 1 as at December 31, 2023	**663,967**	**–**	**–**	**663,967**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	**–**	**131,289**	**950,129**	**1,081,418**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(435,630)**	**(72,753)**	**(388,596)**	**(896,979)**
Write-offs (Note 9)	**(191,491)**	**(88,351)**	**(1,524,912)**	**(1,804,754)**
Transfers from Stage 1	**(43,713)**	**14,353**	**29,360**	**–**
Transfers from Stage 2	**10,023**	**(25,306)**	**15,283**	**–**
Transfers from Stage 3	**33,929**	**6,739**	**(40,668)**	**–**
Impact on ECL of exposures transferred between stages	**(176,161)**	**(1,297)**	**435,686**	**258,228**
Balance at end of year	**₱581,062**	**₱83,547**	**₱895,812**	**₱1,560,421**
Other receivables***				
Balance at beginning of year	**₱573,736**	**₱52,840**	**₱826,215**	**₱1,452,792**
Newly originated assets that remained in Stage 1 as at December 31, 2023	**697,457**	**–**	**–**	**697,457**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	**–**	**80,496**	**111,403**	**191,899**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(550,436)**	**(28,791)**	**(45,706)**	**(624,932)**
Write-offs (Note 9)	**–**	**–**	**(34,986)**	**(34,986)**
Transfers from Stage 1	**(18,958)**	**11,231**	**7,727**	**–**
Transfers from Stage 2	**720**	**(12,888)**	**12,167**	**–**
Transfers from Stage 3	**113**	**10**	**(123)**	**–**
Impact on ECL of exposures transferred between stages	**8,422**	**(5,671)**	**(1,063)**	**1,688**
Balance at end of year	**₱711,055**	**₱97,227**	**₱875,635**	**₱1,683,918**
Total	**₱3,224,933**	**₱1,801,727**	**₱6,897,057**	**₱11,923,717**

**Include corporate loans,emerging enterprise loans and branch loans*
***Include DepEd loans, employee loans, salary loans and personal loans*
****Include Accrued interest receivables, Accounts receivables and Sales contract receivables and unquoted debt securities classified as loans*

	2022			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	₱4,998	₱471,112	₱1,335,533	₱1,811,643
Newly originated assets that remained in Stage 1 as at December 31, 2022	4,103	–	–	4,103
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	333,873	633,523	967,396
Effect of collections and other movements in receivable balance (excluding write-offs)	(3,013)	(446,726)	(251,915)	(701,654)
Write-offs (Note 9)	–	–	–	–
Transfers from Stage 1	(5)	2	3	–
Transfers from Stage 2	338	(1,246)	908	–
Transfers from Stage 3	230	87,122	(87,352)	–
Impact on ECL of exposures transferred between stages	(360)	(27,887)	212,768	184,522
Balance at end of year	₱6,291	₱416,250	₱1,843,469	₱2,266,010
Auto loans				
Balance at beginning of year	₱89,650	₱84,974	₱2,334,475	₱2,509,099
Newly originated assets that remained in Stage 1 as at December 31, 2022	253,736	–	–	253,736
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	30,806	71,274	102,080
Effect of collections and other movements in receivable balance (excluding write-offs)	(45,593)	(31,269)	(585,278)	(662,141)
Write-offs (Note 9)	-	-	(201,057)	(201,057)
Transfers from Stage 1	(17,066)	15,240	1,825	–
Transfers from Stage 2	23,997	(36,515)	12,517	–
Transfers from Stage 3	55,354	26,755	(82,109)	–
Impact on ECL of exposures transferred between stages	(65,071)	1,114	756,962	693,005
Balance at end of year	₱295,007	₱91,106	₱2,308,610	₱2,694,723
Credit cards				
Balance at beginning of year	₱655,912	₱1,066,475	₱2,852,022	₱4,574,409
Newly originated assets that remained in Stage 1 as at December 31, 2022	1,710,674	–	–	1,710,674
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	110,533	37,976	148,509
Effect of collections and other movements in receivable balance (excluding write-offs)	(155,452)	(24,373)	(200,514)	(380,338)
Write-offs (Note 9)	(156,779)	(679,111)	(2,651,361)	(3,487,251)
Transfers from Stage 1	(114,409)	62,060	52,348	–
Transfers from Stage 2	283,094	(519,760)	236,666	–
Transfers from Stage 3	42,710	1,820	(44,530)	–
Impact on ECL of exposures transferred between stages	(1,517,809)	748,877	1,661,574	892,642
Balance at end of year	₱747,942	₱766,521	₱1,944,181	₱3,458,644
Mortgage loans				
Balance at beginning of year	₱14,348	₱27,229	₱127,880	₱169,457
Newly originated assets that remained in Stage 1 as at December 31, 2022	524	–	–	524
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	30	57	87
Effect of collections and other movements in receivable balance (excluding write-offs)	(4,579)	(2,343)	(10,951)	(17,873)
Write-offs (Note 9)	–	–	–	–
Transfers from Stage 1	(875)	762	112	–
Transfers from Stage 2	14,971	(17,002)	2,032	–
Transfers from Stage 3	12,145	2,062	(14,207)	–
Impact on ECL of exposures transferred between stages	(32,395)	(5,915)	(14,046)	(52,356)
Balance at end of year	₱4,140	₱4,823	₱90,876	₱99,840
Other consumer loans**				
Balance at beginning of year	₱539,096	₱69,286	₱1,422,119	₱2,030,501
Newly originated assets that remained in Stage 1 as at December 31, 2022	665,073	-	-	665,073
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	-	115,296	470,915	586,211
Effect of collections and other movements in receivable balance (excluding write-offs)	(97,737)	(11,553)	(179,575)	(288,866)

(Forward)

	2022			
	Stage 1	Stage 2	Stage 3	Total
Write-offs (Note 9)	(₱65,124)	(₱27,519)	(₱794,077)	(₱886,720)
Transfers from Stage 1	(24,304)	6,310	17,994	–
Transfers from Stage 2	21,321	(56,825)	35,504	–
Transfers from Stage 3	69,805	2,315	(72,120)	–
Impact on ECL of exposures transferred between stages	(387,992)	21,563	518,770	152,341
Balance at end of year	₱720,138	₱118,873	₱1,419,530	₱2,258,541
Other receivables* **				
Balance at beginning of year	₱397,914	₱132,616	₱1,049,686	₱1,580,216
Newly originated assets that remained in Stage 1 as at December 31, 2022	540,949	–	–	540,949
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	25,343	169,808	195,150
Effect of collections and other movements in receivable balance (excluding write-offs)	(365,069)	(96,427)	(390,364)	(851,860)
Write-offs (Note 9)	–	–	(32,553)	(32,553)
Transfers from Stage 1	(15,231)	3,722	11,509	–
Transfers from Stage 2	10,161	(28,681)	18,520	–
Transfers from Stage 3	15,881	894	(16,775)	–
Impact on ECL of exposures transferred between stages	(10,868)	15,373	16,384	20,889
Balance at end of year	₱573,736	₱52,840	₱826,215	₱1,452,792
Total	₱2,347,255	₱1,450,414	₱8,432,881	₱12,230,550

**Include corporate loans,emerging enterprise loans and branch loans*
***Include DepEd loans, employee loans, salary loans and personal loans*
****Include Accrued interest receivables, Accounts receivables and Sales contract receivables and unquoted debt securities classified as loans*

Total Allowance on Credit Losses– Parent Company

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of year	**₱2,104,762**	**₱1,418,683**	**₱8,051,967**	**₱11,575,412**
Newly originated assets that remained in Stage 1 as at December 31, 2023	**2,850,098**	**–**	**–**	**2,850,098**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	**-**	**1,302,287**	**1,690,402**	**2,992,689**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(728,018)**	**(482,400)**	**(920,848)**	**(2,131,266)**
Write-offs (Note 9)	**(768,776)**	**(1,128,029)**	**(4,584,853)**	**(6,481,658)**
Transfers from Stage 1	**(285,537)**	**171,215**	**114,322**	**-**
Transfers from Stage 2	**255,643**	**(415,082)**	**159,439**	**-**
Transfers from Stage 3	**126,429**	**22,055**	**(148,484)**	**-**
Impact on ECL of exposures transferred between stages	**(603,889)**	**902,348**	**2,190,209**	**2,488,668**
Balance at end of year	**₱2,950,712**	**₱1,791,077**	**₱6,552,154**	**₱11,293,943**

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱1,253,299	₱1,848,348	₱8,937,597	₱12,039,245
Newly originated assets that remained in Stage 1 as at December 31, 2022	2,884,590	–	–	2,884,590
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	562,213	1,130,503	1,692,715
Effect of collections and other movements in receivable balance (excluding write-offs)	(612,161)	(610,075)	(1,555,821)	(2,778,057)
Write-offs (Note 9)	(161,160)	(683,234)	(3,547,928)	(4,392,322)
Transfers from Stage 1	(166,696)	87,691	79,005	–
Transfers from Stage 2	353,700	(658,981)	305,281	–
Transfers from Stage 3	195,602	120,316	(315,918)	–
Impact on ECL of exposures transferred between stages	(1,642,414)	752,406	3,019,249	2,129,240
Balance at end of year	₱2,104,761	₱1,418,683	₱8,051,967	₱11,575,411

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Corporate loans*				
Balance at beginning of year	**₱6,160**	**₱416,178**	**₱1,793,583**	**₱2,215,921**
Newly originated assets that remained in Stage 1 as at December 31, 2023	**246,360**	**–**	**–**	**246,360**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	**–**	**53,190**	**60,012**	**113,202**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(4,011)**	**(360,864)**	**(49,196)**	**(414,071)**
Write-offs (Note 9)	**–**	**–**	**–**	**–**
Transfers from Stage 1	**–**	**–**	**–**	**–**
Transfers from Stage 2	**48,999**	**(65,064)**	**16,065**	**–**
Transfers from Stage 3	**-**	**5,812**	**(5,812)**	**–**
Impact on ECL of exposures transferred between stages	**(15,782)**	**13,003**	**(29,317)**	**(32,096)**
Balance at end of year	**₱281,725**	**₱62,255**	**₱1,785,335**	**₱2,129,316**
Auto loans				
Balance at beginning of year	**₱295,007**	**₱91,106**	**₱2,308,610**	**₱2,694,723**
Newly originated assets that remained in Stage 1 as at December 31, 2023	**668,218**	**–**	**–**	**668,218**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	**–**	**90,321**	**532,465**	**622,786**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(62,658)**	**(33,031)**	**(683,387)**	**(779,076)**
Write-offs (Note 9)	**-**	**-**	**(1,231,909)**	**(1,231,909)**
Transfers from Stage 1	**(55,748)**	**45,884**	**9,864**	**–**
Transfers from Stage 2	**21,772**	**(44,841)**	**23,069**	**–**
Transfers from Stage 3	**13,589**	**4,563**	**(18,152)**	**–**
Impact on ECL of exposures transferred between stages	**(139,071)**	**14,579**	**763,171**	**638,680**
Balance at end of year	**₱741,109**	**₱168,581**	**₱1,703,731**	**₱2,613,421**
Credit cards				
Balance at beginning of year	**₱747,942**	**₱766,521**	**₱1,944,181**	**₱3,458,644**
Newly originated assets that remained in Stage 1 as at December 31, 2023	**833,195**	**–**	**–**	**833,195**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	**–**	**955,949**	**460,720**	**1,416,669**
Effect of collections and other movements in receivable balance (excluding write-offs)	**97,997**	**(12,912)**	**(23,971)**	**61,114**
Write-offs (Note 9)	**(577,285)**	**(1,039,678)**	**(2,134,198)**	**(3,751,161)**
Transfers from Stage 1	**(175,217)**	**102,940**	**72,277**	**–**
Transfers from Stage 2	**174,345**	**(271,093)**	**96,748**	**–**
Transfers from Stage 3	**76,654**	**5,428**	**(82,082)**	**–**
Impact on ECL of exposures transferred between stages	**(268,076)**	**882,962**	**1,163,438**	**1,778,324**
Balance at end of year	**₱909,555**	**₱1,390,117**	**₱1,497,113**	**₱3,796,784**
Mortgage loans				
Balance at beginning of year	**₱4,141**	**₱4,823**	**₱90,876**	**₱99,840**
Newly originated assets that remained in Stage 1 as at December 31, 2023	**46**	**–**	**–**	**46**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	**–**	**–**	**15**	**15**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(531)**	**(519)**	**(5,160)**	**(6,210)**
Write-offs (Note 9)	**–**	**–**	**–**	**–**
Transfers from Stage 1	**(566)**	**529**	**37**	**–**
Transfers from Stage 2	**1,507**	**(1,962)**	**455**	**–**
Transfers from Stage 3	**3,420**	**568**	**(3,988)**	**–**
Impact on ECL of exposures transferred between stages	**(7,882)**	**(3,439)**	**10,749**	**(572)**
Balance at end of year	**₱135**	**₱–**	**₱92,984**	**₱93,119**
Other consumer loans**				
Balance at beginning of year	**₱518,745**	**₱85,406**	**₱1,090,478**	**₱1,694,629**
Newly originated assets that remained in Stage 1 as at December 31, 2023	**494,668**	**–**	**–**	**494,668**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	**-**	**115,594**	**516,193**	**631,787**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(249,903)**	**(44,794)**	**(138,252)**	**(432,949)**
Write-offs (Note 9)	**(191,491)**	**(88,351)**	**(1,209,646)**	**(1,489,488)**
Transfers from Stage 1	**(35,004)**	**10,637**	**24,367**	**–**

(Forward)

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Transfers from Stage 2	**₱8,300**	**(₱19,144)**	**₱10,844**	**₱–**
Transfers from Stage 3	**32,653**	**5,674**	**(38,327)**	**-**
Impact on ECL of exposures transferred between stages	**(180,964)**	**1,147**	**284,022**	**104,205**
Balance at end of year	**₱397,004**	**₱66,169**	**₱539,679**	**₱1,002,852**
Other receivables* **				
Balance at beginning of year	**₱532,767**	**₱54,649**	**₱824,239**	**₱1,411,654**
Newly originated assets that remained in Stage 1 as at December 31, 2023	**607,611**	**-**	**-**	**607,611**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	**-**	**87,233**	**120,997**	**208,230**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(508,912)**	**(30,280)**	**(20,882)**	**(560,074)**
Write-offs (Note 9)	**-**	**-**	**(9,100)**	**(9,100)**
Transfers from Stage 1	**(19,002)**	**11,225**	**7,777**	**-**
Transfers from Stage 2	**720**	**(12,978)**	**12,258**	**-**
Transfers from Stage 3	**113**	**10**	**(123)**	**-**
Impact on ECL of exposures transferred between stages	**7,887**	**(5,904)**	**(1,854)**	**130**
Balance at end of year	**₱621,183**	**₱103,954**	**₱933,314**	**₱1,658,451**
Total	**₱2,950,711**	**₱1,791,076**	**₱6,552,156**	**₱11,293,943**

	2022			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	₱4,804	₱471,044	₱1,283,084	₱1,758,932
Newly originated assets that remained in Stage 1 as at December 31, 2022	4,074	–	–	4,074
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	333,873	633,523	967,396
Effect of collections and other movements in receivable balance (excluding write-offs)	(2,912)	(446,726)	(249,352)	(698,989)
Write-offs (Note 9)	–	–	–	–
Transfers from Stage 1	(5)	2	3	–
Transfers from Stage 2	270	(1,179)	908	–
Transfers from Stage 3	230	87,122	(87,352)	–
Impact on ECL of exposures transferred between stages	(301)	(27,959)	212,768	184,508
Balance at end of year	₱6,159	₱416,178	₱1,793,583	₱2,215,921
Auto loans				
Balance at beginning of year	₱89,650	₱84,974	₱2,334,475	₱2,509,100
Newly originated assets that remained in Stage 1 as at December 31, 2022	253,736	–	–	253,736
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	30,806	71,274	102,080
Effect of collections and other movements in receivable balance (excluding write-offs)	(45,593)	(31,269)	(585,279)	(662,141)
Write-offs (Note 9)	–	–	(201,057)	(201,057)
Transfers from Stage 1	(17,066)	15,240	1,825	–
Transfers from Stage 2	23,997	(36,515)	12,517	–
Transfers from Stage 3	55,354	26,755	(82,109)	–
Impact on ECL of exposures transferred between stages	(65,071)	1,114	756,962	693,005
Balance at end of year	₱295,007	₱91,106	₱2,308,610	₱2,694,723
Credit cards				
Balance at beginning of year	₱655,912	₱1,066,475	₱2,852,022	₱4,574,409
Newly originated assets that remained in Stage 1 as at December 31, 2022	1,710,674	–	–	1,710,674
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	110,533	37,976	148,509

(Forward)

	2022			
	Stage 1	Stage 2	Stage 3	Total
Effect of collections and other movements in receivable balance (excluding write-offs)	(₱155,452)	(₱24,373)	(₱200,514)	(₱380,338)
Write-offs (Note 9)	(156,779)	(679,111)	(2,651,361)	(3,487,251)
Transfers from Stage 1	(114,409)	62,060	52,348	–
Transfers from Stage 2	283,094	(519,760)	236,666	–
Transfers from Stage 3	42,710	1,820	(44,530)	–
Impact on ECL of exposures transferred between stages	(1,517,809)	748,877	1,661,574	892,642
Balance at end of year	₱747,942	₱766,521	₱1,944,181	₱3,458,644
Mortgage loans				
Balance at beginning of year	₱14,348	₱27,229	₱127,880	₱169,457
Newly originated assets that remained in Stage 1 as at December 31, 2022	524	–	–	524
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	30	57	87
Effect of collections and other movements in receivable balance (excluding write-offs)	(4,579)	(2,344)	(10,951)	(17,873)
Write-offs (Note 9)	–	–	–	–
Transfers from Stage 1	(875)	762	112	–
Transfers from Stage 2	14,971	(17,002)	2,032	–
Transfers from Stage 3	12,145	2,062	(14,207)	–
Impact on ECL of exposures transferred between stages	(32,395)	(5,915)	(14,046)	(52,356)
Balance at end of year	₱4,140	₱4,823	₱90,876	₱99,840
Other consumer loans**				
Balance at beginning of year	₱131,602	₱63,692	₱1,297,523	₱1,492,817
Newly originated assets that remained in Stage 1 as at December 31, 2022	414,760	–	–	414,760
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	59,808	201,027	260,835
Effect of collections and other movements in receivable balance (excluding write-offs)	(74,438)	(6,541)	(104,688)	(185,666)
Write-offs (Note 9)	(4,381)	(4,123)	(671,148)	(679,652)
Transfers from Stage 1	(23,317)	5,914	17,403	–
Transfers from Stage 2	21,210	(55,927)	34,717	–
Transfers from Stage 3	69,285	1,672	(70,958)	–
Impact on ECL of exposures transferred between stages	(15,977)	20,910	386,603	391,536
Balance at end of year	₱518,745	₱85,406	₱1,090,478	₱1,694,629
Other receivables***				
Balance at beginning of year	₱356,984	₱134,933	₱1,042,613	₱1,534,530
Newly originated assets that remained in Stage 1 as at December 31, 2022	500,822	–	–	500,822
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	27,162	186,647	213,809
Effect of collections and other movements in receivable balance (excluding write-offs)	(329,188)	(98,823)	(405,037)	(833,049)
Write-offs (Note 9)	–	–	(24,363)	(24,363)
Transfers from Stage 1	(11,025)	3,713	7,313	–
Transfers from Stage 2	10,157	(28,598)	18,441	–
Transfers from Stage 3	15,879	884	(16,762)	–
Impact on ECL of exposures transferred between stages	(10,861)	15,378	15,388	19,906
Balance at end of year	₱532,767	₱54,649	₱824,239	₱1,411,654
Total	₱2,104,761	₱1,418,683	₱8,051,967	₱11,575,411

**Include corporate loans,emerging enterprise loans and branch loans*
***Include DepEd loans, employee loans, salary loans and personal loans*
****Include Accrued interest receivables, Accounts receivables and Sales contract receivables.*

Investments and placements – Group and Parent Company

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Investment securities at amortized cost				
Balance at beginning of year	**₱730**	**₱10,550**	**₱ –**	**₱11,280**
Newly originated assets that remained in Stage 1 as at December 31, 2023	–	–	–	–
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	–	–	–	–
Effect of collections and other movements in receivable balance (excluding write-offs)	**(4)**	**(66)**	–	**(70)**
Write-offs (Note 9)	–	–	–	–
Transfers from Stage 1	–	–	–	–
Transfers from Stage 2	–	–	–	–
Transfers from Stage 3	–	–	–	–
Impact on ECL of exposures transferred between stages	**(48)**	**(454)**	–	**(502)**
Balance at end of year	**₱678**	**₱10,030**	**₱–**	**₱10,708**
Due from other banks				
Balance at beginning of year	**₱1,095**	**₱102**	**₱–**	**₱1,197**
Newly originated assets that remained in Stage 1 as at December 31, 2023	–	–	–	–
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	–	**174**	–	**174**
Effect of collections and other movements in receivable balance (excluding write-offs)	**(46)**	**-**	**-**	**(46)**
Write-offs (Note 9)	**(424)**	**(80)**	**-**	**(504)**
Transfers from Stage 1	–	–	–	–
Transfers from Stage 2	–	–	–	–
Transfers from Stage 3	–	–	–	–
Impact on ECL of exposures transferred between stages	–	–	–	–
Balance at end of year	**₱626**	**₱196**	**₱–**	**₱821**
Total	**₱1,304**	**₱10,226**	**₱–**	**₱11,529**

	2022			
	Stage 1	Stage 2	Stage 3	Total
Investment securities at amortized cost				
Balance at beginning of year	₱93	₱11,526	₱–	₱11,619
Newly originated assets that remained in Stage 1 as at December 31, 2022	681	–	–	681
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	506	–	506
Effect of collections and other movements in receivable balance (excluding write-offs)	–	(6,141)	–	(6,141)
Write-offs (Note 9)				
Transfers from Stage 1	–	–	–	–
Transfers from Stage 2	–	–	–	–
Transfers from Stage 3	–	–	–	–
Impact on ECL of exposures transferred between stages	(45)	4,660	–	4,615
Balance at end of year	₱730	₱10,550	₱–	₱11,280
Due from other banks				
Balance at beginning of year	₱4,435	₱115	₱–	₱4,549
Newly originated assets that remained in Stage 1 as at December 31, 2022	173	–	–	173
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	34	–	34
Effect of collections and other movements in receivable balance (excluding write-offs)	(3,513)	(47)	–	(3,560)
Write-offs (Note 9)	–	–	–	–
Transfers from Stage 1	–	–	–	–
Transfers from Stage 2	–	–	–	–
Transfers from Stage 3	–	–	–	–
Impact on ECL of exposures transferred between stages	–	–	–	–
Balance at end of year	₱1,095	₱102	₱–	₱1,197
Total	₱1,825	₱10,602	₱–	₱12,477

Provision for unused credit lines – Group and Parent Company

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of year	**₱266,099**	**₱52,495**	**₱–**	**₱318,594**
New credit lines that remained in Stage 1 as at December 31, 2023	**197,174**	–	–	**197,174**
Newly credit lines that moved to Stage 2 and Stage 3 as at December 31, 2023	–	**5,353**	**47**	**5,400**
Effect of collections and other movements	**22,914**	**(9,423)**	–	**13,490**
Write-offs	–	–	–	–
Transfers from Stage 1	**(70,283)**	**70,283**	–	–
Transfers from Stage 2	**4,839**	**(4,839)**	–	–
Transfers from Stage 3	**-**	**-**	–	–
Impact on ECL of exposures transferred between stages	**(41,177)**	**(29,620)**	–	**(70,797)**
Balance at end of year	**₱379,565**	**₱84,248**	**₱47**	**₱463,860**

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱100,298	₱24,408	₱–	₱124,705
New credit lines that remained in Stage 1 as at December 31, 2022	272,596	–	–	272,596
Newly credit lines that moved to Stage 2 and Stage 3 as at December 31, 2022	–	31,333	–	31,333
Effect of collections and other movements	(33,078)	(5,350)	–	(38,427)
Write-offs	–	–	–	–
Transfers from Stage 1	(4,638)	4,638	–	–
Transfers from Stage 2	14,683	(14,683)	–	–
Transfers from Stage 3			–	
Impact on ECL of exposures transferred between stages	(83,763)	12,149	–	(71,613)
Balance at end of year	₱266,099	₱52,495	₱–	₱318,594

Analysis of Movements of Gross Carrying Amounts

The movements in the Group's total loans and receivables (excluding unamortized premium and allowance for credit and impairment losses) in 2023 and 2022 follow:

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of year	**₱184,310,392**	**₱60,381,570**	**₱21,622,157**	**₱266,314,119**
Newly originated assets that remained in Stage 1 as at December 31, 2023	**143,212,293**	–	–	**143,212,293**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	–	**8,738,090**	**3,637,960**	**12,376,050**
Movements in receivable balance	**(66,206,669)**	**(40,420,538)**	**(6,786,264)**	**(113,413,471)**
Write-offs	**(768,776)**	**(1,128,026)**	**(4,926,005)**	**(6,822,807)**
Transfers from Stage 1	**(15,560,268)**	**12,068,311**	**3,491,957**	–
Transfers from Stage 2	**9,744,460**	**(13,265,559)**	**3,521,099**	–
Transfers from Stage 3	**781,187**	**302,061**	**(1,083,248)**	–
Balance at end of year	**₱255,512,619**	**₱26,675,909**	**₱19,477,656**	**₱301,666,184**

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱134,559,422	₱63,603,042	₱25,400,344	₱223,562,808
Newly originated assets that remained in Stage 1 as at December 31, 2022	109,878,697	–	–	109,878,697
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	39,240,574	3,904,025	43,144,598
Movements in receivable balance	(62,569,839)	(35,386,307)	(7,708,259)	(105,664,404)
Write-offs	(221,903)	(706,630)	(3,679,047)	(4,607,580)
Transfers from Stage 1	(10,915,597)	8,684,751	2,230,846	–
Transfers from Stage 2	12,187,209	(16,230,288)	4,043,079	–
Transfers from Stage 3	1,392,404	1,176,428	(2,568,832)	–
Balance at end of year	₱184,310,393	₱60,381,569	₱21,622,156	₱266,314,118

The breakdown of the total gross carrying amounts of the Group's loans and receivables (before taking into account any allowance for credit and impairment losses, and unamortized premium) in 2023 and 2022 is as follows:

	2023			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	₱30,226,610	₱35,545,224	₱3,028,676	₱68,800,510
Newly originated assets that remained in Stage 1 as at December 31, 2022	35,182,953	–	–	35,182,953
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	3,440,459	165,502	3,605,961
Movements in receivable balance	(16,772,816)	(30,864,176)	(321,081)	(47,958,073)
Write-offs	–	–	–	–
Transfers from Stage 1	(3,004)	2,741	263	–
Transfers from Stage 2	4,205,766	(4,284,684)	78,918	–
Transfers from Stage 3	–	78,630	(78,630)	–
	₱52,839,509	₱3,918,194	₱2,873,648	₱59,631,351
Auto loans				
Balance at beginning of year	₱45,859,274	₱9,686,640	₱8,137,870	₱63,683,783
Newly originated assets that remained in Stage 1 as at December 31, 2022	36,725,878	–	–	36,725,878
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	1,648,556	842,018	2,490,574
Movements in receivable balance	(15,369,255)	(4,609,609)	(3,873,581)	(23,852,445)
Write-offs	–	–	(1,231,909)	(1,231,909)
Transfers from Stage 1	(7,268,585)	6,121,079	1,147,506	–
Transfers from Stage 2	2,891,391	(4,688,914)	1,797,523	–
Transfers from Stage 3	282,075	135,127	(417,202)	–
	₱63,120,777	₱8,292,879	₱6,402,223	₱77,815,881
Credit cards				
Balance at beginning of year	₱33,517,309	₱5,267,211	₱2,265,453	₱41,049,973
Newly originated assets that remained in Stage 1 as at December 31, 2022	8,923,409	–	–	8,923,409
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	471,472	246,962	718,434
Movements in receivable balance	5,660,374	1,156,071	155,779	6,972,224
Write-offs	(577,285)	(1,039,675)	(2,134,198)	(3,751,158)
Transfers from Stage 1	(4,513,317)	3,448,878	1,064,439	–
Transfers from Stage 2	1,488,554	(2,143,301)	654,747	–
Transfers from Stage 3	112,102	7,975	(120,077)	–
	₱44,611,146	₱7,168,631	₱2,133,105	₱53,912,882
Mortgage loans				
Balance at beginning of year	₱15,943,147	₱1,795,345	₱1,714,389	₱19,452,881
Newly originated assets that remained in Stage 1 as at December 31, 2022	3,082,742	–	–	3,082,742
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	30,505	20,731	51,236
Movements in receivable balance	(2,054,512)	(278,057)	(306,465)	(2,639,034)
Write-offs	–	–	–	–
Transfers from Stage 1	(1,352,973)	1,282,848	70,125	–
Transfers from Stage 2	584,020	(706,382)	122,362	–
Transfers from Stage 3	318,124	60,038	(378,162)	–
	₱16,520,548	₱2,184,297	₱1,242,980	₱19,947,825
Other consumer loans**				
Balance at beginning of year	₱51,462,976	₱6,265,761	₱4,010,822	₱61,739,559
Newly originated assets that remained in Stage 1 as at December 31, 2022	55,474,967	–	–	55,474,967
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	2,689,483	1,930,439	4,619,922
Movements in receivable balance	(33,981,861)	(4,902,200)	(2,449,205)	(41,333,266)
Write-offs	(191,491)	(88,351)	(1,524,912)	(1,804,754)
Transfers from Stage 1	(1,994,552)	860,385	1,134,167	–
Transfers from Stage 2	282,083	(933,474)	651,391	–
Transfers from Stage 3	61,531	18,630	(80,161)	–
	₱71,113,653	₱3,910,234	₱3,672,541	₱78,696,428

(Forward)

	2023			
	Gross carrying amount			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Other receivables* **				
Balance at beginning of year	**₱7,301,076**	**₱1,821,389**	**₱2,464,947**	**₱11,587,412**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**3,822,344**	–	–	**3,822,344**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	**457,615**	**432,308**	**889,923**
Movements in receivable balance	**(3,688,598)**	**(922,567)**	**8,289**	**(4,602,877)**
Write-offs	–	–	**(34,986)**	**(34,986)**
Transfers from Stage 1	**(427,837)**	**352,380**	**75,457**	–
Transfers from Stage 2	**292,645**	**(508,804)**	**216,158**	–
Transfers from Stage 3	**7,355**	**1,661**	**(9,016)**	–
	₱7,306,985	**₱1,201,673**	**₱3,153,158**	**₱11,661,816**
	₱255,512,620	**₱26,675,908**	**₱19,477,654**	**₱301,666,183**

**Include corporate loans,emerging enterprise loans and branch loans*
***Include DepEd loans, employee loans, salary loans and personal loans*
****Include Accrued interest receivables, Accounts receivables and Sales contract receivables.*

	2022			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	₱27,699,839	₱30,908,269	₱2,148,172	₱60,756,280
Newly originated assets that remained in Stage 1 as at December 31, 2021	17,967,221	–	–	17,967,221
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	30,329,497	802,823	31,132,320
Movements in receivable balance	(15,459,301)	(26,309,201)	713,191	(41,055,311)
Write-offs	–	–	–	–
Transfers from Stage 1	(24,154)	14,424	9,730	–
Transfers from Stage 2	30,994	(100,968)	69,974	–
Transfers from Stage 3	12,011	703,202	(715,213)	–
	₱30,226,610	₱35,545,224	₱3,028,676	₱68,800,510
Auto loans				
Balance at beginning of year	₱36,807,928	₱16,798,913	₱11,619,771	₱65,226,612
Newly originated assets that remained in Stage 1 as at December 31, 2021	23,032,516	–	–	23,032,516
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	1,382,957	327,053	1,710,010
Movements in receivable balance	(15,000,173)	(5,926,563)	(5,157,563)	(26,084,299)
Write-offs	–	–	(201,057)	(201,057)
Transfers from Stage 1	(5,902,804)	5,174,927	727,877	–
Transfers from Stage 2	6,225,121	(8,114,939)	1,889,819	–
Transfers from Stage 3	696,685	371,345	(1,068,030)	–
	₱45,859,274	₱9,686,640	₱8,137,870	₱63,683,783
Credit cards				
Balance at beginning of year	₱23,231,660	₱6,600,489	₱3,373,878	₱33,206,027
Newly originated assets that remained in Stage 1 as at December 31, 2021	14,784,308	–	–	14,784,308
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	1,190,741	188,420	1,379,162
Movements in receivable balance	(4,142,233)	(422,361)	(267,678)	(4,832,272)
Write-offs	(156,779)	(679,111)	(2,651,361)	(3,487,251)
Transfers from Stage 1	(2,559,922)	1,904,202	655,720	–
Transfers from Stage 2	2,286,680	(3,331,259)	1,044,578	–
Transfers from Stage 3	73,596	4,509	(78,105)	–
	₱33,517,310	₱5,267,211	₱2,265,453	₱41,049,973
Mortgage loans				
Balance at beginning of year	₱13,321,206	₱4,252,642	₱2,325,687	₱19,899,535
Newly originated assets that remained in Stage 1 as at December 31, 2021	2,354,168	–	–	2,354,168
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	16,971	7,210	24,181
Movements in receivable balance	(2,045,297)	(391,803)	(387,904)	(2,825,004)
Write-offs	–	–	–	–
Transfers from Stage 1	(680,640)	616,295	64,345	–
Transfers from Stage 2	2,511,682	(2,769,555)	257,873	–
Transfers from Stage 3	482,028	70,796	(552,823)	–
	₱15,943,147	₱1,795,345	₱1,714,389	₱19,452,881

(Forward)

	2022			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Other consumer loans**	₱27,907,110	₱2,524,207	₱3,671,193	₱34,102,510
Balance at beginning of year	48,385,224	–	–	48,385,224
Newly originated assets that remained in Stage 1 as at December 31, 2021	–	5,934,399	1,886,191	7,820,591
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	(24,201,309)	(1,976,583)	(1,504,154)	(27,682,046)
Movements in receivable balance	(65,124)	(27,519)	(794,077)	(886,720)
Write-offs				
Transfers from Stage 1	(970,717)	442,994	527,723	–
Transfers from Stage 2	309,806	(651,356)	341,550	–
Transfers from Stage 3	97,986	19,619	(117,605)	–
	₱51,462,977	₱6,265,761	₱4,010,822	₱61,739,559
Other receivables***				
Balance at beginning of year	₱5,591,679	₱2,518,522	₱2,261,643	₱10,371,844
Newly originated assets that remained in Stage 1 as at December 31, 2021	3,355,259	–	–	3,355,259
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	386,008	692,327	1,078,335
Movements in receivable balance	(1,721,527)	(359,795)	(1,104,151)	(3,185,473)
Write-offs	–	–	(32,553)	(32,553)
Transfers from Stage 1	(777,360)	531,909	245,451	–
Transfers from Stage 2	822,926	(1,262,211)	439,286	–
Transfers from Stage 3	30,099	6,957	(37,055)	–
	₱7,301,076	₱1,821,389	₱2,464,947	₱11,587,412
	₱184,310,393	₱60,381,569	₱21,622,156	₱266,314,118

**Include corporate loans,emerging enterprise loans and branch loans*
***Include DepEd loans, employee loans, salary loans and personal loans*
****Include Accrued interest receivables, Accounts receivables and Sales contract receivables.*

The movements in the Parent Company's total loans and receivables (excluding unamortized premium and allowance for credit and impairment losses) in 2023 and 2022 follow:

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of year	**₱166,974,586**	**₱58,054,912**	**₱19,767,426**	**₱244,796,924**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**122,307,864**	–	–	**122,307,864**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	**7,151,172**	**2,510,896**	**9,662,068**
Movements in receivable balance	**(55,406,423)**	**(38,608,607)**	**(5,231,095)**	**(99,246,125)**
Write-offs	**(768,776)**	**(1,128,026)**	**(4,584,853)**	**(6,481,655)**
Transfers from Stage 1	**(14,626,980)**	**11,672,837**	**2,954,143**	–
Transfers from Stage 2	**9,636,136**	**(12,865,341)**	**3,229,205**	–
Transfers from Stage 3	**773,456**	**295,580**	**(1,069,036)**	–
Balance at end of year	**₱228,889,863**	**₱24,572,527**	**₱17,576,686**	**₱271,039,076**

	2022			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱111,786,724	₱61,628,988	₱23,371,262	₱196,786,974
Newly originated assets that remained in Stage 1 as at December 31, 2021	93,908,862	–	–	93,908,862
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2021	–	37,138,801	3,079,420	40,218,221
Movements in receivable balance	(41,668,751)	(33,617,339)	(6,438,722)	(81,724,813)
Write-offs	(161,160)	(683,234)	(3,547,928)	(4,392,322)
Transfers from Stage 1	(10,370,772)	8,395,204	1,975,569	–
Transfers from Stage 2	12,095,563	(15,966,880)	3,871,317	–
Transfers from Stage 3	1,384,119	1,159,373	(2,543,492)	–
Balance at end of year	₱166,974,586	₱58,054,912	₱19,767,425	₱244,796,923

The breakdown of the total gross carrying amounts of the Parent Company's loans and receivables (before taking into account any allowance for credit and impairment losses, and unamortized premium) in 2023 and 2022 is as follows:

	2023			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	**₱30,209,818**	**₱35,545,224**	**₱2,978,790**	**₱68,733,831**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**35,165,855**	**–**	**–**	**35,165,855**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	**-**	**3,440,459**	**165,502**	**3,605,961**
Movements in receivable balance	**(16,767,281)**	**(30,864,176)**	**(317,641)**	**(47,949,098)**
Write-offs	**–**	**–**	**–**	**–**
Transfers from Stage 1	**(3,004)**	**2,741**	**263**	**–**
Transfers from Stage 2	**4,205,766**	**(4,284,684)**	**78,918**	**–**
Transfers from Stage 3	–	**78,630**	**(78,630)**	–
	₱52,811,154	**₱3,918,194**	**₱2,827,202**	**₱59,556,549**
Auto loans				
Balance at beginning of year	**₱45,859,274**	**₱9,686,640**	**₱8,137,870**	**₱63,683,783**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**36,725,878**	–	–	**36,725,878**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	**1,648,556**	**842,018**	**2,490,574**
Movements in receivable balance	**(15,369,254)**	**(4,609,609)**	**(3,873,581)**	**(23,852,444)**
Write-offs	–	–	**(1,231,909)**	**(1,231,909)**
Transfers from Stage 1	**(7,268,585)**	**6,121,079**	**1,147,506**	–
Transfers from Stage 2	**2,891,391**	**(4,688,914)**	**1,797,523**	–
Transfers from Stage 3	**282,075**	**135,127**	**(417,202)**	–
	₱63,120,779	**₱8,292,879**	**₱6,402,223**	**₱77,815,881**
Credit cards				
Balance at beginning of year	**₱33,517,309**	**₱5,267,211**	**₱2,265,453**	**₱41,049,973**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**8,923,409**	–	–	**8,923,409**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	**471,472**	**246,962**	**718,434**
Movements in receivable balance	**5,660,374**	**1,156,071**	**155,779**	**6,972,224**
Write-offs	**(577,285)**	**(1,039,675)**	**(2,134,198)**	**(3,751,158)**
Transfers from Stage 1	**(4,513,317)**	**3,448,878**	**1,064,439**	**–**
Transfers from Stage 2	**1,488,554**	**(2,143,301)**	**654,747**	–
Transfers from Stage 3	**112,102**	**7,975**	**(120,077)**	–
	₱44,611,146	**₱7,168,631**	**₱2,133,105**	**₱53,912,882**
Mortgage loans				
Balance at beginning of year	**₱15,943,147**	**₱1,795,345**	**₱1,714,389**	**₱19,452,881**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**3,082,742**	**–**	**–**	**3,082,742**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	**–**	**30,505**	**20,731**	**51,236**
Movements in receivable balance	**(2,054,512)**	**(278,057)**	**(306,465)**	**(2,639,034)**
Write-offs	–	–	–	–
Transfers from Stage 1	**(1,352,973)**	**1,282,848**	**70,125**	–
Transfers from Stage 2	**584,020**	**(706,382)**	**122,362**	–
Transfers from Stage 3	**318,124**	**60,038**	**(378,162)**	–
	₱16,520,548	**₱2,184,297**	**₱1,242,980**	**₱19,947,825**
Other consumer loans**				
Balance at beginning of year	**₱34,376,074**	**₱3,959,707**	**₱2,202,651**	**₱40,538,432**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**35,034,837**	**–**	**–**	**35,034,837**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	**–**	**1,113,659**	**798,894**	**1,912,553**
Movements in receivable balance	**(23,410,372)**	**(3,108,664)**	**(936,975)**	**(27,456,011)**
Write-offs	**(191,491)**	**(88,351)**	**(1,209,646)**	**(1,489,488)**
Transfers from Stage 1	**(1,063,591)**	**466,582**	**597,009**	**–**
Transfers from Stage 2	**174,069**	**(534,554)**	**360,485**	**–**
Transfers from Stage 3	**53,817**	**12,157**	**(65,974)**	**–**
	₱44,973,343	**₱1,820,536**	**₱1,746,444**	**₱48,540,323**

(Forward)

	2023			
	Gross carrying amount			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Other Receivables				
Balance at beginning of year	**₱7,068,964**	**₱1,800,785**	**₱2,468,273**	**₱11,338,022**
Newly originated assets that remained in Stage 1 as at December 31, 2022	**3,375,143**	–	–	**3,375,143**
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	**446,521**	**436,789**	**883,310**
Movements in receivable balance	**(3,465,376)**	**(904,172)**	**47,788**	**(4,321,761)**
Write-offs	**-**	**-**	**(9,100)**	**(9,100)**
Transfers from Stage 1	**(425,510)**	**350,709**	**74,801**	**-**
Transfers from Stage 2	**292,336**	**(507,506)**	**215,170**	**-**
Transfers from Stage 3	**7,338**	**1,653**	**(8,991)**	**-**
	₱6,852,896	**₱1,187,989**	**₱3,224,731**	**₱11,265,615**
Balance at end of year	**₱228,889,867**	**₱24,572,526**	**₱17,576,683**	**₱271,039,076**

	2022			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	₱27,680,431	₱30,907,998	₱2,095,723	₱60,684,152
Newly originated assets that remained in Stage 1 as at December 31, 2022	17,964,235	–	–	17,964,235
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	-	30,329,497	802,823	31,132,320
Movements in receivable balance	(15,453,429)	(26,309,200)	715,754	(41,046,875)
Write-offs	–	–	–	–
Transfers from Stage 1	(24,154)	14,424	9,730	–
Transfers from Stage 2	30,724	(100,698)	69,974	–
Transfers from Stage 3	12,011	703,202	(715,213)	–
	₱30,209,818	₱35,545,224	₱2,978,790	₱68,733,831
Auto loans				
Balance at beginning of year	₱36,807,928	₱16,798,913	₱11,619,771	₱65,226,612
Newly originated assets that remained in Stage 1 as at December 31, 2022	23,032,516	–	–	23,032,516
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	1,382,957	327,053	1,710,010
Movements in receivable balance	(15,000,173)	(5,926,563)	(5,157,563)	(26,084,299)
Write-offs	–	–	(201,057)	(201,057)
Transfers from Stage 1	(5,902,804)	5,174,927	727,877	–
Transfers from Stage 2	6,225,121	(8,114,939)	1,889,819	–
Transfers from Stage 3	696,685	371,345	(1,068,030)	–
	₱45,859,274	₱9,686,640	₱8,137,870	₱63,683,783
Credit cards				
Balance at beginning of year	₱23,231,772	₱6,600,489	₱3,373,766	₱33,206,027
Newly originated assets that remained in Stage 1 as at December 31, 2022	14,784,308	-	-	14,784,308
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	-	1,190,741	188,420	1,379,162
Movements in receivable balance	(4,142,345)	(422,361)	(267,566)	(4,832,272)
Write-offs	(156,779)	(679,111)	(2,651,361)	(3,487,251)
Transfers from Stage 1	(2,559,922)	1,904,202	655,720	-
Transfers from Stage 2	2,286,680	(3,331,259)	1,044,578	-
Transfers from Stage 3	73,596	4,509	(78,105)	-
	₱33,517,310	₱5,267,211	₱2,265,453	₱41,049,973
Mortgage loans				
Balance at beginning of year	₱13,321,206	₱4,252,642	₱2,325,687	₱19,899,535
Newly originated assets that remained in Stage 1 as at December 31, 2022	2,354,168	–	–	2,354,168
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	16,971	7,210	24,181
Movements in receivable balance	(2,045,297)	(391,803)	(387,904)	(2,825,004)
Write-offs	–	–	–	–
Transfers from Stage 1	(680,640)	616,295	64,345	–
Transfers from Stage 2	2,511,682	(2,769,555)	257,873	–
Transfers from Stage 3	482,028	70,796	(552,823)	–
	₱15,943,147	₱1,795,345	₱1,714,389	₱19,452,881

(Forward)

	2022			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Other consumer loans**	₱5,460,441	₱571,642	₱1,740,001	₱7,772,084
Balance at beginning of year	32,610,963	–	–	32,610,963
Newly originated assets that remained in Stage 1 as at December 31, 2022	–	3,851,822	1,029,431	4,881,253
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	(3,560,330)	(226,364)	(259,521)	(4,046,215)
Movements in receivable balance	(4,381)	(4,123)	(671,148)	(679,652)
Write-offs				
Transfers from Stage 1	(439,329)	155,367	283,962	–
Transfers from Stage 2	218,992	(391,261)	172,269	–
Transfers from Stage 3	89,718	2,624	(92,342)	–
	₱34,376,074	₱3,959,707	₱2,202,651	₱40,538,432
Other receivables***				
Balance at beginning of year	₱5,284,946	₱2,497,304	₱2,216,315	₱9,998,565
Newly originated assets that remained in Stage 1 as at December 31, 2022	3,162,672	–	–	3,162,672
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2022	–	366,812	724,483	1,091,295
Movements in receivable balance	(1,467,178)	(341,048)	(1,081,922)	(2,890,148)
Write-offs	–	–	(24,363)	(24,363)
Transfers from Stage 1	(763,923)	529,989	233,935	–
Transfers from Stage 2	822,364	(1,259,169)	436,804	–
Transfers from Stage 3	30,082	6,897	(36,979)	–
	₱7,068,964	₱1,800,785	₱2,468,273	₱11,338,022
	₱166,974,586	₱58,054,912	₱19,767,425	₱244,796,923

**Include corporate loans,emerging enterprise loans and branch loans*
***Include DepEd loans, employee loans, salary loans and personal loans*
****Include Accrued interest receivables, Accounts receivables and Sales contract receivables.*

16. Deposit Liabilities

Under existing BSP regulations, non-FCDU deposit liabilities of the Parent Company are subject to unified reserve requirements equivalent to 9.5% (under BSP Circulars 1082 and 1092) as at December 31, 2023.

LTNCDs are subject to required reserves of 4.00% if issued under BSP Circular No. 304, and 7.00% if issued under BSP Circular No. 842.

On the other hand, EWRB is required to maintain regular reserves equivalent to 1.00% and 2.00% demand and savings deposits in 2023 and 2022, respectively.

As of December 31, 2023 and 2022, the Parent Company and EWRB are in compliance with such regulations. As of December 31, 2023 and 2022, Due from BSP of the Parent Company and EWRB below has been set aside as reserves for deposit liabilities, as reported to the BSP:

	2023	2022
Parent Company	**₱8,744,745**	₱35,695,539
EWRB	**426,536**	390,817
Total reserves for deposit liabilities	**₱9,171,281**	₱36,086,356

As of December 31, 2023 and 2022, 17.93% and 19.70% respectively, of the total liabilities of the Group and 19.11% and 20.65% respectively of the Parent Company are subject to periodic interest repricing.

The remaining deposit liabilities earn annual fixed interest rates ranging from 0.01% to 2.5% in 2023, 0.01% to 2.5% in 2022 and 2021.

Long-Term Negotiable Certificate of Deposits (LTNCDs)
LTNCDs issued by the Parent Company include the following (amounts in millions):

Series	Issue Date	Maturity Date	Face Value	Coupon Rate	Average Effective Interest Rate	Repayment Terms	Carrying Value 2023	2022
5	6/7/2019	12/7/2023	2,451	4.63%	4.78%	Quarterly	**₱–**	2,447,204
Total							**₱–**	2,447,204

Long-Term Negotiable Certificates of Deposits due 2021 (LTNCD Series 3)
In 2014, the Parent Company issued unsecured LTNCD maturing on April 24, 2021. The first tranche of the LTNCD Series 3 amounting to ₱0.93 billion was issued in October 2014. The discount related to the issuance of the LTNCD Series 3 in 2014 amounted to ₱4.63 million. The LTNCD Series 3 matured on April 24, 2021.

Long-Term Negotiable Certificates of Deposits due 2022 (LTNCD Series 4)
In 2017, the Parent Company issued unsecured LTNCD maturing on September 21, 2022. The first tranche of the LTNCD amounting to ₱2.70 billion was issued in March 2017. The second to fifth tranches of the LTNCD aggregating to ₱7.30 billion were issued in April to August 2017. The debt issue costs related to the issuance of the LTNCD in 2017 amounted to ₱49.94 million.

Long-Term Negotiable Certificates of Deposits due 2023 (LTNCD Series 5)
In 2018, the Parent Company issued unsecured LTNCD maturing on December 7, 2023. The first tranche of the LTNCD amounting to ₱2.45 billion was issued in June 7, 2018. The debt issue costs related to the issuance of the LTNCD in 2018 amounted to ₱18.38 million. As of December 31, 2023 and 2022, the outstanding unamortized debt issue cost amounted to nil and ₱3.47 million, respectively.

The movements in unamortized net discount of LTNCDs of the Group and Parent Company as of December 31, 2023 and 2022 are as follows:

	2023	2022
Beginning balance	**₱3,466**	₱14,432
Amortization during the year	**(3,466)**	(10,966)
Ending balance	**₱-**	₱3,466

The Group and the Parent Company's interest expense on deposit liabilities consists:

	Consolidated			**Parent Company**		
	2023	2022	2021	**2023**	2022	2021
Savings deposits	**₱2,534,175**	₱842,965	₱508,746	**₱1,549,654**	₱508,969	₱282,277
Time deposits	**2,432,915**	859,430	595,654	**2,432,915**	859,430	595,654
Demand deposits	**157,500**	155,776	150,199	**164,845**	156,318	150,743
LTNCDs	**106,101**	403,343	513,343	**106,101**	403,343	513,343
Total	**₱5,230,691**	₱2,261,514	₱1,767,942	**₱4,253,515**	₱1,928,060	₱1,542,017

17. Bills and Acceptances Payable and SSURA

This account of the Group and of the Parent Company consists of:

	2023	2022
SSURA	**₱14,663,678**	₱6,705,236
Interbank call loans	**728,116**	
Outstanding acceptances	**11,912**	56,220
	₱15,403,706	₱6,761,456

The following are the fair value of government debt securities (Note 8) pledged and transferred under SSURA transactions of the Group and the Parent Company:

	2023		2022	
	Face value	**Fair value**	Face value	Fair value
Investment securities at amortized cost	**₱17,687,183**	**₱17,202,332**	₱18,230,212	₱15,195,386

The Group's and the Parent Company's borrowings are subject to annual interest rates ranging from 4.63% to 5.85% in 2023 and 2.72% to 4.95% in 2022.

The Group's and the Parent Company's interest expense on bills and acceptances payable amounted to ₱45.54 million in 2023, ₱0.37 million in 2022, and nil in 2021. The Bank entered into repurchase agreements to fund its operation amounting to ₱332.80 million and ₱160.00 million in 2023 and 2022, respectively. This excess liquidity is currently deployed in very liquid short term assets. The Group's and the Parent Company's interest expense on SSURA amounted to ₱674.08 million in 2023, ₱74.71 million in 2022, and nil in 2021.

18. Accrued Taxes, Interest and Other Expenses

This account consists of:

	Consolidated		**Parent Company**	
	2023	2022	**2023**	2022
Accrued other expenses	**₱3,595,134**	₱2,801,914	**₱3,102,149**	₱2,404,303
Accrued taxes	**542,189**	383,323	**474,494**	333,830
Accrued interest payable	**500,421**	293,743	**440,341**	273,750
	₱4,637,744	₱3,478,980	**₱4,016,984**	₱3,011,883

Accrued other expenses pertain to accruals of various operating expenses such as rent, utilities, management and professional fees, employee bonus and other expenses.

19. Bonds Payable

This account consists of bonds payable due in 2023 with a face value of ₱3.70 billion and carrying value of nil and ₱3.70 billion as of December 31, 2023 and 2022, respectively.

On February 10, 2020, the Parent Company issued 4.50% fixed-rate bonds with issue price at 100.00% face value. The bonds will bear interest at the rate of 4.50% per annum from and including February 21, 2020 to but excluding: (a) February 21, 2023, such date being the maturity date (if the pre-termination option is not exercised); or (b) the pre-termination date (if the pre-termination option is exercised), and the interest will be payable quarterly in arrears at the end of each interest period on February 21, August 21 and November 21 of each year commencing on 2020.

Unless the 2023 Bonds are previously redeemed, the Bonds are repayable to the Bond Holders at 100.00% of their face value on the maturity date or February 21, 2023.

As of December 31, 2023 and 2022, bonds issuance cost amounted to nil and ₱1.56 million, respectively. For the period ended December 31, 2023 and 2022, the Group and the Parent Company recognized interest expense on bonds payable amounting to ₱23.29 million and ₱167.62 million, respectively.

Reserve requirement
Peso-denominated bonds are subject to reserves equivalent to 3.00% in 2023 and 2022. The Parent Company was in compliance with such requirements as of December 31, 2022.

20. Subordinated Debt

Interest expense on subordinated debt
The Group's interest expense on the subordinated debt amounted to nil, ₱44.71 million ₱69.93 million in 2023, 2022 and 2021, respectively.

21. Other Liabilities

This account consists of:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Financial liabilities				
Accounts payable	**₱10,133,817**	₱8,342,518	**₱8,663,690**	₱7,217,858
Provision on unused credit lines (Notes 15 and 30)	**463,860**	318,594	**463,860**	318,594
Derivative liabilities (Note 5)	**103,083**	107,835	**103,083**	107,835
Retention payable	**36,017**	18,181	**36,017**	18,181
Payment orders payable	**12,232**	16,800	**12,232**	16,800
Marginal deposits and letters of credit	**10,631**	–	**10,631**	–
	10,759,640	₱8,803,928	**9,289,513**	₱7,679,268
Non-financial liabilities				
Deferred revenue	**₱1,375,772**	₱1,675,350	**₱1,379,437**	₱1,675,113
Net retirement obligation (Note 26)	**582,930**	525,859	**562,290**	525,217
Withholding tax payable	**159,988**	130,927	**134,670**	116,344
Miscellaneous	**220,987**	209,212	**171,701**	149,743
	2,339,677	2,541,348	**2,248,098**	₱2,466,417
	₱13,099,317	₱11,345,276	**₱11,537,611**	₱10,145,685

Deferred revenue of the Group and the Parent Company includes deferred credit card loyalty points, membership fees and dues as well as the deferred exclusive bancassurance access fee. (Note 10).

22. Maturity Analysis of Assets and Liabilities

The following tables show an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from the statement of financial position date:

	Consolidated					
	2023			2022		
	Less than 12 months	**Over 12 months**	**Total**	Less than 12 months	Over 12 months	Total
Financial assets:						
Cash and other cash items	**₱9,370,138**	**₱–**	**₱9,370,138**	₱8,713,151	₱–	₱8,713,151
Due from BSP (Note 7)	**16,171,987**	–	**16,171,987**	36,114,397	–	36,114,397
Due from other banks - gross (Note 7)	**2,470,112**	–	**2,470,112**	4,530,832	–	4,530,832
Interbank loans receivables and SPURA (Note 7)	**16,441,418**	–	**16,441,418**	10,009,266	–	10,009,266
Financial assets at FVTPL (Note 8)	**4,112,322**	–	**4,112,322**	1,958,310	–	1,958,310
Financial assets at FVTOCI (Note 8)	**18,483,960**	–	**18,483,960**	16,746,386	–	16,746,386
Investment securities at amortized cost - gross (Notes 8 and 15)	**1,977,816**	**74,880,953**	**76,858,769**	–	66,022,053	66,022,053
Loans and receivables - gross (Notes 9 and 15)	**162,657,943**	**139,008,240**	**301,666,183**	110,850,787	155,463,331	266,314,118
Other assets - gross (Notes 14 and 15)	**78,452**	**397,405**	**475,856**	63,663	354,275	417,938
	231,764,148	**214,286,597**	**446,050,745**	188,986,792	221,839,659	410,826,451
Nonfinancial assets:						
Investment in a joint venture (Note 10)	**–**	**993,166**	**993,166**	–	928,977	928,977
Property and equipment – gross (Note 11)	**–**	**12,826,743**	**12,826,743**	–	10,805,737	10,805,737
Investment properties - gross (Notes 12 and 15)	**–**	**1,486,561**	**1,486,561**	–	1,334,657	1,334,657
Deferred tax assets (Note 25)	**–**	**4,098,880**	**4,098,880**	–	3,906,672	3,906,672
Goodwill and other intangible assets - gross (Note 13)	**–**	**8,896,153**	**8,896,153**	–	8,651,723	8,651,723
Other assets - gross (Notes 14 and 15)	**1,916,598**	**2,739,391**	**4,655,989**	1,699,621	1,499,024	3,198,645
	1,916,598	**31,040,895**	**32,957,492**	1,699,621	27,126,790	28,826,411
	233,680,745	**245,327,492**	**479,008,237**	190,686,413	248,966,449	439,652,862
Allowances for impairment and credit losses (Note 15)	**(877)**	**(12,175,573)**	**(12,176,450)**	(1,197)	(12,436,156)	(12,437,353)
Unamortized premium/discount (Note 9)	**(1,138,655)**	**6,564,617**	**5,425,962**	(1,032,114)	2,573,039	1,540,925
Accumulated depreciation and amortization (Notes 11, 12, 13 and 14)	–	**(8,052,426)**	**(8,052,426)**	–	(7,384,901)	(7,384,901)
	₱232,541,214	**₱231,664,109**	**₱464,205,323**	₱189,653,102	₱231,718,431	₱421,371,533
Financial liabilities:						
Deposit liabilities (Note 16)	**₱355,938,698**	**₱595,963**	**₱356,534,662**	₱326,098,650	₱3,067,472	₱329,166,122
Bills and acceptances payable (Note 17)	**15,403,706**	–	**15,403,706**	6,761,456	–	6,761,456
Cashiers' checks and demand drafts payable	**984,224**	–	**984,224**	1,381,537	–	1,381,537
Subordinated debt (Note 20)	–	–	–	–	–	–
Bonds Payable (Note 19)	–	–	–	3,698,439	–	3,698,439
Accrued interest, taxes and other expenses (Note 18)	**3,577,193**	–	**3,577,193**	2,645,107	–	2,645,107
Lease liability (Note 27)	**873,630**	**5,199,711**	**6,073,341**	784,016	3,594,929	4,378,945
Other liabilities (Note 21)	**10,723,623**	**36,017**	**10,759,640**	8,785,747	18,181	8,803,928
	387,501,075	**5,831,691**	**393,332,767**	350,154,952	6,680,582	356,835,534
Nonfinancial liabilities:						
Income tax payable	**297,166**	**–**	**297,166**	126,208	–	126,208
Accrued interest, taxes and other expenses (Note 18)	**542,189**	**518,362**	**1,060,551**	383,323	450,549	833,872
Other liabilities (Note 21)	**1,191,604**	**1,148,073**	**2,339,677**	1,304,888	1,236,461	2,541,349
	2,030,959	**1,666,435**	**3,697,394**	1,814,419	1,687,010	3,501,429
	₱389,532,035	**₱7,498,126**	**₱397,030,161**	₱351,969,371	₱8,367,592	₱360,336,963

	Parent Company					
	2023			2022		
	Less than 12 months	**Over 12 months**	**Total**	Less than 12 months	Over 12 months	Total
Financial assets:						
Cash and other cash items	**₱9,284,751**	**₱–**	**₱ 9,284,751**	₱8,636,012	₱–	₱8,636,012
Due from BSP (Note 7)	**15,745,451**	–	**15,745,451**	35,723,579	–	35,723,579
Due from other banks - gross (Note 7)	**2,339,158**	–	**2,339,158**	4,346,960	–	4,346,960
Interbank loans receivables and SPURA (Note 7)	**16,441,418**	–	**16,441,418**	10,009,266	–	10,009,266
Financial assets at FVTPL (Note 8)	**4,112,322**	–	**4,112,322**	1,958,310	–	1,958,310
Financial assets at FVTOCI (Note 8)	**18,483,960**	–	**18,483,960**	16,746,386	–	16,746,386
Investment securities at amortized cost - gross (Notes 8 and 15)	**1,977,816**	**73,499,307**	**75,477,123**	–	64,640,408	64,640,408
Loans and receivables - gross (Notes 9 and 15)	**161,699,886**	**109,339,190**	**271,039,076**	108,933,303	135,863,620	244,796,923
Other assets - gross (Notes 14 and 15)	**77,727**	**373,427**	**451,153**	62,848	330,001	392,849
	230,162,490	**183,211,923**	**413,374,413**	186,416,664	200,834,029	387,250,693
Nonfinancial assets:						
Investment in subsidiaries (Note 10)	–	**6,851,951**	**6,851,951**	–	5,753,689	5,753,689
Investment in a joint venture (Note 10)	–	**993,166**	**993,166**	–	928,977	928,977
Property and equipment - gross (Note 11)	–	**11,718,577**	**11,718,577**	–	9,760,592	9,760,592
Investment properties - gross (Notes 12 and 15)	–	**1,485,857**	**1,485,857**	–	1,333,954	1,333,954
Deferred tax assets (Note 25)	–	**3,735,365**	**3,735,365**	–	3,515,512	3,515,512
Goodwill and other intangible assets - gross (Note 13)	–	**8,818,521**	**8,818,521**	–	8,592,060	8,592,060
Other assets - gross (Notes 14 and 15)	**1,806,200**	**2,708,912**	**4,515,112**	1,585,452	1,468,544	3,053,996
	1,806,200	**36,312,349**	**38,118,549**	1,585,452	31,353,328	32,938,780
	231,968,690	**219,524,272**	**451,492,963**	188,002,116	232,187,357	420,189,473
Allowances for impairment and credit losses (Note 15)	**(877)**	**(11,515,711)**	**((11,516,587)**	(1,197)	(11,752,977)	(11,754,174)
Unamortized premium/discount (Note 9)	**(256,289)**	**7,275,904**	**7,019,614**	(376,386)	2,871,323	2,494,937
Accumulated depreciation and amortization (Notes 11, 12, 13 and 14)	**-**	**(7,262,454)**	**(7,262,454)**	–	(6,693,513)	(6,693,513)
	₱231,711,524	**₱208,022,012**	**₱439,733,536**	₱187,624,533	₱216,612,190	₱404,236,723
Financial liabilities:						
Deposit liabilities (Note 16)	**333,954,530**	**595,963**	**334,550,494**	₱310,966,511	₱3,067,472	₱314,033,983
Bills and acceptances payable				6,761,456	–	6,761,456
(Note 17)	**15,403,706**	–	**15,403,706**			
Cashiers' checks and demand drafts payable	**984,224**	–	**984,224**	1,381,537	–	1,381,537
Subordinated debt (Note 20)	–	–	–	–	–	–
Bonds payable (Note 19)	–	–	–	3,698,439	–	3,698,439
Accrued interest, taxes and other expenses (Note 18)	**3,026,418**	–	**3,026,418**	2,229,430	–	2,229,430
Lease liability (Note 27)	**790,624**	**5,054,541**	**5,845,165**	703,742	3,403,316	4,107,058
Other liabilities (Note 21)	**9,253,496**	**36,017**	**9,289,513**	7,661,087	18,181	7,679,268
	363,412,998	**5,686,522**	**369,099,520**	333,402,202	6,488,969	339,891,171
Nonfinancial liabilities:						
Income tax payable	**220,189**	–	**220,189**	62,113	–	62,113
Accrued interest, taxes and other expenses (Note 18)	**474,494**	**516,072**	**990,566**	333,830	448,623	782,453
Other liabilities (Note 21)	**1,100,561**	**1,147,538**	**2,248,099**	1,234,272	1,232,145	2,466,417
	1,795,243	**1,663,610**	**3,458,854**	1,630,215	1,680,768	3,310,983
	₱365,208,241	**₱7,350,132**	**₱372,558,374**	₱335,032,417	₱8,169,737	₱343,202,154

23. Equity

Capital Management

The Parent Company actively manages its capital to comply with regulatory requirements, enable growth targets, withstand plausible stress events and be at par with the Parent Company's peers. The primary objective of the Parent Company's capital management is to ensure that it maintains adequate capital to cover risks inherent to its banking activities without prejudice to optimizing shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure, or issue capital securities. No changes were made in the objectives, policies and processes from the previous year.

Regulatory Qualifying Capital
Under existing BSP regulations, the determination of the Parent Company's compliance with regulatory requirements and ratios is based on the amount of the Parent Company's 'unimpaired capital' (regulatory net worth) reported to the BSP, which is determined on the basis of regulatory policies. In addition, the risk-based Capital Adequacy Ratio (CAR) of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% for both solo basis (head office and branches) and consolidated basis (Parent Company and subsidiaries engaged in financial allied undertakings). Qualifying capital and risk-weighted assets are computed based on BSP regulations.

Effective January 1, 2014, the Group complied with BSP issued Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. The Circular sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00% and Tier 1 capital ratio of 7.50%. It also introduces a capital conservation buffer of 2.50% comprised of CET1 capital. The BSP's existing requirement for total CAR remains unchanged at 10.00% and these ratios shall be maintained at all times.

On June 27, 2014, the BSP issued Circular No. 839, *REST Limit for Real Estate Exposures* which provides the implementing guidelines on the prudential REST limit for universal, commercial, and thrift banks on their aggregate real estate exposures. The Group should maintain CET1 and CAR levels at the regulatory prescribed minimums, on a solo and consolidated basis, even after the simulated results of a 25.00% write-off to the Group's real estate exposures. These shall be complied with at all times.

The capital-to-risk assets ratio reported to the BSP as of December 31, 2023 and 2022 are shown in the table below:

	Consolidated		**Parent Company**	
	2023	2022	**2023**	2022
CET1 capital ratio	**13.04%**	13.02%	**12.65%**	12.60%
Tier 1 capital ratio	**13.04%**	13.02%	**12.65%**	12.60%
Total capital ratio	**13.84%**	13.78%	**13.48%**	13.31%

The composition of the qualifying capital is shown below:

	Consolidated		**Parent Company**	
	2023	2022	**2023**	2022
Qualifying capital:				
Tier 1 capital	**₱65,989,973**	₱60,127,953	**₱65,990,041**	₱60,128,021
CET1 capital	**65,989,973**	60,127,953	**65,990,041**	60,128,021
Less: Required deductions	**12,384,206**	12,034,253	**18,549,733**	16,971,627
Net Tier 1 capital	**53,605,767**	48,093,700	**47,440,308**	43,156,394
Tier 2 capital	**3,296,493**	2,820,983	**3,097,837**	2,434,930
Total qualifying capital	**₱56,902,260**	₱50,914,683	**₱50,538,145**	₱45,591,324

The capital requirements as of December 31, 2023 and 2022 are shown below:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Capital requirements:				
Credit risk	**₱339,495,744**	₱293,949,728	**₱309,769,396**	₱272,668,024
Market risk	**9,838,748**	4,778,140	**9,838,748**	4,778,140
Operational risk	**61,760,574**	70,780,936	**55,336,923**	65,101,904
Total capital requirements	**₱411,095,066**	₱369,508,804	**₱374,945,067**	₱342,548,068

Qualifying capital and risk-weighted assets are computed based on BSP regulations.

Under Basel III, the regulatory Gross Qualifying Capital of the Parent Company consists of Tier 1 (core) and Tier 2 (supplementary) capital. Tier 1 comprises share capital, surplus (including current year profit), and other comprehensive income (cumulative foreign currency translation and net unrealized gains on financial assets at FVTOCI). Required deductions include goodwill, intangible assets, investments in equity, deferred tax assets, defined benefit pension assets and unsecured credit accommodations to DOSRI and subsidiaries.

Tier 2 capital comprise of unsecured subordinated debts and general loan loss provision.

Risk-weighted assets are determined by assigning defined risk weights to the statement of financial position exposure and to the credit equivalent amounts of off-balance sheet exposures. Certain items are deducted from risk-weighted assets, such as the excess of general loan loss provision over the amount permitted to be included in Tier 2 capital. The risk weights vary from 0.00% to 150.00% depending on the type of exposure, with the risk weights of off-balance sheet exposures being subjected further to credit conversion factors. Below is a summary of risk weights and selected exposure types:

Risk weight	Exposure/Asset type
0.00%	Cash on hand; claims collateralized by securities issued by the national government, BSP; loans covered by the Trade and Investment Development Corporation of the Philippines; real estate mortgages covered by the Home Guarantee Corporation
20.00%	Cash and other cash items, claims guaranteed by Philippine incorporated banks/quasi-banks with the highest credit quality; claims guaranteed by foreign incorporated banks with the highest credit quality; loans to exporters to the extent guaranteed by Small Business Guarantee and Finance Corporation
50.00%	Housing loans fully secured by first mortgage on residential property; Local Government Unit (LGU) bonds which are covered by Deed of Assignment of Internal Revenue allotment of the LGU and guaranteed by the LGU Guarantee Corporation
75.00%	Direct loans of defined Small Medium Enterprise (SME) and microfinance loans portfolio; non-performing housing loans fully secured by first mortgage
100.00%	All other assets (e.g., real estate assets) excluding those deducted from capital (e.g., deferred income tax)
150.00%	All non-performing loans (except non-performing housing loans fully secured by first mortgage) and all non-performing debt securities

** Not all inclusive*

With respect to off-balance sheet exposures, the exposure amount is multiplied by a credit conversion factor (CCF), ranging from 0.00% to 100.00%, to arrive at the credit equivalent amount, before the risk weight factor is multiplied to arrive at the risk-weighted exposure. Direct credit substitutes (e.g., guarantees) have a CCF of 100.00%, while items not involving credit risk has a CCF of 0.00%.

In the case of derivatives, the credit equivalent amount (against which the risk weight factor is multiplied to arrive at the risk-weighted exposure) is generally the sum of the current credit exposure or replacement cost (the positive fair value or zero if the fair value is negative or zero) and an estimate of the potential future credit exposure or add-on. The add-on ranges from 0.00% to 1.50% (interest rate-related) and from 1.00% to 7.50% (exchange rate-related), depending on the residual maturity of the contract. For credit-linked notes and similar instruments, the risk-weighted exposure is the higher of the exposure based on the risk weight of the issuer's collateral or the reference entity or entities.

The risk-weighted CAR is calculated by dividing the sum of its Tier 1 and Tier 2 capital, as defined under BSP regulations, by its risk-weighted assets. The risk-weighted assets, as defined by the BSP regulations, consist of all of the assets on the balance sheet at their respective book values, together with certain other off-balance sheet items, weighted by certain percentages depending on the risks associated with the type of assets. The determination of compliance with regulatory requirements and ratios is based on the amount of the Parent Company's 'unimpaired capital' (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting practices which differ from PFRS in some respects.

The Group has taken into consideration the impact of the foregoing requirements to ensure that the appropriate level and quality of capital are maintained on an ongoing basis.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

Leverage Ratio and Total Exposure Measure
The Basel lll Leverage Ratio is designed to act as a supplementary measure to the risk-based capital requirement. The leverage ratio intends to restrict the buildup of leverage in the Bank and reinforce the risk-based requirements with a simple, non-risk based "backstop" measure. It is defined as a capital measure over its total exposure measure with a minimum requirement of 5.00% on both Group and Parent Company.

	Consolidated		Parent	
	2023	2022	**2023**	2022
Capital Measure	**₱53,605,767**	₱48,093,700	**₱47,440,308**	₱43,156,395
Divided by: Exposure measure	**488,649,026**	440,420,360	**457,667,491**	417,844,497
Leverage ratio	**10.97%**	10.92%	**10.37%**	10.33%

Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)
The NSFR seeks to limit the overreliance on short-term wholesale funding and promoting enhanced assessment of funding risk across all on- and off-balance sheet accounts. It complements the LCR, which promotes short term resilience of a Bank's liquidity profile. The minimum LCR and NSFR requirement should be no lower than 100% at all times on both Group and Parent Company.

	Consolidated		Parent	
	2023	2022	**2023**	2022
Total Stock of High-Quality Liquid Assets	**₱107,760,229**	₱90,214,211	**₱93,595,088**	₱88,107,352
Divided by: Total Net Cash Flows	**53,367,645**	37,817,543	**54,114,476**	35,821,177
Liquidity Coverage ratio	**201.92%**	238.55%	**172.96%**	245.96%

	Consolidated		Parent	
	2023	2022	**2023**	2022
Available Stable Funding	**₱329,816,321**	₱302,223,589	**₱302,685,171**	₱288,811,215
Divided by: Required Stable Funding	**273,002,655**	236,869,402	**255,111,835**	224,255,123
Net Stable Funding Ratio	**120.81%**	127.59%	**118.65%**	128.79%

Capital Stock
Capital stock consists of (amounts in thousands, except for par value and number of shares):

	Shares			Amount		
	2023	2022	2021	**2023**	2022	2021
Authorized:						
Common stock - 10.00 par value	**4,500,000,000**	4,500,000,000	4,500,000,000			
Preferred stock - 10.00 par value	**500,000,000**	500,000,000	500,000,000			
Common stock issued and outstanding:						
Balance at the beginning of the year	**2,249,975,411**	2,249,975,411	2,249,975,411	**22,499,754**	22,499,754	22,499,754
Issuance of stock dividends	**–**	–	–	**–**	–	–
Balance at the end of the year	**2,249,975,411**	2,249,975,411	2,249,975,411	**22,499,754**	22,499,754	22,499,754

With the approvals by the PSE of the Parent Company's application for listing and by the SEC for the Registration Statement both on March 14, 2012, a total of 245,316,200 common shares, with ₱10.00 par value per share, representing 21.70% of outstanding capital stock, were offered and subscribed through an initial public offering at ₱18.50 per share on April 20 to 26, 2012. The common shares comprise of (a) 141,056,800 new shares issued by the Parent Company by way of a primary offer, and (b) 104,259,400 existing shares offered by FDC, the selling shareholder, pursuant to a secondary offer. Subsequently, on September 5, 2012, 36,715,300 shares under the over-allotment option were exercised at a price of ₱18.50 per share that brought the subscriptions to 25.00% of the outstanding capital stock. The Parent Company's common shares were listed and commenced trading in the PSE on May 7, 2012.

The preferred shares are perpetual non-voting and non-convertible to common shares. The dividends of the preferred shares shall be non-cumulative and to be fixed by the BOD at an annual dividend rate prior to the date of issue.

The total proceeds raised by the Parent Company from the sale of primary offer shares amounted to ₱2.61 billion while the net proceeds (after deduction of direct costs related to equity issuance) amounted to ₱2.39 billion.

On February 1, 2019, the BSP approved the following amendments to the Parent Company's Articles of Incorporation, which were approved and confirmed by the Parent Company's BOD at its special meeting on July 13, 2017, to provide flexibility for future capital requirements:

a. Increase of the Parent Company's authorized capital stock from ₱20.00 billion to ₱50.00 billion consisting of 4.50 billion common shares with par value of ₱10.00 per share or a total par value of ₱45.00 billion and ₱0.50 billion preferred shares with par value of ₱10.00 per share or a total par value of ₱5.00 billion.

b. Declaration of 50.00% stock dividends equivalent to ₱7.50 billion from the Parent Company's unrestricted retained earnings as of December 31, 2016 to meet the required subscribed and paid amount of capital stock per Corporation Code after the increase in the authorized capital of the Parent Company. The increase in the Parent Company's authorized capital stock and stock dividend declaration were subsequently approved by BSP on September 29, 2017 and by SEC on February 28, 2019.

On April 16, 2018, a total of 749,991,801 common shares were listed at the PSE.

The portion of the Parent Company's retained earnings pertaining to the accumulated earnings of the subsidiaries amounting to ₱7.21 billion and ₱5.77 billion as of December 31, 2023 and December 31, 2022, respectively, are not available for dividend declaration until declared as dividends by subsidiaries.

In 2019, upon the full adoption of PFRS 9, the BSP through BSP Circular No. 1011 has required the appropriation for the difference of the 1.00% general loan loss provision over the computed ECL related to Stage 1 accounts. As of December 31, 2022 and 2021, the computed ECL related to Stage 1 accounts is sufficient to cover the 1.00% general loan loss provision required by BSP on Stage 1 accounts.

Cash Dividend

Eastwest Bank declared on April 24, 2023 cash dividends amounting to ₱922.5 million.
This was equivalent to Php 0.41 per share and paid last May 31, 2023 to all stockholders of record as of May 12, 2023.

In 2022, Eastwest Bank declared and paid cash dividends amounting to ₱899.99 million.
This is equivalent to Php 0.40 per share, paid last May 31, 2022 to all stockholders of record as of May 11, 2022.

24. **Income and Expenses**

Service charges, fees and commissions

Service charges include late payment charges, pre-termination fees on loans and service charges on deposit taking-related transactions. Fees and commissions include credit card membership fees, bancassurance fees, interchange fees, merchant discounts and other commissions.

For the periods ended December 31, 2023, 2022 and 2021, this account consists of:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Credit cards	**₱1,821,920**	₱1,429,505	₱1,410,555	**₱1,821,920**	₱1,429,505	₱1,410,555
Loans	**1,223,241**	820,990	997,014	**844,503**	463,357	885,969
Deposits	**752,839**	764,775	639,643	**740,342**	756,199	634,762
Remittances	**197,757**	142,908	77,561	**158,982**	136,860	77,561
Bancassurance fees	**67,220**	73,477	90,682	**67,220**	73,477	90,682
Others	**706,461**	549,150	510,283	**406,822**	282,105	217,654
	₱4,769,438	₱3,780,805	₱3,725,738	**₱4,039,789**	₱3,141,503	₱3,317,183

Others consist of income from securities brokering and certificate fees.

Miscellaneous income (loss)
For the periods ended December 31, 2023, 2022 and 2021, this account consists of:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Recoveries and credit adjustments	**₱504,817**	₱469,030	₱506,339	**₱453,823**	₱443,279	₱476,619
Rental income	**48,446**	47,075	47,610	**48,446**	47,075	47,610
Dividend income	**2,629**	736	662	**2,629**	736	662
Gain on modification of loans	–	–	346,769	–	–	346,769
Others	**192,675**	228,855	66,581	**182,587**	217,716	62,630
	₱748,567	₱745,696	₱967,961	**₱687,485**	₱708,806	₱934,290

Others include referral income earned on insurance premiums charged through credit cards and revenue from credit card loyalty rewards.

Miscellaneous expense

For the periods ended December 31, 2023, 2022 and 2021, this account consists of:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Technological fees	**₱1,109,621**	₱834,096	₱557,368	**₱1,108,301**	₱832,543	₱556,827
Brokerage fees	**932,117**	1,070,788	1,411,000	**1,015,769**	1,051,613	1,391,868
Service charges, fees and commissions	**941,749**	622,911	470,116	**941,749**	622,911	470,116
Advertising	**919,956**	430,733	364,464	**883,510**	399,996	349,348
Insurance	**777,671**	756,892	754,199	**729,833**	713,043	709,322
Security, messengerial and janitorial services	**752,578**	666,636	631,701	**682,009**	604,485	573,691
Postage, telephone, cables and telegram	**474,085**	439,073	428,461	**405,469**	385,531	386,266
Repairs and maintenance	**328,441**	282,614	200,005	**294,512**	244,851	161,857
Management and other professional fees	**278,012**	133,589	156,341	**263,260**	127,380	152,140
Power, light and water	**249,126**	229,368	188,993	**217,508**	197,525	163,290
Stationery and supplies	**218,344**	150,749	140,447	**109,646**	98,123	114,374
Transportation and travel	**199,544**	181,645	158,106	**153,362**	136,111	124,434
Fines, penalties and other charges	**191,456**	292,689	304,444	**161,902**	266,959	267,423
Supervision fees	**141,009**	129,760	135,092	**133,649**	123,052	128,063
Litigation expenses	**115,902**	76,450	73,712	**115,902**	76,450	73,712
Entertainment, amusement and recreation	**46,377**	43,863	35,000	**37,181**	34,598	29,075
Others	**567,943**	390,405	278,211	**556,037**	378,472	230,880
	₱8,243,931	₱6,732,261	₱6,287,660	**₱7,809,599**	₱6,293,643	₱5,882,686

Others include payments for subscriptions, membership fees, trainings, donations and contributions, delivery and freight expenses, and clearing fees.

25. **Income and Other Taxes**

Under Philippine tax laws, the RBU of the Parent Company and its subsidiaries are subject to percentage and other taxes (presented as 'Taxes and licenses' in the statements of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax and documentary stamp taxes. Income taxes include corporate income tax, as discussed below, and final taxes paid which represents final withholding tax on gross interest income from government securities and other deposit substitutes and income from FCDU transactions. These income taxes, as well as the deferred tax benefits and provisions, are presented as 'Provision for income tax' in the statements of income.

Current tax regulations also provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulations, EAR expense allowed as a deductible expense is limited to the actual EAR paid or incurred but not to exceed 1.00% of the Parent Company's net revenue..

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is generally subject to 10.00% gross income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units is taxed at 15.00%. RA No. 9294, which became effective in May 2004, provides that the income derived by the FCDU from foreign currency transactions with non-residents, Offshore Banking Units (OBUs), local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% income tax.

The following are the key changes to the Philippine tax law pursuant to the CREATE Bill (which was signed into law on March 26, 2021) which have an impact on the Bank.

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- The allowable deduction for interest expense was reduced 20% (previously 33%) of the interest income subjected to final tax.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improper accumulated earnings tax (IAET) is repealed.

A Minimum corporate income tax (MCIT) of 1.00% (as amended by CREATE Bill) of modified gross income is computed and compared with the RCIT. Any excess of MCIT over the RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In implementation of CREATE In addition, NOLCO is allowed as a deduction from taxable income in the next three years from the period of incurrence. For the taxable years 2022 and 2021, the NOLCO incurred can be carried over as a deduction for the next five (5) consecutive taxable years, pursuant to Revenue Regulations No. 25-2021

<u>Revenue Regulations No. 4-2011</u>

On May 10, 2022, the SC released its decision promulgated on 01 December 2021 on the petition for certiorari of the Department of Finance (DOF) and Bureau of Internal Revenue (BIR) seeking for annulment of an order of the Regional Trial Court (RTC) Branch 57 in Makati City that declared Revenue Regulations No. 4-2011 null and void

Provision for income tax consists of:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Current:						
RCIT /MCIT	**₱1,347,689**	₱751,946	₱386,384	**₱811,618**	₱182,440	₱ (47,047)
Final tax	**368,195**	460,538	303,605	**354,412**	447,995	291,552
	1,715,884	1,212,484	689,989	**1,166,030**	630,435	244,505
Deferred	**(272,114)**	220,796	900,250	**(210,586)**	174,541	862,142
	₱1,443,770	₱1,433,280	₱1,590,239	**₱955,445**	₱804,976	₱ 1,106,647

The components of the Group's and the Parent Company's net deferred tax assets as of December 31, 2023 and 2022 follow:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Deferred tax asset on:				
Allowance for impairment and credit losses	**₱3,025,555**	₱3,210,791	**₱2,952,177**	₱2,989,585
Effect of modification loss, net of accretion/amortization	**84,899**	164,860	**84,115**	164,853
Accrued expenses and other deferred income	**630,052**	460,085	**399,491**	301,632
Accumulated depreciation of assets foreclosed or dacioned	**182,187**	169,814	**182,185**	169,812
Net retirement obligation	**146,928**	133,270	**140,572**	131,304
Net effect of lease liabilities and ROU assets	**172,015**	134,039	**162,830**	124,420
Unrealized trading loss	-	33,485	-	33,485
Gain on asset foreclosure and dacion transactions	**122,993**	89,377	**123,085**	89,469
	4,364,629	4,395,721	**4,044,455**	4,004,560
Deferred tax liability on:				
Branch licenses acquired from business combination	**₱156,350**	₱156,350	**₱156,350**	₱156,350
Remeasurement of investment in a joint venture	**83,958**	83,958	**83,958**	83,958
Unrealized foreign exchange gains	**2,385**	234,896	**2,385**	234,895
Unrealized trading gains	**14,178**	-	**58,805**	-
Others	**8,878**	13,845	**7,592**	13,844
	265,749	489,049	**309,090**	489,048
	₱4,098,880	₱3,906,672	**₱3,735,365**	₱3,515,512

Group deferred tax asset charged directly to OCI during the year amounted to (₱78.61) million and ₱77.50 million in 2023 and 2022, respectively. And Parent deferred tax asset charged directly to OCI during the year amounted to ₱9.2 million and ₱77.50 million in 2023 and 2022, respectively.

The Group and the Parent Company have nil excess MCIT and NOLCO for the year 2023 and 2022.

The reconciliation of statutory income tax at statutory tax rate to the effective income tax follows:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Statutory income tax	**₱2,242,799**	₱1,981,146	₱1,526,319	**₱1,759,685**	₱1,357,575	₱1,405,421
Tax effects of:						
Nondeductible expenses	**575,884**	1,509,217	271,130	**566,886**	1,509,212	202,759
FCDU income	**(744,264)**	(882,788)	(713,374)	**(744,264)**	(882,788)	(713,374)
Non-taxable and tax-exempt income	**(313,391)**	(570,946)	(351,840)	**(313,391)**	(570,946)	(626,229)
Interest income subjected to final tax net of tax paid	**(69,751)**	(88,065)	(80,933)	**(63,585)**	(88,138)	(73,157)
Change in recognized deferred tax assets and others	**(247,507)**	(515,285)	521,935	**(249,886)**	(519,940)	530,857
Effect of change in tax rate	-	-	417,002	-	-	380,370
Effective income tax	**₱1,443,770**	₱1,433,280	₱1,590,239	**₱955,445**	₱804,976	₱1,106,647

26. Retirement Plan

The existing regulatory framework, RA No. 7641, the *Retirement Pay Law* requires companies with at least ten (10) employees to pay retirement benefits to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Parent Company
The Parent Company has a funded, non-contributory defined benefit retirement plan (the Plan) covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits (equivalent to a certain percentage of final salary for every year if service depending on the tenure of the employee) certain age and service requirements. The Parent Company's retirement plan is in the form of a trust administered by the Parent Company's Trust Division under the supervision of the Retirement Committee.

EWRB
The Bank provided a noncontributory defined benefit plan covering substantially all regular and full-time employees, provided he is not more than age sixty (60) at the time of appointment. The retirement plan provides retirement benefits equal to 100.00% of the final monthly salary for every year of service.

In 2018, changes in the terms on how the benefits will be valued were implemented. The Bank introduced a defined benefit plan which provides a lump sum benefit based on final salary and years of service, subject to certain eligibility conditions. For normal retirement and late retirement, eligibility starts at the age of 60 and 65 with benefits amounting to a 100.00% and 150.00% of final monthly salary per year of continuous service, for less than 10 years and 10 years above, respectively. However, for early retirement, eligibility starts at the age of 50 but with at least 10 years of continuous service or more, subject to Bank's approval.

QMIS
QMIS does not have a formal retirement plan. As such, QMIS's retirement liability is based on the requirement of RA No. 7641. For purposes of calculating the retirement liability under RA No. 7641, QMIS obtained an actuarial valuation.

The amounts of net retirement obligation presented under "Other liabilities" in the statements of financial position are presented below:

	Consolidated		**Parent Company**	
	2023	2022	**2023**	2022
Present value of the defined benefit obligation	**₱1,867,091**	₱1,644,794	**₱1,780,669**	**₱1,584,236**
Less: Fair value of plan assets	**1,284,161**	1,118,935	**1,218,379**	**1,059,019**
Net retirement obligation (Note 21)	**₱582,930**	₱525,859	**₱562,290**	**₱525,217**

Changes in the present value of the defined benefit obligation as of December 31, 2023 and 2022 recognized in the statements of financial position follow:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Balance at beginning of year	**₱1,644,794**	₱1,453,451	**₱1,584,236**	₱1,390,185
Current service cost	**166,923**	154,199	**158,099**	143,801
Interest cost	**115,069**	70,389	**110,738**	67,285
Remeasurement (gains) losses:				
Actuarial losses arising from deviations of experience from assumptions	**(53,999)**	153,493	**(58,528)**	143,968
Actuarial losses (gains) arising from changes in financial assumptions	**128,976**	(29,198)	**117,996**	(7,119)
Benefits paid	**(134,672)**	(157,540)	**(131,872)**	(153,884)
Balance at end of year	**₱1,867,091**	₱1,644,794	**₱1,780,669**	₱1,584,236

Changes in the fair value of plan assets are as follows:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Balance at beginning of year	**₱1,118,935**	₱1,230,498	**₱1,059,019**	1,174,992
Contributions	**202,319**	163,341	**194,812**	154,217
Interest income	**78,309**	59,584	**74,025**	56,869
Remeasurements	**19,271**	(176,948)	**22,395**	(173,175)
Benefits paid	**(134,673)**	(157,540)	**(131,872)**	(153,884)
Balance at end of year	**₱1,284,161**	₱1,118,935	**₱1,218,379**	₱1,059,019

The fair value of plan assets by class are as follows:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Cash and cash equivalents	**₱450,059**	₱326,440	**₱449,102**	₱325,510
Equity instruments:				
Financial services	**726,168**	655,930	**661,343**	596,944
Real estate	**5,001**	5,001	**5,001**	5,001
Debt instruments:				
Government securities	**71,524**	68,853	**71,524**	68,853
Private securities	**29,947**	60,994	**29,947**	60,994
Others	**1,462**	1,717	**1,462**	1,717
Fair value of plan assets	**₱1,284,161**	₱1,118,935	**₱1,218,379**	₱1,059,019

The Parent Company's plan assets are carried at fair value. The fair value of investments in equity and debt securities are based on quoted price in the active market. The fair value of other assets and liabilities, which include deposits in banks, accrued interest and other receivables, and trust fee payables, approximate their carrying amounts due to the short-term nature of these accounts.

The plan assets are diversified investments and are not exposed to concentration risk.

Each year, an Asset-Liability Matching Study (ALMS) is performed with the result being analyzed in terms of risk-and-return profiles. As of December 31, 2023 and 2022, the Parent Company's investment strategy consists of 54.00% of equity instruments, 8.00% of debt instruments and 37.00% cash and 59.00% of equity instruments, 11.00% of debt instruments, and 29.00% cash, respectively. The Parent Company expects to contribute ₱234.3 million to the plan in 2024.

The cost of defined benefit retirement plans as well as the present value of the benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used are shown below:

	Parent Company		EWRB		QMIS		Group	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Discount rate								
At January 1	**6.99%**	4.84%	**7.15%**	4.89%	**7.17%**	5.05%	**6.99%-7.17%**	4.84%-5.05%
At December 31	**6.05%**	6.99%	**6.08%**	7.16%	**6.36%**	7.17%	**6.05%-6.36%**	6.99%-7.17%
Future salary increase rate	**5.00%**	5.00%	**4.00%**	4.00%	**5.00%**	5.00%	**4%-5%**	4.00%-5.00%
Average remaining working life (in years)	**16**	12	**20**	17	**18**	18	**12-20**	12-18

The sensitivity analysis below on the defined benefit obligation as of December 31, 2023 and 2022 has been determined based on reasonably possible changes of each significant assumption, assuming all other assumptions were held constant.

	Parent Company		EWRB		QMIS		Group	
Increase (Decrease)	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Discount rate								
1.00%	**(₱125,064)**	(₱96,412)	**(₱9,700)**	(₱6,456)	**(₱807)**	(₱751)	**(₱135,571)**	(₱103,619)
(1.00%)	**142,693**	111,231	**11,659**	7,747	**980**	900	**155,333**	119,879
Turnover rate								
1.00%	**(₱35,177)**	(₱24,181)	**(₱2,495)**	(₱1,573)	**(₱183)**	(₱143)	**(₱37,855)**	(₱25,897)
(1.00%)	**35,177**	24,181	**2,495**	1,573	**183**	143	**37,855**	25,897
Future salary increase rate								
1.00%	**₱142,831**	₱113,025	**₱11,841**	₱7,953	**₱984**	₱912	**₱155,656**	₱121,891
(1.00%)	**(129,934)**	(101,157)	**(10,097)**	(6,763)	**(824)**	(774)	**(140,855)**	(108,695)

Shown below is the maturity analysis of the undiscounted benefit payments for 2022 follow:

	Parent Company		EWRB		QMIS		Group	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Less than one year	₱259,521	₱365,566	₱4,638	₱3,498	₱-	₱–	₱264,159	₱369,064
One to less than five years	823,819	719,976	20,060	16,317	265	263	844,144	736,556
Five to less than 10 years	1,587,462	1,312,640	41,840	33,328	1,675	3,661	1,630,978	1,349,629
10 to less than 15 years	1,421,839	1,292,813	104,746	82,324	10,772	11,506	1,537,358	1,386,642
15 to less than 20 years	1,155,746	1,220,977	109,044	109,501	17,351	21,497	1,282,142	1,351,975
20 years and above	2,140,328	1,915,883	468,958	410,177	65,561	53,111	2,674,847	2,379,171

The amounts included in 'Compensation and fringe benefits' in the statements of income are as follows:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Current service cost	**₱166,923**	₱154,199	₱196,760	**₱158,099**	₱143,801	₱183,459
Net interest expense	**36,760**	10,805	19,630	**36,713**	10,416	18,303
	₱203,683	₱165,004	₱216,390	**₱194,812**	₱154,217	₱201,762

27. **Leases**

Group as a Lessee

The Group leases several premises occupied by its head office and branches. Some leases are subject to annual escalation of 5.00% to 10.00% and for periods ranging from 5 to 15 years, renewable upon mutual agreement of both parties.

Shown below is the maturity analysis of the undiscounted lease payments as of December 31, 2023 and 2022:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Within one year	**₱1,190,790**	₱976,317	**₱1,163,794**	₱964,269
After one year but not more than five years	**3,639,853**	2,691,738	**3,448,009**	2,484,233
More than five years	**3,184,228**	1,994,072	**3,176,109**	1,940,990
	₱8,014,871	₱5,662,127	**₱7,787,912**	₱5,389,492

As of December 31, 2023 and 2022, the carrying amount of lease liabilities are as follows:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Balance at beginning of the year	**₱4,378,945**	₱3,106,320	**₱4,107,058**	₱2,791,079
Additions	**2,422,969**	2,125,913	**2,365,221**	2,076,488
Payments and terminations	**(1,066,269)**	(1,093,642)	**(948,236)**	(980,866)
Accretion of interest	**337,696**	240,354	**321,122**	220,357
	₱6,073,341	₱4,378,945	**₱5,845,165**	₱4,107,058

In 2023, 2022 and 2021, the interest expense on lease liabilities of the Group (included in 'Interest expense' in the statements of income) amounted to ₱337.70 million, ₱240.35 million, ₱219.64 million, respectively. Rent expense from short-term leases and leases of low-value assets of the Group amounted to ₱368.42 million, ₱258.41 million, ₱259.72 million in 2023, 2022 and 2021, respectively.

In 2023, 2022 and 2021, the interest expense on lease liabilities of the Parent Company (included in 'Interest expense' in the statements of income) amounted to ₱321.12 million, ₱220.36 million, ₱191.56 million, respectively. Rent expense from short-term leases and leases of low-value assets of the Parent Company amounted to ₱361.69 million, ₱256.43 million, ₱271.86 million in 2023, 2022, and 2021 respectively.

Group as a Lessor

The Group property leases consist of the Group's available office space and lease agreements of machinery and equipment which are non-cancelable with lease terms between 5 to 10 years.

Future minimum rentals receivable under non-cancellable operating leases of the Group and the Parent Company follow:

	2023	2022
Within one year	**₱42,120**	₱40,911
After one year but not more than five years	**117,676**	49,555
More than five years	**-**	7,542
	₱159,796	₱98,008

In 2023, 2022 and 2021, the Group and Parent Company rental income amounted to ₱48.45 million, ₱47.08 million, ₱47.61 million, respectively. As of December 31, 2023 and 2022, the Group and Parent Company has no contingent rental income.

28. Related Party Transactions

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

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

The Group has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business.

The amounts and the balances arising from significant related party transactions of the Group and of the Parent Company are as follows:

	2023		
Category	**Amount/ Volume**	**Outstanding Balance**	**Terms and Conditions/Nature**
Significant investors:			
Loans receivable	**₱–**	**₱4,842,800**	Loans granted with a term of five years, interest of 4.75%, secured with deposit holdout, current and not impaired
Releases	–		
Collection	–		
Deposit liabilities		**3,301,196**	Earns interest at the respective bank deposit rates
Deposits	**26,414,689**		
Withdrawals	**25,459,540**		
Accrued interest receivable	–	**64,283**	Interest income accrued on outstanding loans receivable
Accrued expenses	–	**50,376**	Payable for management and professional fees paid by FDC (reimbursement for expenses)
Guarantees and commitments	–	**4,842,800**	Unused credit line (omnibus facility) with term of 10 months
Interest income	**230,033**		Interest income on loans receivable
Interest expense	**14,628**		Interest expense on deposit liabilities
Key management personnel:			
Loans receivable	**₱–**	**₱2,381**	Loans granted with a term of five years, interest of 9.82%, secured withchattel mortgage,current and not impaired
Releases	**2,807**	–	
Collection	**426**	–	
Deposit liabilities	–	**365,196**	Earns interest at the respective bank deposit rates
Deposits	**935,194**	–	
Withdrawals	**903,639**	–	
Interest income	**255**	–	Interest income on loans receivable
Interest expense	**1,943**	–	Interest expense on deposit liabilities

(Forward)

Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
	2023		
Otaher related parties:			
Loans receivable	**₱–**	**₱7,431,386**	Loans granted with terms ranging from four days to thirteen and a half years, interest ranging from 5.01% to 17.07%, secured by real estate mortgage,chattel mortgage & deposit hold-out , current and not impaired
Releases	**1,740,872**	–	
Collection	**2,948,289**	–	
Receivables purchased (booked under 'Loans Receivable')	–	**107,598**	Receivables purchased by the Parent Company from FLI (Note 9), current and not impaired
Releases	**107,598**	–	
Collections	**501,041**	–	
Accounts receivable	–	**38,376**	Receivables from EW Ageas Life which represent expenses shouldered by the Parent Company
Deposit liabilities	–	**14,038,878**	Earns interest at the respective bank deposit rates
Deposits	**206,580,187**	–	
Withdrawals	**208,323,109**	–	
Accounts payable	–	–	Collection of loan insurance on behalf of EW Ageas Life that remained unremitted
Guarantees and commitments	–	**7,323,712**	Unused credit lines
Accrued interest receivable	–	**67,366**	Interest income accrued on outstanding loans receivable
Interest income	**413,048**	–	Interest income on loans receivable
Interest expense	**206,496**	–	Interest expense on deposit liabilities
Commission fees	–	–	Commission fees received from EW Ageas Life
Service fee expense	–	–	Service fees paid to FLI for account servicing equivalent to 1.12% of loan amounts collected by FLI on behalf of the Parent Company (Note 9)
Rent expense	**122,537**		Rent expenses paid for lease transactions with other related parties such as Filinvest Asia Corporation,

Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
	2022		
Significant investors:			
Loans receivable	₱–	₱4,842,800	Loans granted with a term of five years, interest of 4.75%, secured with deposit holdout, current and not impaired
Releases	–	–	
Collection	–	–	
Deposit liabilities	–	2,346,047	Earns interest at the respective bank deposit rates
Deposits	11,920,865	–	
Withdrawals	12,426,558	–	
Accrued interest receivable	–	61,132	Interest income accrued on outstanding loans receivable
Accrued expenses	–	28,120	Payable for management and professional fees paid by FDC (reimbursement for expenses)
Guarantees and commitments	–	4,842,800	Unused credit line (omnibus facility) with term of 10 months
Interest income	230,033	–	Interest income on loans receivable
Interest expense	13,021	–	Interest expense on deposit liabilities
Key management personnel:			
Deposit liabilities	–	333,641	Earns interest at the respective bank deposit rates
(Forward)			
Deposits	₱1,677,646	₱–	
Withdrawals	1,782,101	–	

Category	2022 Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Interest income	–	–	Interest income on loans receivable
Interest expense	1,039	–	Interest expense on deposit liabilities
Other related parties:			
Loans receivable	–	8,638,803	Loans granted with terms ranging from four days to thirteen and a half years, interest ranging from 5.01% to 17.07%, secured by real estate mortgage,chattel mortgage & deposit hold-out , current and not impaired
Releases	4,858,591	–	
Collection	3,151,081	–	
Receivables purchased (booked under 'Loans Receivable')	–	501,041	Receivables purchased by the Parent Company from FLI (Note 9), current and not impaired
Releases	501,041	–	
Collections	2,283,451	–	
Accounts receivable	–	30,836	Receivables from EW Ageas Life which represent expenses shouldered by the Parent Company
Deposit liabilities	–	15,781,800	Earns interest at the respective bank deposit rates
Deposits	171,885,730	–	
Withdrawals	174,220,017	–	
Accounts payable	–	53,151	Collection of loan insurance on behalf of EW Ageas
	–		Life that remained unremitted
Guarantees and commitments	–	8,137,550	Unused credit lines
Accrued interest receivable	–	55,578	Interest income accrued on outstanding loans receivable
Interest income	–	765,248	Interest income on loans receivable
Interest expense	206,151	–	Interest expense on deposit liabilities
Commission fees	–	–	Commission fees received from EW Ageas Life
Service fee expense	–	–	Service fees paid to FLI for account servicing equivalent to 1.12% of loan amounts collected by FLI on behalf of the Parent Company (Note 9)
Rent expense	81,553		Rent expenses paid for lease transactions with other related parties such as Filinvest Asia Corporation,

The Group's significant investors pertain to FDC, the immediate Parent Company of the Group, and FDC Forex Corporation (a company under common control of FDC).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group considers the members of the Management Committee to constitute key management personnel for purposes of PAS 24, *Related Party Disclosures*. The Group provides banking services to its key management personnel.

Other related parties pertain to the Group's affiliates (subsidiaries of FDC).

The Group and the Parent Company had no outright purchases and outright sale of debt securities with significant shareholders and key management personnel in 2023, 2022 and 2021.

The Parent Company's subsidiaries have no transactions with related parties outside of the Group. The transactions disclosed above are the same for the Group and the Parent Company.
Parent Company Related Party Transactions

Transactions between the Parent Company and its subsidiaries meet the definition of related party transactions. Details of the Parent Company's subsidiaries are disclosed in Note 10.

In addition to the transactions discussed above, the following are the transactions between the Parent Company and its subsidiaries that are recognized in the Parent Company's statements of financial position and statements of income and eliminated in the consolidated financial statements:

	2023		
Category	**Amount/ Volume**	**Outstanding Balance**	**Terms and Conditions/Nature**
Subsidiaries:			
Receivables purchased	**₱–**	**₱6,279,326**	Receivables purchased by the Parent Company from EWRB (Note 9)
Acquisitions	**44,246,601**	–	
Collections	**37,967,275**	–	
Receivable sold	–	**284,054**	Employee loans sold by the Parent Company to EWRB (Note 9)
Accounts receivable	–	**718,412**	Amount collected by EWRB from borrowers on behalf of the Parent Company that remained unremitted and other related expenses shouldered by the Parent Company on behalf of the Subsidiaries
Accounts receivable	–	**150,679**	Receivables from subsidiaries which represent expenses shouldered by Parent Company
Deposit liabilities	–	**547,434**	Earns interest at the respective bank deposit rates
Deposits	**131,428,220**	–	
Withdrawals	**131,322,036**	–	
Accounts payable	–	**77,591**	Cash reloading transactions between EWRB and the Parent Company
Interest expense	**726**	–	Interest expense on deposits of EWRB and EWIB
Interest income	**115**	–	Interest income on loans receivable
Service fee expense	**150,154**	–	Service fees paid to EWRB for account servicing equivalent to 0.37% of loan amounts collected by EWRB on behalf of the Parent Company for the receivables purchased (Note 9) and for collection of credit card payments
Service fee income	**1,031**	–	Service fees paid by EWRB for account servicing equivalent to 0.37% of loan amounts collected by the Parent Company on behalf of EWRB for the receivables sold (Note 9)
Commission expense	–	–	Commission expense paid by the Parent Company to QMIS
Rent income	**42,212**	–	Rent of office space leased to subsidiaries

	2022		
Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Subsidiaries:			
Receivables purchased	–	₱32,433,426	Receivables purchased by the Parent Company from EWRB (Note 9)
Acquisitions	46,174,920	–	
Collections	13,741,493	–	
Receivable sold	–	255,972	Employee loans sold by the Parent Company to EWRB (Note 9)
Accounts receivable	–	510,091	Amount collected by EWRB from borrowers on behalf of the Parent Company that remained unremitted and other related expenses shouldered by the Parent Company on behalf of the Subsidiaries
Accounts receivable	–	244,637	Receivables from subsidiaries which represent expenses shouldered by Parent Company
Deposit liabilities	–	441,250	Earns interest at the respective bank deposit rates
Deposits	103,935,766	–	
Withdrawals	103,700,130	–	
Accounts payable	–	40,410	Cash reloading transactions between EWRB and the Parent Company

(Forward)

Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
		2022	
Interest expense	956	–	Interest expense on deposits of EWRB and EWIB
Interest income	3,738	–	Interest income on loans receivable
Service fee expense	56,159	–	Service fees paid to EWRB for account servicing equivalent to 0.37% of loan amounts collected by EWRB on behalf of the Parent Company for the receivables purchased (Note 9) and for collection of credit card payments
Service fee income	995	–	Service fees paid by EWRB for account servicing equivalent to 0.37% of loan amounts collected by the Parent Company on behalf of EWRB for the receivables sold (Note 9)
Commission expense			Commission expense paid by the Parent Company to QMIS
Rent income	41,153		Rent of office space leased to subsidiaries

Transactions with Retirement Plans

Under PFRS, certain post-employment benefit plans are considered as related party transactions. The Parent Company's retirement plan is in the form of a trust administered by the Parent Company's Trust Division under the supervision of the Retirement Committee.

The values of the assets of the fund are as follows:

	2023	2022
Cash and cash equivalents	**₱450,032**	₱326,440
Equity instruments	**731,196**	660,931
Debt instruments	**101,471**	129,847
Others	**1,462**	1,717
	₱1,284,161	₱1,118,935

The following are the amounts recognized by the retirement plan arising from its transactions with the Parent Company for the years ended December 31, 2023, 2022 and 2021.

	2023	2022	2021
Trust fees	**₱3,524**	₱3,490	₱3,508
Interest income on deposit liabilities	**2,746**	1,213	453
Interest income on debt securities	**6,162**	6,825	7,425
Gain (loss) on investments in equity shares	**87,315**	(104,368)	(53,053)

Remunerations of Directors and other Key Management Personnel

Total remunerations of key management personnel are as follows:

	Consolidated			**Parent Company**		
	2023	2022	2021	**2023**	2022	2021
Short-term employee benefits	**₱334,404**	₱280,924	₱245,576	**₱303,943**	₱221,361	₱224,658
Post-employment benefits	**16,321**	59,120	6,847	**16,321**	59,120	6847
	₱350,725	₱340,044	₱252,423	**₱320,264**	₱280,481	₱231,505

Remunerations given to directors which were approved by the Board Remuneration Committee amounted to ₱26.32 million in 2023, ₱22.94 million in 2022, ₱21.54 million in 2021 for the Group and the Parent Company.

29. Trust Operations

Securities and other properties held by the Parent Company in fiduciary or agency capacity for clients and beneficiaries are not included in the accompanying statements of financial position since these are not assets of the Parent Company. The combined trust and managed funds of the Trust Department of the Parent Company amounted to ₱61.53 billion billion and ₱52.42 billion as of December 31, 2023 and 2022, respectively.

Government securities with total face value of ₱610.00 million and ₱540.00 million as of December 31, 2023 and 2022, respectively, are deposited with the BSP in compliance with current banking regulations related to the Parent Company's trust functions. These government securities are recorded as part of investment securities at FVTPL and at amortized cost as of December 31, 2023 and 2022, respectively.

In accordance with BSP regulations, 10.00% of the profits realized by the Parent Company from its trust operations are appropriated to surplus reserves. The yearly appropriation is required until the surplus reserves for trust operations amounts to 20.00% of the Parent Company's authorized capital stock.

The Parent Company's income from its trust operations amounted to ₱126.73 million, ₱121.23 million, ₱99.83 million in 2023, 2022 and 2021, respectively. For the years ended December 31, 2023, 2022 and 2021, the Parent Company appropriated ₱12.67 million, ₱12.12 million, ₱9.98 million, respectively.

30. Commitments and Contingent Liabilities

In the normal course of the Group's operations, there are various outstanding commitments and contingent liabilities which are not reflected in the accompanying financial statements. The Group does not anticipate material unreserved losses as a result of these transactions.

The Group has several loan related suits, assessments or notices, and claims that remain unsettled. It is not practicable to estimate the potential financial impact of these contingencies. However, in the opinion of management, the suits and claims, if decided adversely, will not involve sums having a material effect on the Group's financial statements.

Commitments and Contingencies

The following is a summary of commitments and contingencies of the Parent Company at their peso-equivalent contractual amounts arising from off-balance sheet items:

	2023	2022
Unused credit lines	**₱190,658,891**	₱146,356,010
Trust department accounts (Note 29)	**61,529,662**	52,422,147
Broker customer securities	**40,840,802**	36,862,504
Spot exchange sold	**11,991,023**	3,539,459
Forward exchange sold	**7,640,848**	18,762,151
Forward exchange bought	**4,721,303**	8,028,431
Spot exchange bought	**3,978,326**	3,206,847
Unused commercial letters of credit	**3,509,978**	3,452,146
Inward bills for collection	**512,802**	618,142
Outstanding guarantees	**496,103**	618,749
Treasurer/cashier/manager's checks	**461,311**	138,621
Late deposits/payments received	**8,103**	7,358
Outward bills for collection	**4,398**	9,486
Items held for safekeeping	**934**	1,035
Others	**167**	159

31. Financial Performance

Earnings per share amounts were computed as follows:

		2023	2022	2021
a.	Net income attributable to equity holders of the Parent Company	**₱6,083,296**	₱4,625,325	₱4,515,036
b.	Weighted average number of outstanding common shares by the Parent Company, including effect of stock dividends issued in 2019 (Note 23)	**2,249,975**	2,249,975	2,249,975
c.	Basic and diluted EPS (a/b)	**2.70**	₱2.06	₱2.01

The Group's basic and diluted earnings per share are equal as there are no potential dilutive shares outstanding.

32. Offsetting of Financial Assets and Liabilities

PFRS 7 requires the Group to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments subject to enforceable master netting agreements or similar arrangements. The effects of these arrangements are disclosed in the succeeding tables.

Financial assets

31-Dec-23						
Financial assets recognized atend of reporting period by type	**Gross carryingamounts (before offsetting)**	**Gross amounts offset in accordance with the offsetting criteria**	**Net amount presented in statements of financial position [a-b]**	**Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria**		**Net exposure [c-d]**
				Financial Instruments	**Fair value of financial collateral**	
	[a]	**[b]**	**[c]**	**[d]**		**[e]**
SPURA (Note 7)	**₱15,976,310**	**₱–**	**₱15,976,310**	**₱–**	**₱15,976,310**	**₱ -**
Derivative assets (Note 5)	**21,812**	**-**	**21,812**	**(1)**	**-**	**21,811**
Total	**₱15,998,122**	**₱–**	**₱15,998,122**	**(₱1)**	**₱15,976,310**	**₱21,811**

31-Dec-22						
Financial assets recognized atend of reporting period by type	Gross carryingamounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial Instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
SPURA (Note 7)	₱–	₱–	₱–	₱–	₱–	₱–
Derivative assets (Note 5)	18,750	–	18,750	(1)	–	18,749
Total	₱18,750	₱–	₱18,750	(₱1)	–	₱18,749

Financial liabilities

31-Dec-23						
Financial liabilities recognized atend of reporting period by type	**Gross carryingamounts (before offsetting)**	**Gross amounts offset in accordance with the offsetting criteria**	**Net amount presented in statements of financial position [a-b]**	**Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria**		**Net exposure [c-d]**
				Financial Instruments	**Fair value of financial collateral**	
	[a]	**[b]**	**[c]**	**[d]**		**[e]**
Derivative liabilities (Note 5)	**₱103,083**	**₱–**	**₱103,083**	**₱–**	**₱–**	**₱103,083**
SSURA (Note 17)	**14,663,678**	**–**	**14,663,678**	**–**	**17,202,332**	**–**
Total	**₱14,766,761**	**₱–**	**₱14,766,761**	**₱–**	**₱17,202,332**	**₱103,083**

31-Dec-22						
Financial liabilities recognized atend of reporting period by type	Gross carryingamounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial Instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative liabilities (Note 5)	₱107,835	₱–	₱107,835	–	–	₱107,835
SSURA (Note 17)	6,705,236	–	6,705,236	–	15,195,386	–
Total	₱6,813,071	₱–	₱6,813,071	–	₱15,195,386	₱107,835

The amounts disclosed in column (d) include those rights to set-off amounts that are only enforceable and exercisable in the event of default, insolvency or bankruptcy. These include amounts related to financial collateral both received and pledged, whether cash or non-cash collateral, excluding the extent of over-collateralization.

33. Notes to Statement of Cash Flows

Transfers from loans and receivables to investment properties as a result of foreclosures amounted to ₱274.52 million, ₱101.44 million, ₱61.23 million in 2023, 2022 and 2021 respectively, for the Group and the Parent Company. Transfers from loans and receivables to other repossessed assets as a result of foreclosures amounted to ₱3.99 billion, to ₱4.61 billion, ₱7.11 billion in 2023, 2022 and 2021 respectively, for the Group and the Parent Company. Amounts mentioned are inclusive of loss on asset foreclosure and dacion transactions amounting to ₱614.53 million, ₱9.45 million, ₱524.82 million in 2023, 2022 and 2021, respectively, for the Group and the Parent Company.

The table below provides for the changes in liabilities arising from financing activities:

	Consolidated				
	Bills and acceptances payable (Note 17)	**Subordinated debt** (Note 20)	**Lease Liability** (Note 27)	**Bonds Payable** (Note 19)	**Total liabilities from financing activities**
Balances at January 1, 2023	**₱6,761,456**	**₱–**	**₱4,378,945**	**₱3,698,439**	**₱14,838,840**
Cash flows	**8,642,250**	**-**	**(1,066,269)**	**(3,698,439)**	**3,877,542**
Additional leases	–	–	**2,422,969**	–	**2,422,969**
Amortization of discount/ accretion of interest	–	–	**337,696**	–	**337,696**
Balances at December 31, 2023	**₱15,403,706**	**₱–**	**₱6,073,341**	**₱–**	**₱21,477,047**

	Consolidated				
	Bills and acceptances payable (Note 17)	Subordinated debt (Note 20)	Lease Liability (Note 27)	Bonds Payable (Note 19)	Total liabilities from financing activities
Balances at January 1, 2022	₱98,150	₱1,241,964	₱3,106,320	₱3,687,686	₱8,134,120
Cash flows	6,663,306	(1,241,964)	(1,093,642)	–	4,327,700
Additional leases	–	–	2,125,913	–	2,125,913
Amortization of discount/ accretion of interest	–	–	240,354	10,753	251,107
Balances at December 31, 2022	₱6,761,456	₱–	₱4,378,945	₱3,698,439	₱14,838,840

	Parent Company				
	Bills and acceptances payable (Note 17)	**Subordinated debt** (Note 20)	**Lease Liability** (Note 27)	**Bonds Payable** (Note 19)	**Total liabilities from financing activities**
Balances at Janaury 1, 2023	**₱6,761,456**	**₱–**	**₱4,107,058**	**₱3,698,439**	**₱14,566,953**
Cash flows	**8,642,250**	**–**	**(948,236)**	**(3,698,439)**	**3,995,575**
Additional leases	**–**	**–**	**2,365,221**	**–**	**2,365,221**
Amortization of discount/ accretion of interest	**–**	**–**	**321,122**	**–**	**321,122**
Balances at December 31, 2023	**₱15,403,706**	**₱–**	**₱5,845,165**	**₱–**	**₱21,248,871**

	Parent Company				
	Bills and acceptances payable (Note 17)	Subordinated debt (Note 20)	Lease Liability (Note 27)	Bonds Payable (Note 19)	Total liabilities from financing activities
Balances at Janaury 1, 2022	₱98,150	₱–	₱2,791,079	₱3,687,686	₱6,576,915
Cash flows	6,663,306	–	(980,866)	–	5,682,439
Additional leases	–	–	2,076,488	–	2,076,488
Amortization of discount/ accretion of interest	–	–	220,357	10,753	231,110
Balances at December 31, 2022	₱6,761,456	₱–	₱4,107,058	₱3,698,439	₱14,566,953

34. Events Subsequent to the Reporting Period

There have been no events subsequent to December 31, 2023 that the Group and the Parent Company need to report.

35. Approval of the Financial Statements

The accompanying financial statements of the Group and the Parent Company were reviewed by the Audit Committee on March 14, 2024 and were approved and authorized for issue by the Parent Company's BOD on March 21, 2024.

36. Supplementary Information Required Under Section 174 of the Manual of Regulations for Banks (MORB)

Financial Performance Indicators

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Return on average equity	**9.49%**	7.68%	7.86%	**9.49%**	7.68%	7.86%
Return on average assets	**1.37%**	1.12%	1.11%	**1.44%**	1.18%	1.17%
Net interest margin on average earning assets	**7.62%**	7.13%	6.47%	**7.26%**	6.51%	6.14%

Capital Instruments

There are no capital instruments issued by the Group and Parent Company in 2023 and 2022.

Capital Stock

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

	Shares			Amount		
	2023	2022	2021	**2023**	2022	2021
Authorized:						
Common stock - 10.00 par value	**4,500,000,000**	4,500,000,000	4,500,000,000			
Preferred stock - 10.00 par value	**500,000,000**	500,000,000	500,000,000			
Common stock issued and outstanding:						
Balance at the beginning of the year	**2,249,975,411**	2,249,975,411	2,249,975,411	**22,499,754**	22,499,754	22,499,754
Issuance of stock dividends	**–**	–	–	**–**	–	–
Balance at the end of the year	**2,249,975,411**	2,249,975,411	2,249,975,411	**22,499,754**	22,499,754	22,499,754

Unsecured subordinated debt

Lower Tier 2 unsecured subordinated notes due 2027

On February 20, 2017, EWRB issued 5.50% coupon rate Lower Tier 2 unsecured subordinated note (the 2027 Notes) with par value of ₱1.25 billion, maturing on August 20, 2027 but callable on August 20, 2022.

Unless the 2027 Notes are previously redeemed, the 2027 Notes are repayable to the Noteholders at 100.00% of their face value or at par on the maturity date of August 20, 2027.

From and including the issue date to, but excluding the optional redemption date of August 20, 2022, the 2027 Notes bear interest at the rate of 5.50% per annum and shall be payable quarterly in arrears on February 20, May 20, August 20, and November 20 of each year, which commenced on February 20, 2017. Unless the 2027 Notes are previously redeemed, the interest rate will be reset at the equivalent of the prevailing 5-year BVAL at reset date plus initial spread (i.e., the difference between the initial interest rate and the prevailing 5-year BVAL at the pricing date of the initial tranche), commencing on August 20, 2022.

The 2027 Notes are redeemable at the option of EWRB, in whole but not in part, on the call option date at 100.00% of the face value plus accrued but unpaid interest, subject to the following conditions:

a) EWRB has obtained prior written approval and complied with the requirements of the BSP prior to redemption of the 2027 Notes;
b) the 2027 Notes are replaced with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of EWRB, or EWRB demonstrates that its capital position is above the minimum capital requirements after redemption is exercised;
c) EWRB is not in breach of (and would not, following such redemption, be in breach) of applicable regulatory capital requirements (including regulatory capital buffers);
d) EWRB is solvent at the time of redemption of the 2027 Notes and immediately thereafter.

Furthermore, upon the occurrence of a Tax Redemption Event or a Regulatory Redemption Event, the EWRB may, subject to compliance with BSP rules and BSP approval, and upon prior approval of the BSP and with prior written notice to the Noteholders on record, redeem all and not less than all of the outstanding 2027 Notes prior to the stated maturity by paying the Noteholder the Redemption Option Amount which, (a) in the case of a Tax Redemption Event is an amount equal to 100.00% of the face value of the 2027 Notes plus accrued interest at the interest rate relating to the then current interest period up to but excluding the date of such redemption, and (b) in the case of a Regulatory Redemption Event is an amount equal to 100.00% of the face value of the 2027 Notes plus accrued interest at the interest rate relating to the then current Interest Period up to but excluding the date of such redemption (the “Redemption Option Date”).

The 2027 Notes have a loss absorption feature which means that the 2027 Notes are subject to a Non-Viability Write-Down in case of a Non-Viability Event. Non-viability is defined as a deviation from a certain level of Common Equity Tier 1 (CET1) Ratio or inability of the EWRB to continue business (closure) or any other event as determined by the BSP, whichever comes earlier. A Non-Viability Event is deemed to have occurred when EWRB is considered non-viable as determined by the BSP.

Upon the occurrence of a Non-Viability Event, EWRB shall write-down the principal amount of the 2025 Notes to the extent required by the BSP, which could go to as low as zero. Additional Tier 1 (AT1) capital instruments shall be utilized first before Tier 2 capital instruments are written-down, until the viability of the Issuer is re-established. In the event EWRB does not have AT1 capital instruments, then the write-down shall automatically apply to Tier 2 capital.

Loss absorption feature is subject to the following conditions:

a) the principal amount of all series of Tier 1 Loss Absorbing Instruments outstanding having been Written-Down to zero or converted into common equity of EWRB (where possible) irrevocably, in accordance with, and to the extent possible pursuant to, their terms (the "Tier 1 Write-Down");
b) the Tier 1 Write-Down having been insufficient to cure the Non-Viability Event;
c) EWRB giving the relevant Non-Viability Notice to the Public Trustee and the Registrar and Paying Agent.

Each Noteholder irrevocably agrees and acknowledges that it may not exercise or claim any right of set-off in respect of any amount owed to it by EWRB arising under or in connection with the 2027 Notes and it shall, to the fullest extent permitted by applicable law, waive and be deemed to have waived all such rights of set-off.

On June 24, 2022, the EWRB's Board of Directors unanimously approved under Resolution No. 002-007 EWRB 2022 the exercise of the Call Option for TIER2 on August 22, 2022. Issued principal is 1.25 Billion at 5.5% coupon rate with 385 noteholders. On August 1, 2022, BSP approved the exercise of the call option. Redemption date was on August 20, 2022 and was settled on August 22, 2022.

Significant credit exposures as to industry/economic sector

As of December 31, 2023 and 2022, information on the loan concentration as to industry (after unearned discounts and unamortized modification losses, but before allowance for credit losses) follows:

	Consolidated				Parent Company			
	2023		2022		**2023**		2022	
	Gross Amount	**%**	**Gross Amount**	%	**Gross Amount**	**%**	**Gross Amount**	%
Private households with employed persons	**₱212,499,312**	**68.87**	₱170,124,373	62.93	**₱193,641,808**	**69.23**	₱157,079,482	62.83
Real estate, renting and business activity	**24,703,996**	**8.01**	26,645,121	9.86	**24,673,321**	**8.82**	26,610,686	10.64
Wholesale and retail trade, repair of motor vehicles	**22,786,921**	**7.39**	22,551,473	8.34	**22,778,412**	**8.14**	22,542,818	9.02
Financial intermediaries	**10,022,249**	**3.25**	10,465,267	3.87	**9,931,261**	**3.55**	10,507,965	4.20
Education	**9,803,173**	**3.18**	7,293,006	2.70	146,845	0.05	202,823	0.07
Manufacturing	**7,449,135**	**2.41**	9,714,244	3.60	**7,440,705**	**2.66**	9,705,828	3.88
Electricity, gas, steam and air-conditioning supply	**7,128,870**	**2.31**	8,504,601	3.15	**7,128,254**	**2.55**	8,503,985	3.40
Other service activities	**3,736,544**	**1.21**	3,106,516	1.16	**3,683,352**	**1.32**	3,041,973	1.22
Accommodation and food service activities	**2,466,181**	**0.80**	2,468,071	0.91	**2,464,580**	**0.88**	2,466,471	0.99
Transportation and storage	**2,136,776**	**0.69**	2,514,589	0.93	**2,136,776**	**0.76**	2,514,589	1.01
Government and foreign sovereign	**1,535,700**	**0.50**	1,161,282	0.43	**1,483,752**	**0.53**	1,108,003	0.44
Construction	**1,509,341**	**0.49**	2,223,701	0.82	**1,504,852**	**0.54**	2,220,848	0.89
Agriculture, fisheries and forestry	**829,046**	**0.27**	814,372	0.30	**813,386**	**0.29**	797,314	0.32
Administrative and support service activities	**550,605**	**0.18**	422,712	0.16	**550,605**	**0.20**	422,713	0.17
Holding	**72,204**	**0.02**	72,706	0.03	**72,204.00**	**0.03**	72,706	0.03
Others****	**1,309,133**	**0.42**	2,237,591	0.83	**1,272,738**	**0.45**	2,215,681	0.97
	₱308,539,186	**100.00**	₱270,319,625	100.00	**₱279,722,851**	**100.00**	₱250,013,885	100.00

**Includes Arts and recreation activities, mining and quarrying, human health and social activities, and information and communication*

Breakdown of total loans as to security and status

The following table shows the breakdown of receivable from customers (after unearned discounts and unamortized modification losses, but before allowance for credit losses) as to secured and unsecured and the breakdown of secured receivables from customers as to the type of security as of December 31, 2023 and 2022:

	Consolidated				Parent Company			
	2023		2022		**2023**		2022	
	Gross Amount	**%**	Gross Amount	%	**Gross Amount**	**%**	Gross Amount	%
Loans secured by:								
Chattel	**₱81,558,366**	**27.47**	₱66,580,479	25.73	**₱81,289,791**	**30.28**	₱66,318,606	27.79
Real estate	**22,569,967**	**7.60**	25,113,211	9.71	**22,496,871**	**8.38**	25,058,827	10.50
Others*	**15,516,687**	**5.23**	15,972,417	6.17	**15,515,194**	**5.78**	15,966,016	6.69
	119,645,020	**40.30**	107,666,107	41.61	**119,301,856**	**44.44**	107,343,449	44.97
Unsecured	**177,232,351**	**59.70**	151,066,106	58.39	**149,155,380**	**55.56**	131,332,413	55.03
	₱296,877,371	**100.00**	₱258,732,213	100.00	**₱268,457,236**	**100.00**	₱238,675,862	100.00

**Consists of government securities, corporate bonds, shares of stock, hold-out on deposits, assignment of receivables etc.*

Breakdown of total loans as to status

BSP Circular No. 351 allows banks to exclude from non-performing classification receivables classified as 'Loss' in the latest examination of the BSP which are fully covered by allowance for credit losses, provided that interest on said receivables shall not be accrued and that such receivables shall be deducted from the total receivable portfolio for purposes of computing NPLs. Subsequently, the BSP issued BSP Circular No. 772, which requires banks to compute their net NPLs by deducting the specific allowance for credit losses on the total loan portfolio from the gross NPLs. The specific allowance for credit losses shall not be deducted from the total loan portfolio in computing the NPL ratio.

As of December 31, 2023 and 2022, NPLs of the Group and of the Parent Company as reported to the BSP follow:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Gross NPLs	**₱16,362,581**	₱19,196,209	**₱14,621,911**	**₱17,506,941**
Less NPLs fully covered by allowance for credit losses	**(6,021,421)**	(7,381,276)	**(5,618,842)**	(7,167,351)
	₱10,341,160	₱11,814,932	**₱9,003,069**	**₱10,339,590**

As of December 31, 2022 and 2021, secured and unsecured NPLs of the Group and of the Parent Company as reported to the BSP follow:

	Consolidated		Parent Company	
	2023	2022	**2023**	2022
Secured	**₱8,363,742**	₱10,494,625	**₱8,307,621**	₱10,431,213
Unsecured	**7,998,839**	8,701,583	**6,314,290**	7,075,728
	₱16,362,581	₱19,196,209	**₱14,621,911**	₱17,506,941

Information on Related Party Loans

As required by BSP, the Group discloses loan transactions with investees and with certain directors, officers, stockholders and related interests (DOSRI). Existing banking regulations limit the amount of individual loans to DOSRI, 70.00% of which must be secured, to the total of their respective deposits and book value of their respective investments in the lending company within the Group. In the aggregate, loans to DOSRI generally should not exceed total equity or 15.00% of total loan portfolio, whichever is lower.

BSP Circular No. 423 dated March 15, 2004 amended the definition of DOSRI accounts. The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts under regulations existing prior to said Circular, and new DOSRI loans, other credit accommodations granted under said circular:

	Consolidated			Parent Company		
	2023	2022	2022	**2023**	2022	2021
Total outstanding DOSRI loans	**₱12,299,080**	₱13,510,710	₱11,600,943	**₱12,299,080**	₱13,510,710	₱11,600,484
Percent of DOSRI loans to total loans	**4.143%**	5.23%	5.37%	**4.581%**	5.66%	6.08%
Percent of unsecured DOSRI loans to total DOSRI loans	**0.04%**	0.04%	0.20%	**0.04%**	0.04%	0.20%
Percent of past due DOSRI loans to total DOSRI loans	**0.000%**	0.00%	0.00%	**0.000%**	0.00%	0.00%
Percent of nonperforming DOSRI loans to total DOSRI loans	**0.000%**	0.00%	0.00%	**0.000%**	0.00%	0.00%

	Consolidated			Parent Company		
	2023	2022	2021	**2023**	2022	2021
Total outstanding Related Party loans (inclusive of DOSRI loans)	**₱12,440,264**	₱14,137,783	₱11,691,489	**₱12,440,264**	₱14,137,783	₱11,691,489
Percent of Related Party loans to total loans	**4.190%**	5.47%	5.41%	**4.634%**	5.92%	6.12%
Percent of unsecured Related Party loans to total Related Party Loans	**0.650%**	0.48%	0.67%	**0.650%**	0.48%	0.67%
Percent of past due Related Party Loans to total Related Party Loans	**0.000%**	0.00%	0.00%	**0.000%**	0.00%	0.00%
Percent of nonperforming Related Party Loans to total Related Party Loans	**0.000%**	0.00%	0.00%	**0.000%**	0.00%	0.00%

The amounts of loans disclosed for related parties above differ with the amounts disclosed for key management personnel since the composition of DOSRI is more expansive than that of key management personnel.

BSP Circular No. 560 provides that the total outstanding loans, other credit accommodation and guarantees to each of the Parent Company's/quasi-Parent Company's subsidiaries and affiliates shall not exceed 10.00% of the net worth of the lending bank/quasi-bank, provided that the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding loans, credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank/quasi-bank; and the subsidiaries and affiliates of the lending bank/quasi-bank are not related interest of any director, officer and/or stockholder of the lending institution, except where such director, officer or stockholder sits in the BOD or is appointed officer of such corporation as representative of the bank/quasi-bank.

On May 12, 2009, BSP issued Circular No. 654 allowing a separate individual limit of twenty-five (25.00%) of the net worth of the lending bank/quasi-bank to loans of banks/quasi-banks to their subsidiaries and affiliates engaged in energy and power generation.

Aggregate amount of secured liabilities and assets pledged as security
As of December 31, 2023, SSURA amounting to ₱14.66 billion are secured by a pledge investment securities at amortized cost with face value of ₱17.69 billion and fair value of ₱17.20 billion.

As of December 31, 2022, SSURA amounting to ₱6.71 billion are secured by a pledge investment securities at amortized cost with face value of ₱18.23 billion and fair value of ₱15.20 billion.

Commitments and Contingencies
The following is a summary of commitments and contingencies of the Parent Company at their peso-equivalent contractual amounts arising from off-balance sheet items:

	2023	2022
Unused credit lines	**₱190,658,891**	₱146,356,010
Trust department accounts (Note 29)	**61,529,662**	52,422,147
Broker customer securities	**40,840,802**	36,862,504
Spot exchange sold	**11,991,023**	3,539,459
Forward exchange sold	**7,640,848**	18,762,151
Forward exchange bought	**4,721,303**	8,028,431
Spot exchange bought	**3,978,326**	3,206,847
Unused commercial letters of credit	**3,509,978**	3,452,146
Inward bills for collection	**512,802**	618,142
Outstanding guarantees	**496,103**	618,749
Treasurer/cashier/manager's checks	**461,311**	138,621
Outward bills for collection	**4,398**	9,486
Late deposits/payments received	**8,103**	7,358
Items held for safekeeping	**934**	1,035
Others	**167**	159

37. Supplementary Information Required Under Revenue Regulations No. 15-2010

On November 25, 2010, the BIR issued Revenue Regulations No. 15-2010, requiring the inclusion of information on various taxes paid and accrued during the taxable year in the notes to the financial statements.

The Parent Company reported and/or paid the following types of taxes for the year ended December 31, 2023:

Gross Receipts Tax
The Parent Company is subject to gross receipt tax on its gross income from Philippine sources. Gross receipt tax is imposed on interest, commissions, and discounts from lending activities at 5.00% or 1.00%, depending on the remaining maturities of instruments from which such receipts are derived, and at 7.00% on non-lending fees and commissions, net trading and foreign exchange gains and other items constituting gross income.

In FCDU, income classified under 'All Other', which is subject to corporate income tax is also subject gross receipt tax at 7.00%.

Details of the Parent Company's income and gross receipt tax accounts in 2023 are as follows:

	Gross Receipts	Gross Receipts Tax
Income derived from lending activities	₱29,885,213	₱1,358,328
Other income	2,976,995	208,389
	₱32,862,208	₱1,566,717

Other Taxes and Licenses

This includes all other taxes, local and national, incurred in 2023 and presented under in the statement of income, as follows:

Documentary stamps taxes	₱377,399
Local taxes, permits and fees	78,916
Fringe benefit taxes	26,823
Others	23,929
	₱507,067

Withholding Taxes

Details of withholding taxes remitted and balances as of December 31, 2023 follow:

	Total Remittances	Balance
Withholding taxes on compensation and benefits	₱754,522	₱36,999
Expanded withholding taxes	247,001	30,324
Final withholding taxes	741,574	67,347
	₱1,743,097	₱134,670

The Parent Company has no outstanding assessments from the BIR as of December 31, 2023.

Tax Assessments and Cases

As of December 31, 2023, the Parent Company has no deficiency tax assessment and has no tax cases, litigation and/or prosecution in courts or bodies outside the BIR.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
East West Banking Corporation
East West Corporate Center
The Beaufort, 5th Avenue corner 23rd Street
Fort Bonifacio Global City
Taguig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of East West Banking Corporation (the Bank) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, included in this Form 17-A, and have issued our report thereon dated March 21, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Bank's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Veronica Mae A. Arce
Partner
CPA Certificate No. 0117208
Tax Identification No. 234-282-413
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-135-2021, November 10, 2021, valid until November 9, 2024
PTR No. 10079902, January 5, 2024, Makati City

March 21, 2024

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
East West Banking Corporation
East West Corporate Center
The Beaufort, 5th Avenue corner 23rd Street
Fort Bonifacio Global City
Taguig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of East West Banking Corporation (the Bank) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and have issued our report thereon dated March 21, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Bank's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Bank's financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Veronica Arce

Veronica Mae A. Arce
Partner
CPA Certificate No. 0117208
Tax Identification No. 234-282-413
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-135-2021, November 10, 2021, valid until November 9, 2024
PTR No. 10079902, January 5, 2024, Makati City

March 21, 2024

ANNEX I

EAST WEST BANKING CORPORATION
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2023

Unappropriated Retained Earnings, beginning of the reporting period		**₱33,829,468**
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend Declaration during the reporting period	(922,491)	
Retained Earnings appropriated during the reporting period	(12,673)	(935,164)
Unappropriated Retained Earnings, as adjusted		**32,894,304**
Add/Less: Net Income (loss) for the current year		**6,083,296**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized foreign exchange gains (losses), except those attributable to cash and cash equivalents	87,387	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	187,070	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	460,899	
Subtotal		**735,356**
Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	(789,518)	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	(220,637)	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	(7,084)	
Subtotal		**(1,017,239)**
Adjusted Net Income/Loss		**₱4,330,701**

(Forward)

Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax asset not considered in the reconciling items under previous categories	**(**₱408,026)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction	(47,678)	
Subtotal		**(455,704)**
Total Retained Earnings, end of the reporting period available for dividend		**₱36,769,301**

ANNEX II

EAST WEST BANKING CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL RATIOS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

Below are the financial ratios that are relevant to the Group for the year ended December 31, 2023 and 2022:

	2022	2022
Current ratio(1)	**59.70%**	49.94%
Solvency ratio(2)	**116.92%**	116.94%
Debt-to-equity(3)	**5.91**	5.90
Asset-to-equity(4)	**6.91**	6.90
Interest rate coverage ratio(5)	**118.79%**	216.76%
Profitability ratio		
Return on asset(6)	**1.37%**	1.12%
Return on equity(7)	**9.49%**	7.68%
Net profit margin(8)	**7.62%**	7.13%
Gross profit margin(9)	**81.67%**	89.30%

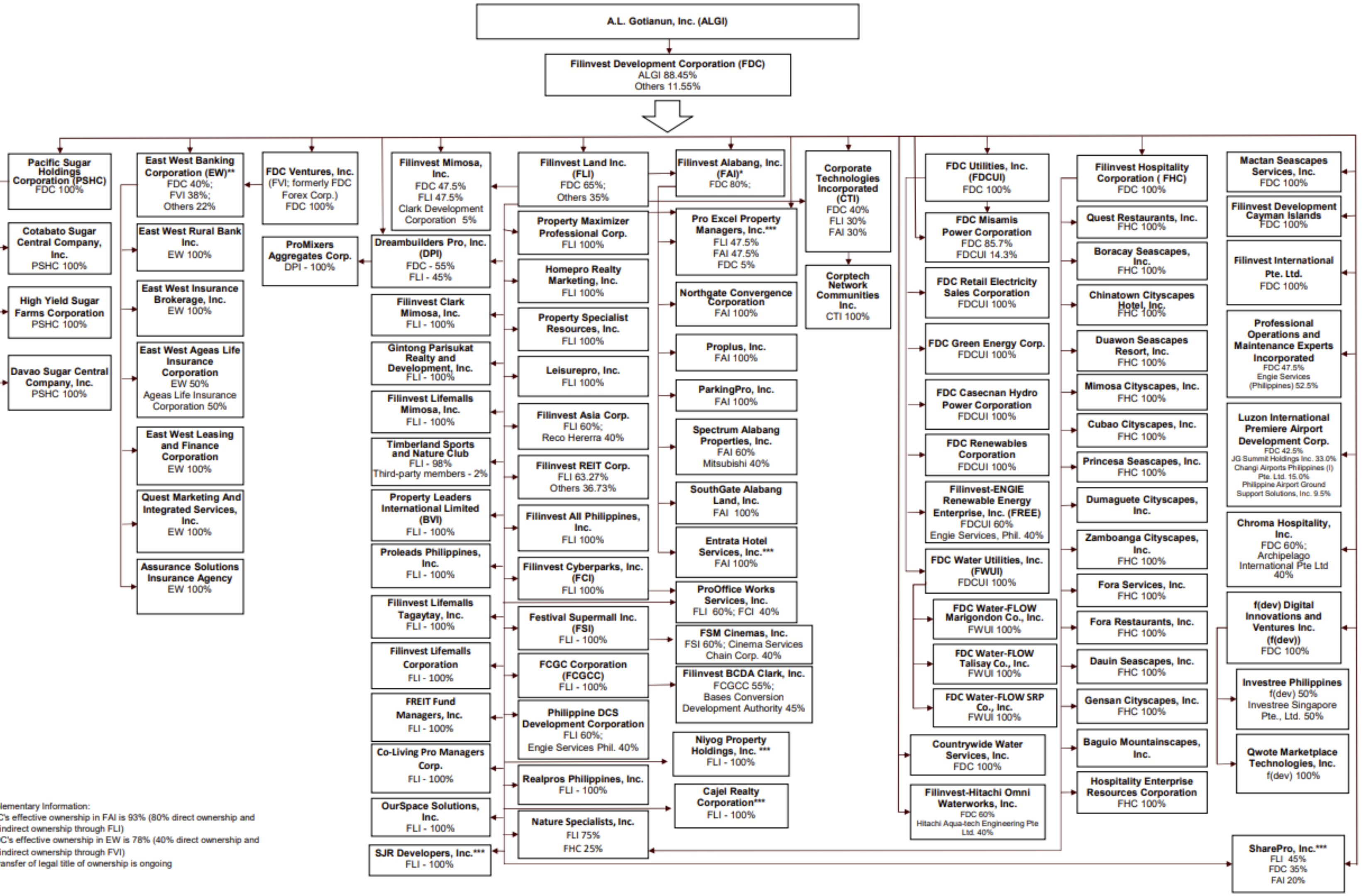
1 Current assets divided by current liabilities
2 Total assets divided by total liabilities
3 Total liabilities divided by total equity
4 Total assets divided by total equity
5 Income before interest and taxes divided by interest expense
6 Net income divided by average total assets. Average total assets is based on average monthly balances
7 Net income attributable to equity holders of the Parent Company divided by average total equity attributable to equity holders of the Parent Company. Average total equity is based on average monthly balances
8 Income before income tax over total interest income
9 Net interest income over total interest income

EAST WEST BANKING CORPORATION AND SUBSIDIARIES

CONGLOMERATE MAP

AS OF DECEMBER 31, 2023

Below is a map showing the relationship between and among the Group and its ultimate parent company, subsidiaries, and affiliate as of December 31, 2023:



Supplementary Information:
* FDC's effective ownership in FAI is 93% (80% direct ownership and 13% indirect ownership through FLI)
** FDC's effective ownership in EW is 78% (40% direct ownership and 38% indirect ownership through FVI)
*** Transfer of legal title of ownership is ongoing

ANNEX IV

EAST WEST BANKING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED UNDER SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2023

Below are the additional information and schedules required by SRC Rule 68, as amended that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets

Below is the detailed schedule of the Group's financial assets as of December 31, 2023:

Name of issuing entity and association of each issue	Number of shares/principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation at end of year	Income received and accrued
Financial assets at Fair Value through Profit or Loss				
Debt securities				
Fixed Rate Treasury Notes (FXTN)	**3,327,620**	**3,445,321**	**3,445,321**	**114,434**
Petroleos Mexicanos (PEMEX)	**553,700**	**395,746**	**395,746**	**41,756**
Republic of the Philippines (ROP)	-	-	-	**53,399**
Retail Treasury Bond (RTB)	**104,374**	**102,515**	**102,515**	**10,687**
Treasury Bills (TBILL)	**115,100**	**114,654**	**114,654**	-
Perusahaan Listrik Negara (PLINJ)	-	-	-	-
Bureau of Treasury (ODTH)	-	-	-	-
Republic of Indonesia (INDON)	-	-	-	-
Saudi Arabian Bonds (KSA)	-	-	-	-
US Treasury Notes (UST)	-	-	-	-
Aboitiz Equity Ventures	-	-	-	-
South African Bond	-	-	-	-
SM Prime Holdings	-	-	-	-
Rizal Commercial Banking Corp (RCBC)	-	-	-	-
Retai Dollor Bond (RDB)	-	-	-	-
Filinvest Land Inc	-	-	-	-
ROP warrants				
Citibank Mla	**73**	**43,707**	**43,707**	-
Equity Securities				
Victorias Milling Corporation	**166**	**166**	**166**	-
LGU Guarantee Corporation	**10,213**	**10,213**	**10,213**	-
	4,111,247	**4,112,322**	**4,112,322**	**220,277**

Name of issuing entity and association of each issue	Number of shares/principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation at end of year	Income received and accrued
Investment Securities at Amortized Cost				
Debt Securities				
Fixed Rate Treasury Notes (FXTN)	**23,394,639**	**22,948,241**	**21,922,035**	**1,199,155**
Pertamina Persero (PERTIJ)	-	-	-	-
Petroleos Mexicanos (PEMEX)	**575,848**	**554,343**	**368,802**	**38,990**
Republic of the Philippines (ROP)	**39,921,161**	**38,324,712**	**37,016,584**	**1,583,546**
Retail Treasury Bond (RTB)	**245,654**	**253,717**	**242,765**	**14,741**
SM Investment Corp (SMINVE)	**1,867,076**	**1,870,453**	**1,853,465**	**83,938**
Brazilian Government International Bond (BRAZIL)	-	-	-	-
Energy Development Corporation (EDCPM)	-	-	-	-
Mexican Global bonds (MEX)	-	-	-	-
Perusahaan Listrik Negara (PLINJ)	**1,896,423**	**1,705,253**	**1,856,578**	**111,130**
Qatar Bonds (QATAR)	-	-	-	-
Republic of Indonesia (INDON)	**8,640,489**	**9,459,419**	**9,616,728**	**457,167**
Republic of the Philippines Global Peso Noted (RP GPN)	**317,480**	**295,589**	**381,049**	**16,645**
Saudi Arabian Bonds (KSA)	-	-	-	-
	76,858,769	**75,411,727**	**73,258,006**	**3,505,312**

Name of issuing entity and association of each issue	Number of shares/principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation at end of year	Income received and accrued
Financial Assets at Fair Value through Other Comprehensive Income				
Debt Securities				
Fixed Rate Treasury Notes (FXTN)	**1,553,060**	**1,358,251**	**1,358,251**	**74,908**
Petroleos Mexicanos (PEMEX)	**442,960**	**316,597**	**316,597**	**33,394**
Republic of Indonesia (INDON)	**166,110**	**204,475**	**204,475**	**6,153**
Republic of the Philippines (ROP)	**8,737,699**	**8,845,914**	**8,845,914**	**137,737**
Retail Treasury Bond (RTB)	**550,000**	**558,413**	**558,413**	**31,011**
Rizal Commercial Banking Corp (RCBC)	**512,173**	**487,025**	**487,025**	**32,208**
Treasury Bills (TBILL)	-	-	-	-
BSP	-	-	-	-
Ayala Corp	**1,600,027**	**1,245,085**	**1,245,085**	**70,063**
First Pacific	**1,107,400**	**1,064,256**	**1,064,256**	**36,139**
International Container Terminal Services, Inc	**269,763**	**263,722**	**263,722**	**10,046**
JG Summit	**1,107,400**	**1,039,184**	**1,039,184**	**37,536**
Manila Water	**887,027**	**808,117**	**808,117**	**33,593**
Jollibee Food Corp	**553,146**	**519,648**	**519,648**	**24,001**
Aboitiz Equity Ventures	**1,384,250**	**1,310,013**	**1,310,013**	**52,286**
US Treasury Notes (UST)	-	-	-	-
Retail Dollar Bond (RDB)	**493,419**	**448,192**	**448,192**	**6,817**
Equity Securities				
Caliraya Golf Shares	**18,401**	**15,491**	**15,491**	-
Empire East Land Holdiings	-	**(423)**	**(423)**	-
	19,382,834	**18,483,960**	**18,483,960**	**585,893**
	100,352,850	**98,008,010**	**95,854,289**	**4,311,482**

Schedule B. Amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties)

As of December 31, 2023, amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties) amounted to ₱12.29 billion.

Schedule C. Amounts receivable from related parties which are eliminated during the consolidation of financial statements

Below is the schedule of receivables from related parties which are eliminated in the consolidated financial statements as of December 31, 2023:

	Balance at beginning of year	Additions	Collections	Balance at end of year
East West Rural Bank, Inc.	**₱ 198,375**	**₱ 63,908,806**	**₱ 64,007,728**	**99,453**
East West Insurance Brokerage, Inc.	**6,472**	**38,971**	**38,890**	**6,553**
East West Leasing and Finance Corporation	**1,248**	**172**	**-**	**1,420**
Assurance Solutions Insurance Agency, Inc.	**1,321**	**66**	**-**	**1,387**
Quest Marketing and Integrated Services, Inc.	**30,958**	**16,269**	**5,362**	**41,865**
	₱ 238,374	**₱ 63,964,284**	**₱ 64,051,980**	**₱ 150,678**

Schedule D. Intangible Assets

As of December 31, 2023, the goodwill and intangible assets in the Group's consolidated statements of financial position follow:

	Balance at beginning of year	Additions	Charged to cost and expenses	Balance at end of year
Goodwill	**₱ 3,877,289**	**₱-**	**₱-**	**₱ 3,877,289**
Branch licenses	**2,167,600**	**-**	**-**	**2,167,600**
Capitalized software	**730,709**	**246,660**	**189,527**	**787,843**
Customer relationship	**95,534**	**-**	**3,651**	**91,883**
Core deposits	**25,339**	**-**	**6,469**	**18,869**
	₱ 6,896,471	**₱ 246,660**	**₱ 199,647**	**₱ 6,943,484**

Schedule E. Long-term Debt

Details of the Group's long term debt* as of December 31, 2023 follow:

	Amount	Current	Noncurrent
Lower Tier 2 unsecured subordinated notes due 2025	₱–	₱–	₱–
Lower Tier 2 unsecured subordinated notes due 2027	₱–	₱–	₱–

Details of the Group's long term debt* as of December 31, 2023 follow:

	Amount	Current	Noncurrent

Lower Tier 2 unsecured subordinated notes due 2025	₱–	₱–	₱–
Lower Tier 2 unsecured subordinated notes due 2027	₱–	–	₱–

**Excludes long-term negotiable certificates of deposit that are classified as deposit liabilities in the statement of financial position*

Schedule F. Indebtedness to Related Parties (long term loan obligations to related parties)

The Group has no outstanding long term loan obligations to its related parties as of December 31, 2023.

Schedule G. Guarantees of Securities of Other Issuers

The Group does not have guarantees of securities of other issuers as of December 31, 2023.

Schedule H. Capital Stock

Below is the schedule of the Group's issued and outstanding capital stock as of December 31, 2023

	Number of Shares					
				Held by		
Title of issue	Authorized	Issued and outstanding as shown under related statement of financial position	Reserved for options, warrants, conversion and other rights	Related parties	Directors, Officers and Employees	Others
East West Banking Corporation - common shares	4,500,000	2,249,975	–	1,751,653	45,670	431,970

ANNEX F – Minutes of the 2023 Annual Stockholders' Meeting

MINUTES OF THE 2023 ANNUAL STOCKHOLDERS MEETING
OF
EAST WEST BANKING CORPORATION
April 24, 2023, 8:30 a.m.
Thru Webcast

Directors Present:

MR. JONATHAN T. GOTIANUN, Chairman
MR. ANTONIO C. MONCUPA, JR.,
MS. L. JOSEPHINE GOTIANUN-YAP
MS. JACQUELINE S. FERNANDEZ
MS. ISABELLE G. YAP
MR. WILSON L. SY
MR. GREGORIO U. KILAYKO
ATTY. ARMANDO L. SURATOS
MS. IMELDA B. CAPISTRANO
MS. CRISTINA QUE ORBETA
ATTY. JOSE MARIA G. HOFILEÑA

Directors Absent:

NONE

Also Present:

MR. JERRY G. NGO – Chief Executive Officer
ATTY. BENEDICTO M. VALERIO, JR. – Corporate Secretary

I. NATIONAL ANTHEM

The National Anthem was played at the beginning of the Annual Stockholder's Meeting.

2. CALL TO ORDER

Mr. Jonathan T. Gotianun, Chairman of the Board welcomed the stockholders and guests to the Bank's 2023 annual stockholders' meeting, which was an online-only event because of the current circumstances, similar to last year's annual meeting. He took the opportunity to thank the Bank's shareholders who have participated in the meeting through the Bank's voting in absentia system or the appointment of the Chairman as proxy.

The Chairman called the meeting to order and presided over the same. He informed that with him are Mr. Jerry G. Ngo, the Bank's CEO and Atty. Benedicto M. Valerio, Jr., Corporate Secretary. He acknowledged the presence of the directors and senior officers of the Bank.

Atty. Benedicto M. Valerio, Jr, Corporate Secretary, took the minutes of the proceedings.

3. CERTIFICATION OF NOTICE

The Chairman inquired from the Corporate Secretary about the sending of the required notice of the meeting to the stockholders.

The Corporate Secretary, Atty. Benedicto M. Valerio, Jr., certified: That in accordance with the SEC Notice dated March 14, 2023, the Notice of the Meeting together with the copies of the Information Statement and Audited Financial Statement of the Bank were posted on the Bank's website and disclosed thru PSE EDGE; The Notice of the Meeting was also published in the business section of the Business World and Manila Bulletin from March 30 to 31, 2022; and, that he is in possession of the Affidavit attesting to the foregoing fact.

Due to Proclamation No. 201 series of 2023, declaring 21 April 2023 as a national holiday in observance of Eid'l Fitr, the Annual Stockholders' Meeting was moved to today, 24 April 2023, pursuant to the Bank's By-Laws that if the date prescribed therein falls on a holiday, the Annual Stockholders' Meeting will be held on the next business day. The Notice of Postponement and subsequent rescheduling of meeting today was posted through PSE EDGE and the Company's website.

The Chairman directed the Corporate Secretary to attach the proof of compliance with the SEC Notice dated March 14, 2023, to the records of the meeting.

4. DETERMINATION OF QUORUM

The Chairman asked the Corporate Secretary about the presence of a quorum.

The Corporate Secretary certified to the Chairman that a quorum exists for the business at hand after determining that stockholders owning at least **1,846,990,708** shares representing 82.09% of the outstanding two-billion, two hundred forty-nine million, nine-hundred seventy-five thousand four hundred eleven **(2,249,975,411)** total outstanding are present in the meeting, to wit:

Proxy	-	1,772,658,015
Voting *in absentia*	-	1,000
Via Web Broadcast	-	74,331,693

The Chairman directed the Corporate Secretary to attach in the Minutes of the Meeting the report showing the number of shares represented in the meeting, their mode of attendance, and the percentage of the outstanding shares they own.

5. RULES OF CONDUCT AND VOTING PROCEDURE

Upon the instruction of the Chairman, the Corporate Secretary read the rules of conduct and procedure for voting in the meeting:

1. Stockholders who successfully registered under the shareholder registration system were provided the instructions to access the Bank's digital voting ballot as well as the virtual meeting;

2. The deadline for voting in absentia ad through proxy was on April 14, 2023;

3. After the voting, the Office of Corporate Secretary together with the Bank's Stock Transfer Agent tabulated all votes cast in absentia and well as via proxy.

4. The results of the voting will be reported after each item is taken up during the meeting;

5. The stockholders were also given up to April 14, 2023, to submit any questions or comments they may have; and,

6. The video and audio of the entire proceeding will be recorded.

6. APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING ON APRIL 22, 2022.

The next item on the Agenda is the approval of the minutes of the April 22, 2022, Annual Stockholders' Meeting. The Corporate Secretary certified that a copy of the aforesaid minutes was made available on the Bank's website and a copy thereof was attached to the Bank's Information Statement.

That based on the tabulation of the votes that were cast, shareholders owning 1,772,658,015 shares, or 95.98% of the total shares represented in the meeting voted to approve the minutes of the annual meeting on April 22, 2022.

The vote tabulation was shared on the screen of the web meeting:

Opinion	Votes cast	Percentage
For	1,772,658,015	95.98
Against	-	-
Abstained	74,332,698	4.02

The Chairman instructed the Corporate Secretary to assign a Resolution Number as record for the forgoing approval by the shareholders of the minutes of the meeting:

STOCKHOLDERS RESOLUTION NO. 04-2023-01

"RESOLVED, for the record, that the stockholders of the Bank approved the Minutes of the Bank's Annual Stockholders' Meeting held on April 22, 2022."

7. CEO'S REPORT BASED ON THE AUDITED FINANCIAL STATEMENT

The next item on the Agenda is the report of Mr. Jerry G. Ngo, the Bank' CEO. The video and audio recording of the report is posted on the Website of the Bank and is available to the public. The following are its highlight:

An overview of the state of EastWest and what to expect moving forward.

We start with the Balance sheet which is what really drives the story and profitability of the Bank. The story of the balance is really about a change in the asset mix. Although the size of our balance sheet grew marginally at 4% only for 2022, the composition is significantly different.

In 2022, we significantly started deploying our excess liquidity towards more productive assets such as loans and investments. This allowed the Bank to improve its earning capacity which you will see in the succeeding slides. We also made progress in improving our funding base as CASA grew by 6.5% which covered the decline in time deposits resulting in a better deposit mix for the Bank.

The Bank remains true to its strategy on its keen focus on the consumer segment with 73% of the total loans deployed in consumer loans. This continues to be a stark contrast to the other top 10 banks in the country where 70-80% is deployed towards business loans.

With the re-opening of the economy in 2022, the bank made significant progress with our credit card and DepEd loan portfolio. Pent-up demand from consumers allowed the bank to post a 24% growth in credit cards as new card acquisition and usage per card increased. We also grew our DepEd loans by 97% largely driven by DepEd rules allowing for a 5-year term loan for DepEd borrowers resulting to higher loanable balance for teachers. However, auto Loans remained flat as supply of auto vehicles is still an issue during 2022 but we are seeing better results in 2023 and this would be expected grow more significantly this year.

As a result, from the expansion in our loan and securities books, we improved our interest income by 12%, however, we are also seeing an uptick in our cost of funds as a result of the tighter monetary policy to control inflation. We see deposit costs to be a key risk that we are on the lookout for.

The re-opening of the economy in 2022 resulted to increased activity which resulted to a 17% increase in our fee income. Trading income, however, declined in 2022 as trading opportunities remain minimal particularly as interest rates began to rise. The Bank has always viewed trading income as opportunistic and our focus will always be on the growth of our core income.

Operating expense grew marginally by 3% from 2021 levels and was driven by manpower expense which grew by 5.1%.

Provisions for loan losses increased as a result primarily from the expansion in our loan receivables.

As a result, the Bank posted a net income of 4.6bn, this is a 2.4% increase from last year. Although this increase seems marginal, there is a deeper story if we break this number into quarter on quarter lens which I will be showing in the next slide.

If we break this number down, you will see that the net income of the bank showed significant improvement quarter on quarter as the Bank is seeing the result of our efforts in 2022 as we deployed our excess funds to more productive uses such as loans and securities resulting to a better earning capacity for the Bank.

This should be maintained, if not better in 2023, as this balance sheet base will remain and even expand in 2023.

1. Expansion in our risk assets will be critical for the Bank to distribute its high fixed cost across a wider asset base. The move towards digital banking will mean that there will be more fixed costs that the bank will need to invest on to remain competitive in this environment.

2. Our asset plans will be heavily dependent on our capability to grow our deposits at a competitive funding cost moving forward. This is particularly critical given the current state of tighter liquidity and high-interest rates.

Broad Priorities:

1. Grow the Bank's consumer loan base to achieve better scale while ensuring prudent risk-taking.
2. Protect and grow the Bank's funding base as the higher cost of deposits will be a key threat to the profitability of the Bank.
3. Improve the Bank's digital capabilities. The Bank will be launching its new online and mobile offering around the middle of this year.

8. RATIFICATION OF THE 2022 AUDITED FINANCIAL STATEMENT

The Chairman informed the shareholders that the next item on the Agenda is the ratification of the 2022 Audited Financial Statement of the Bank. He asked the Corporate Secretary if the shareholders were furnished with a copy of the Bank's 2021 Audited Financial Statement.

The Corporate Secretary certified that the Audited Financial Statement was posted on the Bank's website and was attached to the Bank's Information Statement and that 1,771,742,365 shares or 95.93% of the total shares of the Bank represented in the meeting voted in favor of its ratification.

The tabulation of the votes was shared on the screen of the web meeting:

Opinion	Votes cast	Percentage
For	1,771,742,365	95.93%
Against	-	-
Abstained	75,248,343	4.07

The Chairman instructed the Corporate Secretary to assign a Resolution Number as record for the forgoing ratification by the shareholders of the 2022 Audited Financial Statement of the Bank:

STOCKHOLDERS RESOLUTION NO. 04-2023-02

"RESOLVED, for the record, that the stockholders of the Bank ratified the Bank's 2022 Audited Financial Statement."

9. RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS AND CORPORATE OFFICERS

The next item in the Agenda is the ratification by the stockholders of all acts, resolutions and proceedings of the outgoing Board of Directors and Corporate Officers of the Bank for the year 2022. The Chairman directed the Corporate Secretary to explain the matter and report on the results of the voting thereon.

The Corporate Secretary explained that the Board and Management of the Bank is seeking the ratification of all the acts and resolutions of the Board and its Committees which were adopted for the year 2022. These acts and resolutions include the election of officers and members of the Board Committees, contracts and transactions entered into by the Bank, credit and loan transactions including related parties, projects and investments, internal policies including Related Party Transaction Policy, treasury matters, manpower related decisions, corporate governance related actions and matters governed by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange.

Stockholders' ratification is also being sought for the acts of the Bank officers to implement the resolutions of the Board and its Committees or made in the conduct of business.

The Corporate Secretary reported that stockholders owning 1,771,742,365 shares or 95.93% of the total shares of the Bank represented in the meeting voted in favor of its ratification.

The tabulation of the votes was shared on the screen of the web meeting:

Opinion	Votes cast	Percentage
For	1,771,742,365	95.93
Against	-	-
Abstained	75,248,343	4.07

The Chairman instructed the Corporate Secretary to assign a Resolution Number as a record for the forgoing ratification.

STOCKHOLDERS RESOLUTION NO. 04-2023-03

"RESOLVED, for the record, that the stockholders of the Bank approved, confirmed, and ratified all the acts, resolutions, and proceedings of the outgoing Board of Directors and Corporate Officers of the Bank for the year 2022."

10. <u>ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR 2023-2024.</u>

The shareholders were informed of the retirement of Director Wilson L. Sy and Antonio C. Moncupa from the Board of the Bank.

The Chairman gave the following farewell message to the retiring directors:

"It is with great honor and appreciation that I stand before you today to express the deep gratitude of the EastWest family for the exemplary service rendered by two distinguished members of our team, Tony and Wilson.

I would like to take this opportunity to recognize the incredible contributions that Tony and Wilson have made to our company during their tenure. Without their tireless efforts, EastWest would not be the thriving institution that it is today.

Wilson has been a valued member of our board of directors for the past seven years, serving in various capacities. His contributions to the success of our organization have been immeasurable, and we are forever grateful for his unwavering dedication and commitment to the growth of EastWest. As Wilson moves on to enjoy his well-deserved retirement, we will certainly miss his presence at our board meetings. However, we wish him all the best in his future endeavors and look forward to staying in touch with him.

As for Tony, words cannot fully express the profound impact that he has had on East West's success. As our CEO, he has been an exceptional leader, mentor, and friend to all of us. His contributions have been critical to our growth and development over the years, and we owe him an immense debt of gratitude. We have all benefited from his wisdom, guidance, and unwavering commitment to our company's success. Although he may be stepping down from his role, his legacy will undoubtedly endure.

On behalf of the entire EastWest family, I would like to offer our heartfelt thanks to Tony and Wilson for their outstanding service, dedication, and commitment to our organization. We wish them both all the best in their future endeavors, and we hope that they will always consider EastWest their home.

Thank you."

The Chairman proceeded with the next item on the agenda which is the election of the members of the Board of Directors of the Bank. He asked the Corporate Secretary if there were nominations for the Directors for the year 2023 to 2024.

The Corporate Secretary explained that the Corporate Governance and Compliance Committee earlier submitted the final list of all candidates who were nominated and pre-screened in accordance with the Company's Manual on Corporate Governance. They are:

JONATHAN T. GOTIANUN
L. JOSEPHINE GOTIANUN YAP
JOSEPH M. YAP
ISABELLE G. YAP
FRANCIS NATHANIEL C. GOTIANUN
JACQUELINE S. FERNANDEZ
GREGORIO U. KILAYKO
JOSE MARIA G. HOFILENA
ARMANDO L. SURATOS
CRISTINA QUE ORBETA
IMELDA B. CAPISTRANO

Messrs. GREGORIO U. KILAYKO, JOSE MARIA G. HOFILENA, ARMANDO L. SURATOS, CRISTINA QUE ORBETA, and IMELDA B. CAPISTRANO were also named by the Nomination Committee as nominees for the position of Independent Directors.

No other nomination for election of the Board of Directors was submitted to the Nomination Committee within the period allowed under the Revised Manual on Corporate Governance, as provided in the Information Statement furnished to the stockholders.

The Chairman asked the Corporate Secretary for the results of the election. The tabulation of the votes was thereafter shared on the screen of the web meeting:

Name of Director	Type	Opinion	Votes Cast
Jonathan T. Gotianun	Director	For Against Abstain	1,771,780,615 877,400 74,332,693
Jacqueline S. Fernandez	Director	For Against Abstain	1,772,658,015 - 74,332,693
Josephine T. Gotianun-Yap	Director	For Against Abstain	1,769,566,265 3,091,750 74,332,693
Joseph M. Gotianun	Director	For Against Abstain	1,772,658,015 - 74,332,693
Isabelle G. Yap	Director	For Against Abstain	1,772,658,015 - 74,332,693
Francis Nathaniel C. Gotianun	Director	For Against Abstain	1,772,658,015 - 74,332,693
Gregorio U. Kilayko	Independent Director	For Against Abstain	1,771,392,015 1,266,000 74,332,693
Jose Maria G Hofileña	Independent Director	For Against Abstain	1,772,658,015 - 74,332,693
Armando L. Suratos	Independent Director	For Against Abstain	1,772,658,015 - 74,332,693
Cristina Q. Orbeta	Independent Director	For Against Abstain	1,772,658,015 - 74,332,693
Imelda B. Capistrano	Independent Director	For Against Abstain	1,772,658,015 - 74,332,693

The Corporate Secretary reported that each of the nominees garnered at least 1,769,566,265 votes or 95.81% of the votes. He certified that with the aforesaid results of the voting, each of the nominees has received enough votes for election to the Board.

The Chairman instructed the Corporate Secretary to assign a Resolution Number as record for the forgoing action of the stockholders of the Bank.

STOCKHODERS RESOLUTION NO. 04-2023-05

RESOLVED, for the record, that the Stockholders of the Bank re-elected the following directors as members of the Bank's Board of Directors for the year 2023-2024, to wit:

JONATHAN T. GOTIANUN	Director
JACQUELINE S. FERNANDEZ	Director
LOURDES JOSEPHINE GOTIANUN-YAP	Director
ISABELLE G. YAP	Director
JOSEPH M. YAP	Director
NATHANIEL FRANCIS C. GOTIANUN	Director
JOSE MARIA G. HOFILENA	Independent Director
GREGORIO U. KILAYKO	Independent Director
ARMANDO L. SURATOS	Independent Director
CRISTINA QUE ORBETA	Independent Director
IMELDA B. CAPISTRANO	Independent Director

11. APPOINTMENT OF EXTERNAL AUDITORS

The next item of the Agenda is the appointment of the External Auditor of the Bank for the fiscal year 2023. The Chairman reported that the Board, upon recommendation of the Company's Audit Committee, is endorsing that the shareholders re-appoint Sycip Gorres Velayo and Company as the external auditors of the Bank for the year 2023.

The Corporate Secretary reported that 1,770,671,865 shares or 95.87% of the total shares of the Bank represented in the meeting voted in favor of re-appointing Sycip Gorres Velayo and Company as the external auditor of the Bank for the year 2023.

The tabulation of the votes was shared on the screen of the web meeting:

Opinion	Votes cast	Percentage
For	1,770,671	95.87
Against	1,986,150	0.11
Abstained	74,332,693	4.02

The Chairman instructed the Corporate Secretary to assign a Resolution Number as record for the forgoing action of the stockholders of the Bank.

STOCKHOLDERS RESOLUTION NO. 04-2023-05

RESOLVED, for the record, that the stockholders of the Bank re-appointed Sycip Gorres Velayo and Company as the external auditors for the year 2023.

12. OTHER MATTERS

A. Declaration of Dividends

The Chairman informed the shareholders that the Board of Directors of the Bank in its Special Meeting, which was held earlier today, approved the declaration of PHP 925,064,850.07 cash dividend or Php 0.41 dividend per share to be paid to all stockholders as of the record date May 12, 2023, and payment date May 31, 2023.

13. QUESTION AND ANSWER

The Corporate Secretary read the questions that were submitted on-line:

1. What is your outlook for the banking industry and EW for 2023? What challenges do you expect for EW?

Mr. Ngo stated that the question can be broken into parts. Firstly, while there are challenges in the macro and the global economy, particularly in inflation, he believes that the hypothesis for the growth of the Philippine economy continues to be strong and robust, particularly with the demographic dividends that the country will experience with regard to consumption and consumer related banks, particularly like East West Bank which will be able to participate and play a very pivotal role with regards to growth of these segments of the economy in the future. However, these are not without their challenges. Once the Bank has already achieved its pre-pandemic levels, and it is going very strong about these types of assets, it needs to work very hard, particularly with the rising interest rate environment which is affecting all banks. This will become more challenging as there will be tighter liquidity going forward. However, the Bank is in a very good position to stave off and meet these challenges moving forward. Secondly, what the Bank will focus on is productivity. How it could create a larger base of business and activities over the fixed cost that it has already undertaken. Lastly, around technology and data and how the Bank could deploy them in terms of making better and faster decisions and embedding itself with the eco-system of its partners and customer base. To reiterate, the Bank is in a very good position to capitalize on these changing demands.

2. What is your Vision for EastWest Bank and will it be different from your predecessor?

The Bank will remain to be true to its vision which is to focus on the consumer segment of the country. It's the sweet spot. It is what will drive the economy going forward which is this demographic dividend. East West Bank, your bank, is well-positioned to support this. In terms of focusing on this segment, the Bank will make sure that its products and services will cater to the demands of this segment. The Bank will also focus on technology and channels that are changing and evolving. That will be a critical part of what the Bank will do going forward. It has made serious investments in these areas which entailed the support of the Bank's directors and stockholders. The commitment to governance is also something that the Bank will be focusing on. The support from the Bank's directors has started to bear fruit. Lastly, which underpins all and is very critical is the focus on developing the Bank's talent, particularly in building an engaged workplace focused on customer centricity. The Bank will make sure that it does not only cater to its clients but also to the talent pool that it has.

The Chairman informed the shareholders that if there are further questions, it could be directed to the management who will respond to them.

14. ADJOURNMENT

Upon motion was duly made and seconded and no objections being rendered during the discussions, no other matters were taken up for consideration, therefore, the meeting was adjourned.

CERTIFIED CORRECT:

ATTY. BENEDICTO M. VALERIO, JR.
Corporate Secretary

ATTESTED TO:

JONATHAN T. GOTIANUN
Chairman of the Board

ANNEX – Stockholders' meeting attendees list

EAST WEST BANKING CORPORATION
ANNUAL STOCKHOLDERS' MEETING – APRIL 24, 2023

Board of Directors

Jonathan T. Gotianun	Chairman
Antonio C. Moncupa, Jr.	Vice-Chairman
Lourdes Josephine Gotianun-Yap	Director
Jacqueline S. Fernandez	Director and President
Isabelle G. Yap	Director
Wilson L. Sy	Director
Imelda B. Capistrano	Independent Director
Atty. Jose Maria G. Hofileña	Independent Director
Gregorio U. Kilayko	Independent Director
Cristina Que. Orbeta	Independent Director
Atty. Armando L. Suratos	Independent Director

Officers

Benedicto M. Valerio, Jr.	Corporate Secretary
Lawrence L. Lee	EVP and Consumer Lending Head
Ivy B. Uy	SVP and Regional Branch Banking Head
Richard Chester C. Tamayo	SVP and Wealth Management Head
Salvador R. Serrano	SVP and Central Branch Operations Head
Norman Martin C. Reyes	SVP and Bank Marketing and Corporate Communications Head
Paul John B. Lopez	VP and Corporate Planning Head
Jason S. Young	SAVP and Special Projects Officer
Vincent A. Villanueva	Investor Relations

Stockholders and Visitors

Joseph M. Yap	Thea Lacsamana
Francis C. Gotianun	Martinita Salvosa
Charito C. Alfaro	Estelito Vidaurreta
David Nathaniel Doce	Carmina Jeanne Roque
Marvin Obordo	Glaiza Escano
Joel Cortez	Wilson P. Tan
Jomar Lucinario	Veronica Arce
Ana Alba	Mark Tom
Anina Aligada	Mulingbayan
Chiqui Magno	Melody Yapson
Coleen Alminaza	Arlene San Juan
Patricia Pineda	Ana Venus Mejia