

COVER SHEET
for
SEC FORM 20-IS

SEC Registration Number

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Company Name

P	H	I	L	I	P	P	I	N	E		V	E	T	E	R	A	N	S		B	A	N	K						

Principal Office (No./Street/Barangay/City/Town/Province)

P	V	B		B	L	D	G		1	0	1		V	.	A	.		R	U	F	I	N	O		S	T	.		
C	O	R		D	E	L	A		R	O	S	A		S	T		L	E	G	A	S	P	I						
V	I	L	L	A	G	E		M	A	K	A	T	I		C	I	T	Y											

Form Type

2	0	-	I	S
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Department requiring the
report

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Secondary License Type, If
Applicable

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COMPANY INFORMATION

Company's Email Address

pvbsecreports@veteransbank.com.ph
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Company's Telephone
Number/s

(02) 8528-7171

Mobile Number

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No. of Stockholders

396,996

Annual Meeting
Month/Day

06/17

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Atty. Tephanie M. Gandia

Email Address

tmgandia@veteransbank.com.ph

Telephone
Number/s

8840-0026

Mobile Number

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Contact Person's Address

PVB Building, 101 V.A. Rufino corner Dela Rosa Streets, Legaspi Village, Makati City

Note: 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.



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS:

Please be informed that the **PHILIPPINE VETERANS BANK** (the **Bank**) will hold its Annual Stockholders' Meeting (**ASM**) on **11 June 2024 (Tuesday), 2:00 p.m.***, at SMX Convention Center, Seashell Lane, Mall of Asia Complex, Pasay City.

AGENDA

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on 16 June 2023 and the Special Stockholders' Meeting held on 19 March 2024
4. 2023 Annual Report
5. Ratification of the Acts of the Board of Directors, Board Committees and Management from the date of the last Annual Stockholders' meeting up to the date of this meeting
6. Election of Directors for 2024-2025
7. Appointment of External Auditor
8. Election of the Members of the Board of Trustees of the Veterans of World War II (BTVWWII) for 2024-2025
9. Adjournment

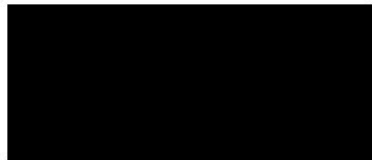
Each agenda item for approval is explained in the Definitive Information Statement, copies of which will be made available at the Bank's website, all branches nationwide, and at the offices of District Presidents of the Veterans Federation of the Philippines.

The Bank has fixed 14 May 2024 as the record date for the determination of stockholders entitled to notice of, to participate, and to vote *in absentia*, at such meeting and any adjournment thereof. Stockholders are reminded to update their account and contact information to help ensure the receipt of all correspondences, notices, reports, and other communication related to this meeting and the Bank.

Stockholders who cannot attend the meeting may execute a proxy (which need not be notarized) and send the original to the Office of the Corporate Secretary at 6th Floor PVB Building 101 V.A. Rufino cor. Dela Rosa Sts., Legaspi Village, Makati City, or by emailing an advance copy to stockcertificate@veteransbank.com.ph **not later than 28 May 2024** in accordance with the By-laws of the Bank, subject to presentation of the original on the day of the meeting. A sample format of the proxy form for individuals is attached for reference.

During registration, please bring this Notice and a valid government-issued ID with photograph for verification purposes.

Thank you.



Atty. TEPHANIE M. GANDIA
Corporate Secretary



*Gates will open at 5:30am for the morning program.

SAMPLE STOCKHOLDER'S PROXY

The undersigned stockholder of **PHILIPPINE VETERANS BANK** (the **Bank**) hereby appoints _____, or in his/her absence, the Chairman of the meeting, as attorney and proxy, with power of substitution, to present and vote _____ shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Stockholders' Meeting of the Bank on 11 June 2024 and any adjournments thereof for the purpose of acting on the following matters:

AGENDA ITEM	YES	NO	ABSTAIN
1. Approval of the Minutes of the Annual Stockholders' Meeting held on 16 June 2023 and the Special Stockholders' Meeting held on 19 March 2024			
2. Approval of the 2023 Annual Report			
3. Ratification of the Acts of the Board of Directors, Board Committees, and Management from the date of the last Annual Stockholders' meeting up to the date of this meeting			
4. Appointment of Punongbayan & Araullo Grant Thornton as External Auditor for 2024			
5. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting			
6. Election of Directors for 2024-2025			
☐ Distribute or cumulate shares to nominee/s listed below:	<i>No. of Votes</i>		
i. Roberto F. De Ocampo, OBE			
ii. Renato A. Claravall			
iii. Gerardo Manuel Luis B. Anonas			
iv. Francisco S. Magsajo, Jr.			
v. Percianita G. Racho			
vi. Marie Josephine Diana K. Calatrava			
vii. Carlos Alfonso T. Ocampo			
viii. Anthony M. Te			
ix. Jose A. Nuñez, Jr. (Independent Director)			
x. Cesar A. Rubio (Independent Director)			
xi. Alfredo S. Panlilio (Independent Director)			
xii. Ma. Cecilia G. Soriano (Independent Director)			
xiii. Reynaldo V. Velasco (Independent Director)			
☐ Equally vote for all nominee/s listed above			
☐ Withhold authority for all nominee/s listed above			
☐ Withhold authority to vote for nominee/s listed below:			
i. _____			
ii. _____			
iii. _____			
iv. _____			

Printed Name and Signature of
Stockholder/Authorized Signatory

Number of Shares Owned/Represented

Date

THIS PROXY SHOULD BE SUBMITTED TO THE OFFICE OF THE BOARD SECRETARY AT THE 6TH FLOOR PVB BUILDING 101 V.A. RUFINO COR. DELA ROSA STS., LEGASPI VILLAGE, MAKATI CITY, AND/OR BY EMAIL TO stockcertificate@veteransbank.com.ph ON OR BEFORE 28 MAY 2024.

THIS PROXY IS NOT REQUIRED TO BE NOTARIZED, AND WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
☐ Preliminary Information Statement
☒ Definitive Information Statement
2. Name of Registrant as specified in its charter: **Philippine Veterans Bank**
3. Province, country or other jurisdiction of incorporation or organization: **Metro Manila, Philippines**
4. SEC Identification Number: **0000024681**
5. BIR Tax Identification Code: **000-836-616**
6. Address of principal office: **PVB Building, No. 101 V.A. Rufino** Postal Code: **1226**
corner Dela Rosa St., Legaspi Village, Makati City
7. Registrant's telephone number, including area code: **(632) 8840-0026**
8. Date, time and place of the meeting of security holders
Date : **11 June 2024**
Time : **2:00 p.m.**
Place : **SMX Convention Center, Seashell Lane, Mall of Asia Complex, Pasay City**
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **21 May 2024**
10. No Proxy Solicitations
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):
Not applicable
11. Are any or all of registrant's securities listed in a Stock Exchange?
Yes () No (X)
If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
Not applicable

INFORMATION STATEMENT

A. GENERAL INFORMATION

ITEM 1. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

Date : **11 June 2024**

Time : **2:00 p.m.**

Place : **SMX Convention Center, Seashell Lane, Mall of Asia Complex, Pasay City**

Mailing address of principal office: **PVB Building, No. 101 V.A. Rufino corner Dela Rosa Sts., Legaspi Village, Makati City**

Approximate date on which copies of the Information Statement are first to be sent or given to security holders: **21 May 2024**

ITEM 2. DISSENTERS' RIGHT OF APPRAISAL

The Bank upholds and respects its stockholders' rights under the law. When a proposed corporate action would involve a substantial and fundamental change in the Bank in the cases provided by law, a stockholder may exercise his/her appraisal rights.

Pursuant to Section 80 of the Revised Corporation Code of the Philippines, a stockholder has the right to dissent against a proposed corporate action and demand payment of the fair value of his/her shares in any of the following instances:

- (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.

In order to perfect such right, the stockholder shall follow the procedures for the exercise of a stockholder's appraisal right as described under Section 80 to 85 of the Revised Corporation Code of the Philippines, as follows:

- (1) A stockholder shall have dissented and voted against the proposed corporate action in order to avail of the appraisal right;
- (2) Within thirty (30) days after the date on which the vote was taken, the dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal shall make a written demand on the Bank for the payment of the fair market value of shares. Failure to make the demand within such period shall be deemed a waiver of the appraisal right;
- (3) Within ten (10) days after demanding payment for his/her shares, the dissenting stockholder shall submit to PVB the certificate(s) of stock representing his/her shares for notation thereon that such shares are dissenting shares. Failure to do so shall, at the option of the Bank, terminate his appraisal rights;
- (4) No demand for payment as aforesaid may be withdrawn by the dissenting stockholder unless the Bank consents thereto;

- (5) If the proposed corporate action is implemented or effected, the Bank shall pay to such dissenting stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of a merger if such be the corporate action involved;
- (6) If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the dissenting stockholder and the Bank cannot agree on the fair value of the shares, it shall be appraised and determined by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Bank, and the third by the two (2) thus chosen;
- (7) The findings of a majority of the appraisers shall be final, and their award shall be paid by the Bank within thirty (30) days after such award is made. No payment shall be made to any dissenting stockholder unless the Bank has unrestricted retained earnings in its books to cover such payment;
- (8) Upon payment of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Bank.

For this meeting, there are no matters to be presented which will give rise to appraisal rights of shareholders.

ITEM 3. INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

No director, officer, nominee for election as director, 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 other than election to office.

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:** 46,231,353 common shares entitled to vote as of 30 April 2024
- (b) **Record Date:** Stockholders of record as of **14 May 2024** are entitled to notice of and vote at the meeting.
- (c) **Outstanding Capital Stock that is undelivered:**

Common Shares	– 33,137
Preferred Shares	– 33,137

(d) Nomination and Election of Directors and Independent Directors and Manner of Voting:

In accordance with R.A. 11597 or the Revised Philippine Veterans Bank Act, Sections 23 of the Revised Corporation Code, Section 15 of the General Banking Law (R.A. No. 8791), Section 38 of the Securities Regulation Code, the Amended Implementing Rules and Regulations of the Securities Regulation Code, and the Manual of Regulations for Banks of the *Bangko Sentral ng Pilipinas* (BSP), the Bank adopted rules governing the nomination and election of directors.

The Nomination Committee pre-screens the qualifications of the nominees for the final list of candidates, including nominees for independent directors. The Corporate Governance Committee on the other hand passes upon and approves interlocking positions of nominee-directors.

Pursuant to the Bank's Amended By-Laws, any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact in accordance with the requirements of existing rules and regulations.

Following Section 23 of the Revised Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Bank multiplied by the whole number of directors to be elected.

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

The security ownership of the Bank's Directors and Executive Officers as of 30 April 2024 are as follows:

Title of Class	Name	Position	Amount & Nature of Beneficial / Record Ownership	Citizenship	Percent
Common	Roberto F. De Ocampo	Chairman	10,324	Filipino	0.0221627%
Common	Jose A. Nuñez, Jr.	Vice – Chairman and Independent Director	224	Filipino	0.0004809%
Common	Renato A. Claravall	Director, President and CEO	3,896	Filipino	0.0083636%
Common	Gerardo Manuel Luis B. Anonas	Director	248	Filipino	0.0005324%
Common	Francisco S. Magsajo, Jr.	Director	64	Filipino	0.0001374%
Common	Percianita G. Racho	Director	2,304	Filipino	0.0049460%
Common	Marie Josephine Diana K. Calatrava	Director	1	Filipino	0.0000021%
Common	Carlos Alfonso T. Ocampo	Director	1,696,614	Filipino	3.6421438%
Common	Anthony M. Te	Director	2,479,416	Filipino	5.3225953%
Common	Cesar A. Rubio	Lead Independent Director	2,200	Filipino	0.0047228%
Common	Ma. Cecilia G. Soriano	Independent Director	1	Filipino	0.0000021%
Common	Reynaldo V. Velasco	Independent Director	5,001	Filipino	0.0107357%
Common	Alfredo S. Panlilio	Independent Director	1	Filipino	0.0000021%
		Total	4,200,294		9.0168269%

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

The names of the incumbent directors, including the independent directors, key executive officers, and nominee directors, and their relevant details are set forth below:

(a) Incumbent Directors

The following incumbent directors shall hold office from date of election until the next annual shareholders' meeting or their resignation, unless sooner terminated or removed in accordance with law:

Roberto F. De Ocampo, 78, Filipino, is the Chairman of the Bank and has been serving as Director of the Bank since 2013. A former Department of Finance Secretary, he is a well-respected business leader who brings with him an exceptional track record in the domestic and international financial arena. Aside from being the top fiscal manager during the term of President Fidel V. Ramos, he was also president of the Asian Institute of Management, and was the youngest chair and chief executive officer of the state-owned Development Bank of the Philippines. During his stint as Finance Secretary, he was credited for turning around the Philippine Government's fiscal position from large deficits to surpluses. His term saw the longest period of consecutive years of fiscal surpluses in the Philippines. It was during his term that the key features of the country's investment liberalization and privatization strategies were designed and implemented. As Finance Secretary, he was awarded the Global Finance Minister of the Year in 1995 by

Euromoney and Asian Finance Minister of the Year in 1996 and 1997 by Euromoney and AsiaMoney, respectively. He is also a veteran in multilateral initiatives, having Chaired the Asia-Pacific Economic Conference (APEC) and ASEAN (Association of Southeast Asian Nations) Finance Ministers. He was also previously a Governor of the World Bank, International Monetary Fund, and Asian Development Bank. He also has the distinction of being the only Filipino knighted by both the United Kingdom & France. He was conferred “Most Excellent Order of the British Empire” or OBE by Her Majesty Queen Elizabeth II in 2012 for his efforts in promoting Philippine-UK relations during his years as a public servant and as Chair of the British Alumni Association. He was also named Chevalier in the French Legion of Honor by the Republic of France for his promotion of links between France and the Philippines in the economic domain. At present, he Chairs the Board Advisers of the RFO Center for Public Finance & Regional Economic Cooperation, an ADB Regional Knowledge Hub.

He has also been instrumental in promoting Philippine-UK relations during his years as a public servant and as Chair of the British Alumni Association. He was also named Chevalier in the French Legion of Honor by the Republic of France for his promotion of links between France and the Philippines in the economic domain. At present, he Chairs the Board Advisers of the RFO Center for Public Finance & Regional Economic Cooperation, an ADB Regional Knowledge Hub.

Mr. Ocampo is the Chairman of the Executive Committee. He also currently serves as Chairman of Intervest Projects, Inc. (IPI), Intervest Insurance Agency, Inc. (IIAI), and New Rural Bank of Agoncillo, Inc. (NAGON). IPI and NAGON are wholly-owned subsidiaries of PVB while IIAI is a wholly-owned subsidiary of IPI. He has attended seminars on Corporate Governance in 2013, and the Embracing Good Corporate Governance for Effective and Efficient Management on October 15 and 22, 2021.

Jose A. Nuñez, Jr., 71, Filipino, is the Vice-Chairman of the Bank. He has been serving as Independent Director of the Bank since July 2018. He is also a director of IPI and IIAI. He previously served as Chairman of Development Bank of the Philippines from 2010-2016 and Chairman of Asian Express Money Services Corporation, a company engaged in foreign exchange dealership, money changing and global remittance services. He was also former director and treasurer of Bukidnon Hydro Electric Corp., Universal LRT Corp., Ltd., and ULCOM Company Inc. He also served as director of Camp John Hay Development Corporation, Northwood Resources Corporation, Citystate Savings Bank, and Goldenville Holdings Corporation. He was vice chairman and chief executive officer of Federal Savings and Mortgage Bank from 1997-2000 until its merger with Security Bank Corporation, and executive vice president and chief operating officer of Premiere Development Bank from 1982-1986 and 1989-1991. He was also affiliated with Allied Banking Corporation and Rizal Commercial Banking Corporation. At present, he is a director and the treasurer of Tranden Group Inc., La Costa Development Corp., Agus 3 Hydropower Corp., and Lear Aero LTD., Inc. He is also the Vice-Chairman of Unicapital Securities, Inc., an independent director of Unicapital, Inc. and Unicapital Finance, Inc. He has a Bachelor of Arts major in Economics degree (Honors Program) from Xavier University, and is a candidate for a Masters in Business Administration degree from the Ateneo de Manila University. He has attended seminars on Corporate Governance, with extensive training and experience in Banking and other related fields.

Mr. Nuñez is the Chairman of the Corporate Governance and Compliance Oversight Committee and Remuneration Committee, and a Member of the Executive Committee, Credit Committee, Human Resources Committee, Audit Committee, Related Party Transactions Committee, and Risk Management Oversight Committee.

Renato A. Claravall, 72, is the President & CEO of the Bank. He first joined the Bank as a Director on 19 June 2015 and eventually became the President & COO on 1 December 2018. He holds a degree of Bachelor of Arts in Economics at the Ateneo de Manila University. He was a Senior Vice President and the Chief Finance Officer of Benguet Corporation from 2010 to 2015, and has served as Director of its various wholly-owned subsidiaries. He held senior management positions in various financial institutions from 1997 to 2010. He was the Deputy General Manager of Bank of Boston Manila Offshore Branch from 1984 to 1997. He was also a Senior Manager of Union Bank of the Philippines from 1979 to 1984. He has attended a Corporate Governance seminar in 2015 and various training programs ever since. He is also the Vice-Chairman of NAGON and a director in IPI and IIAI.

He was also the Deputy General Manager of Bank of Boston Manila Offshore Branch from 1984 to 1997. He was also a Senior Manager of Union Bank of the Philippines from 1979 to 1984. He has attended a Corporate Governance seminar in 2015 and various training programs ever since. He is also the Vice-Chairman of NAGON and a director in IPI and IIAI.

Mr. Claravall is a Member of the Executive Committee, Credit Committee, Trust Committee, and Human Resources Committee.

Gerardo Manuel Luis B. Anonas, 67, Filipino, has been serving as Director of the Bank since September 2017. He is the former President and Director of Optimum Development Bank and was the Court-appointed Corporate Receiver for J.S. Gaisano Inc.. He is a lecturer in various local banks on the subject "Reconstruction of Financial Statement and Credit Evaluation." Among his long line of work experiences include the following: Court-appointed Financial Advisor, Steel Corporation of the Philippines, 2006-2008; Executive Vice President, East West Banking Corporation, 1998-2006; Executive Vice President, The Philippine Banking Corporation, 1994-1998; Senior Vice President, Urban Bank, 1991-1994; First Vice President, Boston Bank of the Philippines, 1988-1991; Philippine Commercial International Bank (PCIB), 1986-1988; Insular Bank of Asia and America (IBAA), 1981-1985. He is a B.S. Business Administration graduate from Ateneo de Manila University and has a Masters in International Business from Schiller International University in Paris Study Center. He boasts extensive training and experience in Banking and other related fields and attended the Corporate Governance seminars. He also currently serves as a Director of IPI and IIAI.

Mr. Anonas is the Chairman of the Credit Committee and Nomination Committee, and a Member of the Executive Committee, Assets Disposal Committee, Human Resources Committee, and Risk Management Oversight Committee.

Francisco S. Magsajo, Jr., 76, Filipino, has been serving as Director of the Bank since 2019. He is the former President and CEO of Rizal Commercial Banking Corporation (RCBC), 2003-2007; RCBC Savings Bank, 1998-2003; Executive Vice President, Philippine National Bank, 1995-1997; Managing Director, PNB International Finance Ltd., HK, 1991-1995; Director, Batangas Sugar Central, 1991-1997; Director, Passi Sugar Central, 1995-1997; and Director Bulawan Mining Corp., 1996-1997. He is a Bachelor of Science, Major in Economics graduate from Lyceum of the Philippines. He attended the seminar on Corporate Governance in 2018 and has extensive training and experience in Banking and other related fields. He also attended the FDIC Training in June 2021. He is also currently an Independent Director of PSBank. He also serves as a Director of IPI and IIAI.

Mr. Magsajo is the Chairman of the Assets Disposal Committee and IT Steering Committee, and a Member of the Executive Committee, Credit Committee, Trust Committee, and Risk Management and Oversight Committee.

Percianita G. Racho, 67, Filipino, has been serving as Director of the Bank since 2011. She is the National President of the VFP Sons & Daughters Association, Inc. (VFPSDAI). She previously served as Mayor & Vice Mayor of Buenavista, Agusan del Norte and was the former Provincial Administrator and Deputy Chairman Provincial Disaster Risk Reduction Management Council of Agusan del Norte. She has attended seminars on Corporate Governance, Risk Management Program and Anti-Money Laundering in 2005. She is also a Director of IPI and IIAI.

Ms. Racho is the Chairperson of the Human Resources Committee, and a Member of the IT Steering Committee, Audit Committee, Corporate Governance and Compliance Oversight Committee, and Nomination Committee.

Marie Josephine Diana K. Calatrava, 43, Filipino, was elected Director of the Bank on 15 November 2023. She currently serves as the Regional Chairperson for the Visayas of Tingog Party List and concurrently holds position as Director V under the Office of the Speaker of the House of Representatives. She is also the Chief Operating Officer of Techcom Marketing and Services. She previously served as Executive Assistant to the President of GMR Megawide Airport Corporation, confidential agent of the Bureau of Immigration, flight attendant of Qatar Airways, and marketing executive of Cebu Holdings, Inc. She holds a Bachelor of Science degree in Commerce Major in Business Management from Assumption College.

Ms. Calatrava is a Member of the Assets Disposal Committee, Remuneration Committee, and Nomination Committee.

Atty. Carlos Alfonso T. Ocampo, 59, Filipino, was elected Director of the Bank on 17 January 2024. He is a Senior Partner of Ocampo & Manalo Law Firm. He is currently an Independent Director of publicly-listed companies EEI Corporation and Marcventures Holdings Inc. He is also member of the Board in MAA General Assurance Corporation, BlueLion Motors Corporation, Jam Transit, Inc., Prestige Cars, Autohaus

Corporation, Subic Air, Inc., Brycl Resorts International Inc., Autohaus Quezon City, Inc., Jam Liner, Inc., and Manila Golf & Country Club. He previously served as Vice President and General Counsel of Air Philippines and Senior Consultant of Capital Equity Legal Group. He obtained his Bachelor of Laws from the University of the Philippines and completed an Executive Management Program at the Asian Institute of the Management and earned the Certificate in International Finance from Harvard Law School at Harvard University, Executive Education and Certificate in Economic Development, John F. Kennedy School of Government at Harvard University, Executive Education.

Atty. Ocampo is a Member of the Credit Committee, Human Resources Committee, and IT Steering Committee.

Anthony M. Te, 54, Filipino, was elected Director of the Bank on 19 March 2024. He is currently a Director of the Philippine Stock Exchange, Inc., Marcventures Holdings, Inc. and Benguet Corporation, which are publicly listed companies. He likewise serves as the Chairman of the Board of Asian Appraisal Company, Inc., Amalgamated Project Management Services, Inc., Asian Asset Insurance Brokerage Corporation and AE Proteina Industries Corporation. He serves as Chairman and Chief Finance Officer of Mactel Corporation, and as Director and Treasurer of Manila Standard Today Management, Inc. Mr. Te is a licensed soliciting official for Non-Life Insurance with the Philippine Insurance Commission. Notably, Mr. Te previously served as Director of Equitable PCI BANK. He was also a director of AG Finance, Inc., Balabac Resources & Holdings Company Inc., Commonwealth Savings & Loans Bank, EBECOM Holdings, Inc., MRC Allied Industries, Inc., Oriental Petroleum & Minerals Corporation, PAL Holdings, Inc., PGA Cars, Inc. and Phoenix Energy Corporation. Mr. Te graduated from De La Salle University with a degree of Bachelor of Arts in Business Management.

Mr. Te is the Vice Chairman of the Executive Committee, and a Member of the Credit Committee, Assets Disposal Committee, and Remuneration Committee.

(b) Independent Directors

Cesar A. Rubio, 77, Filipino, is the Bank's Lead Independent Director. He has been serving as Independent Director of the Bank since September 2018. Among his extensive work experiences include being a Director and Chairman of the Audit Committee of Rural Bank of Mexico (Pampanga), the Chief Financial Officer, Executive Vice President and Head of Support Services Group of United Coconut Planters Bank. He also held Senior Executive positions in Rizal Commercial Banking Corp. and Metropolitan Bank and Trust Co. He's a Lecturer at the Development Center for Financial Executives and Inter Forex Resources, Inc. and was a Director of Merchants Savings and Loan Association. He holds a Bachelor of Science degree in Commerce, Major in Accounting, at De La Salle University and earned a Master of Business Management from Asian Institute of Management. He also attended the Pacific Rim Bankers Program from August to September 1996, in University of Washington, Seattle. He is a Certified Public Accountant (CPA) and has 45 years' experience in banking and finance. He has attended seminars on Corporate Governance and has extensive training and experience in Banking and other related fields. He is also a Director of IPI and IIAI.

Mr. Rubio is the Chairman of Audit Committee, and a Member of the Executive Committee, IT Steering Committee, Corporate Governance and Compliance Oversight Committee, Related Party Transactions Committee, Risk Management Oversight Committee, and Remuneration Committee.

Ma. Cecilia G. Soriano, Ph.D., 67, Filipino, has been serving as Independent Director of the Bank since June 2022. She is a former Undersecretary of the Department of Finance. She is currently holding, or has held, positions in various non-government organizations such as: Member, Board of Trustees, Foundation for Economic Freedom (FEF); Founding Member, Steering Committee of AguaJaring (Sea Capacity Building Network for Integrated Water Resources Management). She is also the co-founder and President of PhilCapNet and Network Manager of Cap-Net. She was a consultant for various government institutions on different projects. She graduated *magna cum laude* for her Bachelor of Science degree in Management Engineering at the Ateneo de Manila University, and finished her Doctor of Philosophy in International and Development Economics from the University of California at Berkeley.

Ms. Soriano is the Chairperson of the Risk Management Oversight Committee, and a Member of the Human Resources Committee, Audit Committee and Nomination Committee.

Reynaldo V. Velasco, 75, Filipino, has been serving as Independent Director of the Bank since June 2022. He is the former Board Chairman and Administrator of the Metropolitan Waterworks and Sewerage System (MWSS) and member of the Executive and Governance Committees. A graduate of the Philippine Military Academy, he was the recipient of two (2) Cavalier Awards and retired as Deputy Director General from the Philippine National Police. He was also a former mayor of Sta. Barbara, Pangasinan. His other directorships and trusteeships include those in: Filipino War Veterans Foundation (FILVETS), Inc.; Asia Water Council; Independent Insights Inc.; International Security Service, Inc.; PMA Educational Trust Fund Inc.; and Philippine Water Works Association (PWWA).
il; Independent Insights Inc.; International Security Service, Inc.; PMA Educational Trust Fund Inc.; and Philippine Water Works Association (PWWA).

PBGen. Velasco is the Chairman of Related Party Transactions Committee, and a Member of the Assets Disposal Committee, Trust Committee, Corporate Governance and Compliance Oversight Committee, Nomination Committee and Remuneration Committee.

Alfredo S. Panlilio, 58, Filipino, has been elected Independent Director of the Bank on 19 March 2024. He is also currently the Chairman of Maya Bank, Inc. and Bonifacio Communications Corp., Director of MultiSys and Multiplay and Trustee of Asian Carriers Conference, Kapampangan Development Foundation and Philpop Musicfest Foundation. He also serves as an Advisor to the Data Privacy and Information Security Committee & Governance, Nomination and Sustainability Committee of the Board of Directors of PLDT, Inc. He is among the founding members under the Digital Infrastructure pillar of the Private Sector Advisory Council. He also serves as Member of the FIBA Central Board, Second Vice President of the FIBA Asia Board, President of the Samahang Basketbol ng Pilipinas (SBP) and the MVP Sports Foundation, First Vice President of the Philippine Olympic Committee, Treasurer of the National Golf Association of the Philippines, and Director of the Philippine Badminton Association. Mr. Panlilio previously served as President and CEO of PLDT and Smart Communications, Inc. and SVP and Head of Customer Retail Services and Corporate Communications of Manila Electric Company (MERALCO). Under the MERALCO Group, he served as Chair of Radius Telecoms, e-Meralco Ventures, Paragon Vertical Corp., Powersource First Bulacan Solar, and Pure Meridian Hydropower Corp. He was also Vice Chair of Aclara Meters Philippines, and Director of CIS Bayad Center, Corporate Information Solutions, Customer Frontline Solutions, Meralco Energy, MRAIL, Meralco Industrial Engineering Services Corp., Comstech Integration Alliance, and MSpectrum. He was a Trustee of One Meralco Foundation, and Meralco Power Academy, and Associate Board Member of Semiconductor and Electronics Industries in the Philippines, Inc. (SEIPI). He was named CEO of the Year by London-based award- giving body Total Telecom at the 2022 Asia Communication Awards, and was also honored as CEO Excel Awardee of the International Association of Business Communicators Philippines in 2013, was one of seven finalists in the Rising Star (individual) category of the PLATTS Global Energy Awards 2015 held in New York and has received multiple local and international awards for customer management and business communication excellence throughout his career. Mr. Panlilio holds a BSBA (Computer Information Systems) from San Francisco State University and obtained his MBA at J. L. Kellogg School of Management of Northwestern University and the Hongkong University of Science and Technology.
ol of Management of Northwestern University and the Hongkong University of Science and Technology.

Mr. Panlilio is a Member of the IT Steering Committee, Audit Committee, Corporate Governance & Compliance Oversight Committee, and Risk Management Oversight Committee.

Mr. Nuñez, the Vice Chairman of the Board, is also an Independent Director as discussed in the previous section.

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

For the period January 2024 to April 2024, the Board had 4 meetings. The incumbent directors attended/participated in the meetings, as follows:

Name of Director	Position	No. of Meetings Attended (4 meetings held)	Percentage of Attendance	Remarks
1. Roberto F. De Ocampo	Chairman	4/4	100%	Incumbent
2. Jose A. Nunez, Jr.	Vice-Chairman/	4/4	100%	Incumbent

	Independent Director			
3. Renato A. Claravall	Director/President	4/4	100%	Incumbent
4. Cesar A. Rubio	Lead Independent Director	4/4	100%	Incumbent
5. Alfredo S. Panlilio	Independent Director	1/2	50%	Incumbent, Elected on 19 March 2024
6. Ma. Cecilia G. Soriano	Independent Director	4/4	100%	Incumbent
7. Reynaldo V. Velasco	Independent Director	4/4	100%	Incumbent
8. Gerardo Manuel Luis B. Anonas	Director	4/4	100%	Incumbent
9. Francisco S. Magsajo, Jr.	Director	3/4	75%	Incumbent
12. Percianita G. Racho	Director	4/4	100%	Incumbent
11. Marie Josephine Diana K. Calatrava	Director	4/4	100%	Incumbent
12. Carlos Alfonso T. Ocampo	Director	3/4	75%	Incumbent
13. Anthony M. Te	Director	2/2	100%	Incumbent, Elected on 19 March 2024

(c) Executive Officers

The following are the Bank's Executive Officers:

Renato A. Claravall, 72, is the Bank's President and Chief Executive Officer. He was the President and Chief Operating Officer since 01 December 2018, and became the Acting Chief Executive Officer on 25 January 2023. (Please refer to Item 5 above for his profile.)

Edwin T. Amahan, 59, joined the Bank on August 2021 as Senior Vice President and Head of Branch Banking Group. He was the former Senior Vice President and Branch Banking Group Head of Bank of Commerce. He has brought with him 35 years of experience in operations, sales and marketing, particularly in Branch Banking. He completed his Bachelor's Degree of Commerce major in Accounting in University of San Jose - Recoletos, Cebu City. He is a Certified Public Accountant and has attended various trainings in leadership.

Clodoveo P. Atienza, 69, Senior Vice President since November 2018, is the Senior Credit Officer of Credit Group. He more than 38 years of working experience. Prior to joining the Bank, he was the Credit Administration Division Head of Philippine National Bank. He was the Head of Credit Policy and Review at Union Bank of the Philippines. He also worked at National Commercial Bank in Saudi Arabia as Head of Credit Unit, International Division. He was the Philippine Representative of Filinvest Finance Hong Kong Ltd. He started his career as Account Officer at Family Bank Corporation and Insular Bank of Asia & America.

his career as Account Officer at Family Bank Corporation and Insular Bank of Asia & America.

Camille Maricelle M. Canullas, 57, Senior Vice President since July 2003, is the Chief Information Officer /Head, Information Technology Group. She obtained her Bachelor of Science degree in Computer Science and was a Dean's Lister from the De La Salle University, Manila in 1987. She holds Master's degree in Business Administration and also a Dean's Lister at the Ateneo Graduate School of Business in 1996. Prior to joining the Bank, she was the Director of Risk Consulting in Ernst & Young and a Director of Business Consulting in "Arthur Andersen".

Jose Noel L. Cadiena 50, Senior Vice President since August 2015, is the Head of Central Operations Group. He earned his degree in Bachelor of Arts in Economics and Bachelor of Science in Accountancy,

Honor's Program from the De La Salle University. He also obtained a Basic Management Program, Superior Performance Awardee from the Asian Institute of Management. He is a Certified Public Accountant and a Certified Management Accountant from the Institute of Certified Management Accountants - Australia. He has 19 years of experience in finance and general accountancy, backroom operations and support functions in banking industry. Before joining Philippine Veterans Bank, he was a Vice President/Country Head of Finance at Australia and New Zealand Banking Group Limited, Philippine Branch from 1996 to 2010. He was also an Assistant Vice President – Team Lead, Deutsche Knowledge Services at Deutsche Bank from 2011 to 2014. He is presently Director of New Rural Bank of Agoncillo, Inc. (NAGON).

Annabelle Y. Yong, 61, Senior Vice President since January 2005, is the Head of Consumer Lending Division. She has been with the Bank since August 2001. She obtained her Bachelor of Science degree major in Business Management from the Ateneo de Manila University. She has 27 years of extensive retail loans experience from various top local and foreign banks, having been Head of Mortgage Banking with Dao Heng Bank, Customer Relationship Manager with Citigold Priority Banking in Citibank, N.A. and Account Officer with BPI Family Bank. She has attended various seminars and training programs in the Philippines, Singapore, Taiwan and Hong Kong. ly Bank. She has attended various seminars and training programs in the Philippines, Singapore, Taiwan and Hong Kong.

Maria Antonia N. Bacabac, 59, First Vice President since November 2017, is the Chief Risk Officer and Head of Risk Management Division. Prior to joining the Bank, she was the Chief Risk Officer / First Vice President at First Metro Investment Corporation. She was also the Head of Credit Evaluation and Analysis Division / Vice President at Metropolitan Bank & Trust Company. She started her Banking career as Analyst III at Far East Bank & Trust Company for 10 years and worked her way up to the Deputy Head of Credit Policy & Risk Management. She also worked at Bank of the Philippine Islands as the Head of Industry Monitoring Department (2000), Head of Credit Risk Management Department/IBG (2000–2004) and also head of Financial Institutions Department/IBG (2005). She holds a Bachelor of Science in Management Engineering from the Ateneo de Manila University and Master in Business Administration from University of the Philippines. ement Department/IBG (2000–2004) and also head of Financial Institutions Department/IBG (2005). She holds a Bachelor of Science in Management Engineering from the Ateneo de Manila University and Master in Business Administration from University of the Philippines.

Charina DC Balanquit, 45, First Vice President effective August 1, 2022, is the Chief Digital Marketing Officer under the Office of the President. She has an MBA degree from the Ateneo Graduate School of Business. She graduated Cum Laude with a degree of BS Business Administration from the University of the Philippines, Diliman. She is bringing with her 22 years of Banking experience in Corporate Banking Products and Marketing. She was the former Marketing Group Head at United Coco Planters Bank (UCPB).

Armand D. Eugenio, 53, First Vice President, is the Head of Assets Recovery and Remedial Management Division. He is bringing with him 23 years of solid banking experience with key strengths in Remedial, Credit and Collections, and Risk Management. Prior to joining Philippine Veterans Bank, he was the Chief Risk and Compliance Officer/ Vice President at Philippine Export- Import Credit Agency (PhilEXIM). He was responsible for the design, implementation, monitoring and revision of Risk Management Policy, BSP & AMLA Compliance programs. He was also involved in Credit and Operational policies, formulation, review, implementation and compliance monitoring. He started his banking career as Credit Card Consultant at Citibank NA in 1991. He also worked at Chinatrust (Philippines) Commercial Bank for 13 years where he was exposed to Remedial Management covering Commercial, Consumer, Housing and Corporate. He was a Vice President for Special Asset Management Institutional Credit Risk Management Group. Armand earned his degree in Bachelor of Arts, Major in Economics, from University of Santo Tomas, Manila. ics, from University of Santo Tomas, Manila.

Leah Mabel M. Faustino, 59, First Vice President, is the Head of Human Resources Division. Ms. Faustino has more than 30 years of experience in the banking industry in the field of Human Resources Management. She started her career in Boston Bank of the Philippines as Psychometrician and Employee Assistant for 6 years. She moved to Philbank as Head of Recruitment and Testing Section then became the Head of Training Department for 9 years. In late 1990's, the Philbank was merged with Global Bank where she continued her career as Head of Organizational Development Division for three (3) years. Then, she moved to Citibank, N.A where she handled numerous titles under HR for nine (9) years such as HR Generalist (AVP), Country Talent Acquisition Head (AVP), HR Program Manager (VP) and CSI Training

Officer (VP). For a short period of time, she moved to other industries: Araneta Center as Assistant HR Head for four (4) months and Hi- EISAI Pharmaceutical Corporation as HR Director for more than a year. She came back to the Banking Industry in late 2014 with First Metro Investment Corporation as Head, Human Resources Division. She earned her degree in Bachelor of Arts in Psychology and Guidance Counseling at St. Scholastica's College, Manila.

Patrick Jerold T. Juan, 55, First Vice President since January 2017, is the Head of Institutional Banking Group. He has 21 years of experience in the banking industry with key strengths in credit and corporate banking. Prior to joining Philippine Veterans Bank, he was the Head of Large Corporates, Papua New Guinea in Australia and New Zealand Banking Group Limited (ANZ). He managed the Large Corporates Division of the Bank in the Northern Region of the said country with a total portfolio of under USD600M. He was also responsible in formulating and implementing marketing and sales strategies and structured calling programs. He started his banking career at HSBC Corporation in 1994 and worked there for more than 11 years. He held different positions such as Manager of Treasury Credit (September 2002- March 2006), Manager of Credit Recoveries (September 2001- August 2002) and various positions in Securities Division, Marketing Department, the Sunlife Demutualization Project and underwent Executive Management Training (April 1994- August 2001). He also worked for the National Commercial Bank, Saudi Arabia as Senior Corporate Banker and Corporate Credit Analysis Manager from 2006 to 2012. Patrick earned his degree in Bachelor of Science in Industrial Management Engineering minor in Mechanical Engineering from De La Salle University.

ust 2001). He also worked for the National Commercial Bank, Saudi Arabia as Senior Corporate Banker and Corporate Credit Analysis Manager from 2006 to 2012. Patrick earned his degree in Bachelor of Science in Industrial Management Engineering minor in Mechanical Engineering from De La Salle University.

Atty. Federico A. Manalo, 75, First Vice President, is the Program Director of the Bank's Veterans Affairs Office. He was a Director of Philippine Veterans Bank from 2019 to 2021. Prior to this, he was the Corporate Secretary of the Bank for 18 years. He also worked with Monte De Piedad & Savings Bank as Corporate Secretary and was a former Legal Assistant of Philippine Trust Company. He obtained his Bachelor's Degree in Commerce major in Accounting at University of Batangas and was a graduate of Bachelor of Laws at Far Eastern University.

Ma. Flor B. Manaois, 61, First Vice President, is the Chief Audit Executive/ Head of Internal Audit Division. Prior to joining the Bank, she was a Senior Accountant, Treasury Supervisor and eventually a Credit and Collection Officer at Mondragon Savings and Loans Association from 1986 to 1991; Chief Accountant at Toyota Alabang, Inc. from 1991 to May 1992. She was Chief Accountant/ Assistant Finance Manager and Finance Manager of Honda Cars Quezon City and Manila from May 1992 to February 2007. She has attended various trainings and seminars. She obtained her Bachelor of Accountancy degree, Academic Scholar from the Polytechnic University of the Philippines.

Florence T. Palacio, 56, First Vice President, is Controller/Head, Finance and Administration Group. She has over 25 years of solid banking experience with specialization in Accounting, Finance, and Taxation. Prior to joining Philippine Veterans Bank, she was a Vice President and Head of Treasury Operations Department in CTBC Bank (Philippines) Corporation where she was responsible for all procedures and workflows of Treasury Operations. She managed all processes in line with the standards and requirements of the parent bank and internal and external regulations. She also worked at Export & Industry Bank, Inc. for almost 10 years where she held different positions such as Head of Tax Compliance and Financial Analysis, General Accounting, and Tax Compliance Division. She started her banking career at Equitable Banking Corporation in 1988. She earned her degree in Bachelor of Science in Business Administration major in Accounting from University of the East Manila. She is a Certified Public Account.

Frederick P. Rosario, 50, First Vice President, is the Head of Business Solutions Division under Information and Technology Group. He has been with the bank since 2003. He obtained his Bachelor of Science Degree in Computer Science from AMA Computer University. Prior to joining Philippine Veterans Bank, he was a Manager at Export Bank. He also worked as IT Consultant at Global Bank.

Thaddeus Anthony L. Tan, 57, First Vice President, is the Head of the Commercial Banking Group. He graduated with a degree of Bachelor of Science in Business Administration and Bachelor of Science in Applied Mathematics at De La Salle University. He is bringing with him 31 years of experience in different banking industries. He was a former Business Development officer at Philippine Business Bank.

Roberto S. Vergara, 72, First Vice President, is the Head of Trust and Investment Division. He was the former Chief Trust Officer and Head of Trust Banking Group in Philippine National Bank (PNB). He began his career in 1973 and held various positions in Trust, Treasury, Investment Banking and Global Banking/ Overseas Remittances. Prior to joining the Bank, he was Trust officer of HSBC and then became the Trust Officer, then Treasury Group Head and lastly Global Banking / Overseas Remittance Group Head of Land Bank of the Philippines. He is the Executive Director of the Trust Institute Foundation of the Philippines (TIFP). Among others, he was a Director in the Trust Officers Association of the Philippines (TOAP), is an active member of Financial Executives Institute of the Philippines (FINEX) and a member of the Fund Managers Association of the Philippines (FMAP). He is a fellow at the Institute of Corporate Directors (ICD) under the Center for Good Governance (CGG), and is a qualified Independent Director for any listed or non-listed company in the Philippines. He earned his degree of Bachelor of Arts in Economics at Ateneo de Manila University, where he also obtained units at the Graduate School of Business.

Miguel Angelo C. Villa-Real, 56, First Vice President, is the Head of Marketing Communications & Consumer Protection Division. Prior to joining the Bank, he was a Marketing Officer at Bank of the Philippine Islands. He has been with the Bank since 2003. He obtained his Bachelor of Science Degree in Community Development from University of the Philippines.

Atty. Vincent Jason T. Villanueva, 58, First Vice President since November 2016, is the Head of Legal Services Division. Atty. Villanueva has over two decades of solid experience which he gained from both private institutions and the banking industry. Prior to joining the Bank, he worked for St. Francis Square Group, Auto Sweep Post Corporation (San Miguel Corp. Subsidiary) and Cortel Law Office as a Consultant from February 2014 to November 2016. He started his banking career at ANB AMRO Bank Inc. as Litigation Section Head in 2000. He was given the opportunity to work with The Royal Bank of Scotland from May 2002 to May 2010 as Country Legal Head. He also worked for Robinsons Bank Corporation as the Head of Legal Group from July 2010 to June 2013. He was in charge of the legal affairs of the bank, covering legal advisory, documentation, case management, and corporate secretary ship support. Atty. Villanueva earned his degree in Bachelor of Science in Business Management in Ateneo De Manila University in 1986 and Bachelor of Law 1991 (L.L.B.) in the same university.

poration as the Head of Legal Group from July 2010 to June 2013. He was in charge of the legal affairs of the bank, covering legal advisory, documentation, case management, and corporate secretary ship support. Atty. Villanueva earned his degree in Bachelor of Science in Business Management in Ateneo De Manila University in 1986 and Bachelor of Law 1991 (L.L.B.) in the same university.

George B. Arenas, 51, Vice President, is the Head of Financial Information & Reports Division and former Head of ICAAP Department concurrent to Operational Risk Officer under Risk Management Division. He is Certified in Risk and Information Systems Control (CRISC), Certified Public Accountant and Certified Internal Auditor. He was the former Head of Operational Risk Department/ AVP at First Metro Investment Corporation (FMIC). He also held the position as Risk Officer and Head of the Audit Department in FMIC. He also worked as Supervisor in Operational Risk Department at Doha Bank, Doha Qatar. He was the Senior Executive and Head of Investigation Unit at Maybank Philippines, Inc. He also worked as Auditor at Far Eastern Bank and Trust Company and Sycip, Gorres, Velayo (SGV) and Co. He finished his Bachelor's Degree in Commerce major in Accounting at Ateneo de Naga University.

Romcyn D. Camatog, 50, Vice President, is the Head of Credit Evaluation Division under Credit Group. Mr. Camatog has almost two decades of experience in the banking industry specializing in credit risk management. He was also exposed to corporate finance, account management, analysis and marketing. His last position was an Enterprise Risk Manager at Security Bank. He started his career in banking industry when he joined China Banking Corporation as Credit Investigator in 1995 and worked in the same company for almost 8 years. He also worked for PBCOM and BDO from 2010 to 2015 where he was exposed to credit risk management and corporate finance.

Ricardo V. Carreon, 59, Vice President since December 2019, is the Head of Quality Management Division under Information Technology Group. Mr. Carreon obtained his Bachelor of Science in Electronics and Communications Engineering in 1987. He took up his Master of Science in Business Administration in Pamantasan ng Lungsod ng Maynila in 2005. He has more almost three decades of work

experience in the field of Information Technology from different industries. He was the former VP/ Head of IT Pacific Cross Insurance Inc. He worked as MIS Manager at Fortune General Insurance Corporation then was promoted to Assistant Vice President MIS. He also worked in other insurance companies such as Nicphil Insurance Corporation, Paramount Life and General Insurance Corporation and Loyola Plans Inc..

Joel I. Dilig, 52, Vice President effective March 1, 2023, is the Head, Corporate Planning Office under the Office of the President. He brings with him almost three decades of extensive experience in the banking industry. He was a former Budget and Planning Head at Robinsons Bank Corporation. He graduated with a degree of Bachelor of Science in Accountancy at De La Salle University, where he also obtained Master's degree in Business Administration.

Ma. Theresa L. Escobar, 49, Vice President, is the Chief Compliance Officer and Head of Compliance Division and concurrently serves as the Acting Corporate Governance Officer. She has been with the Bank since 1995. She obtained her Bachelor of Science degree in Psychology from St. Paul College.

Erwin V. De Guia, 47, Vice President since 1 May 2022, is the Head of Operations Control and Support Division under Branch Banking Group. He has been with PVB since February 2018. Prior to joining PVB, he was the Unit Operational Risk Manager at Standard Chartered Bank. He was the former Branch Operations Risk Manager and Branch Risk Control Officer at Philippine Bank of Communications. He also worked as the Quality Assurance Officer at Union Bank of the Philippines and International Exchange Bank. He worked at Security Bank Corp. as the Area Operations Officer, Branch Sales Assistant and Jr. Bookkeeper. He obtained his Bachelor's Degree in Accountancy from the Ateneo de Davao University. ns Officer, Branch Sales Assistant and Jr. Bookkeeper. He obtained his Bachelor's Degree in Accountancy from the Ateneo de Davao University.

Rowena A. Generoso, 56, Vice President, is the Head, Litigation Team under Legal Services Division. She has been with Philippine Veterans Bank since April 14, 2014. She graduated with a degree of Bachelor of Science in Business Administration major in Accountancy at PSBA Manila and a Post graduate Bachelor Degree in Law at Arellano Law School.

Mary Jean A. Go, 60, Vice President, is the Head of Relationship Management Division 1 under Institutional Banking Group. She finished her Bachelor's Degree in Commerce major in Management in Financial Institutions at De La Salle University. She brings with her more than 35 years of experience in Corporate Banking and Credit. She was a former Vice President of Corporate Credit Group at United Coconut Planters Bank (UCPB).

Jamie James M. Javier, FRM, 36, Vice President, is the Head, Market Risk and Liquidity Department under Risk Management Division. He is bringing with over a decade of experience from the Financial industry in Risk Management. He was the former Chief Risk Officer at First Metro Investment Corporation. He graduated with a degree of BSM Applied Mathematics Major in Mathematical Finance Minor in Economics from the Ateneo De Manila University.

Iris Veronica Go Lim, 39, Vice President, is the Digital Marketing Officer under the Office of the President. She has 15 years of Banking experience in a broad range of bank products such as Cash Management, Cards, Deposit /Retail, Insurance, and Remittance. She was the former Head of Product Management Department at United Coco Planters Bank. She graduated with a degree of Bachelor of Arts major in Management Economics from the Ateneo De Manila University.

Ella R. Makalintal, 48, Vice President, is the Head of Projects Division under Information Technology Group. She has been in the Bank since 2004. She obtained her Bachelor of Science in Computer Management at Polytechnic University of the Philippines.

Racquel B. Mañago, 56, Vice President since January 2016, is the Head of Institutional Banking Operations Division under Central Operations Group effective 1 February 2022. She was previously the Head of Operational Risk Department under Risk Management Division. She has 22 years of solid experience in Bank Operations with key strengths in Operational Risk Management. Prior to joining Philippine Veterans Bank, she was an Assistant Vice President for Operational Risk in PBCOM. She specialized in operational risk framework of various business units. She started her banking career at Citibank Philippines as an Operations Officer. She also worked at Union Bank for 8 years where she was exposed to enhancing the business systems and processes throughout Treasury covering different areas such as Trading, Marketing, Private Banking, Liquidity Management, Risk Management & Operations and Trust. She is an active contributor of Bankers Institute of the Philippines (BAIPHIL) as Subject Matter

Expert in Operational Risk Management since 2005. She earned her degree in Bachelor of Science major in Economics from University of the Philippines, Diliman.

g different areas such as Trading, Marketing, Private Banking, Liquidity Management, Risk Management & Operations and Trust. She is an active contributor of Bankers Institute of the Philippines (BAIPHIL) as Subject Matter Expert in Operational Risk Management since 2005. She earned her degree in Bachelor of Science major in Economics from University of the Philippines, Diliman.

Jean S. Parrilla, 61, Vice President, is the Head of Financial and Control Division under Finance and Operations Group. She is a Certified Public Accountant. She has 36 years of solid experience in Banking Industry with expertise and experience in Wealth Management Trust Operations and Accounting, Treasury Operations, Risk and Controls, Financial Accounting and Controls, Asset and Capital Management. Prior joining to Philippine Veterans Bank, she worked at HSBC, Solid Bank Corporation and Security Bank Corporation. She earned her Bachelor of Science in Business Administration major in Accounting at Sienna College.

Mario L. Rabie, 59, Vice President, is the Head of Credit Risk Department under Risk Management Division. He has been in Philippine Veterans Bank since July 2015. He has over 3 decades of working experience in Financial Institutions Industry. Prior to joining PVB, he was the Assistant Vice President and Head of Credit Department at Premier Bank. He worked at Trade & Investment Development Corporation of the Philippines as Credit Policy Supervision & Compliance Officer. He also worked as Account Officer in Omni Savings Bank and Union Bank. He worked at PhilBank Corporation as Credit Review Officer. He started his career as Loan & Credit Analyst / Clerk at Development Bank of the Philippines. He obtained his Bachelor of Science in Business Management at Polytechnic University of the Philippines.

Johanna C. Reyes, 43, Vice President since September 2023, is the Executive Assistant of our Chairman Roberto “Bobby” De Ocampo. She has been with the Bank since 2015. She started her career at the Asian Institute of Management as a Program Director and Executive Assistant. She obtained her Bachelor of Science in Management Information System at Assumption College and her Master’s Degree in Management at the University of Asia and the Pacific.

Franco G. Rimando II, 40, Vice President, is the Head, Trading Division under Treasury Group. He has been in the Bank since 2020. He obtained his Bachelor of Science in Economics at De La Salle University Manila. He worked with various banks such as BDO Private Bank and Bank of Commerce.

Geraldine L. Romano, 53, Vice President, is the Head of Sales & Services under Branch Banking Group. She has been in the Philippine Veterans Bank since June 1993. She obtained her Bachelor of Science in Commerce at Ateneo De Naga University. She started her career at Mirabella Hotel as Bookkeeper.

Jose Enrique L. Salvador, 58, Vice President, is the Head of Relationship Management Division 2 under Institutional Banking Group. He obtained his Bachelor of Arts in Economics and Masters in Business Administration degrees from the University of the Philippines, Diliman. Prior joining with PVB, he was the Assistant Vice President 2 / Team Head of Corporate & Investment Banking Group. He worked with various Banks such as China Banking Corporation as Lending Officer under Branch Banking Group and Security Bank as Relationship Manager & Enterprise Risk Manager. He also worked as an Account Officer with several Banks namely Metropolitan & Trust Co., Global Business Bank, Far Eastern Bank, Bank of the Philippine Islands, and City Trust Banking Corp.

er & Enterprise Risk Manager. He also worked as an Account Officer with several Banks namely Metropolitan & Trust Co., Global Business Bank, Far Eastern Bank, Bank of the Philippine Islands, and City Trust Banking Corp.

Andres B. Saracho, 58, Vice President, is the Head of Veterans Affairs Office. He has been with Philippine Veterans Bank since October 2018. Prior to joining PVB, he was the Communications Director at MCA Philippines. He worked with CBK Power Co., Ltd as Community Relations Manager and with Edison Mission Energy Phil. as Research Analyst. He was the Assistant Manager for Investment Promotion at AB Capital Investment Corp. He graduated from the University of Sto. Tomas with the Degree of Bachelor of Science in Commerce major in Economics.

in Economics.

Eymard Ryan O. Sumulong, 42, Vice President, is the Head of IT Operations Division under Information Technology Group. He has been with PVB since October 2015. He graduated with a Bachelor’s Degree in Computer Science from AMA Computer University, Makati. Prior to joining PVB, he was the former Senior Systems Specialist at Fujitsu Philippines, Inc. He worked with Accenture Inc. as Senior Software Engineer

and Team Leader. He also worked as the Senior Desktop Administrator in Affiliated Computer Services. In First Advantage Philippines Inc., he was the Senior IT Associate and eventually became the IT Supervisor. He also worked with Integrated Network Services Inc. as part of the Technical Support team. In First Advantage Philippines Inc., he was the Senior IT Associate and eventually became the IT Supervisor. He also worked with Integrated Network Services Inc. as part of the Technical Support team.

Johanna C. Tan, 51, Vice President effective 16 January 2023, is the Head, Commercial Banking Division under Commercial Banking Group. She graduated with a degree of BS computer Science at AMA Computer University. She is bringing with her 27 years of Banking experience in different banking industries such as Bank of Commerce, Rizal Commercial Banking Corp. and Philippine Business Bank. She was a former Center Head, Binondo Lending Center at Philippine Business Bank.

Tephanie M. Gandia, 36, is the Corporate Secretary of the Bank. She is a Partner of the law firm Serrano Law, specializing in corporate law. Atty. Gandia is recognized as a leading lawyer by international publications IFLR 1000 and Legal 500. She holds a Juris Doctor degree from the University of the Philippines. She graduated *cum laude* for her BA Political Science degree from the same university. She is also a Certified Associate Treasury Professional, having passed the Treasury Certification Program of the Ateneo-BAP Institute of Banking.

Guadencio A. Barboza, Jr. 52, Filipino, is the Assistant Corporate Secretary of the Bank. He also serves as the Corporate Secretary of Rural Bank of Agoncillo, Inc. (NAGON), a subsidiary of the Bank. He has been serving as Head of Administration and Accounting of the Office of the Secretary of the Bank with the rank of Assistant Vice President. Atty. Barboza graduated with a Bachelor of Arts degree in Political Science from Centro Escolar University and Bachelor of Laws from San Sebastian College Manila.

(d) Nominees for Election as Directors

Pursuant to its Revised Charter, the Bank's Board of Directors shall be composed of 15 directors. Below is the list of persons nominated as Directors of the Bank for 2024-2025:

1. Roberto F. De Ocampo, OBE
2. Renato A. Claravall
3. Gerardo Manuel Luis B. Anonas
4. Francisco S. Magsajo, Jr.
5. Percianita G. Racho
6. Marie Josephine Diana K. Calatrava
7. Carlos Alfonso T. Ocampo
8. Anthony M. Te
9. Jose A. Nuñez, Jr. (Independent Director)
10. Cesar A. Rubio (Independent Director)
11. Alfredo S. Panlilio (Independent Director)
12. Ma. Cecilia G. Soriano (Independent Director)
13. Reynaldo V. Velasco (Independent Director)

Please refer to Item 4 and 5 for the shareholding and profiles of the nominees.

Mr. Anthony A. Calica nominated the nominees for Independent Directors:

1. Jose A. Nuñez, Jr.
2. Cesar A. Rubio
3. Alfredo S. Panlilio
4. Ma. Cecilia G. Soriano
5. Reynaldo V. Velasco

Mr. Calica is not related to Messrs. Jose A. Nuñez, Jr., Cesar A. Rubio, Alfredo S. Panlilio and Reynaldo V. Velasco, and Ms. Ma. Cecilia G. Soriano.

The Nominations Committee pre-screens the nominees based on their qualifications as provided in the Bank's Amended By-Laws and Manual of Corporate Governance and pertinent regulations of the BSP and the SEC (SRC Rule 38).

The Nomination Committee is composed of the following members:

NOMINATION Committee Members	
Gerardo Manuel Luis B. Anonas	Committee Chairman
Ma. Cecilia G. Soriano	Member / Independent Director
Reynaldo V. Velasco	Member / Independent Director
Percianita G. Racho	Member
Josephine Diana K. Calatrava	Member

The Board of Directors has the authority granted to it by the shareholders to elect the two remaining directors of the Bank.

(e) Involvement in Legal Proceedings

None of the directors, nominees for election as director, executive officers or control persons of the Bank have been the subject of any (a) bankruptcy petition, (b) conviction by final judgment in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses, (c) order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities, which is not subsequently reversed, suspended or vacated, or (d) judgment of violation of a securities or commodities law or regulation 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, which has not been reversed, suspended or vacated, for the past five (5) years up to the date that is material to the evaluation of his ability or integrity to hold the relevant position in the Bank.

(f) Significant Employees

There are no significant employees other than those occupying executive positions.

(g) Family Relationship

There are no family relationships up to the fourth civil degree either of consanguinity or affinity among any of the directors, executive officers and persons nominated or chosen to become directors or executive officers.

(h) Relationships and Related Transactions

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

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

The Bank has the following subsidiaries and affiliates as of 30 April 2024:

Subsidiary	Percentage of Ownership	Country of Incorporation	Principal Activities
Intervest Projects, Inc.	100%	Philippines	Property Development
New Rural Bank of Agoncillo, Inc.	97.7%	Philippines	Rural Bank
Veterans Venture Capital Corp. (VVCC)	60%	Philippines	Non-operational

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

(a) Compensation of Directors

Each director is entitled to receive *per diem* for every Board or Board Committee meeting attended as follows:

Type of Meeting	Director	Vice-Chairperson	Chairperson
Board Meeting	₱50,000.00	₱55,000.00	₱150,000.00
Board Committee Meeting (except Executive Committee)	₱10,000.00	-	₱15,000.00
Executive Committee	₱30,000.00	₱45,000.00	₱80,000.00

In compliance with Section 29 of the Revised Corporation Code, the total compensation as directors of each of the Bank's Directors during their term since their last election as of 30 April 2024 is as follows:

Name of Director	Total Compensation Received by Directors
Chairman Roberto F. De Ocampo	7,090,598.32
Vice Chairman Jose A. Nunez, Jr.	1,972,222.20
Gerardo Manuel Luis B. Anonas	1,421,052.65
Marie Josephine Diana K. Calatrava	311,111.13
Francisco S. Magsajo, Jr.	1,472,222.21
Percianita G. Racho	1,278,947.39
Anthony M. Te	183,333.34
Carlos Alfonso T. Ocampo	166,666.67
Renato A. Claravall	0
Cesar A. Rubio	1,647,368.42
Ma. Cecilia G. Soriano	1,122,222.21
Reynaldo V. Velasco	1,105,555.56
Alfredo S. Panlilio	88,888.89

The abovementioned amounts include monthly allowances and *per diem*. *Per diem* is based on the directors' attendance in the Board and Board Committee meetings, and their Committee memberships.

The Bank's By-Laws state that the directors are entitled to a compensation of not more than ten percent (10%) of the Bank's net income before income tax of the preceding year. However, members of the Board only receive a fixed allowance/honorarium for every meeting attended.

BOARD OF DIRECTORS	Year	Salary	Bonuses & Other Compensation	Total
	IN MILLION PESOS			
	2024 (estimate)		27.200	27.200
	2023 (actual)		23.430	23.430
	2022 (actual)		18.180	18.180
	2021 (actual)		21.502	21.502

The foregoing compensation is in accordance with the Bank's By-Laws, the directors are entitled to a compensation of not more than ten percent (10%) of the Bank's net income before income tax of the preceding year.

(b) Compensation of Executive Officers

Name	Year	Salary	Bonuses & Other Compensation	Total
IN MILLION PESOS				
Total for the 5 highest compensated executive officers (Roberto De Ocampo, Renato Claravall, Clodoveo Atienza, Camille Maricelle Canillas, Maria Antonia Bacabac)	2023 (actual)	18.505	29.262	47.767
	2022 (actual)	27.910	29.373	57.283
	2021 (actual)	27.583	23.196	50.780
	2020 (actual)	48.197	10.079	50.276
	2019 (actual)	27.563	31.364	58.972
Total for all officers	2023 (actual)	268.138	241.372	499.510
	2022 (actual)	233.755	182.750	416.505
	2021 (actual)	214.118	203.489	417.607
	2020 (actual)	378.768	103.110	481.878
	2019 (actual)	221.424	218.023	439.448

ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

Punongbayan & Araullo (P&A) Grant Thornton is the external auditor for the current year. The same external auditor will be recommended for re-appointment at the scheduled stockholders' meeting. Representatives of the P&A will be present at the stockholders' meeting and they will have the opportunity to make a statement if necessary and are available to respond to appropriate questions.

ITEM 8. COMPENSATION PLANS

No action will be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

ITEM 9. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE

No action will be presented for shareholders' approval at this meeting which involves authorization or issuance of any securities.

ITEM 10. MODIFICATION OR EXCHANGE OF SECURITIES

No action will be presented for shareholders' approval at this meeting which involves the modification or exchange of securities.

ITEM 11. FINANCIAL AND OTHER INFORMATION

- (a) Brief Description of the general nature and scope of the business of the Bank, attached as **Annex A**
- (b) Market Information, Dividends, and Top 20 Stockholders, attached as **Annex B**
- (c) Discussion of Compliance with leading practice on Corporate Governance, attached as **Annex C**
- (d) Management's Discussion and Analysis or Plan of Operation, attached as **Annex D**
- (e) Audited Financial Statements as of 2023, attached as **Annex E**
- (g) Interim Financial Statement as of 31 March 2024 submitted to SEC, attached as **Annex F**
- (h) Certification of Qualifications of Independent Directors, attached as **Annexes G-1 to G-5**
- (i) Minutes of the Annual Stockholders' Meeting held on 16 June 2023 and Special Stockholders' Meeting held on 19 March 2024, attached as **Annexes H-1 to H-2**

The Bank's external auditor is Punongbayan & Araullo (P&A) Grant Thornton. PVB has had no material disagreement with Punongbayan & Araullo (P&A) Grant Thornton on any matter of accounting principle or practices or disclosures in the Bank's financial statements.

ITEM 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

No action will be presented for shareholders' approval at this meeting which involves mergers, consolidations, acquisitions, and similar matters.

ITEM 13. ACQUISITION OR DISPOSITION OF PROPERTY

No action will be presented to be voted upon which involves any acquisition or disposition of property.

ITEM 14. RESTATEMENT OF ACCOUNTS

No action will be presented for stockholders' approval at this year's annual meeting which involves the restatement of any of PVB's assets, capital or surplus account.

D. OTHER MATTERS

ITEM 15. ACTION WITH RESPECT TO REPORTS

The following matters will be presented for approval during the Stockholders' Meeting:

- a. Minutes of the Annual Stockholders' Meeting held on 16 June 2023 and Special Stockholders' Meeting held on 19 March 2024; and
- b. General ratification of all acts of the Board of Directors and Management during their term commencing from the date of the last Annual Stockholders' Meeting up to the date of this year's meeting.

Appended to this Information Statement are the abovementioned minutes of the stockholders' meetings which fully reflect the proceedings during the meetings in accordance with Section 49 of the Revised Corporation Code.

ITEM 16. MATTERS NOT REQUIRED TO BE SUBMITTED

The opening for subscription of the Bank's unissued preferred shares to the public will be taken up during the Stockholders' Meeting in line with the increase in the Bank's authorized capital stock under the Revised Philippine Veterans Bank Act, and approval of stockholders during the 2022 Annual Stockholders' Meeting and the Special Stockholders' Meeting held last 19 March 2024. Existing stockholders will be reminded of and will be given the opportunity to exercise or waive their preemptive right to subscribe to such number of shares in proportion to their respective shareholdings.

ITEM 17. AMENDMENT OF CHARTER, BYLAWS OR OTHER DOCUMENTS

No action will be presented to be voted upon which involves any action with respect to the amendment of the charter, by-laws or other documents.

ITEM 18. OTHER PROPOSED ACTION

No other proposed action will be presented to be voted upon.

ITEM 19. VOTING PROCEDURES

Article III, Section I (b), (c) & (d) of the Bank's Amended By-Laws specifies that any stockholder who is not delinquent in his subscription shall be allowed to vote either in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact in accordance with the requirements of existing rules and regulations.

For each matter to be submitted to a vote of shareholders, the votes required for approval or election are as follows:

- a. The affirmative vote of stockholders of the Bank representing at least majority of the quorum is required, in accordance with Article III, Section 1(e) of the Bylaws of the Bank, to approve all unapproved minutes, the 2023 annual report, the ratification of all acts and proceedings of the Board of Directors, Management and Corporate Officers up to the date of this meeting, and the appointment of external auditor.
- b. For the election of directors, following Section 23 of the Revised Corporation Code and the Bank's amended By-Laws, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Bank multiplied by the whole number of directors to be elected.

Stockholders who cannot attend the meeting may execute a proxy in favor of another stockholder pursuant to the Bank's By-Laws which must be received by the Office of the Secretary at 6th Floor PVB Building 101 V.A. Rufino cor. Dela Rosa Sts., Legaspi Village, Makati City, and/or by email to stockcertificate@veteransbank.com.ph not later than 28 May 2024.

Only verified stockholders will be allowed to vote, via electronic means or via proxy, for or against each of the items in the agenda. The votes will be tabulated by the Office of the Corporate Secretary and SGV & Co..

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 this 20 May 2024 at Taguig City.

By:

PHILIPPINE VETERANS BANK



Atty. TEPHANIE M. GANDIA
Corporate Secretary

BUSINESS AND GENERAL INFORMATION

1. Description of Business

(a) Form and Year of Organization

On June 18, 1963, Republic Act (R.A.) No. 3518 was approved creating the Philippine Veterans Bank (hereafter referred to as "PVB" or "Bank"). The idea to establish a veterans' bank began in 1956 when the reparations agreement with Japan was concluded. It provided for payment by Japan to the Philippines the amount of US \$20 million in cash, US \$5 million in capital goods, and US \$10 million in services. Under Republic Act No. 1789, better known as the Reparations Act, the cash reparations were set aside into a special trust fund for the use of World War II veterans and their families. There were plans to split the funds evenly among all veterans, but legislators say that it is in the higher interest that the funds be invested in a bank that would service their needs. If the funds were split at the time, each veteran would get only one hundred pesos at the then-prevailing exchange rate of two pesos per U.S. dollar.

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While PVB was conceived and created as a private bank exclusively owned by the World War II veterans, its enabling law also declared it to be a government depository as a gesture of appreciation by a grateful nation to the veterans for the sacrifices that they offered on the altar of freedom.

Under the PVB charter, the bank's subscribed capital of one hundred million pesos would be divided into 510,000 common shares and 490,000 preferred shares, all with a par value of one hundred pesos. All common shares were subscribed by the government on behalf of the veterans, their families and descendants, while the preferred shares were distributed for free among the veterans. Also, under PVB's charter, the members of the board would be appointed by the government during the first five years from the organization of the Bank pending the transfer of the common shares to the veterans. Thereafter, the World War II veterans owning PVB were to elect the members of the board in the manner prescribed by the Corporation Code.

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However, even after the common stocks were transferred to the veterans, subsequent amendments to R.A. No. 3518, through a series of Presidential Decrees issued during the Martial Law era enabled the government to continue appointing board members. As a consequence, the right of the veterans to elect members of the board was curtailed, and they became PVB owners in name only. As history would later unfold, the Bank fell prey to political excesses during that era. Because of capital deficiency, PVB was closed by the Monetary Board of the Central Bank on April 10, 1983 and placed under receivership. Subsequently, it was placed under liquidation on June 17, 1985.

by the Monetary Board of the Central Bank on April 10, 1983 and placed under receivership. Subsequently, it was placed under liquidation on June 17, 1985.

With the EDSA Revolution and through the initiative and determined efforts of the Veterans Federation of the Philippines (VFP), new Philippine government on January 2, 1992 passed Republic Act No. 7169, which would rescind all amendments made during the Martial Law era to the PVB charter. The law would revert back the PVB charter to its original state. Through the law, the veterans regained their rights as rightful shareholders of the bank, which were denied during the Marcos era. Since the law also understood that the veterans took no role in the failure of PVB, it allowed the restructuring of its locked government deposits, totaling 1.48 billion pesos at the time, into a seven-year loan. Unlike other banks of its classification, which were bailed out by the government, PVB had to rely on internal funds to keep its commercial banking license. Because of that, its authorized capital was raised to one billion pesos from the previous P100 million. Today, PVB has an authorized capital stock of ten (10) billion pesos.

esos.

On May 6, 1992, the Central Bank of the Philippines granted PVB the authority to operate as a private commercial bank. On July 3, 1992, Fidel V. Ramos, then Philippine President, symbolically opened PVB. Commercial operations began a month later.

Since reopening in 1992, PVB has enjoyed profitability and success even with its conservative investment stance. With its recapitalization, the original two shares of each veteran grew to 64 common and 10 preferred shares now with a combined value of P7,400. PVB also embarked on goodwill programs for World War II veterans such as free medical care. It also gives preference to veterans in banking transactions and to their descendants in hiring bank personnel. As part of its charter, PVB also provides 20% of its annual net income for the benefit of its shareholders.

Today, PVB is again a proud member of the banking community. In 2010, PVB became a member of BancNet, the Philippines' largest interbank network. PVB successfully migrated to BancNet in April 2011. The migration to BancNet allowed its over cardholders 24/7 access to PVB through the network's over ATMs nationwide as well as access to BancNet services (BancNet Online, POS, Mobile Banking, E-Shopping, E-Load, e-Gov payments, i.e. SSS, Philhealth, BIR). As of December 31, 2023, PVB has a total of 227 ATMs (69 onsite and 158 Offsite) and 61 branches in key cities and municipalities nationwide.

On December 10, 2021, President Rodrigo R. Duterte signed the RA 11597 amending RA 3518 or the law creating the Philippine Veterans Bank. The law expanded the ownership of the Bank to all veterans as well as the non-veteran sector and raised the equity of the Bank to P10 billion from P100 million of the old charter. This amendment will promote socio-economic security and general welfare of all Filipino war veterans and retired military personnel.

Based on the published Statements of Condition as of December 31, 2023, out of the 45 universal and commercial banks operating in the country, PVB ranked 26th in Assets with P63.290 Billion; 23rd in Deposits with P57.541 Billion; 40th in Capital Accounts with P3.110 Billion; and 26th in Loans with P24.824 Billion.

The Bank has the following subsidiaries and affiliates as of 31 March 2024:

Subsidiary	Percentage of Ownership	Country of Incorporation	Principal Activities
Intervest Projects, Inc.	100%	Philippines	Property Development
New Rural Bank of Agoncillo, Inc.	97.7%	Philippines	Rural Bank
Veterans Venture Capital Corp. (VVCC)	60%	Philippines	Non-operational

2. **Business of Issuer**

(a) **Principal Products and Services.**

PVB's main products and services include deposit taking, lending to Local Government Units (LGUs) and other select Government Owned and Controlled Corporations (GOCCs), private corporations and middle market, housing loans, treasury and foreign exchange trading, trust and investment services, cash management services, salary loans, and pension loans.

The income from these products and services are divided into two main categories, namely: (1) net interest income from the Bank's deposit taking and lending and investment activities, which accounts for 69.81% of revenues; and (2) other income such as service charges, fees, commissions, trading gain, foreign exchange gain, trust fees, income from sale of acquired assets and other miscellaneous income which account for 22.48% of revenues, as of December 31, 2023.

The table below lists out and describes the various principal products or services of the Bank which contribute the majority of our sales or revenues:

PRODUCT	DESCRIPTION
Micro, Small & Medium Enterprises	Financial assistance program of PVB that can be extended to

(MSME) Loan	MSMEs to be used by the borrower as additional working capital, fixed asset expenditure and other business-related acquisitions or investments.
Salary Loan - Private Companies	Financial assistance program for the regular employees of registered private companies (sole proprietorships, partnerships, associations and other private corporations) with at least ten regular employees.
Salary Loan - Department of Education	Financial assistance program for the teaching and non-teaching employees of the Department of Education.
Salary Loan – Barangay	Financial assistance program for the Barangay Officials.
Back-to-Back Loan	Credit accommodation granted to Philippine Veterans Bank depositors against a hold-out on cleared and unencumbered Peso/Dollar Savings or Time Deposits, Government Securities and other deposit products of the Bank except checking or current account.
Real Estate Equity Loan	Term loan secured by residential mortgage for various personal consumption purposes.
Real Estate Repeat Client Loan	Additional credit granted to selected PVB real estate loan accounts.
Contract-to-Sell Without Recourse	Credit facility available to Eligible Developers on a without recourse basis.
Developmental Loan	Term loan extended to a Real Estate Developer-Borrower to finance the development of residential subdivisions and/or construction of housing units and construction of residential condominiums/buildings fully secured by real estate mortgage over the project and additional property if required.
Contract-to-Sell Facility with Recourse	Term loan extended to a Real Estate Developer-Borrower fully secured by real estate mortgage and assignment of the Developer's installment receivables arising from the sale of the lot, house and lot, or condominium units.
Pension Loan	Financial package designed for Pensioners accredited by the Philippine Veterans Bank Administration Office (PVAO) to borrow against his/her monthly pension deposited with the bank and AFP Loan with deduction code from Armed Forces of the Philippines (AFP).
Interbank Call Loan Market/ Money Market	Serves the purpose of providing banks the facility to cover reserve requirements or lend excess funds
Overnight Lending Facility – Interbank Trading	Monetary tool which allows the bank to obtain overnight liquidity from the BSP on an open-volume basis, against eligible government securities in order to quickly cover short-term liquidity requirements.
Overnight Deposit Facility– Interbank Trading	Monetary tool of the BSP where the bank may place fixed term deposits overnight to mop up excess liquidity.
Overnight Reverse Repurchase Facility– Interbank Trading	Monetary policy instrument by the BSP where it acts as a seller of government securities to the bank with a commitment to buy it back after a specific period of time at a

	specific rate.
Term Deposit Auction Facility– Interbank Trading	Monetary tool of the BSP where it may accept fixed term deposits from the bank and other participating entities. It will initially be offered in two tenure (7 and 28 days).
Treasury Bills	Government securities which mature in less than a year. Denominated in local currency and are direct, unconditional and fully guaranteed by the Republic of the Philippines. The yields are quoted at a discount.
Treasury Bonds	Government bonds which mature more than one (1) year which are sold at its face value on origination. Denominated in local currency and are direct, unconditional and fully guaranteed by the Republic of the Philippines. The yield is represented by coupons, expressed as percentage of face value on per annum basis, payable quarterly.
US Treasuries	US dollar securities issued by the United States of America. These are backed by full faith and credit of the issuing government, have low liquidity risk and almost zero credit risk.
Peso Corporate/ Institutional Bond	Debt obligations issued by corporations/institutions. These maybe either secured or unsecured. Corporate bonds usually yield more than government or agency bonds and are usually sold in book-entry form. Interest may be fixed, floating or the bonds may be zero-coupons. Interest on corporate bond is typically paid semi-annually and is fully taxable to the bondholder.
Republic of the Philippines Dollar Bonds	Long-term debt obligations of the Philippine Government denominated in United States Dollars (USD). These bonds yield fixed rate of interest (coupon) payable semi-annually for the entire life of the securities.
Retail Treasury Bonds	Government bonds which mature more than one (1) year denominated in local currency and are direct, unconditional and fully guaranteed by the Republic of the Philippines. These securities are sold at its face value on origination. The yield is represented by coupons, expressed as percentage of face value on per annum basis, payable quarterly.
Revolving Promissory Note Line	Credit line offered to private corporations, cooperatives and partnerships to augment their operating and working capital requirements. The offered promissory notes are with a term of up to 360 days.
Omnibus Line	Multi-purpose loan offered to private corporations, cooperatives and partnerships depending on their credit requirements.
Discounting Line	Credit line offered to private corporations, cooperatives and partnerships whose businesses normally accept postdated check payments which aims to quickly convert the client's postdated check collections into cash.
Domestic Bills Purchased Line	Credit line offered to private corporations, cooperatives and partnerships to convert their checks and bank drafts into cash by purchasing their checks, drafts, Treasury Warrants and other negotiable peso instruments.

Local Government Unit Loans

Financial assistance offered to local government of provinces, cities and municipalities in providing required basic services to the public which requires large capital expenditures that cannot be solely funded by their annual income alone.

Deposit Products and Cash Management Services

❖ Current Account, Savings Account, Time Deposits, Foreign Currency Deposits:

- Regular Individual Passbook
- Regular Individual ATM
- PVB Employee Passbook
- PVB Employee ATM
- SSS/GSIS Pensioner Passbook
- SSS/GSIS Pensioner ATM
- USVA Pensioner Passbook
- USVA Pensioner ATM
- Veteran Pensioner Passbook
- Veteran Pensioner ATM
- Company Payroll Passbook
- Company Payroll ATM
- Company Payroll with SC Agreement Passbook
- Company Payroll with SC Agreement ATM
- OFW Global Remittance ATM
- OFW Global Remittance Passbook
- OFW Global Remittance US Dollar Passbook
- Trust RA 897 Savings Account Passbook
- VFP Associations Special Account with Passbook (interest-bearing)
- Kiddie Savings Account w/ Passbook (interest-bearing)
- Corporate w/ Passbook (Regular Account)
- Government w/ Passbook
- Individual FCDU Passbook (US Dollar)
- USVA Pensioner Passbook (US Dollar)
- Corporate Passbook (US Dollar)
- Regular Checking Account
- Special Checking Account (Interest Bearing)
- Special Checking Account with Passbook (Interest Bearing)
- OFW Special Checking Account (Interest Bearing)
- Regular Checking Account (Government)
- MDS Checking Account (Government)
- Case-to-Case Checking Account (Government & Interest Bearing)
- Special Account with Passbook (Government & Interest Bearing)
- Individual Premium Savings Deposit
- Corporate Premium Savings Deposit
- Government Premium Savings Deposit
- Individual Time Deposit (30, 60, 90, 180, 271 or 360 day term)
- Corporate Time Deposit (30, 60, 90, 180, 271 or 360 day term)
- Government Time Deposit (30, 60, 90, 180, 271 or 360 day term)
- Individual FCDU Time Deposit (30, 60, 90, 180, 271 or 360 day term)
- Corporate FCDU Time Deposit (30, 60, 90, 180, 271 or 360 day term)
- Government FCDU Time Deposit (30, 60, 90, 180, 271 or 360 day term)
- Individual Hyper-Saver Time Deposit
- Corporate Hyper-Saver Time Deposit
- Government Hyper-Saver Time Deposit
- Individual Maxi-Return Time Deposit
- Corporate Maxi-Return Time Deposit
- Government Maxi-Return Time Deposit
- Individual Advantage Plus Time Deposit
- Corporate Advantage Plus Time Deposit
- Government Advantage Plus Time Deposit
- CA Special Individual Interest Bearing
- SA Special Individual Interest Bearing
- CA Special Peso Statement Individual Interest Bearing
- AFP Pensioner ATM Pension Account

❖ Cash Management Services:

- Payroll Servicing Facility:
 - ATM and ATM IDs
 - Payroll System
 - DTR System
- Biometric Units - NSL IN02 (Wall-mounted)
- ATM Unit
 - Via Leasing

- PVB owned (Lobby Type and Through the Wall)
- Deposit Pick-up
- Online Viewing Facility
- E-Gov Facility & Bancnet Online Tax Payment Gateway (BOTPG)
- POS Cash-out and Acquiring
- Bills Payment Facility
- PVAO Door to Door Delivery
- Automatic Debit Arrangement
- Philhealth Payment Collection

❖ **Foreign Exchange**

- We offer foreign exchange services including spot, swaps and forward exchange contracts
- Subject to current BSP rules and regulations.
- Subject to approved Treasury (PSR) Limits.

❖ **Government Securities**

- Also known as sovereign bonds, these are certificates of indebtedness that are unconditionally guaranteed by the National Government and issued thru the Bureau of Treasury.

Treasury Bills

- Securities which mature in less than a year
- Three (3) tenors: 91 day, 182-day and 364-day bills

Treasury Bonds

- Securities which mature beyond 1 year
- Six (6) tenors: 2-year, 5-year, 7-year, 10-year, 20-year

❖ **RoP's Bonds**

- US Dollar denominated bonds issued by the Philippine Government.

❖ **Corporate Bonds**

- Corporate bonds are debt issued by corporations.

Security	Issuer	Minimum Amount	Coupon Rate	Tax
Treasury Bills	Bureau of Treasury	PHP 50,000.00	Discounted	20% withholding tax
Treasury Bond	Bureau of Treasury	PHP 50,000.00	Semi Annual or Quarterly	20% withholding tax
Corporate Bond	Corporation	Subject to Terms and Conditions of the Issuer	Subject to Terms and Conditions of the Issuer	Subject to Terms and Conditions of the Issuer

❖ **Loans and Financial Packaging Services**

- Back-to-back Loans
- Revolving Promissory Note Line (RPNL)
- Domestic Bills Purchase (DBP)
- Case-to-case DBP
- Term Lending
- Letter of Credit (LCs)
- Trust Receipt (TR)
- Open Account (OA)
- Document Against Payment (DP)
- Document Against Acceptance (DA)
- LGU Financing Program
- Purchase of Receivables

❖ **Trust Products & Services**

- Asset Management Services
 - Investment Management Accounts
 - Employee Benefit Trusts
 - Pre-need Plan Trusteeship
- Personal Trusts
 - Personal Management Trust
 - Estate Planning Services
 - Life Insurance Trust

- Trust and Other Fiduciary Services
 - Mortgage/Collateral Trust Indentures
 - Loan Facility Agency
 - Escrow
 - Guardianship - Administratorship

(b) Distribution Methods of Products and Services

As a domestic commercial bank, PVB is governed by the law that created it, the rules and regulations of the BSP, SEC, PDIC, Anti-Monetary Laundering Council, and other government regulators. The Bank observes and complies with all applicable government laws, rules and regulations.

PHILIPPINE VETERANS BANK BRANCHES

LIST OF BRANCHES

METRO MANILA BRANCHES

Northern Metro Manila Area

- | | |
|--------------------------|--|
| 1. ANTIPOLLO BRANCH | - 182 P. Oliveros Street Barangay San Roque, Antipolo City 1870 |
| 2. CALOOCAN BRANCH | - Caloocan Judicial Building, 10th Avenue, Caloocan City |
| 3. CAMP AGUINALDO BRANCH | - PVB Building Boni Serrano Avenue Murphy Cubao, Quezon City 1109 |
| 4. CAMP CRAME BRANCH | - PVB Building Boni Serrano Avenue Camp Crame, Quezon City 1111 |
| 5. GAGALANGIN BRANCH | - PVB Building 2666 Juan Luna Street Gagalangin, Tondo, Manila 1012 |
| 6. MARIKINA BRANCH | - PVB Building G. Fernando corner Redwood Streets San Roque, Marikina City 2600 |
| 7. TAYTAY BRANCH | - Manila East Arcade 2 along Don Hilario Avenue, Taytay Rizal |
| 8. TIMOG BRANCH | - 130 Cabrera I Building Timog Avenue, Quezon City 1103 |
| 9. UP DILIMAN BRANCH | - Ang Bahay ng Alumni R. Magsaysay Avenue corner Balagtas Streets UP Diliman, Quezon City 1101 |

Southern Metro Manila Area

- | | |
|--|---|
| 10. IMUS BRANCH | - JSS Building E. Aguinaldo Highway, Bayan Luma IV, Imus, Cavite 4103 |
| 11. LAS PIÑAS BRANCH | - Units 101-103 The Palm Square Building Pamplona 3, Alabang-Zapote Road, Las Piñas City 1740 |
| 12. MAIN OFFICE SERVICE DEPARTMENT (MOSD) BRANCH | - G/F PVB Building 101 V.A Rufino corner Dela Rosa Streets Legaspi Village Makati City 1229 |
| 13. MUNTINLUPA BRANCH | - G/F CVA Building National Road Brgy Putatan, Muntinlupa City 1772 |
| 14. PARAÑAQUE BRANCH | - 8280 Buenamart Commercial Complex Dr. A. Santos Avenue Barangay San Isidro, Parañaque City 1700 |
| 15. PASAY BRANCH | - Holiday Plaza Commercial Unit 9B and 10A Arnaiz St. (Libertad) Cor. Fb Harrison, Pasay City. |
| 16. PORT AREA BRANCH | - PPA Building A. Bonifacio Drive Port Area, Manila 1018 |
| 17. TAGUIG BRANCH | - G/F VFP MDC Building Veterans Center, Western Bicutan Taguig City 1650 |

PROVINCIAL BRANCHES

LUZON BRANCHES

Central Luzon Area

- | | |
|--------------------|--|
| 18. BALANGA BRANCH | - The Bunker, Capitol Compound, Brgy. Tejenero, Balanga City, Bataan |
| 19. BALIUAG BRANCH | - PVB Building Rizal corner Barrera Streets Poblacion, Baliuag, Bulacan 3006 |

20. CABANATUAN BRANCH	- G/F Ramos Building Maharlika Highway, Barrera District Cabanatuan City, Nueva Ecija 3100
21. CLARK BRANCH	- Building 2435 E. Quirino Street, Clark Freeport Zone, Pampanga
22. MALOLOS BRANCH	- Unit 1 & 2 MTKJ Building Paseo del Congreso, Brgy.
23. PANIQUE BRANCH	- PVB building Zamora corner Burgos Streets Paniqui, Tarlac 2307
24. SAN FERNANDO, PAMPANGA BRANCH	- Unit 2-3 The Peninsula Plaza MacArthur Highway, Dolores San Fernando City, Pampanga 2000
Northern Luzon Area	
25. BAGUIO BRANCH	- Pine Lake View Building, Rizal Park Road 1 corner Otek Street, South Road, Baguio City
26. DAGUPAN BRANCH	- G/F CAP Building Burgos Street, Dagupan City, Pangasinan 2400
27. LA UNION BRANCH	- PVB Building P. Burgos Street, Barangay Ilocanos Sur, San Fernando City, La Union 2500
28. LAOAG BRANCH	- PVB Building Gen Segundo Avenue, Barangay 13 Laoag City, Ilocos Norte 2900
29. LINGAYEN BRANCH	- RBP Building Avenida Rizal West Poblacion, Lingayen, Pangasinan 2401
30. SANTIAGO BRANCH	- Eveready Building, Magsaysay St. corner Maharlika Highway, Victory Norte, Santiago City, Isabela 3311
31. TUGUEGARAO BRANCH	- PVB Building Mabini corner Luna Streets Tuguegarao, Cagayan 3500
Southern Luzon Area	
32. BATANGAS BRANCH	- G/F CAP Building #53 Rizal Avenue Batangas City, Batangas 4200
33. CALAMBA BRANCH	- PVB Building Crossing Barangay Real Calamba City, Laguna 4027
34. LEGAZPI BRANCH	- PVB Building Peñaranda Street, Legazpi City, Albay 4500
35. LIPA BRANCH	- SMB Building Brgy. Marauoy Lipa City, Batangas 4217
36. LUCENA BRANCH	- G/F CAP Building C.T. Profugo corner Granja Streets Barangay V, Poblacion, Lucena City, Quezon 4301
37. NAGA BRANCH	- PVB Building Elias Angeles Street Naga City, Camarines Sur 4400
38. PUERTO PRINCESA BRANCH	- Rizal Avenue, Barangay Tanglaw Puerto Princesa City, Palawan 5300
39. SAN JOSE BRANCH	- PVB Building Quirino corner Rizal Streets San Jose, Occidental Mindoro 5100
40. SAN PABLO BRANCH	- LiAngelo Building, Km 80 Maharlika Highway, Brgy. San Rafael, San Pablo City, laguna 4000
41. STO. TOMAS BRANCH	- G/F Plaza Veridad Commercial Complex along J.P. Laurel Highway, Brgy. San Roque, Sto. Tomas, Batangas
42. TALISAY-SATELLITE BRANCH	- Unit 101/ 102 Paseo de San Guillermo, Club Balai Isabel, Barangay Banga, Talisay, Batangas
VISAYAS BRANCHES	
43. BACOLOD BRANCH	- PVB Building General Lacson Street corner Cottage Road Bacolod City, Negros Occidental 6100
44. CATARMAN BRANCH	- Ortiz Bldg., Eusebio Moore cor. Bonifacio Sts., Brgy. Mabolo, Catarmán 6400
45. CEBU BRANCH	- G/F PVB Building Osmeña Boulevard Cebu City, Cebu 6000
46. DUMAGUETE BRANCH	- PVB Building Percides corner San Juan Streets Dumaguete City, Negros Oriental 6200
47. ILOILO BRANCH	- PVB Building Valeria corner Delgado Streets Iloilo City, Iloilo 5000
48. KALIBO BRANCH	- Ruiz-Igtanloc Building Capitol Site Kalibo, Aklan 5600
49. MANDAUE BRANCH	- Unit 103-106 Arcada 5, Lopez Jaena National Highway Tipolo, Mandaue City
50. ROXAS BRANCH	- PVB Building Legaspi corner P. Gomez Streets Roxas City, Capiz 5800
51. TACLOBAN BRANCH	- PVB Building Justice Romualdez Street Tacloban City, Leyte 6500
52. TAGBILARAN BRANCH	- PQVC Business Plaza C.P Garcia Avenue Tagbilaran City, Bohol 6300

MINDANAO BRANCHES

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| 53. BUTUAN BRANCH | - JC Aquino Avenue corner Imadejas Subdivision Butuan City, Agusan del Norte 8600 |
| 54. CAGAYAN DE ORO BRANCH | - PVB Building R.N Abejuela corner Tiano Brothers Streets Cagayan de Oro City, Misamis Oriental 9000 |
| 55. DAVAO BRANCH | - PVB Building CM Recto Street, Barrio Sexy, Davao City, Davao 8000 |
| 56. GENERAL SANTOS BRANCH | - Tri-star Building I. Santiago Boulevard General Santos City, South Cotabato 9500 |
| 57. KIDAPAWAN BRANCH | - CAP Building, Quezon Blvd. (National Highway) corner Datu Matalam Street, Kidapawan City, North Cotabato |
| 58. KORONADAL BRANCH | - YMEI Building General Santos Drive Koronadal, South Cotabato 9506 |
| 59. PAGADIAN BRANCH | - KC Building, Rizal Avenue, Balangasan District, Pagadian City, Zamboanga del Sur 7016 |
| 60. VALENCIA BRANCH | - Ground Floor GV Hotel, Triple J Building, Sayre National Highway, Valencia, Bukidnon |
| 61. ZAMBOANGA BRANCH | - PVB Building Governor Lim Avenue corner Saavedra Streets, Zamboanga City, Zamboanga del Sur 7000 |

LIST OF Automated Teller Machines (ATM)

NORTH METRO MANILA (ON-SITE)

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|----------------------|--|
| 1. Camp Aguinaldo | - Boni Serrano Ave., Camp Aguinaldo, Quezon City |
| 2. Camp Crame | - Boni Serrano Ave., Camp Crame, Quezon City |
| 3. Gagalangin Branch | - PVB bldg., 2666 j. Luna Street, Gagalangin, Tondo, Manila |
| 4. Timog | - 130 Cabrera I Bldg., Timog Avenue, Quezon City |
| 5. Marikina | - PVB Bldg. A. Tuazon corner Redwood St. San Roque, Marikina City 2600 |
| 6. Antipolo | - Unit 1-4, BAJ Building, P. Oliveros St., Antipolo City, Rizal |
| 7. Caloocan | - Caloocan Judicial Building, 10th Ave. Caloocan City |
| 8. UP Diliman Branch | - Ang Bahay ng Alumni R. Magsaysay Avenue corner Balagtas Streets UP Diliman, Quezon City 1101 |
| 9. Taytay Branch | - Unit 104 Manila East Arcade 2 Bldg. Don Hilario Cruz Avenue Brgy. San Juan, Taytay Rizal |

NORTH METRO MANILA (OFF-SITE)

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| 10. Camp Aguinaldo (AFPFC MPC) | - AFP FC MPC Bldg. Main Entrance Boni Serrano 18th Ave., Q.C. |
| 11. Camp Crame (Brgy. Socorro) | - Ground Floor Lobby Area, Brgy. Socorro Hall # 1 15th Avenue corner Bonny Serrano Ave., Brgy. Socorro, Quezon City |
| 12. Marikina (Marikina City Hall 1) | - Marikina City Hall, Marikina City |
| 13. Marikina (Marikina Cityhall 2) | - Marikina City Hall, Marikina City |
| 14. Marikina (Brgy. Concepcion 1) | - Brgy. Concepcion Uno Hall Entrance J. Flora St., Marikina City |
| 15. Marikina (Marikina Finance Bldg.) | - Shoe Ave. Sta Elena, Marikina City Finance Bldg. City Hall Grounds |
| 16. Marikina (Sports Plaza) | - Marikina Sports Park, Jacamar St., Brgy. Sta. Elena, Marikina City |
| 17. UP Diliman (Lung Center of the Phil.) | - Lung Center of the Philippines, Quezon Ave., Quezon City |
| 18. UP Diliman (NHA 1) | - National Housing Authority Elliptical Road, Quezon City |
| 19. UP Diliman (NHA 2) | - National Housing Authority Elliptical Road, Quezon City |
| 20. UP Diliman (Cashier Office) | - UP Coop Bldg., UP Campus, Diliman, QC |
| 21. Marikina (Rizal Provincial Capitol) | - Rizal Provincial Capitol, Circumferential Road, Antipolo City, Rizal |
| 22. Aguinaldo (PVAO) | - PVAO, PVAO Bldg., Camp Gen. Emilio Aguinaldo, Murphy, Cubao, Quezon City |
| 23. Antipolo (Binangonan Municipal) | - Municipality of Binangonan, Binangonan Rizal |
| 24. Crame (Dep-Ed Cainta) | - DepEd Region 4-a office Karangalan village Cainta, Rizal |
| 25. Marikina (Rodriguez Municipal) | - Municipality of Rodriguez (formerly Montalban, Rizal) |
| 26. Marikina (Rodriguez Municipal 2) | - Municipality of Rodriguez (formerly Montalban, Rizal) |

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| 27. | Markina (RPHS Casimiro) | - Casimiro A. Ynares, Sr. Memorial Hospital in Rodriguez, Rizal |
| 28. | Timog (LRA) | - East Ave, Cor. Nia Road, Diliman, Quezon City |
| 29. | Marikina (PLMar-1) | - PLM, Brazil St. Greenheights Subd. Concepcion Uno, Marikina City |
| 30. | Timog (PNR) | - PNR Executive Bldg., Mayhaligue street corner Dagupan Street, Tondo, Manila |
| 31. | Antipolo (Antipolo City Hall) | - Antipolo City Hall, Antipolo City, Rizal |
| 32. | Marikina (PLMar-2) | - PLMAR (New Campus) Rainbow cor. Russet street SSS village, Concepcion Dos, Marikina City |
| 33. | Timog (NEA) | - National Electrification Authority, NEA BLDG, NIA Road Govt Center Diliman Quezon City |
| 34. | Antipolo (Binangonan – BRCC) | - BRCC, Manila East Road, Barangay Batingan, Binangonan Rizal |
| 35. | Antipolo (Antipolo City Hall 2) | - 2nd Floor Antipolo City Hall, Antipolo City, Rizal |
| 36. | Antipolo (Rizal Provincial Ynares) | - Ynares Complex Circumferential Road Brgy. San Roque, Antipolo City |
| 37. | Antipolo (Binangonan Municipal 2) | - Municipality of Binangonan, Binangonan Rizal |
| 38. | Antipolo (RPHS Binangonan) | - RPHS Binangonan: Rizal Provincial Hospital System - Annex 1134 Darangan, Binangonan, Rizal |
| 39. | Antipolo (RPHS Binangonan) | - RPHS Binangonan: Rizal Provincial Hospital System - Annex 1134 Darangan, Binangonan, Rizal |
| 40. | Antipolo (Antipolo City Hall 3) | - ML. Quezon St. Corner Carigma St. Brgy. San Roque, Antipolo City |
| 41. | Antipolo (RPHS Antipolo (GAD)) | - ML. Quezon St. Corner Carigma St. Brgy. San Roque, Antipolo City (GAD) |
| 42. | Antipolo (RPHS Antipolo 2 (Annex 1)) | - RPHS- Antipolo Annex 1 – NHA Avenue Brgy. Dela Paz, Antipolo City |
| 43. | Antipolo (Antipolo City Hall 4 (CMA)) | - CMA- City Mall of Antipolo – Olalia Road, Brgy. Sta. Cruz, Antipolo City |
| 44. | Antipolo (LGU Pililla) | - Municipal Hall Building, Manila East Road Brgy Bagumbayan Pililla Rizal |
| 45. | Taytay (LGU Taytay) | - Municipality of Taytay Bldg, Don Hilario Cruz Avenue, Club Manila East Road, Brgy. San Juan, Taytay Rizal |
| 46. | Muntinlupa (Muntinlupa City Hall) | - City Health Office Centennial Avenue Laguerta, Barangay Tunasan, Muntinlupa City |

SOUTH METRO MANILA (ON-SITE)

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| 47. | MOSD-Head Office (H.O.) | - 101 Rufino cor. Dela Rosa St., Legaspi Village, Makati City |
| 48. | Pasay Branch | - Unit 9-B and 10-A, Liberty Commercial Center, Libertad Street, Pasay City |
| 49. | Taguig | - Veterans Center, Taguig, Metro Manila |
| 50. | Taguig 2 | - Veterans Center, Taguig, Metro Manila |
| 51. | Port Area 1 | - PPA Building A. Bonifacio Drive, South Harbor Port Area, Manila |
| 52. | Port Area 2 | - PPA Building, PMO Office, South Harbor, Manila |
| 53. | Paranaque Branch | - Buenamart Commercial Complex Dr. A. Santos Avenue Barangay San Isidro, Parañaque City |
| 54. | Muntinlupa | - CVA Bldg. National H-way Muntinlupa City |
| 55. | Las Pinas Branch | - Units 101-103 The Palm Square Building Pamplona 3, Alabang-Zapote Road, Las Piñas City 1740 |
| 56. | Imus Branch | - JSS Building E. Aguinaldo Highway, Bayan Luma IV, Imus, Cavite 4103 |

SOUTH METRO MANILA (OFF-SITE)

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| 57. | Las Piñas Branch (LPGH) | - LPGH Bernabe Compound, Pulang Lupa Las Pinas City |
| 58. | Muntinlupa (Muntinlupa – San Pedro) | - San Pedro Municipal Govt., New Municipal Hall, Cataquiz1, Brgy. Pablacion, San Pedro, Laguna |
| 59. | Muntinlupa (Muntinlupa – San Pedro 2) | - San Pedro Municipal Govt., New Municipal Hall, Cataquiz1, Brgy. Pablacion, San Pedro, Laguna |

60. Muntinlupa (Muntinlupa – San Pedro 3) - San Pedro Municipal Govt., New Municipal Hall, Cataquiz1, Brgy. Pablacion, San Pedro, Laguna
61. Taguig (Taguig City hall) - Taguig City Hall, Taguig City, Metro Manila
62. Port Area (North Harbor) - Pier 8, Marcos Road, North Harbor, Tondo Manila
63. Port Area (South Harbor) - Marsman Bldg. MDSF St., South Harbor Port Area Manila
64. Parañaque Branch (Parañaque City Hall) - City hall Lobby near Treasurer Office, Parañaque City
65. Muntinlupa (Muntinlupa -Ospital ng Muntinlupa (GRG)) - Ospital ng Muntinlupa, Civic Drive Filinvest Corp. City, Alabang, Muntinlupa City
66. Muntinlupa (Osmum 2) - Ospital ng Muntinlupa, Civic Drive Fininvest Corp. City, Alabang, Muntinlupa City
67. Imus (Trece Martinez) - Trece Martires City Hall, Brgy. San Agustin, Trece Martires City, Cavite
68. Imus (Trece Martinez 2) - Trece Martires City Hall, Brgy. San Agustin, Trece Martires City, Cavite
69. Pasay (Bargangay 183 Villamor Airbase) - Barangay 183 Villamor Airbase, Pasay City

CENTRAL LUZON (ON-SITE)

70. Clark 1 Branch - Bldg. 2435 Elpidio Quirino St, Clarkfield, Pampanga
71. Clark 2 Branch - Bldg. 2435 Elpidio Quirino St, Clarkfield, Pampanga
72. San Fernando Branch - Unit 3-4 The Peninsula Plaza, McArthur Highway, Dolores, San Fernando City, Pampanga
73. Paniqui Branch - PVB Building, corner Burgos Streets Paniqui, Tarlac
74. Baliuag Branch - PVB Bldg., Rizal corner Barrera Street, Poblacion, Baliuag City, Bulacan
75. Balanga Branch - Saver's Digital Hub Appliance Depot Building, Rizal Ave., Tapinac, Olongapo City
76. Malolos Branch - MTKJ Bldg., Paseo del Congreso, Brgy. Catmon, Malolos City, Bulacan
77. Cabanatuan Branch - G/F Ramos Building Maharlika Highway, Barrera District Cabanatuan City, Nueva Ecija 3100

CENTRAL LUZON (OFF-SITE)

78. Cabanatuan (NEECO) - Nueva Ecija Electric Cooperative, Talavera, Nueva Ecija
79. Paniqui (Gerona Municipal) - Municipal Hall of Gerona, Gerona, Tarlac
80. Paniqui (Gerona Municipal 2) - Municipal Hall of Gerona, Gerona, Tarlac
81. Paniqui (Paniqui Municipal) - Municipal Building Compound Frontage Parking Area, Tarlac
82. Baliuag (Angat Municipal) - Municipality of Angat, Angat, Bulacan
83. Baliuag (Angat Municipal 2) - Municipality of Angat, Angat, Bulacan
84. Baliuag (Bustos Municipal) - BMA Avenue, Poblacion Bustos, Bulacan
85. Balanga (Victory Liner) - Ground Floor, Victory Central Station Anonas S. Cor. 18 West BajacBajac
86. Balanga (LGU HERMOSA) - Brgy. Burgos Soliman (Pob) Hermosa Bataan
87. Balanga (LGU LIMAY) - Limay Public Market – Brgy. Townsite Limay Bataan
88. Balanga (LGU ABUCAY) - Municipality of Abucay Bataan, Calaylayan Abucay Bataan
89. Malolos Branch (Calumpit Municipal) - Purok Uno, Barangay San Marcos, Calumpit, Bulacan
90. Malolos Branch (Calumpit Municipal 2) - Purok Uno, Barangay San Marcos, Calumpit, Bulacan

NORTH LUZON (ON-SITE)

91. Dagupan Branch - Ground Floor, CAP Bldg., Burgos St., Dagupan City, Pangasinan
92. Tuguegarao Branch - Mabini cor. Luna St., Tuguegarao
93. La Union Branch - P. Burgos St., San Fernando La Union
94. Lingayen Branch - RBP Building, Avenida Rizal West, Poblacion, Lingayen, Pangasinan
95. Baguio Branch - Cariño corner Otek Sts., Baguio City 2600
96. Laoag Branch - PVB Bldg., Segundo Avenue, Laoag City, Ilocos Norte
97. Santiago Isabela Branch - Bretania Building Camacam corner Turingan Streets Centro East, Santiago City, Isabela 3311

NORTH LUZON (OFF-SITE)

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| <p>98. Dagupan (San Jacinto Municipal)</p> <p>99. Dagupan (LGU Sta. Barbara)</p> <p>100. Tuguegarao (LGU Kabugao)</p> <p>101. La Union (La Union DepEd)</p> <p>102. Lingayen (LGU Lingayen)</p> <p>103. La Union (ITRMC)</p> <p>104. La Union (LGU Bauang)</p> <p>105. La Union (Brgy. Tanguil)</p> <p>106. Baguio (Baguio City Hall 1)</p> <p>107. Baguio (Baguio City Hall 2)</p> <p>108. Baguio (Baguio City Hall 3)</p> <p>109. Baguio (Baguio City Hall 4)</p> <p>110. Santiago (DVMC)</p> | <ul style="list-style-type: none"> - Municipal Hall, San Jacinto, Poblacion San Jacinto, Pangasinan - Poblacion Norte, Sta. Barbara Pangasinan - Florez Street, Catbangan, City of San Fernando, La Union - Florez Street, Catbangan, City of San Fernando, La Union - Municipality of Lingayen, Poblacion, Lingayen, Pangasinan - Ilocos Training Regional Medical Center Bldg., Brgy. Parian, San Fernando City, LU - Central West Bauang, La Union - North Terminal, Barangay Tanqui City of San Fernando La Union - Kayang St. Ext., Baguio City - Kayang St. Ext., Baguio City - Kayang St. Ext., Baguio City - Kayang St. Ext., Baguio City - De Vera Medical Center, Santiago City Isabela |
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SOUTH LUZON (ON-SITE)

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| <p>111. Calamba Branch</p> <p>112. Lipa Branch</p> <p>113. Lucena Branch</p> <p>114. Batangas Branch</p> <p>115. Naga Branch</p> <p>116. Palawan Branch</p> <p>117. Palawan Onsite 2</p> <p>118. Legaspi Branch</p> <p>119. Talisay Branch</p> <p>120. Sto. Tomas</p> <p>121. San Jose Branch</p> <p>122. San Pablo Branch (GRG)</p> | <ul style="list-style-type: none"> - Crossing, Brgy. Real, Calamba City - SMB Building, Brgy. Marawoy, Lipa City, Batangas - G/F CAP Building C.T. Profugo corner Granja Streets Barangay V, Poblacion, Lucena City, Quezon - Ground Floor, CAP bldg. Unno P. Burgos cor. Calle Alegre Street, Batangas City - PVB Building, Elias St., Naga City - PVB Bldg., Rizal Ave., Puerto Princesa City, Palawan - PVB Bldg., Rizal Ave., Puerto Princesa City, Palawan - PVB Bldg., Peñaranda Street, Legaspi City - Unit 101 / 102 Paseo de San Guillermo, Club Balai Isabel, Talisay, Batangas - Plaza Veridad, Brgy, San Roque Sto. Tomas City, Batangas - PVB Building Quirino corner Rizal Street San Jose, Occidental Mindoro 5100 - Azores Building Lopez Jaena corner Regidor Streets San Pablo City, Laguna 4000 |
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SOUTH LUZON (OFF-SITE)

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| <p>123. Calamba (Calamba)</p> <p>124. Calamba (Calamba)</p> <p>125. Calamba (Calamba)</p> <p>126. Lipa (Lipa)</p> <p>127. Lipa (Lipa)</p> <p>128. Lipa (Lipa)</p> <p>129. Lucena (Lucens)</p> <p>130. Lucena (Lucens)</p> <p>131. Lucena (Lucens)</p> <p>132. Lucena (Lucens)</p> <p>133. Lucena (Lucens)</p> <p>134. Batangas (Batangas)</p> <p>135. Batangas (Batangas)</p> <p>136. Batangas (Batangas)</p> <p>137. Batangas (Batangas)</p> <p>138. Batangas (Batangas)</p> <p>139. Batangas (Batangas)</p> <p>140. Batangas (Batangas)</p> <p>141. Naga (Naga)</p> <p>142. Naga (Naga)</p> <p>143. Naga (Naga)</p> <p>144. Naga (Naga)</p> <p>145. Naga (Naga)</p> <p>146. Legazpi (Legaspi)</p> <p>147. Legazpi (Legaspi)</p> | <ul style="list-style-type: none"> - UPLB Students Union - UP Open University - Calamba Cityhall - San Pascual Municipal - Malvar Municipal - San Pascual Public Market - Tayabas Municipal - Tayabas Municipal 2 - Tayabas Municipal 3 - Tayabas Municipal 4 - PPA PMO Marquez - Lobo Municipal - Batangas Provincial - Batangas Provincial 2 - Batangas Provincial 3 - PPA Batangas - Rural Bank of Nagon - LGU Batangas - BMC - BISCAS - Naga Magarao - Canaman Municipal - Minalabac Minucipal - BRTTH - BRTTH 2 |
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148. Legazpi (Legazpi)	- Legazpi City Hall
149. Legazpi (Legazpi)	- Legazpi City Hall 2
150. Legazpi (Legaspi)	- Sto Domingo, Municipal
151. Legaspi (Legaspi)	- Prov. Gov'T. Albay 1
152. Legaspi (Legaspi)	- Prov. Gov'T. Albay 1
153. Talisay (Talisay)	- LGU Talisay
VISAYAS (ON-SITE)	
154. Cebu Branch	- Jones Avenue, Cebu City (right beside PS Bank and adjacent to the SSS Bldg.)
155. Iloilo Branch	- PVB Bldg., Valeria cor. Delgado Sts., Iloilo City
156. Bacolod Branch	- PVB Bldg., Gen. Lacson St. corner Cottage Road, Bacolod City
157. Mandaue Branch	- Aracada 5, Lopez Jaena National Highway Atipolo, Mandaue City
158. Dumaguete Branch	- Perdices corner San Juan Streets, Dumaguete City
159. Roxas Branch	- PVB Building Legaspi corner P. Gomez Streets Roxas City, Capiz
160. Catarman Branch	- 108 Jacinto Street Barangay Molave Catarman, Northern Samar
161. Tagbilaran Branch	- PQVC Business Plaza C.P Garcia North Avenue Tagbilaran City, Bohol 6300
162. Kalibo Branch	- Ruiz-Igtanloc Bldg., Provincial Capitol, Kalibo, Aklan
163. Tacloban Branch (GRG)	- PVB Building Justice Romualdez Street Tacloban City, Leyte 6500
164. Tacloban Branch 2 (GRG)	- PVB Building Justice Romualdez Street Tacloban City, Leyte 6500
VISAYAS (OFF-SITE)	
165. Cebu (UP Cebu)	- University of the Phil. Cebu, Lahug, Cebu City, Cebu
166. Cebu (Cebu Phic)	- Golden Pick Hotel, Gorordo Ave. Cebu City
167. Tacloban (Philhealth Tacloban)	- Philhealth Iloilo, Tacloban City
168. Tacloban (Tanauan Municipal)	- 888 Real St. Tanauan Municipality of Tanauan Municipal Hall
169. Iloilo (Iloilo City Hall)	- Iloilo City Hall Building, Plaza Libertad, Iloilo City
170. Bacolod (LGU)	- Barangay Poblacion, Bago City Bago City Coliseum
171. Bacolod (LGU 2)	- Barangay Poblacion, Bago City Bago City Coliseum
172. Mandaue (Mandaue City Hall)	- Mandaue City Hall, Centro Mandaue, Mandaue City, Cebu
173. Mandaue (Mandaue City Hall 2)	- Mandaue City Public Market, B. Ceniza St. cor P. Gomez St, Centro, Mandaue City
174. Dumaguete (PPA Dumaguete)	- PPA-PMO Negros Oriental Port Area Looc, Dumaguete City
175. Dumaguete (Dumaguete City Hall)	- Dumaguete City Hall, Sta. Catalina Street Dumaguete City
176. Dumaguete (Dumaguete City Hall 2)	- Dumaguete City Hall, Sta. Catalina Street Dumaguete City
177. Dumaguete (Dumaguete City Engineer Office)	- Port Area Looc Dumaguete City Negros Oriental
178. Roxas (Munisipyo ng Dumalag)	- Poblacion, Dumalag, Capiz, Munisipyo ng Dumalag
179. Kalibo (Banga Municipal)	- Banga Municipal Hall, Rosal Street, 5601, Banga, Aklan
180. Tagbilaran (Panglao Municipal)	- Municipal Bldg. of Panglao, Panglao Bohol
181. Tagbilaran (Anda Bohol Municipal)	- Anda Bohol Municipal
182. Tagbilaran (Municipal of Loay)	- Municipality of Loay Public Market, Loay
183. Kalibo (Aklan Provincial (Jetty Port)	- Barangay Caticlan, Malay Aklan Caticlan Jetty Port
MINDANAO (ON-SITE)	
184. Davao Recto Branch	- CM Recto Street, Davao City
185. Cagayan De Oro Branch	- PVB Bldg., Abejuela cor. Tiano Bros. Street Cagayan de Oro City
186. Zamboanga Branch	- Gov. Lim Ave. Cor. Saavedra St., Zamboanga City, Zamboanga
187. Zamboanga Branch 2	- Gov. Lim Ave. Cor. Saavedra St., Zamboanga City, Zamboanga
188. Gen. Santos Branch	- Naranjita St., General Santos City

- | | |
|---------------------------|---|
| 189. Gen. Santos Branch 2 | - Naranjita St., General Santos City |
| 190. Butuan Branch | - PVB Bldg., National Highway, JC Aquino Ave. cor. Emadejos Road, Butuan City |
| 191. Koronadal Branch | - YMEI Bldg., General Santos Drive, Koronadal, South Cotabato |
| 192. Pagadian Branch | - JAVAVED Business Corp. Bldg., Rizal Avenue, Pagadian City, Zamboanga Del Sur |
| 193. Kidapawan Onsite | - CAP Building, Quezon Blvd. corner Datu Matalam Street, Kidapawan City, North Cotabato |
| 194. Valencia Branch | - Ground Floor GV Hotel, Triple J Building, Sayre National Highway, Valencia, Bukidnon |

MINDANAO (OFF-SITE)

- | | |
|--|---|
| 195. Davao (PPA Davao) | - PPA Davao, Km. 10 Sasa, Davao City |
| 196. Davao (PPA Davao 2) | - PPA Davao, Km. 10 Sasa, Davao City |
| 197. CDO (CDO City Hall) | - City Hall Compound, Capistrano-Hayes Sts., Cagayan De Oro City |
| 198. CDO (DOH RO X) | - DOH Center of Health Development-Northern Mindanao Compound, J. V. Serina St., Carmen, Cagayan De Oro City |
| 199. Zamboanga (DECS) | - DECS Region 9 Office, Normal Street., San Jose Road, Zamboanga |
| 200. Zamboanga (Zamboanga DOH) | - Upper Calarian Zamboanga City |
| 201. Gensan (PPA Gensan) | - Macarwharf, Brgy. Labangan, General Santos City. |
| 202. Gensan (Gensan GSC Temp) | - GSC Teachers and Employees Multipurpose coop. GSCS, Quirino Ave., Brgy. South, Gensan City, South Cotabato |
| 203. Gensan (Gensan Deped) | - Tiongson St. Lagao General Santos City |
| 204. Gensan (Gensan HS) | - General Santos City National High School, Jose P. Rizal St., Calumpang General Santos |
| 205. Butuan (Aneco) | - Aneco Bldg., J.C. Aquino Ave., Brgy. Bayanihan, Butuan City, Agusan del Norte |
| 206. Butuan (PPA Butuan) | - Port Area, Brgy. Talisay, Nasipit, Agusan del Norte |
| 207. Butuan (Carmen Municipal) | - Treasurer's Office, Municipal Hall, Municipality of Carmen, Agusan Del Norte |
| 208. Koronadal (South Cotabato Provincial) | - Provincial Capitol of South Cotabato, Koronadal City, South Cotabato |
| 209. Koronadal (Koronadal Cityhall) | - Gensan Drive, Brgy. Zone III, City of Koronadal |
| 210. Koronadal (Surallah Municipal) | - Sangguniang Bayan Session Road, Barangay Libertad Surallah, South Cotabato Province |
| 211. Pagadian (Zamboanga Del Sur Provincial) | - Capitol Building Sto Nino District, Pagadian City |
| 212. Pagadian (Sangguniang Panlalawigan) | - Ground Floor Sangguniang Panlalawigan Bldg., Pagadian City |
| 213. Pagadian (Deped Pagadian) | - PCCA Government Center Balintawak Pagadian City |
| 214. Pagadian (Pagadian Cityhall) | - Cityhall Building, Pagadian City |
| 215. Kidapawan (Makilala Municipal) | - Municipal of Makilala, North Cotabato |
| 216. Kidapawan (Arakan Municipal) | - PNP Bldg., beside Arakan Municipal Hall, Poblacion Arakan, North Cotabato |
| 217. Kidapawan (Makilala Municipal) | - Municipality of Antipas, North Cotabato, Municipal Hall Drive Barangay Poblacion, Antipas 9414 North Cotabato |

3. Status of Publicly Announced New Products and Services

Not applicable

4. Competition

Philippine Veterans Bank (PVB) competes with both domestic and foreign banks that operate in the Philippines. In light of such competitive environment, PVB continues to focus on its key strength as a private commercial bank authorized as a government depository as mandated in its charter. As in previous years, the Bank leverages this competitive advantage to make it a strong player in its niche market and chosen businesses.

PVB's exclusive right as the only commercial bank that is allowed to serve both public and private entities has been reinforced with the passage in January 2022 of Republic Act 11597 which also serves as the Bank's updated charter.

ic and private entities has been reinforced with the passage in January 2022 of Republic Act 11597 which also serves as the Bank's updated charter.

Capitalizing on its ability to serve both public and private clientele PVB continues to provide loans to LGUs and selected GOCCs, including salary loans to their employees, middle market loans, selective corporate lending, housing loans, trading of fixed-income instruments, and foreign exchange. As the "Bank with a Heart for Every Filipino", PVB continues to target new customers who are less serviced by bigger banks to ensure that it is profitable enough to fulfill its commitment to its shareholders and to support projects and activities for the benefit of veterans, their heirs, and descendants.

The Bank is also keen on providing services to the Armed Forces of the Philippines and all its branches as well as the Philippine National Police, Philippine Coast Guard; their personnel, both active and retired, as well as their families, and the communities they belong to. To this end, PVB is positioning itself to be the bank not only of the veteran community but of the uniformed services as well.

By being focused on its areas of strength, PVB is able to properly concentrate its resources and capital to ensure service excellence, sound risk management, and upright corporate governance.

5. Transactions with and/or dependence on related parties

Except in the ordinary course of business such as DOSRI loans, there are no material transactions with and/or dependence on related parties. These loans and other transactions are in accordance with the Bank's policy and are conducted at arm's length basis at fair market prices and upon terms not less favorable to Bank than those offered to others and in compliance with all regulatory requirements. Refer to Note 25 of the attached 2023 Audited Financial Statements of PVB for the details of related party transactions. This includes but not limited to insurance on loans and Project Management for construction and renovation of the branches.

6. Trademarks, Licenses, Franchises, etc.

The Bank is also not dependent on any patents, trademarks, copyrights, licenses, franchises, and royalty agreements. However, PVB, to the exclusion of all other banks, has the exclusive right to use the word "veterans" in its name or title pursuant to Section 25 of R.A. No. 3518.

7. Sources and Availability of Raw Materials and the names of principal suppliers.

Not applicable.

8. Disclose how dependent the business is upon a single customer or a few customers.

As a government depository bank, PVB's bulk of deposit business is from LGUs and other government agencies, which account for 74.86% of its total deposit liabilities as of December 31, 2023. While a loss of government depository status will impact on PVB's deposits portfolio, such a scenario is very much unlikely and remote since the government depository status was conferred by law, and any revocation will require amendment of its charter.

9. Need for any government approval of principal products or services.

The Bank regularly obtains approvals and permits from regulatory bodies and agencies, as applicable, prior to the offering of its products and services to the public.

10. Effect of existing or probable governmental regulations on the business

As a domestic commercial bank, PVB is governed by the law that created it, the rules and regulations of the BSP, SEC, PDIC, Anti-Monetary Laundering Council, and other government regulators. The Bank observes and complies with all applicable government laws, rules and regulations.

11. Amount spent on research and development activities

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

12. Cost and effect of compliance with environmental laws.

Not Applicable.

13. Total number of employees

PVB's manpower complement (excluding contractual employees) is shown below:

Functions	2023			2022			2021		
	Officer	Staff	Total	Officer	Staff	Total	Officer	Staff	Total
Marketing	148	28	176	108	26	134	99	22	121
Operations	77	253	330	97	275	372	94	292	386
Technical	39	26	65	33	25	58	34	25	59
Support	110	128	238	115	128	243	102	142	244
Oversight	39	18	57	38	8	46	30	17	47
Total	413	453	866	389	498	853	389	498	887

PVB has concluded its negotiation of the economic provisions with the New Philippine Veterans Bank Employees Union (NPVBEU), effective September 1, 2020 to August 31, 2025.

Year 2018-2022 CBA

September 01, 2020	August 31, 2021	0	CBA year 1: No salary increase
September 01, 2021	August 31, 2022	15,000	CBA year 2: No salary increase <u>Signing Bonus</u> Php10,000.00 payable upon the signing of this agreement Php 5,000.00 payable on or before June 30, 2022
September 01, 2022	August 31, 2023	1,000	CBA year3: With CBA Increase
September 1, 2023	March 31, 2024	500	4th Year Salary Increase
April 1, 2024	August 31, 2024	600	4th Year Salary Increase
September 1, 2024	August 31, 2025	700	5th Year Salary Increase

MARKET INFORMATION AND RELATED MATTERS

1. Market Information

The Bank's shares are not traded in the stock exchange. There was no sale of any securities made by the Bank within the last three (3) years. The book value of the Bank's shares for the last five (5) years is as follows:

2023	2022	2021	2020	2019
69.37	47.15 (as restated)	81.73 (as restated)	142.02	161.47

❖ **Principal market where the equity is traded**

Not Applicable

❖ **Market Value**

Not Applicable

2. Holders

The total number of shareholders on record (Common & Preferred) as of April 30, 2024 is 396,996.

As of April 30, 2024, the total number of Common Shares outstanding is 46,582,839 while the total number of Preferred Shares outstanding is 3,612,821 shares.

The Top 20 Stockholders of Common Shares as of April 30, 2024:

	Name	Number of Shares Held	% to Total
1.	RYM BUSINESS MANAGEMENT CORPORATION	18,560,140	39.8432994%
2.	TE, Anthony M.	2,479,416	5.3225953%
3.	OCAMPO, Carlos Alfonso T.	1,696,614	3.6421438%
4.	MENDOZA, Raymond Democrito C.	76,454	0.1641248%
5.	SAMSON, Luis F.	33,224	0.0713224%
6.	DAZA, Raul A.	30,000	0.0644014%
7.	TAPAYAN, Romeo O.	20,000	0.0429343%
8.	DE OCAMPO, Emmanuel V.	15,684	0.0336691%
9.	ANDRES, Romulo C.	14,788	0.0317456%
10.	REYES, Dedicacion A.	14,276	0.0306465%
11.	SAN MIGUEL, Francisco T.	13,316	0.0285856%
12.	ZAGALA, Cynthia P.	13,188	0.0283109%
13.	BATAOIL, Leopoldo N. &/or BATAOIL, Gina Liza M. &/or BATAOIL, Carmela M.	12,728	0.0273234%
13.	BATAOIL, Gina Liza M. &/or BATAOIL, Leopoldo N. &/or BATAOIL, Angela M.	12,728	0.0273234%
14.	DE OCAMPO, Roberto F.	10,324	0.0221627%
15.	AGLIPAY, Marinette Y.	10,000	0.0214671%
15.	DE LOS SANTOS, Jaime S.	10,000	0.0214671%
15.	BALMACEDA, Arthur G.	10,000	0.0214671%
15.	PELISCO, Danilo S.	10,000	0.0214671%
15.	ESPERON JR., Hermogenes C.	10,000	0.0214671%
15.	AZURIN JR., Rodolfo S.	10,000	0.0214671%
15.	BATAOIL, Carmela M. &/or		

	Name	Number of Shares Held	% to Total
	BATAOIL, Leopoldo N. &/or BATAOIL, Gina Liza M.	10,000	0.0214671%
15.	BATAOIL, Angela M. &/or BATAOIL, Leopoldo N. &/or BATAOIL, Gina Liza M.	10,000	0.0214671%
15.	MEIM, Maria Linda L.	10,000	0.0214671%
16.	SARMIENTO, Hildo A.	9091	0.0195158%
17.	LEYVA, Geo F.	7,424	0.0159372%
18.	CABANOS, Esteban B.	7,028	0.0150871%
19.	DAVID, Norberto D.	6,400	0.0137390%
20.	SALAZAR, Jorge Q.	6336	0.0136016%

The Top 20 Stockholders of Preferred Shares as of 30 April 2024:

	Name	Number of Shares Held	% to Total
1.	CID, Virginia S.	1,140	0.0316%
2.	LEYVA, Geo F.	760	0.0210%
3.	QUIAMBAO, Eufracio C.	710	0.0197%
4.	PILAPIL, Eduardo P.	500	0.0138%
5.	DUMLAO, Liberty S.	460	0.0127%
6.	LLAMAS, Alicia C.	440	0.0122%
7.	RAMOS, Matea R.	410	0.0113%
8.	DE OCAMPO, Emmanuel V.	400	0.0111%
9.	ESPINO, Romeo C.	340	0.0094%
10.	NAVARRO, Helene H.	330	0.0091%
11.	CABANOS, Esteban B.	300	0.0083%
12.	ARNALDO, Gregoria C.	280	0.0078%
13.	SALONGA, Roel E.	270	0.0075%
14.	PUJEDA, Carmen C.	230	0.0064%
15.	ARCEO, Juan O.	210	0.0058%
16.	VALERO, Carlos G.	200	0.0055%
	SAMSON, Luis F.	200	0.0055%
17.	PROFETA, Atanacio S.	190	0.0053%
	BASAONG, Ignacio	190	0.0053%
18.	POE, Francisca O.	170	0.0047%
19.	CAGARA, Meliton	160	0.0044%
	REYES, Dedicacion A.	160	0.0044%
20.	GARCIA, Priscilla G.	150	0.0042%
	GABRIEL, Vicente S.	150	0.0042%
	Others (395,636 Stockholders)	3,604,471	99.7689%
	TOTAL	3,612,821	100.0000%

3. Dividend History

PVB did not declare cash or stock dividends between 1 January 2024 and 30 April 2024.

As of the date of submission, there are no restrictions that limit the Bank's ability to pay dividends on common shares or that are likely to do so in the future. Any dividend declaration to be made by the Bank is subject to its By-Laws and to the approval by the BSP.

4. Unregistered Securities

Not applicable.

5. Free Float Level

Not Applicable.

DISCUSSION OF COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

Corporate Governance

The Bank has adopted a Manual of Corporate Governance, which is being continually revised to align with the world’s best and leading practices on corporate governance and comply with latest regulatory issuances.

Conformably with existing rules and regulations, the Bank’s Articles of Incorporation and By-Laws, and Manual of Corporate Governance, the Board organized six (6) committees to assist it in governance matters consisting of the following: (1) Executive Committee; (2) The Corporate Governance & Compliance Oversight Committee (3) Related Party Transaction Committee; (4) Audit Committee; (5) Risk Management Oversight Committee; and (6) Trust Committee.

- The Executive Committee (“ExCom”) is headed by Roberto F. De Ocampo as Chairman, with seven members of the Board appointed with a tenure of one (1) year. It is authorized to act on behalf of the full Board on urgent matters that arise between its regular meetings. It may review and coordinate information from other committees as well as oversee Bank operations. Its functions also include the review and approval of credit facilities in excess of the approval authority of the Credit Committee, the review of DOSRI transactions for final approval by the Board and the review and approval of the Bank’s budget and business plans. Moreover, it obtains from the Bank’s management a timely assessment of the potential effect of any instability or crisis in the economic and political environment.
- The Corporate Governance & Compliance Oversight Committee (“CGCOC”) is headed by Independent Director Jose A. Nuñez, Jr. as Chairman, with Percianita G. Racho, Cesar A. Rubio, Reynaldo V. Velasco, and Alfredo T. Panlilio as Members. The CGCOC, pursuant to BSP Circular No. 456 (Series of 2004), is responsible for ascertaining that the Board seats, including those of Independent Directors, as well as other positions that necessitate Board appointment, are filled by individuals who meet the required qualifications as set forth in the by-laws of the Bank. It oversees the periodic performance evaluation of the Board, its Committees. It also conducts an annual self-evaluation of its performance. In its assessment of a director’s performance, it considers competence, candor, attendance, preparedness, and participation. It monitors not only the Board’s performance, effectiveness, and observance of corporate governance principles, but also those of the other committees and the Executive Management of the Bank. Further, it adopts guidelines for directors serving on multiple boards and makes recommendations to the Board on the continuing education of directors, their assignment to Board committees, succession, and remuneration. It also approves the hiring and promotion of the Bank’s Group Heads. Likewise, it is also involved in Human Resources matters such as the review and revision of the Performance Management System, Benefits Policy, Salary Structure, Merit Increase, and Performance Bonus distribution.
- The Related Party Transactions Committee (“RPT Com”) is headed by Independent Director Reynaldo V. Velasco as Chairman, with Cesar Rubio, Jose A. Nuñez, Jr. and Percianita G. Racho as Members. The RPTCom is tasked to: (a) evaluate relationships to ensure related parties are identified and captured; (b) evaluate material related party transactions (RPTs); (c) ensure appropriate disclosures/information provided to regulators; (d) report to the Board status and aggregate exposures to related parties; (e) ensure RPTs are subject to periodic independent review or audit; and (f) oversee implementation of the RPT system.
- The Audit Committee (“AC”) is headed by Independent Director Cesar A. Rubio as Chairman, with Jose A. Nuñez, Jr., Percianita G. Racho, Ma. Cecilia G. Soriano, and Alfredo T. Panlilio as Members. The members of the Audit Committee must possess accounting, auditing, or related financial management expertise and experience. Tasked primarily with assisting the Board in fulfilling its oversight responsibilities, the Audit Committee reviews the Bank’s financial information, its systems of internal controls and risk management, the audit process, and compliance with significant applicable legal, ethical, and regulatory requirements. It monitors the Bank’s compliance with approved internal policies and controls, as well as statutory regulations, emphasizing an accounting system that is 100% compliant with Philippine International Accounting Standards. The Committee facilitates free and open communication among Management, Compliance Officer, Risk Manager, Internal Audit, the external auditors, BSP examiners, and the Committee members. It enjoys sufficient authority to

promote independence and to ensure broad audit coverage, adequate consideration of audit reports, and appropriate action on audit recommendations. It is also empowered, among others, to appoint, compensate and oversee external audit engagements; review and comment on internal and external audit reports; and resolve financial reporting disputes between management and the auditor.

- The Risk Management Oversight Committee (“RMOC”) is headed by Independent Director Ma. Cecilia G. Soriano as Chairperson, with Jose A. Nuñez, Jr., Francisco S. Magsajo, Jr., Cesar A. Rubio, Gerardo Manuel Luis B. Anonas, and Alfredo T. Panlilio as Members. The Risk Management Committee is responsible for the development and oversight of the Bank’s Risk Management Program and Compliance Program. Likewise, it oversees the system of limits to discretionary authority that the Board delegates to management. It is tasked to ensure that the system remains effective, that the limits are observed, and that immediate corrective actions are taken whenever limits are breached. To achieve this, the Committee takes on the critical role of identifying and evaluating the Bank’s risk exposures, ensuring that the appropriate risk management strategies and plans are in place and ready to be executed as necessary, and evaluating the risk management plan to ensure its continued relevance, comprehensiveness, and effectiveness. Hand in hand with the Enterprise Wide Risk Management Unit which functions under the auspices of the Committee, it performs oversight functions in managing credit, market, liquidity, and operational risks. It also ensures that all reports are in compliance with BSP Manual and Regulations.
- The Trust Committee (“TrustCom”) is headed by Independent Trust Professional Regina Paz Goco-Morales as Chairman, with another Independent Trust Professional Karen Liza M. Roa, Directors Francisco S. Magsajo, Jr., Reynaldo V. Velasco, and PVB President & CEO Renato A. Claravall and Roberto S. Vergara as Trust Officer, Head, as members. It reviews and approves the quality and movement of the Bank’s trust assets, including the opening and closing of trust and other fiduciary accounts, the investment, reinvestment, and disposal of funds and the acceptable fixed income & equity investments, including the investment outlets. It reports to the Board any changes in regulations, market conditions & other factors that may affect the trust business.

The President is further assisted by various management committees - such as the Operations Committee, Asset & Liability Committee, and other ad hoc committees which he may create from time to time.

The Directors have full access to all relevant information about the Bank in the discharge of their duties and responsibilities. The Bank also ensures that the right of the stockholders to information is respected and is committed to make this right meaningful by readily providing shareholders all the material information they needed about the Bank.

The Bank uses the Corporate Governance Self-Rating Form as prescribed by SEC in evaluating the level of compliance of the Board of Directors and Top-Level Management to its Manual of Corporate Governance. It also conducts an annual self-assessment for individual directors, which includes an evaluation of the performance of the Board Committees.

The Bank is generally in compliance with adopted leading practices on good corporate governance. Presently, it is working on the formulation of (1) an overarching RPT policy and group-wide RPT policy in accordance with BSP Circular No. 895; and (2) an information drive cum training program to cascade the contents and procedures embodied in newly adopted Corporate Governance Policies and Procedures to ensure awareness among all stakeholders.

The Bank has no knowledge of any instance of non-compliance with its Manual of Corporate Governance by the Board of Directors or its members, or by the Bank’s officers or employees.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

(a) Management's Discussion and Analysis and Results of Operations

In 2023, the BSP conducted a special examination of the Bank's operations and financial statements covering the period ended December 31, 2022. The special examination resulted to material adjustments requiring the Bank to restate the previous period financial statements.

The December 31, 2022 and January 1, 2022 financial statements have been restated to reflect the following:

- Provide additional allowance for expected credit losses on restructured loan accounts in accordance with PFRS 9, *Financial Instruments*; and
- Correct accounting for sale of investment properties based on conditional Contract to Sell in accordance with PFRS 15, *Revenue*.

Balance Sheet (Consolidated)

March 31, 2024 compared to December 31, 2023

Philippine Veterans Bank and Subsidiaries posted total resources of P69.118 Billion as at March 31, 2024, 7.58% higher than the P64.249 Billion as at December 31, 2023 while total deposit liabilities increased by 8.12% to P65.221 Billion as at March 31, 2024 from P60.324 Billion as at December 31, 2023.

Net non-performing loans (NPL) ratio of the Bank (Parent Company) in March 31, 2024 is at 8.66% while in December 31, 2023 is at 8.99%. The Bank's Capital adequacy Ratio (CAR) of 5.12% for Basel II as at March 31, 2024 lower than the 2023 year-end CAR of 7.41%. This is after considering the staggered booking of allowance for credit losses for five (5) years starting 2020, as part of financial reliefs issued by the Bangko Sentral ng Pilipinas (BSP) and approved by the Securities and Exchange Commission (SEC) in response to COVID-19 pandemic.

December 31, 2023 compared to December 31, 2022

Philippine Veterans Bank and Subsidiaries posted total resources of P64.25 Billion at the close of 2023, or a 6.55% increase from the P60.30 Billion (as restated) as at December 31, 2022. Furthermore, Total Liabilities of P60.32 Billion in 2023 showed an increase of 3.13% from P58.49 Billion (as restated) as at December 31, 2022. The Group's equity increased by 117.82% to P3.93 Billion in December 31, 2023, from the P1.80 Billion (as restated) as at December 31, 2022. This is after considering the staggered booking of allowance for credit losses for five (5) years as part of financial reliefs issued by the Bangko Sentral ng Pilipinas (BSP) and approved by the Securities and Exchange Commission (SEC) in response to COVID-19 pandemic starting 2020.

booking of allowance for credit losses for five (5) years as part of financial reliefs issued by the Bangko Sentral ng Pilipinas (BSP) and approved by the Securities and Exchange Commission (SEC) in response to COVID-19 pandemic starting 2020.

Net Non-Performing Loans (NPL) ratio of the Bank (Parent Company) as of December 31, 2023 decreased to 8.99% from the 11.45% in December 2022 report. Capital Adequacy Ratio (CAR), is at 7.41% for 2023 (with BSP relief), lower than the minimum regulatory requirement of 10%.

December 31, 2022 compared to December 31, 2021

Philippine Veterans Bank and Subsidiaries posted total resources of P60.30 Billion (as restated) at the close of 2022, or a 12.61% increase from the P53.54 Billion (as restated) as at December 31, 2021. Furthermore, Total Liabilities of P58.50 Billion (as restated) in 2022 showed an increase of 14.84% from P50.94 Billion (as restated) as at December 31, 2021. The Group's equity decreased by 30.92% to P1.80 Billion (as restated) in December 31, 2022, from the P2.61 Billion (as restated) as at December 31, 2021. This is after considering the staggered booking of allowance for credit losses for five (5) years as part of

financial reliefs issued by the Bangko Sentral ng Pilipinas (BSP) and approved by the Securities and Exchange Commission (SEC) in response to COVID-19 pandemic starting 2020.

21. This is after considering the staggered booking of allowance for credit losses for five (5) years as part of financial reliefs issued by the Bangko Sentral ng Pilipinas (BSP) and approved by the Securities and Exchange Commission (SEC) in response to COVID-19 pandemic starting 2020.

Net Non-Performing Loans (NPL) ratio of the Bank (Parent Company) as of December 31, 2022 increased to 11.45% from the 8.32% in December 2021 report. Bank's CAR is at 3.64% for 2022 (with BSP relief), lower than the minimum regulatory requirement of 10%

Income Statement (Consolidated)

For the years ended December 31, 2023 and 2022

Philippine Veterans Bank and Subsidiaries incurred a net loss of P72.40 Million in 2023, as compared to net loss of P563.36 Million (as restated) in 2022.

For the years ended December 31, 2022 and 2021

Philippine Veterans Bank and Subsidiaries incurred a net loss of P563.36 Million (as restated) in 2022, as compared to net loss of P1.20 Billion (as restated) in 2021.

(b) Key Financial Indicators

The following comparative ratios reflect the performance of the Group:

Financial Ratios	March 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Current Ratio	46.69%	59.86%	58.18%	64.06%
Debt-to-Equity Ratio	16.73	15.37	21.04	18.50
Asset-to-Equity Ratio	17.73	16.37	22.04	19.5
Interest Rate Coverage Ratio	2.26	1.59	2.57	-2.76
Profitability Ratios:				
a. Return on Average Equity (ROE)	1.24%	-2.53%	9.68%	-32.69%
b. Return on Average Assets (ROA)	0.07%	-0.12%	0.47%	-1.99%

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

- Current Ratio --- Current assets divided by current liabilities
- Debt-to-equity Ratio --- Total liabilities divided by total equity
- Asset-to-equity Ratio --- Total assets divided by total equity
- Interest Rate Coverage Ratio --- Earnings before interest and taxes divided by interest expense
- Return on Average Equity --- Net Income divided by average total capital funds for the period indicated
- Return on Average Assets --- Net Income divided by the average total resources for the period indicated

Additional Management Discussion and Analysis

Balance Sheet (for those with variances of more than 5% - March 31, 2024 vs. December 31, 2023)

Cash and Other Cash Items increased by 6.16% from P946.777 Million as at December 2023 to P1.005 Billion as at March 2024.

Due from Other Banks of P1.278 Billion in December 2023 decreased to P1.155 Billion or by 9.62% as at March 2024.

Interbank Loans Receivable and Securities Purchased Under Resale Agreement decreased by P748.096 Million to P2.452 Billion as at March 2024 from P3.200 Billion as at December 2023.

Financial Assets at Fair Value Through Profit or Loss increased from P1.063 Billion as at December 31, 2023 to P1.407 Billion as at March 31, 2024.

Financial Assets at Fair Value Through Other Comprehensive Income increased by 71.15% from P6.970 Billion as at December 31, 2023 to P11.929 Billion as at March 31, 2024.

Debt Securities at Amortized Cost decreased by 10.36% from P12.896 Billion as at December 2023 to P11.559 Billion as at March 2024.

Loans and Receivables increased by 5.83% from P23.463 Billion as at December 31, 2023 to P24.831 Billion as at March 31, 2024.

Investment Properties increased by 6.12% from P1.803 Billion as at December 2023 to P1.914 Billion as at March 2024.

Demand Deposit Liabilities of P37.976 Billion as at December 2023 increased to P 39.881 Billion or by 5.02% as at March 2024.

Savings Deposit Liabilities of P14.420 Billion as at December 2023 increased to P17 Billion or by 17.89% as at March 2024.

Time Deposit Liabilities of P5.141 Billion as at December 2023 increased to P5.524 Billion or by 7.44% as at March 2024.

Accrued Taxes, Interest and Other Expenses as at March 31, 2024 increased by 8.68% to P341.516 Million from P314.231 Million in December 2023.

Lease Liability of P203.094 Million as at December 2023 decreased to P190.561 Million or by 6.17% as at March 2024.

Income Tax Payable of P17.903 Million as at March 31, 2024 is an increased amount by P11.846 Million from P6.058 Million as at December 2023.

Net Accumulated Unrealized Loss on Available-for-Sale Financial Assets of P84.168 Million as at March 31, 2024 is a further deterioration by 96.10% from the P42.921 Million loss as at December 31, 2023.

Noncontrolling Interest in Net Assets of Subsidiary increased by 11.17% from P0.338 Million as at December 2023 to P 0.375 Million as at March 2024.

Income Statement (for those variances of more than 5% - For the period ended March 31, 2024 vs. period ended March 30, 2023)

Total Interest Income for the first quarter of 2024 increased by 20.78% from P726.714 Million reported on the same period of prior year to P877.711 Million. This is attributed to interest income on:

1. Loans and Receivables for the three-month period ended March 2024 increased by 14.09% to P452.800 Million from P396.880 Million for the same period in 2023.
2. Investment Securities at Amortized Cost and Fair Value Through OCI ended March 2024 increased by P75.138 Million to P283.976 Million from P208.838 Million for the same period in 2023.
3. Deposits with Banks ended March 2024 increased by 10.09% to P103.415 Million from P93.937 Million for the same period in 2023.

4. Interbank Loans Receivable and Securities Purchased Under Resale Agreements period for the period ended March 2024 increased by P 7.259 Million to P33.331 Million from P26.072 Million for the same period in 2023.
5. Financial Asset at Fair Value Through Profit or Loss as at March 2024 improved by 324.43% to P4.189 Million profit from P0.987 Million loss for the same period in 2023.

Total Interest Expense increased to P111.105 Million or by 80.79% as at March 2024 compared to P61.454 Million in the first quarter of 2023. This is mainly due to:

1. Interest Expense on Deposit Liabilities of P106.038 Million for the first three months of 2024 increased by P50.428 Million from P55.610 Million reported for the first quarter of 2023.
2. Interest Expense on Lease Liability of P5.067 Million for the first three months of 2024 decreased by P0.777 Million from P5.844 Million reported for the first quarter of 2023.

Total Net Interest Income as at March 2024 of P766.606 Million has increased by 15.23 % from P665.259 Million as at March 2023.

Gains on Sale of Assets increased by 341.87% to P17.084 Million for the period ended March 2024 compared to the P3.866 Million for March 2023.

Service Fees and Commissions increased by 35.82% to P50.519 Million as at March 2024 compared to the P37.195 Million at March 2023.

Gains on Asset Foreclosures and Dacion Transactions decreased by P3.736 Million to P30.939 Million as at March 2024 compared to the P34.675 Million at March 2023.

Income from Trust Operations as at March 2024 of P4.008 Million has increased by 14.30% from P3.507 Million as at March 2023.

March 2024 showed a Trading Gain of P10.409 Million, which is lower than reported gain in March 2023 of P31.207 Million or a decrease of P20.798 Million.

Other Operating Income for the three-month period ended March 2024 decreased by P3.712 Million to P12.460 Million from P16.172 Million during the same period in the previous year.

Total Operating Income as at March 2024 of P892.025 Million has increased by 12.78 % from P790.927 Million as at March 2023.

Provision for Impairment and Credit Losses as at December 2023 of P 106.815 Million decreased by 17.90% or P87.692 Million as at March 2024.

Occupancy of P56.331 Million as at December 2023 increased to P60.313 Million in 2024, or 7.07% higher than 2023.

Repairs and Maintenance of P89.943 Million as at December 2023 decreased to P 83.983 Million in 2024, or 6.63% lower than the period ended March 2023.

Taxes and Licenses increased by 13.86% from P51.185 Million as at March 2023 to P58.278 Million as at March 2024.

Communications of P12.069 Million in March 2024 increased from P9.595 Million or by P2.474 Million from the same period in 2023.

Transportation and Travel as at March 2024 of P14.799 Million has increased by 6.75% from P13.863 Million as at March 2023.

Litigation and Expenses on Acquired Assets in the amount of P13.812 Million as at March 2024 decreased by P5.438 Million from P19.250 Million of the same period in 2023.

Professional Fees for the three-month period ended March 2024 increased by P9.374 Million to P29.490 Million from P20.117 Million during the same period in the previous year.

Bangko Sentral ng Pilipinas Supervision Fees increased by 15.83% from P3.361 Million in March 2023 to P3.892 Million as at March 2024.

Membership Fees and Dues decreased by 6.00% from P2.473 Million as at March 2023 to P2.325 Million as at March 2024.

Freight Expenses as at March 2024 amounting to P1.563 Million increased by 26.86% compared to the P1.232 Million in March 2023.

Entertainment, Amusement and Representation Expense of P1.938 Million has increased by 14.60% from P1.691 Million as at March 2023.

Income Before Income Tax of P40.221 in 2023 improved by 248.58% or to Income of P140.203 Million as at March 2024.

Provision for Income Tax in the amount of P72.553 Million as at March 31, 2023 increased by 26.64% or P19.325 Million to P91.878 Million as at March 31, 2024.

On the overall, Net Loss from P32.332 Million as at March 2023 improved to an income of P48.325 Million as at March 2024.

(c) Past Financial Conditions and Results of Operations

During the last five (5) years, the Group has continued to build its financial strength following a strategy of prudent balance sheet management. The resources reached P64.25 billion in 2023, which is 7.61% higher than the P59.70 billion in 2019. Loans and Receivables which is the core business of the Bank increased from P22.41 Billion (as restated) in 2022 to P23.46 Billion in 2023. Ratio of Loans and Receivables to Total Assets is at 37.85% and 37.17% for 2023 and 2022 respectively.

The Group also reported a net loss of P72.40 Million in 2023 as compared to net loss of P563.36 Million in 2022.

(d) Future Prospects

PVB's Revised Charter enabled its capabilities to raise more capital to support business growth. Ownership may now be opened to non-veterans provided that at all times the majority of the common shares shall be held by the veterans. As a result of this, strategic partnerships with private investors will likely to be formed. This will help the Bank realize its long-term vision of a military bank providing complete financial services including healthcare and education benefits to the uniformed military personnel. In addition, with the recent inclusion of Authorized Government Depository Banks (AGDB) to General Appropriations Act (GAA), PVB as an AGDB can now intensify loan offerings to military personnel as loan payments will now be facilitated via a deduction code. In addition, with the recent inclusion of Authorized Government Depository Banks (AGDB) to General Appropriations Act (GAA), PVB as an AGDB can now intensify loan offerings to military personnel as loan payments will now be facilitated via a deduction code.

As a government depository bank, PVB will continue to expand its deposits by strengthening its existing partnership with LGUs, and reviving its relationships with other government entities such as GOCCs, NGAs. The Bank is also targeting to increase its market share in private sector by developing new deposit products and services specific to the needs of the private customers.

To support the expected growth, the Bank intends to enhance its digital capabilities to serve clients more efficiently and give them an accessible banking experience around the clock. The Bank has already obtained the basic Electronic Payment and Financial Services (EPFS) license from BSP and is expecting to acquire the advanced license soon.

Material Changes

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

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

(ii) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period

- There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Bank with unconsolidated entities or other persons created as of the reporting date.

(iii) Any Material Commitments for Capital Expenditure and Expected Funds

- None

(iv) Any known trends, events, or uncertainties (material impact on sales)

As of December 31, 2023, Bank's capital and Capital Adequacy Ratio (CAR) remained to be below the minimum regulatory requirement. This indicated the existence of a material uncertainty which may cast significant doubt on the Bank's ability to continue as a going concern. Notwithstanding these uncertainties, however, PVB remained optimistic on its capability to continue as a going concern. Such optimism has been anchored on the following considerations:

- (a) On December 10, 2021, RA No. 11597, An Act Providing for the Revised Charter of the Philippine Veterans Bank, Repealing for the Purpose Republic Act No. 3518, as Amended, was signed into law and became effective on January 21, 2022. RA No. 3518, An Act Creating the Philippine Veterans' Bank and for other Purposes, confined ownership of the Parent Company's shares to World War II veterans or their heirs, which significantly impacted the Parent Company's ability to successfully raise additional capital. RA No. 11597 expands the definition of veterans to include post World War II veterans, veterans of other wars and Philippine military campaigns, and retirees of the Armed Forces of the Philippines (AFP). It also allows non-veterans to become shareholders of the Parent Company provided that the veterans shall at all times retain majority of the shares. With the enactment of RA No. 11597, the Parent Company has initiated capital raising activities. And, in line with such initiative, the following had occurred in 2023:
 - In February 2023, deposits for stock subscription amounting to P4.51 Million arising from Stock Rights Offering in 2019 and 2022 and Stock Subscription Offering (SSO) in 2022 were converted to capital stock.
 - In April 2023, 366,839 common shares relating to 2023 SSO subscriptions were issued for P40.16 Million.
 - In December 2023, the Monetary Board, in its Resolution No. 1592, approved the capital stock subscription by the Bank's major investor of up to 40% stockholdings in the Parent's voting shares of stock equivalent to P4.20 Billion. Also, the following are the updates in the Bank's 2023 Capital Build Up Plan (CBUP) for completion on or before June 30, 2024.
 - The Bank issued common shares P2.27 Billion to the major investor and certain individual investors in December 2023.
 - In March 2024, the Bank's major investor has opened an escrow account amounting to P2.35 Billion which intends to cover the remaining unpaid subscription to the Bank's capital stock, as part of its 2023 CBUP commitments.

- In the first quarter of 2024, certain veterans and other investors subscribed P14.26 Million worth of the Bank's common shares.

RA 11597 also provides that the Bank is a private Bank granted the authority to receive deposits of government funds as an official government depository. For the Bank, the loan portfolio and deposit liabilities had growth rates of 5.27% and 2.38%, respectively in 2023. The recovery resulted in continuous reduction in net loss for the Bank.

- (b) In 2023, with the expected full recovery of the Philippines from the impact of Covid-19 pandemic, the banking industry likewise gained back its momentum as business loans and deposits made robust rebound.
- (c) Management's strategic operational objectives in growing loans and deposits achieving operational efficiency, and pursuing long term vision of a military bank. Also, the Bank remains to be highly liquid and will continue to address its liquidity needs and gradually grow its lending business, given its high Liquidity Coverage Ratio and Net Stable Funding Ratio.

(v) Causes for any material changes from period to period of Financial Statements

- The possible causes for any material changes are explained in item (iv) above.

(vi) Seasonal aspects that has material effect on the Financial Statements

- None

UNDERTAKING

The Bank undertakes to furnish a copy of its Annual Report (SEC Form 17-A) exclusive of attachments, free of charge, upon the written request of the stockholder addressed to the Office of the Secretary, 6th floor, PVB Building, No. 101 V.A. Rufino corner Dela Rosa Street., Legaspi Village, Makati City.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
APR 25 2014
BY: ERWIN PACINIO
DOCUMENT PROCESSING AND TAXPAYER ASSURANCE DIVISION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

Punongbayan & Araullo (P&A) Grant Thornton, the independent auditor appointed by the stockholders, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

ROBERTO F. DE OCAMPO, OBE
Chairman of the Board

RENATO A. CLARAVALL
President & Chief Executive Officer

FLORENCE T. PALACIO
FVP/Finance & Administration Group Head

SUBSCRIBED AND SWORN to before me this **15 APR 2024** affiants exhibiting to me their TIN/UMID Nos. as follows:

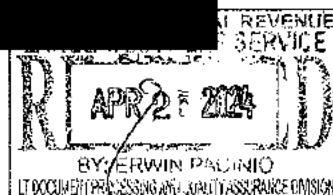
NAMES
Roberto F. De Ocampo, OBE
Renato A. Claravall
Florence T. Palacio

IDENTIFICATION NO.

DATE OF ISSUE

August 1, 2003

Doc. No. **354**
Page No. **71**
Book No. **XVI**
Series of 2024



ATTY. CATHERINE B. VILLA-SACRO

Notary Public for and in Makati City

Until December 31, 2024

Appointment No. M-207

PVB Building, No. 101 V.A. Rufino corner

Dela Rosa Streets, Legaspi Village, Makati City

P.T.R. No. 10074668 / 01-02-2024 / Cavite Chapter

IBP Life Member No. 04361 Roll of Attorneys No. 42440

M.C.L.E. Compliance No. VII-0023242 / August 28, 2022

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Philippine Veterans Bank
101 V.A. Rufino corner Dela Rosa Streets
Legaspi Village, Makati City

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Philippine Veterans Bank and Subsidiaries (the Group) and Philippine Veterans Bank (the Parent Company), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

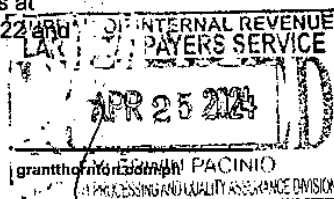
In our opinion, except for the effects of the matter discussed in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2023 and 2022, and their financial performance and their cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued by the Bangko Sentral ng Pilipinas (BSP) and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the financial statements.

Basis for Qualified Opinion

As discussed in Note 27 to the financial statements, the required allowance for impairment and credit losses on interbank call loans (IBCL) totalling P1.67 billion, previously granted to a certain thrift bank, and on accounts receivable totalling P907.26 million, representing the uninsured deposits of the same thrift bank assumed by the Parent Company, were deferred and are being amortized over 20 years as approved by the BSP in 2008. The Parent Company recognized provision for impairment and credit losses amounting to P167.49 million as a direct charge against the beginning balance of retained earnings in 2023 and 2022, representing the amortization of the required allowance for those years. PFRS requires that the required allowance on the IBCL and accounts receivable be charged against the respective years when the losses were incurred. Had such impairment and credit losses been charged to the proper accounting period, the Group's and the Parent Company's deficit would have been increased and the total assets and total equity would have been decreased by P0.74 billion as at December 31, 2023 and January 1, 2023, and P0.91 billion as at December 31, 2022 and January 1, 2022.

Certified Public Accountants
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd.

Offices in Cavite, Cebu, Davao
BOA/PRC Cert. of Reg. No. 0002
SEC Accreditation No. 0002



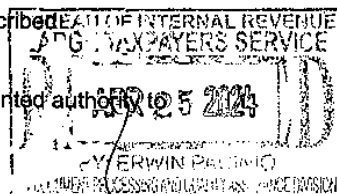
We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and the Parent Company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

Material Uncertainty Related to Going Concern

Management's assessment of the Group's ability to continue as a going concern, including the events and conditions that resulted in material uncertainty related to going concern, is disclosed in Note 3 to the financial statements. The Group prepares its financial statements on a going concern basis as management does not intend to liquidate or cease operating. In making such assessment, management takes into account the following information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period:

- (a) On December 10, 2021, Republic Act (RA) No. 11597, *An Act Providing for the Revised Charter of the Philippine Veterans Bank, Repealing for the Purpose RA No. 3518, as Amended*, was signed into law and became effective on January 21, 2022. RA No. 3518, *An Act Creating the Philippine Veterans' Bank and for other Purposes*, confined ownership of the Parent Company's shares to World War II veterans or their heirs, which significantly impacted the Parent Company's ability to successfully raise additional capital. RA No. 11597 expands the definition of veterans to include post World War II veterans, veterans of other wars and Philippine military campaigns, and retirees of the Armed Forces of the Philippines (AFP). It also allows non-veterans to become shareholders of the Parent Company provided that the veterans shall at all times retain majority of the shares. With the enactment of RA No. 11597, the Parent Company has initiated capital raising activities, which include: (i) expanding the loan portfolio, (ii) strengthening deposit engagements, (iii) elevating digital banking, (iv) promoting employee development, and (v) enhancing customer experience. Subsequently, the following capital-raising activities occurred:
- (i) In February 2023, deposits for stock subscription amounting to P4.41 million arising from Stock Rights Offering in 2019 and 2022 and Stock Subscription Offering (SSO) in 2022 were converted to capital stock.
 - (ii) In April 2023, 366,839 common shares relating to 2023 SSO subscriptions were issued for P40.16 million.
 - (iii) In December 2023, the Monetary Board, in its Resolution No. 1592, approved the capital stock subscription by the Parent Company's major investor of up to 40% stockholdings in the Parent Company's voting shares of stock equivalent to P4.20 billion; and updates in the Capital Build-up Plan (2023 CBUP) of the Parent Company to be completed on or before June 30, 2024. In relation to the 2023 CBUP:
 - The Parent Company issued common shares totaling P2.27 billion to the major investor and certain individual investors in December 2023.
 - In March 2024, the Parent Company's major investor has opened an escrow account amounting to P2.34 billion, which is intended to cover for the remaining unpaid subscription to Parent Company's capital stock as part of its commitment indicated in the 2023 CBUP.
 - In the first quarter of 2024, certain veterans and other investors subscribed P14.26 million worth of Parent Company's common shares.

RA No. 11597 further provides that the Parent Company is a private bank granted authority to receive deposit of government funds as an official government depository.



- (b) In 2023, with the expected full recovery of the Philippines from the impact of the COVID-19 pandemic, the banking industry likewise gained back its momentum as business loans and deposits made robust rebound. For the Parent Company, the loan portfolio and deposit liabilities had a growth rate of 5.27% and 2.38%, respectively, in 2023. This recovery resulted in continuous reduction in net loss of the Parent Company, from net losses of P0.56 billion and P1.20 billion in 2022 and 2021, respectively, to a net loss of P0.07 billion in 2023.
- (c) Management's strategic operational objectives in growing loans and deposits, achieving operational efficiency, and pursuing long-term vision of a military bank. Also, the Parent Company remains to be highly liquid and will continue to address its liquidity needs and gradually grow its lending business given its high liquidity coverage ratio of 235% and 213% and net stable funding ratio of 129% and 133% as of December 31, 2023 and 2022, respectively.

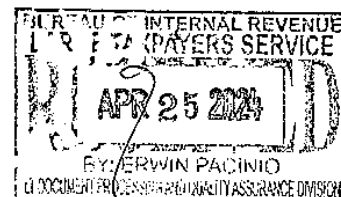
As a banking institution, the Parent Company's operations and activities are subject to the provisions of RA No. 8791, *The General Banking Law of 2000*, and other related banking laws, and are regulated and supervised by the BSP. As such, it is required to comply with the BSP's requirements such as minimum capitalization and capital adequacy ratio (CAR), among others, which is set at P10.00 billion and 10%. In previous years, the Group and the Parent Company incurred significant net losses resulting in non-compliance with such requirements.

As at December 31, 2023, the qualifying capital of the Group and the Parent Company amounted to P1.74 billion and P1.77 billion, respectively, which translated to CAR of 5.37% and 5.46%, respectively. On April 26, 2021, the BSP approved the request of the Parent Company for the staggered booking of allowance for credit losses on loans and receivables over a period of five years starting in 2020 following the regulatory relief provided for under BSP Memorandum M-2020-061, *Supervisory Expectations on the Measurement of Expected Credit Losses and the Treatment of Regulatory Relief Measures Granted Amid the COVID-19 Pandemic*. Should the staggered booking of allowance amounting to P0.29 billion as of December 31, 2023 be considered, the qualifying capital of the Group and the Parent Company would amount to P2.03 billion and P2.05 billion as of December 31, 2023, which would result in a CAR of 6.25% and 6.37%, respectively.

As of December 31, 2023, the Group's and Parent Company's qualifying capital and CAR, before and after regulatory relief provided under BSP Memorandum M-2020-061, have not met the capital commitment under the 2023 CBUP of P13.00 billion to meet the minimum capitalization requirement, and CAR of 10%. In addition, as disclosed in Note 3 to the financial statements, certain other BSP requirements were not complied with as at December 31, 2023. These regulatory non-compliances resulted in the imposition of monetary and non-monetary sanctions by the BSP, which, if remained unaddressed, may further result to additional regulatory actions as prescribed by existing banking laws and regulations.

These events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern.

Sufficient audit procedures have been performed to validate the above action plans and management representations. Accordingly, the accompanying financial statements have been prepared assuming that the Group and the Parent Company will continue as a going concern entity, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. Our opinion is not modified in respect of this matter.



Emphasis of Matter

We draw attention to Note 2 to the financial statements, which indicates that the Group's and the Parent Company's financial statements have been prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued by the BSP and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the financial statements are discussed in detail in Note 2 to the financial statements. Our opinion is not modified in respect of this matter.

Other Matter

The audit of the financial statements as at and for the year ended December 31, 2021 were performed by the predecessor auditors, however, they did not express an opinion on those statements as indicated in their report dated September 23, 2022. Based on the report, the predecessor auditors were not able to obtain sufficient appropriate audit evidence to satisfy themselves whether the use of going concern assumption in preparing the 2021 financial statements is appropriate given the uncertainties of the Parent Company being able to raise capital to meet the requirements under the 2019 CBUP, the current regulatory action imposing non-monetary restrictions, among others, and the potential impact of future regulatory actions.

We were not engaged to audit, review, or apply any procedures to the 2021 financial statements of the Group and the Parent Company. Accordingly, we do not express an opinion or any other form of assurance on the Group and the Parent Company's 2021 financial statements taken as a whole. We, however, considered the relevant information and developments as enumerated in the *Material Uncertainty Related to Going Concern* paragraph in our report in evaluating management's assessment on the use of going concern basis of assumption in preparing its 2023 and 2022 financial statements.

Other Information

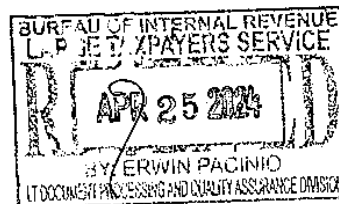
Management is responsible for the other information. The other information comprises the information included in the Annual Report for the year ended December 31, 2023, but does not include the financial statements and our auditors' report thereon. The Annual Report for the year ended December 31, 2023, are expected to be made available to us after the date of this auditors' 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 audit 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, as modified by the application of the financial reporting reliefs by the BSP and approved by the SEC, as described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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

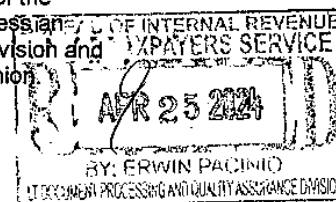
Those charged with governance are responsible for overseeing the Group's and the Parent Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in accordance with PFRS, as modified by the application of the financial reporting reliefs by the BSP and approved by the SEC, as described in Note 2 to the financial statements.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Parent Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

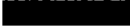
Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the years ended December 31, 2023 and 2022 required by the BSP, and for the year ended December 31, 2023 required by the Bureau of Internal Revenue (BIR) as disclosed in Notes 35 and 36 to the financial statements, respectively, are presented for purposes of additional analysis. Such supplementary information required by BIR and BSP is the responsibility of management. The supplementary information is not a required part of the basic financial statements prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs by the BSP and approved by the SEC, as described in Note 2 to the financial statements; it is not also a required disclosure under the Revised Securities Regulation Code Rule 68 of the SEC.

PUNONGBAYAN & ARAULLO


By: **Jerale M. Sanchez**
Partner

CPA Reg. No. 0121830

TIN 

PTR No. 10076154, January 3, 2024, Makati City

SEC Group A Accreditation

Partner - No. 121830-SEC (until financial period 2023)

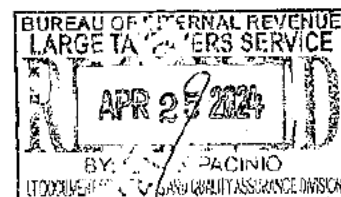
Firm - No. 0002 (until financial period 2024)

BIR AN 08-002551-041-2023 (until Jan. 24, 2026)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

PTR No. 10076154, January 3, 2024

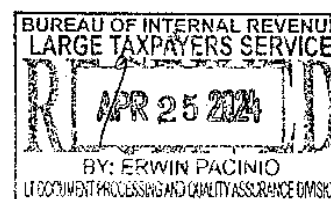
April 14, 2024



PHILIPPINE VETERANS BANK AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION

	Consolidated			Parent Company		
	December 31		January 1	December 31		January 1
	2023	2022	2022	2023	2022	2022
	(As Restated – Note 32)	(As Restated – Note 32)	(As Restated – Note 32)	(As Restated – Note 32)	(As Restated – Note 32)	(As Restated – Note 32)
ASSETS						
Cash and Other Cash Items	₱946,777,398	₱934,495,896	₱982,683,043	₱946,126,581	₱933,328,576	₱981,669,375
Due from Bangko Sentral ng Pilipinas (Note 14)	9,695,460,739	11,902,072,441	17,192,355,261	9,693,844,688	11,900,298,979	17,190,542,567
Due from Other Banks (Note 25)	1,277,857,373	1,157,136,383	900,800,210	1,136,076,973	1,104,570,629	792,068,538
Interbank Loans Receivable and Securities Purchased Under Resale Agreement (Notes 6, 27 and 30)	3,200,279,690	1,673,976,545	2,294,525,611	3,200,279,690	1,673,976,545	2,294,525,611
Financial Assets at Fair Value Through Profit or Loss (Note 7)	1,063,913,099	104,907,282	142,214,902	1,063,913,099	104,907,282	142,214,902
Financial Assets at Fair Value Through Other Comprehensive Income (Note 7)	6,969,874,955	5,556,025,368	3,857,486,193	6,969,874,955	5,556,025,368	3,857,486,193
Debt Securities at Amortized Cost (Note 7)	12,895,723,703	11,169,868,365	3,674,617,470	12,895,723,703	11,169,868,365	3,674,617,470
Loans and Receivables (Note 8)	23,463,487,724	22,412,286,428	19,810,179,614	23,403,185,274	22,312,030,016	19,726,779,130
Investments in Subsidiaries (Note 9)	—	—	—	158,872,987	148,956,292	145,108,493
Bank Premises, Furniture, Fixtures and Equipment (Note 10)	898,284,741	1,041,628,140	1,085,491,372	933,121,868	1,074,549,717	1,117,126,858
Investment Properties (Note 11)	1,803,825,492	2,094,039,052	1,929,697,572	1,815,826,550	2,105,115,110	1,940,773,630
Deferred Tax Assets (Note 21)	410,600,310	359,222,650	287,451,260	410,600,310	359,222,650	287,451,260
Other Assets (Note 12)	1,623,126,600	1,891,628,515	1,386,061,991	1,536,822,574	1,768,853,729	1,312,229,889
	₱64,249,211,824	₱60,297,287,065	₱53,543,564,499	₱64,164,269,252	₱60,211,703,258	₱53,462,593,916
LIABILITIES AND EQUITY						
LIABILITIES						
Deposit Liabilities (Notes 14 and 25)						
Demand	₱37,976,245,156	₱38,434,886,425	₱31,598,603,768	₱38,045,356,669	₱38,499,871,111	₱31,673,101,753
Savings	14,420,433,389	13,606,900,775	13,875,265,433	14,357,398,435	13,550,643,286	13,820,720,442
Time	5,141,041,221	4,153,198,887	3,253,236,125	5,138,613,472	4,150,771,192	3,251,208,475
	57,537,719,766	56,194,986,087	48,727,105,326	57,541,368,576	56,201,285,589	48,745,030,670
Loans Payable (Note 14)	—	—	10,939,604	—	—	—
Manager's Checks	52,654,459	57,866,552	48,662,704	52,654,459	57,866,552	48,662,704
Accrued Taxes, Interest and Other Expenses (Note 15)	314,230,874	330,501,343	411,991,963	310,169,255	326,549,007	407,663,800
Lease Liability (Note 18)	203,093,902	240,618,020	269,525,479	203,093,902	240,618,020	269,525,479
Income Tax Payable	6,057,708	15,146,553	162,860	6,057,708	14,051,587	20,302
Other Liabilities (Note 16)	2,209,937,384	1,655,965,660	1,467,432,002	2,125,070,041	1,568,787,506	1,383,677,552
	60,323,694,093	58,495,084,215	50,935,819,938	60,238,413,941	58,409,158,261	50,854,580,507
EQUITY						
Equity Attributable to Equity Holders of the Parent Company						
Capital stock (Note 19)	5,203,317,562	2,888,650,487	2,888,460,412	5,203,317,562	2,888,650,487	2,888,460,412
Treasury stock (Note 19)	(378,753,039)	(378,599,039)	(378,584,239)	(378,753,039)	(378,599,039)	(378,584,239)
Additional paid-in capital (Note 19)	11,482,291	8,064,033	8,064,033	11,482,291	8,064,033	8,064,033
Surplus reserves (Notes 22 and 24)	1,280,920,430	1,280,920,430	1,280,920,430	1,280,920,430	1,280,920,430	1,280,920,430
Appropriated surplus (Note 19)	361,601,754	361,616,154	361,796,154	361,601,754	361,616,154	361,796,154
Deficit (Notes 19, 22 and 24)	(2,567,550,814)	(2,284,987,787)	(1,554,211,346)	(2,567,550,814)	(2,284,987,787)	(1,554,211,346)
Remeasurement gains on net retirement plan	58,161,526	71,012,426	1,756,572	58,161,526	71,012,426	1,756,572
Net accumulated unrealized losses on financial assets at fair value through other comprehensive income (Note 7)	(42,920,918)	(143,683,266)	(217,304)	(42,920,918)	(143,683,266)	(217,304)
Cumulative translation adjustment	(403,481)	(448,441)	28,697	(403,481)	(448,441)	28,697
	3,925,855,311	1,802,544,997	2,608,013,409	3,925,855,311	1,802,544,997	2,608,013,409
Non-Controlling Interest	(337,580)	(342,147)	(268,848)	—	—	—
	3,925,517,731	1,802,202,850	2,607,744,561	3,925,855,311	1,802,544,997	2,608,013,409
	₱64,249,211,824	₱60,297,287,065	₱53,543,564,499	₱64,164,269,252	₱60,211,703,258	₱53,462,593,916

See accompanying Notes to Financial Statements.

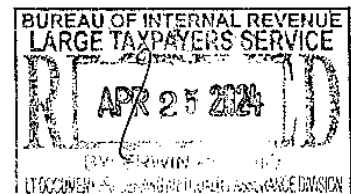


PHILIPPINE VETERANS BANK AND SUBSIDIARIES
STATEMENTS OF INCOME

	Consolidated			Parent Company		
	Years Ended December 31					
	2023	2022	2021	2023	2022	2021
	(As Restated – Note 32)	(As Restated – Note 32)	(As Restated – Note 32)	(As Restated – Note 32)	(As Restated – Note 32)	(As Restated – Note 32)
INTEREST INCOME ON:						
Loans and receivables (Notes 8 and 25)	₱1,693,443,414	₱1,407,116,793	₱1,392,216,542	₱1,687,893,478	₱1,400,685,225	₱1,386,927,042
Deposits with banks (Note 25)	380,289,784	357,721,094	252,990,187	376,187,583	356,436,293	252,034,378
Investment securities at amortized cost and fair value through other comprehensive income (Note 7)	872,410,297	473,724,549	231,051,715	872,410,297	473,724,549	231,051,715
Interbank loans receivable and securities purchased under resale agreements (Note 6)	104,198,787	49,197,640	20,308,057	104,198,787	49,197,640	20,308,057
Financial assets at fair value through profit or loss (Note 7)	46,942,314	13,210,778	17,126,335	46,942,314	13,210,778	17,126,335
	3,097,284,596	2,300,970,854	1,913,692,836	3,087,632,459	2,293,254,485	1,907,447,527
INTEREST EXPENSE ON:						
Deposit liabilities (Notes 14 and 25)	317,625,421	202,291,462	206,166,555	317,356,574	202,026,052	205,904,071
Loans payable (Note 14)	—	337,192	1,915,084	—	6,111	—
Lease liability – net (Note 18)	22,490,536	25,825,584	27,036,536	22,490,536	25,825,584	27,036,536
	340,115,957	228,454,238	235,118,175	339,847,110	227,857,747	232,940,607
NET INTEREST INCOME	2,757,168,639	2,072,516,616	1,678,574,661	2,747,785,349	2,065,396,738	1,674,506,920
Gain on sale of assets (Notes 7, 10 and 11)	143,892,968	112,146,477	70,206,539	137,299,484	109,033,325	57,500,449
Gain on asset foreclosures and dacion	141,325,951	123,325,024	52,152,195	141,325,951	123,325,024	52,152,195
Service fees and commissions (Notes 25 and 31)	157,786,221	147,987,146	187,988,297	130,518,931	115,458,464	158,222,232
Trading gains – net (Notes 5 and 7)	89,681,451	—	9,969,840	89,681,451	—	9,969,840
Income from trust operations (Note 24)	15,080,402	12,840,505	12,644,350	15,080,402	12,840,505	12,644,350
Foreign exchange gains – net	—	—	415,285	—	—	409,842
Equity in net earnings of subsidiaries (Note 9)	—	—	—	9,857,894	3,847,799	9,698,370
Other operating income (Notes 18 and 26)	54,211,912	54,152,778	53,164,952	49,194,689	53,619,724	52,901,570
TOTAL OPERATING INCOME	3,359,147,544	2,522,968,546	2,065,116,119	3,320,744,151	2,483,521,579	2,028,005,768
Compensation and fringe benefits (Notes 20 and 25)	806,706,971	726,114,458	817,438,663	787,903,490	707,034,784	798,680,151
Provision for impairment, credit and other losses (Note 13)	598,302,316	724,550,203	918,098,729	596,918,431	721,683,183	917,920,502
Depreciation and amortization (Notes 10, 11 and 12)	334,875,572	359,266,383	295,759,494	332,718,172	357,033,229	293,662,298
Repairs and maintenance	297,158,344	222,257,235	193,579,573	296,993,627	221,391,153	193,477,018
Taxes and licenses	240,675,644	206,649,718	159,025,764	239,161,168	205,133,844	156,951,059
Occupancy (Note 18)	221,262,453	232,983,425	218,735,424	220,370,586	232,122,353	217,808,682
Insurance	141,757,426	123,628,081	137,665,857	140,178,941	122,596,269	136,399,240
Amortization of software costs (Note 12)	101,379,725	81,956,772	49,313,380	101,379,725	81,956,772	49,313,380
Litigation expenses on acquired assets	84,721,177	58,285,744	32,984,171	84,721,177	58,285,744	32,984,171
Transportation and travel	57,526,886	50,038,243	40,489,916	56,540,250	49,009,073	39,581,878
Professional fees	54,672,511	38,893,533	32,593,775	50,438,379	35,315,634	29,163,552
Communications	41,200,562	42,562,613	42,970,729	40,825,154	42,283,589	42,556,071
Fees and commissions	18,013,860	12,192,650	15,498,864	17,707,234	11,430,825	12,498,502
Bangko Sentral ng Pilipinas supervision fees	15,883,457	13,451,607	14,502,929	15,569,846	13,442,375	14,497,799
Fines and penalties	11,812,653	3,981,900	90,183	11,543,588	3,981,361	32,020
Office supplies	11,323,955	12,531,705	11,146,100	11,151,511	12,361,577	11,022,072
Foreign exchange losses – net	10,137,087	4,331,148	—	10,137,087	4,331,148	—
Membership fees and dues	10,104,123	11,441,692	12,260,660	9,545,483	10,936,240	11,860,149
Entertainment, amusement and recreation expenses	9,717,501	5,701,834	4,564,920	9,416,286	5,369,507	4,342,090
Freight expenses	4,121,075	3,868,844	6,461,759	4,121,075	3,868,844	6,461,759
Provision for litigation (Note 26)	—	12,474,093	—	—	12,474,093	—
Trading losses – net (Notes 5 and 7)	—	2,961,007	—	—	2,961,007	—
Miscellaneous (Note 11)	86,268,421	44,268,470	89,901,754	85,702,252	44,239,065	89,750,170
TOTAL OPERATING EXPENSES	3,157,321,719	2,994,391,358	3,093,082,644	3,123,043,462	2,959,241,669	3,058,962,563
INCOME (LOSS) BEFORE INCOME TAX	201,825,825	(471,422,812)	(1,027,966,525)	197,700,689	(475,720,090)	(1,030,956,795)
PROVISION FOR INCOME TAX						
(Note 21)	274,222,338	91,935,844	172,044,568	270,150,869	87,565,267	169,025,711
NET LOSS (Note 23)	(₱72,396,513)	(₱563,358,656)	(₱1,200,011,093)	(₱72,450,180)	(₱563,285,357)	(₱1,199,982,506)
Attributable to:						
Equity holders of the Parent Company (Note 23)	(₱72,450,180)	(₱563,285,357)	(₱1,199,982,506)			
Non-controlling interest	53,667	(73,299)	(28,587)			
	(₱72,396,513)	(₱563,358,656)	(₱1,200,011,093)			
Basic/Diluted Earnings (Loss) Per Share (Note 23)	(₱2.81)	(₱24.38)	(₱51.94)			

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE DIVISION
1001 COMMERCE STREET, 10TH FLOOR, MANILA, PHILIPPINES
TEL. (632) 862-8000
FAX (632) 862-8001
WWW.BIR.GOV.PH

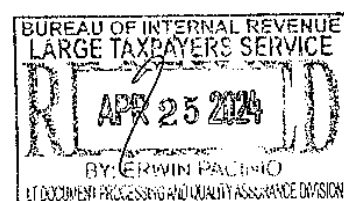
See accompanying Notes to Financial Statements.



PHILIPPINE VETERANS BANK AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME

	Consolidated			Parent Company		
	Years Ended December 31					
	2023	2022	2021	2023	2022	2021
		(As Restated – Note 32)	(As Restated – Note 32)		(As Restated – Note 32)	(As Restated – Note 32)
NET LOSS (Note 23)	(P72,396,513)	(P563,358,656)	(P1,200,011,093)	(P72,450,180)	(P563,285,357)	(P1,199,982,506)
OTHER COMPREHENSIVE INCOME (LOSSES)						
Items that will not be reclassified to profit or loss in subsequent periods:						
Remeasurement gains (losses) on retirement plan, net of tax (Notes 20 and 21)	(12,850,900)	69,255,854	57,488,021	(12,850,900)	69,255,854	57,488,021
Net unrealized gains on equity securities at fair value through other comprehensive income (Note 7)	39,867,856	30,602,239	50,875,567	39,867,856	30,602,239	50,875,567
	27,016,956	99,858,093	108,363,588	27,016,956	99,858,093	108,363,588
Items that will be reclassified to profit or loss in subsequent periods:						
Net unrealized gains (losses) on debt securities at fair value through other comprehensive income (Note 7)	60,894,492	(174,068,201)	(6,960,039)	60,894,492	(174,068,201)	(6,960,039)
Cumulative translation adjustment	44,960	(477,138)	(122,788)	44,960	(477,138)	(122,788)
	60,939,452	(174,545,339)	(7,082,827)	60,939,452	(174,545,339)	(7,082,827)
TOTAL COMPREHENSIVE LOSSES	P15,559,895	(P638,045,902)	(P1,098,730,332)	P15,506,228	(P637,972,603)	(P1,098,701,745)
Attributable to:						
Equity holders of the Parent Company	P15,506,228	(P637,972,603)	(P1,098,701,745)			
Non-controlling interest	53,667	(73,299)	(28,587)			
	P15,559,895	(P638,045,902)	(P1,098,730,332)			

See accompanying Notes to Financial Statements.



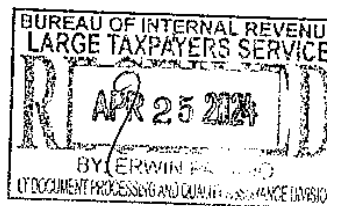
PHILIPPINE VETERANS BANK AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to Equity Holders of the Parent Company										Total	Non-controlling Interest	Total Equity
	Preferred Stock (Note 19)	Common Stock (Note 19)	Stock Dividends (Note 19)	Capital Stock	Treasury Stock (Note 19)	Additional Paid-in Capital	Surplus Reserves (Note 22 and 24)	Appropriated Surplus (Note 19)	Deficit (Notes 19, 22 and 24)	Reinsurance Gains (Losses) on Retirement	Net Accumulated Other Comprehensive Income (Note 7)	Cumulative Translation Adjustment	
Balances at January 1, 2021, as previously reported	P 362,843,300	P 2,518,557,812	P 7,811,000	2,884,650,487	(8,778,599,039)	P 1,044,033	P 1,280,920,430	P 361,616,154	(P 1,280,920,430)	7,102,426	(P 143,683,266)	(P 448,441)	P 2,778,282,873
Retrospective adjustment (Note 12)	-	-	-	-	-	-	-	-	-	-	-	-	(976,437,819)
Balances at January 1, 2021, as restated	362,843,300	2,518,557,812	7,811,000	2,884,650,487	(8,778,599,039)	1,044,033	1,280,920,430	361,616,154	(1,280,920,430)	7,102,426	(143,683,266)	(448,441)	1,802,845,054
Other adjustments (Note 27)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at January 1, 2023	362,843,300	2,518,557,812	7,811,000	2,884,650,487	(8,778,599,039)	1,044,033	1,280,920,430	361,616,154	(1,280,920,430)	7,102,426	(143,683,266)	(448,441)	1,802,845,054
Total comprehensive income (losses)	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of new shares, net of stock issuance cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to capital stock from appropriated surplus representing shares of previously unissued stockholders	-	-	-	-	-	-	-	-	-	-	-	-	-
Collection of subscriptions to common stock and issuance of stock dividends	1,000	12,000	-	14,000	-	-	-	(14,000)	-	-	-	-	-
Acquisition of shares of New Rural Bank of Agribusiness, Inc. from minority stockholders	-	25,875	(1,800)	18,075	-	-	-	-	-	-	-	-	18,275
Non-controlling interest in deposit for stock subscription presented as equity in New Rural Bank of Agribusiness, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	(58,800)
Balances at December 31, 2023	P 362,843,300	P 2,518,557,812	P 7,811,000	P 2,884,650,487	(P 8,778,599,039)	P 1,044,033	P 1,280,920,430	P 361,616,154	(P 1,280,920,430)	P 7,102,426	(P 143,683,266)	(P 448,441)	P 1,802,845,054
Balances at January 1, 2022, as previously reported	P 362,843,300	P 2,518,557,812	P 7,811,000	2,884,650,487	(8,778,599,039)	P 1,044,033	P 1,280,920,430	P 361,616,154	(P 1,280,920,430)	P 7,102,426	(P 143,683,266)	(P 448,441)	P 1,802,845,054
Retrospective adjustment (Note 12)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at January 1, 2022, as restated	362,843,300	2,518,557,812	7,811,000	2,884,650,487	(8,778,599,039)	1,044,033	1,280,920,430	361,616,154	(1,280,920,430)	7,102,426	(143,683,266)	(448,441)	1,802,845,054
Other adjustments (Note 27)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at January 1, 2022	362,843,300	2,518,557,812	7,811,000	2,884,650,487	(8,778,599,039)	1,044,033	1,280,920,430	361,616,154	(1,280,920,430)	7,102,426	(143,683,266)	(448,441)	1,802,845,054
Total comprehensive income (losses)	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to capital stock from appropriated surplus representing shares of previously unissued stockholders	-	-	-	-	-	-	-	-	-	-	-	-	-
Collection of subscriptions to common stock and issuance of stock dividends	22,500	157,500	-	180,000	-	-	-	(180,000)	-	-	-	-	-
Balances at December 31, 2022	P 362,843,300	P 2,518,557,812	P 7,811,000	P 2,884,650,487	(P 8,778,599,039)	P 1,044,033	P 1,280,920,430	P 361,616,154	(P 1,280,920,430)	P 7,102,426	(P 143,683,266)	(P 448,441)	P 1,802,845,054
Balances at January 1, 2021, as previously reported	P 362,843,300	P 2,518,557,812	P 7,811,000	2,884,650,487	(8,778,599,039)	P 1,044,033	P 1,280,920,430	P 361,616,154	(P 1,280,920,430)	P 7,102,426	(P 143,683,266)	(P 448,441)	P 1,802,845,054
Retrospective adjustment (Note 12)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at January 1, 2021, as restated	362,843,300	2,518,557,812	7,811,000	2,884,650,487	(8,778,599,039)	1,044,033	1,280,920,430	361,616,154	(1,280,920,430)	7,102,426	(143,683,266)	(448,441)	1,802,845,054
Other adjustments (Note 27)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at January 1, 2021	362,843,300	2,518,557,812	7,811,000	2,884,650,487	(8,778,599,039)	1,044,033	1,280,920,430	361,616,154	(1,280,920,430)	7,102,426	(143,683,266)	(448,441)	1,802,845,054
Total comprehensive income (losses)	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to capital stock from appropriated surplus representing shares of previously unissued stockholders	-	-	-	-	-	-	-	-	-	-	-	-	-
Collection of subscriptions to common stock and issuance of stock dividends	129,600	907,200	-	1,036,800	-	-	-	(1,036,800)	-	-	-	-	-
Balances at December 31, 2020	P 362,843,300	P 2,518,557,812	P 7,811,000	P 2,884,650,487	(P 8,778,599,039)	P 1,044,033	P 1,280,920,430	P 361,616,154	(P 1,280,920,430)	P 7,102,426	(P 143,683,266)	(P 448,441)	P 1,802,845,054

DEPARTMENT OF INTERNAL REVENUE
TAXPAYER SERVICE
APR 25 2024
BY: ERWIN PACINO
TAXPAYER PROCESSING AND QUALITY ASSURANCE DIVISION

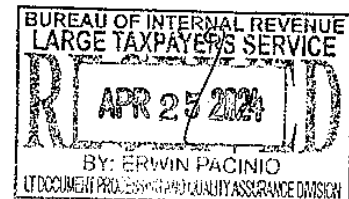
	Parent Company										Net Accumulated		
											Unrealized	Losses on	
	Preferred Stock	Common Stock	Stock Dividends	Total	Treasury Stock	Additional	Surplus	Appropriated	Deficit	Reinvestment	Financial Assets	at Fair Value	Cumulative
	(Note 15)	(Note 15)	(Note 19)	Capital Stock	(Note 19)	Paid-in Capital	Reserves	Surplus	(Notes 19	Gains (Losses)	Through Other	Translation	Adjustment
									and 24)	on Retirement	Plan		
										(Note 20)	Comprehensive		Total
										Income (Note 7)	Income (Note 7)		
Balances at January 1, 2023, as previously reported	\$362,304,300	\$2,518,527,287	\$7,818,900	\$2,888,650,487	(\$378,599,039)	\$3,064,033	\$1,280,920,430	\$361,616,154	(\$1,308,549,009)	\$71,012,026	(\$143,683,266)	—	\$2,778,982,875
Prior-period adjustment (Note 32)	—	—	—	—	—	—	—	—	—	—	—	—	—
Balances at January 1, 2023, as restated	362,304,300	2,518,527,287	7,818,900	2,888,650,487	(378,599,039)	3,064,033	1,280,920,430	361,616,154	(1,308,549,009)	71,012,026	(143,683,266)	—	(976,437,878)
Other adjustment (Note 27)	—	—	—	—	—	—	—	—	—	—	—	—	—
Balances at January 1, 2023	362,304,300	2,518,527,287	7,818,900	2,888,650,487	(378,599,039)	3,064,033	1,280,920,430	361,616,154	(1,308,549,009)	71,012,026	(143,683,266)	—	1,802,544,997
Total comprehensive income (losses)	—	—	—	—	—	—	—	—	—	—	—	—	(167,491,085)
Issuance of new shares, net of stock issuance cost	—	—	—	—	—	—	—	—	—	—	—	—	1,635,053,912
Acquisition of treasury stock	—	—	—	—	—	—	—	—	—	—	—	—	44,960
Transfer to capital stock from appropriated surplus representing shares of previously unissued stockholders	—	—	—	—	—	—	—	—	—	—	—	—	15,506,228
Transfer to capital stock from appropriated surplus representing shares of previously unissued stockholders	—	—	—	—	—	—	—	—	—	—	—	—	2,275,430,796
Collections of subscriptions to common stock and issuance of stock dividends	1,800	12,600	—	14,400	—	—	—	(14,400)	—	—	—	—	(154,000)
Balances at December 31, 2023	\$362,306,100	\$2,531,539,887	\$7,818,900	\$2,898,664,887	(\$378,599,039)	\$3,064,033	\$1,280,920,430	\$361,601,754	(\$2,567,550,814)	\$71,012,026	(\$143,683,266)	—	\$3,925,855,311
Balances at January 1, 2022, as previously reported	\$362,281,800	\$2,518,355,812	\$7,822,800	\$2,888,460,412	(\$378,584,239)	\$3,064,033	\$1,280,920,430	\$361,796,154	(\$1,408,992,440)	\$1,755,372	(\$217,304)	—	\$2,697,275,232,315
Prior-period adjustment (Note 32)	—	—	—	—	—	—	—	—	—	—	—	—	—
Balances at January 1, 2022, as restated	362,281,800	2,518,355,812	7,822,800	2,888,460,412	(378,584,239)	3,064,033	1,280,920,430	361,796,154	(1,408,992,440)	1,755,372	(217,304)	—	(145,218,005)
Other adjustment (Note 27)	—	—	—	—	—	—	—	—	—	—	—	—	—
Balances at January 1, 2022	362,281,800	2,518,355,812	7,822,800	2,888,460,412	(378,584,239)	3,064,033	1,280,920,430	361,796,154	(1,408,992,440)	1,755,372	(217,304)	—	28,697,268,013,409
Total comprehensive income (losses)	—	—	—	—	—	—	—	—	—	—	—	—	—
Acquisition of treasury stock	—	—	—	—	—	—	—	—	—	—	—	—	(167,491,085)
Transfer to capital stock from appropriated surplus representing shares of previously unissued stockholders	—	—	—	—	—	—	—	—	—	—	—	—	28,697,246,522,325
Transfer to capital stock from appropriated surplus representing shares of previously unissued stockholders	—	—	—	—	—	—	—	—	—	—	—	—	(477,130)
Collections of subscriptions to common stock and issuance of stock dividends	22,500	157,500	—	180,000	—	—	—	(180,000)	—	—	—	—	(537,972,603)
Balances at December 31, 2022	\$362,304,300	\$2,518,527,287	\$7,818,900	\$2,888,650,487	(\$378,599,039)	\$3,064,033	\$1,280,920,430	\$361,616,154	(\$2,284,987,787)	\$71,012,026	(\$143,683,266)	—	\$3,925,855,311
Balances at January 1, 2021, as previously reported	\$362,152,200	\$2,517,422,737	\$7,830,300	\$2,887,405,237	(\$378,569,439)	\$3,064,033	\$1,280,920,430	\$362,832,954	(\$353,066,374)	\$55,731,449	(\$44,132,832)	—	\$3,151,485,307,874,045
Prior-period adjustment (Note 32)	—	—	—	—	—	—	—	—	—	—	—	—	—
Balances at January 1, 2021, as restated	362,152,200	2,517,422,737	7,830,300	2,887,405,237	(378,569,439)	3,064,033	1,280,920,430	362,832,954	(353,066,374)	55,731,449	(44,132,832)	—	(1,162,466)
Total comprehensive income (losses)	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer to surplus reserve (Notes 22 and 24)	—	—	—	—	—	—	—	—	—	—	—	—	151,485
Acquisition of treasury stock	—	—	—	—	—	—	—	—	—	—	—	—	3,700,711,570
Transfer to capital stock from appropriated surplus representing shares of previously unissued stockholders	—	—	—	—	—	—	—	—	—	—	—	—	(122,789)
Transfer to capital stock from appropriated surplus representing shares of previously unissued stockholders	—	—	—	—	—	—	—	—	—	—	—	—	(1,098,701,745)
Collections of subscriptions to common stock and issuance of stock dividends	129,600	907,200	—	1,036,800	—	—	—	(1,036,800)	—	—	—	—	(14,800)
Balances at December 31, 2021	\$362,281,800	\$2,518,355,812	\$7,822,800	\$2,888,460,412	(\$378,594,239)	\$3,064,033	\$1,280,920,430	\$361,796,154	(\$2,561,211,746)	\$71,012,026	(\$143,683,266)	—	\$3,925,855,311

See accompanying Notes to Financial Statements.



PHILIPPINE VETERANS BANK AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS

	Consolidated			Parent Company		
	December 31	January 1		December 31	January 1	
	2023	2022	2022	2023	2022	2022
	(As Restated – Note 32)	(As Restated – Note 32)	(As Restated – Note 32)	(As Restated – Note 32)	(As Restated – Note 32)	(As Restated – Note 32)
CASH FLOWS FROM OPERATING ACTIVITIES						
Income (loss) before income tax	₱201,825,825	(₱471,422,812)	(₱1,027,966,525)	₱197,700,689	(₱475,720,090)	(₱1,030,956,795)
Adjustments for:						
Depreciation and amortization (Notes 10, 11 and 12)	334,875,572	359,266,383	295,759,494	332,718,172	357,033,229	293,662,298
Gain on sale of assets (Notes 7, 10 and 11)	(143,892,968)	(112,146,477)	(70,206,539)	(137,299,484)	(109,033,325)	(57,500,449)
Gains on asset foreclosures and dacion transactions	(141,325,951)	(123,325,024)	(52,152,195)	(141,325,951)	(123,325,024)	(52,152,195)
Provision for impairment, credit and other losses (Note 13)	598,302,316	724,550,203	918,098,729	596,918,431	721,683,183	917,920,502
Amortization of software costs (Note 12)	101,379,725	81,956,772	49,313,380	101,379,725	81,956,772	49,313,380
Interest expense on lease liability (Note 18)	22,490,538	25,825,584	27,036,536	22,490,538	25,825,584	27,036,536
Amortization of premium on debt securities at amortized cost	313,841,946	22,636,238	25,114,820	313,841,946	22,636,238	25,114,820
Unrealized loss (gain) on financial assets at fair value through profit or loss (Note 7)	(48,964,991)	14,977,004	(11,159,504)	(48,964,991)	14,977,004	(11,159,504)
Provision for litigation (Note 26)	–	12,474,093	–	–	12,474,093	–
Gain on contract modification of leases	–	(2,707,577)	(5,369,233)	–	(2,707,577)	(5,369,233)
Equity in net earnings of subsidiaries (Note 9)	–	–	–	(9,857,894)	(3,847,799)	(9,698,370)
Changes in operating assets and liabilities:						
Decrease (increase) in amounts of:						
Financial assets at fair value through profit or loss	(910,040,826)	22,330,616	1,241,793,397	(910,040,826)	22,330,616	1,241,793,397
Other assets	613,645,000	82,993,353	120,851,564	577,164,541	131,936,036	105,659,856
Loans and receivables	(1,916,060,755)	(3,621,366,996)	87,847,859	(1,954,423,517)	(3,601,644,047)	58,086,071
Increase (decrease) in amounts of:						
Deposit liabilities	1,342,733,679	7,467,880,761	2,045,207,541	1,340,082,987	7,456,254,919	2,047,583,846
Other liabilities	554,160,124	176,183,863	(97,423,952)	556,470,935	172,760,159	(99,175,703)
Accrued taxes, interest and other expenses	(16,270,469)	(81,490,620)	18,886,868	(16,379,752)	(81,114,793)	19,314,739
Manager's checks	(5,212,093)	9,203,848	12,052,672	(5,212,093)	9,203,848	12,052,672
Net cash provided by operations	901,486,672	4,587,819,212	3,577,684,912	815,263,456	4,631,679,026	3,531,525,868
Income taxes paid	(330,405,165)	(171,809,386)	(142,299,876)	(325,238,730)	(168,391,217)	(139,423,577)
Net cash provided by operating activities	571,081,507	4,416,009,826	3,435,385,036	490,024,726	4,463,287,809	3,392,102,291
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale/maturities of:						
Debt securities at fair value through other comprehensive income (Note 13)	1,677,843,042	2,156,966,247	3,731,163,909	1,677,843,042	2,156,966,247	3,731,342,136
Debt securities at amortized cost (Note 13)	10,556,320,409	1,055,283,162	2,501,992,140	10,556,320,409	1,055,283,162	2,501,992,140
Investment properties	703,624,950	268,298,396	311,706,736	701,232,166	265,421,661	311,706,736
Bank premises, furniture, fixtures and equipment	99,593,026	35,377,655	27,946,959	94,260,012	34,660,842	30,388,232
Equity securities at fair value through other comprehensive income (Note 7)	6,250,000	400,000	–	6,250,000	400,000	–
Acquisitions of/additions to:						
Debt securities at amortized cost (Note 13)	(12,596,017,695)	(8,573,170,295)	(952,780,460)	(12,596,017,695)	(8,573,170,295)	(952,780,460)
Debt securities at fair value through other comprehensive income (Note 13)	(3,507,811,505)	(4,513,793,649)	(2,713,537,675)	(3,507,811,505)	(4,513,793,649)	(2,713,537,675)
Software costs (Note 12)	(79,126,721)	(188,824,650)	(302,158,664)	(79,126,721)	(188,824,650)	(302,158,664)
Bank premises, furniture, fixtures and equipment (Note 10)	(75,790,068)	(172,808,544)	(337,079,932)	(75,548,220)	(171,381,085)	(334,952,217)
Net cash provided by (used in) investing activities	(3,215,114,562)	(9,932,271,678)	2,267,253,013	(3,222,598,512)	(9,934,437,767)	2,272,000,228
(forward)						

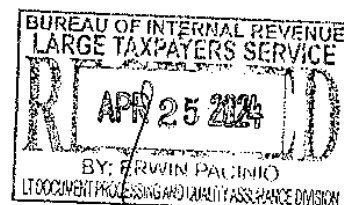


	Consolidated			Parent Company		
	December 31		January 1	December 31		January 1
	2023	2022	2022	2023	2022	2022
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from share capital issuance	₱2,318,052,558	₱-	₱-	₱2,318,052,558	₱-	₱-
Payment of principal portion of lease liability (Note 18)	(69,846,807)	(66,912,006)	(69,210,656)	(69,846,807)	(66,912,006)	(69,210,656)
Payment for stock issuance costs	(42,621,762)	-	-	(42,621,762)	-	-
Payments of loans payable (Note 30)	-	(18,939,604)	(21,377,256)	-	-	-
Dividends paid (Note 30)	(188,400)	(124,298)	(139,490)	(188,400)	(124,298)	(139,490)
Acquisitions of treasury stock (Note 19)	(154,000)	(14,800)	(14,800)	(154,000)	(14,800)	(14,800)
Payment for acquisition of NAGON shares from minority stockholders	(58,800)	-	-	(58,800)	-	-
Collections on subscriptions of capital stock (Note 19)	18,375	10,075	18,375	18,375	10,075	18,375
Net cash provided by (used in) financing activities	2,205,201,164	(77,980,633)	(90,723,827)	2,205,201,164	(67,041,029)	(69,346,571)
EFFECT OF TRANSLATION ADJUSTMENT						
	-	83,625	11,327	-	83,625	11,327
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(438,831,891)	(5,594,158,860)	5,611,925,549	(527,372,622)	(5,538,107,362)	5,594,767,275
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	934,495,896	982,683,043	865,775,594	933,328,576	981,669,375	865,757,594
Due from Bangko Sentral ng Pilipinas	11,902,072,441	17,192,355,261	12,031,791,147	11,900,298,979	17,190,542,567	12,029,917,822
Due from other banks (Note 30)	1,157,538,756	901,202,583	821,570,259	1,104,973,002	792,470,911	729,061,824
Interbank loans receivable and securities purchased under resale agreement (Note 30)	1,086,138,173	1,598,163,239	1,343,341,577	1,086,138,173	1,598,163,239	1,343,341,577
	15,080,245,266	20,674,404,126	15,062,478,577	15,024,738,730	20,562,846,092	14,968,078,817
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	946,777,398	934,495,896	982,683,043	946,126,581	933,328,576	981,669,375
Due from Bangko Sentral ng Pilipinas	9,695,460,739	11,902,072,441	17,192,355,261	9,693,844,688	11,900,298,979	17,190,542,567
Due from other banks (Note 30)	1,278,209,920	1,157,538,756	901,202,583	1,136,429,521	1,104,973,002	792,470,911
Interbank loans receivable and securities purchased under resale agreement (Note 30)	2,720,965,318	1,086,138,173	1,598,163,239	2,720,965,318	1,086,138,173	1,598,163,239
	₱14,641,413,375	₱15,080,245,266	₱20,674,404,126	₱14,497,366,108	₱15,024,738,730	₱20,562,846,092

See accompanying Notes to Financial Statements.

OPERATIONAL CASH FLOWS FROM INTERESTS

	Consolidated			Parent Company		
	December 31		January 1	December 31		January 1
	2023	2022	2022	2023	2022	2022
Interest received	₱3,209,592,863	₱2,228,551,878	₱2,166,225,092	₱3,200,917,353	₱2,282,209,630	₱2,157,785,239
Interest paid	312,522,791	201,883,904	212,737,390	312,306,617	201,704,811	212,283,563



PHILIPPINE VETERANS BANK AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Philippine Veterans Bank (the Parent Company) operates as a domestic commercial bank and provides services such as deposit-taking, loans and trade finance, domestic and foreign fund transfers, treasury, foreign exchange and trust services. The principal place of business of the Parent Company is at 101 V.A. Rufino corner Dela Rosa Streets, Legaspi Village, Makati City.

On June 18, 1963, the Philippine Veterans Bank was created with the enactment of Philippine Republic Act (R.A.) No. 3518, *An Act Creating the Philippine Veterans' Bank, and for Other Purposes*, which became its Charter.

On December 10, 2021, President Rodrigo R. Duterte signed the "Philippine Veterans Bank Act" or R.A. No. 11597 which took effect on January 21, 2022 and repealed the Parent Company's old Charter (R.A. 3518) and R.A. 7169, *An Act to Rehabilitate Philippine Veterans Bank*. This new Charter now allows the Parent Company to increase its capitalization from ₱100.00 million to ₱10.00 billion and align itself with banking industry standards and norms.

Another significant amendment in the new Charter is how the Parent Company defines "veterans" which is closely tied to stock ownership. The old Charter defined "veterans" as only those Filipinos who fought during World War II and thereafter recognized as "World War II Veterans." As such ownership of the Parent Company was limited to said Filipino veterans and their designated heirs. Under the new Charter, "veterans" will now also allow post-World War II veterans including Korean War & Vietnam War Veterans, Armed Forces of the Philippines (AFP) retirees to be shareholders, including their spouses and descendants. Further, shares may be opened for investment to non-veterans, provided that at all times the majority of the common shares shall be held by the veterans as defined under the new Charter.

The Parent Company has three subsidiaries, namely Intervest Projects, Inc. (IPI), New Rural Bank of Agoncillo, Inc. (NAGON), and Veterans Venture Capital Corp. (VVCC) (see Note 9). IPI has a wholly owned subsidiary, Intervest Insurance Agency, Inc. (IIAI). The Parent Company and its subsidiaries are collectively referred hereinto as "the Group".

Continuing Impact of COVID-19 Pandemic on the Bank's Business

As the world learned to adapt and live with the COVID-19 virus and its variants in 2022, the Parent Company continued to implement programs and to observe health protocols to protect its clients and personnel. This included the guidelines from both the Department of Health, the Inter-Agency Task Force and the Local Government Units (LGU).

The Parent Company's branches and offices continued to implement mandated COVID-19 protocols such as temperature checks, wearing of face mask and physical distancing, among others. Both employees and clients are reminded of these protocols via regular advisories at branch entrances, social media and email.

The Parent Company's Head Office expansion project includes a North Hub in Quezon City and a South Hub in Alabang, Muntinlupa, with the existing head office building in Makati City as the Central Hub. This expansion allows employee workstations across all Hubs to be compliant with physical distancing requirements.

The Parent Company also continued to roll out its Employee Vaccination Program with the aim of providing additional protection for all its personnel and their families. It is also offered for free for all employees, including outsourced personnel, and their household members. As of December 31, 2022, 99% of all the Parent Company's personnel have been fully vaccinated (up to second dose). It also tied up with Makati LGU in offering free vaccination for all its personnel last October 2022.

With the post pandemic environment getting better in terms of minimal infections, the Parent Company has fully adapted with the voluntary wearing of face mask brought about by the Philippine President's EO No. 7 dated October 8, 2022. The Parent Company has continued to promote and implement minimum health protocols in its workplace, and continuously monitored infections throughout its work population. In 2023, the Parent Company has recorded a significant 85% drop in COVID-19 infections from its workforce. At the same time, the Parent Company has laid the groundwork with its new core banking system that will pave the way for the expansion of its service delivery channels via online and mobile banking.

As COVID-19 infections became more manageable, all employees resumed full onsite work in all its offices in November 2023. To curtail any infections that may hamper productivity, the Bank continues to monitor employees with symptoms by providing free antigen kits.

Based on the above actions and measures taken by the management to mitigate the adverse effect of the pandemic, the Parent Company believes that it would continue to remain liquid to meet current obligation as it falls due. Except for the identified events disclosed in Note 3, the management has not determined material uncertainty that may cast significant doubt on the Parent Company's ability to continue as a going concern due to the effects of pandemic.

2. Material Accounting Policy Information

The material accounting policy information that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the following financial reporting reliefs issued by the Bangko Sentral ng Pilipinas (BSP) and approved by the Securities and Exchange Commission (SEC) in response to the COVID-19 pandemic:

- Staggered booking of allowance for credit losses over a maximum period of five years calculated using the lower of allowance for credit losses as approved by BSP and the allowance for credit losses under PFRS; and
- Exclusion of eligible loans from past due and non-performing classification for regulatory reporting purposes until December 31, 2021.

On April 26, 2021, the BSP approved the Parent Company's request for the staggered booking of the allowance for credit losses on certain loans and receivable amounting to ₱1.44 billion as of September 30, 2020 over a maximum period of five years as follows (amounts in millions):

Year	Percentage of provisioning	Provision	Accumulated amount of allowance for credit losses
2020	5%	₱71.8	₱71.8
2021	10%	143.7	215.5
2022	20%	286.5	502.0
2023	30%	432.0	934.0
2024	35%	503.0	1,437.0

However, there were developments in the status of the subject loans and receivables as of December 31, 2020, which resulted in a different allowance for credit losses under PFRS. The Parent Company, as approved by the Board of Directors (BOD), used the lower of the allowance for credit losses as approved by the BSP and the allowance for credit losses determined under PFRS as of December 31, 2020 for purposes of the staggered booking which totaled to ₱1.27 billion. Using the same percentage of provisioning approved by the BSP, the revised amortization follows (amounts in millions):

Year	Percentage of provisioning	Provision	Accumulated amount of Allowance for credit losses
2020	5%	₱63.6	₱63.6
2021	10%	127.3	190.9
2022	20%	254.4	445.3
2023	30%	381.8	827.1
2024	35%	445.3	1,272.4

The balance of the staggered booking of allowance as of December 31, 2023 and 2022 follows (amounts in millions):

	2023	2022	2021
Beginning balance, as previously reported	₱629	₱1,016	₱1,209
Prior-period adjustment (Note 32)	(33)	—	—
Beginning balance, as restated	596	1,016	1,209
Staggered provisioning*	(309)	(387)	(193)
Ending balance	₱287	₱629	₱1,016

**Included ₱133 million and ₱66 million in 2022 and 2021, respectively, of accelerated recording of ECL which were reallocated to other credit exposure as related loan balances were already settled/paid off.*

The impact of the above staggered booking of the allowance for credit losses on loans and receivables to the financial statements as of and for the years ended December 31, 2023, 2022 and 2021 had it been accounted for in accordance with PFRS follows (amount in millions, except loss per share):

	Consolidated			Parent Company		
	December 31, 2023					
	Balances before the staggered booking of allowance	Effect of staggered booking of allowance	Balances as presented in the financial statements	Balances before the staggered booking of allowance	Effect of staggered booking of allowance	Balances as presented in the financial statements
Loans and receivables	₱23,176	₱287	₱23,463	₱23,116	₱287	₱23,043
Allowance for credit losses –						
Loans and receivables	5,231	(287)	4,944	5,215	(287)	4,928
Deferred tax assets	411	–	411	411	–	411
Deficit	2,855	(287)	2,568	2,855	(287)	2,568

	Consolidated			Parent Company		
	December 31, 2022, As Restated (Note 32)					
	Balances before the staggered booking of allowance	Effect of staggered booking of allowance	Balances as presented in the financial statements	Balances before the staggered booking of allowance	Effect of staggered booking of allowance	Balances as presented in the financial statements
Loans and receivables	₱21,783	₱629	₱22,412	₱21,683	₱629	₱22,312
Allowance for credit losses –						
Loans and receivables	5,073	(629)	4,444	5,059	(629)	4,430
Deferred tax assets	359	–	359	359	–	359
Deficit	2,914	(629)	2,285	2,914	(629)	2,285

	Consolidated			Parent Company		
	December 31, 2021, As Restated (Note 32)					
	Balances before the staggered booking of allowance	Effect of staggered booking of allowance	Balances as presented in the financial statements	Balances before the staggered booking of allowance	Effect of staggered booking of allowance	Balances as presented in the financial statements
Loans and receivables	₱18,794	₱1,016	₱19,810	₱18,711	₱1,016	₱19,727
Allowance for credit losses –						
Loans and receivables	4,710	(1,016)	3,694	4,698	(1,016)	3,682
Deferred tax assets	287	–	287	287	–	287
Deficit	2,570	(1,016)	2,570	1,554	(1,016)	1,554

The accompanying financial statements are prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value.

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 FCDU is Philippine peso (PHP) and United States dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated into their equivalents in PHP, which is the presentation currency (see accounting policy on Foreign Currency Transactions and Translation) of the Group. The financial statements individually prepared for these units are combined after eliminating inter-unit accounts.

Each entity in the Group determines its own functional currency and the items included in the financial statements of each entity are measured using that functional currency. The functional currency of the subsidiaries is the PHP.

Statement of Compliance

The accompanying financial statements have been prepared in accordance with PFRS, except for the deferral and staggered recognition of the required allowance for credit losses on specific loans and receivables accounts over five years, as approved by the BSP in response to COVID-19 pandemic as discussed above, and the deferral and staggered recognition of the required allowance for credit losses on interbank call loans (IBCL) and accounts receivable from a thrift bank over 20 years as approved by the BSP, as discussed in Note 27.

Presentation of Financial Statements

The Group and the Parent Company present their statement of financial position broadly in order of liquidity. An analysis regarding expected recovery or settlement of assets and liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 17.

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group and the Parent Company presents a statement of comprehensive income separate from the statement of income.

New Amendments to Standards

The accounting policies adopted are consistent with those of the previous financial year, except for the application of the financial reporting reliefs issued by BSP and approved by the SEC, as discussed above, and the adoption of new amendments 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, the adoption of these new amendments did not have a significant impact on the financial statements of the Group and the Parent Company.

Effective in 2023 that are Relevant to the Group and Parent Company

The Group and the Parent Company adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

- PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replace the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Group and the Parent Company's financial statements under Notes 2 and 3.

- PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduce a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Group and the Parent Company's financial statements.
- PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities 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. 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). Management assessed that the application of such amendments had no significant impact on the Group and the Parent Company's financial statements.

Effective in 2023 that are not Relevant to the Group and Parent Company

Among the amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, are not relevant to the Group and the Parent Company's financial statements.

Effective Subsequent to 2023 but not Adopted Early

There are pronouncements effective for annual periods subsequent to 2023, which are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC). Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Group and the Parent Company's financial statements.

- PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)
- PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)
- PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)
- PFRS 17, *Insurance Contracts – Insurance Contracts* (effective from January 1, 2025)
- PFRS 17 (Amendments), *Insurance Contracts – Initial Application of PFRS 17 and PFRS 9 – Comparative Information* (effective from January 1, 2025)
- PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries as discussed in Note 1. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Parent Company. 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.

Non-controlling Interest

Non-controlling interest represents the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Parent Company. Non-controlling interest is presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from the Parent Company's equity. Any losses applicable to the non-controlling interest are allocated against the interest of the non-controlling interest even if this results in the non-controlling interest having a deficit balance. Acquisitions of non-controlling interests that do not result in a loss of control are accounted for as equity transaction, whereby the difference between the consideration and the fair value of the share of net assets acquired is recognized as an equity transaction and attributed to the owners of the Parent Company.

Foreign Currency Transactions and Translation

Transactions and balances

The books of accounts of the RBU are maintained in PHP, while those of the FCDU are maintained in USD.

RBU

For financial reporting purposes, foreign currency-denominated monetary assets and liabilities of the RBU are translated into PHP based on the Bankers Association of the Philippines (BAP) closing rate prevailing at the reporting date in 2023 and 2022. Transactions denominated in foreign currencies are recorded using the exchange rates prevailing at the transaction dates. Foreign exchange differences are recognized in the statement of income.

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

FCDU

As at the reporting date, the assets and liabilities of FCDU are translated into Philippine peso at the prevailing BAP closing rate, and its income and expenses are translated at the BAP weighted average rates for the year. Exchange differences arising on translation are taken to OCI, and presented as 'Cumulative translation adjustment' in the statement of financial position.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

The Group determines the policies and procedures for both recurring fair value measurement, such as financial assets at FVTPL and financial assets at FVOCI, and for non-recurring measurement, such as financial assets at amortized cost and investment properties.

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

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

Financial Instruments

Date of recognition

The Group initially recognizes loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Initial recognition of financial instruments

All financial instruments are initially recognized at fair value. Except for financial instruments at FVTPL, the initial measurement of financial instruments includes transaction costs.

'Day 1' difference

Where transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognizes the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized. For each transaction, the Group determines the appropriate method in recognizing the 'Day 1' difference amount.

Classification and Subsequent Measurement of Financial Assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them, measured at either: amortized cost, FVOCI, or FVTPL.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. The three main classifications of business models are: (1) held-to-collect (HTC); (2) held-to-collect-and-sell (HTCS); and (3) others.

Under the HTC business model, financial assets are held to collect contractual cash flows over the life of the instrument. Common key performance indicators (KPI) under the HTC business model are interest income generated, percentage of collection, and quality of assets. The Group also manages the credit risk associated with holding the instruments. Sales activities are allowed under the HTC business model, provided that these are only incidental in achieving the objectives of the business model. The following are allowed sale activities under the HTC business model:

- sales are due to an increase in the credit risk of a financial asset;
- sales are infrequent (even if significant), or are insignificant individually and in aggregate (even if frequent); or,
- sales take place close to the maturity of the financial asset and the proceeds from the sales approximate the collection of the remaining contractual cash flows.

Under the HTCS business model, the objectives are to collect the contractual cash flows and to sell the financial assets. The Group monitors the interest income, fair value changes, and gains or losses from disposal activities, with more focus directed to managing both credit and liquidity risks.

Other business models are those that do not fall under HTC and HTCS business models. These include financial assets managed with the objective of realizing cash flows through sale, held-for-trading portfolio, and portfolio whose performance is evaluated on a fair value basis. KPIs revolve around fair value changes, and gains or losses from sales activities.

Contractual cash flow characteristics assessment

As a second step of the classification process, the Group assesses the contractual terms of financial assets to identify whether they represent solely payment for principal and interest (SPPI). For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse asset arrangements); and
- features that modify consideration of the time value of money (e.g., periodical reset of interest rates).

The Group holds a portfolio of long-term fixed rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, and other basic lending risks and costs associated with the principal amount outstanding.

Financial assets at amortized cost

These are subsequently measured at amortized cost using the effective interest method, less any impairment in value. Interest income is calculated by applying the effective interest rate (EIR) to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the EIR is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of income as part of 'Interest income'.

This measurement category includes the statement of financial position captions: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable (IBLR) and securities purchased under resale agreement (SPURA)', 'Debt securities at amortized cost', and 'Loans and receivables'.

Financial assets at FVOCI

On initial recognition of an equity security that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVOCI are subsequently measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in OCI, net of any effects arising from income taxes, and are reported as part of 'Net accumulated unrealized losses on financial assets at FVOCI' account in equity. Except for those equity securities at FVOCI, the expected credit loss (ECL) arising from impairment of financial assets at FVOCI are recognized in OCI with a corresponding charge to 'Provision for impairment, credit and other losses' in the statement of income. Dividends earned on holding equity securities at FVOCI are recognized in the statement of income under 'Other operating income' when the right of the payment has been established. When the asset is disposed of, the cumulative gain or loss previously recognized in OCI is not reclassified to profit or loss but is reclassified directly to 'Surplus (deficit)' account, except for those disposed debt securities at FVOCI wherein cumulative gains or losses are recycled back to profit or loss.

The Group's financial assets at FVOCI include government and private debt securities and quoted and unquoted equity securities.

Financial assets at FVTPL

All other financial assets are classified and measured at FVTPL. Financial assets that are held within a different business model other than HTC or HTCS are categorized as FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Group designates an equity security that is not held for trading at FVOCI at initial recognition. Financial assets at FVTPL are initially measured at fair value and transaction costs are expensed in profit or loss.

The Group's financial assets at FVTPL include debt securities which are held for trading purposes and other financial assets that did not meet the SPPI criterion.

Reclassification of financial assets

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial assets at amortized cost reclassified to the FVTPL or FVOCI category are measured at their fair value at reclassification date with the difference in measurement recognized in profit or loss or OCI, respectively.

When financial assets at FVTPL or FVOCI are reclassified to the amortized cost category, their fair value at reclassification date becomes their new gross carrying amount. However, for those reclassified out of FVOCI, the cumulative gain or loss previously recognized in OCI is removed from equity and adjusted against the fair value of the financial assets at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortized cost.

Financial assets reclassified out of the FVTPL category and into the FVOCI category and vice versa continue to be measured at their fair value. However, for those reclassified from FVOCI to FVTPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Financial Liabilities

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

Issued financial instruments or their components, which are not designated as financial liabilities at FVTPL, are classified as liabilities under 'Deposit liabilities', 'Bills payable' 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, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

Impairment of Financial Assets

Overview of the ECL principles

The Group recognizes allowance for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments [except for the IBCL and accounts receivable from a thrift bank (Note 27)];
- financial guarantee contracts issued; and,
- loan commitments issued.

The Group measures the allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and,
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Based on the above process, the Group groups its financial assets into Stage 1, Stage 2, Stage 3, as described below:

Stage of credit impairment	Characteristics	Time horizon in measuring ECL
Stage 1	Credit exposures that are considered "performing" and with no significant increase in credit risk since initial recognition or with low credit risk	12-month
Stage 2	Credit exposure that are considered "underperforming" or not non-performing but with significant increase in credit risk since initial recognition	Lifetime
Stage 3	Credit exposures with objective evidence of impairment (i.e., credit-impaired), thus considered "non-performing"	Lifetime

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and,
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

The Group applies a simplified ECL approach for its accounts receivables wherein the Group uses a provisioning matrix that considers historical changes in the behavior of the portfolio to predict conditions over the span of a given observation period.

Significant increase in credit risk

At each reporting date, the Group assesses whether there has been significant increase in credit risk since initial recognition of the financial asset, which is fundamental to stage allocation and determining the ECL calculation methodology (i.e., lifetime ECL is used if there has been significant increase in credit risk). In making the assessment, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment, including forward-looking information.

Below are the criteria and indicators on what constitutes significant increase in credit risk for corporate, mortgage and salary, and pension portfolios:

- credit exposures with missed payment for more than 30 days;
- rated credit exposures with risk ratings downgraded by at least two grades; and,
- loans that are classified as 'Especially mentioned' and 'Substandard – unimpaired' under BSP regulations

For treasury exposures, the Group uses the low credit risk operational simplification as allowed under PFRS 9, which assumes that there is no significant increase in credit risk if a financial asset is determined to have low credit risk at the reporting date. An example of low credit risk is that the financial instrument has an investment grade rating based on external rating agencies.

In subsequent reporting periods, if the credit risk of the financial asset improves such that there is no longer a significant increase in credit risk, the Group reverts to recognizing a 12-month ECL.

Definition of default or credit-impaired

A financial asset is in default or credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is in default or credit-impaired may include, among others, significant financial difficulty of the borrower or issuer, a breach of contract such as a default or past due event, the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise, it is becoming probable that the borrower will enter bankruptcy or other financial reorganization, or the disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to the deterioration in the borrower's condition is usually considered to be in default or credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers certain factors, such as the market's assessment of creditworthiness as reflected in the bond yields, the rating agencies' assessments of creditworthiness, the country's ability to access the capital markets for new debt issuance, or the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness. Inputs into the assessment of whether a financial instrument is in default as well as their significance may vary over time to reflect changes in circumstances.

The Group transfers credit-impaired financial assets from Stage 3 to Stage 1 when there is sufficient evidence to support that full collection of principal and interest is probable. This is particularly evident when payments of interest and/or principal are received for at least one year.

Forward-looking information

The Group uses its internal credit ratings and through-the-cycle (TtC) PD following the internal rating scale. The Group through an overlay converts its TtC PDs into PiT PDs through an overlay using macroeconomic variables determined to affect each homogenous lending products. These macroeconomic variables include gross domestic product, unemployment rate, change in S&P 500, energy and non-energy indices.

Presentation of allowance for ECL

Allowances for ECL on financial assets measured at amortized cost are presented in the statement of financial position as a deduction from the gross carrying amount of the assets.

For loan commitments and financial guarantee contracts, the ECL is generally presented in 'Provision for probable losses' under 'Other liabilities'. However, where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as 'Provision for impairment, credit and other losses'.

For debt securities at FVOCI, no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to the statement of income. The accumulated loss recognized in OCI is recycled to the statement of income upon derecognition of the assets.

IBCL and Accounts Receivable from a Thrift Bank

The required allowance for impairment and credit losses on IBCL and accounts receivable, representing assumed uninsured deposits from a thrift bank, are deferred and amortized over 20 years as approved by the BSP.

Collateral Valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties, or based on housing price indices.

Restructured Loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions.

Once the terms have been renegotiated, the loan is no longer considered 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, credit and other losses' in the statement of income.

Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Repurchase and Reverse Repurchase Agreements

Securities sold under agreements to repurchase at a specified future date 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 securities sold under repurchase agreement in 'Other liabilities', reflecting the economic substance of such transaction.

Conversely, securities purchased under agreements to resell at a specified future date are not recognized in the statement of financial position. The corresponding cash paid, including accrued interest, is recognized in the statement of financial position in 'IBLR and 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 effective interest method.

Derecognition of Financial Assets and Liabilities

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amounts of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of: (1) the consideration received (including any new asset obtained less any new liability assumed) and (2) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability.

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 of 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 liabilities

The Group derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

Modification of financial assets

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

- change in currency;
- introduction of an equity feature;
- change in counterparty; and,
- if the modification results in the asset no longer considered "solely payment for principal and interest"

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

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, due from BSP and other banks, and IBLR and SPURA with original maturities of three months or less from dates of placements and that are subject to insignificant risk of changes in value.

Investments in Subsidiaries

Subsidiaries pertain to all entities over which the Parent Company has control. Control is achieved when the Parent Company 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. The Parent Company has power over the investee 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).

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and,
- the Parent Company's voting rights.

In the separate financial statements of the Parent Company, the investments in subsidiaries are accounted for under the equity method. Investments in subsidiaries are carried in the separate statement of financial position at cost plus post-acquisition changes in the Parent Company's share of the net assets of the subsidiary less any impairment in value.

Post-acquisition changes in the share of net assets of the subsidiary include the share in the income or losses of the subsidiaries. Dividends received are treated as a reduction in the carrying values of the investments. When the Parent Company increases its ownership interest in a subsidiary that continues to be accounted for under the equity method, the cost for the additional interest is added to the existing carrying amount of the subsidiary and the existing interest in the subsidiary is not remeasured. The share in the subsidiaries' post-acquisition profits or losses is recognized in the separate statement of income as 'Equity in net earnings/losses of subsidiaries'. When the share of losses in a subsidiary equals or exceeds its interest in the subsidiary, including any other unsecured receivables, the Parent Company does not recognize further losses, unless it incurred obligations or made payments on behalf of the subsidiary.

Bank Premises, Furniture, Fixtures and Equipment

The Group's bank premises, furniture, fixtures and equipment consist of land, building, equipment and right-of-use assets that do not qualify as investment properties.

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. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met, but excludes repairs and maintenance costs.

Depreciation and amortization is calculated using straight-line method over the estimated useful lives (EUL) of the depreciable assets.

The EUL of the property and equipment follow:

Buildings	25 to 40 years
Leasehold improvements	25 years or lease term, whichever is shorter
Furniture, fixtures and equipment	5 to 10 years

The depreciation and amortization methods and EUL are reviewed at least at each reporting date to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Investment Properties and Other Foreclosed Assets

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of asset given up. Foreclosed properties are classified under 'Investment properties' in the statement of financial position upon: (a) entry of judgment in case of juridical 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 dacion in payment (dacion en pago).

The difference between the fair value of the foreclosed properties and the carrying value of the related receivables given up is recognized in 'Gain on asset foreclosures and dacion transactions' account in the statement of income.

Subsequent to initial recognition, land is carried at cost less any impairment in value while depreciable investment properties are carried at cost less accumulated depreciation and any impairment in value.

Investment properties are derecognized when they have either been disposed of or are permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property 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 against operations in the period in which the costs are incurred.

Depreciation is calculated for buildings and improvements on a straight-line basis over the EUL of ten years from the time of acquisition.

Foreclosed properties of land or building are classified under investment properties from foreclosure date. 'Other foreclosed assets' are repossessed assets which do not qualify as land or building and are included in 'Other assets' in the statement of financial position. These are carried at cost less accumulated depreciation and any impairment in value.

Depreciation of other foreclosed assets is calculated on a straight-line basis over the EUL of three years from the time of acquisition.

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.

Software Costs

Software costs are capitalized on the basis of the cost incurred to acquire and bring to use the specific software. The Group classifies software costs as follows:

- Major system – the software is acquired or internally developed, which is customized to suit the Group's operations. Generally, these systems have development stages to test their system design including software configuration and software interfaces, coding, installation of computer hardware and testing.
- Common system – the software is acquired but only minimal or no customization is needed.

Software costs are included in 'Other assets' in the statement of financial position. All software costs, except major systems are amortized on a straight-line basis over EUL of five years. Software costs classified as 'Major system' are amortized on a straight-line basis over EUL of 10 years.

Software costs under development and are not yet available for use are intangible assets with indefinite useful life. These are subject to annual impairment testing (see accounting policy on "Impairment of Nonfinancial Assets").

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

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. Goodwill is an intangible asset with indefinite useful life and is subject to annual impairment testing. Following initial recognition, goodwill is measured at cost net of impairment losses (see accounting policy on "Impairment of Nonfinancial Assets").

Impairment of Nonfinancial Assets

Bank premises, furniture, fixtures and equipment, investment properties, other foreclosed assets, and software costs
At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount.

Investments in subsidiaries

The Parent Company determines at each reporting date whether there is any objective evidence that the investments in subsidiaries are impaired. If that is the case, the Parent Company calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognizes the amount in the parent company statement of income. Recoverable amount is the higher of the assets or CGU's fair value less costs to sell and its value in use.

Goodwill and software under development

Goodwill and software that are not yet available for use are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Equity

Capital stock is measured at par value for all shares issued. When the Parent Company 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'. 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 Parent Company, 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.

Issuance, underwriting and other related costs incurred in connection with the issuance of the capital securities are treated as a reduction of equity against 'Additional paid-in capital'.

Surplus represents accumulated earnings less dividends declared. The Parent Company's surplus available for dividend declaration includes accumulated earnings subject to certain adjustments per SEC Memorandum Circular 11, Series of 2008. The Parent Company's surplus reserves include (1) portion of net income transferred from surplus as required by the Parent Company's by-laws; and (2) portion of the Parent Company's income from its trust operations transferred from surplus as required by BSP. The accumulated equity earnings from subsidiaries included in surplus are available for dividend declaration when declared as dividends by the subsidiaries.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled, reissued or disposed of.

Remeasurements consist of:

- (a) Net unrealized fair value gains or losses arising from remeasurements of financial assets at FVOCI;
- (b) Reserves on remeasurements of post-employment defined benefit plan comprising of net accumulated actuarial gains or losses arising from experience adjustments and other changes in actuarial assumptions, and actual return on plan assets (excluding account included in net interest); and,
- (c) Accumulated translation adjustments related to the cumulative gains from the translation of the financial statements of foreign subsidiaries whose functional currency is different from that of the Parent Company.

Surplus reserve for trust business representing the accumulated amount set aside by the Group under existing regulations requiring the Parent Company to appropriate and transfer to surplus 10% of its net profits accruing from their trust business until the surplus shall amount to 20% of the regulatory capital. The reserve shall not be paid out in dividends, but losses accruing in the course of the trust business may be charged against this account.

Revenue Recognition

Revenue 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 Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group concluded that it is acting as a principal in all of its revenue arrangements, except for certain trading and insurance brokerage transactions. The following specific recognition criteria must also be met before revenue is recognized within the scope of PFRS 15:

Service fees and commissions

Fees and commissions charged for the provision of services are recognized as revenue as the services are provided. These fees include custodian fees and trust fees. Loan syndication fees are recognized upon completion of all syndication activities and where the Group does not have further obligations to perform under the syndication agreement. Service charges and penalties are recognized only upon collection or accrued where there is a reasonable degree of certainty as to their collectability.

Other income

Other income is recognized when earned and the collectability is reasonably assured. The following revenues outside the scope of PFRS 15 are recognized as follows:

Gains on sale of assets

Gain from sale of assets such as investment properties and bank premises, furniture, fixtures and equipment is recognized when the control over the properties has been transferred to the buyer.

Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing operating leases.

Dividend income

Dividend income is recognized when the Group's right to receive payment is established.

Trading gains – net

Results arising from trading activities include all gains and losses from changes in fair value of financial assets at FVTPL, and gains and losses from disposal of debt securities at FVOCI. Cost of securities sold is determined using specific identification method.

Interest

Interest income and expense are recognized in profit or loss using the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset; or the amortized cost of the financial liability. The calculation of EIR includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability. Loan commitment fees are earned over the terms of the credit lines granted to each borrower and recognized as an adjustment to the EIR of the loan.

When calculating the EIR for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECLs. For credit-impaired financial assets, a credit-adjusted EIR is calculated using estimated future cash flows including ECLs. The calculation of interest income reverts back to gross basis if the credit risk of the asset improves.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented separately from interest income on financial assets at amortized cost and debt securities at FVOCI, and from interest expense on other financial liabilities at amortized cost, respectively.

Expense Recognition

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

Retirement Cost

The Parent Company is covered by a funded noncontributory defined benefit retirement plan (the Plan). The Parent Company's retirement cost is determined using the projected unit credit method. The retirement cost is generally funded through payments to a trustee-administered fund, determined by periodic actuarial calculations.

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 increases their annual leave entitlement. The cost of accumulating annual leave are 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.

Short-term Benefits

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees, which are expected to be settled before twelve months after the end of the reporting period during which an employee services are rendered, but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized as expense in the statement of income during that period and any unsettled amount at the end of the reporting period is included as part of Accrued Interest, Taxes and Other Expenses in the statement of financial position.

Post-employment Defined Contribution Plan

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity such as the Social Security System. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Assets or liabilities may be recognized if prepayment or underpayment has occurred.

Leases

The Group determines at contract inception whether a contract is, or contains, a lease by assessing whether 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 (included in 'Bank Premises, Furniture, Fixtures and Equipment') 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, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets is subject to impairment in line with the Group's policy on impairment of financial assets. 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 assets (i.e., 1 to 50 years for office spaces).

- **Lease liabilities**

Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (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 leases of low-value assets recognition exemption to leases of office equipment that are considered of 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.

Group as lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased assets and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Dividends on Common and Preferred Shares

Dividends previously declared but remained unclaimed for more than five years by shareholders whose existence and whereabouts could not be ascertained are transferred to 'Appropriated Surplus'.

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in accordance with PFRS requires the Group to make estimates and assumptions 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 estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

a) *Going concern*

As discussed in Note 4, as of December 31, 2023 and 2022, the Capital Adequacy Ratio (CAR) of the Parent Company is 6.37 % and 1.99% respectively, (after taking into the effect of the regulatory relief provided under BSP Memorandum M-2020-061, which allowed the staggered booking of ECL) compared to the minimum CAR of 10.00% as required by the BSP. Also, the Parent Company's leverage ratio of 2.99% and (0.88%) as of December 31, 2023 and 2022, respectively, is below BSP's required leverage ratio of 5.00%.

In addition, as of December 31, 2023, the Group's and Parent Company's qualifying capital is ₱2.03 billion and ₱2.05 billion, respectively, after regulatory relief provided under BSP Memorandum M-2020-061, which have not met the minimum capital requirement of BSP amounted to ₱10.00 billion. Due to the COVID-19 pandemic that started in 2020, the business environment has changed and made the operation extremely difficult resulting in the decline in the capital level of the Parent Company.

However, the Parent Company's management has made an assessment of its ability to continue as a going concern and is satisfied that the Parent Company will continue to exist since it remains to be highly liquid and will continue to address its liquidity needs and gradually grow its lending business given its high Liquid Coverage Ratio (LCR) of 235% and 213% and Net Stable Funding Ratio (NSFR) of 129% and 133% as of December 31, 2023 and 2022, respectively. Further, as mentioned in Note 1, the amendment to the Bank's charter was approved by Former President Rodrigo Duterte on December 10, 2021 and took effect on January 21, 2022. The amendment expanded the shareholder base allowed to put in additional capital to the Bank for it to meet regulatory capital requirements. With the expansion of qualified investor base, the Parent Company has initiated discussions with potential new investors and processing of application for increase in authorized capital stock with the SEC to raise capital until it meets the BSP's minimum capital requirement. The Parent Company has initiated capital raising activities, which include: (i) expanding the loan portfolio, (ii) strengthening deposit engagements, (iii) elevating digital banking, (iv) promoting employee development, and (v) enhancing customer experience. Subsequently, common shares relating stock subscriptions were issued throughout the year.

In December 2023, the Monetary Board (MB), in its Resolution No. 1592, approved the capital stock subscription by the Parent Company's major investor of up to 40% stockholdings in the Parent Company's voting shares of stock equivalent to P4.20 billion. This is in line with the 2023 Capital Build-up Plan of the Bank where the Parent Company issued common shares to meet its minimum capital requirements.

Despite the Parent Company's charter (R.A. 3518, Sec. 28, R.A. 7169, Sec. 6 and R.A. No. 11597, Sec. 28) where it was declared as an Authorized Government Depository Bank (AGDB), the Department of Finance (DOF) issued Circular 002-2022, *Revised Guidelines on Authorized Government Depository Banks*, which excludes the Parent Company from the list of AGDBs. On September 8, 2022, the DOF issued Circular 003-2022, (amending Section 5.2 of the DOF Circular 002-2022) including the Parent Company as an AGDB for a period of two years from effectivity of the circular, in view of its charter. The amendment became effective on October 14, 2022.

Other than those mentioned, management is not aware of any events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

b) *Classification of financial assets*

The Group classifies its financial assets at initial recognition depending on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. In performing the SPPI test, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set, contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms and other features that may modify the consideration for the time value of money.

The Group also applies judgment in assessing the objective of a business model in which an asset is held at a portfolio level in a way that best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether the Group's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

c) *Fair value of financial instruments*

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position or disclosed in the notes to financial statements cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values (see Note 5).

d) *Determination of lease term of contracts with renewal and termination options*

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

e) *Application of ECL to Loans, Financial Assets at Amortized Cost and Financial Assets at FVOCI*

The Group uses the general approach to calculate ECL for all debt instruments carried at amortized cost and FVOCI, together with loan commitments and financial guarantee contracts. The allowance for impairment is based on the ECLs associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized.

The Group has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

f) Evaluation of Business Models Applied in Managing Financial Instruments

The Group manages its financial assets based on business models that maintain adequate level of financial assets to match its expected cash outflows, largely, its core deposit funding arising from customers' withdrawals and continuing loan disbursements to borrowers, while maintaining a strategic portfolio of financial assets for trading activities consistent with its risk appetite.

The Group's business models reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Group) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belongs to taking into consideration the objectives of each business model established by the Group (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Group's investment, trading and lending strategies.

g) Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model

In determining the classification of financial assets, the Group assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI 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. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Group assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Group considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

If more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how much sales are consistent with the objective of collecting contractual cash flows.

h) Distinction Between Investment Properties and Owner-occupied Properties

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production, supply process, and in the Group's banking operation.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease) then these portions can be accounted for separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in operations or for administrative purposes.

Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

i) *Capitalization of Internally Developed Software*

Distinguishing the research and development phases of a customized software project and determining whether the recognition requirements for the capitalization of development costs are met requires judgment. After capitalization, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalized costs may be impaired. The amounts of development costs capitalized as intangible assets and research and development costs charged to profit or loss in 2023 and 2022 are disclosed in Note 12.

j) *Distinction Between Operating and Finance Leases where the Group is the Lessor*

The Group has entered into various lease agreements as a lessor. Judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets or liabilities.

In determining whether the lease arrangements of the Group qualify as a finance lease, the following factors have been considered:

- (i) the lease provides the lessee an option to purchase the asset; or,
- (ii) the lease transfers ownership of the property at the end of the lease and the related lease terms approximate the estimate useful life of the asset being leased.

k) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2 and relevant disclosures are presented in Note 26. In dealing with the Group's various legal proceedings, the Group's estimate of the probable costs that may arise from claims and contingencies has been developed in consultation and coordination with the Group's internal and outside counsels acting in defense for the Group and the Parent Company's legal cases and are based upon the analysis of probable results.

Although the Group does not believe that its on-going proceedings, as disclosed in Note 26, will have material adverse effect on the Group's financial position, it is possible that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies conducted relating to those proceedings.

Estimates

a) *Credit losses on loans and receivables*

The Group reviews its loan portfolios and receivables (except for certain loans receivables as discussed in Note 2 and IBCL and accounts receivable from a thrift bank as discussed in Note 27 to assess credit losses at each reporting date with updating provisions made during the intervals as necessary based on the continuing analysis and monitoring of individual accounts by credit officers.

The measurement of credit losses requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining credit losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- the Group's internal credit grading model, which assigns PDs to the individual grades;
- the Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for loans and receivables should be measured on a lifetime ECL basis and the qualitative assessment;
- the segmentation of loans and receivables when their ECL is assessed on a collective basis;
- development of ECL models, including the various formulas and the choice of inputs; and,
- determination of forward-looking macroeconomic inputs and probability-weights.

The carrying values of the Group and the Parent Company's loans and receivables are disclosed in Note 8 and the movements of the related allowance for credit losses are disclosed in Note 13.

b) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available.

The Group and the Parent Company's lease liabilities amounted to ₱203.09 million and ₱240.62 million as of December 31, 2023 and 2022, respectively (see Note 18).

c) Present value of retirement liability

The present value of the pension obligation is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual experience in the future. These include the determination of the discount rate, future salary increases, and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the Philippines and is modified accordingly with estimates of mortality improvements. Future salary increases are based on expected future inflation rates, seniority, promotion and other market factors.

The present value of the Group and the Parent Company's net retirement liability are disclosed in Note 20.

d) *Recognition of deferred tax assets*

Deferred tax assets are recognized for all unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The estimates of the future taxable profits indicate that certain temporary differences will be realized in the future.

The recognized and unrecognized deferred tax assets of the Group and the Parent Company are disclosed in Note 21.

e) *Impairment of non-financial assets*

The Group assesses impairment on non-financial assets (bank premises, furniture, fixtures and equipment, investment properties, software costs, and investments in subsidiaries) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Parent Company also assesses impairment on its investments in subsidiaries considering the same factors above.

The Group and the Parent Company recognize an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The Group and the Parent Company use the higher of value in use and fair value less costs to sell in determining the recoverable amount.

The carrying amounts of the Group and the Parent Company's bank premises, furniture, fixtures and equipment, investment properties and software costs and the Parent Company's investment in subsidiaries and the related allowance for impairment losses are disclosed in Notes 10, 11, 12 and 13, respectively.

f) *Contingencies*

The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims have been developed in consultation with outside legal counsel 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 (see Note 26).

g) *Fair Value Measurement for Financial Assets at FVTPL and at FVOCI*

The Group carries certain financial assets at fair value which requires judgment and extensive use of accounting estimates. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another financial instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument or other more appropriated valuation techniques (see Note 5).

The amount of changes in fair value would differ if the Group had utilized different valuation methods and assumptions. Any change in fair value of the financial assets and financial liabilities would affect profit or loss or other comprehensive income.

The carrying values of the Group's and the Parent Company's trading and investment securities and the amounts of fair value changes recognized on those financial assets are disclosed in Note 5.

b) Estimation of Useful Lives of Bank Premises, Furniture, Fixtures and Equipment, Right-of-use Assets, Investment Properties, Software and Goodwill

The Group estimates the useful lives of bank premises, furniture, fixtures and equipment, including right-of-use assets, investment properties and software based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The Group's goodwill, was regarded as having indefinite useful life considering there is no foreseeable limit to the period over which such asset is expected to generate net cash inflows for the Group. The assessment of having indefinite useful life is reviewed periodically and is updated whether events and circumstances such as the period of control over the asset and legal or similar limits on the use of the asset continue to support such assessment.

The carrying amounts of bank premises, furniture, fixtures and equipment, including right-of-use assets and investment properties are analyzed in Note 10 while the carrying amounts of software and goodwill, are analyzed in Note 12. Based on management's assessment as of December 31, 2023 and 2022, there are no changes in the useful lives of these assets. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

4. Financial Risk and Capital Management

Introduction

The Group has exposure to the following risks from its use of financial instruments: (a) credit; (b) liquidity; (c) market; and (d) operational risks.

Risk management framework

Risk is an inherent part of the Parent Company's business activities. The Parent Company's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of these risks. The risk management process is an ongoing identification, measurement, monitoring or control and reporting. It is critical to the Parent Company's soundness and profitability as it is continually exposed to credit risk, liquidity risk, market risk and operational risk.

Risk identification: The Parent Company's exposure to risk through its daily business dealings, including lending, trading and capital market activities, is identified and aggregated through the Parent Company's risk management infrastructure.

Risk measurement: The Parent Company measures risk using a variety of methodologies, including calculating potential liquidity outflows and by performing sensitivity and scenario analyses ("stress testing") on strategic portfolios in the Parent Company's statements of financial position.

Risk mitigation and control: The Parent Company's risk management policies and procedures incorporate risk mitigation strategies and include approval and tolerance limits by customer, product and industry.

Risk monitoring and reporting: Risks are monitored against approval and tolerance limits on a regular basis. Compliance with set limits is reported to Senior Management, Risk Management Oversight Committee (RMOC) and BOD on a regular basis.

Risk governance

The BOD has the ultimate responsibility for understanding the nature and the level of risks taken by the Parent Company. The BOD has created various committees such as the Corporate Governance and Compliance Oversight Committee (CGCOC), Risk Management Oversight Committee (RMOC), Audit Committee (AC), and Credit Committee (CreCom) to assist in the performance of its responsibilities for the management of risk. These committees are composed of members of the BOD supported by the Compliance Division, Risk Management Division (RMD), Internal Audit Division and Credit Group.

The CGCOC is responsible for ensuring the BOD's effectiveness and due observance of the corporate governance principles and guidelines. It oversees the periodic performance evaluation of the BOD and its committees and executive management. The CGCOC also safeguards that transactions involving the Parent Company and the related parties are conducted at arm's-length basis.

The RMOC sets risk limits, policies and standards for risk identification, analysis and control especially credit, market, liquidity and operational risks. The RMOC monitors the sensitivity of the Parent Company's portfolios to changes in the market, such as price, banking regulations and the effects on the profitability of the Parent Company. It also approves and endorses to the BOD policies and procedures, loan products and lending program manuals.

The AC reviews and recommends approval to the BOD for the internal audit programs, policies and procedures and oversees proper implementation and adherence to such. The risk management system of the Parent Company is annually reviewed by the internal auditors to ensure its effectiveness and adequacy relative to the Parent Company's risk-taking activities.

The CreCom of the BOD reviews approves or endorses to the Executive Committee (ExCom) and/or to the BOD credit and credit-related proposals for approval. Guidance of the CreCom is also being sought in the formulation of policies and procedures, loan products and lending program manuals.

At the transactional level, Senior Management has created various management committees to supervise the management of the various risks of the business. The Asset and Liability Committee (ALCO) is responsible for ensuring market and liquidity risks are adequately managed both on long term and day-to-day bases. The Management Committee (ManCom) oversees and reviews management strategies and plans, products and services, operational policies and procedures. All other aspects of the business are managed as well by the ManCom to ensure that all activities are in line with the risk appetite and tolerance of the Parent Company.

Credit Risk

Credit risk is the risk of financial loss due to default of a counterparty to perform its financial obligation to the Parent Company. The Parent Company's credit risk management involves delegation of approving authorities to the various Credit Committees.

The Parent Company has developed policies and practices that are designed to preserve the independence and integrity of decision-making and ensure credit risks are assessed accurately, approved properly, monitored regularly and managed actively at both the transaction and portfolio levels. The policy framework establishes credit approval authorities, concentration limits, risk-rating methodologies, portfolio-review parameters and guidelines for management of distressed exposure. Credit risk is managed by the Parent Company by setting and monitoring limits for individual borrowers or counterparties, and groups of counterparties as well as periodically assessing the creditworthiness of its counterparties. In addition, the Parent Company obtains collateral where appropriate and collateral agreements with counterparties, and limits the duration of exposure.

The BOD sets credit policies and delegates credit authority limits to Management to facilitate the approval of credit transactions. The BOD likewise delegates approval limits to the CreCom and the ExCom. Board oversight function is performed by the CGCOC, the AC and the RMOC. All credit proposals prior to BOD approval or confirmation go through the scrutiny of the Credit Group, CreCom and ExCom.

The Parent Company approved an Internal Credit Risk Rating System which covers all corporate borrowers, small and medium enterprises regardless of asset size, local government borrowers, and treasury exposures.

The Parent Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. The credit grades are defined and calibrated such that the risk of default increases exponentially at each higher risk grade so, for example, the difference of PD between an AAA and AA rating grade is lower than the difference in the PD between a B and B- rating grade.

The Parent Company sets in place a large exposure monitoring tool to identify credit concentration risk per type of borrower, industry and product. Moreover, a periodic review is conducted on credit concentration on large exposures. Per BSP definition, large exposures are those credit exposures with an outstanding balance of 5.00% or more of the total qualifying capital. A limit is also applied on the maximum aggregate loan the Parent Company can expose itself vis-à-vis its total assets. It further sets a limit on the maximum capital it can utilize to cover loan exposures.

The following table shows the Parent Company's credit risk rating and credit quality, which are mapped to the S&P scale with equivalent 20 grades:

Credit Risk Rating	S&P Scale	Loan Class	Credit Quality
0	AAA	Unclassified	Excellent
1+	AA+	Unclassified	Excellent
1	AA	Unclassified	Excellent
1-	AA-	Unclassified	Strong
2+	A+	Unclassified	Strong
2	A	Unclassified	Strong
2-	A-	Unclassified	Strong
3+	BBB+	Unclassified	Satisfactory
3	BBB	Unclassified	Satisfactory
4	BBB-	Unclassified	Satisfactory
5+	BB+	Unclassified	Fair
5	BB	Unclassified	Fair
5-	BB-	Unclassified	Weak
6+	B+	Unclassified	Weak
6	B	Unclassified	Vulnerable
6-	B-	Unclassified	Vulnerable

Credit Risk Rating	S&P Scale	Loan Class	Credit Quality
7	CCC+	Watchlist	Vulnerable
8	CCC	Classified	Vulnerable
9	CCC- & Below	Classified	Vulnerable
10	D	Classified	Impaired

As such, the following are the definitions of each rating grade based on S&P:

S&P Rating	Description
AAA	Borrowers with extremely strong capacity to meet financial commitments
AA	Borrowers with very strong capacity to meet financial commitments
A	Borrowers with strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances
BBB	Borrowers with adequate capacity to meet financial commitments, but more subject to adverse economic conditions
BB	Borrowers who are less vulnerable in the near-year term but face major ongoing uncertainties to adverse business, economic and financial conditions
B	Borrowers who are more vulnerable to adverse business, economic and financial conditions but currently have the capacity to meet financial commitments
CCC	Borrowers who are currently vulnerable and dependent on favorable business, financial and economic conditions to meet financial commitments
D	Borrowers who have payment default on a financial commitment or breach of an imputed promise; also used when a bankruptcy petition has been filed or similar action is taken

The Parent Company's rating grade of "7" will be considered as "Watchlist", while the last 3 grades "8" to "10", represent classified accounts and will be governed by the policies on Classified accounts.

Watchlist

This represents borrowers for which unfavorable industry or company-specific risk factors represent a concern. Operating performance and financial strength may be marginal and it is uncertain whether the borrower can attract alternative sources of financing. The borrower will find it very hard to cope with any significant economic downturn and a default in such a case is more than a possibility. For this matter, borrowers under this rating grade shall require close monitoring.

Especially Mentioned

The borrower in this rating shows evidence of weakness in its financial condition or creditworthiness. There is a real risk that the borrower's ability to pay the interest and principal on time could be jeopardized. The borrower's ability or willingness to service debt is in doubt, likely causing a need to reschedule payments.

Substandard

For a 'substandard' borrower, the debt burden has become too heavy, only to be made worse by weak or negative cash flows and interest coverage. This makes the collection of principal or interest payments questionable, causing an assessment of default of up to 50.00%. Unless given closer supervision, the Parent Company will likely suffer a future loss. External factors may be causing an adverse trend, or there may be a significant weakness in the borrower's collateral. Management has an unfavorable record and lacks managerial capability.

Doubtful

The extent of probable loss cannot be exactly quantified at this time. Although the possibility of loss is significant, there may be certain important and reasonably specific pending factors that can work to the advantage and strengthening of assets. Pending factors include merger, acquisition, capital injection, and additional collateral.

Loss

This rating is given to a borrower when debt service or the prospect for re-establishment of credit worthiness and debt service is remote. This category also applies where the lender will take or has taken title to the assets of the borrower and is preparing a foreclosure and/or liquidation of the company. A full provision is made on that part of the principal which is not fully and adequately covered. While the loan covers basically worthless assets, writing off these loans is neither practical nor desirable for the Parent Company.

Maximum exposure to credit risk after collateral held or other credit enhancements

An analysis of the maximum exposure to credit risk after taking into account any collateral held or other credit enhancements for those financial assets whose carrying amounts do not reflect the said maximum exposure, is shown below (amounts in thousands):

	Consolidated			Parent Company		
	December 31, 2023					
	Maximum exposure to credit risk before collateral and credit enhancements	Financial effect of collateral or credit enhancements	Net exposure to credit risk	Maximum exposure to credit risk before collateral and credit enhancements	Financial effect of collateral or credit enhancements	Net exposure to credit risk
SPURA	₱2,720,965	₱2,720,965	₱-	₱2,720,965	₱2,720,965	₱-
Loans and receivables						
Loans and discounts*						
Corporate	18,015,456	1,696	18,013,960	18,015,456	1,696	18,013,960
Pension	2,213,405	-	2,213,405	2,213,405	-	2,213,405
Purchased receivable	726,330	-	726,330	726,330	-	726,330
Mortgage and salary	4,810,052	434	4,809,618	4,773,091	434	4,772,657
	25,765,443	2,130	25,763,313	25,728,482	2,130	25,726,352
Sales contract receivable	510,303	510,303	-	485,713	485,713	-
	26,275,746	512,433	25,763,313	26,214,195	487,843	25,726,352
	₱28,996,711	₱3,233,398	₱25,763,313	₱28,935,160	₱3,208,808	₱25,726,352

	December 31, 2022					
	Maximum exposure to credit risk before collateral and credit enhancements	Financial effect of collateral or credit enhancements	Net exposure to credit risk	Maximum exposure to credit risk before collateral and credit enhancements	Financial effect of collateral or credit enhancements	Net exposure to credit risk
SPURA	₱1,086,138	₱1,086,138	₱-	₱1,086,138	₱1,086,138	₱-
Loans and receivables						
Loans and discounts*						
Corporate	15,434,054	30,000	15,404,054	15,434,054	30,000	15,404,054
Pension	2,088,701	-	2,088,701	2,088,701	-	2,088,701
Purchased receivable	326,028	-	326,028	326,028	-	326,028
Mortgage and salary	4,147,347	-	4,147,347	4,096,052	-	4,096,052
	21,996,130	30,000	21,966,130	21,944,835	30,000	21,914,835
Sales contract receivable	298,291	298,291	-	253,178	253,178	-
	22,294,421	328,291	21,966,130	22,198,013	283,178	21,914,835
	₱23,380,559	₱1,414,429	₱21,966,130	₱23,284,151	₱1,369,316	₱21,914,835

*Amounts are net of Allowance for Credit Losses for loans and discounts.

The Group and the Parent Company do not hold collateral for cash and other cash items (excluding cash on hand), due from other banks, due from BSP, IBLR, investment securities, unquoted debt securities, accounts receivables, its related accrued interest receivables and other assets; thus carrying values represent maximum exposure to credit risk at reporting dates.

The Group and the Parent Company hold collateral against loans and receivables in the form of real estate and chattel mortgages, guarantees and other registered securities over assets. Estimates of fair value are based on the value of collateral assessed. Generally, collateral is not held over loans and advances to banks except for reverse repurchase agreements.

It is the Group's and the Parent Company's policy to dispose foreclosed properties acquired in an orderly fashion. The amount proceeds on the sale of foreclosed assets classified as 'Investment properties' or 'Other foreclosed assets' under Other Assets are used to pay or reduce the outstanding claim.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group and the Parent Company's credit and other product portfolios may also cause concentrations. Concentrations indicate the relative sensitivity of the Group and the Parent Company's performance to developments affecting a particular industry or geographical location. In order to avoid excessive concentrations of risk, the Group and the Parent Company's policies and procedures include specific guidelines focusing on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Concentration of risks of financial assets with credit risk exposure

An analysis of concentrations of credit risk at the reporting date is shown below (amounts in thousands):

Consolidated December 31, 2023				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Total
Philippine government	₱127,664	₱12,416,426	₱19,198,548	₱31,742,638
Community, social and personal services	6,704,906	—	—	6,704,906
Wholesale and retail trade	5,087,785	—	—	5,087,785
Financial intermediaries	3,126,146	1,278,210	—	4,404,356
Manufacturing (various industries)	4,289,608	—	—	4,289,608
Public administration and local government	2,271,298	—	—	2,271,298
Real estate, renting and business activities	4,455,085	—	396,008	4,851,093
Electricity, gas and water	20,988	—	88,809	109,797
Education	391,074	—	—	391,074
Agricultural, hunting and forestry	1,412,378	—	—	1,412,378
Hotel and restaurants	284,225	—	—	284,225
Construction	7,134	—	—	7,134
Others	229,099	—	—	229,099
Allowance for credit losses	28,407,390	13,694,636	19,683,365	61,785,391
	(4,943,902)	(353)	—	(4,944,255)
Contingent assets***	23,463,488	13,694,283	19,683,365	56,841,136
	1,251,543	—	—	1,251,543
	₱24,715,031	₱13,694,283	₱19,683,365	₱58,092,679

December 31, 2022 (As Restated – Note 32)				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Total
Philippine government	₱143,518	₱12,988,211	₱15,635,592	₱28,767,321
Community, social and personal services	6,623,252	—	—	6,623,252
Wholesale and retail trade	4,973,268	—	—	4,973,268
Financial intermediaries	2,552,764	1,157,539	—	3,710,303
Manufacturing (various industries)	3,515,314	—	—	3,515,314
Public administration and local government	2,602,190	—	—	2,602,190
Real estate, renting and business activities	4,295,084	—	347,834	4,642,918
Electricity, gas and water	31,337	—	535,758	567,095
Education	378,280	—	—	378,280
Agricultural, hunting and forestry	1,412,643	—	—	1,412,643
Transportation, storage and communication	89	—	—	89
Hotel and restaurants	70,379	—	—	70,379
Construction	808	—	21,369	22,177
Others	257,724	—	—	257,724
Allowance for credit losses	26,856,650	14,145,750	16,540,553	57,542,953
	(4,444,364)	(402)	—	(4,444,766)
Contingent assets***	22,412,286	14,145,348	16,540,533	53,098,187
	2,227,626	—	—	2,227,626
	₱24,639,912	₱14,145,348	₱16,540,533	₱55,325,813

* Comprised of due from BSP, due from other banks, and SPURA

** Comprised of debt securities at FVOCI and at amortized cost

*** Comprised of undrawn commitments, unused commercial letters of credit, open account arrangements and outstanding guarantees issued

Parent Company				
December 31, 2023				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Total
Philippine government	₱127,664	₱12,414,810	₱19,198,548	₱31,741,022
Community, social and personal services	6,643,471	—	—	6,643,471
Wholesale and retail trade	5,082,683	—	—	5,082,683
Financial intermediaries	3,124,704	1,136,430	—	4,261,134
Manufacturing (various industries)	4,289,608	—	—	4,289,608
Public administration and local government	2,271,298	—	—	2,271,298
Real estate, renting and business activities	4,455,085	—	396,008	4,851,093
Electricity, gas and water	20,988	—	88,809	109,797
Agricultural, hunting and forestry	1,410,793	—	—	1,410,793
Education	390,172	—	—	390,172
Hotel and restaurants	284,225	—	—	284,225
Construction	6,233	—	—	6,233
Others	224,221	—	—	224,221
	28,331,145	13,551,240	19,683,365	61,565,750
Allowance for credit losses	(4,927,960)	(353)	—	(4,928,313)
	23,403,185	13,550,887	19,683,365	56,637,437
Contingent assets***	1,251,543	—	—	1,251,543
	₱24,654,728	₱13,550,887	₱19,683,365	₱57,888,980

December 31, 2022 (As Restated – Note 32)				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Total
Philippine government	₱143,518	₱12,986,437	₱15,635,592	₱28,765,547
Community, social and personal services	6,519,297	—	—	6,519,297
Wholesale and retail trade	4,969,244	—	—	4,969,244
Financial intermediaries	2,551,493	1,104,973	—	3,656,466
Manufacturing (various industries)	3,515,314	—	—	3,515,314
Public administration and local government	2,602,190	—	—	2,602,190
Real estate, renting and business activities	4,295,084	—	347,834	4,642,918
Electricity, gas and water	31,337	—	535,758	567,095
Agricultural, hunting and forestry	1,411,224	—	—	1,411,224
Education	378,280	—	—	378,280
Transportation, storage and communication	89	—	—	89
Hotel and restaurants	70,379	—	—	70,379
Construction	358	—	21,369	21,727
Others	254,029	—	—	254,029
	26,741,836	14,091,410	16,540,553	57,373,799
Allowance for credit losses	(4,429,806)	(402)	—	(4,430,208)
	22,312,030	14,091,008	16,540,553	52,943,591
Contingent assets***	2,227,626	—	—	2,227,626
	₱24,539,656	₱14,091,008	₱16,540,553	₱55,171,217

* Comprised of due from BSP, due from other banks, and SPURRA

** Comprised of debt securities at FVOCI and at amortized cost

*** Comprised of undrawn commitments, unused commercial letters of credit, open account arrangements and outstanding guarantees issued

Credit quality of financial assets

The following tables set out information about the credit quality of loans and receivables and other financial assets as of December 31, 2023 and 2022 (amounts in thousands):

Treasury financial assets

	December 31, 2023							
	Consolidated				Parent Company			
	Satisfactory	Fair	Unrated	Total	Satisfactory	Fair	Unrated	Total
Due from BSP	₱9,695,461	₱—	₱—	₱9,695,461	₱9,693,845	₱—	₱—	₱9,693,845
Due from other banks	—	—	1,277,857	1,277,857	—	—	1,136,077	1,136,077
SPURA	2,720,965	—	—	2,720,965	2,720,965	—	—	2,720,965
Debt securities at FVOCI	6,787,641	—	—	6,787,641	6,787,641	—	—	6,787,641
Debt securities at amortized cost	12,895,724	—	—	12,895,724	12,895,724	—	—	12,895,724
	₱32,099,791	₱—	₱1,277,857	₱33,377,648	₱32,098,175	₱—	₱1,136,077	₱33,234,252

	December 31, 2022							
	Consolidated				Parent Company			
	Satisfactory	Fair	Unrated	Total	Satisfactory	Fair	Unrated	Total
Due from BSP	₱11,902,072	₱—	₱—	₱11,902,072	₱17,190,543	₱—	₱—	₱17,190,543
Due from other banks	—	—	1,157,136	1,157,136	—	—	1,104,571	1,104,571
SPURA	1,086,138	—	—	1,086,138	1,086,138	—	—	1,086,138
Debt securities at FVOCI	5,370,685	—	—	5,370,685	5,370,685	—	—	5,370,685
Debt securities at amortized cost	11,169,868	—	—	11,169,868	11,169,868	—	—	11,169,868
	₱29,528,763	₱—	₱1,157,136	₱30,685,899	₱34,817,234	₱—	₱1,104,571	₱36,921,805

All treasury financial assets are classified under Stage 1. There were no transfers between stages during the year.

Loans and discounts

	December 31, 2023							
	Consolidated				Parent Company			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate								
Satisfactory	₱1,679,233	₱—	₱264,176	₱1,943,409	₱1,679,233	₱—	₱264,176	₱1,943,409
Fair	1,814,073	—	98,602	1,912,675	1,814,073	—	98,602	1,912,675
Weak	4,479,380	—	437,619	4,916,999	4,479,380	—	437,619	4,916,999
Vulnerable	686,506	166,621	3,157,966	4,011,093	686,506	166,621	3,157,966	4,011,093
Impaired	—	—	806,365	806,365	—	—	806,365	806,365
Unrated	3,782,159	123,741	519,215	4,425,115	3,782,159	123,741	519,215	4,425,115
	12,441,351	290,362	5,283,943	18,015,656	12,441,351	290,362	5,283,943	18,015,656
Pension								
Unrated	1,612,836	15,193	573,474	2,201,483	1,612,836	15,193	573,474	2,213,403
Purchased receivables								
Unrated	—	27,734	698,596	726,330	—	27,734	698,596	726,330
Mortgage and salary								
Satisfactory	40	—	—	40	40	—	—	40
Impaired	1,672	395	5,779	7,846	1,672	—	—	1,672
Unrated	4,514,530	146,573	138,411	4,799,514	4,484,224	146,148	138,355	4,768,727
	4,516,242	146,968	144,190	4,807,400	4,485,936	146,148	138,355	4,770,439
Total loans and discounts								
Satisfactory	1,679,273	—	264,176	1,943,449	1,679,273	—	264,176	1,943,449
Fair	1,814,073	—	98,602	1,912,675	1,814,073	—	98,602	1,912,675
Weak	4,479,380	—	437,619	4,916,999	4,479,380	—	437,619	4,916,999
Vulnerable	686,506	166,621	3,157,966	4,011,093	686,506	166,621	3,157,966	4,011,093
Impaired	1,672	395	812,144	814,211	1,672	—	806,365	808,037
Unrated	9,909,525	313,221	1,929,696	12,152,442	9,879,219	312,796	1,929,640	12,121,655
	₱18,570,429	₱480,237	₱6,700,203	₱25,750,869	₱18,540,123	₱479,417	₱6,694,368	₱25,713,908

December 31, 2022								
	Consolidated				Parent Company			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate								
Satisfactory	P1,721,262	P-	P-	P1,721,262	P1,721,262	P-	P-	P1,721,262
Fair	2,772,996	-	-	2,772,996	2,772,996	-	-	2,772,996
Weak	6,071,233	-	-	6,071,233	6,071,233	-	-	6,071,233
Vulnerable	1,453,013	235,827	3,023,821	4,712,661	1,453,013	235,827	3,023,821	4,712,661
Impaired	-	-	2,102,667	2,102,667	-	-	2,102,667	2,102,667
Unrated	301,562	-	57,748	359,310	301,562	-	57,748	359,310
	12,320,066	235,827	5,184,236	17,740,129	12,320,066	235,827	5,184,236	17,740,129
Pension								
Unrated	1,787,925	23,477	557,800	2,369,202	1,787,925	23,477	557,800	2,369,202
Purchased receivables								
Unrated	162	151,897	584,954	737,013	162	151,897	584,954	737,013
Mortgage and salary								
Satisfactory	46,857	-	3,486	50,343	-	-	-	-
Impaired	-	-	2,638	2,638	-	-	2,638	2,638
Unrated	3,908,502	124,369	124,110	4,156,981	3,903,850	124,369	123,038	4,151,277
	3,955,359	124,369	130,234	4,209,962	3,903,850	124,369	123,038	4,151,277
Total loans and discounts								
Satisfactory	1,768,119	-	3,486	1,771,605	1,721,262	-	-	1,721,262
Fair	2,772,996	-	-	2,772,996	2,772,996	-	-	2,772,996
Weak	6,071,233	-	-	6,071,233	6,071,233	-	-	6,071,233
Vulnerable	1,453,013	235,827	3,023,821	4,712,661	1,453,013	235,827	3,023,821	4,712,661
Impaired	-	-	2,105,305	2,105,305	-	-	2,105,305	2,105,305
Unrated	5,998,151	299,743	1,324,612	7,622,506	5,993,499	299,743	1,323,560	7,616,802
	P18,063,512	P535,570	P6,457,224	P25,056,306	P18,012,003	P535,570	P6,452,686	P25,000,259

Other risk assets

December 31, 2023								
	Consolidated				Parent Company			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Unquoted debt securities								
Satisfactory	P-	P-	P-	P-	P-	P-	P-	P-
Sales contract receivable								
Unrated	505,647	80	6,735	512,462	481,056	80	6,735	487,871
Accrued interest receivable								
Satisfactory	4,401	-	-	4,401	4,401	-	-	4,401
Fair	5,256	-	-	5,256	5,256	-	-	5,256
Weak	15,472	-	-	15,472	15,472	-	-	15,472
Vulnerable	2,531	260	12,412	15,203	2,531	260	12,412	15,203
Impaired	7	-	12,460	12,467	7	-	12,460	12,467
Unrated	192,014	12,800	53,441	258,255	183,028	12,800	53,428	249,256
	219,681	13,060	78,313	311,054	210,695	13,060	78,300	302,055
	P725,328	P13,140	P85,048	P823,516	P691,781	P13,140	P85,035	P789,926
Contingent assets*								
Unrated	P1,251,543	P-	P-	P1,251,543	P1,251,543	P-	P-	P1,251,543

* Comprised of undrawn commitments, unused commercial letters of credit, open account arrangements and outstanding guarantees issued

December 31, 2022 (As Restated – Noted 32)								
	Consolidated				Parent Company			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Unquoted debt securities								
Satisfactory	P51,323	P-	P-	P51,323	P51,324	P-	P-	P51,324
Sales contract receivable								
Unrated	121,025	-	8,260	129,285	75,912	-	8,260	P84,172
Accrued interest receivable								
Satisfactory	1,459	-	4	1,463	1,353	-	-	1,353
Fair	11,591	-	1,459	13,050	11,591	-	1,459	13,050
Weak	29,399	-	-	29,399	29,399	-	-	29,399
Vulnerable	7,221	-	9,391	16,612	7,221	-	9,391	16,612
Impaired	-	-	12,445	12,445	-	-	12,445	12,445
Unrated	318,512	5,904	25,977	350,393	316,902	4,307	21,272	342,481
	368,182	5,904	49,276	423,362	366,466	4,307	44,567	415,340
	P540,530	P5,904	P57,536	P603,970	P493,702	P4,307	P52,827	P550,836
Contingent assets*								
Unrated	P2,227,625	P-	P-	P2,227,625	P2,227,625	P-	P-	P2,227,625

* Comprised of undrawn commitments, unused commercial letters of credit, open account arrangements and outstanding guarantees issued

The Group's and the Parent Company's accounts receivable and other receivables are unrated. The related ECLs are determined using a provisioning matrix (see Note 13).

Restructured loans

As of December 31, 2023 and 2022, breakdown of restructured loans for the Group and the Parent Company is as follows (amounts in thousands):

	2023	2022 (As Restated – Note 32)
Corporate	₱3,042,146	₱3,685,608
Individual	334,403	216,943
	3,376,549	3,902,551
Allowance for credit losses	(995,804)	(1,635,238)
	₱2,380,745	₱2,267,313

NAGON has no restructured loans as of December 31, 2023 and 2022.

Liquidity Risk

The objective of liquidity risk management is to ensure that all maturing obligations and commitments of the Group inclusive of all off-balance sheet deliverables will be paid fully and promptly. Liquidity risk is therefore the risk that the Group will be unable to meet financial commitment to a customer and/or counterparties in any location, in any currency, at any time. Remaining liquid then is a precondition for achieving all the Group's business objectives.

The ALCO oversees the liquidity risk management of the Parent Company but business units are expected to manage their respective books. It ensures that the Group maintains sufficient and adequate liquidity at all times. In the Parent Company, the Treasury Group estimates its liquidity needs/requirements based on the Group's actual contractual obligations including projected cash flows for a certain period. Likewise, it executes the funding and liquidity plan after the business strategies of each business unit are approved and consolidated.

The Parent Company manages liquidity risk through the funding and liquidity planning, diversification of funding sources and contingency plans. The RMD prepares the Maximum Cumulative Outflow (MCO) report on a regular basis under normal business conditions and performs sensitivity analysis using stress parameters. The liquidity gap report or MCO report shows the mismatch in maturities of sources and uses in the financial position. Assets and liabilities are plotted based on maturity and/or behavioral profile in different tenor buckets. Cumulative gaps are computed through the different tenor buckets. An MCO limit is placed based on the projected statements of financial position growth and the Parent Company's funding capacity. On the other hand, the Treasury Group ensures that sufficient and adequate liquid assets are available. The Group likewise prepares Liquidity Contingency Plan on a regular basis.

Financial assets

Analysis of equity and debt securities at fair value into maturity groupings is based on the expected date on which these assets will be realized. For other assets, the analysis into maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier the expected date the assets will be realized.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay.

The table below summarizes the maturity profile of financial instruments based on contractual undiscounted cash flows (amounts in thousands):

	2023					
	Consolidated					
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Beyond 5 Years	Total
Financial assets						
Cash and other cash items	₱946,777	₱—	₱—	₱—	₱—	₱946,777
Financial assets at FVTPL	—	—	885,089	99,159	79,665	1,063,913
Financial assets at FVOCI						
Debt securities						
Government	—	—	298,274	35,277	6,031,052	6,364,603
Private	—	—	—	—	423,038	423,038
Equity securities						
Quoted	—	—	—	—	105,142	105,142
Unquoted	—	—	—	—	77,092	77,092
Financial assets at amortized cost						
Due from BSP	6,085,917	3,609,544	—	—	—	9,695,461
Due from other banks	1,277,857	—	—	—	—	1,277,857
SPURA	—	2,720,965	—	—	—	2,720,965
Debt securities measured at amortized cost						
Government	299,943	1,746,034	234,997	8,187,130	2,344,472	12,812,576
Private	—	—	22,000	61,148	—	83,148
Loans and discounts						
Corporate	3,126,302	7,278,605	1,653,513	5,577,988	2,259,770	19,896,178
Pension	338,625	40,935	271,337	2,602,987	53,547	3,307,431
Purchased receivable	331,582	103,734	1,106	—	—	436,422
Mortgage and salary	53,526	8,455	69,830	2,575,316	5,816,308	8,523,435
Accounts receivable	672,218	5,412	5,252	27,624	1,121,780	1,832,286
Accrued interest receivable	74,953	236,101	—	—	—	311,054
Sales contract receivable	—	3,307	11,157	94,954	403,044	512,462
	₱13,207,700	₱15,753,092	₱3,452,555	₱19,261,583	₱18,714,910	₱70,389,840
Financial liabilities						
Deposit liabilities						
Demand	₱38,045,357	₱—	₱—	₱—	₱—	₱38,045,357
Savings	14,420,433	—	—	—	—	14,420,433
Time	211,572	1,785,087	2,499,264	803,764	—	5,299,687
	52,677,362	1,785,087	2,499,264	803,764	—	57,765,477
Manager's checks	52,654	—	—	—	—	52,654
Accrued interest	60,981	—	—	—	—	60,981
Accrued other expenses*	214,819	—	—	—	—	214,819
Other liabilities*	187,393	2,458	8,191	134,415	542,963	875,420
	₱53,193,209	₱1,787,909	₱2,507,455	₱938,178	₱542,963	₱58,969,351

* Excludes provisions for E&T

*Excludes statutory liabilities

	2022 (As Restated – Note 32)					
	Consolidated					
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Beyond 5 Years	Total
Financial assets						
Cash and other cash items	₱934,496	₱–	₱–	₱–	₱–	₱934,496
Financial assets at FVTPL	–	–	–	–	104,907	104,907
Financial assets at FVOCI						
Debt securities						
Government	–	74,173	–	4,574,112	97,289	4,745,574
Private	–	55,122	478,334	91,655	–	625,111
Equity securities						
Quoted	–	–	–	–	83,644	83,644
Unquoted	–	–	–	–	101,696	101,696
Financial assets at amortized cost						
Due from BSP	6,997,072	4,905,000	–	–	–	11,902,072
Due from other banks	1,157,136	–	–	–	–	1,157,136
SPURA	–	1,086,138	–	–	–	1,086,138
Debt securities measured at amortized cost						
Government	–	–	200,672	7,857,314	2,832,032	10,890,018
Private	–	–	196,751	83,099	–	279,850
Loans and discounts						
Corporate	2,705,143	6,259,874	2,513,014	3,137,925	4,994,897	19,610,853
Pension	299,000	49,888	162,857	1,847,004	47,705	2,406,454
Purchased receivable	240,967	40	–	–	–	241,007
Mortgage and salary	49,782	10,818	290,115	1,776,539	4,522,450	6,649,704
Unquoted debt securities	–	–	51,324	–	–	51,324
Accounts receivable	63,807	5,843	1,583	4,003	1,126,858	1,202,094
Accrued interest receivable	97,556	325,806	–	–	–	423,362
Sales contract receivable	–	166,875	22,805	74,169	36,473	300,322
	₱12,544,959	₱12,939,577	₱3,917,455	₱19,445,820	₱13,947,951	₱62,795,762

2022 (As Restated – Note 32)						
Consolidated						
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Beyond 5 Years	Total
Financial liabilities						
Deposit liabilities						
Demand	₱38,434,886	₱–	₱–	₱–	₱–	₱38,434,886
Savings	13,606,901	–	–	–	–	13,606,901
Time	220,234	1,103,378	310,794	2,760,573	–	4,394,979
	52,262,021	1,103,378	310,794	2,760,573	–	56,436,766
Manager's checks	57,867	–	–	–	–	57,867
Accrued interest	55,878	–	–	–	–	55,878
Accrued other expenses*	238,642	–	–	–	–	238,642
Other liabilities*	166,707	2,789	12,549	27,722	472,343	682,110
	₱52,781,115	₱1,106,167	₱323,343	₱2,788,295	₱472,343	₱57,471,263

2023						
Parent Company						
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Beyond 5 Years	Total
Financial assets						
Cash and other cash items	₱946,127	₱–	₱–	₱–	₱–	₱946,127
Financial assets at FVTPL	–	–	885,089	99,159	79,665	1,063,913
Financial assets at FVOCI						
Debt securities						
Government	–	–	298,274	35,277	6,031,052	6,364,603
Private	–	–	–	–	423,038	423,038
Equity securities						
Quoted	–	–	–	–	105,142	105,142
Unquoted	–	–	–	–	77,092	77,092
Financial assets at amortized cost						
Due from BSP	6,084,301	3,609,544	–	–	–	9,693,845
Due from other banks	1,136,077	–	–	–	–	1,136,077
SPURA	–	2,720,965	–	–	–	2,720,965
Debt securities measured at amortized cost						
Government	299,943	1,746,034	234,997	8,187,130	2,344,472	12,812,576
Private	–	–	22,000	61,148	–	83,148
Loans and discounts						
Corporate	3,126,302	7,278,605	1,653,513	5,577,988	2,259,770	19,896,178
Pension	338,625	40,935	271,337	2,602,987	53,547	3,307,431
Purchased receivable	331,582	103,734	1,106	–	–	436,422
Mortgage and salary	50,774	7,388	59,359	2,548,578	5,816,308	8,482,407
Accounts receivable	671,967	2,647	922	7,043	1,118,064	1,800,643
Accrued interest receivable	74,855	227,201	–	–	–	302,056
Sales contract receivable	–	547	10,730	94,631	381,964	487,872
	₱13,060,553	₱15,737,600	₱3,437,327	₱19,213,941	₱18,690,114	₱70,139,535
Financial liabilities						
Deposit liabilities						
Demand	₱38,045,357	₱–	₱–	₱–	₱–	₱38,045,357
Savings	14,357,398	–	–	–	–	14,357,398
Time	211,559	1,785,087	2,497,044	803,764	–	5,297,454
	52,614,314	1,785,087	2,497,044	803,764	–	57,700,209
Manager's checks	52,654	–	–	–	–	52,654
Accrued interest	60,771	–	–	–	–	60,771
Accrued other expenses*	210,841	–	–	–	–	210,841
Other liabilities*	186,931	2,458	8,191	132,468	541,396	871,444
	₱53,125,511	₱1,787,545	₱2,505,235	₱936,232	₱541,396	₱58,895,919

*Excludes statutory liabilities

	2022 (As Restated – Note 32)					
	Parent Company					
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Beyond 5 Years	Total
Financial assets						
Cash and other cash items	₱933,329	₱–	₱–	₱–	₱–	₱933,329
Financial assets at FVTPL	–	–	–	–	104,907	104,907
Financial assets at FVOCI						
Debt securities						
Government	–	74,173	–	4,574,112	97,289	4,745,574
Private	–	55,122	478,334	91,655	–	625,111
Equity securities						
Quoted	–	–	–	–	83,644	83,644
Unquoted	–	–	–	–	101,696	101,696
Financial assets at amortized cost						
Due from BSP	6,995,299	4,905,000	–	–	–	11,900,299
Due from other banks	1,104,571	–	–	–	–	1,104,571
SPURA	–	1,086,138	–	–	–	1,086,138
Debt securities measured at amortized cost						
Government	–	–	200,672	7,857,314	2,832,032	10,890,018
Private	–	–	196,751	83,099	–	279,850
Loans and discounts						
Corporate	2,705,143	6,259,874	2,513,014	3,137,925	4,994,897	19,610,853
Pension	299,000	49,888	162,857	1,847,004	47,705	2,406,454
Purchased receivable	240,967	40	–	–	–	241,007
Mortgage and salary	47,921	9,391	283,535	1,730,362	4,522,450	6,593,659
Unquoted debt securities	–	–	51,324	–	–	51,324
Accounts receivable	63,459	2,163	493	1,000	1,123,744	1,190,859
Accrued interest receivable	96,479	318,861	–	–	–	415,340
Sales contract receivable	–	156,113	21,757	72,585	4,756	255,211
	₱12,486,168	₱12,916,763	₱3,908,737	₱19,395,056	₱13,913,120	₱62,619,844
Financial liabilities						
Deposit liabilities						
Demand	₱38,499,871	₱–	₱–	₱–	₱–	₱38,499,871
Savings	13,550,643	–	–	–	–	13,550,643
Time	220,221	1,103,365	310,794	2,757,981	–	4,392,361
	52,270,735	1,103,365	310,794	2,757,981	–	56,442,875
Manager's checks	57,867	–	–	–	–	57,867
Accrued interest	55,721	–	–	–	–	55,721
Accrued other expenses*	234,847	–	–	–	–	234,847
Other liabilities*	2,789	12,513	17,720	478,228	–	511,250
	₱52,621,959	₱1,115,878	₱328,514	₱3,236,209	₱–	₱57,302,560

Historically, not all deposit liabilities are withdrawn on their contractual maturities. Based on the historically observed behavior of the Parent Company's deposit liabilities, a significant amount of deposits is retained longer than its contractual maturity. This therefore allows the Parent Company to go into long-term investment and lending activities which streams of cash flows are sufficient enough to cover cash outflow requirements.

Under normal conditions, the Parent Company periodically tests its ability to draw on the identified sources to backup liquidity requirement. In addition, stress tests are conducted on a periodic basis in order to assess the Parent Company's ability to meet its liquidity obligations during a liquidity crisis. Stress testing may be in the form of simple sensitivity or scenario analysis. It is an important tool used to measure the outcome of certain extreme events to the Parent Company's liquidity position. More importantly, stress testing results help plan for a liquidity crisis. To counter a severe liquidity problem, the Parent Company puts in place a liquidity contingency plan. Depending on the severity of the liquidity problem, the Parent Company may choose or use one or more of liquidity funding sources.

Diversification of funding sources is important in managing liquidity risk, specifically funding liquidity needs. Diversification of funds sources means that the Parent Company takes liquidity from as many different types of customers in as many different sources as possible. It also means having many types of instruments from which funds can be drawn. By offering different instruments, there is a better chance of getting more funds from the same customer. Even though achieving liquidity through instrument diversification has a cost, the Parent Company nevertheless avoids the danger of using only one type of instrument to draw money from the same source.

Any sudden swing in interest rates may entice customers/investors to shift funds to higher yielding instruments. For this reason, the Parent Company offers several deposit instruments whose yields are market competitive. However, in order that there is no over dependence on high yielding deposit funds, tolerance limits are set for interbank borrowings and large fund provider accounts. These limits are reviewed annually.

BSP reporting for liquidity positions

Liquidity Coverage Ratio (LCR)

The purpose of this ratio is to promote short-term resiliency for the bank's liquidity risk profile. An adequate unencumbered high-quality liquid assets (HQLAs) shall be maintained over a 30-calendar day horizon. The value of this ratio should be no lower than 100% on a daily basis. LCR as of December 31, 2023 and 2022 for the Group and Parent are as follows (amounts, except ratios, are expressed in millions):

	Consolidated		Parent Company	
	2023	2022	2023	2022
Total Stock of High-Quality Liquid Assets	₱27,420	₱26,301	₱27,418	₱26,299
Total Net Cash Outflows	11,671	11,990	11,691	12,333
Liquidity Coverage Ratio	234.94%	219.36%	234.52%	213.24%

Net Stable Funding Ratio (NSFR)

As compared to LCR which promotes short-term resiliency for Bank's liquidity profile, NSFR promotes resiliency for long-term resilience. The minimum requirement for this ratio is at least 100% at all times. NSFR as of December 31, 2023 and 2022 for the Group and Parent are as follows (amounts, except ratios, are expressed in millions):

	Consolidated		Parent Company	
	2023	2022	2023	2022
Available Stable Funding	₱36,323	₱33,567	₱34,618	₱33,527
Required Stable Funding	26,775	24,982	26,939	25,117
Net Stable Funding Ratio	1.36	1.34	1.29	1.33

Market Risk

Market risk is the potential decline in earnings, either immediately or over time, as a result of changes in the level or volatility of interest rates, foreign exchange rates or commodities or equity prices. The Parent Company's market risk emanates from various financial instruments traded and or held by its business units. The ALCO is the decision-making body to manage market risk related matters. It is supported by the RMD through its systematic process of identifying, measuring, reporting and monitoring of market risk. The RMD is an oversight unit of the Parent Company that measures market risks and reports results directly to the RMOC. Measurement of market risk is done using the Earnings-at-Risk (EaR) methodologies.

The Parent Company adopted the Standardized Approach set by the BSP in calculating capital adequacy covering market risk. The standardized approach employs standard risk weights for both the general and specific market risks. The general market risk classifies market risk according to coupon rate and the tenor of instruments while specific market risk classifies market risk based on the nature or type of security/instrument.

Moreover, as a control measure for losses in the trading activities that may arise, market risk limits are put in place such as volume or position limits and stop loss limits. Nominal Position Limit is the maximum amount of open positions that can be held within a set time period for each exposure of the Parent Company. It is a pre-determined position level set by the Management and approved by the BOD for a specific instrument. Position limits are set for fixed income instruments and for foreign exchange positions of the Parent Company.

The method by which the Parent Company measures the potential effect of interest rate fluctuation to its assets and liabilities or net interest earnings is by way of EaR measurement. EaR measures the Parent Company's susceptibility to changes in interest rates. It calculates the change in income over the next 12 months, given current exposures that will result from a management-selected and approved change in interest rate. The Parent Company computes for the EaR for Peso and FCDU books separately.

To compute for the EaR, a repricing gap must first be created. Rate sensitive assets and liabilities are distributed into predetermined time bands or according to their repricing dates or maturity dates or assumed behavior of payouts or liquidation. A gap is considered positive when the amount of interest rate-sensitive assets exceeds the amount of interest rate-sensitive liabilities. On the other hand, a gap is considered negative when the amount of interest rate-sensitive liabilities exceeds the amount of interest rate-sensitive assets. The EaR is computed based on the resultant gaps in each tenor bucket and the gap is multiplied by the year-on-year change in interest rate.

Below is the repricing gap of interest sensitive assets and liabilities as of December 31, 2023 and 2022 (amounts in thousands):

December 31, 2023						
PESO BOOKS	1 Month	2 to 3 Months	4 to 6 Months	7 to 12 Months	> 1 Year	Total
Assets						
Cash in vault	P-	P-	P-	P-	P-	P-
Loans and receivables	5,288,948	1,874,333	1,776,916	538,345	10,091,212	19,569,754
Due from BSP	-	-	-	-	-	-
Due from other banks	691,277	-	-	-	5	691,282
Investment securities*	2,095,873	248,378	45,352	1,654,208	16,623,802	20,667,613
	8,076,098	2,122,711	1,822,268	2,192,553	26,715,019	40,928,649
Liabilities						
Deposit liabilities	49,508,415	2,107,278	2,731,770	2,018,752	734,193	57,100,408
Repricing gap	(P41,432,317)	(P4,548,426)	P909,502	(P173,801)	(P25,980,826)	(P16,171,759)
EaR (2.326SD)	(P6,554,966)	P1,863	(P59,107)	(P1,922)		
EaR Cumulative	(6,554,966)	(6,553,103)	(6,612,210)	(6,610,288)		

* Consisting of financial assets at FVTPL, financial assets at FVOCI, debt securities at amortized cost and unquoted debt securities classified as loans

December 31, 2022						
PESO BOOKS	1 Month	2 to 3 Months	4 to 6 Months	7 to 12 Months	> 1 Year	Total
Assets						
Cash in vault	P-	P-	P-	P-	P-	P-
Loans and receivables	3,297,468	4,019,353	1,324,508	1,167,905	9,243,943	19,053,177
Due from BSP	-	-	-	-	-	-
Due from other banks	543,072	-	-	-	5	543,077
Investment securities*	-	59,761	439,214	517,158	15,532,859	16,588,992
	3,840,540	4,119,114	1,763,722	1,685,063	24,776,807	36,185,246
Liabilities						
Deposit liabilities	47,287,394	4,799,431	835,592	172,938	2,549,121	55,644,475
Repricing gap	(P43,446,854)	(P680,317)	P928,130	P1,512,125	(P22,227,686)	(P19,459,229)
EaR (2.326SD)	(P9,166,114)	(P107,426)	P89,219	P22,057		
EaR Cumulative	(9,166,114)	(9,273,540)	(9,184,321)	(9,162,264)		

* Consisting of financial assets at FVTPL, financial assets at FVOCI, debt securities at amortized cost and unquoted debt securities classified as loans

In a declining interest rate scenario, a positive repricing gap position would normally yield to a decrease in earnings due to lower interest income. The first month in 2023 is projected to be in a substantial negative repricing gap, similar with the previous year. Hence, a decline in interest rates may result in a projected EaR of ₱6.55 billion. This is because bulk of the deposit liabilities, specifically non-core demand and savings deposits, were lodged in the first bucket as Basel prescribed. Thus, when subjected to a sustained decreasing rate, the potential EaR may yet reduce to ₱6.95 billion at the end of the first year in 2023. On the other hand, if interest rates will increase at the same confidence interval, the Parent Company may gain interest income by as much as ₱6.95 billion within the same period in 2023.

December 31, 2023						
FCDU BOOKS	1 Month	2 to 3 Months	4 to 6 Months	7 to 12 Months	> 1 Year	Total
Assets						
Placement with other banks	\$8,040	\$-	\$-	\$-	\$-	\$8,040
Liabilities						
Deposit liabilities	\$4,933	\$2,744	\$172	\$116	-	\$7,965
Repricing gap	\$3,107	(\$2,744)	(\$172)	(\$116)	\$-	\$75
EaR (2.326SD)	\$199	(\$111)	(\$4)	(\$-)		
EaR Cumulative	\$199	\$88	\$84	\$84		

* Consisting of financial assets at FVTPL, financial assets at FVOCI, debt securities at amortized cost and unquoted debt securities classified as loans

December 31, 2022						
FCDU BOOKS	1 Month	2 to 3 Months	4 to 6 Months	7 to 12 Months	> 1 Year	Total
Assets						
Placement with other banks	\$10,078	\$-	\$-	\$-	\$-	\$10,078
Liabilities						
Deposit liabilities	\$1,212	\$4,412	\$256	\$4,106	-	\$9,986
Repricing gap	\$8,866	(\$4,412)	(\$256)	(\$4,106)	\$-	\$92
EaR (2.326SD)	\$578	(\$181)	(\$6)	(\$15)		
EaR Cumulative	\$578	\$396	\$391	\$376		

* Consisting of financial assets at FVTPL, financial assets at FVOCI, debt securities at amortized cost and unquoted debt securities classified as loans

For the year 2023, positive repricing gap is noted on the first month bucket with an EaR of \$199 thousand. Negative repricing gap is noted in the succeeding buckets with total EaR of \$115 thousand.

For the FCDU books in 2022, positive gap is also noted on the first month bucket with an EaR of \$578 thousand. Negative repricing gap is also noted in the 2-3 month to >1year buckets with total EaR of \$202 thousand.

Sensitivity analysis on unrealized gains (losses)

The following table sets forth the sensitivity of the Parent Company's profit or loss and other comprehensive income to reasonably possible changes in interest rates with all other variables held constant (amount in thousands):

Changes in interest rates (in basis points)	2023		2022	
	+100	-100	+100	-100
Net unrealized gains (losses) on investment securities				
Financial assets at FVTPL	₱20,041	₱36,913	-	-
Total impact on profit or loss	₱20,041	₱36,913	-	-
Financial assets at FVOCI	(₱303,451)	₱107,741	(₱297,424)	(₱19,708)
Total impact on other comprehensive income	(₱303,451)	₱107,741	(₱297,424)	(₱19,708)

The sensitivity is calculated by revaluing financial assets at FVTPL and at FVOCI at the reporting date for the effects of the assumed changes in interest rates.

Capital Management

The objective of the Parent Company's capital management framework is to ensure that there is sufficient capital to support the underlying risks of its business activities and to maintain an adequately capitalized status under regulatory requirements. The sufficiency of capital is measured using the rules and ratios established by the BSP.

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) as reported to the BSP, determined on the basis of regulatory accounting policies which differ from PFRS in some respects. In addition, the risk-based CAR of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00%. Qualifying capital and risk-weighted assets are computed based on BSP regulations, which differ from PFRS in some respects.

Under existing BSP regulations, in accordance with the Basel III standards, a minimum Common Equity Tier 1 (CET1) ratio of 6.00%, Tier 1 capital ratio of 7.50%, and a capital conservation buffer of 2.50% comprised of CET1 capital shall be maintained at all times. Also, the combined capital accounts of the Parent Company should not be less than an amount equal to 10.00% of its risk assets. Risk assets consist of total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits, and other non-risk items as determined by the MB of the BSP.

On April 10, 2013, the BOD approved the exclusion of Appropriated surplus in the calculation of the Parent Company's 'unimpaired capital' for the Parent Company's subsequent reporting to the BSP, as also discussed in Note 19.

BSP also requires banks to implement an Internal Capital Adequacy Assessment Process (ICAAP) which supplements the BSP's risk-based capital adequacy framework. Accordingly, the policies and processes guiding the determination of the sufficiency of capital of the Parent Company have been incorporated to the Parent Company's ICAAP to comply with the requirements of the BSP. In June 2021, the Parent Company submitted its most recent ICAAP for the five-year period 2021 to 2025. The plan was based on both the BOD-approved strategic plan as well as capital build-up plan (CBUP). The Parent Company is presently performing its ICAAP exercise for the five-year period, 2022 to 2026 for which report shall be submitted to the BSP in June 2022.

BSP regulations also set out the minimum capital required for licensed commercial banks with 11 to 100 branches which is ₱10.00 billion, subject to a transitory provision allowing existing banks a period of five years from November 19, 2014 within which to meet the required minimum capitalization. Banks not meeting the required minimum capital shall develop a capital build-up program for submission to the BSP. Pursuant to this BSP regulation, the Parent Company developed its CBUP in 2016 covering years 2016 to 2020 (the 2016 CBUP), which was approved by the MB of the BSP in June 2016. The MB also approved the grant of regulatory relief to the Parent Company in the form of exemption from compliance from the minimum capital requirements under the Manual of Regulations for Banks (MORB), subject to compliance with the minimum CAR of 10% and approved capital levels under the 2016 CBUP.

The 2016 CBUP is based solely on internal sources or earnings as the source of capital growth. However, recognizing the delay in attaining the required capital through earnings, in April 2017, the Parent Company began to develop a capital raising program intended to accelerate capital build-up towards the capital commitments under the 2016 CBUP. In January 2018, the Parent Company completed and submitted to the BSP a revised capital build-up plan (2018 CBUP) that incorporated its capital raising program, particularly two tranches of capital raising activities, as a new source of equity.

In October 2018, the Parent Company commenced a series of capital raising initiatives with the tranche of stock rights offering to existing stockholders of the Parent Company involving 21,800,000 common shares from the unissued portion of the Parent Company's authorized capital and treasury shares (see Note 19).

In December 2018, the Parent Company submitted to BSP its updated capital build-up plan (the 2019 CBUP) in order to incorporate developments in the capital raising program, as well as to consider the impact of the Parent Company's strategic plan for years 2019 to 2023. In line with the comments received from the BSP, a revised CBUP was submitted in July 2019 which was approved by the BSP under MB resolution dated October 3, 2019 and provides the following minimum capital:

	2019	2020	2021	2022	2023
Adjusted capital (in ₱ million)	₱3,172	₱4,883	₱7,740	₱10,424	₱11,459

In 2019, the Parent Company was able to post the highest net income of ₱583.15 million in its history after reporting net losses for four (4) straight years. Further, the approved commitments under the CBUP covering the year 2019 on CAR and adjusted capital were also achieved. The subsequent years however saw the tremendous challenges brought about by the global COVID-19 pandemic, including the inability to deploy its liquid assets to higher yielding loans coupled with the difficult business environment adversely affecting many of its clients. These led to net losses in 2020 and 2021.

In December 2023, the MB, in its Resolution No. 1592, approved the following:

- The substantial subscription of the common shares by the Parent Company's major investor, out of its existing authorized and unissued common capital stock, up to 40% stockholdings in the Parent Company's voting stock; and
- The updates in the CBUP of the Parent Company to be completed on or before June 30, 2024, as follows (subject to a number of conditions):

	Existing Issued (Veterans)	1 st Tranche Unissued (Non- Veterans)	Total	2 nd Tranche Veterans	Non- Veterans	Total
Adjusted capital (in ₱millions)	₱2,880	₱2,120	₱5,000	₱2,837	₱5,163	₱13,000

The CAR as of December 31, 2023 and 2022 presented below excludes the Appropriated surplus i.e., deducted from regulatory capital, as discussed in Note 19 (amounts, except ratios, are expressed in millions):

	Consolidated		Parent Company	
	2023	2022 (As Restated – Note 32)	2023	2022 (As Restated – Note 32)
Tier 1 Capital (a)	₱1,556	(₱133)	₱1,583	(₱106)
Common Equity Tier 1 (CET1) Capital (b)	1,195	(494)	1,222	(467)
Additional Tier 1 Capital	361	361	361	361
Tier 2 Capital	185	177	184	177
Total Qualifying Capital (c)	₱1,741	₱44	₱1,767	₱71
Total Credit Risk-Weighted Assets	₱28,059	₱29,938	₱28,048	₱29,731
Total Market Risk-Weighted Assets	181	94	181	94
Total Operational Risk-Weighted Assets	4,167	4,678	4,163	4,676
Total Risk-Weighted Assets (d)	₱32,407	₱34,710	₱32,392	₱34,501
Common Equity Tier 1 Ratio (b)/(d)	3.69%	(1.42%)	3.77%	(1.35%)
Tier 1 Capital Ratio (a)/(d)	4.80%	(0.38%)	4.89%	(0.31%)
CAR (c)/(d)	5.37%	0.13%	5.46%	0.21%

The unamortized portion of the allowance on the IBCL and accounts receivable from a thrift bank amounting to ₱0.74 billion and ₱0.91 billion as of December 31, 2023 and 2022, respectively, is not deducted from the qualifying capital in computing for the Parent Company's CAR, since the BSP granted regulatory relief to the Parent Company to defer the recognition of the allowance for impairment and credit losses over 20 years (see Note 27).

BSP also requires the Basel III Leverage Ratio (BLR) which is a supplementary measure to risk-based capital requirement where the numerator is the tier 1 Capital and the denominator is the exposure measure. The ratio requirement for BLR is 5%. BLR as reported to the BSP as of December 31, 2023 and 2022 for the Group and Parent are as follows (amounts, except ratios, are expressed in millions):

	Consolidated		Parent Company	
	2023	2022 (As Restated – Note 32)	2023	2022 (As Restated – Note 32)
Total Capital Measure	₱1,556	(₱133)	₱1,583	(₱106)
Total Exposure Measure	62,526	59,376	60,754	59,345
Basel Leverage Ratio	2.49%	(0.22%)	2.48%	(0.18%)

As disclosed in Note 2, on April 26, 2021, the BSP approved the request of the Parent Company's availment of regulatory relief provided for under BSP Memorandum M-2020-061. The regulatory relief provided pertains to the staggered booking of (ECL) of ₱1.27 billion to be booked on a quarterly basis over a period of five (5) years starting in 2020. Under the approval, the staggered booking of the 2020 ECL shall be considered by the BSP for purposes of determining compliance with the minimum CAR, liquidity coverage ratio, net stable funding ratio, reserve requirement and other prudential requirements. The adjusted funding and capital ratios as of December 31, 2023 and 2022, considering the relief provided by BSP for the impact of staggered booking of 2020 ECL, are as follows (amounts, except ratios, are expressed in millions):

	Consolidated		Parent Company	
	2023	2022 (As Restated – Note 32)	2023	2022 (As Restated – Note 32)
<i>Net Stable Funding Ratio (NSFR)</i>				
Available Stable Funding	₱36,323	₱34,196	₱34,618	₱34,157
Required Stable Funding	26,632	25,297	27,082	25,432
Net Stable Funding Ratio	1.36	1.35	1.28	1.34
<i>Capital Adequacy Ratio (CAR)</i>				
Tier 1 Capital (a)	₱1,842	₱496	₱1,870	₱523
Common Equity Tier 1 (CET1) Capital (b)	1,481	135	1,509	162
Additional Tier 1 Capital	361	361	361	361
Tier 2 Capital	185	177	184	177
Total Qualifying Capital (c)	₱2,027	₱673	₱2,054	₱700
Total Credit Risk-Weighted Assets	₱28,059	₱29,938	₱27,881	₱30,360
Total Market Risk-Weighted Assets	194	94	194	94
Total Operational Risk-Weighted Assets	4,167	4,678	4,163	4,676
Total Risk-Weighted Assets (d)	₱32,420	₱34,710	₱32,238	₱35,130
Common Equity Tier 1 Ratio (b)/(d)	4.57%	0.39%	4.68%	0.46%
Tier 1 Capital Ratio (a/d)	5.68%	1.43%	5.80%	1.49%
Capital Adequacy Ratio (c)/(d)	6.25%	1.94%	6.37%	1.99%
<i>Basel III Leverage Ratio</i>				
Total Capital Measure	₱1,843	(₱496)	₱1,970	₱523
Total Exposure Measure	62,526	59,376	62,509	59,345
Basel Leverage Ratio	2.95%	(0.84%)	2.99%	(0.88%)

To meet the minimum capital requirement of the BSP, the Parent Company plans to raise additional capital. However, under Republic Act No. 3518, the ownership of the Parent Company's shares is confined to World War II veterans or their heirs. This condition significantly impacts the Parent Company's ability to successfully raise additional capital. Republic Act No. 11597, which was signed into law on December 10, 2021, widened the Parent Company's investor base by expanding the definition of "veterans" to include post-World War II veterans and retirees of the AFP. It also allows non-veterans to become shareholders of the Parent Company provided that the veterans shall at all time retain majority of the common shares of the Bank. With the expansion of qualified investor base, the Parent Company began its capital raising activities (see Note 3).

5. Fair Value Measurement

The following table provides 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. Financial instruments which fair values are required to be disclosed, but the carrying values equal their fair values are not shown (amounts in thousands).

Consolidated					
December 31, 2023					
	Carrying Value	Total	Fair Value		
			Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Measured at fair value:					
Financial assets					
Financial assets at FVTPL					
Financial assets not meeting the SPPI criterion	P79,665	P79,665	P-	P-	P79,665
Government debt securities	984,248	984,248	984,248	-	-
Financial assets at FVOCI					
Government debt securities	6,364,603	6,364,603	-	6,364,603	-
Private debt securities	423,038	423,038	423,038	-	-
Quoted equity securities	105,142	105,142	105,142	-	-
Unquoted equity securities	77,092	77,092	-	77,092	-
	P8,033,788	P8,033,788	P1,512,428	P6,441,695	P79,665
Fair values are disclosed:					
Financial assets					
Debt securities at amortized cost					
Government debt securities	P12,812,576	P10,469,758	P10,469,758	P-	P-
Private debt securities	83,148	76,346	-	76,346	-
Loans and receivables -- net					
Loans and discounts					
Corporate	15,017,059	13,152,935	-	-	13,152,935
Pension	1,872,651	1,081,542	-	-	1,081,542
Purchased receivable	56,717	49,976	-	-	49,976
Mortgage and salary	4,732,380	2,460,638	-	-	2,460,638
Sales contract receivable	510,303	296,129	-	-	296,129
	35,084,834	27,587,324	10,469,758	76,346	17,041,220
Nonfinancial assets					
Investment properties	1,803,825	7,185,941	-	-	7,185,941
	P36,888,659	P34,773,265	P10,469,758	P76,346	P24,227,161
Financial liabilities					
Deposit liabilities					
Time deposits	P5,141,041	P4,987,598	-	-	P4,987,598
	P5,141,041	P4,987,598	-	-	P4,987,598

Consolidated					
December 31, 2022 (as restated – Note 32)					
	Carrying Value	Total	Fair Value		
			Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Measured at fair value:					
Financial assets					
Financial assets at FVTPL					
Financial assets not meeting the SFPI criterion	₱104,907	₱104,907	₱–	₱–	₱104,907
Financial assets at FVOCI					
Government debt securities	4,745,574	4,745,574	–	4,745,574	–
Private debt securities	625,111	625,111	625,111	–	–
Quoted equity securities	83,644	83,644	83,644	–	–
Unquoted equity securities	101,696	101,696	–	101,696	–
	₱5,660,932	₱5,660,932	₱708,755	₱4,847,270	₱104,907
Fair values are disclosed:					
Financial assets					
Debt securities at amortized cost					
Government debt securities	₱10,890,018	₱7,896,919	₱7,896,919	₱–	₱–
Private debt securities	279,850	263,232	–	263,232	–
Loans and receivables – net					
Loans and discounts					
Corporate	14,858,066	13,394,631	–	–	13,394,631
Pension	2,088,701	1,329,989	–	–	1,329,989
Purchased receivable	326,028	326,027	–	–	326,027
Mortgage and salary	4,147,347	2,172,541	–	–	2,172,541
Unquoted debt securities	51,323	51,323	–	–	51,323
Sales contract receivable	127,254	88,202	–	–	88,202
	32,768,587	25,522,864	7,896,919	263,232	17,362,713
Nonfinancial assets					
Investment properties	2,094,030	6,329,018	–	–	6,329,018
	₱34,862,626	₱31,851,882	₱7,896,919	₱263,232	₱23,691,731
Financial liabilities					
Deposit liabilities					
Time deposits	₱4,153,199	₱3,923,398	₱–	₱–	₱3,923,398
	₱4,153,199	₱3,923,398	₱–	₱–	₱3,923,398

Parent Company					
December 31, 2023					
		Fair Value			
	Carrying Value	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Measured at fair value:					
Financial assets					
Financial assets at FVTPL					
Financial assets not meeting the SPPI criterion	₱79,665	₱79,665	₱—	₱—	₱79,665
Government debt securities	984,248	984,248	984,248	—	—
Financial assets at FVOCI					
Government debt securities	6,364,603	6,364,603	—	6,364,603	—
Private debt securities	423,038	423,038	423,038	—	—
Quoted equity securities	105,142	105,142	105,142	—	—
Unquoted equity securities	77,092	77,092	—	77,092	—
	₱8,033,788	₱8,033,788	₱1,512,428	₱6,441,695	₱79,655
Fair values are disclosed					
Financial assets					
Debt securities at amortized cost					
Government debt securities	₱12,812,576	₱10,469,758	₱10,469,758	₱—	₱—
Private debt securities	83,418	76,346	—	76,346	—
Loans and receivables - net					
Loans and discounts					
Corporate	15,017,059	13,152,935	—	—	13,152,935
Pension	1,872,651	1,081,542	—	—	1,081,542
Purchased receivable	56,717	49,976	—	—	49,976
Mortgage and salary	4,701,004	2,433,709	—	—	2,433,709
Sales contract receivable	487,712	287,595	—	—	287,595
	35,031,137	27,551,861	10,469,758	76,346	17,005,757
Nonfinancial assets					
Investment properties	1,815,827	7,185,941	—	—	7,185,941
	36,846,964	34,737,802	10,469,758	76,346	24,191,698
Financial liabilities					
Deposit liabilities					
Time deposits	₱5,138,613	₱4,985,245	—	—	₱4,985,245
	₱5,138,613	₱4,985,245	—	—	₱4,985,245

Parent Company					
December 31, 2022 (as restated – Note 32)					
	Fair Value				
	Carrying Value	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Measured at fair value:					
Financial assets					
Financial assets at FVTPL					
Financial assets not meeting the SPPI criterion	₱104,907	₱104,907	₱–	₱–	₱104,907
Financial assets at FVOCI					
Government debt securities	4,745,574	4,745,574	–	4,745,574	–
Private debt securities	625,111	625,111	625,111	–	–
Quoted equity securities	83,644	83,644	83,644	–	–
Unquoted equity securities	101,696	101,696	–	101,696	–
	₱5,660,932	₱5,660,932	₱708,755	₱4,847,270	₱104,907
Fair values are disclosed					
Financial assets					
Debt securities at amortized cost					
Government debt securities	₱10,890,018	₱7,896,919	₱7,896,919	₱–	₱–
Private debt securities	279,850	263,232	–	263,232	–
Loans and receivables - net					
Loans and discounts					
Corporate	14,856,066	13,394,631	–	–	13,394,631
Pension	2,088,701	1,329,989	–	–	1,329,989
Purchased receivable	326,028	326,027	–	–	326,027
Mortgage and salary	4,096,052	2,123,012	–	–	2,123,012
Unquoted debt securities	51,323	51,324	–	–	51,324
Sales contract receivable	82,141	68,324	–	–	68,324
	32,670,179	25,453,458	7,896,919	263,232	17,293,307
Nonfinancial assets					
Investment properties	2,105,115	6,322,118	–	–	6,322,118
	₱34,775,294	₱31,775,576	₱7,896,919	₱263,232	₱23,615,425
Financial liabilities					
Deposit liabilities					
Time deposits	₱4,150,771	₱3,921,173	₱–	₱–	₱3,921,173
	₱4,150,771	₱3,921,173	₱–	₱–	₱3,921,173

Fair value of financial assets not meeting the SPPI criterion is determined through discounted cash flow methods using discount rates, which represent the Parent Company's incremental lending rates, together with a credit risk premium, for the underlying assets. The table below shows the sensitivity analysis on the fair values of such financial assets based on reasonably possible changes in discount rates as of December 31, 2023 and 2022, with all other assumptions held constant (amounts in thousands):

Changes in interest rates (in basis points)	2023		2022	
	+100	–100	+100	–100
Increase (decrease) in fair value	(5,844)	6,446	(₱7,470)	₱8,277

The movements in financial assets at FVTPL under Level 3 fair value hierarchy is as follows (amounts in thousands):

	2023	2022
Balance at beginning of the year	₱104,907	₱133,749
Fair value change	384	(26,094)
Assets derecognized during the year	(25,626)	(2,748)
Balance at end of the year	₱79,665	₱104,907

Fair value change is included under 'Trading gains - net' in the statements of income.

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are:

Cash and other cash items, due from BSP, due from other banks, SPURA, accounts receivable and accrued interest receivable - Carrying amounts approximate fair values given the short-term nature of the instruments.

Debt securities - Fair values are generally based on quoted market prices. When the market prices are not readily available, the Group uses adjusted quoted market prices of comparable investments or applied discounted cash flow methodologies. The prevailing interest rates used for peso-denominated securities range from 3.75% to 8.10% and from 1.68% to 6.95% in 2023 and 2022, respectively.

Equity securities - The Group's investments in equity securities include quoted and unquoted shares of stocks. Fair values of quoted equity securities are based on quoted market prices. Unquoted equity securities held by the Group for operational purposes have been designated at FVOCI under PFRS 9 and their fair values were determined by reference to either bid quotes for recent transactions or average available prices of comparable quoted companies prevailing at the reporting date.

Loans and discounts - Fair values of loans and discounts, including unquoted debt securities classified as loans and other receivables, are estimated using the discounted cash flow methodology, using the Parent Company's current incremental lending rates for similar types of loans and receivables. For loans with floating interest rates, with repricing frequencies on a quarterly basis, the Group assumes that the carrying amount approximates fair value. The discount rates used in estimating the fair value of loans and receivables range from 1.00% to 59.94% in 2023 and 2022.

Investment properties - Fair value of the investment properties measured at Level 3 has been determined based on valuations made by external and/or in-house appraisers on the basis of recent sales transactions of similar properties in the same areas as the properties and taking into account the economic conditions prevailing at the time the valuations were made. Market data approach is used. It involves correlation and analysis of comparable lots, either recently sold or offered for sale in the market, upon which the market value of subject property is estimated. The inputs considered by the appraisers in the valuation include price per square meter, size and shape of property, location and time element of the appraisal.

Deposit liabilities - Fair values of demand deposit liabilities and savings deposit liabilities approximate their carrying amounts due to the demand nature. The fair values of time deposit liabilities are estimated using the discounted cash flow methodology, using the Parent Company's current incremental borrowing rates for similar types of deposits. The discount rates used in estimating the fair value of time deposits range from 0.05% to 5.75% and 0.05% to 5.5% in 2023 and 2022, respectively,

Manager's check, accrued interest payable and other liabilities - Carrying amounts approximate fair values given the short-term nature of the instruments.

6. Interbank Loans Receivable and Securities Purchased Under Resale Agreement

This account consists of (amounts in thousands):

	2023	2022
IBCL (Note 27)	₱1,669,600	₱1,669,600
SPURRA (Note 29)	2,720,965	1,086,138
	4,390,565	2,755,738
Allowance for impairment and credit losses (Notes 13 and 27)	(1,190,285)	(1,081,762)
	₱3,200,280	₱1,673,976

The outstanding balance of SPURA as of December 31, 2023 and 2022 pertains to overnight placements with the BSP where the underlying securities cannot be sold or repledged to parties other than the BSP, with interest rate of 6.39% and 5.50% in 2023 and 2022, respectively.

7. Trading and Investment Securities

Financial Assets at FVTPL

As of December 31, 2023 and 2022, this account consists of (amounts in thousands):

	2023	2022
Financial assets not meeting the SPPI criterion	₱79,665	₱104,907
Government debt securities	984,248	—
	₱1,063,913	₱104,907

The peso-denominated government debt securities at FVTPL bear nominal annual interest rates ranging from 0.00% to 5.75% in 2023.

The net unrealized gain (loss) on financial assets at FVTPL amounted to ₱48.96 million in 2023, (₱14.98) million in 2022 and (₱11.16) million in 2021.

Investment Securities at FVOCI

As of December 31, 2023 and 2022, this account consists of (amounts in thousands):

	2023	2022
Debt securities		
Government (Notes 14 and 24)	₱6,364,603	₱4,745,574
Private	423,038	625,111
	6,787,641	5,370,685
Equity securities		
Quoted	105,142	83,644
Unquoted	77,092	101,696
	182,234	185,340
	₱6,969,875	₱5,556,025

The peso-denominated government debt securities at FVOCI bear nominal annual interest rates ranging from 0.00% to 8.63% in 2023 and 2022, while the peso-denominated private debt securities at FVOCI bear nominal annual interest rates ranging from 3.38% to 7.60% and 2.84% to 7.60% in 2023 and 2022, respectively.

Loss on disposal of equity securities included under 'Gain on sale of assets amounted to ₱36.72 million, ₱3.04 million and ₱1.52 million in 2023, 2022, and 2021, respectively, for the Group and Parent Company.

As of December 31, 2023 and 2022, the ECL on debt securities at FVOCI amounted to nil and ₱1.12 million, respectively, which is included under 'Net accumulated unrealized loss on financial assets at FVOCI (see Note 13) in 2022.

Unquoted equity securities are composed mostly of various bank association membership shares that are not actively traded in the market. The Group does not intend to sell these securities in the near future.

Net Accumulated Unrealized Losses on Financial Assets at FVOCI

Movements in net unrealized losses, presented under 'Equity' in the statement of financial position are as follows (amounts in thousands):

	2023	2022
Balance at beginning of year	(₱143,683)	(₱217)
Mark-to-market gain (loss) for the year	133,201	(132,256)
Reversal of credit losses on debt securities at FVOCI (Note 13)	(1,124)	-
Realized gain for the year	(31,315)	(11,210)
Net change during the year	100,762	(143,466)
Balance at end of year	(₱42,921)	(₱143,683)

Debt Securities at Amortized Cost

As of December 31, 2023 and 2022 this account consists of (amounts in thousands):

	2023	2022
Government debt securities (Note 14)	₱12,812,576	₱10,890,018
Private debt securities	83,148	279,850
	₱12,895,724	₱11,169,868

The peso-denominated government debt securities at amortized cost bear nominal annual interest rates ranging from 0.00% to 8.63% in 2023 and 2.63% to 8.63% in 2022, while the peso-denominated private debt securities at amortized cost bear nominal annual interest rate ranging from 4.40% to 7.60% in 2023 and 0.00% to 6.95% in 2022.

Investment securities at amortized cost are pledged by the Parent Company for an overdraft line of credit with BSP with total carrying value of ₱3.72 billion and ₱3.49 billion as of December 31, 2023 and 2022, respectively.

Interest income on investment securities at amortized cost and at FVOCI financial assets consists of (amounts in thousands):

	2023	2022	2021
Debt securities at amortized cost	₱579,886	₱311,727	₱163,129
Financial assets at FVOCI	292,524	161,998	67,923
	₱872,410	₱473,725	₱231,052

Trading gain (loss) on trading and investment securities consist of (amounts in thousands):

	2023	2022	2021
Financial assets at FVTPL	₱89,681	(₱2,961)	₱9,970

8. Loans and Receivables

This account consists of (amounts in thousands):

	Consolidated		Parent Company	
	2023	2022	2023	2022
		(as Restated)		(as Restated)
Loans and discounts				
Corporate	18,015,656	₱17,740,129	18,015,656	₱17,740,129
Mortgage and salary (Note 25)	4,807,400	4,209,962	4,770,439	4,153,915
Pension	2,201,483	2,369,202	2,201,483	2,369,202
Purchased receivables	726,330	737,013	726,330	737,013
	25,750,869	25,056,306	25,713,908	25,000,259
Accounts receivable (Notes 25 and 27)	1,833,005	1,196,374	1,827,311	1,190,741
Unquoted debt securities	-	51,323	-	51,324
Sales contract receivable	512,462	123,285	487,871	84,172
Accrued interest receivable	311,054	423,362	302,055	415,340
	28,407,390	26,856,650	28,331,145	26,741,836
Allowance for credit losses (Notes 13 and 27)	(4,943,902)	(4,444,364)	(4,927,960)	(4,429,806)
	₱23,463,488	₱22,412,286	23,403,185	₱22,312,030

On March 25, 2020, Republic Act 11469, *Bayanihan to Heal as One Act*, was enacted. In compliance thereof, the Parent Company implemented a minimum thirty (30)-day grace period for payment of all loans falling due within the period of the enhanced community quarantine without incurring interests, penalties, fees or other charges.

On September 11, 2020, Republic Act No. 11494, *Bayanihan to Recover as One Act*, was enacted. In compliance thereof, the Parent Company granted one-time sixty (60)-day grace period for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans.

The financial reliefs mandated by the aforementioned Bayanihan Acts resulted in a modification loss of ₱108.39 million in 2020. As of December 31, 2023 and 2022, the balance of modification loss amounted to ₱15.73 million and ₱33.61 million, respectively. The outstanding balance of modified loans from the financial relief is ₱1.31 billion and ₱2.27 billion as of December 31, 2023 and 2022, respectively.

Purchased receivables as of December 31, 2023 and 2022 represents consumer loans acquired from a financing company on a without recourse basis.

Accounts receivable as of December 31, 2023 and 2022 includes receivable amounting to ₱918.61 million, representing the uninsured deposits of a thrift bank assumed by the Parent Company (see Note 27).

Unquoted debt securities issued or guaranteed by the Philippine government amounted to nil and ₱51.32 million as of December 31, 2023 and 2022, respectively. These also include agrarian reform bonds, corporate note facilities, and bonds issued by various local government units. Interest rates earned from unquoted debt securities ranges from 4.37% to 7.36% in 2022.

Interest income on loans and receivables consists of (amounts in thousands):

	Consolidated			Parent Company		
	2023	2022	2021	2023	2022	2021
Loans and discounts	₱1,684,170	₱1,386,620	₱1,355,479	₱1,680,390	₱1,383,012	₱1,353,110
Unquoted debt securities	1,819	5,321	18,055	1,819	5,321	18,055
Sales contract receivables and other receivables	7,454	15,176	18,683	5,684	12,352	15,762
	₱1,693,443	₱1,407,117	₱1,392,217	₱1,687,893	₱1,400,685	₱1,386,927

Interest rates on loans and discounts ranges from 1.00% to 59.94% in 2023, 2022 and 2021.

9. Investments in Subsidiaries

This account consists of investments in (amounts in thousands):

	Percentage of Ownership	2023	2022 (as Restated -- Note 32)
Acquisition cost			
IPI	100.00%	₱200,000	₱200,000
NAGON	97.77%	31,454	31,395
VVCC	60.00%	3,000	3,000
		234,454	234,395
Accumulated equity in net losses of subsidiaries			
Balance at beginning of year, as previously reported		(81,276)	(85,123)
Prior-period adjustment (Note 32)		(1,163)	(1,163)
Balance at beginning of year, as restated		(82,439)	(86,286)
Equity in net income for the year		9,858	3,848
Balance at end of year		(72,581)	(82,439)
Allowance for impairment losses (Note 13)		(3,000)	(3,000)
		₱158,873	₱148,956

The breakdown of the Parent Company's investments in subsidiaries is as follows (amounts in thousands):

	2023	2022 (as Restated -- Note 32)
IPI	₱136,024	₱128,440
NAGON	22,849	20,516
VVCC	3,000	3,000
	161,873	151,956
Allowance for impairment losses (Note 13)	(3,000)	(3,000)
	₱158,873	₱148,956

All subsidiaries of the Parent Company are incorporated and have principal place of business in the Philippines.

IPI

IPI is engaged in the administration and management of the Parent Company's assets, constructing and developing houses and other real estate properties, and buying and selling of foreign currencies.

NAGON

NAGON is licensed to operate as a rural bank based in Batangas, and is engaged in deposit-taking and granting of loan. The Parent Company envisions that, through the acquisition of NAGON, the Group will be active in agri-agra financing through the network of rural banks, and will participate in establishing structured agri-agra programs that will help channel funds to the agri-agra sector.

10. Bank Premises, Furniture, Fixtures and Equipment

The composition of and movements in this account are as follows (amounts in thousands):

	Consolidated					
	2023					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right of Use Asset – Branch Premise	Total
Cost						
Balances at beginning of year	₱205,566	₱590,016	₱1,014,909	₱538,585	₱342,412	₱2,691,488
Additions	—	30,429	34,222	11,139	10,471	86,261
Disposals/reclassifications / write-offs	—	(30,536)	(25,733)	(3,626)	(260)	(60,155)
Balances at end of year	205,566	589,909	1,023,398	546,098	352,623	2,717,594
Accumulated Depreciation, Amortization						
Balances at beginning of year	—	311,961	795,901	397,695	144,303	1,649,860
Depreciation and amortization	—	30,406	68,199	61,972	50,792	211,369
Disposals/reclassifications / write-offs/ adjustments	—	(16,953)	(22,298)	(2,669)	—	(41,920)
Balances at end of year	—	325,414	841,802	456,998	195,095	1,819,309
Net Book Values	₱205,566	₱264,495	₱181,596	₱89,100	₱157,528	₱898,285

	Consolidated					
	2022					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right of Use Asset – Branch Premise	Total
Cost						
Balances at beginning of year	₱205,566	₱563,015	₱974,563	₱507,594	₱331,924	₱2,582,662
Additions	—	72,867	68,951	30,991	26,343	199,152
Disposals/reclassifications / write-offs	—	(45,866)	(28,605)	—	(15,855)	(90,326)
Balances at end of year	205,566	590,016	1,014,909	538,585	342,412	2,691,488
Accumulated Depreciation, Amortization						
Balances at beginning of year	—	281,473	747,489	370,578	97,631	1,497,171
Depreciation and amortization	—	30,520	77,180	37,155	51,615	196,470
Disposals/reclassifications / write-offs/ adjustments	—	(32)	(28,768)	(10,038)	(4,943)	(43,781)
Balances at end of year	—	311,961	795,901	397,695	144,303	1,649,860
Net Book Values	₱205,566	₱278,055	₱219,008	₱140,890	₱198,109	₱1,041,628

Parent Company						
2023						
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right of Use Asset - Branch Premise	Total
Cost						
Balances at beginning of year	₱202,573	₱622,068	₱1,003,509	₱538,586	₱342,412	₱2,709,148
Additions	-	30,383	34,026	11,139	10,471	86,019
Disposals/reclassifications/ write-offs	-	(28,078)	(24,395)	(3,627)	(260)	(56,360)
Balances at end of year	202,573	624,373	1,013,140	546,098	352,623	2,738,807
Accumulated Depreciation and Amortization						
Balances at beginning of year	-	304,995	787,604	397,696	144,303	1,634,598
Depreciation and amortization	-	29,449	67,000	61,971	50,792	209,212
Disposals/reclassifications/ write-offs	-	(14,430)	(21,026)	(2,669)	-	(38,125)
Balances at end of year	-	320,014	833,578	456,998	195,095	1,805,685
Net Book Values	₱202,573	₱304,359	₱179,562	₱89,100	₱157,528	₱933,122

Parent Company						
2022						
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right of Use Asset - Branch Premise	Total
Cost						
Balances at beginning of year	₱202,573	₱595,674	₱960,874	₱507,595	₱331,924	₱2,598,640
Additions	-	72,277	68,113	30,991	26,343	197,724
Disposals/reclassifications/ write-offs	-	(45,883)	(25,478)	-	(15,855)	(87,216)
Balances at end of year	202,573	622,068	1,003,509	538,586	342,412	2,709,148
Accumulated Depreciation and Amortization						
Balances at beginning of year	-	275,401	737,902	370,579	97,631	1,481,513
Depreciation and amortization	-	29,594	75,872	37,155	51,615	194,236
Disposals/reclassifications/ write-offs	-	-	(26,170)	(10,038)	(4,943)	(41,151)
Balances at end of year	-	304,995	787,604	397,696	144,303	1,634,598
Net Book Values	₱202,573	₱317,073	₱215,905	₱140,890	₱198,109	₱1,074,550

There are no property and equipment pledged as security for the Group's liabilities. The Group and the Parent Company have fully depreciated property and equipment that are still in use with cost amounting to ₱1.01 billion and ₱1.19 billion as of December 31, 2023 and 2022, respectively.

Gain on disposal of property and equipment included under 'Gain on sale of assets - net' amounted to ₱81.36 million, ₱0.27 million, and ₱0.65 million in 2023, 2022 and 2021, respectively, for the Group, and ₱76.02 million, ₱0.04 million, and ₱0.65 million in 2023, 2022 and 2021, respectively, for the Parent Company.

The breakdown of depreciation and amortization by asset class follow (amounts in thousands):

	Consolidated			Parent Company		
	2023	2022	2021	2023	2022	2021
Bank premises, furniture, fixtures and equipment	₱211,369	₱196,470	₱186,227	₱209,212	₱194,236	₱184,129
Investment properties (Note 11)	33,590	41,339	55,028	33,590	41,339	55,029
Other foreclosed assets (Note 12)	89,917	121,457	54,504	89,916	121,458	54,504
	₱334,876	₱359,266	₱295,759	₱332,718	₱357,033	₱293,662

11. Investment Properties

The composition of and movements in this account are as follows (amounts in thousands):

	Consolidated		
	2023		
	Land	Buildings and Improvements	Total
Cost			
Balances at beginning of year	₱2,096,298	₱402,083	₱2,498,381
Additions	141,204	213,545	354,749
Disposals/reclassifications/write-offs	(629,989)	(35,264)	(665,253)
Balances at end of year	1,607,513	580,364	2,187,877
Accumulated Depreciation and Amortization			
Balances at beginning of year	-	185,940	185,940
Depreciation and amortization (Note 10)	-	33,590	33,590
Disposals/reclassifications/write-offs	-	(4,730)	(4,730)
Balances at end of year	-	214,800	214,800
Allowance for Impairment Losses (Note 13)			
Balances at beginning of year	198,801	19,601	218,402
Provisions	3,995	3,012	6,331
Disposals/reclassifications/write-offs	(53,036)	(3,122)	(56,158)
Balances at end of year	149,761	19,490	169,251
Net Book Values	₱1,457,753	₱346,073	₱1,803,826

	Consolidated		
	2022 (As Restated – Noted 32)		
	Land	Buildings and Improvements	Total
Cost			
Balances at beginning of year	₱1,916,332	₱541,488	₱2,457,820
Additions	321,012	46,266	367,278
Disposals/reclassifications/write-offs	(141,046)	(185,671)	(326,717)
Balances at end of year	2,096,298	402,083	2,498,381
Accumulated Depreciation and Amortization			
Balances at beginning of year	-	309,698	309,698
Depreciation and amortization (Note 10)	-	41,339	41,339
Disposals/reclassifications/write-offs	-	(165,097)	(165,097)
Balances at end of year	-	185,940	185,940
Allowance for Impairment Losses (Note 13)			
Balances at beginning of year	₱201,175	₱17,249	₱218,424
Provisions	5,858	2,352	8,210
Disposals/reclassifications/write-offs	(8,232)	-	(8,232)
Balances at end of year	198,801	19,601	218,402
Net Book Values	₱1,897,497	₱196,542	₱2,094,039

	Parent Company		
	2023		
	Land	Buildings and Improvements	Total
Cost			
Balances at beginning of year	₱2,110,853	₱398,604	₱2,509,457
Additions	140,997	213,545	354,542
Disposals/reclassifications/write-offs	(628,858)	(35,265)	(664,123)
Balances at end of year	1,622,992	576,885	2,199,876
Accumulated Depreciation and Amortization			
Balances at beginning of year	-	185,940	185,940
Depreciation and amortization (Note 10)	-	33,590	33,590
Disposals/reclassifications/write-offs	-	(4,731)	(4,731)
Balances at end of year	-	214,799	214,799
Allowance for Impairment Losses (Note 13)			
Balances at beginning of year	198,801	19,601	218,402
Provisions	3,995	3,012	7,007
Disposals/reclassifications/write-offs	(53,035)	(3,123)	(56,158)
Balances at end of year	149,761	19,490	169,251
Net Book Values	₱1,473,231	₱342,596	₱1,815,826

	Parent Company		
	2022 (As Restated – Note 32)		
	Land	Buildings and Improvements	Total
Cost			
Balances at beginning of year	₱1,930,887	₱538,009	₱2,468,896
Additions	321,012	46,266	367,278
Disposals/reclassifications/write-offs	(141,046)	(185,671)	(326,717)
Balances at end of year	2,110,853	398,604	2,509,457
Accumulated Depreciation and Amortization			
Balances at beginning of year	–	309,698	309,698
Depreciation and amortization (Note 10)	–	41,339	41,339
Disposals/reclassifications/write-offs	–	(165,097)	(165,097)
Balances at end of year	–	185,940	185,940
Allowance for Impairment Losses (Note 13)			
Balances at beginning of year	201,175	17,249	218,424
Provisions	5,858	2,352	8,210
Disposals/reclassifications/write-offs	(8,232)	–	(8,232)
Balances at end of year	198,801	19,601	218,402
Net Book Values	₱1,912,052	₱193,063	₱2,105,115

The Group's investment properties mainly consist of real estate properties acquired in settlement of loans and receivables.

As of December 31, 2023 and 2022, the aggregate fair value of the Group's investment properties amounted to ₱7.19 billion and ₱6.33 billion, respectively. As of December 31, 2023 and 2022, the aggregate fair value of the Parent Company's investment properties amounted to ₱7.19 billion and ₱6.32 billion, respectively (see Note 5).

Gain on disposal of investment properties included under 'Gain on sale of assets' amounted to ₱99.26 million, ₱114.91 million, and ₱71.08 million in 2023, 2022 (as restated) and 2021, respectively, for the Group, and ₱98.00 million, ₱112.03 million, and ₱58.37 million in 2023, 2022 and 2021, respectively, for the Parent Company.

Details of rental income and direct operating expenses (excluding depreciation) on investment properties, included in 'Other operating income' and 'Miscellaneous expenses', respectively, in the statement of income on the investment properties follow (amounts in thousands):

	Consolidated			Parent Company		
	2023	2022	2021	2023	2022	2021
Rental income on investment properties	₱554	₱554	₱1,185	₱554	₱554	₱1,185
Direct operating expenses – Not generating rent income	–	–	496	–	–	496

12. Other Assets

This account consists of (amounts in thousands):

	Consolidated		Parent Company	
	2023	2022	2023	2022
Software costs - net	₱846,422	₱868,675	₱846,422	₱868,675
Creditable withholding tax	300,390	305,567	281,565	288,182
Other foreclosed assets - net of depreciation	202,722	308,528	202,722	308,528
Prepaid expenses	43,366	114,276	42,339	113,238
Net retirement asset (Note 20)	163,393	197,375	163,393	197,375
Stationery and other supplies	22,259	15,160	22,223	15,101
Goodwill	16,140	16,140	-	-
Miscellaneous	193,752	231,216	136,364	135,950
	1,788,444	2,056,937	1,695,028	1,927,049
Allowance for impairment losses (Note 13)	(165,317)	(165,308)	(158,205)	(158,195)
	₱1,623,127	₱1,891,629	₱1,536,823	₱1,768,854

The composition of and changes in 'Software costs' of the Group and the Parent Company are as follows (amounts in thousands):

	Consolidated and Parent Company					
	2023			2022		
	Capitalized Software Costs	Software Costs Under Development	Total	Capitalized Software Costs	Software Costs Under Development	Total
Balance at beginning of year	₱557,872	₱310,803	₱868,675	₱617,414	₱159,856	₱777,270
Additions	31,026	48,101	79,127	10,963	177,862	188,825
Amortization/Adjustment	(101,380)	-	(101,380)	(81,957)	-	(81,957)
Transfers	138,182	(138,182)	-	11,452	(11,452)	-
Write-off	-	-	-	-	(15,463)	(15,463)
Balance at end of year	₱625,700	₱220,722	₱846,422	₱557,872	₱310,803	₱868,675

The movements in 'Other foreclosed assets' of the Group and of the Parent Company follow (amounts in thousands):

	2023	2022
Cost		
Balances at beginning of year	₱639,048	₱357,628
Additions	16,491	282,944
Disposals	(50,995)	(1,524)
Balances at end of year	604,544	639,048
Accumulated Depreciation and Amortization		
Balances at beginning of year	330,520	210,163
Depreciation and amortization (Note 10)	89,917	121,457
Disposals	(18,615)	(1,100)
Balances at end of year	401,822	330,520
Net Book Values	₱202,722	₱308,528

13. Allowance for Impairment and Credit Losses

Changes in the allowance for impairment and credit losses are summarized as follows (amounts in thousands):

	Consolidated		Parent Company	
	2023	2022	2023	2022
		(As Restated – Note 32)		(As Restated – Note 32)
Balances at beginning of year				
Loans and receivables (Note 8)	₱4,444,364	₱3,694,089	₱4,429,806	₱3,681,794
IBLR and SPURA (Note 6)	1,081,762	973,238	1,081,762	973,238
Investment properties (Note 11)	218,402	218,424	218,402	218,424
Debt securities at FVOCI (Note 7)	1,124	1,124	1,124	1,124
Due from other banks	402	402	402	402
Investment in subsidiaries (Note 9)	–	–	3,000	3,000
Other assets (Note 12)	165,308	181,366	158,195	174,329
	5,911,362	5,068,643	5,892,691	5,052,311
Provisions	598,302	724,550	596,918	721,683
Accounts written off	(581)	(18,064)	(581)	(17,461)
Disposals	(207,466)	(31,258)	(207,465)	(31,333)
Other adjustment (see Note 27)	167,491	167,491	167,491	167,491
Balances at end of year				
Loans and receivables (Note 8)	4,943,902	4,444,364	4,927,960	4,429,806
IBLR and SPURA (Note 6)	1,190,285	1,081,762	1,190,285	1,081,762
Investment properties (Note 11)	169,251	218,402	169,251	218,402
Debt securities at FVOCI (Note 7)	–	1,124	–	1,124
Due from other banks	353	402	353	402
Investments in subsidiaries (Note 9)	–	–	3,000	3,000
Other assets (Note 12)	165,317	165,308	158,205	158,195
	₱6,469,108	₱5,911,362	₱6,449,054	₱5,892,691

The allowance as of December 31, 2023 and 2022 include the amounts related to receivables from a thrift bank. The amortization of the required allowance on IBCL and accounts receivable from the thrift bank amounted to ₱167.49 million for the years 2023, 2022 and 2021 (see Note 27).

As disclosed in Note 2, the BSP approved the request of the Parent Company to amortize the 2020 provision for credit losses on certain loans and discounts amounting to ₱1,272.4 million over five (5) years. Provision for credit losses charged to profit and loss amounted to ₱309 million and ₱387 million in 2023 and 2022, respectively.

ECL on debt securities at FVOCI is reported as part of 'Net accumulated unrealized losses on financial assets at FVOCI' account in equity in 2022 (see Note 7).

With the foregoing level of allowance for impairment and credit losses, management believes that the Group has sufficient allowance to cover for significant losses that may be incurred from the non-collection or nonrealization of its loans and receivables and other risk assets, except for the IBCL and accounts receivable from a thrift bank and certain loans and discounts on which the required allowance for impairment and credit losses was deferred and is being amortized as approved by the BSP as discussed in Notes 2 and 27.

Changes in ECL Allowances

The reconciliation of allowance for loans and other credit risk assets as of December 31, 2023 and 2022 is shown in the succeeding pages (amounts in thousand).

Loans and discounts

	Consolidated			
	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Corporate				
Balance at December 31, 2022	₱67,599	₱55,171	₱2,759,293	₱2,882,063
Newly originated assets that remained in Stage 1 as at yearend	19,857	—	—	19,857
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	—	1	250,803	250,804
Effect of collections and other movements in receivable balance	(58,093)	(50,689)	(53,844)	(162,626)
Transfers to Stage 1	418	(418)	—	—
Transfers to Stage 2	(3,530)	3,530	—	—
Impact on ECL of exposures transferred between stages	(370)	4,069	4,800	8,499
Balance at December 31, 2023	25,881	11,664	2,961,052	2,998,597
Pension				
Balance at December 31, 2022	1	—	280,500	280,501
Newly originated assets that remained in Stage 1 as at yearend	1	—	—	1
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	—	—	2,560	2,560
Effect of collections and other movements in receivable balance	1	—	15,555	15,556
Transfers to Stage 1	2,863	—	(2,863)	—
Transfers to Stage 2	—	645	(645)	—
Impact on ECL of exposures transferred between stages	(2,863)	(645)	33,723	30,215
Balance at December 31, 2023	3	—	328,830	328,833
Mortgage and Salary				
Balance at December 31, 2022	10,392	19,995	32,227	62,614
Newly originated assets that remained in Stage 1 as at yearend	17,483	—	—	17,483
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	1,032	1,000	2,032
Effect of collections and other movements in receivable balance	4,898	(7,751)	(11,100)	(13,953)
Transfers to Stage 1	10,392	(9,133)	(1,259)	—
Transfers to Stage 2	(240)	1,317	(1,077)	—
Transfers to Stage 3	(300)	(1,576)	1,876	—
Impact on ECL of exposures transferred between stages	(10,295)	5,921	11,564	7,395
Balance at December 31, 2023	32,330	9,805	33,231	75,571
Purchased receivable				
Balance at December 31, 2022	1	53,178	357,806	410,985
Effect of collections and other movements	—	(10,058)	152,276	142,218
Transfers to Stage 2	—	2,518	(2,518)	—
Transfers to Stage 3	(1)	(43,103)	43,104	—
Impact of ECL of exposures transferred between stages	—	(2,517)	118,926	116,409
Balance at December 31, 2023	—	18	669,594	669,612
Total Loans and Discounts				
Balance at December 31, 2022	77,803	128,344	3,429,826	3,636,163
Newly originated assets that remained in Stage 1 as at yearend	37,341	—	—	37,341
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	—	1,033	254,363	255,396
Effect of collections and other movements in receivable balance	(53,194)	(68,498)	102,887	(18,805)
Transfers to Stage 1	13,673	(9,551)	(4,122)	—
Transfers to Stage 2	(3,770)	8,010	(4,240)	—
Transfers to Stage 3	(301)	(44,679)	44,873	—
Impact on ECL of exposures transferred between stages	(13,528)	7,033	169,013	163,397
Balance at December 31, 2023	₱58,024	₱21,692	₱3,992,600	₱4,073,692

	Consolidated			
	December 31, 2022 (As Restated – Note 32)			
	Stage 1	Stage 2	Stage 3	Total
Corporate				
Balance at December 31, 2021	₱96,830	₱93,296	₱1,894,545	₱2,084,671
Newly originated assets that remained in Stage 1 as at yearend	46,957	—	—	46,957
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	—	610	302,868	303,478
Effect of collections and other movements in receivable balance	(79,965)	(7,861)	11,907	(75,919)
Other Movements	—	—	(12,880)	(12,880)
Transfers to Stage 1	17,657	—	(17,657)	—
Transfers to Stage 2	(375)	14,647	(14,272)	—
Transfers to Stage 3	—	(85,435)	85,435	—
Impact on ECL of exposures transferred between stages	(13,505)	39,914	509,347	535,756
Balance at December 31, 2022	67,599	55,171	2,759,293	2,882,063
Pension				
Balance at December 31, 2021	65	2	255,704	255,771
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	—	—	2,973	2,973
Effect of collections and other movements in receivable balance	(56)	—	(16,483)	(16,539)
Transfers to Stage 1	1,715	(1)	(1,714)	—
Transfers to Stage 2	(1)	1	—	—
Transfers to Stage 3	(7)	(1)	8	—
Impact on ECL of exposures transferred between stages	(1,715)	(1)	40,012	38,296
Balance at December 31, 2022	1	—	280,500	280,501
Mortgage and Salary				
Balance at December 31, 2021	22,928	16,658	61,176	100,764
Newly originated assets that remained in Stage 1 as at yearend	5,024	—	—	5,024
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	5,053	2,005	7,058
Effect of collections and other movements in receivable balance	(16,797)	(4,006)	(21,493)	(42,296)
Recoveries and transfers	—	—	(12,016)	(12,016)
Accounts written-off	—	—	(2)	(2)
Transfers to Stage 1	17,160	(7,227)	(9,933)	—
Transfers to Stage 2	(323)	1,901	(1,578)	—
Transfers to Stage 3	(539)	(2,861)	3,480	—
Impact on ECL of exposures transferred between stages	(17,000)	10,497	10,586	4,083
Balance at December 31, 2022	10,393	19,995	32,227	62,615
Purchased receivable				
Balance at December 31, 2021	437	24,200	489,851	514,488
Effect of collections and other movements	(306)	12,036	(67,090)	(55,360)
Transfers to Stage 1	178	(43)	(135)	—
Transfers to Stage 2	(99)	80,603	(80,504)	—
Transfers to Stage 3	(32)	(9,541)	9,573	—
Impact of ECL of exposures transferred between stages	(177)	(54,077)	6,111	(48,143)
Balance at December 31, 2022	1	53,178	357,806	410,985
Total Loans and Discounts				
Balance at December 31, 2021	120,260	134,156	2,701,278	2,955,694
Newly originated assets that remained in Stage 1 as at yearend	51,981	—	—	51,981
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	—	5,663	307,846	313,509
Effect of collections and other movements in receivable balance	(97,124)	169	(93,159)	(190,114)
Recoveries and transfers	—	—	(24,896)	(24,896)
Accounts written off	—	—	(2)	(2)
Transfers to Stage 1	36,710	(7,271)	(29,439)	—
Transfers to Stage 2	(798)	97,152	(96,354)	—
Transfers to Stage 3	(638)	(97,858)	98,496	—
Impact on ECL of exposures transferred between stages	(32,397)	(3,667)	566,056	529,992
Balance at December 31, 2022	₱77,994	₱128,344	₱3,429,826	₱3,636,164

	Parent Company			
	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Corporate				
Balance at December 31, 2022	₱67,599	₱55,171	₱2,759,293	₱2,882,063
Newly originated assets that remained in Stage 1 as at yearend	19,857	-	-	19,857
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	-	1	250,803	250,804
Effect of collections and other movements in receivable balance	(58,093)	(50,689)	(53,844)	(162,626)
Transfers to Stage 1	418	(418)	-	-
Transfers to Stage 2	(3,530)	3,530	-	-
Impact on ECL of exposures transferred between stages	(370)	4,069	4,800	8,499
Balance at December 31, 2023	25,881	11,664	2,961,052	2,998,597
Pension				
Balance at December 31, 2023	1	-	280,500	280,501
Newly originated assets that remained in Stage 1 as at yearend	1	-	-	1
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	-	-	2,560	2,560
Effect of collections and other movements in receivable balance	1	-	15,555	15,556
Transfers to Stage 1	2,863	-	(2,863)	-
Transfers to Stage 2	-	645	(645)	-
Transfers to Stage 3	-	-	-	-
Impact on ECL of exposures transferred between stages	(2,863)	(645)	33,723	30,215
Balance at December 31, 2023	3	-	328,830	328,833
Mortgage and Salary				
Balance at December 31, 2022	10,202	19,995	27,666	57,863
Newly originated assets that remained in Stage 1 as at yearend	17,483	-	-	17,483
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	1,032	1,000	2,032
Effect of collections and other movements in receivable balance	4,898	(7,751)	(11,100)	(13,953)
Transfers to Stage 1	10,392	(9,133)	(1,259)	-
Transfers to Stage 2	(239)	1,316	(1,077)	-
Transfers to Stage 3	(193)	(1,576)	1,769	-
Impact on ECL of exposures transferred between stages	(10,295)	5,921	10,384	6,010
Balance at December 31, 2023	32,248	9,804	27,383	69,435
Purchased receivable				
Balance at December 31, 2022	1	53,178	357,806	410,985
Effect of collections and other movements	-	(10,058)	152,276	142,218
Transfers to Stage 2	-	2,518	(2,518)	-
Transfers to Stage 3	(1)	(43,103)	43,104	-
Impact on ECL of exposures transferred between stages	-	(2,517)	118,926	116,409
Balance at December 31, 2023	-	18	669,594	669,612
Total Loans and Discounts				
Balance at December 31, 2022	77,803	128,344	3,425,265	3,631,412
Newly originated assets that remained in Stage 1 as at yearend	37,341	-	-	37,341
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	-	1,033	254,363	255,396
Effect of collections and other movements in receivable balance	(53,194)	(68,498)	102,887	(18,805)
Transfers to Stage 1	13,673	(9,551)	(4,122)	-
Transfers to Stage 2	(3,769)	7,364	(4,240)	-
Transfers to Stage 3	(194)	(45,324)	44,873	-
Impact on ECL of exposures transferred between stages	(13,528)	7,473	167,833	161,133
Balance at December 31, 2023	₱58,132	₱20,841	₱3,986,859	₱4,066,477

	Parent Company			
	December 31, 2022 (As Restated - Note 32)			
	Stage 1	Stage 2	Stage 3	Total
Corporate				
Balance at December 31, 2021	₱96,830	₱93,296	₱1,894,545	₱2,084,671
Newly originated assets that remained in Stage 1 as at yearend	46,957	—	—	46,957
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	—	610	302,868	303,478
Effect of collections and other movements in receivable balance	(79,965)	(7,861)	11,907	(75,919)
Other Movements	—	—	(12,880)	(12,880)
Transfers to Stage 1	17,657	—	(17,657)	—
Transfers to Stage 2	(375)	14,647	(14,272)	—
Transfers to Stage 3	—	(85,435)	85,435	—
Impact on ECL of exposures transferred between stages	(13,505)	39,914	509,347	535,756
Balance at December 31, 2022	67,599	55,171	2,759,293	2,882,063
Pension				
Balance at December 31, 2021	65	2	255,704	255,771
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	—	—	2,973	2,973
Effect of collections and other movements in receivable balance	(56)	—	(16,483)	(16,539)
Transfers to Stage 1	1,715	(1)	(1,714)	—
Transfers to Stage 2	(1)	1	—	—
Transfers to Stage 3	(7)	(1)	8	—
Impact on ECL of exposures transferred between stages	(1,715)	(1)	40,012	38,296
Balance at December 31, 2022	1	—	280,500	280,501
Mortgage and Salary				
Balance at December 31, 2021	22,737	16,658	58,881	98,276
Newly originated assets that remained in Stage 1 as at yearend	5,024	—	—	5,024
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	5,053	2,005	7,058
Effect of collections and other movements in receivable balance	(16,797)	(4,006)	(21,493)	(42,296)
Recoveries and transfers	—	—	(12,016)	(12,016)
Accounts written-off	—	—	(2)	(2)
Transfers to Stage 1	17,160	(7,227)	(9,933)	—
Transfers to Stage 2	(323)	1,901	(1,578)	—
Transfers to Stage 3	(599)	(2,881)	3,480	—
Impact on ECL of exposures transferred between stages	(17,000)	10,497	8,322	1,819
Balance at December 31, 2022	10,202	19,995	27,666	57,863
Purchased receivable				
Balance at December 31, 2021	437	24,200	489,851	514,488
Effect of collections and other movements	(306)	12,036	(67,090)	(55,360)
Accounts written-off	—	—	—	—
Transfers to Stage 1	178	(43)	(135)	—
Transfers to Stage 2	(99)	80,603	(80,504)	—
Transfers to Stage 3	(32)	(9,541)	9,573	—
Impact of ECL of exposures transferred between stages	(177)	(54,077)	6,111	(48,143)
Balance at December 31, 2022	1	53,178	357,806	410,985
Total Loans and Discounts				
Balance at December 31, 2021	120,069	134,156	2,698,981	2,953,206
Newly originated assets that remained in Stage 1 as at yearend	51,981	—	—	51,981
Newly originated assets that moved to Stage 2 and Stage 3 at yearend	—	5,663	307,846	313,509
Effect of collections and other movements in receivable balance	(97,124)	169	(93,159)	(190,114)
Recoveries and transfers	—	—	(24,896)	(24,896)
Accounts written off	—	—	(2)	(2)
Transfers to Stage 1	36,710	(7,271)	(29,439)	—
Transfers to Stage 2	(798)	97,152	(96,354)	—
Transfers to Stage 3	(638)	(97,858)	98,496	—
Impact on ECL of exposures transferred between stages	(32,397)	(3,667)	563,792	527,728
Balance at December 31, 2022	₱77,803	₱128,344	₱3,425,265	₱3,631,412

As discussed in Note 2, the Parent Company applied staggered booking of 2020 allowance for credit losses amounting to ₱1.27 billion, as approved by the BSP. Had it been recognized in accordance with PFRS, the allowance for credit losses on loans and receivables as of December 31, 2023 and 2022 of the Group and the Parent Company follows (amounts in thousands):

Consolidated				
December 31, 2023				
	Stage 1	Stage 2	Stage 3	Total
Corporate*	25,881	14,714	3,217,657	3,258,252
Pension*	3	-	328,830	328,833
Mortgage and salary*	32,439	9,804	34,208	76,451
Purchased receivable*	-	18	696,709	696,727
	58,323	24,536	4,277,404	4,360,263

Parent Company				
December 31, 2023				
	Stage 1	Stage 2	Stage 3	Total
Corporate*	25,881	14,714	3,217,657	3,258,252
Pension*	3	-	328,830	328,833
Mortgage and salary*	32,248	9,804	27,383	69,435
Purchased receivable*	-	18	696,709	696,727
	58,132	24,536	4,270,579	4,353,247

Consolidated				
December 31, 2022				
	Stage 1	Stage 2	Stage 3	Total
Corporate*	₱67,599	₱60,834	₱3,299,007	₱3,427,440
Pension*	1	-	280,500	280,501
Mortgage and salary*	10,393	19,995	32,227	62,615
Purchased receivable*	1	53,178	408,163	461,342
	₱77,994	₱134,007	₱4,019,897	₱4,231,898

Parent Company				
December 31, 2022				
	Stage 1	Stage 2	Stage 3	Total
Corporate*	₱67,599	₱60,834	₱3,299,007	₱3,427,440
Pension*	1	-	280,500	280,501
Mortgage and salary*	10,202	19,994	27,667	57,863
Purchased receivable*	1	53,178	408,163	461,342
	₱77,803	₱134,006	₱4,015,337	₱4,227,146

*Includes only Allowance for Credit Losses for Loans and Discounts

Unquoted debt securities and sales contract receivables

Consolidated and Parent Company				
December 31, 2023				
	Stage 1	Stage 2	Stage 3	Total
Balance at December 31, 2022	₱1,334	(₱1,396)	₱2,184	₱2,122
Newly originated assets that remained in Stage 1 as at yearend	38	-	-	38
Newly originated assets that moved out of Stage 1 as at yearend	-	-	2,114	2,114
Effect of collections and other movements in receivable balance	(52)	-	(45)	(97)
Transfers to Stage 1	1,931	-	(1,931)	-
Impact on ECL of exposures transferred between stages	(2,021)	3	-	(2,018)
Balance at December 31, 2023	₱1,230	(₱1,393)	₱2,322	₱2,159

Consolidated and Parent Company				
December 31, 2022				
	Stage 1	Stage 2	Stage 3	Total
Balance at December 31, 2021	₱1,283	₱409	₱344	₱2,036
Newly originated assets that remained in Stage 1 as at yearend	7	-	-	7
Effect of collections and other movements in receivable balance	44	(406)	19	(343)
Transfers to Stage 3	-	(1,399)	1,399	-
Impact on ECL of exposures transferred between stages	-	-	422	422
Balance at December 31, 2022	₱1,334	(₱1,396)	₱2,184	₱2,122

Accounts receivables

The ECL on the accounts receivables of the Group and the Parent Company is based on their aging as of December 31, 2023 and 2022 are as follows (amounts in thousands):

December 31, 2023						
Age of Accounts Receivables						
	Within 30 days	31 to 90 days	91 to 120 days	121 to 180 days	Over 180 days	Total
Consolidated	₱—	₱204	₱92	₱3,419	₱865,416	₱869,131
Parent Company	₱—	₱204	₱92	₱3,419	₱855,609	₱859,324

December 31, 2022						
Age of Accounts Receivables						
	Within 30 days	31 to 90 days	91 to 120 days	121 to 180 days	Over 180 days	Total
Consolidated	₱—	₱193	₱204	₱523	₱805,158	₱806,078
Parent Company	₱—	₱193	₱204	₱759	₱795,352	₱796,272

Rollforward analysis of ECL on the accounts receivable as of December 31, 2023 and 2022 are as follows (amounts in thousands):

	Consolidated		Parent Company	
	2023	2022	2023	2022
Balance at January 1	₱806,078	₱736,358	₱796,272	₱726,552
Provisions	4,666	10,753	4,666	10,753
Other adjustment (Note 26)	58,967	58,967	58,967	58,967
Write-off	(581)	—	(581)	—
Balance at December 31	₱869,130	₱806,078	₱859,324	₱796,272

Treasury financial assets

Changes in ECL allowances of treasury financial assets as of December 31, 2023 and 2022 are as follows (amounts in thousands):

December 31, 2023				
	Due from other banks	Debt securities at FVOCI	Debt securities at amortized cost	Total
Balance at January 1, 2023	₱402	₱1,124	₱—	₱1,526
Provisions (reversals)	(49)	(1,124)	—	(1,173)
Balance at December 31, 2023	₱353	₱—	₱—	₱353

December 31, 2022				
	Due from other banks	Debt securities at FVOCI	Debt securities at amortized cost	Total
Balance at January 1, 2022	₱402	₱1,124	₱—	₱1,526
Provisions (reversals)	—	—	—	—
Balance at December 31, 2022	₱402	₱1,124	₱—	₱1,526

Changes in Gross Carrying Amounts of Credit Risk Assets

The following tables show the movements in the gross carrying amounts of loans and other credit risk assets as of December 31, 2023 and 2022 (amounts in thousand):

Loans and discounts

	Consolidated			
	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Corporate				
Balance at December 31, 2022	₱12,320,066	₱235,827	₱5,184,236	₱17,740,129
Newly originated assets that remained in Stage 1 as at yearend	7,360,980	-	-	7,360,980
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	30,000	471,145	501,145
Effect of collections and other movements in receivable balance	(7,082,854)	(118,061)	(385,683)	(7,586,598)
Transfers to Stage 1	12,652	(12,652)	-	-
Transfers to Stage 2	(155,248)	155,248	-	-
Transfers to Stage 3	(14,245)	-	14,245	-
Balance at December 31, 2023	₱12,441,351	₱290,362	₱5,283,943	₱18,015,656
Pension				
Balance at December 31, 2022	₱1,787,925	₱23,477	₱557,800	₱2,369,202
Newly originated assets that remained in Stage 1 as at yearend	676,212	-	-	676,212
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	3,346	5,829	9,175
Effect of collections and other movements in receivable balance	(782,472)	(9,355)	(61,279)	(853,106)
Transfers to Stage 1	13,332	(5,926)	(7,406)	-
Transfers to Stage 2	(10,511)	12,230	(1,719)	-
Transfers to Stage 3	(71,650)	(8,599)	80,249	-
Balance at December 31, 2023	₱1,612,836	₱15,173	₱573,474	₱2,201,483
Mortgage and Salary				
Balance at December 31, 2022	₱3,955,359	₱124,369	₱130,234	₱4,209,962
Newly originated assets that remained in Stage 1 as at yearend	1,810,459	-	-	1,810,459
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	13,979	4,286	18,265
Effect of collections and other movements in receivable balance	(1,140,260)	(31,985)	(59,041)	(1,231,286)
Transfers to Stage 1	64,437	(58,327)	(6,110)	-
Transfers to Stage 2	(106,080)	110,851	(4,771)	-
Transfers to Stage 3	(67,673)	(11,919)	76,592	-
Balance at December 31, 2023	₱4,516,242	₱146,968	₱144,190	₱4,807,400
Purchased Receivable				
Balance at December 31, 2022	₱162	₱151,897	₱584,954	₱737,013
Effect of collections and other movements in receivable balance	(21)	(3,982)	(6,680)	(10,683)
Accounts written-off	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	3,609	(3,609)	-
Transfers to Stage 3	(141)	(123,790)	123,931	--
Balance at December 31, 2023	₱-	₱27,734	₱698,596	₱726,330
Total Loans and Discounts				
Balance at December 31, 2022	₱18,063,512	₱535,570	₱6,457,224	₱25,056,306
Newly originated assets that remained in Stage 1 as at yearend	9,847,651	-	-	9,847,651
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	47,325	481,260	528,585
Effect of collections and other movements in receivable balance	(9,005,607)	(163,383)	(512,683)	(9,681,673)
Transfers to Stage 1	90,421	(76,905)	(13,516)	-
Transfers to Stage 2	(271,839)	281,938	(10,099)	-
Transfers to Stage 3	(153,709)	(144,308)	298,017	-
Balance at December 31, 2023	₱18,570,249	₱480,237	₱6,700,203	₱25,750,869

	Consolidated			
	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Corporate				
Balance at December 31, 2021	₱8,609,058	₱526,504	₱5,292,788	₱14,428,350
Newly originated assets that remained in Stage 1 as at yearend	8,422,261	-	-	8,422,261
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	49,510	479,780	529,290
Effect of collections and other movements in receivable balance	(4,903,120)	(149,374)	(587,278)	(5,639,772)
Transfers to Stage 1	207,573	-	(207,573)	-
Transfers to Stage 2	(15,706)	205,826	(190,120)	-
Transfers to Stage 3	-	(396,639)	396,639	-
Balance at December 31, 2022	₱12,320,066	₱235,827	₱5,184,236	₱17,740,129
Pension				
Balance at December 31, 2021	₱2,071,964	₱19,444	₱488,452	₱2,579,860
Newly originated assets that remained in Stage 1 as at yearend	756,760	-	-	756,760
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	4,906	8,300	13,206
Effect of collections and other movements in receivable balance	(896,393)	(9,103)	(75,128)	(980,624)
Transfers to Stage 1	12,251	(9,687)	(2,564)	-
Transfers to Stage 2	(23,392)	23,392	-	-
Transfers to Stage 3	(133,265)	(5,475)	138,740	-
Balance at December 31, 2022	₱1,787,925	₱23,477	₱557,800	₱2,369,202
Mortgage and Salary				
Balance at December 31, 2021	₱3,119,366	₱145,500	₱168,731	₱3,433,597
Newly originated assets that remained in Stage 1 as at yearend	1,947,774	-	-	1,947,774
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	27,772	11,371	39,143
Effect of collections and other movements in receivable balance	(1,119,535)	(27,410)	(61,208)	(1,208,153)
Accounts written-off	-	-	(2,399)	(2,399)
Transfers to Stage 1	111,512	(63,706)	(47,806)	-
Transfers to Stage 2	(55,571)	61,944	(6,373)	-
Transfers to Stage 3	(48,187)	(19,731)	67,918	-
Balance at December 31, 2022	₱3,955,359	₱124,369	₱130,234	₱4,209,962
Purchased Receivable				
Balance at December 31, 2021	₱144,682	₱111,798	₱669,653	₱926,133
Newly originated assets that remained in Stage 1 as at yearend	-	-	-	-
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	-	-	-
Effect of collections and other movements in receivable balance	(107,187)	(57,424)	(24,509)	(189,120)
Transfers to Stage 1	233	(74)	(159)	-
Transfers to Stage 2	(26,870)	119,943	(93,073)	-
Transfers to Stage 3	(10,696)	(22,346)	33,042	-
Balance at December 31, 2022	₱162	₱151,897	₱584,954	₱737,013
Total Loans and Discounts				
Balance at December 31, 2021	₱13,945,070	₱803,246	₱6,619,624	₱21,367,940
Newly originated assets that remained in Stage 1 as at yearend	11,126,795	-	-	11,126,795
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	82,188	499,451	581,639
Effect of collections and other movements in receivable balance	(7,026,235)	(243,311)	(748,123)	(8,017,669)
Recoveries and transfers	-	-	(2,399)	(2,399)
Transfers to Stage 1	331,569	(73,467)	(258,102)	-
Transfers to Stage 2	(121,539)	411,105	(289,566)	-
Transfers to Stage 3	(192,148)	(444,191)	636,339	-
Balance at December 31, 2022	₱18,063,512	₱535,570	₱6,457,224	₱25,056,306

	Parent Company			
	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Corporate				
Balance at December 31, 2022	₱12,320,066	₱235,827	₱5,184,236	₱17,740,129
Newly originated assets that remained in Stage 1 as at yearend	7,360,980	-	-	7,360,980
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	30,000	471,145	501,145
Effect of collections and other movements in receivable balance	(7,082,854)	(118,061)	(385,683)	(7,586,598)
Transfers to Stage 1	12,652	(12,652)	-	-
Transfers to Stage 2	(155,248)	155,248	-	-
Transfers to Stage 3	(14,245)	-	14,245	-
Balance at December 31, 2023	₱12,441,351	₱290,362	₱5,283,943	₱18,015,656
Pension				
Balance at December 31, 2022	₱1,787,925	₱23,477	₱557,800	₱2,369,202
Newly originated assets that remained in Stage 1 as at yearend	676,212	-	-	676,212
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	3,346	5,829	9,175
Effect of collections and other movements in receivable balance	(782,472)	(9,385)	(61,279)	(853,106)
Transfers to Stage 1	13,332	(5,926)	(7,406)	-
Transfers to Stage 2	(10,511)	12,230	(1,719)	-
Transfers to Stage 3	(71,650)	(8,599)	80,249	-
Balance at December 31, 2023	₱1,612,836	₱15,173	₱573,474	₱2,201,483
Mortgage and Salary				
Balance at December 31, 2022	₱3,903,850	₱124,369	₱125,696	₱4,153,915
Newly originated assets that remained in Stage 1 as at yearend	1,784,278	-	-	1,784,278
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	13,979	4,286	18,265
Effect of collections and other movements in receivable balance	(1,096,482)	(32,770)	(56,767)	(1,186,019)
Transfers to Stage 1	64,437	(58,327)	(6,110)	-
Transfers to Stage 2	(106,045)	110,816	(4,771)	-
Transfers to Stage 3	(64,102)	(11,919)	76,021	-
Balance at December 31, 2023	₱4,485,936	₱146,148	₱138,355	₱4,770,439
Purchased Receivable				
Balance at December 31, 2022	₱162	₱151,897	₱584,954	₱737,013
Effect of collections and other movements in receivable balance	(21)	(3,982)	(6,680)	(10,683)
Transfers to Stage 2	-	3,609	(3,609)	-
Transfers to Stage 3	(141)	(123,790)	123,931	-
Balance at December 31, 2023	₱-	₱27,734	₱698,596	₱726,330
Total Loans and Discounts				
Balance at December 31, 2022	₱18,012,003	₱535,570	₱6,452,686	₱25,000,259
Newly originated assets that remained in Stage 1 as at yearend	9,821,470	-	-	9,821,470
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	47,325	481,260	528,585
Effect of collections and other movements in receivable balance	(8,961,829)	(164,168)	(510,409)	(9,636,406)
Transfers to Stage 1	90,421	(76,905)	(13,516)	-
Transfers to Stage 2	(271,804)	281,903	(10,099)	-
Transfers to Stage 3	(150,138)	(144,308)	294,446	-
Balance at December 31, 2023	₱18,540,123	₱479,417	₱6,694,368	₱25,693,490

	Parent Company			
	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Corporate				
Balance at December 31, 2021	₱8,609,058	₱526,504	₱5,292,788	₱14,428,350
Newly originated assets that remained in Stage 1 as at yearend	8,422,261	—	—	8,422,261
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	49,510	479,780	529,290
Effect of collections and other movements in receivable balance	(4,903,120)	(149,374)	(587,278)	(5,639,772)
Transfers to Stage 1	207,573	—	(207,573)	—
Transfers to Stage 2	(15,706)	205,826	(190,120)	—
Transfers to Stage 3	—	(396,639)	396,639	—
Balance at December 31, 2022	₱12,320,066	₱235,827	₱5,184,236	₱17,740,129
Pension				
Balance at December 31, 2021	₱2,071,964	₱19,444	₱488,452	₱2,579,860
Newly originated assets that remained in Stage 1 as at yearend	756,760	—	—	756,760
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	4,906	8,300	13,206
Effect of collections and other movements in receivable balance	(896,393)	(9,103)	(75,128)	(980,624)
Accounts written off	—	—	—	—
Transfers to Stage 1	12,251	(9,687)	(2,564)	—
Transfers to Stage 2	(23,392)	23,392	—	—
Transfers to Stage 3	(133,265)	(5,475)	138,740	—
Balance at December 31, 2022	₱1,787,925	₱23,477	₱557,800	₱2,369,202
Mortgage and Salary				
Balance at December 31, 2021	₱3,096,264	₱145,498	₱165,072	₱3,406,834
Newly originated assets that remained in Stage 1 as at yearend	1,930,748	—	—	1,930,748
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	27,642	11,082	38,724
Effect of collections and other movements in receivable balance	(1,130,916)	(27,278)	(62,401)	(1,220,595)
Accounts written-off	—	—	(1,796)	(1,796)
Transfers to Stage 1	111,512	(63,706)	(47,806)	—
Transfers to Stage 2	(55,571)	61,944	(6,373)	—
Transfers to Stage 3	(48,187)	(19,731)	67,918	—
Balance at December 31, 2022	₱3,903,850	₱124,369	₱125,696	₱4,153,915
Purchased Receivable				
Balance at December 31, 2021	₱144,682	₱111,798	₱669,653	₱926,133
Effect of collections and other movements in receivable balance	(107,187)	(57,424)	(24,509)	(189,120)
Transfers to Stage 1	233	(74)	(159)	—
Transfers to Stage 2	(26,870)	119,943	(93,073)	—
Transfers to Stage 3	(10,696)	(22,346)	33,042	—
Balance at December 31, 2022	₱162	₱151,897	₱584,954	₱737,013
Total Loans and Discounts				
Balance at December 31, 2021	₱13,921,968	₱803,244	₱6,615,965	₱21,341,177
Newly originated assets that remained in Stage 1 as at yearend	11,109,769	—	—	11,109,769
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	—	82,058	499,162	581,220
Effect of collections and other movements in receivable balance	(7,037,610)	(243,179)	(749,316)	(8,030,111)
Accounts written off	—	—	(1,796)	(1,796)
Transfers to Stage 1	331,569	(73,467)	(258,102)	—
Transfers to Stage 2	(121,539)	411,105	(289,566)	—
Transfers to Stage 3	(192,148)	(444,191)	636,339	—
Balance at December 31, 2022	₱18,012,003	₱535,570	₱6,452,686	₱25,000,259

Unquoted debt securities, sales contract receivable, and accrued interest receivable

	Consolidated			
	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2023	₱400,043	₱70,886	₱133,041	₱603,970
Newly originated assets that remained in Stage 1 as at yearend	626,202	-	-	626,202
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	554	6,763	7,317
Effect of collections and other movements in receivable balance	(382,760)	(5,037)	(26,176)	(413,973)
Transfers to Stage 1	8,945	(810)	(8,135)	-
Transfers to Stage 2	(2,422)	2,447	(25)	-
Transfers to Stage 3	(4,114)	(52,225)	56,339	-
Balance at December 31, 2023	₱645,894	₱15,815	₱161,807	₱823,516

	Consolidated			
	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2022	₱657,823	₱57,771	₱150,776	₱866,370
Newly originated assets that remained in Stage 1 as at yearend	249,788	-	-	249,788
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	688	57	745
Effect of collections and other movements in receivable balance	(484,588)	29,702	(58,047)	(512,933)
Transfers to Stage 1	2,184	(1,855)	(329)	-
Transfers to Stage 2	(6,599)	7,918	(1,319)	-
Transfers to Stage 3	(18,565)	(23,338)	41,903	-
Balance at December 31, 2022	₱400,043	₱70,886	₱133,041	₱603,970

	Parent Company			
	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2023	₱350,930	₱70,886	₱129,020	₱550,836
Newly originated assets that remained in Stage 1 as at yearend	617,458	-	-	617,458
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	554	6,763	7,317
Effect of collections and other movements in receivable balance	(354,666)	(5,037)	(25,982)	(385,685)
Transfers to Stage 1	8,945	(810)	(8,135)	-
Transfers to Stage 2	(2,422)	2,447	(25)	-
Transfers to Stage 3	(4,114)	(52,225)	56,339	-
Balance at December 31, 2023	₱616,131	₱15,815	₱157,980	₱789,926

	Parent Company			
	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2022	₱594,698	₱57,770	₱147,221	₱799,689
Newly originated assets that remained in Stage 1 as at yearend	242,376	-	-	242,376
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	688	57	745
Effect of collections and other movements in receivable balance	(466,256)	29,702	(55,420)	(491,974)
Transfers to Stage 1	2,183	(1,854)	(329)	-
Transfers to Stage 2	(6,599)	7,918	(1,319)	-
Transfers to Stage 3	(15,472)	(23,338)	38,810	-
Balance at December 31, 2022	₱350,930	₱70,886	₱129,020	₱550,836

Accounts receivable

As of December 31, 2023 and 2022, an analysis by past due status of accounts receivable wherein the significant increase in credit risk is based only on the past due information is as follows (amounts in thousands):

	Consolidated					Total
	Number of days past due					
	Within 30 days	31 to 90 days	91 to 120 days	121 to 180 days	Over 180 days	
December 31, 2023	₱703,775	₱2,243	₱396	₱7,088	₱1,119,503	₱1,833,005
December 31, 2022	₱66,379	₱2,210	₱1,013	₱1,218	₱1,125,554	₱1,196,374

	Parent Company					Total
	Number of days past due					
	Within 30 days	31 to 90 days	91 to 120 days	121 to 180 days	Over 180 days	
December 31, 2023	₱701,065	₱1,994	₱358	₱6,696	₱1,117,198	₱1,827,311
December 31, 2022	₱62,381	₱2,184	₱744	₱1,150	₱1,124,282	₱1,190,741

Treasury financial assets

Movements in carrying amount of treasury financial assets, gross of ECL allowance, as of December 31, 2023 and 2022 are as follows (amounts in thousands):

	Debt securities at FVOCI	Debt securities at amortized cost	Total
Balance at January 1, 2023	₱5,370,685	₱11,169,868	₱16,540,553
New assets originated or purchased	3,507,811	12,596,018	16,103,829
Assets derecognized or repaid	(1,677,843)	(10,556,320)	(12,234,163)
Other movements	(413,012)	(313,842)	(726,854)
Balance at December 31, 2023	₱6,787,641	₱12,895,724	₱19,683,365

Balance at January 1, 2022	₱3,699,310	₱3,674,617	₱7,373,927
New assets originated or purchased	4,513,794	8,573,170	13,086,964
Assets derecognized or repaid	(2,156,966)	(1,055,283)	(3,212,249)
Other movements	(685,720)	(22,636)	(708,356)
Balance at December 31, 2022	₱5,370,418	₱11,169,868	₱16,540,286

In 2023, net decrease in amounts on due from BSP amounted to ₱2.21 billion for the Group and Parent Company, while net increase in amounts on due from other banks amounted to ₱120.71 million and ₱31.51 million for the Group and Parent Company, respectively.

In 2022, net decrease in amounts on due from BSP amounted to ₱5.29 billion for the Group and Parent Company, while net increase in amounts on due from other banks amounted to ₱256.34 million and ₱312.50 million for the Group and Parent Company, respectively.

The SPURA has a net increase of ₱1.63 billion and ₱512.03 million for the Group and Parent Company in 2023 and 2022, respectively.

14. Deposit Liabilities and Loans Payable

Deposit Liabilities

Out of the total deposit liabilities as of December 31, 2023 and 2022, 19.18% and 15.87% (for the Group) and 19.18% and 15.86% (for the Parent Company), respectively, is subject to periodic interest repricing. The remaining peso deposit liabilities earn annual fixed interest rates of 0.10% to 1.5% for the Group and the Parent Company in 2023 and 2022, while foreign currency-denominated deposit liabilities earn annual interest rates of 0.075% for the Group and the Parent Company in 2023 and 2022.

The following shows the breakdown of interest expense on deposit liabilities (amounts in thousands):

	Consolidated			Parent Company		
	2023	2022	2021	2023	2022	2021
Savings	₱112,485	₱43,544	₱52,700	₱112,336	₱43,396	₱52,547
Time	170,633	126,403	123,338	170,514	126,286	123,228
Demand	34,507	32,344	30,129	34,507	32,344	30,129
	₱317,625	₱202,291	₱206,167	₱317,357	₱202,026	₱205,904

As of December 31, 2023, and 2022, non-FCDU deposit liabilities of the Parent Company are subject to required reserves equivalent to 9.5% and 12.0%, respectively. The required reserves shall be kept in the form of deposits maintained in the demand deposit accounts with the BSP and any government securities which are previously used as compliance until they mature. As of December 31, 2023 and 2022, required liquidity floor (for government deposits and government deposit substitutes) shall be 0.00%.

Non-FCDU deposit liabilities of NAGON are subject to required reserve equivalent to 1% and 2% in 2023 and 2022, respectively.

The total liquidity and statutory reserves of the Group and the Parent Company based on the submitted report to the BSP as of December 31, 2023 and 2022 are as follows (amounts in thousands):

	Consolidated		Parent Company	
	2023	2022	2023	2022
Due from BSP	₱6,085,636	₱6,997,072	₱6,084,020	₱6,995,299
Government securities*	4,304,095	2,413,125	4,304,095	2,413,369
	₱10,389,731	₱9,410,197	₱10,388,115	₱9,408,668

* Government securities eligible as reserve requirement are classified as debt securities at amortized cost.

Loans Payable

IPI availed loans to finance its working capital and operations. The loans bear interest rate of 6.5% in 2022 and 2021. Interest rates are fixed for the loan term. Loans payable have various maturity dates ranging from 59 months to 65 months.

Interest expense on loans payable amounted to ₱0.33 million and ₱1.92 million for the Group in 2022 and 2021, respectively, and ₱0.01 million for the Parent Company in 2022.

15. Accrued Taxes, Interest and Other Expenses

This account consists of (amounts in thousands):

	Consolidated		Parent Company	
	2023	2022	2023	2022
Accrued operating expenses	₱214,692	₱238,642	₱210,840	₱234,847
Accrued interest	60,981	55,878	60,771	55,721
Accrued taxes	38,558	35,981	38,558	35,981
	₱314,231	₱330,501	₱310,169	₱326,549

Accrued operating expenses include accrual for various operating expenses such as payroll, repairs and maintenance, utilities, rental, insurance and contractual services.

16. Other Liabilities

This account consists of (amounts in thousands):

	Consolidated		Parent Company	
	2023	2022 (as restated- Note 32)	2023	2022 (as restated- Note 32)
Accounts payable (Note 25)	₱542,571	₱396,272	₱459,435	₱311,036
Due to Treasurer of the Philippines	708,308	513,192	708,308	513,192
Other dormant credits (Note 26)	587,691	371,006	587,691	371,006
Dividends payable (Note 30)	257,484	257,672	257,484	257,672
Provision for probable losses (Note 26)	14,146	14,277	14,146	14,277
Withholding tax payable	14,953	12,424	14,414	11,735
Payment order payable	2,481	3,754	2,481	3,754
Deferred tax liabilities (Note 21)	1,168	1,168	-	-
Others	81,135	86,201	81,111	86,116
	₱2,209,937	₱1,655,966	₱2,125,070	₱1,568,788

17. Maturity Analysis of Assets and Liabilities

The following tables show an analysis of assets and liabilities as to whether they are expected to be recovered or settled in less than 12 months or over 12 months from reporting date (amounts in thousands):

	Consolidated			Parent Company		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Financial Assets						
Cash and other cash items	₱946,777	₱-	₱946,777	₱946,127	₱-	₱946,127
Due from BSP	9,695,461	-	9,695,461	9,693,845	-	9,693,845
Due from other banks	1,278,210	-	1,278,210	1,136,430	-	1,136,430
IBLR and SFURA	4,390,565	-	4,390,565	4,390,565	-	4,390,565
Financial assets at FVTPL	885,089	178,824	1,063,913	885,089	178,824	1,063,913
Financial assets at FVOCI	333,551	6,636,324	6,969,875	333,551	6,636,324	6,969,875
Debt securities at amortized cost	2,302,974	10,592,750	12,895,724	2,302,974	10,592,750	12,895,724
Loans and receivables	14,555,750	13,851,640	28,407,390	14,525,879	13,805,266	28,331,145
	34,388,377	31,259,538	65,647,915	34,214,460	31,213,164	65,427,624
Nonfinancial Assets						
Investments in subsidiaries	₱-	₱-	₱-	₱-	₱161,873	₱161,873
Bank premises, furniture, fixtures and equipment	-	-	898,285	-	933,122	933,122
Investment properties	-	1,973,076	1,973,076	-	1,985,078	1,985,078
Deferred tax assets	-	410,600	410,600	-	410,600	410,600
Other assets	379,135	1,409,309	1,788,444	352,382	1,342,645	1,695,027
	379,135	4,691,270	5,070,405	352,382	4,833,318	5,185,700
Less: Allowance for impairment and credit losses*	-	-	(6,465,108)	-	-	(6,449,055)
Total Assets	₱34,767,512	₱35,950,808	₱70,718,320	₱34,566,842	₱36,046,482	₱70,613,324
Financial Liabilities						
Deposit liabilities	56,803,526	734,194	57,537,720	56,807,175	734,194	57,541,369
Loans payable	-	-	-	-	-	-
Lease liability	39,225	163,869	203,094	39,225	163,869	203,094
Manager's checks	52,654	-	52,654	52,654	-	52,654
Accrued interest and other expenses	216,510	-	216,510	212,970	-	212,970
Other liabilities	832,053	1,344,860	2,176,913	748,379	1,344,860	2,093,239
	57,943,968	2,242,923	60,186,891	57,860,403	2,242,923	60,103,326
Nonfinancial Liabilities						
Accrued taxes and other expenses	97,721	-	97,721	97,199	-	97,199
Income tax payable	6,058	-	6,058	-	-	6,058
Other liabilities	31,856	1,168	33,024	31,831	-	31,831
	135,635	1,168	136,803	129,030	-	129,030
	₱58,079,603	₱2,244,091	₱60,323,694	₱57,989,433	₱2,242,923	₱60,232,356

*Note: Allowance for impairment and credit losses for debt securities at FVOCI is recognized in OCI as an accumulated impairment amount.

December 31, 2022 (as restated – Note 32)						
	Consolidated			Parent Company		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Financial Assets						
Cash and other cash items	P934,496	P–	P934,496	P933,329	P–	P933,329
Due from BSP	11,902,072	–	11,902,072	11,900,299	–	11,900,299
Due from other banks	1,157,539	–	1,157,539	1,104,973	–	1,104,973
IBLR and SPURA	2,755,738	–	2,755,738	2,755,738	–	2,755,738
Financial assets at FVTPL	–	104,907	104,907	–	104,907	104,907
Financial assets at FVOCI	607,629	4,948,396	5,556,025	607,629	4,948,396	5,556,025
Debt securities at amortized cost	397,423	10,772,445	11,169,868	397,423	10,772,445	11,169,868
Loans and receivables	13,474,482	13,382,168	26,856,650	13,444,237	13,297,599	26,741,836
	31,229,379	29,207,916	60,437,295	31,143,628	29,123,347	60,266,975
Nonfinancial Assets						
Investments in subsidiaries	P–	P–	P–	P–	P151,956	P151,956
Bank premises, furniture, fixtures and equipment	–	1,041,628	1,041,628	–	1,074,550	1,074,550
Investment properties	–	2,312,441	2,312,441	–	2,323,517	2,323,517
Deferred tax assets	–	359,223	359,223	–	359,223	359,223
Other assets	500,404	1,556,553	2,056,957	424,916	1,502,132	1,927,048
	500,404	5,269,845	5,770,249	424,916	5,411,378	5,836,294
Less: Allowance for impairment and credit losses*	–	–	(5,910,237)	–	–	(5,891,567)
Total Assets	31,729,783	34,477,741	66,207,524	31,568,544	34,534,726	66,103,270
Financial Liabilities						
Deposit liabilities	P53,670,248	P2,524,738	P56,194,986	P53,678,947	P2,522,338	P56,201,285
Loans payable	45,176	195,442	240,618	45,176	195,442	240,618
Lease liability	57,867	–	57,867	57,867	–	57,867
Manager's checks	236,966	–	236,966	233,476	–	233,476
Accrued interest and other expenses	684,398	934,932	1,619,330	599,474	934,932	1,533,406
Other liabilities	54,694,655	3,655,112	58,349,767	54,613,940	3,652,712	58,266,652
Nonfinancial Liabilities						
Accrued taxes and other expenses	93,536	–	93,536	93,073	–	93,073
Income tax payable	15,147	–	15,147	14,052	–	14,052
Other liabilities	35,466	1,168	36,634	35,381	–	35,381
	144,149	1,168	145,317	142,506	–	142,506
	P54,838,804	P3,656,280	P58,495,084	P54,756,446	P3,652,712	P58,409,158

*Note: Allowance for impairment and credit losses for debt securities at FVOCI is recognized in OCI as an accumulated impairment amount.

18. Leases

Parent Company as a lessee

The Parent Company's branches and some head office units have lease contracts for their office premises used in their operations. Leases of office premises generally have lease terms between 2 and 50 years. The lease contracts include escalation clauses ranging from 5.00% to 10.00% in 2023 and 2022. There are several lease contracts that include renewal and termination options.

The Parent Company also has certain leases of equipment with low value. The Parent Company applies the 'lease of low-value assets' recognition exemptions for these leases.

The following are the amounts recognized in the statement of income (amounts in thousands):

	2023	2022	2021
Depreciation expense of right-of-use assets included in property and equipment (Note 10)	P50,792	P51,615	P54,316
Interest expense on lease liabilities	22,491	25,826	27,036
Expenses relating to leases of low-value assets (included in Occupancy expenses)	43,676	36,027	30,483
Total amount recognized in statement of income	P116,959	P113,468	P111,835

The rollforward analysis of lease liabilities follows (amounts in thousands):

	2023	2022
Balance at beginning of year	₱240,618	₱269,525
Additions	9,877	25,766
Payments	(69,847)	(66,912)
Interest expense	22,491	25,826
Modification	—	(14,148)
Cumulative translation adjustment	(45)	561
Balance at end of year	₱203,094	₱240,618

Shown below is the maturity analysis of the undiscounted lease payments (amounts in thousands):

	2023	2022
One year	₱58,073	₱67,100
More than one year to two years	47,179	54,996
More than two years to three years	34,287	44,765
More than three years to four years	30,501	32,368
More than four years to five years	26,864	28,926
More than five years	817,457	844,051
Total undiscounted lease payments	1,014,361	₱1,072,206

Parent Company as a lessor

Total rent income earned by the Group amounted to ₱5.80 million, ₱6.77 million and ₱5.03 million in 2023, 2022 and 2021, respectively. Total rent income earned by the Parent Company amounted to ₱5.80 million, ₱6.77 million and ₱4.97 million in 2023, 2022 and 2021, respectively. Rent income is included under 'Other operating income' in the statements of income.

Future minimum rental receivables under operating leases for the Group and the Parent Company are as follow (amounts in thousands):

	Consolidated		Parent Company	
	2023	2022	2023	2022
Within one year	₱7,867	₱3,339	₱7,867	₱3,339
After one year but not more than five years	9,140	6,264	9,140	6,264
More than five years	3,103	3,879	3,103	3,879
	₱20,110	₱13,482	₱20,110	₱13,482

19. Equity

Capital stock consists of (amounts in thousands, except number of shares):

	2023		2022		2021	
	Shares	Amount	Shares	Amount	Shares	Amount
Preferred Stock - 100.00 par value						
Authorized	25,000,000	₱2,500,000	25,000,000	₱2,500,000	4,900,000	₱490,000
Issued	3,623,061	362,306	3,623,043	362,304	3,622,818	362,282
Treasury Stock	(10,240)	(1,024)	(10,240)	(1,024)	(10,220)	(1,022)
Common Stock - 100.00 par value						
Authorized	75,000,000	7,500,000	75,000,000	7,500,000	45,100,000	4,510,000
Issued, including stock dividend distributable	46,690,702	4,669,070	23,544,233	2,354,423	23,542,658	2,354,266
Paid portion of subscribed stock	1,719,413	171,941	1,719,229	171,923	1,719,128	171,913
Treasury Stock	(2,157,008)	(377,729)	(2,155,608)	(377,575)	(2,155,480)	(377,562)

As of December 31, 2023 and 2022, the Parent Company has 5,942 and 4,864 stockholders, respectively, owing 100 or more shares each of the Parent Company's capital stock.

The movements in the Parent Company's number of issued and outstanding shares follow (amounts in thousands, except number of shares):

	2023		2022		2021	
	Shares	Amount	Shares	Amount	Shares	Amount
Preferred Stock - 100.00 par value						
Authorized	25,000,000	₱2,500,000	25,000,000	₱2,500,000	4,900,000	₱490,000
Issued at the beginning of the year	3,623,043	362,304	3,622,818	362,282	3,621,522	362,152
Reinstatement of Capital stock	18	2	225	22	1,296	130
	3,623,061	362,306	3,623,043	362,304	3,622,818	362,282
Treasury Stock						
Balance at the beginning of the year	(10,240)	(1,024)	(10,220)	(1,022)	(10,200)	(1,020)
Acquisitions	-	-	(20)	(2)	(20)	(2)
	(10,240)	(1,024)	(10,240)	(1,024)	(10,220)	(1,022)
Issued and outstanding at end of year	3,612,821	₱361,282	3,612,803	₱361,280	3,612,598	₱361,260
Common Stock - 100.00 par value						
Authorized	75,000,000	₱7,500,000	75,000,000	₱7,500,000	45,100,000	₱4,510,000
Paid-in common stock at beginning of year	23,466,044	2,346,604	23,464,430	2,346,443	23,455,283	2,345,528
Issuance of new shares	23,146,343	2,314,634	-	-	-	-
Transfer to capital stock from appropriated surplus	126	13	1,575	157	9,072	907
Distribution of stock dividends	75	8	39	4	75	8
	46,612,588	4,661,259	23,466,044	2,346,604	23,464,430	2,346,443
Subscribed Capital Stock						
Balance at the beginning of the year	1,719,229	171,923	1,719,128	171,913	1,718,944	171,894
Collections	184	18	101	10	184	19
	1,719,413	171,941	1,719,229	171,923	1,719,128	171,913
Treasury Stock						
Balance at the beginning of the year	(2,155,608)	(377,575)	(2,155,480)	(377,562)	(2,155,352)	(377,549)
Acquisitions	(1,400)	(154)	(128)	(13)	(128)	(13)
	(2,157,008)	(377,729)	(2,155,608)	(377,575)	(2,155,480)	(377,562)
Issued and outstanding at end of year	46,174,993	4,455,471	23,029,665	2,140,952	23,028,078	₱2,140,794
Stock dividend distributable						
Balance at the beginning of the year	78,189	₱7,819	78,228	₱7,823	78,303	₱7,830
Distribution of stock dividends	(75)	(8)	(39)	(4)	(75)	(7)
	78,114	₱7,811	78,189	₱7,819	78,228	₱7,823

Preferred shares of stock which are non-voting shall be subscribed as provided for in the Parent Company's Charter (RA 3518). Holders of preferred shares are guaranteed a dividend of eight (8%) annually from the net profits and shall have priority in case of liquidation or insolvency.

Per the new Charter under R.A. No. 11597, the Parent Company's authorized capital stock shall be ₱10.00 billion divided into 75.00 million common shares and 25.00 million preferred shares with ₱100.00 par value per share. The 75.00 million common shares include (1) the original 510,000 common shares subscribed and fully paid by the government for and on behalf of WWII veterans, (2) the stock dividends on common shares issued to the stockholders, and (3) the common shares issued to the stockholders representing subscription on increases in the authorized capital stock, common, approved by the SEC as of the date of the effectivity of R.A. No. 11597. The unsubscribed balance shall be opened for subscription by the existing stockholders and the other veterans entitled to benefits from the new Charter. The 25.00 million preferred shares shall include the original 490,000 preferred shares subscribed and fully paid by the veterans and the stock dividends on preferred shares issued to the stockholders. The unsubscribed shares on increases in the authorized preferred capital stock approved by the SEC as of the date of the effectivity of R.A. No. 11597, shall be opened for subscription by the existing stockholders and the other veterans entitled to benefit from the new Charter.

On October 23, 2020, the BOD approved the amendments to the Amended Articles of Incorporation and By-Laws in relation to the Parent Company's preferred shares, which was also ratified by the stockholders on November 20, 2020. The amendments to the Amended Articles of Incorporation include the following: Article V, Sections 1, 2 & 3: "The preferred shares shall be non-voting and shall have the priority in case of liquidation or insolvency. The preferred shares shall be classified as "Series A Preferred Shares" and "Series B Preferred Shares". The Series A preferred shares of stock, which are non-voting shall be guaranteed a dividend of eight percent (8%) annually from the net profits and shall have the priority in case of liquidation or insolvency. The Series B preferred shares of stock which shall be non-voting shall have the priority in case of liquidation or insolvency. The Series B preferred shares of stock may or may not be cumulative, may or may not be participating or may or may not be redeemable, in each case as may be determined by the BOD.

The Series B preferred shares of stock may be issued from time to time in one or more issuances as may be determined by the BOD. The BOD shall have the authority to establish and designate each particular issuance or subseries of Series B preferred shares, to fix the number of shares to be included in each of such issuance or subseries, and to determine the dividend rate, issue price and other features as well as other terms and conditions for each issuance or subseries of shares.

As of December 31, 2023 and 2022, 'Capital stock' is net of 'Subscriptions receivable' amounting to ₱18.71 million and ₱18.73 million respectively. As of December 31, 2023 and 2022, total subscribed common shares (pre-emptive rights) are 1,906,543 shares. Stock dividend distributable represents stock dividends distributable to unpaid subscribed shares. Stock dividends will be issued upon full payment of subscriptions receivables.

In 2012, the BOD approved the transfer of dividends payable amounting to ₱369.44 million, which remained unclaimed for more than five years by shareholders whose existence and whereabouts could not be ascertained, to '16Appropriated surplus'. In the event that any of the unlocated shareholders or their compulsory heirs should appear, the Office of the Board Secretary (OBS), subject to approval by the BOD, shall issue in their favor the accumulated cash dividends. In 2023, 2022 and 2021, the Parent Company paid ₱0.01 million, ₱0.18 million, and ₱1.04 million, respectively, of dividends taken out from appropriated surplus. The amount of ₱361.60 and ₱361.62 million recorded as appropriated surplus, an equity account, is excluded in the Parent Company's calculation of 'unimpaired capital' (regulatory net worth) as of December 31, 2023 and 2022, respectively as reflected in Note 4. The amount is also excluded in the determination of surplus available for dividend declaration as of December 31, 2023 and 2022.

The Parent Company is continuously searching for the whereabouts of the veteran-shareholders whose existence and whereabouts cannot be ascertained and/or their families through various World War II veteran associations and other organizations and channels that are and will be approved by the BOD.

In 2023, 2022 and 2021, there are no declared cash dividends out of its retained earnings for distribution to existing stockholders.

Under the General Banking Law of 2000, treasury shares such as the reacquired shares by the Parent Company must be sold or disposed at a public or private sale within six months from the date of acquisition. R.A. No. 11597 expands the definition of veterans to include post World War II veterans, veterans of other wars and Philippine military campaigns, and retirees of the AFP. It also allows non-veterans to become shareholders of the Bank provided that the veterans shall at all times retain majority of the shares.

As of December 31, 2023 and 2022, surplus is restricted for the payment of dividends to the extent of the cost of shares held in treasury amounting to ₱378.75 million and ₱378.60 million, respectively. On November 22, 2017, the Parent Company obtained approval from its stockholders to increase its authorized capital stock (ACS) to 7.00 billion. However, the Parent Company did not push through with the filing of the application for approval of the amended Articles of Incorporation with SEC and BSP as the Parent Company was not able to generate enough subscriptions in the stock rights offering in 2019 to comply with the required 25% subscribed and 25% paid-up capital to cover the proposed increase in the ACS. Instead, the subscriptions in 2019, which were booked as deposit on subscriptions, will be considered as subscriptions in the increase in the ACS from 5 billion to 10 billion as provided for in the new PVB Charter (R.A. 11597). This was approved by the BOD of the Parent Company in its regular meeting on March 16, 2022.

In February 2023, the BOD of the Parent Company approved the conversion to capital of amounts booked as deposits for stock subscription amounting to a total of ₱4.41 million arising from the following capital-raising activities:

- 2019 Stock Rights Offering (SRO) at ₱100/share (10,182 shares)
- 2022 SRO, at ₱100/share (24,647 shares)
- 2022 Stock Subscription Offering (SSO) at ₱110/share (8,504 shares)

The approval cleared the way for an increase in the Parent Company's capital, representing the new stock subscriptions, as well as the issuance and delivery of stock certificates to new stockholders.

In April 2023, the BOD of the Parent Company approved the blanket approval for all subsequent issuance of stock certificates in relation to SSO, including but not limited to subscriptions that came in from February 14, 2023 up to April 2023 and all subsequent subscriptions as they come in within the offer period. In 2023, the Parent Company issued a total of 366,839 common shares relating to 2023 SSO subscriptions.

As discussed in Notes 3 and 4, the MB approved the substantial subscription of the common shares by the Parent Company's major investor up to 40% stockholdings in the Parent Company's voting stock. In December 2023, the Parent Company issued 18.56 million common shares to its major investor at ₱100/par value amounting to ₱1.86 billion. Furthermore, the Parent Company also issued 2.48 million and 1.70 million newly-issued common shares at ₱100/par value equivalent to ₱247.94 million and ₱169.66 million, respectively, to two other major investors.

20. Retirement Plan

The Parent Company has a funded noncontributory defined benefit retirement plan (the Plan) covering substantially all its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The Plan also covers pre-retirement death benefit, disability benefit and voluntary and involuntary separation after satisfying certain conditions. The retirement plans of the subsidiaries are not material to the consolidated financial statements taken as a whole.

Under the existing regulatory framework, RA 7641, *The Philippine 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.

The amount of net retirement asset recognized under 'Other assets' in the statements of financial position is as follows (amounts in thousands):

	2023	2022
Present value of retirement obligation	₱361,832	₱323,439
Fair value of plan assets	525,225	520,814
	₱163,393	₱197,375

Changes in the present value of the defined benefit obligation as of December 31, 2023 and 2022 follow (amounts in thousands):

	2023	2022
Balance at beginning of year	₱323,439	₱393,644
Current service cost	30,980	40,648
Interest cost	21,618	20,006
Remeasurement gains arising from:		
Changes in financial assumptions	27,663	(55,061)
Experience adjustments	(13,072)	(64,993)
Benefits paid	(28,796)	(10,805)
Balance at end of year	₱361,832	₱323,439

Changes in fair value of plan assets are as follows (amounts in thousands):

	2023	2022
Balance at beginning of year	₱520,814	₱467,521
Contributions	-	66,343
Interest income	35,750	25,465
Remeasurement losses	(2,544)	(27,710)
Benefits paid	(28,795)	(10,805)
Balance at end of year	₱525,225	₱520,814

The fair value of plan assets by each class are as follows (amounts in thousands):

	2023	2022
Investment in government securities	₱412,910	₱393,953
Investment in private securities	38,842	34,609
Deposits in bank (Note 25)	70,440	90,048
Others	3,033	2,204
	₱525,225	₱520,814

The Parent Company's plan assets are carried at fair value. Investments in government and private securities and shares of stocks have quoted prices in active market. The fair value of other assets, which include accrued interest and other receivables, approximate carrying amount due to the short-term nature of these accounts. The plan assets are managed by the Parent Company's Trust Department.

The costs 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:

	2023	2022
Discount rate		
At January 1	7.16%	5.10%
At December 31	6.08%	7.16%
Future salary increases	8.00%	8.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2023 and 2022, assuming all other assumptions were held constant (amounts in thousands):

		Increase (decrease) in defined benefit obligation	
Assumption		2023	2022
Discount rate	+100 bps	(₱25,708)	(₱22,007)
	-100 bps	29,182	24,960
Salary rate	+100 bps	30,056	26,049
	-100 bps	(26,977)	(23,379)

The amounts included in 'Compensation and fringe benefits' expense in the statement of income and in the other comprehensive income in respect of the defined benefit post-employment plan of the Parent Company follow (amounts in thousands):

	2023	2022	2021
Current service cost	₱30,980	₱40,648	₱47,378
Net interest income	(14,132)	(5,460)	(817)
Total amount reported in profit or loss	₱16,848	₱35,188	₱46,561
Remeasurement effects:			
Actuarial gain/(loss) due to liability experience	(₱14,591)	₱120,054	₱99,644
Gains/(losses) on return on plan assets	(2,544)	(27,710)	(17,684)
Total amount reported in OCI	(₱17,135)	₱92,344	₱81,960

The average duration of the retirement liability is 10.47 years and 9.90 years in 2023 and 2022, respectively. Maturity analysis of the undiscounted benefit payments follows (amounts in thousands):

	2023			2022		
	Normal Retirement	Other than Normal Retirement	Total	Normal Retirement	Other than Normal Retirement	Total
Less than one year	₱8,054	₱23,548	₱31,602	₱15,154	₱24,105	₱39,259
More than one to five years	44,301	105,286	149,587	43,331	99,429	142,760
More than five to 10 years	127,326	154,130	281,456	94,633	148,762	243,395
More than 10 to 15 years	144,804	131,708	276,512	157,018	132,422	289,440
More than 15 to 20 years	140,573	108,214	248,787	121,593	108,206	229,799
More than 20 years	262,836	130,835	393,671	257,346	116,941	374,287
	₱727,894	₱653,721	₱1,381,615	₱689,075	₱629,865	₱1,318,940

As of December 31, 2023 the plan of the Bank is overfunded by P163.39 million based on the latest actuarial valuation report. The Bank does not expect to contribute to the retirement benefit plans in 2024.

21. Income and Other Taxes

Under Philippine tax laws, the RBU of the Parent Company and its domestic 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 (GRT) and documentary stamp taxes. Income taxes include corporate income tax, as discussed below, and final taxes paid which represent 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.

On March 26, 2021, R.A. No. 11534, otherwise known as *Corporate Recovery and Tax Incentives for Enterprises* (CREATE) Act was signed into law. CREATE reduced the RCIT rate from 30.00% to 25.00% depending on the criteria set by the law effective July 1, 2020. With the implementation of this Act, interest expense allowed as a deductible expense shall be reduced by 20.00% of the interest income subjected to final tax, compared to the 33.00% reduction prior to the Act.

The regulations also provide for Minimum Corporate Income Tax (MCIT) of 2.00% (prior to CREATE) and 1.00% (from July 1, 2020 to June 30, 2023 before reverting to 2.00%) on modified gross income and allow a Net Operating Loss Carry Over (NOLCO). The Parent Company applied MCIT of 1.5% during the transition from 1% to 2% MCIT as prescribed under Revenue Memorandum Circular 36-2024.

The MCIT and NOLCO may be applied against the Group's and the Parent Company's income tax liability and taxable income, respectively, over a three-year period from the year of inception. For the taxable years 2020 and 2021, the NOLCO incurred can be carried over as a deduction for the next five (5) consecutive taxable years, pursuant to Revenue Regulation (RR) No. 25-2020.

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 subject to 10.00% income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units (OBUs) is taxed at 15.00% in 2022 and 2021. Income derived by the FCDU from foreign currency transactions with non-residents, OBUs, local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% income tax.

Provision for income tax consists of (amounts in thousands):

	Consolidated			Parent Company		
	2023	2022	2021	2023	2022	2021
Current:						
Final taxes	₱292,361	₱168,467	₱127,817	₱291,558	₱168,282	₱127,623
MCIT	25,871	14,172	8,383	25,620	14,052	8,297
RCIT	3,084	4,154	2,825	67	89	86
	321,316	186,793	139,025	317,245	182,423	136,006
Deferred	(47,094)	(94,857)	33,020	(47,094)	(94,857)	33,020
	₱274,222	₱91,936	₱172,045	₱270,151	₱87,566	₱169,026

The components of net deferred tax assets follow (amounts in thousands):

	Consolidated		Parent Company	
	2023	2022	2023	2022
Deferred tax assets on:				
Allowance for impairment and credit losses	₱321,812	₱321,812	₱321,812	₱321,812
NOLCO	143,393	143,393	143,393	143,393
MCIT	30,197	30,197	30,197	30,197
	495,402	495,402	495,402	495,402
Deferred tax liabilities on:				
Net retirement asset	(39,727)	(46,933)	(39,727)	(46,933)
Gains on asset foreclosures and dacion transactions, net of accumulated depreciation	(45,075)	(89,246)	(45,075)	(89,246)
Fair value adjustments on net liabilities of NAGON	(1,168)	(1,168)	-	-
	(85,970)	(137,347)	(84,802)	(136,179)
	₱409,432	₱358,055	₱410,600	₱359,223

The net deferred tax assets are presented in the following accounts (amounts in thousands):

	Consolidated		Parent Company	
	2023	2022	2023	2022
Deferred tax assets	₱410,600	₱359,223	₱410,600	₱359,223
Deferred tax liabilities (included under 'Other liabilities' – Note 16)	(1,168)	(1,168)	-	-
	₱409,432	₱358,055	₱410,600	₱359,223

As of December 31, 2023 and 2022, the Group and the Parent Company did not recognize deferred tax assets on the following temporary differences (amounts in thousands):

	Consolidated		Parent Company	
	2023	2022	2023	2022
Allowance for impairment and credit losses	₱5,649,363	₱4,515,599	5,633,421	₱4,501,041
NOLCO	66,633	10,046	55,990	—
Provision for expenses	207,502	207,502	207,503	207,502
MCIT	26,121	24,315	25,620	23,543
Unamortized past service cost	11,037	11,037	11,037	11,037
Leases	38,518	35,383	38,518	35,383
Unrealized forex loss	11,818	11,818	11,818	11,818
Net retirement asset	1,873	1,950	—	—
Trading loss on financial assets at FVTPL	15,121	15,121	15,121	15,121
	₱6,027,986	₱4,832,771	₱5,999,028	₱4,805,445

Provision for (benefit from) deferred tax on remeasurements of retirement plan of the Group and the Parent Company amounting to (₱4.29) million, (₱23.09) million, and (₱24.47) million in 2023, 2022, and 2021, respectively, is charged (credited) directly to OCI.

Details of the Group's NOLCO follow (amounts in thousands):

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2023	₱60,699	₱—	₱60,699	2026
2022	413,164	(208)	412,956	2025
2021	128,516	(1009)	127,507	2026
2020	41,940	(41,940)	—	2025
	₱644,319	₱(43,157)	₱601,162	

Details of the Parent Company's NOLCO follow (amounts in thousands):

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2023	₱55,990	₱—	₱55,990	2026
2022	407,023	—	407,023	2025
2021	127,507	—	127,507	2026
2020	39,044	(39,044)	—	2025
	₱629,564	₱(39,044)	₱590,520	

Details of the Group's MCIT follow (amounts in thousands):

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2023	₱25,871	₱—	₱25,871	2025
2022	14,171	—	14,171	2024
2021	16,372	—	16,372	2023
2020*	23,968	(23,968)	—	2022
	₱80,382	₱(23,968)	₱56,414	

*After impact of CREATE

Details of the Parent Company's MCIT follow (amounts in thousands):

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2023	₱25,620	₱—	₱25,620	2026
2022	14,052	—	14,052	2025
2021	16,145	—	16,145	2024
2020*	23,543	(23,543)	—	2023
	₱79,360	₱(23,543)	₱55,817	

*After impact of CREATE

The reconciliation of the provision for income tax computed at statutory tax rate to the provision for income tax presented in the statements of income follows (amounts in thousands):

	Consolidated			Parent Company		
	2023	2022	2021	2023	2022	2021
Statutory income tax	₱56,056	₱93,247	(₱216,058)	49,382	₱88,875	(₱221,725)
Tax effects of:						
Nondeductible expenses	101,164	80,515	49,472	100,990	80,503	49,328
Change in unrecognized deferred tax assets	148,553	(72,205)	252,609	147,651	(74,431)	255,890
Expired NOLCO and MCIT	23,543	45,759	42,327	23,543	45,759	38,789
Interest income subjected to final tax (net of final tax paid)	(34,396)	(51,716)	6,381	(34,396)	(51,657)	6,433
Nontaxable income	(19,835)	(3,760)	(5,165)	(16,407)	(1,374)	(5,165)
Interest income on tax-exempt investments	(173)	2	(2,656)	(173)	(203)	(156)
FCDU loss (income)	(439)	94	(24)	(439)	94	(24)
Impact of CREATE Law	-	-	45,159	-	-	45,656
Adjustment for income subject to lower tax	(251)	-	-	-	-	-
Effective income tax	₱274,222	₱91,936	₱172,045	₱270,151	₱87,566	₱169,026

22. Disposition of Net Income

As provided for in the Parent Company's by-laws, the profit distributable to common shares shall be the Parent Company's net income reduced by the following:

- Transfer to the surplus reserves account (20% of net income) until the surplus reserves is equal to the Parent Company's authorized capital stock;
- Guaranteed earnings of the preferred shares (see Note 19) and the 10% dividends on common shares; and
- Appropriation of 20% of net income, or 30 million, whichever is lower after deducting (a) and (b) above, to the veteran shareholders through the Board of Trustees of the Veterans of World War II, as provided in Section 23 of RA 11597. No distributions were made to the Board of Trustees of Veterans of World War II for the years 2023, 2022 and 2021.

Also, as required by the BSP, the Parent Company transfers 10% of its income from trust operations to surplus reserves (see Note 24).

23. Financial Performance

The basic loss per share of the Group is computed as follows (amounts and shares in thousands except loss per share):

	2023	2022	2021
a. Net loss attributable to equity holders of the Parent Company	(₱72,450)	(₱563,285)	(₱1,199,983)
b. Weighted average number of outstanding common shares	25,777	23,107	23,103
c. Basic losses per common share [a/b]	(₱2.81)	(₱24.38)	(₱51.94)

There were no dilutive potential common shares in 2023, 2022 and 2021.

24. Trust Operations

Securities and other properties held by the Parent Company in fiduciary or agency capacities for clients and beneficiaries amounting to ₱6.44 billion and ₱6.30 billion as of December 31, 2023 and 2022, respectively, are not included in the accompanying statement of financial position since these are not assets of the Parent Company.

Government securities with total face value of ₱79.0 million and ₱75.00 million as of December 31, 2023 and 2022, respectively, and with total carrying value of ₱78.11 million and ₱74.61 million (included in financial assets at FVOCI) as of December 31, 2023 and 2022, respectively, are deposited with the BSP in compliance with existing banking regulations relative to the Parent Company's trust functions. Also, as required by the BSP, the Parent Company transfers 10% of income from trust operations to surplus reserves until it amounts to 20% of the Parent Company's authorized capital stock and no part of such surplus reserves shall at any time be paid out in dividends, but losses in the course of its business may be charged against such surplus.

Income from trust operations amounted to ₱15.08 million, ₱12.84 million and ₱12.64 million in 2023, 2022 and 2021, respectively.

25. Related Party Transactions

The transactions of the Parent Company with its subsidiaries consist mainly of regular banking transactions, project management and property development, advances for payment of various operating expenses, assignment of loans, and transfer of assets in exchange of the subsidiaries' shares of stocks.

The intercompany transactions and outstanding balances below of the Parent Company with the subsidiaries are reflected in the parent company financial statements. The transactions and balances with the subsidiaries are eliminated in the consolidated financial statements.

Related party transactions of the Parent Company by category of related party are presented below (amounts in thousands).

		2023	
Category	Amount/ Volume	Outstanding Balance/ Amount	Nature, Terms and Conditions
IFI			
Deposit liabilities		₱28,467	Savings and demand deposit accounts earning interest of 0.10% annually
Deposits	₱52,667		
Withdrawals	59,960		
Accounts payable		—	Retention fee/progress billing/site inspection in connection with the construction/renovation projects
Interest expense	36		Interest on deposit liabilities
ILAI			
Deposit liabilities		24,942	Savings and demand deposit account earning interest of 0.10% annually
Deposits	192,622		
Withdrawals	197,987		
Accounts payable		11	Insurance premium due from the Parent Company for the insurance requirements
Interest expense	38		Interest expense on deposit liabilities
NAGON			
Deposit liabilities		24,418	Savings and demand deposit account earning interest of 0.10% annually
Deposits	53,403		
Withdrawals	20,273		
Due from other banks		3,034	Savings account (dormant account)
Service fees	136		Service fees for managing the loans receivable sold to NAGON
Accounts Receivable		282	
Interest expense	14		Interest expense on deposit liabilities
Interest income	—		Interest income on due from other banks

2023			
Category	Amount/ Volume	Outstanding Balance/ Amount	Nature, Terms and Conditions
<i>Directors and Officers</i>			
Loans and receivables		28,916	Loans to officers of the Parent Company
Interest income	3,091		Interest income on loans to officers of the Parent Company
Director fees	21,493		Fees to the Parent Company's directors
2022			
Category	Amount/ Volume	Outstanding Balance/ Amount	Nature, Terms and Conditions
<i>IPI</i>			
Deposit liabilities		₱35,732	Savings and demand deposit accounts earning interest of 0.10% annually
Deposits	₱40,233		
Withdrawals	43,194		
Accounts payable		176	Retention fee/progress billing/site inspection in connection with the construction/renovation projects
Interest expense	22		Interest on deposit liabilities
<i>ILAI</i>			
Deposit liabilities		24,942	Savings and demand deposit account earning interest of 0.10% annually
Deposits	192,622		
Withdrawals	197,987		
Accounts payable		330	Insurance premium due from the Parent Company for the insurance requirements
Interest expense	38		Interest expense on deposit liabilities
<i>NAGON</i>			
Deposit liabilities		1,277	Savings and demand deposit account earning interest of 0.10% annually
Deposits	77,591		
Withdrawals	78,842		
Due from other banks		3,034	Savings account (dormant account)
Service fees	146		Service fees for managing the loans receivable sold to NAGON
Accounts Receivable		147	NAGON
Interest expense	7		Interest expense on deposit liabilities
Interest income	-		Interest income on due from other banks
<i>Directors and Officers</i>			
Loans and receivables		30,187	Loans to officers of the Parent Company
Interest income	2,128		Interest income on loans to officers of the Parent Company
Director fees	18,180		Fees to the Parent Company's directors
2021			
Category	Amount/ Volume	Outstanding Balance/ Amount	Nature, Terms and Conditions
<i>IPI</i>			
Deposit liabilities		₱38,666	Savings and demand deposit accounts earning interest of 0.10% annually
Deposits	₱73,020		
Withdrawals	68,328		
Accounts payable		123	Retention fee/progress billing/site inspection in connection with the construction/renovation projects
Interest expense	28		Interest on deposit liabilities
<i>ILAI</i>			
Deposit liabilities		30,276	Savings and demand deposit account earning interest of 0.10% annually
Deposits	183,826		
Withdrawals	173,578		
Accounts payable		80	Insurance premium due from the Parent Company for the insurance requirements
Interest expense	26		Interest expense on deposit liabilities
<i>NAGON</i>			
Deposit liabilities		2,522	Savings and demand deposit account earning interest of 0.10% annually
Deposits	35,216		
Withdrawals	37,497		
Due from other banks		3,034	Savings account
Service fees	120		Service fees for managing the loans receivable sold to NAGON
Accounts Receivable		5	NAGON
Interest expense	6		Interest expense on deposit liabilities
Interest income	-		Interest income on due from other banks
<i>Directors and Officers</i>			
Loans and receivables		32,813	Loans to officers of the Parent Company
Interest income	3,091		Interest income on loans to officers of the Parent Company
Director fees	21,493		Fees to the Parent Company's directors

Service Contract with IPI

IPI provides services to the Parent Company, which consists principally of agreement for providing architectural and engineering design services, project management and property development studies relative to the Parent Company's branch construction and renovation projects. In 2023, 2022, and 2021 IPI earned ₱2.17 million, ₱4.81 million, and ₱6.18 million, respectively, from the Service Contract with the Parent Company.

Service Level Agreement with IIAI

In November 2019, the Parent Company entered into a Service Level Agreement with IIAI, wherein the latter shall act as the authorized insurance agent for the insurance requirements of the former whether life or non-life. IIAI shall also serve as the primary procurement channel for the Parent Company's insurance requirements.

Agreement with Insurance Company with a Common Director

In 2016, the Parent Company entered into an agreement with a company with a common director (the Insurance Company) covering the credit redemption insurance of the Parent Company's pension and salary loan borrowers. Under the agreement, the Parent Company shall facilitate the collection and remittance of the insurance payments of the pension and salary loan borrowers to the Insurance Company, and in return, the Insurance Company shall pay a service fee.

Sale of Loans to NAGON and Management Agreement with NAGON

In 2017, the Parent Company and NAGON entered into a Deed of Assignment wherein the Parent Company sold 1,402 individual loan accounts for total consideration equivalent to the outstanding principal value of the receivables amounting to ₱70.45 million. As of December 31, 2023 and 2022 the outstanding principal value of the receivable from the deed of assignment amounted to ₱0.56 million.

In September 2020, the Parent Company and NAGON entered again into a Deed of Assignment wherein the Parent Company sold 182 individual loan accounts for total consideration equivalent to the outstanding principal value of the receivables amounting to ₱26.00 million. As of December 31, 2023 and 2022, the outstanding principal value of the receivable from the deed of assignment amounted to ₱0.73 million and ₱3.70 million, respectively.

Further, in March 2021, the Parent Company and NAGON entered into a Deed of Assignment wherein the Parent Company sold 94 individual loan accounts for total consideration equivalent to the outstanding principal value of the receivables amounting to ₱15.00 million. As of December 31, 2022 and 2021, the outstanding principal value of the receivable from the deed of assignment amounted to ₱0.98 million and ₱4.20 million, respectively.

In 2022, the Parent Company and NAGON entered into three separate Deed of Assignment wherein the Parent Company sold a total of 291 individual loan accounts for total consideration equivalent to the outstanding principal value of the receivables amounting to ₱53.25 million. As of December 31, 2023 and 2022, the outstanding principal value of the receivable from the deed of assignment amounted to ₱19.76 million and ₱37.98 million, respectively.

In April 2023, the Parent Company and NAGON entered again into a Deed of Assignment wherein the Parent Company sold a total of 82 individual loan accounts for total consideration equivalent to the outstanding principal value of the receivables amounting to ₱12.41 million. As of December 31, 2023, the outstanding principal value of the receivable from the deed of assignment amounted to ₱5.86 million.

The assignment includes all rights, title, and interest in and to the principal, interests, penalties, and charges thereon, as well as rights, claims, powers and privileges arising or related thereto for a total consideration equivalent to the outstanding principal value of the receivables.

Transactions with Retirement Plan

The Parent Company considers its post-employment benefit plan as a related party. The retirement plan is administered by the Parent Company's Trust and Asset Management Division. As of December 31, 2023 and 2022, the carrying value of the fund assets of the plan amounted to ₱525.23 million and ₱520.81 million, respectively (see Note 20).

The following are the amounts recognized by the Parent Company from transactions with its retirement plan (amounts in thousands):

	2023	2022	2021
Trust fees	₱1,978	₱1,869	₱1,732
Interest expense	3	3	6
Contributions paid	—	66,343	34,938

Compensation of Key Management Personnel

The remuneration of directors and other members of key management of the Group and the Parent Company are as follows (amounts in thousands):

	2023	2022	2021
Short-term benefits	₱71,170	₱75,463	₱72,273
Post-employment benefits	5,865	8,689	5,816
	₱77,035	₱84,152	₱78,089

The Parent Company provides financial assistance to the Board of Trustees of the Veterans of World War II to cover its basic operational expenses and utilities. For the years 2023, 2022, and 2021, total donations amounted to ₱30.90 million, ₱26.90 million, and ₱24.50 million, respectively.

26. Provisions, Commitments and Contingent Liabilities

In the normal course of business, the Group enters into various commitments and incurs certain contingent liabilities that are not presented in the accompanying financial statements. The Group does not anticipate material unreserved losses as a result of these transactions.

The Group is a defendant in legal actions arising from normal business activities. Further, several suits, assessments or notices, and claims relating to the Group's operations and labor-related cases remain unsettled. Management believes that these actions are without merit or that the ultimate liability, if decided adversely, resulting from these will not materially affect the Group's financial position and operating results.

In 2023, the Group and Parent Company recognized a reversal in provision for probable losses amounting to ₱3.34 million included under "Other operating income" in the statement of income. No reversals for similar cases were made in 2022 and 2021.

In 2022, the Group and Parent Company recognized a provision for probable losses amounting to ₱12.47 million included under 'Provision for litigation' in the statement of income. No similar cases were provided in 2023 and 2021.

The Parent Company has outstanding provisions with respect to certain cases where the Supreme Court (SC) issued separate adverse rulings. As of December 31, 2023 and 2022, total provisions recognized relating to these cases amounted to ₱18.41 million and ₱21.98 million, of which ₱14.15 million and ₱14.28 million, was recognized as 'Provision for probable losses' under 'Other liabilities and the remainder was recognized as 'Other Dormant Credits' under 'Other liabilities' (see Note 16). No specific disclosures on the above provisions are made since such specific disclosures would prejudice the Parent Company's position with the other parties with whom it is in dispute. Such exemption from disclosures is allowed under PAS 37.

On March 15, 2011, the BIR issued RR 4-2011, which requires banks to allocate its costs and expenses among their RBU and FCDU operations and among their different revenue streams. In 2015, the Parent Company received a Letter of Notice from the BIR which challenged the allocation method used by the Parent Company in its income tax computation. Accordingly, a consortium of 18 banks including the Parent Company applied for an issuance of a Writ of Preliminary Injunction against the enforcement, carrying out, or implementation of RR 4-2011. On April 8, 2015, the Makati Regional Trial Court (RTC) issued a TRO to enjoin BIR from enforcing, carrying out and implementing RR 4-2011 against the petitioners, including the issuance of any Preliminary Assessment Notice or Final Assessment Notice. On May 25, 2018, the Makati RTC promulgated its Decision, which renders RR 4-2011 null and void for being issued beyond the authority of the Secretary of Finance and Commissioner of Internal Revenue. On July 10, 2018, the DoF and BIR filed to the SC a Motion for Extension for Review on Certiorari, which the SC granted.

The Department of Finance ("DOF")/BIR filed a Petition for Review with the Supreme Court (a) claiming that jurisdiction over the matter lies with the Court of Tax Appeals; (b) challenging the propriety of the declaratory relief action filed by the Bank/other BAP member banks in view of the prior issuance of Preliminary Assessment Notices; and (c) arguing that public hearings are not required in all instances involving regulatory issuances. While it agreed with the DOF/BIR, the Supreme Court still denied the Petition for Review in its Decision dated December 1, 2021, as (a) RR 4-2011 violated the banks' right to decide which accounting method accurately reflects their income; (b) the questioned income streams are within the same bank/financial institutions, negating any reason to invoke Sec. 50 of the Tax Code; and (c) RR 4-2011 further added a condition for expense deductibility not found therein. The penalty imposed by RR 4-2011 also made the prior notice/hearing/publication requirement mandatory. The Supreme Court Decision became final and executory on June 7, 2022.

The following is a summary of commitments of the Group and the Parent Company at their equivalent peso contractual amounts as of December 31, 2023 and 2022 (amounts in thousands):

	2023	2022
Undrawn commitments	1,117,128	2,001,117
Unused commercial letters of credit	130,813	206,788

27. Bankwise, Inc. (A Thrift Bank)

On January 15, 2005, the Parent Company temporarily assumed management of Bankwise, Inc. (BWI). In February 2008, the MB approved the closure of BWI. As of closure date, the Parent Company had IBCL to BWI totaling ₱1.67 billion granted from 2004 to 2007. The Parent Company also assumed the uninsured deposits of BWI amounting to ₱918.61 million as of December 31, 2012. These were recorded as accounts receivable.

In 2008, the Parent Company recognized allowance for credit losses on certain accounts receivable from BWI amounting to ₱11.35 million. In addition, in the same year, the BSP approved that the required allowance for impairment and credit losses on IBCL amounting to ₱1.67 billion and the remaining amount of accounts receivable amounting to ₱907.26 million be deferred and amortized over 20 years as follows:

- 1.50% annual amortization for first two (2) years;
- 4.00% annual amortization for the next eight (8) years; and
- 6.50% annual amortization for the last ten (10) years

The amortization of required allowance amounted to ₱167.49 million for the years 2023, 2022 and 2021, which was charged to the opening balance of retained earnings in 2023 and 2022 and statements of income in 2021. The unamortized required allowance amounted to ₱739.75 million and ₱907.24 million as of December 31, 2023 and 2022, respectively.

28. Operating Segments

The Group has two reportable operating segments, which are the banking business and the real estate business of IPI. This is consistent with how the Group's management internally monitors and analyzes the financial information for reporting to the chief operating decision-maker, who is responsible for allocating resources, assessing performance and making operating decisions.

Segment information of the Group as at and for the years ended December 31, 2023, 2022 and 2021 follow (amounts in thousands):

	2023			
	Banking	Real Estate	Elimination*	Total
Statement of Income				
Interest income	3,091,386	6,024	(125)	3,097,285
Interest expense	340,241	—	(125)	340,116
Net interest income	2,751,145	6,024	—	2,757,169
Gain on sale of assets	142,632	1,260	—	143,892
Other operating income	436,028	31,916	(9,858)	458,086
Total operating income	3,329,805	39,200	(9,858)	3,359,147
Total operating expenses	3,129,672	27,650	—	3,157,322
Income (loss) before income tax	200,133	11,550	(9,858)	201,825
Provision for income tax	270,255	3,967	—	274,222
Net income (loss)	(70,122)	7,583	(9,858)	(72,397)
Statement of Financial Position				
Total assets	64,244,951	297,249	(292,988)	64,249,212
Total liabilities	60,305,982	86,256	(68,544)	60,323,694
Other Segment Information				
Equity in net earnings of subsidiaries	9,858	—	(9,858)	—
Depreciation and amortization	434,319	1,936	—	436,255
Provision for impairment, credit and other losses	598,302	—	—	598,203
Capital expenditures	117,134	182	—	117,316

* The elimination column mainly represent intra-group balances and intersegment revenues from services rendered by the entities within the Group.

	2022 (As Restated – Note 32)			
	Banking	Real Estate	Elimination*	Total
Statement of Income				
Interest income	₱2,296,880	₱4,158	(₱67)	₱2,300,971
Interest expense	228,190	331	(67)	228,454
Net interest income	2,068,690	3,827	—	2,072,517
Gain on sale of assets	109,270	2,877	—	112,147
Other operating income	309,321	32,832	(3,848)	338,305
Total operating income	2,487,281	39,536	(3,848)	2,522,969
Total operating expenses	2,966,264	28,128	—	2,994,392
Income (loss) before income tax	(474,983)	11,408	—	(471,423)
Provision for income tax	87,589	4,347	—	91,936
Net income (loss)	(₱566,572)	₱7,061	(₱3,848)	(₱563,359)

	2022 (As Restated – Note 32)			Total
	Banking	Real Estate	Elimination*	
Statement of Financial Position				
Total assets	₱60,282,672	₱293,587	(₱278,973)	₱60,297,287
Total liabilities	58,480,542	89,015	(74,473)	58,495,084
Other Segment Information				
Equity in net earnings of subsidiaries	₱3,848	₱—	₱ (3,848)	₱—
Depreciation and amortization	439,189	2,034	—	441,223
Provision for impairment, credit and other losses	737,024	—	—	737,024
Capital expenditures	386,797	1,179	—	387,976

* The elimination column mainly represent intra-group balances and intersegment revenues from services rendered by the entities within the Group.

	2021 (As Restated – Note 32)			Total
	Banking	Real Estate	Elimination*	
Statement of Income				
Interest income	₱1,909,834	₱3,920	(₱61)	₱1,913,693
Interest expense	233,264	1,915	(61)	235,118
Net interest income	1,676,570	2,005	—	1,678,575
Gain on sale of assets	57,501	12,706	—	70,207
Other operating income	296,082	29,951	(9,698)	316,335
Total operating income	2,030,153	44,662	(9,698)	2,065,117
Total operating expenses	3,062,386	30,697	—	3,093,083
Income (loss) before income tax	(1,032,233)	13,965	(9,698)	(1,027,966)
Provision for income tax	169,032	3,013	—	172,045
Net income (loss)	(₱1,201,265)	₱10,952	(₱9,698)	(₱1,200,011)

Statement of Financial Position				
Total assets	₱53,534,131	₱290,071	(₱280,638)	₱53,543,564
Total liabilities	50,923,245	92,561	(79,986)	50,935,820
Other Segment Information				
Equity in net losses of subsidiaries	9,698	—	(9,698)	—
Depreciation and amortization	342,246	1,827	—	345,073
Provision for impairment, credit and other losses	917,921	178	—	918,099
Capital expenditures	542,998	3,776	—	546,774

* The elimination column mainly represent intra-group balances and intersegment revenues from services rendered by the entities within the Group.

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 operating income.

29. Offsetting of Financial Assets and Liabilities

The following table shows the effect of right of set-off associated with the SPURA of the Group and the Parent Company as of December 31, 2023 and 2022 (amounts in thousands):

	2023	2022
Gross carrying amount (before offsetting)	₱2,720,965	₱1,086,138
Gross amounts offset in accordance with the offsetting criteria	—	—
Net amount presented in the statement of financial position	2,720,965	1,086,138
Fair value of financial collateral	2,720,965	1,086,138
Net exposure	₱—	₱—

30. Notes to Statements of Cash Flows

The amounts of due from other banks, gross of allowance for credit losses, considered as cash and cash equivalents of the Group and Parent Company follow (amounts in thousands):

	Consolidated			Parent Company		
	2023	2022	2021	2023	2022	2021
Total due from other banks	₱1,278,210	₱1,157,539	₱901,203	₱1,136,430	₱1,104,973	₱792,471

The amounts of IBLR and SPURA considered as cash and cash equivalents of the Group and Parent Company follow (amounts in thousands):

	Consolidated			Parent Company		
	2023	2022	2021	2023	2022	2021
Total IBLR and SPURA	₱3,200,280	₱1,673,976	₱2,294,526	₱3,200,280	₱1,673,976	₱2,294,526
IBLR and SPURA not considered as cash and cash equivalents	(479,315)	(587,838)	(696,363)	(479,315)	(587,838)	(696,363)
	₱2,720,965	₱1,086,138	₱1,598,163	₱2,720,965	₱1,086,138	₱1,598,163

Non-cash investing activities of the Group and Parent Company consist of acquisition of certain investment and chattel properties through foreclosure and dacion transactions amounting to ₱354.75 million and ₱354.54 million, respectively in 2023; ₱367.28 million in 2022 (as restated); and ₱120.21 million in 2021 (see Note 11).

Below tables show the changes in liabilities arising from financing activities (amounts in thousands):

	Consolidated			Parent Company		
	January 1, 2023	Net cash flows	December 31, 2023	January 1, 2023	Net cash flows	December 31, 2023
Loans payable (Note 14)	₱-	₱-	₱-	₱-	₱-	₱-
Dividends payable (Note 16)	257,672	(188)	257,484	257,672	(188)	257,484
	₱257,672	(₱188)	₱257,484	₱257,672	(₱188)	₱257,484

	Consolidated			Parent Company		
	January 1, 2022	Net cash flows	December 31, 2022	January 1, 2022	Net cash flows	December 31, 2022
Loans payable (Note 14)	₱10,940	(₱10,940)	₱-	₱-	₱-	₱-
Dividends payable (Note 16)	257,796	(124)	257,672	257,796	(124)	257,672
	₱268,736	(₱11,064)	₱257,672	₱268,736	(₱11,064)	₱257,672

	Consolidated			Parent Company		
	January 1, 2021	Net cash flows	December 31, 2021	January 1, 2021	Net cash flows	December 31, 2021
Loans payable (Note 14)	₱32,317	(₱21,377)	₱10,940	₱-	₱-	₱-
Dividends payable (Note 16)	257,936	(140)	257,796	257,936	(140)	257,796
	₱290,253	(₱21,517)	₱268,736	₱257,936	(₱140)	₱257,796

31. Disaggregation of Service Fees and Commission

Service fees and commissions, which are covered under PFRS 15 are further disaggregated by source as follows:

	Consolidated			Parent Company		
	2023	2022	2021	2023	2022	2021
Lending	₱109,135	₱96,468	₱137,901	₱108,844	₱96,300	₱137,851
Deposits	9,729	9,482	6,403	9,728	9,481	6,401
Others	38,922	42,037	43,684	11,947	9,677	13,970
	₱157,786	₱147,987	₱187,988	₱130,519	₱115,458	₱158,222

32. Prior Period Adjustments

In 2023, the BSP conducted a special examination of the Bank's operations and financial statements covering the period ended December 31, 2022. The special examination resulted to material adjustments requiring the Bank to restate the previous period financial statements.

The December 31, 2022 and January 1, 2022 financial statements have been restated to reflect the following:

- Provide additional allowance for expected credit losses on restructured loan accounts in accordance with PFRS 9, *Financial Instruments*; and
- Correct accounting for sale of investment properties based on conditional Contract to Sell in accordance with PFRS 15.

In 2023, IPI identified prior period adjustment in its accrual of provision for 2020 deficiency taxes. The restatement did not have an effect on the Group's statement of comprehensive income for the years ended December 31, 2023, 2022 and 2021.

The effects of these restatement in the comparative financial statements for December 31, 2022 and the corresponding figures as of January 1, 2022 on the affected assets, liabilities and equity components, are shown below (amounts in thousands):

	Consolidated		
	As previously reported	Effects of Restatement	As restated
December 31, 2022			
Assets			
Loans and other receivables	₱23,159,311	(₱747,025)	₱22,412,286
Investment properties	2,287,286	(193,247)	2,094,039
Liabilities			
Other liabilities	1,619,800	36,166	1,655,966
Decrease in equity		(₱976,438)	
Equity			
Deficit	(₱1,308,550)	(₱976,438)	(₱2,284,988)
January 1, 2022			
Assets			
Loans and other receivables	₱19,825,217	(₱15,037)	₱19,810,180
Investment properties	2,062,714	(133,017)	1,929,697
Liabilities			
Other liabilities	1,470,267	(2,835)	1,467,432
Net decrease in equity		(₱145,219)	
Equity			
Deficit	(₱1,408,992)	(₱145,219)	(₱1,554,211)

	Parent Company		
	As previously reported	Effects of Restatement	As restated
December 31, 2022			
Assets			
Loans and other receivables	₱23,059,055	(₱747,025)	₱22,312,030
Investment in subsidiaries	150,119	(1,163)	148,956
Investment properties	2,298,362	(193,247)	2,105,115
Liabilities			
Other liabilities	1,533,785	35,003	1,568,788
Decrease in equity		(₱976,438)	
Equity			
Deficit	(₱1,308,550)	(₱976,438)	(₱2,284,988)
January 1, 2022			
Assets			
Loans and other receivables	₱19,741,816	(₱15,037)	₱19,726,779
Investment in subsidiaries	146,271	(1,163)	145,108
Investment properties	2,073,790	(133,016)	1,940,774
Liabilities			
Other liabilities	1,387,675	(3,997)	1,383,678
Net decrease in equity		(₱145,219)	
Equity			
Deficit	(₱1,408,992)	(₱145,219)	(₱1,554,211)

The effects of the prior period adjustments in the statements of income for the years ended December 31, 2022 and 2021 are shown below (amounts in thousands):

	Consolidated		
	As previously reported	Effects of Restatement	As restated
December 31, 2022			
Gain on sale of assets	₱284,982	(₱172,836)	₱112,146
Gain on asset foreclosures and dacion	204,809	(81,484)	123,325
Depreciation and amortization	358,355	(911)	359,266
Provision for impairment, credit and other losses	148,562	(575,988)	724,550
Net effect in net loss		(₱831,219)	
December 31, 2021			
Gain on sale of assets	₱213,351	(₱143,145)	₱70,206
Depreciation and amortization	294,848	(911)	295,759
Net effect in net loss		(₱144,056)	

	Parent Company		
	As previously reported	Effects of Restatement	As restated
December 31, 2022			
Gain on sale of assets	₱281,869	(₱172,836)	₱109,033
Gain on asset foreclosures and dacion	204,809	(81,484)	123,325
Depreciation and amortization	356,122	(911)	357,033
Provision for impairment, credit and other losses	145,695	(575,988)	721,683
Net effect in net loss		(₱831,219)	
December 31, 2021			
Gain on sale of assets	₱200,645	(₱143,145)	₱57,500
Depreciation and amortization	292,751	(911)	293,662
Net effect in net loss		(₱144,056)	

The effects of the prior period adjustments in the earnings per share (EPS) for the years ended December 31, 2022 and 2021 are shown below (amounts in thousands, except earnings per share):

	2022		
	As previously reported	Effects of Restatement	As restated
a. Net income (loss) attributable to equity holders of the Parent Company	₱267,934	(₱831,219)	(₱563,285)
b. Weighted average number of outstanding common shares	23,107	23,107	23,107
c. Basic earnings (losses) per common share [a/b]	₱11.60	(₱35.97)	(₱24.38)
	2021		
	As previously reported	Effects of Restatement	As restated
a. Net loss attributable to equity holders of the Parent Company	(₱1,055,926)	(₱144,056)	(₱1,199,982)
b. Weighted average number of outstanding common shares	23,103	23,103	23,103
c. Basic losses per common share [a/b]	(₱45.71)	(₱6.23)	(₱51.94)

The effects of the prior period adjustments in the statements of cash flows for the years ended December 31, 2022 and 2021 are shown below (amounts in thousands):

	Consolidated		
	As previously reported	Effects of Restatement	As restated
December 31, 2022			
Income (loss) before tax	₱359,796	₱831,219	(₱471,423)
Gain on sale of assets	284,982	(172,836)	112,146
Gain on asset foreclosures and dacion	204,809	(81,484)	123,325
Depreciation and amortization	358,355	(911)	359,266
Provision for impairment, credit and other losses	148,562	(575,988)	724,550
Net effect in cash flows from operating activities		₱-	
December 31, 2021			
Loss before tax	(₱883,910)	(₱144,056)	(₱1,027,966)
Gain on sale of assets	213,351	(143,145)	70,206
Depreciation and amortization	294,848	(911)	295,759
Net effect in cash flows from operating activities		₱-	

	Parent Company		
	As previously reported	Effects of Restatement	As restated
December 31, 2022			
Income (loss) before tax	₱355,499	(₱831,219)	(₱475,720)
Gain on sale of assets	281,869	(172,836)	109,033
Gain on asset foreclosures and dacion	204,809	(81,484)	123,325
Depreciation and amortization	356,122	(911)	357,033
Provision for impairment, credit and other losses	145,695	(575,988)	721,683
Net effect in cash flows from operating activities		₱-	
December 31, 2021			
Loss before tax	(₱886,900)	(₱144,056)	(₱1,030,956)
Gain on sale of assets	200,645	(143,145)	57,500
Depreciation and amortization	292,751	(911)	293,662
Net effect in cash flows from operating activities		₱-	

33. Events After the Reporting Period

A. Agenda in the Special Stockholders Meeting

The following resolutions were presented to and approved by the Parent Company's stockholders in the Special Stockholders Meeting conducted virtually on March 19, 2024:

- *Articles and Plan of Merger for the Merger of the Parent Company with NAGON*

The Articles and Plan of Merger for the previously approved merger of the Parent Bank and NAGON, with the Parent Bank as the surviving entity, will enhance the rural banking operations of NAGON which can not be provided by the services of a commercial bank. The merger will also help in the following: (1) development of a substantial property located beside Municipal Hall of Agoncillo; and (2) establishment of the Parent Company's 62nd branch located at Agoncillo, that can access the government deposits of Agoncillo and nearby municipalities.

The effective date of the merger is on the date of the issuance of the Certificate of Merger by the SEC. Once completed, the Bank will be responsible and liable for all the liabilities and obligations of NAGON. The Bank will not issue shares to itself or its nominees in exchange for the shares in NAGON, but will instead close its investment account in NAGON. In case there are remaining minority shareholders of NAGON, the Bank will issue shares at an exchange ratio of 1.1.

- *Amendments to the Articles of Incorporation, and By-Laws*

- Amendment of *Article V* of the *Articles of Incorporation* to reflect the increase of the Parent Company's authorized capital stock to ₱15.0 billion divided into 125.0 million common shares and 25.0 million preferred shares with a par value of ₱100 each. The BOD and stockholders are hereby authorized to increase the authorized capital stock and provide the features of preferred shares, subject to pertinent laws and the rules and regulations of the BSP and SEC.
- Amendment of *Article VII* of the *Articles of Incorporation* to reflect the increase in number of directors to fifteen (15).

Other amendments to align the same with the Bank's Revised Charter under Republic Act No. 11597, as follow:

- o Amendment of *Article IV, Section 1* of the *By-laws* to remove the citizenship requirement for directors
- o Amendment of *Article VII, Section 1 (a)* of the *By-laws* to create the position of Chief Executive Officer (CEO)
- o Abandonment of the cumulative feature of preferred shares which was previously approved and ratified during the Bank's Annual Stockholders Meeting held on June 17, 2022
- o Amendment of *Article V* of the *Articles of Incorporation* to authorize the BOD to fix the terms and conditions of preferred shares of stock or any series thereof
- o Deletion of *Article VII, Section 3* of the *Articles of Incorporation* to remove the veteran status requirement for directors in view of the enactment of the Bank's Revised Charter and renumbering of *Article VII, Section 4* to *Article VII, Section 3*

B. Updates in the CBUP

On March 27, 2024, the Parent Company's major investor has opened an escrow account through PVB's Trust Group amounting to ₱2.3 billion. This placement is intended for investment to the Parent Company's capital stocks as part of its commitment indicated in the CBUP as approved by the MB on December 7, 2023 per MB Resolution no. 1592.

34. Approval of the Release of the Financial Statements

The accompanying financial statements of the Group and of the Parent Company were authorized for issue by the BOD on April 14, 2024.

35. Report on the Supplementary Information Required Under BSP Circular No. 1074

The BSP issued Circular No. 1074 on February 7, 2020 to amend certain provisions of the MORB which provides for new and amended disclosure requirements to the audited financial statements, which are to be presented either (i) on specific notes to the financial statements, or (ii) in a separate note containing supplementary information as required by the BSP. In compliance with the requirements set forth by the circular, hereunder are the information:

Basic Quantitative Indicators of Financial Performance

The following basic ratios measure the financial performance of the Group and Parent Company (amounts in thousands):

	Consolidated			Parent Company		
	2023	2022 (As Restated – Note 32)	2021 (As Restated – Note 32)	2023	2022 (As Restated – Note 32)	2021 (As Restated – Note 32)
a. Return on Average Equity	(2.53%)	(25.55%)	(38.00%)	(2.53%)	(20.36%)	(38.00%)
Net income (loss)	(₱72,397)	(₱563,359)	(₱1,200,011)	(₱72,450)	(₱563,285)	(₱1,199,983)
Average total equity	2,863,860	2,204,974	3,157,689	2,864,200	2,766,108	3,157,944
b. Return on Average Assets	(0.12%)	(0.99%)	(2.26%)	(0.12%)	(0.99%)	(2.26%)
Net loss	(₱72,397)	(₱563,359)	(₱1,200,011)	(₱72,450)	(₱563,285)	(₱1,199,983)
Average total assets	62,273,249	56,994,453	53,092,774	62,187,986	56,837,149	53,000,646
c. Net Interest Margin	4.86%	4.04%	3.52%	4.83%	4.04%	3.53%
Net interest income	₱2,757,169	₱2,072,517	₱1,678,575	₱2,747,785	2,065,397	₱1,674,507

	Consolidated			Parent Company		
	2023	2022 (As Restated – Note 32)	2021 (As Restated – Note 32)	2023	2022 (As Restated – Note 32)	2021 (As Restated – Note 32)
Average interest earning assets	56,678,495	51,240,715	47,651,946	56,871,951	51,065,354	47,456,458

Description of Capital Instruments Issued

As of December 31, 2023 and 2022, the Parent Company has issued common and preferred shares.

Preferred shares of stock which are non-voting shall be subscribed as provided for in the Parent Company's Charter (RA 3518). Holders of preferred shares are guaranteed a dividend of 8.00% annually from the net profits and shall have priority in case of liquidation or insolvency.

Significant Credit Exposures as to Industry Sector

Information on the concentration of loans and discounts as to industry of the Group and Parent Company is as follows (amounts in thousands):

	Consolidated			
	2023		2022	
	Amount	%	Amount	%
Wholesale and retail trade	₱5,067,105	19.68	₱4,925,297	19.66
Salary-based and general purpose consumption	4,731,239	18.37	5,075,309	20.26
Real estate, renting and business activities	4,437,389	17.23	4,282,529	17.09
Manufacturing (various industries)	4,199,761	16.31	3,489,366	13.93
Public administration and local government	2,265,668	8.80	2,545,391	10.16
Financial intermediaries	1,504,497	5.84	1,571,947	6.27
Community, social and personal services	1,413,149	5.49	1,224,821	4.89
Agricultural, hunting and forestry	1,410,426	5.48	1,410,483	5.63
Education	387,240	1.50	375,500	1.50
Hotel and restaurants	283,494	1.10	70,000	0.28
Electricity, gas and water	20,000	0.08	30,000	0.12
Construction	901	0.00	663	0.00
Transportation, storage and communication	–	0.00	–	0.00
Others	30,000	0.12	55,000	0.21
	₱25,750,869	100.00	₱25,056,306	100.00

	Parent Company			
	2023		2022	
	Amount	%	Amount	%
Wholesale and retail trade	₱5,062,003	19.69	₱4,921,274	19.68
Salary-based and general purpose consumption	4,702,754	18.29	5,025,135	20.10
Real estate, renting and business activities	4,437,389	17.26	4,282,529	17.13
Manufacturing (various industries)	4,199,761	16.33	3,489,366	13.96
Public administration and local government	2,265,668	8.81	2,545,391	10.18
Financial intermediaries	1,504,497	5.85	1,571,947	6.29
Community, social and personal services	1,413,077	5.50	1,224,821	4.90
Agricultural, hunting and forestry	1,408,926	5.48	1,409,083	5.64
Education	386,339	1.50	375,500	1.50
Hotel and restaurants	283,494	1.10	70,000	0.28
Electricity, gas and water	20,000	0.08	30,000	0.12
Construction	–	0.00	213	0.00
Transportation, storage and communication	–	0.00	–	0.00
Others	30,000	0.11	55,000	0.22
	₱25,713,908	100.00	₱25,000,259	100.00

The BSP considers that concentration of credit exists when the total loan exposure to a particular industry or economic sector exceeds 30% of total loan portfolio.

As of December 31, 2023 and 2022, the 10.00% of Tier 1 capital, after relief, amounted to ₱0.19 billion and ₱0.11 billion, and the table below shows the industry groups exceeding this level (amount in thousands):

	Consolidated	
	2023	2022
Wholesale and retail trade	₱5,067,105	₱4,925,297
Salary-based and general purpose consumption	4,731,239	5,075,309
Real estate, renting and business activities	4,437,389	4,282,529
Manufacturing (various industries)	4,199,761	3,489,366
Public administration and local government	2,265,668	2,545,391
Financial intermediaries	1,504,497	1,571,947
Community, social and personal services	1,413,149	1,224,821
Agricultural, hunting and forestry	1,410,426	1,410,483
Education	387,240	375,500
Hotel and restaurants	283,494	70,000

	Parent Company	
	2023	2022
Wholesale and retail trade	₱5,062,003	₱4,921,274
Salary-based and general purpose consumption	4,702,754	5,025,135
Real estate, renting and business activities	4,437,389	4,282,529
Manufacturing (various industries)	4,199,761	3,489,366
Public administration and local government	2,265,668	2,545,391
Financial intermediaries	1,504,497	1,571,947
Community, social and personal services	1,413,077	1,224,821
Agricultural, hunting and forestry	1,408,926	1,409,083
Education	386,339	375,500
Hotel and restaurants	283,494	70,000

Breakdown of Total Loans as to Security

The following tables show information relating to loans and discounts by security of the Group and Parent Company (amounts in thousands):

	Consolidated			
	2023		2022	
	Amount	%	Amount	%
Secured by:				
Corporate surety/ guarantee	4,373,592	16.98	₱3,153,767	12.59
Deed of assignment	4,220,142	16.39	4,278,431	17.08
Real estate	2,990,960	11.61	2,477,159	9.89
Republic of the Philippines guarantee	900,000	3.50	900,000	3.59
Mortgage of trust indenture	100,000	0.39	100,000	0.40
Deposits hold-out	9,398	0.04	9,397	0.04
Chattel	980	0.00	980	0.00
Various collaterals	5,114,213	19.86	5,463,809	21.80
	17,709,285	68.77	16,383,543	65.39
Unsecured loans	8,041,584	31.23	8,672,763	34.61
	₱25,750,869	100.00	₱25,056,306	100.00

	Parent Company			
	2023		2022	
	Amount	%	Amount	%
Secured by:				
Corporate surety/ guarantee	4,373,592	17.01	₱3,153,767	12.61
Deed of assignment	4,220,142	16.41	4,278,431	17.11
Real estate	2,988,407	11.62	2,475,199	9.90
Republic of the Philippines guarantee	900,000	3.50	900,000	3.60
Mortgage of trust indenture	100,000	0.39	100,000	0.40
Deposit hold out	9,398	0.04	9,397	0.04
Chattel	980	0.00	980	0.00
Various collaterals	5,114,213	19.89	5,463,809	21.86
	17,706,732	68.86	16,381,583	65.52
Unsecured loans	8,007,176	31.14	8,618,676	34.48
	₱25,713,908	100.00	₱25,000,259	100.00

Unsecured loans and receivables pertain mostly to salary loans granted to teachers and non-teaching employees of the Department of Education and employees of local government units and pension loans to veterans of World War II and retirees of the Armed Forces of the Philippines. These loans are covered by agreements, which allow collection of monthly amortizations through salary or pension deductions.

Breakdown of Total Loans as to Status

BSP issued BSP Circular No. 772, which requires banks to compute their net nonperforming loans (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.

NPLs of the Group and the Parent Company follow (amounts in thousands):

	Consolidated		Parent Company	
	2023	2022	2023	2022
Corporate	₱5,329,545	₱5,165,180	₱5,329,545	₱5,165,180
Pension	576,534	562,700	576,534	562,700
Mortgage	35,573	46,694	35,573	46,694
Salary	104,946	88,221	104,946	88,221
Others	619,978	684,235	614,625	628,189
Total NPLs	₱6,666,576	₱6,547,030	₱6,661,223	₱6,490,984

Secured and unsecured NPLs follow (amounts in thousands):

	Consolidated		Parent Company	
	2023	2022	2023	2022
Secured	₱2,249,995	₱5,215,603	₱2,248,785	₱5,213,643
Unsecured	4,416,582	1,331,427	4,412,438	1,277,341
	₱6,666,577	₱6,547,030	₱6,661,223	₱6,490,984

In 2020, the Parent Company availed of the relief on classification to NPL, wherein eligible loans were excluded from past due and non-performing classification for regulatory reporting purposes until December 31, 2021. Had the exclusion of eligible loans from past due and non-performing classification been considered, the adjusted NPLs as of December 31, 2023 and 2022 are as follows (amounts in thousands):

	Consolidated		Parent Company	
	2023	2022	2023	2022
Corporate	₱4,551,946	₱4,247,693	₱4,551,946	₱4,247,693
Pension	576,534	562,700	576,534	562,700
Mortgage	35,573	46,694	35,573	46,694
Salary	104,946	88,221	104,946	88,221
Others	490,701	553,844	485,348	497,797
Total NPLs	₱5,759,700	₱5,499,152	₱5,754,347	₱5,443,105

Secured and unsecured NPLs follow (amounts in thousands):

	Consolidated		Parent Company	
	2023	2022	2023	2022
Secured	₱1,472,396	₱4,298,115	₱1,471,186	₱4,296,155
Unsecured	4,287,304	1,201,037	4,283,161	1,146,950
	₱5,759,700	₱5,499,152	₱5,754,347	₱5,443,105

Loans are considered NPLs, even without any missed contractual payments, when they are deemed impaired under PFRS, classified as doubtful or loss under BSP regulations, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, are considered NPLs if any principal and/or interest are unpaid for more than 90 days from contractual due date, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement. Microfinance and other small loans with similar credit characteristics shall be considered NPLs after contractual due date or after they have become past due. Restructured loans or those loans whose terms and conditions have been modified in accordance with a formal restructuring agreement that sets forth a revised schedule of payments are also considered NPLs. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained. NPLs remain classified as such until there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least one year, or they are written off.

Information on Related Party Loans

In the ordinary course of business, the Group has loan transactions with certain directors, officers, stockholders and related interests (DOSRI) within limits prescribed by the BSP. These loans are made substantially on the same terms as with other individuals and businesses of comparable risks.

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 values of their respective investments in the Group. In the aggregate, loans to DOSRI generally should not exceed the lower of the total capital funds or 15.00% of the total loan portfolio. These limits do not apply to loans secured by assets considered as non-risk as defined in the regulations. As of December 31, 2023 and 2022, the Group is in compliance with these regulatory requirements.

The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts as reported to the BSP (amounts in thousands):

	2023	2022
Total outstanding DOSRI accounts	₱28,916	₱30,187
Percent of DOSRI accounts to total loans	0.11%	0.12%
Percent of unsecured DOSRI accounts to total DOSRI accounts	9.50%	—
Percent of past due DOSRI accounts to total DOSRI accounts	5.45%	—
Percent of nonperforming DOSRI accounts to total accounts	3.18%	—

On January 31, 2007, BSP Circular No. 560 was issued providing the rules and regulations that govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks. Under the said circular, the total outstanding exposures to each of the bank's subsidiaries and affiliates shall not exceed 10.00% of bank's net worth, the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding exposures to subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank.

Aggregate Amount of Secured Liabilities and Assets Pledged as Security

Assets pledged as security as of December 31, 2023 and 2022 is as follows (amounts in thousands):

	2023	2022
Debt securities at amortized cost	₱3,719,779	₱3,489,365

Contingencies and Commitments Arising from Off-Balance Sheet Items

The following is a summary of commitments and contingent liabilities of the Group and the Parent Company at their equivalent peso contractual amounts (amounts in thousands) as reported to the BSP:

	2023	2022
Trust department accounts	₱6,442,506	₱6,301,646
Undrawn commitments	1,117,128	2,001,117
Unused commercial letters of credit	130,813	206,788
Outstanding guarantees issued	3,602	—
Trade-related guarantees	—	19,721
Inward bills for collection	8,089	64,711
Late deposits/payments received	3,266	12,869
Spot foreign exchange contracts bought	110,740	503
Deficiency claims receivable	(15,555)	(15,555)
Open account arrangements	—	—
Spot foreign exchange contracts sold	110,740	—
Others	910	921

36. Information Required Under Revenue Regulations No. 15-2010

In compliance with the requirements set forth by RR No. 15-2010, hereunder are the information on taxes, duties and license fees paid or accrued during 2023:

a. Gross Receipts Tax (GRT)

The Parent Company is subjected to GRT on its gross income from Philippine sources. GRT is imposed on interest, fees and commissions from lending activities at 5% or 1%, depending on the loan term, and at 7% on non-lending fees and commissions, trading and foreign exchange gains and other items constituting gross income.

Details of the Parent Company's income and GRT related to the income for the year ended December 31, 2023 under 'Taxes and licenses' in the statement of income are as follows (amounts in thousands):

	Gross Receipts	GRT
Income derived from lending activities	₱3,138,541	₱139,236
Other income	349,548	24,471
	₱3,488,089	₱163,707

b. Other taxes and licenses

Other taxes and licenses, local and national, including real estate taxes, license and permit fees for 2023 under 'Taxes and licenses' in the statement of income follow (amounts in thousands):

National	
Documentary stamp taxes	₱52,836
Fringe benefit taxes	4,379
Donor's tax	1,984
Local	
License, registration and permit fees	8,749
Real property taxes	7,497
Other taxes and licenses	9
	₱75,454

c. Withholding taxes

Withholding taxes for 2023 are as follows (amounts in thousands):

	Paid	Accrued
Withholding taxes on compensation and benefits	₱88,479	₱8,171
Final withholding taxes	58,531	4,789
Expanded withholding taxes	23,219	1,454
	₱170,229	₱14,414

d. Tax assessments and cases

The Parent Company, together with 18 banks, was successful in petitioning the Makati RTC to issue temporary restraining order (TRO) to the BIR with regard to the implementation of RR No. 4-2011. On May 10, 2022, the Supreme Court Third Division (G.R. Nos. 240163 & 240168-169) decided that the provisions of RR No. 4-2011 on the proper allocations of common costs amongst income earnings of banks and other financial institutions for income tax reporting is invalid and declared void for having been issued ultra vires. The Decision of the Supreme Court is still subject to a motion for reconsideration that may be filed by the BIR within fifteen (15) days from its receipt of the said Decision. As of the end of the reporting period, the case is now final, the Parent Company (together with the other banks) filed a Motion of the Issuance of Entry of Judgment.

In the opinion of management and legal counsel, the eventual liability under these claims, if any, will not have a material or adverse effect on the Parent Company's financial position and results of operations.



**Report of Independent Auditors
to Accompany Supplementary
Information Required by the
Securities and Exchange Commission
Filed Separately from the
Basic Financial Statements**

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The Board of Directors and Stockholders
Philippine Veterans Bank
101 V.A. Rufino corner Dela Rosa Streets
Legaspi Village, Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Philippine Veterans Bank and subsidiaries (together hereinafter referred to as the Group) for the year ended December 31, 2023, on which we have rendered our report dated April 14, 2024. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued by the Bangko Sentral ng Pilipinas and approved by the Securities and Exchange Commission, as described in Note 2 to the financial statements. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: 
Jerald M. Sanchez
Partner

CPA Reg. No. 0121830

TIN 

PTR No. 10076154, January 3, 2024, Makati City

SEC Group A Accreditation

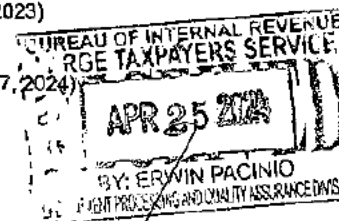
Partner - No. 121830-SEC (until financial period 2023)

Firm - No. 0002 (until financial period 2024)

BIR AN 08-002551-041-2023 (until Jan. 24, 2026)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 14, 2024



PHILIPPINE VETERANS BANK AND SUBSIDIARIES
INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
AS OF DECEMBER 31, 2023

Annex 68D: Reconciliation of retained earnings available for dividend declaration

Annex 68E: Schedule of financial soundness indicators

Annex 68J: Schedules

SCHEDULE A - Financial assets

SCHEDULE B - Amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties)

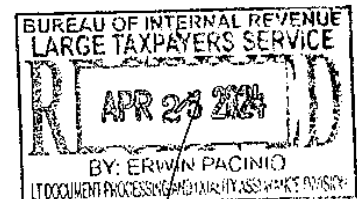
SCHEDULE C - Amounts receivable from related parties which are eliminated during the consolidation of financial statements

SCHEDULE D - Long-term debt

SCHEDULE E - Indebtedness to related parties

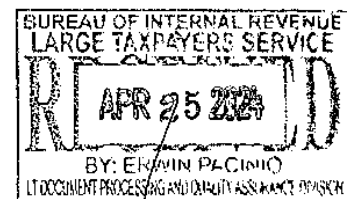
SCHEDULE F - Guarantees of securities of other issuers

SCHEDULE G - Capital stock



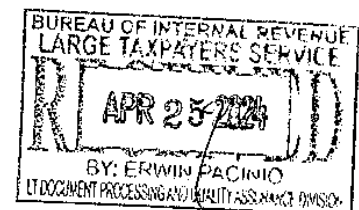
ANNEX I
PHILIPPINE VETERANS BANK AND SUBSIDIARIES
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2023
(Amounts in PHP)

Unappropriated retained earnings, January 1, 2023	(2,452,478,872)
Adjustments:	
Unamortized loss on IBCL and AR	(739,752,292)
Net unrealized gain on foreclosures, net of accumulated depreciation	383,975,877
Treasury stocks	(14,800)
Deferred income tax assets	(359,222,650)
Unrealized MTM gain on FVTPL	14,977,004
Unrealized foreign exchange loss except those attributable to Cash and Cash Equivalents) - see DTA basis beg 2022	3,448,371
Unappropriated retained earnings, January 1, 2023, as adjusted	(3,149,067,362)
Net income during the period closed to Retained Earnings	(72,450,180)
Less: Non-actual/unrealized income net of tax	
Gains on asset foreclosures and dacion transactions	(141,325,951)
Deferred income tax	(47,093,982)
Equity in net earnings of subsidiaries	(9,857,894)
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	3,866,052
Subtotal	(194,411,775)
Add: Non-actual losses	
Unrealized marked-to-market loss on financial assets at fair value through profit or loss	(48,964,891)
Add (Less):	
Acquisition of treasury stock	(154,000)
Unappropriated retained earnings, as adjusted to available for dividend distribution, December 31, 2023	(3,465,048,308)



ANNEX 66J-SCHEDULE A
PHILIPPINE VETERANS BANK AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED UNDER SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2023
SCHEDULE A - FINANCIAL ASSETS

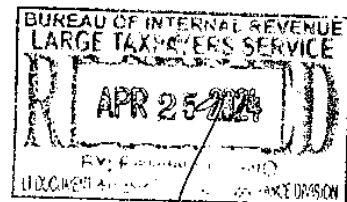
	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation at the end of reporting date	Income received and accrued
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)				
Government	1,012,370,000	984,248,090	984,248,090	46,942,314
TOTAL FINANCIAL ASSETS AT FVTPL	1,012,370,000	984,248,090	984,248,090	46,942,314
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)				
Government	6,604,370,000	6,668,881,648	6,668,881,648	282,524,077
Private	91,660,000	88,759,219	88,759,219	
TOTAL FINANCIAL ASSETS AT FVOCI	6,696,030,000	6,757,640,867	6,757,640,867	282,524,077
FINANCIAL ASSETS AT AMORTIZED COST				
Government	12,502,124,488	12,812,575,651	12,812,575,651	579,886,220
Private	83,150,000	83,148,052	83,148,052	
TOTAL FINANCIAL ASSETS AT AMORTIZED COST	12,585,274,488	12,895,723,702	12,895,723,702	579,886,220
UNQUOTED DEBT SECURITIES CLASSIFIED AS LOANS (UDSCL)				
Government	-	-	-	1,819,156
Private	-	-	-	
TOTAL UDSCL	-	-	-	1,819,156
EQUITY SECURITIES				
Quoted	12,513	105,141,541	105,141,541	
Unquoted	143,522	77,092,547	77,092,547	
	156,035	182,234,088	182,234,088	
	20,493,820,523	20,849,846,747	20,849,846,748	921,171,787



PHILIPPINE VETERANS BANK AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED UNDER SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2023

SCHEDULE A - FINANCIAL ASSETS

Name of issuing entity and association of each issue	Per Audited Figures			
	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation at the end of reporting date	Income received and accrued
Financial Assets at Fair Value through Profit or Loss				
Debt Securities				
Bureau of Treasury	1,012,370,000	984,248,090	984,248,090	46,942,314
	1,012,370,000	984,248,090	984,248,090	46,942,314
Financial Assets at Fair Value through Other comprehensive Income				
Debt Securities				
Government	6,804,370,000	6,698,881,648	6,698,881,648	
Bureau of Treasury	-	-	-	
Private				
Abolix Express Ventures				292,524,077
Rockwell Land Corporation				
San Miguel Corporation	81,500,000.00	78,893,901	78,893,901	
SM Prime Holdings				
SMC Global Power Holdings	10,150,000	10,075,318	10,075,318	
	6,896,020,000	6,787,840,867	6,787,840,867	292,524,077
Financial Assets at Fair Value through Other comprehensive Income				
Quoted				
Rockwell Land Corporation	5,808	7,841	7,841	
Mentosa B - COMMON STOCK	1,662	621,364	621,364	
Mentosa B - STOCK DIVIDEND	187	74,389	74,389	
Mentosa B - 10% CUM PREFERRED STOCK	1,820	763,776	763,776	
Mentosa B - Stock Dividend Fund	312	124,114	124,114	
San Miguel Corp.A	2,694	275,057	275,057	
Camp John Hay Golf Club (Green Square Properties Corp.)	22	6,050,000	6,050,000	
Manila Mimosa Golf & Country Club - C1(Charter Corporate)	2	400,000	400,000	
The Manila Southwoods Golf and Country Club-A	2	8,000,000	8,000,000	
Wack Wack Golf & Country Club	1	72,500,000	72,500,000	
Sis, Elena Properties, Inc.-A	1	15,000,000	15,000,000	
Makati (Sports) Club, Inc.-A	1	1,050,000	1,050,000	
Fit-Estate Management (Camp John Hay Golf Club)	1	275,000	275,000	
Unquoted				
Saninet	63,100	24,047,410	24,047,410	
LGU Guarantee Corporation	50,000	-	-	
PCHO - Philippine Clearing House Corporation	21,000	43,460,760	43,460,760	
BAYANTEL	4,122	4,122	4,122	
Phil. Depository & Trust Co.(Phil. Dealing System Holdings Cor	5,000	8,520,855	8,520,855	
Republic Telephone Company, Inc.	8,146 (10,564)	1,056,400	1,056,400	
Philippine Central Depository, Inc.	300	3,000	3,000	
	156,035	182,234,088	182,234,088	
Debt Securities at amortized cost				
Government				
Bangko Sentral Pilipinas	2,050,000,000	2,045,976,781	2,045,976,780.68	
Bureau of Treasury	10,217,124,488	10,531,801,854	10,531,801,854	
Development Bank of the Philippines	235,000,000	234,997,216	234,997,216	
Private				
Ayala Corporation	39,730,000	39,728,418	39,728,418	579,886,220
Ayala Land Inc.	22,000,000	21,899,957	21,899,957	
Megawide Construction, Inc.	21,370,000	21,369,201	21,369,201	
SMC Global Power Holdings Corp.	50,000	49,475	49,475	
	12,585,274,488	12,895,723,702	12,895,723,702	579,886,220
Unquoted Debt Securities				
Agrarian Reform Bonds	-	-	-	
Agri-Agra Bonds	-	-	-	
Minglanilla Bonds	-	-	-	1,819,156
Meycauayan Bonds	-	-	-	
Private	-	-	-	
	-	-	-	1,819,156
	20,493,820,523	20,849,846,747	20,849,846,746	821,171,767



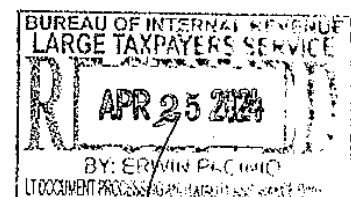
ANNEX 68J-SCHEDULE B

PHILIPPINE VETERANS BANK AND SUBSIDIARIES

**SUPPLEMENTARY SCHEDULES REQUIRED UNDER SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2023**

**SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES,
RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**

(SEE ATTACHED EXCEL FILE)



Philippine Veterans Bank
Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related parties)
December 31, 2023

Per Debtor Classification - Housing and Car Loans under the Bank's Fringe Benefit Program

Name of Debtor (s)	Designation of Debtor	Balance at beginning of period	Additions	Amounts subtracted	Balance at end of period	Due Date	Interest Rate	Collateral Terms of Payment
AVILA AMABELLE T	SENIOR MANAGER	1,093,857.95		146,153.79	947,704.17	04/30/2029	7	REM Insured by HomeGuarantyCorp
ROSARIO FREDERICK P	FIRST VICE-PRESIDENT	694,606.85		87,388.09	607,218.77	09/15/2029	7	REM Insured by HomeGuarantyCorp
RAMIL RODOLFO JR. R	ASSISTANT MANAGER	393,718.03		48,540.08	345,177.95	02/28/2030	7	REM Insured by HomeGuarantyCorp
QUE ERROL O	ASSISTANT MANAGER	893,633.49		100,653.31	792,980.18	06/30/2030	7	REM Insured by HomeGuarantyCorp
DULAY PAMELA D	ASSISTANT MANAGER	966,349.53		96,126.46	870,223.07	04/15/2031	7	REM Insured by HomeGuarantyCorp
SAN LUIS MELIZA S	SENIOR MANAGER	78,243.11		75,353.18	2,889.93	05/15/2023	6	Deed of Assignment on Salary
SAMSON ARNOLD M	MANAGER	71,762.54		69,073.79	2,688.75	05/15/2023	6	Deed of Assignment on Salary
LEDESMA SUNSHINE C	MANAGER	71,722.72		69,073.79	2,648.93	11/15/2023	6	Deed of Assignment on Salary
MARTIN ALLAN C	MANAGER	58,681.77		56,515.09	2,166.68	11/15/2023	6	Deed of Assignment on Salary
JONSCO RACHEL B	ASSISTANT VICE-PRESIDENT	94,766.46		74,592.47	20,173.99	12/15/2023	6	Deed of Assignment on Salary
MACALANDA RICHARD M	ASSISTANT VICE-PRESIDENT	85,306.41		73,790.85	11,515.56	12/31/2023	6	Deed of Assignment on Salary
BAUDONATO MILA C	MANAGER	72,755.02		55,535.87	17,219.15	12/30/2023	6	Deed of Assignment on Salary
MONTECLARO JENNIFER U	MANAGER	72,475.08		62,495.23	9,979.85	12/31/2023	6	Deed of Assignment on Salary
PERAS JAKE P	SENIOR MANAGER	95,963.93		74,047.60	21,916.33	12/31/2023	6	Deed of Assignment on Salary
BARBOZA GAUDENCIO JR. A	ASSISTANT VICE-PRESIDENT	99,511.73		73,882.94	25,748.79	01/15/2024	6	Deed of Assignment on Salary
PAGUIRIRAN RHEV ALBERT T	ASSISTANT MANAGER	107,719.98		53,095.12	54,624.86	09/30/2024	6	Deed of Assignment on Salary
SAMANO PORTIA V	MANAGER	94,296.40		54,031.26	40,265.12	10/15/2024	6	Deed of Assignment on Salary
MALUTAD MARK GREGORY S	ASSISTANT MANAGER	109,618.56		52,962.71	56,655.85	10/15/2024	6	Deed of Assignment on Salary
CAMPOS AILEEN P	MANAGER	109,618.56		54,993.69	54,624.87	10/15/2024	6	Deed of Assignment on Salary
ROMERO CHERIE LOU S	ASSISTANT MANAGER	102,798.26		45,664.06	56,934.20	10/15/2024	6	Deed of Assignment on Salary
VEROSHA CHRISTOPHER F	SENIOR MANAGER	136,293.33		73,589.20	62,704.13	10/31/2024	6	Deed of Assignment on Salary
OCAMPO MA. ROSARIO B	ASSISTANT MANAGER	111,512.39		50,809.77	60,702.62	10/31/2024	6	Deed of Assignment on Salary
ABRIL MICHAEL ANGELO M	MANAGER	124,661.89		62,880.82	61,781.07	10/31/2024	6	Deed of Assignment on Salary
COLLANTES ALVIN JAY O	ASSISTANT MANAGER	111,512.39		54,856.56	56,655.83	10/31/2024	6	Deed of Assignment on Salary
HALOC DOMINIC C	ASSISTANT MANAGER	111,512.39		52,830.63	58,681.76	10/31/2024	6	Deed of Assignment on Salary
OPERA JAYSON G	ASSISTANT MANAGER	111,512.39		54,856.56	56,655.83	10/31/2024	6	Deed of Assignment on Salary
INFANTE CEDRIC D	SENIOR MANAGER	129,331.88		65,056.30	64,275.58	11/15/2024	6	Deed of Assignment on Salary
SORIANO GASPARIEL MARIEL A	MANAGER	115,285.93		54,583.30	60,702.63	11/15/2024	6	Deed of Assignment on Salary
LASTIMOZA JOY G	MANAGER	133,873.46		51,271.20	82,602.26	11/15/2024	6	Deed of Assignment on Salary
QUIMCO ELVIRA A	MANAGER	138,602.32		64,409.58	74,192.74	11/15/2024	6	Deed of Assignment on Salary
SAMSON GERLIE GRACE E	ASSISTANT MANAGER	107,719.98		53,095.12	54,624.87	11/30/2024	6	Deed of Assignment on Salary
SANTOS JAIME CESAR S	SENIOR MANAGER	107,969.89		85,614.38	22,355.51	12/15/2023	6	Deed of Assignment on Salary
GARCIA VERSUELO, JR. R	SENIOR MANAGER	158,721.39		69,746.61	88,980.78	12/31/2024	6	Deed of Assignment on Salary
SAMSON HAIDEE C	ASSISTANT MANAGER	111,512.39		50,809.77	60,702.62	01/15/2025	6	Deed of Assignment on Salary
BRILLANTES MA. CRISTEL D	ASSISTANT MANAGER	119,040.66		50,304.85	68,735.81	01/15/2025	6	Deed of Assignment on Salary
MCANIRAN DOLLY C	ASSISTANT MANAGER	119,040.66		50,304.85	68,735.81	01/15/2025	6	Deed of Assignment on Salary
SOBREPEÑA ROGER A	SENIOR MANAGER	166,184.09		71,874.55	94,309.53	01/31/2025	6	Deed of Assignment on Salary
BALACANG MA. LOUISA O	ASSISTANT MANAGER	115,285.93		52,567.48	62,718.42	01/31/2025	6	Deed of Assignment on Salary
PEREZ LAARNI P	MANAGER	138,602.32		61,945.80	76,656.42	01/31/2025	6	Deed of Assignment on Salary
GONZALES VIKKI MARIE A	ASSISTANT MANAGER	124,637.70		51,915.30	72,722.40	02/15/2025	6	Deed of Assignment on Salary
MANAHAN MARION M	ASSISTANT MANAGER	124,637.70		51,915.30	72,722.40	02/15/2025	6	Deed of Assignment on Salary
SANTOS ARELLE L	MANAGER	129,305.16		52,935.60	76,369.56	02/28/2025	6	Deed of Assignment on Salary
RIVERA CHRISTOPHER A	MANAGER	145,494.48		63,928.91	81,565.57	02/28/2025	6	Deed of Assignment on Salary
BEKSABE CRISPIN A	MANAGER	132,035.51		51,399.37	80,636.14	07/31/2025	6	Deed of Assignment on Salary
TAMAYO MARIA THERESA B	ASSISTANT MANAGER	132,035.51		53,376.40	78,659.11	07/31/2025	6	Deed of Assignment on Salary
VENTURANZA VICTOR II A	ASSISTANT VICE-PRESIDENT	97,032.57		38,403.33	58,629.24	07/31/2025	6	Deed of Assignment on Salary
ZALCITA RADIA VERONICA S	SENIOR MANAGER	161,377.04		65,230.31	96,146.73	07/31/2025	6	Deed of Assignment on Salary
SACRO CATHERINE V	ASSISTANT VICE-PRESIDENT	219,612.63		79,962.54	140,650.09	08/31/2025	6	Deed of Assignment on Salary
ABUAN MARIBEL A	MANAGER	141,175.47		50,761.67	90,413.80	08/31/2025	6	Deed of Assignment on Salary
NALDA RIBIANO S	SENIOR MANAGER	141,175.47		50,761.67	90,413.80	08/31/2025	6	Deed of Assignment on Salary
BORROMEO CLETO L	MANAGER	135,739.40		51,143.34	84,596.06	09/15/2025	6	Deed of Assignment on Salary
AGUILA MARK ANTHONY D	SENIOR MANAGER	161,986.62		60,085.10	101,901.52	09/30/2025	6	Deed of Assignment on Salary
CALIMAS KRIS ANTONI	ASSISTANT MANAGER	146,611.31		50,382.85	96,228.46	09/30/2025	6	Deed of Assignment on Salary
ALBAY MARCELO JR P	FIXED - TERM	197,884.23		67,008.35	130,875.87	09/30/2025	6	Deed of Assignment on Salary
PERALTA RALPH L	SENIOR MANAGER	185,064.37		60,274.44	124,789.93	10/15/2025	6	Deed of Assignment on Salary
RAYCO VICTOR M	MANAGER	170,328.52		34,035.62	136,293.33	10/15/2025	6	Deed of Assignment on Salary
GENEROSO ROWENA A	VICE-PRESIDENT	216,782.04		79,199.94	137,622.10	10/15/2025	6	Deed of Assignment on Salary
ALCARAZ GRACE V	ASSISTANT MANAGER	139,359.80		50,888.58	88,471.22	10/15/2025	6	Deed of Assignment on Salary
LUMAGUE ENRICO N	SENIOR MANAGER	137,811.40		50,325.14	87,486.26	10/15/2025	6	Deed of Assignment on Salary
GERIA AIDA S	MANAGER	139,359.81		50,888.58	88,471.23	10/15/2025	6	Deed of Assignment on Salary
VARIAS ALEJANDRIA D	SENIOR MANAGER	172,552.97		64,421.02	108,131.95	10/15/2025	6	Deed of Assignment on Salary
ZUNIGA SHERYL R	ASSISTANT MANAGER	142,994.62		52,576.80	90,417.82	10/31/2025	6	Deed of Assignment on Salary
WIRCO JO ANN T	ASSISTANT MANAGER	144,805.22		52,445.70	92,359.52	11/15/2025	6	Deed of Assignment on Salary
YELU ARIS JAY NIRO V	ASSISTANT MANAGER	125,498.25		43,774.05	81,724.19	11/30/2025	6	Deed of Assignment on Salary
ASAD LOVELY JOY A	ASSISTANT MANAGER	144,805.22		50,508.82	94,296.40	11/30/2025	6	Deed of Assignment on Salary
DISPO NICHELLE Q	ASSISTANT MANAGER	144,805.23		50,508.82	94,296.41	11/30/2025	6	Deed of Assignment on Salary
TOKOMO ILLIUS C	MANAGER	148,436.30		52,169.87	96,266.43	12/15/2025	6	Deed of Assignment on Salary
LORESCO CHARMAYNE Y	MANAGER	146,611.32		50,382.85	96,228.47	12/15/2025	6	Deed of Assignment on Salary
MAIA LENI N	SENIOR MANAGER	195,482.12		67,376.90	128,105.22	12/15/2025	6	Deed of Assignment on Salary
CALALO GENMA E	ASSISTANT MANAGER	148,412.91		50,257.20	98,155.71	12/31/2025	6	Deed of Assignment on Salary
ROMERO CHRISTINA B	ASSISTANT VICE-PRESIDENT	228,052.36		78,573.27	149,689.09	12/31/2025	6	Deed of Assignment on Salary
BEYES RICHARD V	ASSISTANT MANAGER	188,631.80		22,448.29	166,183.51	01/31/2026	6	Deed of Assignment on Salary
DAQUIZ SESINANDO JR. T	ASSISTANT MANAGER	188,631.80		22,448.29	166,183.51	01/31/2026	6	Deed of Assignment on Salary
VALVERDE MIRELLA S	ASSISTANT VICE-PRESIDENT	202,670.50		64,125.11	138,545.39	02/15/2026	6	Deed of Assignment on Salary
BACCAY HAYDEE C	ASSISTANT MANAGER	153,700.76		49,882.15	103,818.61	02/15/2026	6	Deed of Assignment on Salary
GOLOMBINA GINA R	MANAGER	187,866.84		60,656.93	127,209.91	02/15/2026	6	Deed of Assignment on Salary
PINTO ABIGAIL V	ASSISTANT MANAGER	193,700.78		49,882.15	143,818.61	02/15/2026	6	Deed of Assignment on Salary
DUATY JULIAN U	ASSISTANT MANAGER	156,574.43		48,757.75	107,816.68	02/28/2026	6	Deed of Assignment on Salary
RAMO MICHELLE S	ASSISTANT MANAGER	197,359.89		49,663.66	147,696.23	02/15/2026	6	Deed of Assignment on Salary
LAGDA HECTOR O	SENIOR MANAGER	209,805.22		56,178.00	153,627.22	03/15/2026	6	Deed of Assignment on Salary
PANGANIBAN ROGEL L	MANAGER	198,654.39		60,361.05	138,293.34	04/15/2026	6	Deed of Assignment on Salary
MAGPANTAY RODOLFO JR V	ASSISTANT MANAGER	193,128.47		49,509.88	143,618.59	04/15/2026	6	Deed of Assignment on Salary
STO. DOMINGO MA. PILARICA I	ASSISTANT VICE-PRESIDENT	250,287.19		76,823.29	173,463.90	04/30/2026	6	Deed of Assignment on Salary
FRANCISCO DIANA I	MANAGER	198,812.75		60,210.52	138,602.23	04/30/2026	6	Deed of Assignment on Salary
BAÑARES JHOANNA F	ASSISTANT MANAGER	164,426.36		49,140.42	115,285.94	05/15/2026	6	Deed of Assignment on Salary
VALENTES MARLON RICARDO A	SENIOR MANAGER	221,578.39		67,883.20	153,695.19	05/15/2026	6	Deed of Assignment on Salary
ILAO IVY HASMIN F	MANAGER	205,285.68		59,761.20	145,524.48	06/15/2026	6	Deed of Assignment on Salary
ALEJO NELSON G	ASSISTANT MANAGER	172,637.09		48,652.07	123,985.02	06/15/2026	6	Deed of Assignment on Salary
DE MESA SUSAN R	SENIOR MANAGER	223,815.31		65,393.95	158,421.36	06/15/2026	6	Deed of Assignment on Salary
OCHEMADA MARISSA C	MANAGER	207,392.81		59,612.17	147,780.64	06/30/2026	6	Deed of Assignment on Salary
ELARDO JULIET C	ASSISTANT MANAGER	186,930.76		43,570.85	143,359.91	07/15/2026	6	Deed of Assignment on Salary
ALIOLA JOANI B	ASSISTANT MANAGER	173,169.45		48,530.74	124,638.71	07/31/2026	6	Deed of Assignment on Salary
TERRANO PINKY B	ASSISTANT MANAGER	178,361.57		50,015.71	128,345.86	08/31/2026	6	Deed of Assignment on Salary
NAJARRO RODOLFO S	ASSISTANT MANAGER	176,834.87		48,288.99	128,545.88	08/31/2026	6	Deed of Assignment on Salary
CARONAN MATHERNA P	ASSISTANT MANAGER	178,361.57		46,326.04	132,035.53	09/30/2026	6	Deed of Assignment on Salary
SALAYAS ROBERT BRIAN M	SENIOR MANAGER	220,102.78		58,725.74	161,377.05	09/30/2026	6	Deed of Assignment on Salary
NAGUIT ANGELA V	MANAGER	220,102.78		58,725.74	161,377.05	09/30/2026	6	Deed of Assignment on Salary
SANTOS CHONA N	ASSISTANT MANAGER	181,802.09		47,928.63	133,873.46	10/15/2026	6	Deed of Assignment on Salary

Name of Debtor(s)	Description of Debtor	Balance at beginning of period	Additions	Amounts collected	Balance at end of period	Due Date	Interest Rate	Collateral	Terms of Payment
EMMAN JACQUELINE G	MANAGER	161,802.09		47,928.62	113,873.47	10/15/2025	6		Deed of Assignment on Salary
ROOT JOCELYN B	ASSISTANT VICE-PRESIDENT	242,403.00		63,904.63	178,498.37	10/15/2025	6		Deed of Assignment on Salary
REYES JOHANNA C	ASSISTANT VICE-PRESIDENT	293,427.39		73,814.68	219,612.71	12/15/2026	6		Deed of Assignment on Salary
DUQUE MARIA TERESA C	ASSISTANT VICE-PRESIDENT	293,427.39		73,814.68	219,612.71	12/15/2026	6		Deed of Assignment on Salary
MUNIZ IAN JAY ATON	ASSISTANT MANAGER	182,021.20		47,715.96	144,305.24	01/15/2027	6		Deed of Assignment on Salary
MAGSINO ELISA BILOLO	ASSISTANT MANAGER	183,709.52		43,498.52	150,210.00	01/15/2027	6		Deed of Assignment on Salary
LORENZO NINIBETH ATENZA	SENIOR MANAGER	256,028.39		62,954.40	193,073.99	01/15/2027	6		Deed of Assignment on Salary
VALDEZ ALMA BULANAGUI	MANAGER	238,614.57		55,224.33	183,390.24	01/15/2027	6		Deed of Assignment on Salary
OLVEDA APRIL JOY CRUZ	ASSISTANT MANAGER	198,749.36		46,746.74	152,002.62	03/15/2027	6		Deed of Assignment on Salary
BITOON JAMICAH JEWEL VILLEGAS	SENIOR MANAGER	242,815.85		57,334.74	185,481.11	03/15/2027	6		Deed of Assignment on Salary
GANDY MARICEL MANZANA	MANAGER	242,816.96		57,334.74	185,482.22	03/15/2027	6		Deed of Assignment on Salary
ANGON MARIPE TAMAYO	ASSISTANT MANAGER	202,088.33		46,513.92	155,574.41	04/15/2027	6		Deed of Assignment on Salary
CAGAGE RIZEL BUOT	ASSISTANT MANAGER	202,088.33		46,513.92	155,574.41	04/15/2027	6		Deed of Assignment on Salary
RAGANDAN RAMELITO LANCANAN	SENIOR MANAGER	246,906.91		56,850.13	190,056.78	04/15/2027	6		Deed of Assignment on Salary
DELA ROSA GLENN GERARD TORILLO	SENIOR MANAGER	284,883.08		56,287.15	228,595.93	04/15/2027	6		Deed of Assignment on Salary
SORIANO CHERRY SORIANO	ASSISTANT MANAGER	207,085.82		47,937.14	159,148.68	05/15/2027	6		Deed of Assignment on Salary
DOMINGO MARICEL R	ASSISTANT MANAGER	205,410.66		46,282.18	159,128.48	05/15/2027	6		Deed of Assignment on Salary
RAMIREZ MARIA THERESA CASPILAN	ASSISTANT VICE-PRESIDENT	322,102.09		71,814.92	250,287.17	05/15/2027	6		Deed of Assignment on Salary
DELA CRUZ VERNIE CRIBING	ASSISTANT VICE-PRESIDENT	322,102.09		71,814.91	250,287.18	05/15/2027	6		Deed of Assignment on Salary
SANTOS ELAINE DIANE ALFONSO	ASSISTANT MANAGER	206,718.44		36,833.24	171,885.20	06/15/2027	6		Deed of Assignment on Salary
MACAPAGAL CLAIRE LYNN OCTAVIANO	MANAGER	255,067.94		56,285.21	198,782.73	06/30/2027	6		Deed of Assignment on Salary
LAURENTE EMILY ANAG	FIXED - TERM	332,235.55		71,101.24	261,134.31	07/15/2027	6		Deed of Assignment on Salary
TRINIDAD RAMONCITO SANTIAGO	ASSISTANT VICE-PRESIDENT	289,212.10		62,565.55	226,646.54	08/15/2027	6		Deed of Assignment on Salary
TAREDO XATE SOCO	ASSISTANT MANAGER	216,909.94		47,224.34	169,685.60	08/31/2027	6		Deed of Assignment on Salary
OLU JENIFER AGUSTIN	ASSISTANT MANAGER	216,936.33		45,366.87	171,569.46	09/15/2027	6		Deed of Assignment on Salary
ULLAMUEVA JOHANNIE MARIE JUANITES	ASSISTANT VICE-PRESIDENT	283,543.43		62,651.91	220,891.52	09/30/2027	6		Deed of Assignment on Salary
MARIANO MARY JOAN CASTRO	MANAGER	216,935.33		45,366.87	171,568.46	09/15/2027	6		Deed of Assignment on Salary
CLUTARIO JOHN KENE CELLONA	ASSISTANT MANAGER	220,197.65		45,253.71	174,943.94	09/30/2027	6		Deed of Assignment on Salary
TERIUDO OLIVIA MAE TERAGA	ASSISTANT MANAGER	221,776.73		39,973.62	181,803.11	09/30/2027	6		Deed of Assignment on Salary
PEREZ CHRISTINE MARIE BAHIDO	MANAGER	269,061.46		55,309.08	213,752.38	09/30/2027	6		Deed of Assignment on Salary
FARRERAS AMIE FABABER	ASSISTANT VICE-PRESIDENT	347,465.37		70,043.38	277,421.99	10/15/2027	6		Deed of Assignment on Salary
RESPIRDO SANCY S	MANAGER	223,369.89		45,028.29	178,341.60	10/31/2027	6		Deed of Assignment on Salary
SALVADOR ARA MARIA SANTIAGO	MANAGER	273,052.08		55,094.45	217,957.63	10/31/2027	6		Deed of Assignment on Salary
SORIANO DIANE CATHERINE VARGAS	ASSISTANT MANAGER	225,000.00		44,916.00	180,084.00	11/15/2027	6		Deed of Assignment on Salary
PALO AUBREYDAI BILLANES	ASSISTANT MANAGER	225,000.00		43,197.89	181,802.11	11/30/2027	6		Deed of Assignment on Salary
BAUTISTA NOEL BALLETA	MANAGER	225,000.00		41,484.08	183,515.92	12/15/2027	6		Deed of Assignment on Salary
NUYDA ROWENA B	ASSISTANT VICE-PRESIDENT	350,000.00		59,218.75	290,781.25	12/15/2027	6		Deed of Assignment on Salary
MACAYAN JR CHARLES JR LAURENARIA	MANAGER	275,000.00		50,702.62	224,297.38	12/15/2027	6		Deed of Assignment on Salary
MANALES FLORABELLE FLORES	ASSISTANT MANAGER	225,000.00		36,358.20	188,641.80	12/15/2027	6		Deed of Assignment on Salary
CONIE JANET LLAUDER	ASSISTANT MANAGER	225,000.00	225,000.00	38,059.71	186,940.29	01/15/2028	6		Deed of Assignment on Salary
HILARIO MARLON BUENAVENTURA	ASSISTANT MANAGER	225,000.00	225,000.00	34,671.37	190,328.63	02/15/2028	6		Deed of Assignment on Salary
MAGBITANG JANETTE REYES	ASSISTANT MANAGER	225,000.00	225,000.00	31,290.47	193,709.53	03/15/2028	6		Deed of Assignment on Salary
PEQUIRO OLGA CAAYURAN	ASSISTANT MANAGER	225,000.00	225,000.00	31,290.46	193,709.54	03/15/2028	6		Deed of Assignment on Salary
LIWANG RALPH GERALD SUN	ASSISTANT MANAGER	225,000.00	225,000.00	30,606.32	194,393.68	04/30/2028	6		Deed of Assignment on Salary
BURCE JANUS TUATIS	ASSISTANT MANAGER	225,000.00	225,000.00	26,350.64	198,649.36	04/30/2028	6		Deed of Assignment on Salary
REDONA JOEL COMPENDIO	ASSISTANT MANAGER	275,000.00	275,000.00	26,350.63	248,649.37	04/30/2028	6		Deed of Assignment on Salary
ABIOG MANUEL QUITERO JAVIER	ASSISTANT MANAGER	225,000.00	225,000.00	21,348.43	203,651.57	06/15/2028	6		Deed of Assignment on Salary
DURIAN MARIA ARLENE DELOS SANTOS	ASSISTANT MANAGER	225,000.00	225,000.00	21,348.43	203,651.57	06/15/2028	6		Deed of Assignment on Salary
CALMA JOHN HERVIN SENADOR	MANAGER	275,000.00	275,000.00	23,942.45	251,057.55	06/30/2028	6		Deed of Assignment on Salary
ARCILLAS LEA LEUS	ASSISTANT MANAGER	225,000.00	225,000.00	17,934.38	207,065.62	07/15/2028	6		Deed of Assignment on Salary
REYES JOVITO CASTILLO	ASSISTANT VICE-PRESIDENT	300,000.00	300,000.00	15,329.96	284,670.04	07/31/2028	6		Deed of Assignment on Salary
CONSTANTINO MYLA PONCE	SENIOR MANAGER	565,942.16	11,442.75	354,459.41	212,005.77	08/15/2025	7	REM insured by HomeGuarantyCorp	Deed of Assignment on Salary
FRANCISCO RUBINI CAPALAD	ASSISTANT MANAGER	225,000.00	225,000.00	12,094.23	212,005.77	08/31/2028	6		Deed of Assignment on Salary
PILAPIL AUBREY BAUTISTA	ASSISTANT MANAGER	225,000.00	225,000.00	12,094.23	212,005.77	08/31/2028	6		Deed of Assignment on Salary
TAD-Y MARICHO SUMAGANG	ASSISTANT MANAGER	225,000.00	225,000.00	11,335.72	213,664.28	09/15/2028	6		Deed of Assignment on Salary
FIGUEROA JR DOUGLAS JR ELEVERA	ASSISTANT MANAGER	225,000.00	225,000.00	11,335.72	213,664.28	09/15/2028	6		Deed of Assignment on Salary
IGNACIO ARVIN VILLANUEVA	ASSISTANT MANAGER	225,000.00	225,000.00	11,335.72	213,664.28	09/15/2028	6		Deed of Assignment on Salary
SANTILLAN RONEILTA CASTAÑOS	SENIOR MANAGER	300,000.00	300,000.00	10,787.91	289,212.09	10/15/2028	6		Deed of Assignment on Salary
TRINIDAD DONNA BELL AUSTRIA	ASSISTANT MANAGER	225,000.00	225,000.00	8,090.85	216,909.15	10/15/2028	6		Deed of Assignment on Salary
CAMLO GERARDO LAUNTO	SENIOR MANAGER	300,000.00	300,000.00	8,819.34	291,180.66	10/31/2028	6		Deed of Assignment on Salary
OLIVER JR ROMEO GULTIANO	ASSISTANT MANAGER	225,000.00	225,000.00	4,842.45	220,157.55	11/15/2028	6		Deed of Assignment on Salary
NAVARRO JOSEITO FELICIANO	MANAGER	275,000.00	275,000.00	5,918.53	269,081.47	11/15/2028	6		Deed of Assignment on Salary
DELAON EDILYN MONDIA	ASSISTANT VICE-PRESIDENT	350,000.00	350,000.00		350,000.00	11/15/2028	6		Deed of Assignment on Salary
LAVA JONATHAN SAQUILABON	MANAGER	275,000.00	275,000.00	5,918.54	269,081.46	11/15/2028	6		Deed of Assignment on Salary
DIMZON RICHELLE CORONADO	ASSISTANT MANAGER	225,000.00	225,000.00	3,224.27	221,775.73	11/30/2028	6		Deed of Assignment on Salary
DELA CRUZ JR VIVENCIO DUBLIN	SENIOR MANAGER	300,000.00	300,000.00	2,146.82	297,853.18	12/15/2028	6		Deed of Assignment on Salary

TOTAL Amount Receivable from DOSRI 27,435,163.61 7,040,042.16 8,307,399.01 26,168,706.76
26,168,706.76

- (i) Show separately accounts receivables and notes receivable. In case of notes receivable, indicate pertinent information such as the due date, interest rate, terms of repayment and collateral, if any.
(ii) If collection was other than in cash, explain.
(iii) Give reasons for write off.

ANNEX 68J-SCHEDULE C
PHILIPPINE VETERANS BANK AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED UNDER SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2023

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Intervest Projects, Inc.	-	-	-	-	-	-	-

SCHEDULE D - Long-term debt
Loans Payable
As of December 31, 2023

Date Approved	Term	Maturity Date	Bank	Loan Amount	Annual Interest Rate	Outstanding Balance as of December 31, 2022	Loan Origination cost	Net
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NONE TO REPORT

ANNEX 68J-SCHEDULE E
PHILIPPINE VETERANS BANK AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED UNDER SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2023

Schedule F - Indebtedness to Related Parties

Name of related party	Balance at beginning of period	Balance at end of period
Intervest Projects Inc.	176,260	-
Intervest Insurance Agency, Inc.	330,084	10,805
	<u>506,344</u>	<u>10,805</u>

ANNEX 68J-SCHEDULE F
PHILIPPINE VETERANS BANK AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED UNDER SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2023

Schedule G - Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
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NONE

ANNEX 68J

PHILIPPINE VETERANS BANK AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES REQUIRED UNDER SRC RULE 68, AS AMENDED
AS OF DECEMBER 31, 2023

Schedule G - Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others *
Capital Stock Paid-in - Preferred	25,000,000	3,612,821	N/A	N/A	220	3,612,601
Capital Stock Paid-in - Common <i>*Pertain to the rest of the veterans as shareholders</i>	75,000,000	46,253,107	N/A	N/A	42,103	46,211,004

COVER SHEET

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SEC Registration Number

P	H	I	L	I	P	P	I	N	E		V	E	T	E	R	A	N	S		B	A	N	K		A	N	D		S	U
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(Company's Full Name)

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

Ms. Florence T. Palacio

(Contact Person)

7902-1600

(Company Telephone Number)

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Month Day
Period Covered

S	E	C	1	7	-	Q
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FORM TYPE

0	6	1	6
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Month Day
Annual Meeting

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Secondary License Type, if Applicable

C	G	F	D
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Dept. Requiring this Doc.

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Amended Articles Number/ Section

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Total Number of Stockholders

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SEC Number 24681

FILE Number

PHILIPPINE VETERANS BANK

Philippine Veterans Bank Building, 101 V.A.
Rufino corner Dela Rosa Sts., Legaspi Village, Makati City

(Company's Full Name)

7902-1600

(Telephone Number)

December 31

(Fiscal Year Ending)
(Month & Day)

SEC FORM 17-Q

Quarterly Report

(Form Type)

Amendment Designation

(If Applicable)

March 31, 2024

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended March 31, 2024
2. Commission identification number 24681
3. BIR Tax Identification No. 000-836-616-000
4. Exact name of issuer as specified in its charter PHILIPPINE VETERANS BANK
5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
Philippine Veterans Bank Building, 101 V.A. 1229
Rufino corner Dela Rosa Sts., Legaspi Village, Makati City
8. Issuer's telephone number, including area code (02) 7902-1600
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding	
	<i>Shares</i>	<i>Amount</i>
Preferred Stock - P100 par value		
Authorized	25,000,000	2,500,000,000.00
Issued	3,623,061	362,306,100.00
Treasury Stock	(10,240)	(1,024,000.00)
Common Stock - P100 par value		
Authorized	75,000,000	7,500,000,000.00
Issued	46,833,304	4,683,330,400.00
Subscribed, net of Subscription Receivable	1,719,474	171,947,400.00
Treasury Stock	(2,157,008)	(377,729,039.00)

11. Are any or all of the securities listed on a Stock Exchange?

Yes ☐ No ☐

12. Indicate by check mark whether the registrant:

(a) Has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes ☐ No ☐

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes ☐ No ☐

SEC FORM 17-Q

We, hereby certify that all information set forth in the above report are true and correct to the best of my/our knowledge.

RENATO A. CLARAVALL
President and Chief
Executive Officer

FVP FLORENCE T. PALACIO
Finance and Administration
Group Head

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

14 MAY 2024

SUBSCRIBED AND SWORN to before me this _____, affiants
exhibiting to me their described Competent Evidence of Identity ("CEI") as follows:

NAMES	ID NO.	DATE OF ISSUE	PLACE OF ISSUE
Florence T. Palacio			
Renato A. Claravall			

Doc. No. 434;
Page No. 87;
Book No. XII;
Series of 2024.

ATTY. ROWENA B. AUSTRIA-GENEROSO
Notary Public for and in Makati City until December 31, 2025
Appointment No. M-273
PVE Building, No. 101 Y.A. Rufino cor. La Rosa Sts., Legaspi Village, Makati City
P.T.R No. 100746567-01-02-2024 / Makati City
IBP Life Member No. 02227, Manila II Chapter / Roll of Attorneys No. 44152
M.C.L.E Compliance No. VII-0027136 / March 17, 2023

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

(Refer to Attached Financial Statements)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Philippine Veterans Bank and Subsidiaries' posted total resources of ₱69.118 Billion as at March 31, 2024, 7.58% higher than the ₱64.249 Billion as at December 31, 2023 while total deposit liabilities increased by 8.12% to ₱65.221 Billion as at March 31, 2024 from ₱60.324 Billion as at December 31, 2023.

Net non-performing loans (NPL) ratio of the Bank (Parent Company) in March 31, 2024 is at 8.66% while in December 31, 2023 is at 8.99%. The Bank's Capital adequacy Ratio (CAR) of 5.12% for Basel III as at March 31, 2024 lower than the 2023 year-end CAR of 7.41%. This is after considering the staggered booking of allowance for credit losses for five (5) years starting 2020, as part of financial reliefs issued by the Bangko Sentral ng Pilipinas (BSP) and approved by the Securities and Exchange Commission (SEC) in response to COVID-19 pandemic.

Key Financial Indicators

The following comparative ratios reflect the performance of the **Group**:

FINANCIAL RATIOS	March 31, 2024	December 31, 2023
Current Ratio	46.69%	59.86%
Debt-to-Equity Ratio	16.73	15.37
Asset-to-Equity Ratio	17.73	16.37
Capital Adequacy Ratio	5.12%	7.41%

	March 31, 2024	December 31, 2023
Interest Rate Coverage Ratio	2.26	1.59
<i>Profitability Ratios:</i>		
a. Return on Average Equity (ROE)	1.24%	-2.53%
b. Return on Average Assets (ROA)	0.07%	-0.12%

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

- Current Ratio: Current assets divided by current liabilities
- Debt-to-Equity Ratio: Total Liabilities divided by total equity
- Asset-to-Equity Ratio: Total Assets divided by total equity
- Capital Adequacy Ratio: Total capital divided by risk-weighted assets
- Interest Rate Coverage Ratio: Earnings before interest and taxes divided by interest expense

- Return on Average Equity: Net Income divided by average total capital funds for the period indicated
- Return on Average Assets: Net Income divided by the average total resources for the period indicated

Additional Management Discussion and Analysis

Balance Sheet (for those with variances of more than 5% – March 31, 2024 vs. December 31, 2023)

Cash and Other Cash Items increased by 6.16% from ₱946.777 Million as at December 2023 to ₱1.005 Billion as at March 2024.

Due from Other Banks of ₱1.278 Billion in December 2023 decreased to ₱1.155 Billion or by 9.62% as at March 2024.

Interbank Loans Receivable and Securities Purchased Under Resale Agreement decreased by ₱748.096 Million to ₱2.452 Billion as at March 2024 from ₱3.200 Billion as at December 2023.

Financial Assets at Fair Value Through Profit or Loss increased from ₱1.063 Billion as at December 31, 2023 to ₱1.407 Billion as at March 31, 2024.

Financial Assets at Fair Value Through Other Comprehensive Income increased by 71.15% from ₱6.970 Billion as at December 31, 2023 to ₱11.929 Billion as at March 31, 2024.

Debt Securities at Amortized Cost decreased by 10.36% from ₱12.896 Billion as at December 2023 to ₱11.559 Billion as at March 2024.

Loans and Receivables increased by 5.83% from ₱23.463 Billion as at December 31, 2023 to ₱24.831 Billion as at March 31, 2024.

Investment Properties increased by 6.12% from ₱1.803 Billion as at December 2023 to ₱1.914 Billion as at March 2024.

Demand Deposit Liabilities of ₱37.976 Billion as at December 2023 increased to ₱39.881 Billion or by 5.02% as at March 2024.

Savings Deposit Liabilities of ₱14.420 Billion as at December 2023 increased to ₱17 Billion or by 17.89% as at March 2024.

Time Deposit Liabilities of ₱5.141 Billion as at December 2023 increased to ₱5.524 Billion or by 7.44% as at March 2024.

Accrued Taxes, Interest and Other Expenses as at March 31, 2024 increased by 8.68% to ₱341.516 Million from ₱314.231 Million in December 2023.

Lease Liability of ₱203.094 Million as at December 2023 decreased to ₱190.561 Million or by 6.17% as at March 2024.

Income Tax Payable of ₱17.903 Million as at March 31, 2024 is an increased amount by ₱11.846 Million from ₱6.058 Million as at December 2023.

Net Accumulated Unrealized Loss on Available-for-Sale Financial Assets of ₱84.168 Million as at March 31, 2024 is a further deterioration by 96.10% from the ₱42.921 Million loss as at December 31, 2023.

Noncontrolling Interest in Net Assets of Subsidiary increased by 11.17% from ₱0.338 Million as at December 2023 to ₱ 0.375 Million as at March 2024.

Income Statement (for those variances of more than 5% – For the period ended March 31, 2024 vs. period ended March 30, 2023)

Total Interest Income for the first quarter of 2024 increased by 20.78% from ₱726.714 Million reported on the same period of prior year to ₱877.711 Million. This is attributed to interest income on:

1. Loans and Receivables for the three-month period ended March 2024 increased by 14.09% to ₱452.800 Million from ₱396.880 Million for the same period in 2023.
2. Investment Securities at Amortized Cost and Fair Value Through OCI ended March 2024 increased by ₱75.138 Million to ₱283.976 Million from ₱208.838 Million for the same period in 2023.
3. Deposits with Banks ended March 2024 increased by 10.09% to ₱ 103.415 Million from ₱93.937 Million for the same period in 2023.
4. Interbank Loans Receivable and Securities Purchased Under Resale Agreements period for the period ended March 2024 increased by ₱ 7.259 Million to ₱33.331 Million from ₱26.072 Million for the same period in 2023.
5. Financial Asset at Fair Value Through Profit or Loss as at March 2024 improved by 324.43% to ₱4.189 Million profit from ₱0.987 Million loss for the same period in 2023.

Total Interest Expense increased to ₱111.105 Million or by 80.79% as at March 2024 compared to ₱61.454 Million in the first quarter of 2023. This is mainly due to:

1. Interest Expense on Deposit Liabilities of ₱106.038 Million for the first three months of 2024 increased by ₱50.428 Million from ₱55.610 Million reported for the first quarter of 2023.
2. Interest Expense on Lease Liability of ₱5.067 Million for the first three months of 2024 decreased by ₱0.777 Million from ₱5.844 Million reported for the first quarter of 2023.

Total Net Interest Income as at March 2024 of ₱766.606 Million has increased by 15.23 % from ₱665.259 Million as at March 2023.

Gains on Sale of Assets increased by 341.87% to ₱17.084 Million for the period ended March 2024 compared to the ₱3.866 Million for March 2023.

Service Fees and Commissions increased by 35.82% to ₱50.519 Million as at March 2024 compared to the ₱37.195 Million at March 2023.

Gains on Asset Foreclosures and Dacion Transactions decreased by ₱3.736 Million to ₱30.939 Million as at March 2024 compared to the ₱34.675 Million at March 2023.

Income from Trust Operations as at March 2024 of ₱4.008 Million has increased by 14.30% from ₱3.507 Million as at March 2023.

March 2024 showed a Trading Gain of ₱10.409 Million, which is lower than reported gain in March 2023 of ₱31.207 Million or a decrease of ₱20.798 Million.

Other Operating Income for the three-month period ended March 2024 decreased by ₱3.712 Million to ₱12.460 Million from ₱16.172 Million during the same period in the previous year.

Total Operating Income as at March 2024 of ₱892.025 Million has increased by 12.78 % from ₱790.927 Million as at March 2023.

Provision for Impairment and Credit Losses as at December 2023 of ₱106.815 Million decreased by 17.90% or ₱87.692 Million as at March 2024.

Occupancy of ₱56.331 Million as at December 2023 increased to ₱60.313 Million in 2024, or 7.07% higher than 2023.

Repairs and Maintenance of ₱89.943 Million as at December 2023 decreased to ₱83.983 Million in 2024, or 6.63% lower than the period ended March 2023.

Taxes and Licenses increased by 13.86% from ₱51.185 Million as at March 2023 to ₱58.278 Million as at March 2024.

Communications of ₱12.069 Million in March 2024 increased from ₱9.595 Million or by ₱2.474 Million from the same period in 2023.

Transportation and Travel as at March 2024 of ₱14.799 Million has increased by 6.75% from ₱13.863 Million as at March 2023.

Litigation and Expenses on Acquired Assets in the amount of ₱13.812 Million as at March 2024 decreased by ₱5.438 Million from ₱19.250 Million of the same period in 2023.

Professional Fees for the three-month period ended March 2024 increased by ₱9.374 Million to ₱29.490 Million from ₱20.117 Million during the same period in the previous year.

Bangko Sentral ng Pilipinas Supervision Fees increased by 15.83% from ₱3.361 Million in March 2023 to ₱3.892 Million as at March 2024.

Membership Fees and Dues decreased by 6.00% from ₱2.473 Million as at March 2023 to ₱2.325 Million as at March 2024.

Freight Expenses as at March 2024 amounting to ₱1.563 Million increased by 26.86% compared to the ₱1.232 Million in March 2023.

Entertainment, Amusement and Representation Expense of ₱1.938 Million has increased by 14.60% from ₱1.691 Million as at March 2023.

Income Before Income Tax of ₱40.221 in 2023 improved by 248.58% or to Income of ₱140.203 Million as at March 2024.

Provision for Income Tax in the amount of ₱72.553 Million as at March 31, 2023 increased by 26.64% or ₱19.325 Million to ₱91.878 Million as at March 31, 2024.

On the overall, Net Loss from ₱32.332 Million as at March 2023 improved to an income of ₱48.325 Million as at March 2024.

EQUITY

Philippine Veterans Bank's capital stock consists of:

	Shares	Amount	Shares	Amount
Authorized	25,000,000	2,500,000,000.00	25,000,000	2,500,000,000.00
Issued and outstanding	3,623,061	362,306,100.00	3,623,061	362,306,100.00
Treasury Stock	(10,240)	(1,024,000.00)	(10,240)	(1,024,000.00)
Authorized	75,000,000	7,500,000,000.00	75,000,000	7,500,000,000.00
Issued and outstanding	46,833,304	4,683,330,400.00	46,690,702	4,669,070,200.00
Subscribed, net of subscription receivable	1,719,474	171,947,400.00	1,719,413	171,941,300.00
Treasury Stock	(2,157,008)	(377,729,039.00)	(2,157,008)	(377,729,039.00)

Preferred shares are cumulative, non-redeemable, non-voting shares entitled to dividends of 8% annually from net income, subject to the declaration of the BOD and have priority in case of liquidation or insolvency.

Disposition of the Bank's Net Income

As provided for in the Parent Company's by-laws, the profit distributable to common shares shall be the Parent Company's net income reduced by the following:

- (a) Transfer to the surplus reserves account (20% of net income) until the surplus reserves is equal to the Parent company's authorized capital stock;
- (b) Guaranteed earnings of the preferred shares; and

(c) Appropriation of 20% of net income, after deducting (a) and (b) above, to the veteran shareholders through the Board of Trustees of the Veterans of World War II, as provided in Section 23 of RA No. 3518.

(d) Also, as required by the BSP, the Parent Company transfers 10% of its net income from trust operations to surplus reserves.

There was no dividend distribution for the last three years.

Materials Events and Uncertainties

Bank's capital and Capital Adequacy Ratio (CAR) that are below minimum requirement by the regulator brought some uncertainties/doubts on the Bank's ability to continue as a going concern. Notwithstanding these uncertainties, however, PVB's assessment of the Group's ability to continue as a going concern remains optimistic. This assessment has been anchored on the following considerations:

Notwithstanding some uncertainties/doubts on the Bank's ability to continue as a going concern, due, primarily, to its failure to comply with the prescribed minimum capital and Capital Adequacy Ratio (CAR) by the regulator, PVB's assessment of the Group's ability to continue as a going concern remains optimistic. This assessment has been anchored on the following considerations:

a. On December 10, 2021, RA No. 11597, An Act Providing for the Revised Charter of the Philippine Veterans Bank, Repealing for the Purpose Republic Act No. 3518, as Amended, was signed into law and became effective on January 21, 2022. RA No. 3518, An Act Creating the Philippine Veterans' Bank and for other Purposes, confined ownership of the Parent Company's shares to World War II veterans or their heirs, which significantly impacted the Parent Company's ability to successfully raise additional capital. RA No. 11597 expands the definition of veterans to include post World War II veterans, veterans of other wars and Philippine military campaigns, and retirees of the Armed Forces of the Philippines (AFP). It also allows non-veterans to become shareholders of the Parent Company provided that the veterans shall at all times retain majority of the shares. With the enactment of RA No. 11597, the Parent Company has initiated capital raising activities. And, in line with such initiative, the following had occurred in 2023:

- In February 2023, deposits for stock subscription amounting to P4.51 Million arising from Stock Rights Offering in 2019 and 2022 and Stock Subscription Offering (SSO) in 2022 were converted to capital stock.
- In April 2023, 366,839 common shares relating to 2023 SSO subscriptions were issued for P40.16 Million.
- In December 2023, the Monetary Board, in its Resolution No. 1592, approved the capital stock subscription by the

Bank's major investor of up to 40% stockholdings in the Parent's voting shares of stock equivalent to P4.20 Billion. Also, the following are the updates in the Bank's 2023 Capital Build Up Plan (CBUP) for completion on or before June 30, 2024.

- The Bank issued common shares P2.27 Billion to the major investor and certain individual investors in December 2023.
- In March 2024, the Bank's major investor has opened an escrow account amounting to P2.35 Billion which intends to cover the remaining unpaid subscription to the Bank's capital stock, as part of its 2023 CBUP commitments.
- In the first quarter of 2024, certain veterans and other investors subscribed P14.26 Million worth of the Bank's common shares.

RA 11597 also provides that the Bank is a private Bank granted the authority to receive deposits of government funds as an official government depository. For the Bank, the loan portfolio and deposit liabilities had growth rates of 5.27% and 2.38%, respectively in 2023. The recovery resulted in continuous reduction in net loss for the Bank.

- b. In 2023, with the expected full recovery of the Philippines from the impact of Covid-19 pandemic, the banking industry likewise gained back its momentum as business loans and deposits made robust rebound.
- c. Management's strategic operational objectives in growing loans and deposits achieving operational efficiency, and pursuing long term vision of a military bank. Also, the Bank remains to be highly liquid and will continue to address its liquidity needs and gradually grow its lending business, given its high Liquidity Coverage Ratio and Net Stable Funding Ratio.
- (d) The Parent Company is a private bank granted authority to receive deposit of government funds as an official government depository under RA No. 11597.

PART II – OTHER INFORMATION

(none)

SIGNATURES

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

Issuer **Philippine Veterans Bank**

Signature


RENATO A. CLARAVALL

Title

President and Chief Executive Officer

Date

Signature


FVP FLORENCE T. PALACIO

Title

Finance and Administration Group Head

Date

PHILIPPINE VETERANS BANK AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in Philippine Peso)

	Consolidated	
	Unaudited March 31, 2024	Audited December 31, 2023
ASSETS		
Cash and Other Cash Items	1,005,078,257	946,777,398
Due from Bangko Sentral ng Pilipinas	9,933,755,923	9,695,460,739
Due from Other Banks	1,154,974,538	1,277,857,373
Interbank Loans Receivable and Securities Purchased Under Resale Agreement	2,452,183,372	3,200,279,690
Financial Assets at Fair Value Through Profit or Loss	1,406,511,577	1,063,913,099
Financial Assets at Fair Value Through Other Comprehensive Income	11,928,912,325	6,969,874,955
Debt securities at amortized cost	11,559,312,163	12,895,723,703
Loans and Receivables	24,831,297,210	23,463,487,724
Bank Premises, Furniture, Fixtures and Equipment	890,889,299	898,284,741
Right of Use Asset	-	-
Investment Properties	1,914,148,319	1,803,825,492
Deferred Tax Assets	409,841,178	410,600,310
Other Assets	1,631,585,924	1,623,126,600
	69,118,490,085	64,249,211,824
LIABILITIES AND EQUITY		
Liabilities		
Deposit Liabilities		
Demand	39,880,880,929	37,976,245,156
Savings	16,999,573,342	14,420,433,389
Time	5,523,526,490	5,141,041,221
	62,403,980,761	57,537,719,766
Bills Payable		
Manager's Checks	51,026,940	52,654,459
Accrued Taxes, Interest and Other Expenses	341,515,883	314,230,874
Lease Liabilities	190,560,860	203,093,902
Income Tax Payable	17,903,487	6,057,708
Other Liabilities	2,215,956,900	2,209,937,384
	65,220,944,831	60,323,694,093
Equity		
Capital stock	5,218,643,814	5,203,317,562
Treasury Stock	(378,753,039)	(378,753,039)
Additional paid-in capital	11,883,490	11,482,291
Surplus Reserve	1,280,920,430	1,280,920,430
Appropriated Retained Earnings	361,601,754	361,601,754
Surplus	(2,569,966,084)	(2,567,550,814)
Remeasurement gain (loss) on net retirement plan	58,161,218	58,161,526
Net accumulated unrealized gains (loss) on available-for-sale financial assets	(84,167,568)	(42,920,918)
Cumulative translation adjustment	(403,481)	(403,481)
	3,897,920,534	3,925,855,311
Non-Controlling Interest	(375,280)	(337,580)
	3,897,545,254	3,925,517,731
	69,118,490,085	64,249,211,824

PHILIPPINE VETERANS BANK AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in Philippine Peso)

	Unaudited	
	For the Three-Month ended	
	March	
	2024	2023
INTEREST INCOME		
Loans and receivables	452,800,355	396,879,685
Investment securities at amortized cost and fair value through OCI	283,976,255	208,838,259
Deposits with banks	103,414,674	93,936,952
Interbank loans receivable and securities purchased under resale agreements	33,330,808	26,071,580
Financial asset at fair value through profit and loss	4,189,468	987,083
	877,711,580	726,713,559
INTEREST EXPENSE		
Deposit liabilities	106,038,168	55,609,784
Bills payable	-	-
Lease Liability	5,067,130	5,844,362
	111,105,298	61,454,146
NET INTEREST INCOME	766,606,282	665,259,413
Gain on sale of assets	17,084,051	3,866,333
Service fees and commissions	50,519,335	37,195,187
Gains on asset foreclosures and dacion transactions	30,938,840	34,874,705
Income from trust operations	4,007,902	3,506,599
Trading gains (losses) - net	10,408,952	31,207,122
Foreign exchange gain (losses) - net	-	(954,998)
Loss on loan modification	-	-
Equity in net loss of an associate	-	-
Other operating income	12,459,908	16,172,248
TOTAL OPERATING INCOME	892,025,250	790,926,609
Provision for impairment and credit losses	87,692,426	106,815,248
Compensation and fringe benefits	229,558,871	223,709,919
Depreciation and amortization	79,786,169	79,865,102
Write-off of software in progress	-	-
Occupancy	60,313,402	56,330,768
Repairs and Maintenance	83,983,112	89,943,446
Taxes and licenses	58,277,726	51,184,647
Insurance	36,074,777	35,418,635
Amortization of software costs	-	-
Communications	12,068,862	9,595,050
Transportation and travel	14,799,207	13,863,377
Litigation and expenses on acquired assets	13,812,125	19,249,741
Professional fees	29,490,285	20,116,732
Advertising and publicity expense	7,530,730	7,560,000
Fees and Commission	4,771,861	4,968,686
Bangko Sentral ng Pilipinas supervision fees	3,892,462	3,360,594
Provision for litigation	-	-
Membership fees and dues	2,324,995	2,473,274
Office supplies	3,623,076	3,694,215
Freight expenses	1,563,215	1,232,273
Trading losses - net	-	-
Entertainment, amusement and representation expense	1,937,907	1,590,984
Foreign exchange gain (losses) - net	14,825	-
Fines and penalties	2,453,159	2,437,856
Miscellaneous	17,852,880	17,197,108
TOTAL OPERATING EXPENSES	751,821,872	750,705,665
INCOME BEFORE INCOME TAX	140,203,378	40,220,944
PROVISION FOR INCOME TAX	91,876,146	72,552,897
NET INCOME	48,325,232	(32,331,953)
Attributable to:		
Equity holders of the Parent Company	48,325,120	(32,331,953)
Non-controlling interest	112	-
	48,325,232	(32,331,953)

PHILIPPINE VETERANS BANK AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited	
	For the Three-Month ended	
	March	
	2024	2023
Net Income/ (Loss)	48,325,232	(32,331,953)
Other Comprehensive Income (Losses):		
Remeasurement gains (losses) of retirement plan, net of tax	(308)	494
Net unrealized gains (losses) on available-for-sale financial assets sale financial assets	(34,246,650)	39,979,218
Cumulative translation adjustment	-	-
TOTAL COMPREHENSIVE INCOME (LOSSES)	14,078,274	7,647,759
Attributable to:		
Equity holders of the Parent Company	14,078,162	7,653,830
Non-Controlling Interest	112	(6,071)
	14,078,274	7,647,759

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

[illegible]

INTERIM NOTES TO FINANCIAL STATEMENTS

March 31, 2024

1. Cash and Cash Equivalents

	Unaudited March 31 2024 (in thousands)	Audited December 31 2023 (in thousands)	Unaudited March 31 2023 (in thousands)
Cash and Other Cash Items	1,003,692	946,127	984,169
Due from BSP	9,932,233	9,693,845	11,919,124
Due from Other Banks	1,018,233	1,136,077	1,186,558
Interbank Loans Receivable	2,452,183	3,200,280	2,371,572
	14,406,341	14,976,328	16,461,423

2. FVTPL and Available-for-Sale Investments

The following table shows financial instruments recognized at fair value for the Group, analyzed between those whose fair value is based on:

- **Level 1** - Quoted in market prices in active markets for identical assets or liabilities
- **Level 2** - Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- **Level 3** - Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As of March 31, 2024 and December 31, 2023, the Group held the following financial instruments measured at fair value (in thousands):

	March 31, 2024 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at FVTPL				
Government securities	1,326,847	-	-	1,326,847
AFS investments				
Government securities		11,658,205	-	11,658,205
Private debt securities	72,145		-	72,145
Quoted equity securities	121,470		-	121,470
Unquoted equity securities		77,093	-	77,093
	1,520,462	11,735,297	-	13,255,759

	December 31, 2023 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at FVTPL				
Financial assets not meeting SPP1 criterion			79,665	79,665
Government debt securities	984,248			984,248
Financial assets at FVOCI				
Government securities		6,364,603		6,364,603
Private securities	423,038			423,038
Quoted equity securities	105,142			105,142
Unquoted equity securities		77,092		77,092
	1,512,428	6,441,695	79,665	8,033,788

3. Bank Premises, Furniture, Fixtures and Equipment

The composition and movements of this account for the Group for the periods ended March 31, 2024 and December 31, 2023 and are as follows (amounts in thousands):

Consolidated (March 31, 2024)						
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right of Use	Total
Cost						
Balances at December 31, 2023 (Audited)	205,566	589,909	1,023,398	546,098	352,623	2,717,594
Additions/ reclassifications	-	16,562	23,616	5,050	-	45,228
Disposals/ reclassifications	-	(4,783)	(3,325)	-	-	(8,108)
Balances at March 31, 2024 (Unaudited)	205,566	601,688	1,043,689	551,148	352,623	2,754,714
Accumulated Depreciation and Amortization						
Balances at December 31, 2023 (Audited)	-	325,414	841,802	456,998	195,095	1,819,309
Addition / reclassifications	-	8,319	17,314	8,647	13,750	48,030
Disposal/reclassification	-	(909)	(2,604)	-	-	(3,514)
Impairment	-	-	-	-	-	-
Balances at March 31, 2024 (Unaudited)	-	332,824	856,512	465,645	208,845	1,863,825
Net book values (Unaudited)	205,566	268,864	187,177	85,503	143,778	890,889

Consolidated (December 31, 2023)						
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	Right of Use	Total
Cost						
Balances at January 1, 2023 (Audited)	205,566	590,016	1,014,909	536,585	342,212	2,691,288
Additions/ reclassifications	-	30,429	34,222	11,139	10,471	86,261
Disposals/ reclassifications/adjustments	-	(30,536)	(25,733)	(3,626)	(260)	(60,155)
Balances at December 31, 2023 (Audited)	205,566	589,909	1,023,398	546,098	352,423	2,717,393
Accumulated Depreciation and Amortization						
Balances at January 1, 2023 (Audited)	-	311,961	795,901	397,695	144,303	1,649,860
Addition / reclassifications	-	30,406	68,199	61,972	50,792	211,369
Disposal/reclassifications/adjustments	-	(16,953)	(22,298)	(2,669)	-	(41,920)
Balances at December 31, 2023 (Audited)	-	325,414	841,802	456,998	195,095	1,819,309
Net book values (Audited)	205,566	264,495	181,596	89,100	157,328	898,084

4. Allowance for Impairment and Credit Losses

Changes in the allowance for impairment and credit losses of the Group for the three months ended March 31, 2024 are summarized as follows (amounts in thousands):

Balances at beginning of the year (Audited):	
Loans and receivables	4,943,903
Interbank loans receivable and SPURA	1,190,286
AFS financial assets	-
Debt securities at FVOCI	-
Investment properties	169,251
Investment in subsidiaries and associate	-
Debt securities at amortized cost	-
Due from other banks	353
Other assets	165,317
	6,469,110
Provision for impairment and credit losses during the period	87,692
Accounts written off and reversals	(55,686)
Reallocation/ Adjustment	41,873
	73,879
Balances at the end of the period (Unaudited):	
Loans and receivables	4,990,769
Interbank loans receivable and SPURA	1,217,417
AFS financial assets	-
Debt securities at FVOCI	-
Investment properties	285,953
Debt securities at amortized cost	-
Due from other banks	353
Investment in subsidiaries and associate	-
Other assets	48,497
	6,542,989

5. Investment Properties

The composition and movements of this account for the periods ended March 31, 2024 and December 31, 2023 are as follows (amounts in thousands):

	Consolidated (March 31, 2024)		
	Land	Buildings and Others	Total
Cost			
Balances at December 31, 2023 (Audited)	1,607,513	580,364	2,187,877
Additions/Reclassifications	92,111	620,235	712,346
Disposals/Reclassifications	(50,831)	(56)	(50,887)
Balances at March 31, 2024 (Unaudited)	1,648,793	1,200,543	2,849,336
Accumulated Depreciation			
Balances at December 31, 2023 (Audited)	-	214,800	214,800
Depreciation and amortization	-	434,490	434,490
Disposals/Reclassifications	-	(56)	(56)
Balances at March 31, 2024 (Unaudited)	-	649,234	649,234
Allowance for Impairment Losses			
Balances at December 31, 2023 (Audited)	149,761	19,490	169,251
Provisions/Reclassifications	524.00	116,744	117,268
Disposal/Reclassifications/Write-offs	-	(566)	(566)
Balances at March 31, 2024 (Unaudited)	150,285	135,668	285,953
Net Book Values	1,498,508	415,541	1,914,149

	Consolidated (December 31, 2023)		
	Land	Buildings and Others	Total
Cost			
Balances at December 31, 2022 (Audited)	2,096,298	402,083	2,498,381
Additions/Reclassifications	141,204	213,545	354,749
Disposals/Reclassifications	(629,989)	(35,264)	(665,253)
Balances at December 31, 2023 (Audited)	1,607,513	580,364	2,187,877
Accumulated Depreciation			
Balances at December 31, 2022 (Audited)	-	185,940	185,940
Depreciation and amortization	-	33,590	33,590
Disposals/Reclassifications	-	(4,730)	(4,730)
Balances at December 31, 2023 (Audited)	-	214,800	214,800
Allowance for Impairment Losses			
Balances at December 31, 2022 (Audited)	198,801	19,601	218,402
Provisions/Reclassifications	3,995	3,012	7,007
Disposal/Reclassifications/Write-offs	(53,036)	(3,122)	(56,158)
Balances at December 31, 2023 (Audited)	149,760	19,491	169,251
Net Book Values	1,457,753	346,073	1,803,826

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JOSE A. NUÑEZ, JR.**, Filipino, of legal age and a resident of 8117 Santol Street, Marcelo Green Village, Parañaque City, after having been duly sworn to in accordance with law do hereby declare that:

- I am a nominee for independent director of **PHILIPPINE VETERANS BANK** and have been its independent director since **2018**.
- I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY / ORGANIZATION	PERIOD OF SERVICE	POSITION RELATIONSHIP
Tranzen Group, Inc.	2008 - present	Director & Treasurer
La Costa Development Corporation, Inc.	2008 - present	Director & Treasurer
Agus 3 Hydro Corp.	2008 - present	Director and Treasurer
Lear Aero Ltd., Inc.	2012- present	Director and Treasurer
Intervest Project Inc.	2019 - present	Director
Intervest Insurance Assurance Inc.	2019 - present	Director
Unicapital Securities, Inc.	2017 - present	Vice-Chairman
Unicapital, Inc.	2017 - present	Director
Unicapital Finance, Inc.	2017 - present	Director

- I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PHILIPPINE VETERANS BANK**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
- I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) 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
NOT APPLICABLE		

- 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
Jose Nuñez, Jr. et al. vs. Enforcement and Investor Protection Department	Docketed as SEC En Banc Case No. 09-16-415	pending before the Securities and Exchange Commission En Banc

- (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in **PHILIPPINE VETERANS BANK**, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVHI of the Revised CMI Service Rules.
- 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,
- I shall inform the Corporate Secretary of **PHILIPPINE VETERANS BANK** of any changes in the abovementioned information within five days from its occurrence.

Done, this day of MAY 15 day of 2024, at PASIG CITY

JOSE A. NUÑEZ, JR.

Independent Director

SUBSCRIBED AND SWORN to before me this MAY 15 day of 2024 at PASIG CITY personally appeared before me and exhibited to me his

Doc. No. 3;
Page No. 5;
Book No. 15;
Series of 2024

NOTARY PUBLIC
Cities of Pasig, San Juan and
in the Municipality of Pateros, Metro Manila
Until December 31, 2024
PTR No. 1650401 / 01/02/2024 Pasig City
IBP No. 326534 / 12/11/2023 For Year 2024/RSM
Roll No. 41969
MCLE Comp. VII-0028557/April 19, 2023
No. 11, Unit J Freemont Arcade Bldg.
Shaw Blvd. Brgy. San Antonio, Pasig City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CESAR A. RUBIO**, Filipino, of legal age and a resident of 29 Cauliflower, Valle Verde 5, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **PHILIPPINE VETERANS BANK** and have been its independent director since **2018**.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY / ORGANIZATION	PERIOD OF SERVICE	POSITION RELATIONSHIP
Intervest Projects, Inc.	2018 – present	Director
Intervest Insurance Agency, Inc.	2018 – present	Director

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PHILIPPINE VETERANS BANK**, 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 (covered company and its subsidiaries and affiliates) 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
NOT APPLICABLE		

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
NOT APPLICABLE		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in **PHILIPPINE VETERANS BANK**, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised CMI 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 **PHILIPPINE VETERANS BANK** of any changes in the abovementioned information within five days from its occurrence.

Done, this day of MAY 15 day of 2024, at PASIG CITY.

CESAR A. RUBIO
Independent Director

SUBSCRIBED AND SWORN to before me this MAY 15 day of 2024 at PASIG CITY affiant personally appeared before me and exhibited to me her

Doc. No. 3;
Page No. 2;
Book No. 15;
Series of 2024

GAUDENCIO A. BARBOZA, JR.
NOTARY PUBLIC
Cities of Pasig, San Juan and
in the Municipality of Pateros, Metro Manila
Until December 31, 2024
PTR No. 1650401 / 01/02/2024 Pasig City
IBP No. 326534 / 12/11/2023 For Year 2024/RSM
Roll No. 41969
MCLE Comp. VII-0028557/April 19, 2023
No. 11, Unit J Freemont Arcade Bldg.
Shaw Blvd. Brgy. San Antonio, Pasig City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ALFREDO S. PANLILIO**, Filipino, of legal age and a resident of 302 Beata 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 **PHILIPPINE VETERANS BANK** and have been its independent director since **2024**.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY / ORGANIZATION	PERIOD OF SERVICE	POSITION RELATIONSHIP
SAMAHANG BASKETBOL NG PILIPINAS	2016-present	President
DIGTEL MOBILE PHILS., INC. (SUN)	2019-present	Director
DIGTEL TELECOMMUNICATIONS, PHILS. INC., (DIGITEL)	2019-present	Director
SIGNAL TV, INC.	2020-present	Director
PHILIPPINE OLYMPIC COMMITTEE	2020-present	First Vice President
MAYBANK	2021-present	Chairman
PLDT, INC.	2021-present	Director
PLDT, INC.	2024-present	Digico Senior Advisor
CENTRAL BOARD MEMBER – INTERNATIONAL BASKETBALL FEDERATION (FIBA)	2023-present	Director

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PHILIPPINE VETERANS BANK**, 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 (covered company and its subsidiaries and affiliates) 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
NOT APPLICABLE		

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
NOT APPLICABLE		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in **PHILIPPINE VETERANS BANK**, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVH of the Revised CMI 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 **PHILIPPINE VETERANS BANK** of any changes in the abovementioned information within five days from its occurrence.

Done, this day of **MAY 09 2024**, at **PASIG CITY**

ALFREDO S. PANLILIO
Independent Director

SUBSCRIBED AND SWORN to before me this _____ at **PASIG CITY** personally appeared before me and exhibited to me his _____

Doc. No. **425**;
Page No. **95**;
Book No. **14**;
Series of 2024

GAUDENCIO R. BARDOZA, JR.
NOTARY PUBLIC
Cities of Pasig, San Juan and
in the Municipality of Pateros, Metro Manila
Until December 31, 2024
PTR No. 1650401 / 01/02/2024 Pasig City
IBP No. 326534 / 12/11/2023 For Year 2024/RSM
Roli No. 41969
MCLE Comp. VII-0028557/April 19, 2023
No. 11, Unit J Freemont Arcade Bldg.
Shaw Blvd. Brgy. San Antonio, Pasig City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MA. CECILIA G. SORIANO**, Filipino, of legal age and a resident of 5 Dagohoy Street, Ayala Heights, Quezon City, after having been duly sworn in, in accordance with law, do hereby declare that:

1. I am a nominee for independent director of the **PHILIPPINE VETERANS BANK** 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	PERIOD OF SERVICE	POSITION/RELATIONSHIP
Foundation for Economic Freedom (FEF)	March 2017 - Present	Member, Board of Trustees
Foundation for Economic Freedom (FEF)	July 2012 - Present	Member
Cap-Net (Capacity Building Network for Integrated Water Resources Management (IWRM)) funded by UNDP	January 2018 - Present	Network Manager
Agualaring (SEA Capacity Building Network for IWRM)	January 2007 – Present	Founding Member
PhilCap-Net (Philippine Capacity Building Network for IWRM)	May 2006 - Present	Co-Founder and President
World Bank (WB)	September 2019 - Present	Consultant

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PHILIPPINE VETERANS BANK**, 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 (covered company and its subsidiaries and affiliates) 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
NOT APPLICABLE		

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
NOT APPLICABLE		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in **PHILIPPINE VETERANS BANK**, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVHI of the Revised CMI 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 **PHILIPPINE VETERANS BANK** of any changes in the abovementioned information within five days from its occurrence.

Done, this day of MAY 15 2024, at PASIG CITY.

MA. CECILIA G. SORIANO
Independent Director

SUBSCRIBED AND SWORN to before me this MAY 15 day of 2024
personally appeared before me and exhibited to me her

Doc. No. 4;
Page No. 2;
Book No. 15;
Series of 2024

GAUDEN
NOTARY PUBLIC
Cities of Pasig, San Juan and
in the Municipality of Pateros, Metro Manila
Until December 31, 2024
PTR No. 1650401 / 01/02/2024 Pasig City
IBP No. 326534 / 12/11/2023 For Year 2024/RSM
Roll No. 41969
MCLE Comp. VII-0028557/April 19, 2023
No. 11, Unit J Freemont Arcade Bldg.
Shaw Blvd. Brgy. San Antonio, Pasig City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **REYNALDO V. VELASCO**, Filipino, of legal age and a resident of 17 Watson Street Ayala Hillside Estates, Old Balara, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **PHILIPPINE VETERANS BANK** 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	PERIOD OF SERVICE	POSITION RELATIONSHIP
PMA Alumni Association, Inc.	1971-present	Member
Filipino Veterans, Inc.	2020-present	Trustee
Filipino Veterans, Inc.	2020-2023	Chairman
Independent Insight, Inc.	2021-present	Director

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PHILIPPINE VETERANS BANK**, 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 (covered company and its subsidiaries and affiliates) 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
NOT APPLICABLE		

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
NOT APPLICABLE		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in **PHILIPPINE VETERANS BANK**, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised CMI 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 **PHILIPPINE VETERANS BANK** of any changes in the abovementioned information within five days from its occurrence.

Done, this day of _____ day of _____, at **PASIG CITY**

MAY 15 2024

REYNALDO V. VELASCO
Independent Director

SUBSCRIBED AND SWORN to before me this _____ day of _____ at **PASIG CITY** affiant personally appeared before me and exhibited to me his

Doc. No. 1;
Page No. 2;
Book No. 11;
Series of 2024

GAUDENCIO A. BARBOZA, JR.
NOTARY PUBLIC
Cities of Pasig, San Juan and
in the Municipality of Pateros, Metro Manila
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PTR No. 1650401 / 01/02/2024 Pasig City
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Roll No. 41969
MCLE Comp. VII-0028557/April 19, 2023
No. 11, Unit J Freemont Arcade Bldg.
Shaw Blvd. Brgy. San Antonio, Pasig City

**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
OF THE PHILIPPINE VETERANS BANK
held on 16 JUNE 2023 at 2:00 p.m. at the
SMX Convention Center, Sea Shell Lane,
Mall of Asia Complex, Pasay City**

CALL TO ORDER

The 2023 Annual Stockholders Meeting of the Philippine Veterans Bank (PVB) was held in the SMX Convention Center, Sea Shell Lane, Mall of Asia Complex, Pasay City. It opened with the singing of the Philippine National Anthem, followed by the Panunumpa Sa Watawat led by Vice-Chairman Guillermo L. Parayno, Jr. Shortly thereafter, Director Percianita G. Racho delivered the invocation.

Mr. Roberto F. De Ocampo, OBE, Chairman of the Board and Chairman of the Stockholders' Meeting, formally called the meeting to order at 2:00 p.m., and delivered his message to the Stockholders.

MESSAGE OF THE CHAIRMAN OF THE BOARD

The message of Mr. Roberto F. de Ocampo, Chairman of the Board and Chairman of the Stockholders' Meeting, is quoted, as follows:

" Magandang hapon po sa inyong lahat!

Mga minamahal kong Veterans, Widows, Sons and Daughters na katulad ko! Napakasaya na naman ng ating Stockholders' Meeting at lalo pang masaya ngayon sapagkat meron tayong very special guest na walang iba kundi ang Speaker of the House Representatives, si Speaker Ferdinand Martin G. Romualdez. Nong dumating po siya ang sabi ko sa kanya, alam mo Mr. Speaker, this is a historic first na makadalo kayo sa ating Annual Stockholders' Meeting. Siya po ay pinsang buo ng number 1 Stockholder ng Philippine Veterans Bank na walang iba kundi si Pangulong Ferdinand R. Marcos, Jr.



Natatandaan po ba ninyo na paulit ulit kong sinasabi sa inyo noon pa, na ang pananaw ko ay ang Philippine Veterans Bank ay magiging isang malakas at matatag na Bangko na kailan pa man ay hindi na mabubuwal. Merong mga iba na may duda, ngayon pag meron pa sa inyo dyan na may duda, papaano pa kayo mag kakaduda kung ang suporta ng buong kataastasan ng ating administrasyon ay napaka lakas at napaka buo at nandito ang ating Speaker of the House of Representatives.

Di lang yun, matagal ko na din sinabi sa inyo na ang kalakasan ng Philippine Veterans Bank ay magsisimula sa paglawak ng ating Charter upang lumaki ang ating pondo at lumaki rin ang ating kapabilidad bilang isang tunay na malakas na bangko. Kaya po nong panahon ng COVID, hindi tayo nag aksaya ng panahon at sinulong po natin ang Charter Change ng Philippine Veterans Bank at walang iba na naging Primary Author ng bagong Charter ng Philippine Veterans Bank, kung hindi si Speaker Ferdinand Martin G. Romualdez.

Kasama nya si Congresswoman Yedda Marie Romualdez at Congressman Raymond Mendoza, sila po'y mga SDAI na katulad ng karamihan natin dito sapagkat sila'y mga anak at apo ng ating minamahal na dating Vice-Chairman ng Philippine Veterans Bank na si Kito Mendoza.

Dahil sa tuloy tuloy na improvement na ginagawa natin sa Philippine Veterans Bank, ay maari ko pong ipagmalaki sa inyo ngayon, na ito po ay simula na ng walang tigil na pag angat ng inyong bangko at ito lang ang bangko sa buong Pilipinas para sa mga Beterano. Ito lang ang bangko sa Pilipinas na hindi lang bangko kung hindi isang monumento, monument para doon sa mga heroes ng ating Republica na walang iba kung hindi ang mga Veterans. Dapat na ikarantal nating mga SDAI palagi ang ating mga magulang, ang ating Grandfathers at Grandmothers sapagkat napakalalim ng ating gratitude sa ginawa nila. Yong ama ko eh, isang beterano yun, yong tiyo ko, na siempre kilala ninyong lahat, isang beterano din yun, kaya ako, alam na alam ko na hindi ako makakatayo dito na buhay kung hindi nila ito ginawa, yong ginawa nila sa kapanahunan ng digmaan. Pinagdadasal ko palagi ang aking mga Veterans, ang aking mga parents and grandparents.

Ngayon po, dahil sa tuloy tuloy na kalakasan ng ating bangko maari kong sabihin sa inyo na simula ng taong ito, ang ating bangko ay nasa profitability na.

Hindi lang yun, dahil sa contribution ng mga beterano, sa contribution ng katulad ng pamilya ng ating dating Vice-Chairman Kito Mendoza, sa contribution ng mangilan ngilan sa inyo diyan na mga bumili ng karagdagang shares ng Philippine Veterans Bank, sapagkat may kumpiansya na kayo na tuloy tuloy na itong lalakas, lumalawak po ang pondo ng Philippine Veterans Bank at aabutin natin ang target na kailangan nating abutin upang talagang ito na ay hindi magiging saling pusa sa mas kilalang mga bangko sa Pilipinas.

Hindi ko na po hahabaan ang aking talumpati sa inyo sapagkat gusto kong bigyan ng special na karangalan ang dalawang beterano na nandidito at kasama natin sapagkat yong isa po ay umabot na ng 100 years old at yong isa pa nga ay 102 years old. Sila po ay sina Private First Class **Antero Dila** ng Laguna at Private First Class **Pandedios Digo** ng Zambales. Bago po ako magtapos, gusto ko po introduce sa inyong lahat si Speaker Romualdez at pag tinawag ko ang inyong delegation, kumaway po kayo para malaman ni Speaker na nandyan nga kayo. Unang una, Delegation from Pangasinan, Delegation from Quezon, Delegation from Batangas, Delegation from Laguna, Delegation from Rizal, Delegation from Cavite. Tapos sa Region III naman, Delegation from Zambales, Delegation from Tarlac, Delegation from Bulacan, Delegation from Nueva Ecija, Delegation from Pampanga. Sa NCR, Delegations from Caloocan, Marikina, Quezon City, Valenzuela, Pasig, Mandaluyong, Muntinlupa, Malabon, Navotas, Taguig, Las Piñas and of course, delegation from Manila. Mr. Speaker, kita nyo po, sila ang ating mga delegates. Sempre, alam nyo na madami pa tayo mga delegates sa kabuuan ng Pilipinas ngunit yong mga malapit lang dito ang nakakarating at right now, meron tayong mga dalawang libong participants na stockholders dito sa ating Annual Stockholders' Meeting. Ako po'y nakakasali sa iba't ibang Stockholders meeting ng iba't ibang Korporasyon, ngunit sinasabi ko sa lahat, na ito po ay ang pinakamalaki at pinakamadami ang sumisipot upang magparticipate sa Stockholders meeting sapagkat, baka hindi alam ng karamihan sa

sector ng Banking, na ang Philippine Veterans Bank ay ang pinaka widely-owned na pribadong commercial bank. Hindi tayo owned by a few, kung hindi owned by the Veterans Stockholders of the Philippines Veterans Bank. Ngayon po, at this point, I would like to call upon our most honored guest. Guest nga, pero siya po ay more than a guest sapagkat siya ang author ng ating bagong charter, siya po ang parang poste, na magtatanggal ng sino mang may duda pa sa kalakasan ng suporta ng ating administrasyon sa inyong mga beterano, sa mga SDAI at sa Philippine Veterans Bank.

Ladies and Gentlemen, isang karangalan pong tawagin ko for his special message the Speaker of the House of Representatives, Honorable Ferdinand Martin G. Romualdez."

Note: The Honorable Ferdinand Martin G. Romualdez, Speaker of the House of Representatives, delivered his special message to the Stockholders of the Philippine Veterans Bank and thereafter, immediately left.

PROOF OF DUE NOTICE OF MEETING

The Board Secretary informed the Stockholders present that in accordance with the provisions of the Amended By-Laws, Notices of the Annual Stockholders' Meeting were sent to each and every stockholder whose certificates had already been delivered at their last known addresses, whereas, the Notices of the Annual Stockholders' Meeting for stockholders with undelivered shares were sent to the Board of Trustees of the Veterans of World War II (BTVWWII), while the Notices of the Annual Stockholders' Meeting for stockholders with incomplete addresses and those who can no longer be located in their last declared addresses, were sent/delivered to the Veterans Federation of the Philippines thru its Vice-President for Administration/ Secretary General and District Presidents nationwide.

In addition, the Notice of the Annual Stockholders' Meeting was published in the **May 09, 2023** and **May 25, 2023** issues of The Philippine Star and the Pilipino Star NGAYON, both newspapers of general circulation.



DETERMINATION AND CERTIFICATION OF PRESENCE OF A QUORUM

The Board Secretary announced that there were **831** stockholders present representing **84,938** common shares and **7,970** preferred shares. In addition, stockholders owning **15,519,202** common shares and **2,386,120** preferred shares were represented by their duly authorized proxies/representatives. The undelivered shares consisting of **33,138** common shares and **33,138** preferred shares were represented by the Board of Trustees of the Veterans of World War II as provided for under Section 8 of Republic Act (RA) No. 7169 and RA No. 11597.

The Board Secretary certified the presence of a quorum after stating that stockholders owning **15,637,278** common shares and **2,427,228** preferred shares or **68%** of the outstanding common and preferred shares were present and/or represented by their duly authorized proxies/representatives.

Thereafter, Chairman of the Board and Chairman of the Stockholders Meeting, Mr. Roberto F. De Ocampo, appointed the Floor Leaders: Gen. Joel A. Cabides, President of Eastern Samar Veterans District, Region VIII, and Col. Hannibal S. Lipardo, President of Region VI, Veterans Region, and the Secretary of the Meeting: Atty. Federico A. Manalo.

READING AND APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

Floor Leader Joel A. Cabides moved to dispense with the reading of the minutes of the last Annual Stockholders' Meeting held on June 17, 2022 and Special Stockholders' Meeting held on March 17, 2023, copy of which was published in the PVB Official Website. Upon motion made by Floor Leader Joel A. Cabides and seconded by Floor Leader Hannibal Lipardo, the stockholders approved unanimously the following resolution:

RESOLUTION NO. 2023-01(ASM)

***"RESOLVED**, as it is hereby resolved, to approve, and the same is hereby approved, the minutes of the Annual Stockholders' Meeting held on June 17, 2022 and of the Special Stockholders' Meeting held on March 17, 2023. "*

ANNUAL REPORT OF THE PRESIDENT

President Renato A. Claravall delivered his annual report to the stockholders, which we quote, as follows:

" Magandang hapon po sa inyong lahat!

Maayong hapon sa akong mga palangga mga Ilonggo, at kung alam ko lang sana ang *Good afternoon* sa Ibanag, gusto ko din sana batiin ang mga taga Cagayan sapagkat ako po ay isang GIIG, ibig sabihin nun ay *Genuine Ibanag Ilonggo Gid*. At ako po ay, alam po ninyo, anak ng mga beterano. Ang mommy ko po ay beterano, ang daddy ko po ay beterano rin, kaya I'm very proud wearing the SDAI pin. *I'm one of you*.

Today, I would like to talk about the performance of the Bank which mirrors the pandemic. This is a before and after presentation which is really just numbers because you can't contest numbers and the numbers audited by our external auditors, who are present here today, tells its old story. I would like to begin with our 1st slide, ito po ang slide na nagpapakita ng ating total assets noong 2019 bago po magpandemya, umabot po tayo ng 59.6 Billion. Yon po yong pinakamataas na level natin sa historya ng buong bangko. Pero ang nangyari noong 2020 at 2021, pareho pong bumaba. Pero tingnan po natin ang nangyari noong 2022, umabot na po tayo ulit sa 61.1 Billion, the highest ever recorded to our history in terms of our total assets.

Pareho po ang istorya, kung tingnan po natin ang ating loan portfolio. In 2019, ang loan portfolio ay 21.7 Million bago yong pandemya, bumaba nong 2020 at bumaba rin nong 2021. Pero nong end of 2022, ang loan portfolio natin ay umabot na sa 25.3 Billion, the highest ever in the history of the Bank.

At ganun din po ang istorya sa ating deposits. Nong 2019, ang deposits level natin ay umabot sa 53 Billion, pinakamataas noon, bumaba tayo sa panahon ng pandemya, pero sa katapusan ng 2022, nasa 56.2 Billion, the highest deposits of the Bank in its history.



Ano pong mensahe ko, napaka simple, maganda po ang kinabukasan ng bangko natin. May dalawang importante na nangyayari, ready na po ang bangko natin to engage in full digital banking. Iniintay nalang po natin ang approval ng BSP. But mas importante po yan dahil sa Republic Act 11957, we are forced to increase our capital at ako po ay di nagmamayabang at masasabi ko po with certainty that within 1 year, magdadagdag na aabot ng 5 Billion sa capital natin at dahil ako po ay naniniwala na tayo pong lahat ay makikinabang sa patuloy na pagunlad ng bangko natin.

Mabuhay ang Veterans Bank! Mabuhay ang mga Beterano! Maraming Salamat po.”

Upon motion of Floor Leader Joel A. Cabides, duly seconded by Floor Leader Hannibal Lipardo, the following resolution was unanimously approved:

RESOLUTION NO. 2023-02(ASM)

***"RESOLVED**, as it is hereby resolved, to approve, and the same is hereby approved, the Annual Report of President Renato A. Claravall and the 2022 Audited Financial Statements of the Bank as audited by Punongbayan and Araullo (P&A Grant Thornton), external auditor."*

RATIFICATION OF ALL ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS, MANAGEMENT AND CORPORATE OFFICERS ACTING WITHIN THE SCOPE OF THEIR DESIGNATED AUTHORITY SINCE THE 2022 ANNUAL STOCKHOLDERS' MEETING UP TO THE DATE OF THIS MEETING INCLUDING ALL THE MATERIAL RELATED PARTY TRANSACTIONS

On motion of Floor Leader Joel A. Cabides, duly seconded by Floor Leader Hannibal Lipardo, the stockholders unanimously approved the following resolution:



RESOLUTION NO. 2023-03(ASM)

"RESOLVED, as it is hereby resolved, to approve, confirm and ratify, and the same are hereby approved, confirmed and ratified, all the resolutions and acts of the Board of Directors, Management and Corporate Officers acting within the scope of their designated authority since the 2022 annual stockholders' meeting up to the date of this meeting, including all the material related party transactions."

RE-APPOINTMENT OF EXTERNAL AUDITOR

On motion of Floor Leader Hannibal S. Lipardo, duly seconded by Floor Leader Joel A. Cabides, the stockholders present and represented in the meeting approved unanimously the following resolution:

RESOLUTION NO. 2023-04(ASM)

"RESOLVED, as it is hereby resolved, to approve, and the same is hereby approved, the re-appointment of Punongbayan & Araullo (P&A Grant Thornton) as the External Auditor of the Philippine Veterans Bank for the year 2023."

ELECTION OF DIRECTORS, AND OF THE MEMBERS OF THE BOARD OF TRUSTEES OF THE VETERANS OF WORLD WAR II (BTVWWII)

The Chairman of the Board and Chairman of the Stockholders' Meeting, Mr. Roberto F. De Ocampo, announced that the next item in the Agenda is the election of the eleven (11) members of the Board of Directors of the Bank and of the eleven (11) members of the BTVWWII. He then requested the Secretary of the Meeting to read the names of the stockholders nominated as members of the Board of Directors of the Bank and of the members of the BTVWWII.

As read, there are eleven (11) stockholders who were nominated as members of the Board of Directors of the Bank, namely:

1. Gerardo Manuel Luis B. Anonas
2. Renato A. Claravall
3. Roberto F. De Ocampo
4. Francisco S. Magsajo Jr.
5. Michael Democrito C. Mendoza
6. Jose A. Nuñez Jr.
7. Guillermo L. Parayno, Jr.
8. Percianita G. Racho
9. Cesar A. Rubio
10. Ma. Cecilia G. Soriano
11. Reynaldo V. Velasco

Also, there are fifteen (15) stockholders who were nominated as members of the Board of Trustees of the Veterans of World War II (BTVWWII), namely:

1. Abejuela, Armando E.
2. Caber, Alberto C.
3. Cabides, Joel Joseph A.
4. Dumlao, Darlito P.
5. Esplana, William B.
6. Hashimoto, Bertito Del Mundo
7. Lipardo, Hannibal S.
8. Marasigan, Luzviminda C.
9. Nierva, Elisor M.
10. Poot, Dr. Ma. Melissa Miranda
11. Roa, Antonia Edna B.
12. San Miguel, Edwin J.
13. Sazon, Reynaldo B.
14. Sevilla, Joseph G.
15. Tulingan, Salacnib I.

The Chairman of the Board and Chairman of the Stockholders' Meeting, Mr. Roberto F. De Ocampo, then announced that the voting for the eleven (11) members of the Board of Directors of the Bank and the eleven (11) members of the BTVWWII will continue until 3:00 p.m.

Thereafter, the stockholders proceeded to cast their votes (many have cast their votes earlier) for the eleven (11) members of the Board of Directors of the Bank and the eleven (11) members of the BTVWWII.

As tallied by SGV & Co., the result of the voting is, as follows:

- Philippine Veterans Bank Board of Directors:

RANK	CANDIDATE NO.	CANDIDATE NAME	TOTAL VOTES
1	3	DE OCAMPO, Roberto F.	510,653
2	8	RACHO, Percianita G.	322,584
3	5	MENDOZA, Michael Democrito C.	296,528
4	2	CLARAVALL, Renato A.	290,531
5	10	SORIANO, Ma. Cecilia G.	285,270
6	7	GUILLERMO, Parayno Jr. L.	277,293
7	11	VELASCO, Reynaldo V.	276,584
8	1	ANONAS, Gerardo Manuel Luis B.	275,134
9	6	NUÑEZ, Jose Jr. A.	272,709
10	9	RUBIO, Cesar A.	270,782
11	4	MAGSAJÓ, Francisco Jr. S.	265,987

- Board of Trustees of the Veterans of World War II (BTVWWII) members

RANK	CANDIDATE NO.	CANDIDATE NAME	TOTAL VOTES
1	8	Luzviminda C. Marasigan	348525
2	13	Reynaldo B. Sazon	326259
3	11	Antonia Edna B. Roa	320724
4	15	Salacnib I. Tulangan	317205
5	9	Elisor M. Nierva	304664
6	5	William B. Esplana	296568
7	10	Dr. Ma. Melissa Miranda Poot	276656
8	12	Edwin J. San Miguel	276277
9	7	Hannibal S. Lipardo	224262
10	3	Joel Joseph A. Cabides	217157
11	4	Darlito P. Dumlao	212493
12	14	Joseph G. Sevilla	58899
13	1	Armando E. Abejuela	55171
14	2	Alberto C. Caber	49725
15	6	Bertito Del Mundo Hashimoto	46321

On the basis of the said election results duly certified by the COMELEC, on motion of Floor Leader Joel A. Cabides, duly seconded by Floor Leader Hannibal Lipardo, the following were declared duly elected members of the Board of Directors of the Philippine Veterans Bank for 2023-2024 or until their successors shall have been elected and qualified, and members of the BTVWWII, hence, the following resolutions approved unanimously by the stockholders present and represented in the meeting:

RESOLUTION NO. 2023-05(ASM)

“RESOLVED, as it is hereby resolved, to elect the following as members of the Board of Directors for 2023-2024 term, namely:



*De Ocampo, Roberto F.
Racho, Percianita G.
Mendoza, Michael Democrito C.
Claravall, Renato A.
Soriano, Ma. Cecilia G.
Parayno, Guillermo, Jr. L.
Velasco, Reynaldo V.
Anonas, Gerardo Manuel Luis B.
Nuñez, Jose, Jr. A.
Rubio, Cesar A.
Magsajo, Francisco Jr. S."*

RESOLUTION NO. 2023-06 (ASM)

*"**RESOLVED**, as is it is hereby resolved, to elect the following as members of the Board of Trustees of the Veterans of World War II, namely:*

*Luzviminda C. Marasigan
Reynaldo B. Sazon
Antonia Edna B. Roa
Salacnib I. Tulingan
Elisor M. Nierva
William B. Esplana
Dr. Ma. Melissa Miranda Poot
Edwin J. San Miguel
Hannibal S. Lipardo
Joel Joseph A. Cabides
Darlito P. Dumlao."*

ADJOURNMENT

There being no other matters to be taken up, on motion duly made and seconded, the annual stockholders' meeting was adjourned at 4:00 p.m.



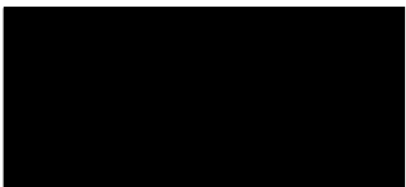
CERTIFIED TRUE AND CORRECT:



FEDERICO A. MANALO

Acting Board Secretary &
Secretary of the Stockholders' Meeting

ATTEST:



ROBERTO F. DE OCAMPO, OBE

Chairman of the Board &
Chairman of the Stockholders' Meeting

MINUTES OF THE SPECIAL MEETING OF STOCKHOLDERS OF

PHILIPPINE VETERANS BANK

Held on 19 March 2024 at 10:00 a.m.
(via Remote Communication)

1. Call to Order

The meeting opened with the singing of the Philippine National Anthem. Atty. Tephania M. Gandia, Corporate Secretary, thereafter, acknowledged the presence of all directors of Philippine Veterans Bank. (the **Bank**). Afterwards, Mr. Jose A. Nuñez, Vice-Chairman, led the *Panunumpa sa Watawat*, followed by the invocation delivered by Ms. Percianita G. Racho, Director.

Mr. Roberto F. De Ocampo, Chairman, then opened the Special Meeting of the Stockholders of Bank and welcomed the stockholders and guests attending via Zoom. He called the meeting to order and presided over the proceedings.

The Corporate Secretary recorded the minutes of the meeting.

2. Certification of Notice and Quorum

The Chairperson requested the Corporate Secretary to certify to the posting and publication of notice and existence of a quorum.

The Corporate Secretary certified that, in compliance with rules issued by the Securities and Exchange Commission, the Notice of the meeting, together with the Agenda and the Definitive Information Statement were sent to all stockholders of record as of 16 February 2024. The Notice of the meeting was also published in two (2) newspapers of general circulation on 26 and 27 February 2024. The Notices were also sent through the Board of Trustees of the Veterans of World War II, the Veterans Federation of the Philippines, and posted in the Bank's branch premises.

The Corporate Secretary then certified that based on record of attendance, a quorum was present for the transaction of business by the stockholders. She also informed stockholders and participants that the meeting will be recorded in accordance with SEC rules.

3. Election of New Directors

The next item in the agenda is the election of new directors. The Corporate Secretary announced that in view of the increase in the number of directors to fifteen (15) pursuant to the Bank's Revised Charter and as previously approved by the stockholders, two (2) nominees have been pre-qualified by the Nomination Committee for election, namely:

1. Mr. Anthony M. Te; and
2. Mr. Alfredo S. Panlilio as Independent Director.

Upon motion duly made by Gen. William B. Esplana, Chairman of the BTVWWII and President of the Quezon City Veterans District, and seconded by Mr. Edwin J. San Miguel, Executive Trustee and COO of BTVWWII, the following resolution was therefore passed and adopted:

“RESOLVED, that the following are elected to the Board of Directors of Philippine Veterans Bank, to serve as such directors until their successors have been duly qualified and elected:

1. Mr. Anthony M. Te
2. Mr. Alfredo S. Panlilio as Independent Director

After the voting results were announced, the Chairperson congratulated the newly-elected members of the Board.

4. Matters for Confirmation

4.1 Amendments to Article V of the Articles of Incorporation to reflect the Php15 Billion Authorized Capital Stock and Article VII of the Articles of Incorporation to reflect the increase in number of Directors to fifteen (15)

The Corporate Secretary presented for confirmation the language of the amendments in the Bank's Articles of Incorporation to reflect the increase in the Bank's authorized capital stock to Php15 Billion and the increase in number of directors to 15. She explained that these are consistent with the Bank's revised Charter and as approved by the stockholders during the 2022 Annual Stockholders Meeting.

Upon motion duly made by Gen. Esplana and seconded by Mr. San Miguel, the stockholders approved for confirmation the amendments to Articles V and VII of the Articles of Incorporation.

5. Matters for Approval

5.1 Articles and Plan of Merger for the Merger of PVB with New Rural Bank of Agoncillo, Inc. (NAGON)

The Chairperson presented for approval the Articles and Plan of Merger for the Bank's merger with the New Rural Bank of Agoncillo, Inc. or NAGON. He informed the stockholders that the merger was previously approved by the stockholders and discussed the salient points in the documents.

Upon motion duly made by Gen. Esplana and seconded by Mr. San Miguel, the following resolution was therefore passed and adopted:

“RESOLVED, that the Articles and Plan of Merger for the merger of Philippine Veterans Bank (the **Bank**) and New Rural

Bank of Agoncillo, Inc., with the Bank as the surviving corporation, is hereby approved.”

5.2 Amendment of the Articles of Incorporation

The Corporate Secretary presented for approval the proposed amendment of Article VII, Section 3 of the Bank’s Articles of Incorporation to reflect the removal of veteran status requirement for directors, aligned with the Bank’s revised Charter allowing non-veteran investors.

Upon motion duly made by Gen. Esplana and seconded by Mr. San Miguel, the following resolution was therefore passed and adopted:

“RESOLVED, that Philippine Veterans Bank (the **Bank**) is authorized to remove the veteran status requirement for the Board of Directors by amending Articles VII, Section 3 of the Articles of Incorporation;

RESOLVED, FINALLY, that the Chairman, President, Corporate Secretary and/or Directors of the Bank, acting singly, are hereby authorized and empowered, for and on behalf of Corporation, to sign, execute, deliver and cause the submission of the amended Articles of Incorporation, and any and all documents necessary for any and all transactions related to the foregoing resolutions, including but not limited to the application for amendment of the Articles of Incorporation with the *Bangko Sentral ng Pilipinas*, Securities and Exchange Commission (SEC) and other relevant governmental authorities, and to do any and all acts, necessary and proper, to give the foregoing resolutions force and effect.”

5.3 Amendment of the By-laws

The Corporate Secretary presented for approval the proposed amendment of Article IV and Article VII of the Bank’s By-laws to remove the citizenship requirements for directors and reflect the creation of the position of Chief Executive Officer, respectively, aligned with the Bank’s revised Charter.

Upon motion duly made by Gen. Esplana and seconded by Mr. San Miguel, the following resolution was therefore passed and adopted:

“RESOLVED, that Philippine Veterans Bank (the **Bank**) is authorized:

1. To remove the citizenship requirement for the Board of Directors by amending Articles IV, Section 1 of the By-laws to read as follows:

‘Section 1. The corporate powers of the corporation shall be vested and exercised, its business conducted, and its property controlled by, a Board of Directors composed of fifteen members.’

2. To reflect the creation of the position of Chief Executive Officer by amending Article VII of the By-laws to read as follows:

‘Section 1. The Executive Officers of the corporation shall be:

- (a) The President to be chosen by the Board of Directors from among the members of the Board.
- (b) The Chief Executive Officer who shall be elected by the Board of Directors.
- (c) x x x’

RESOLVED, FINALLY, that the Chairman, President, Corporate Secretary and/or Directors of the Bank, acting singly, are hereby authorized and empowered, for and on behalf of Corporation, to sign, execute, deliver and cause the submission of the amended By-Laws, and any and all documents necessary for any and all transactions related to the foregoing resolutions, including but not limited to the application for amendment of the By-Laws with the *Bangko Sentral ng Pilipinas*, Securities and Exchange Commission (SEC) and other relevant governmental authorities, and to do any and all acts, necessary and proper, to give the foregoing resolutions force and effect.”

5.4 Terms of Preferred Shares

The next item in the agenda is the approval of the amendments to Article V of the Articles of Incorporation and Article II of the By-laws to delegate to the Board of Directors the authority to fix the terms and conditions of preferred shares or any series thereof.

The Corporate Secretary explained that the approval is being sought in order give the Bank better flexibility in the issuance of preferred shares, subject to provisions of the Bank’s Revised Charter. She discussed that this will result in the revocation and abandonment of the previous approval of stockholders during the 2022 ASM fixing the terms of the preferred shares.

Upon motion duly made by Gen. Esplana and seconded by Mr. San Miguel, the following resolution was therefore passed and adopted:

“RESOLVED, that the previously approved features of the preferred shares of Philippine Veterans Bank (the **Bank**) are hereby abandoned and revoked;

RESOLVED, FURTHER, that the Board of Directors of the Bank is granted the authority to fix the terms and conditions of preferred shares;

RESOLVED, FURTHER, that Article V of the Bank’s Articles of Incorporation is amended as follows:

‘Section 3. The Board of Directors is hereby authorized to fix the terms and conditions of the preferred shares of stock or any series thereof.’

RESOLVED, FINALLY, that Article II of the Bank’s By-laws is amended as follows:

‘Section 6. The Board of Directors is hereby authorized to fix the terms and conditions of the preferred shares of stock or any series thereof.’

RESOLVED, FINALLY, that the Chairman, President, Corporate Secretary and/or Directors of the Bank, acting singly, are hereby authorized and empowered, for and on behalf of Corporation, to sign, execute, deliver and cause the submission of the amended Articles of Incorporation and By-Laws, and any and all documents necessary for any and all transactions related to the foregoing resolutions, including but not limited to the application for amendment of the Articles of Incorporation and By-Laws with the *Bangko Sentral ng Pilipinas*, Securities and Exchange Commission (SEC) and other relevant governmental authorities, and to do any and all acts, necessary and proper, to give the foregoing resolutions force and effect.”

5.5 Delegation of Authority to Amend the By-laws to the Board of Directors

The next item in the agenda is the delegation to the Board of Directors of the authority to amend the Bank’s By-laws.

The Corporate Secretary explained that the delegation will provide the Bank adaptability and flexibility in revisiting the By-laws to align it with current corporate governance regulations and best practices.

Upon motion duly made by Gen. Esplana and seconded by Mr. San Miguel, the following resolution was therefore passed and adopted:

“RESOLVED, that the Board of Directors of Philippine Veterans Bank (the **Bank**) be authorized to amend the By-laws of the Bank as may be necessary.”

6. Other Matters

The Chairman inquired if there were other matters that could properly be taken up at the meeting. The Corporate Secretary confirmed that there were none.

7. Adjournment

There being no further business to transact, the Chairperson thanked everyone who joined the meeting wished everyone good health. Thereafter, the meeting was adjourned.

Certified Correct:

TEPHANIE M. GANDIA
Corporate Secretary

ATTESTED BY:

ROBERTO F. DE OCAMPO, OBE
Chairman