



**BANK OF MAKATI**  
A Savings Bank

# Beyond Transactions: Building Lasting Relationships

2024 Annual and Sustainability Report



# BEYOND TRANSACTIONS:

## Building Lasting Relationships

Bank of Makati (A Savings Bank), Inc. (BMI) with its goal of becoming the Filipinos leading thrift Bank, has continuously work on improving its customer-centric approach in building long-term, personalized relationships with Clients, rather than simply processing individual transactions. The Bank aims to move beyond a transactional, commodity-based view of financial services to a partnership-driven model where BMI is a trusted advisor invested in the Clients' financial success – helping them make more informed decisions, managing their money better, and achieving their goals.

The Bank's Sales force understands that each Client has unique financial needs, preferences, and life stages and it is important that tailored solutions and timely advice are provided to them. They actively listen and reach out to inform them of their account status or offer products and services that are based on insights gathered from every customer interaction. Clients are also guided in understanding new regulations, protecting themselves from fraud, and navigating complex processes like loan applications.

While digital is paramount, BMI recognizes that human interaction remains vital, especially for complex or emotionally-charged transactions. The Bank ensures that Clients have a seamless transition between digital and physical channels where empathetic and human-centered support is consistently provided.

With the Bank's continued effort and engagement, Clients' confidence, trust, and loyalty are fostered, leading to a lasting relationship and advocacy for Bank of Makati Inc.





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# ABOUT THE BANK

**Bank of Makati Inc. (BMI)** was originally founded as a rural bank in July 1956. Since then, it has helped countless Filipino savers and entrepreneurs achieve their financial goals. After forty-five years of operations, last October 2001, the bank gained stronger industry foothold with bigger capitalization through its new shareholders and management.

**In 2006**, it was listed as the first rural bank to be part of the Top 1,000 Corporations in the Philippines. On the same year, with its total assets of Php 5.2 billion and net worth of over Php 800 million, the Bank was recognized as the biggest rural bank in the Philippines - bigger than most savings bank then.

**In 2009**, BMI's logo was redesigned and a new tagline was coined: "Malalapitan, Maaasahang Kaibigan". The tagline showcased the Bank as a friend who reaches out, understands and can be counted on in times of need.

**In 2013**, the Bank prepared to transition into becoming a full-fledged savings bank. It became an allied member of the BancNet ATM consortium and it expanded its reach in Metro Manila with the opening of more micro-oriented branches and loan centers.

**In 2014**, it upgraded its Core Banking software application to Finacle, an integrated system that automates both deposit and loan processing to support ATM, mobile and internet banking.

**On March 23, 2015**, the Bangko Sentral ng Pilipinas gave its approval for BMI to operate as a thrift bank, specifically categorized as a Savings Bank as defined in Republic Act (R.A.) No. 7906.

**Last 2020**, during the height of the pandemic, BMI's business units were put through rigorous strategic resilience tests. The lockdowns and social distancing mandates have pushed them to step up and serve our customers diligently even with limited delivery channels. Their hardwork paid off as the Bank (despite the economic downturn) closed the year with a positive income.

**In 2021 and 2022**, the Bank was compelled to accelerate its shift toward digitization and increased efficiency. This was in response to the demand for a customer-centric culture where simplified products and seamless services are created to meet customers' evolving needs and exceed their expectations.

**In 2023**, Bank of Makati has undertaken several strategic initiatives to strengthen its market foothold, mitigate market risks, and maintain its financial strength. Better customer experiences were created through increased employee engagement, enhanced operational efficiencies, and banking capabilities.

**In 2024**, the Bank has deepened the integration of the Environmental, Social, and Governance (ESG) factors in its credit risk, operational risk, and reputational risk management strategies, practices, and policies. Customer-focused initiatives have also been continuously implemented to create an omnichannel experience across all touch points and minimize customer effort and time in every interaction.



# THE BMI BRAND and BUSINESS MODEL

## Bank of Makati as a “**Malalapitan, Maaasahang Kaibigan**”

In an article published by Business World last July 2024, it was highlighted that Filipinos want frictionless banking experience. The write-up cites FICO's 2023 Consumer Study, where it was reported that 82% of the respondents still think that in-person account opening are more secure than digital channels and 52% prefer applying personal loans in the Branches. The research reveals that streamlining these processes is a key in retaining Clients and enhancing their satisfaction. Bank of Makati (A Savings Bank), Inc.'s current customer base share the same perspective hence, simplification and process re-engineering are core practices of the Bank's support units.

The Management is focused on not only optimizing existing processes but more importantly, achieving the desired seamless experience of our Clients. Customer touch points are integrated, workflows are streamlined, and frontline staff are empowered with the right tools and training to resolve Client concerns quickly and effectively.

The continuous process improvements, redesigning, and innovation of BMI are in alignment to its brand promise of being a “*Malalapitan, Maaasahang Kaibigan*.” The Bank intends to help realize the desires of every aspiring Filipino:

- Secure a future for their family by opening low-cost current, savings, and small-denominated deposit accounts
- Thriving business (for Micro, Small, and Medium entrepreneurs) through availment of KaSH Microfinance Loan, Power Negosyo Enterprise Loan, Business Loan, or other consumer loan product that match their income and need
- Purchase a vehicle without upfront cash payment through the available financing options - Motorcycle Loan, Auto Loan, or Luxury Bike Loan
- Build, acquire, or improve their own homes by applying for a Housing Loan

At Bank of Makati (A Savings Bank), Inc., every Filipino is given the opportunity to headstart their journey to financial freedom. We are a loyal friend that you can reach and rely on. Our straightforward approach to Banking was designed to deliver seamless and convenient customer experiences for you. With more than sixty-eight (68) years of valued service and trusted relationships, we aim to increase our customer lifetime value, achieve milestones, and create more meaningful experiences with Filipinos from different walks of life.



# Our **VISION**

Bank of Makati envisions itself as a leading thrift bank that fuels the growth of aspiring and existing MSMEs as well as advocates for the financial inclusion of the ordinary and unbanked Filipino.

# Our **MISSION**

Bank of Makati is committed to realizing its vision by offering simple, convenient, and transparent financial products and services, meeting customer needs through an integrated network of touchpoints. The Bank pursues consistent growth and profitability while supporting sustainability. Internally, it fosters a culture emphasizing customer understanding, service urgency, and accountability, creating a workplace that encourages employee excellence and commitment to the bank's purpose.



# CORE VALUES

## CONCERN

Exhibiting a selfless attitude in all dealings with customers, both internal and external and treating the company's business as if it were their own.

## INTEGRITY

Exercising the highest ethical standards in all personal and professional dealings.

## TEAMWORK

Working harmoniously, collaborating with and between groups and more importantly, recognizing and inspiring the best in every individual.

## EXCELLENCE

Performing tasks accurately, efficiently & effectively and continuously improving systems and processes to deliver the best possible results.



# Customer Experience Milestone:

## Harvesting Success with Agribusiness Owners

Bank of Makati's mission is to be a leading thrift Bank that fuels the growth of aspiring and existing MSMEs. With this in mind, the Bank offers Power Negosyo Loan for entrepreneurs who are in need of additional capital or are planning to expand their business operations. One of the variants of the cited product is specifically for farmers, farmland owners, or agricultural businessmen who intend to acquire machinery that would significantly reduce their manual labor, increase efficiency, and improve productivity and income.



**Mr. Domingo Hovana**, a Client from Dagupan City shared that Bank of Makati Inc. (BMI) has helped him realized his goal to purchase a compact tractor that would make his day-to-day farm work easier. He mentioned that for a long while, he wanted to acquire the machine but wasn't as liquid. When he reached out to BMI to express his intent to borrow funds, he was pleasantly surprised with how accommodating the Account Officer and how efficient the application process was - each step was discussed in detail and the loan's terms and conditions were thoroughly explained. By doing so, it was ensured that he understood that the purpose of the required documentation was to protect his and the Bank's best interest. Today, his task of plowing, harrowing, and furrowing larger areas is no longer as exhausting as it was before. He could make use of his spare time in attending to his other tasks, ultimately increasing his daily output and sustainability.

In Calapan, Mindoro, **Mr. Arnel Mercado**, an agribusiness owner, shared a similar experience. He rented out his tractors to farmers in their area and through BMI's financing he was able to buy additional unit/s. The farmers who rented the tractors were those who were avoiding the significant upfront costs of purchasing one and the on-going maintenance and storage expenses associated with it. Rental payments are lower than loan repayments, making it more budget-friendly for those who have yet to qualify for a loan approval.

According to Mr. Mercado, he was at first intimidated by the thought of all the paperwork but he was delighted with how helpful the Branch personnel were. The requirements submission was straightforward, interest rate was clearly stated, and the payment terms were flexible. He emphasized how crucial the Bank's role is in the entire food system - from the farm to consumer's table, by providing opportunities for farmers and their families, profitability, and food security is ensured.







Bank of Makati understands that agriculture is a foundational pillar of any economy. Without a robust agricultural sector, the country will become highly vulnerable to food shortages, price volatility, and risk for widespread hunger and social unrest. It also provides direct employment for farm laborers hence, reducing poverty especially among the rural poor who rely on farming for their income.

**Mr. Buenaventura Rosario**, another PNEL Agri-Loan Client is part of the underserved segment of the country. He had no prior banking experience and was only made aware of BMI's product offering through their local machineries dealer in Bulan, Palawan. He narrated how satisfied he was with the Bank's loan application process – it was simple, hassle-free, and rates were notably reasonable. He shared that his positive encounter has led him to recommend BMI to his fellow farmers and family members who also have the same livelihood.



Conversely, **Mr. Dennis Bernaldo**, a client from Bataan is more financial savvy. This enabled him to make more informed and strategic decisions in his business operations. His loan application with the Bank was one of the many applications he submitted to various financial institutions. He was expanding his agribusiness due to the increased demand and market opportunities. He saw a potential for growth and wanted to take advantage of it. With BMI's financing, he was able to make this happen. When asked about his overall experience with the Bank, Mr. Bernaldo confidently described that BMI is true to its brand promise of being a *Malalapitan, Maaasahang Kaibigan* to people from myriad backgrounds.



In 2024, the Philippine economy demonstrated remarkable resilience and maintained a robust growth trajectory despite the complex global uncertainties and domestic hurdles. The country's financial stability was impacted by the rising corporate and consumer debt levels, particularly in unsecured consumer loans. The Bangko Sentral ng Pilipinas (BSP) mandated close monitoring of asset valuation risks and real estate sector vulnerabilities.

The banking system provided strong credit support to marginalize and priority sectors in the country, contributing to the continued promotion of inclusive growth for all Filipinos. Bank financing for micro, small, and medium enterprises (MSMEs) reached a new peak of ₱488.1 billion in June 2024, surpassing the ₱461.4 billion in June 2023. Loan quality remained satisfactory despite the increase in non-performing loans (NPLs). The combined effect of challenges from post-pandemic recovery and elevated borrowing costs due to the high interest rate environment affected the paying capacity of both business and individual borrowers. The NPLs of the banking system grew by 14.8 percent to ₱502.4 billion in June 2024, higher than the peak of ₱495.7 billion in May 2024, and faster than the 3.9- percent growth in June 2023. This translated to an NPL ratio of 3.5 percent during the period, a marginal increase from 3.4 percent a year ago. Easing market conditions particularly the moderation of inflationary pressures provided relief and improves bank borrowers' repayment capacity. Meanwhile, banks' credit standards remained intact, supported by sound risk governance, robust strategies, and precautionary measures, including the beefing up of provisioning to manage potential loan losses.

The country's Gross Domestic Product (GDP) recorded a full-year growth rate of 5.7% in 2024, an upward revision from the initial estimate. While this fell slightly below the government's target range of 6.0% to 6.5%, it was widely lauded as a strong performance in a challenging global environment. The fourth quarter of 2024 contributed significantly, expanding it by 5.3%. Government spending also played a pivotal role, with increased public investment in infrastructure projects under the "Build Better More" program. This, along with higher personnel expenditures and social protection programs, provided a substantial boost to the economy. Gross capital formation, driven by both public and private construction, further contributed to the expansion.

Domestic demand remained strong, with household final consumption expenditure (HFCE) growing by 4.8%. This was supported by moderating inflation and anticipated lower interest rates. Conversely, the agriculture, forestry, and fishing (AFF) sector contracted by 1.6%, largely due to the impact of successive typhoons and disruptions to crop production, livestock, and fisheries.

Efforts to increase banking accessibility, especially in under-served regions were a key commitment in the financial sector. Digital banking and fin-tech solutions were instrumental in making it happen. However, despite their rapid deposit growth, digital banks were projected to remain unprofitable in the years to come. This is largely due to substantial investments in technology, personnel, and customer acquisition, as well as difficulties in expanding their credit product offerings due to limited financial data or credit history of their target market.

By year-end, the Philippine banking system showed a robust performance, achieving a new record high in net profit, reaching PHP 391.28 billion, a 9.76% year-on-year increase. This was primarily driven by a significant rise in net interest income, which crossed the trillion-peso mark for the first time. In the same breath, all through out the year, Bank of Makati, A Savings Bank Inc. (BMI or "the Bank") remained focused on its mission: delivering consistent value to our clients, reinforcing operational resilience, and building a stronger platform for long-term growth.



THOMAS C. ONGTENCO

## CHAIRMAN





LUIS M. CHUA

## AND PRESIDENT'S MESSAGE

### Expanding Our Commitment to Sustainability

Sustainability is becoming a key priority for BMI. In 2024, we took an important step by releasing our first Sustainability Report, marking the beginning of a more transparent and purpose-driven approach to how we do business. Building on this progress, we strengthened the integration of Environmental, Social, and Governance (ESG) principles into our operations, particularly within our lending practices and risk management. We are also actively identifying ways to embed sustainability more deeply across our organization, ensuring that it becomes a natural part of how we grow and serve.

We have likewise enhanced our understanding of ESG standards to align with evolving regulatory expectations. This reflects our dedication to generating long-term value, not only for our shareholders but also for the communities we serve and the environment in which we operate.

### Forward with Purpose

On behalf of the Board of Directors and Management, we extend our deepest appreciation to our shareholders, partners, customers, and employees. Your continued support fuels our purpose and progress. The coming years will present both challenges and possibilities—but we are confident in our direction, clear in our commitments, and united in our resolve.

Bank of Makati will continue to grow responsibly, serve dedicatedly, and transform with integrity. Together, we move forward—***Malalapitan, Maasahang Kaibigan.***

### Sustaining Financial Strength

Despite opportunities and challenges, BMI delivered another year of stable performance. For 2024, the Bank reported a net income of ₱3.26 billion, a slight increase from last year's ₱3.24 billion. This reflects our ability to maintain profitability while maintaining prudence. Our return on equity reached 19.40%, and our return on assets was 6.20%, showing our ongoing operational efficiency.

Total assets increased to ₱53.41 billion, up from ₱51.80 billion in 2023. Loans and receivables (net of allowance) grew to ₱39.30 billion, reflecting our measured approach to credit growth, aligned with our risk strategy and market needs. Equally important, the Bank maintained strong capital and liquidity positions. Our Capital Adequacy Ratio was 32.06%, which is more than three times the required minimum. Our Minimum Liquidity Ratio also stood at 40.86%, twice the regulatory requirement. These numbers confirm BMI's financial strength and capacity to support growth under a range of scenarios.

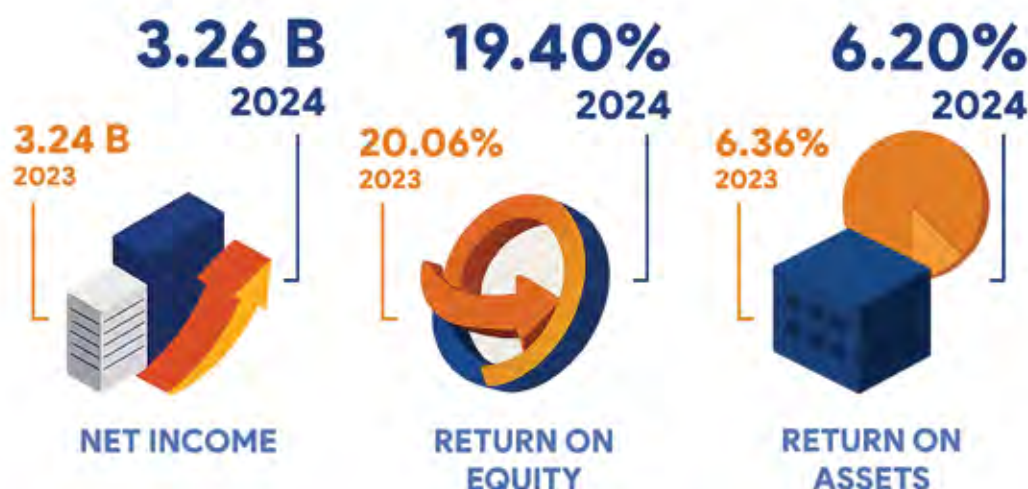
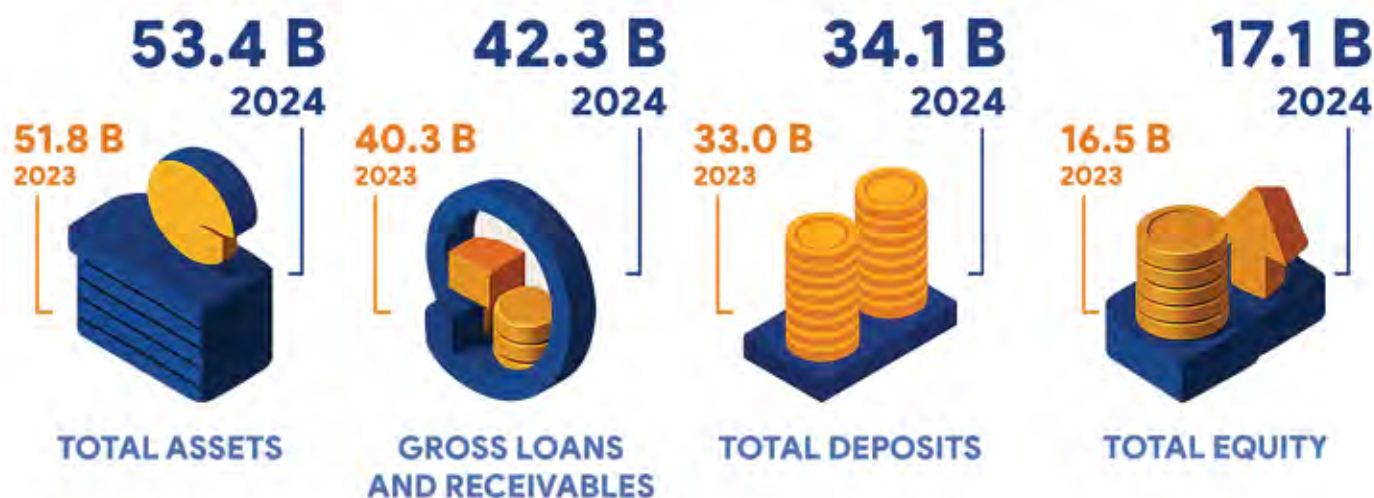
### Driving Execution, Embracing Transformation

Throughout 2024, we focused on achieving our strategic goals while preparing for future changes. We improved our organizational processes, reinforced operations, and support functions aligned more closely with our strategic goals. Our teams worked across functions to enhance customer experience, improve turnaround times, and maintain operational discipline.

Following our five-year strategic plan, we have taken concrete steps to lay the foundation for digitalization. As we progress, we remain dedicated to developing digital channels and infrastructure that will increase access, improve service delivery, and position the Bank to succeed in a technology-driven financial landscape.



# 2024 FINANCIAL HIGHLIGHTS



	2024	2023
<b>Profitability:</b>		
Total Net Interest Income	8,031,279,850	7,760,364,010
Total Non-Interest Income	1,265,492,392	1,303,786,513
Total Non-Interest Expenses	4,630,501,956	4,296,725,556
Pre-provision profit	4,666,270,286	4,767,424,967
Provision for Credit Losses	1,405,727,051	1,530,448,237
Net Income	3,260,543,235	3,236,976,730
<b>Selected Balance Sheet Data:</b>		
Liquid Assets	14,588,515,644	14,779,862,458
Gross Loans and Receivables	42,299,119,327	40,339,381,896
Total Assets	53,407,471,435	51,800,894,191
Deposits	34,060,048,439	32,984,326,596
Total Equity	17,081,795,941	16,533,641,334
<b>Selected Ratios:</b>		
Return on Equity	19.40%	20.06%
Return on Assets	6.20%	6.36%
Tier 1 Capital Ratio	31.48%	32.01%
Capital Adequacy Ratio	32.06%	32.57%
<b>Others:</b>		
Cash dividends declared	2,700,000,000	2,500,000,000



Capital Adequacy Ratio  
December 31 (in thousands Php)

	2024	2023
Tier 1 Capital	16,461,674	16,013,539
Tier 2 Capital	299,240	281,602
Gross Qualifying Capital	16,760,914	16,295,140
Less: Regulatory Deductions		
Significant minority investment in other financial allied undertakings	0	0
<b>Total Qualifying Capital</b>	<b>16,760,914</b>	<b>16,295,140</b>
Credit Risk Weighted Assets	39,178,961	36,850,990
Market Risk Weighted Assets	137,843	447,553
Operational Risk Weighted Assets	12,967,490	12,726,346
<b>Total Risk Weighted Assets</b>	<b>52,284,295</b>	<b>50,024,889</b>
<b>Tier 1 Capital Ratio- Net</b>	<b>31.48%</b>	<b>32.01%</b>
<b>Total Capital Adequacy Ratio</b>	<b>32.06%</b>	<b>32.57%</b>

Total Tier 1 Capital

	2024	2023
Paid-up Common Stock	5,000,000	5,000,000
Retained Earnings	8,895,363	8,366,828
Undivided Profits	3,300,894	3,262,113
<b>Gross Amount</b>	<b>17,196,257</b>	<b>16,628,941</b>
Deductions:		
Deferred Tax Asset	627,970	517,073
Other Comprehensive Income	52,436	44,434
Other Intangible Assets	54,187	53,895
<b>Total Deductions</b>	<b>734,583</b>	<b>615,402</b>
<b>Total Tier 1 Capital</b>	<b>16,461,674</b>	<b>16,013,539</b>

Total Tier 2 Capital

	2024	2023
Net Unrealized Gains on FVOCI	0	0
General Loan Loss Provision	299,240	281,602
<b>Gross Amount</b>	<b>299,240</b>	<b>281,602</b>
Deductions:		
<b>Total Deductions</b>	<b>0</b>	<b>0</b>
<b>Total Tier 2 Capital</b>	<b>299,240</b>	<b>281,602</b>



# CORPORATE GOVERNANCE COMMITTEE

**Martin G. Tenco Jr.**  
Chairperson



## OVERALL CORPORATE GOVERNANCE STRUCTURE AND PRACTICES

At Bank of Makati (A Savings Bank), Inc., we are committed to upholding the principles of sound corporate governance as mandated by the Bangko Sentral ng Pilipinas (BSP), the Securities & Exchange Commission (SEC), the Philippine Stock Exchange (PSE), and local and global best practices. Corporate governance is essential for promoting responsible management and operational efficiency, governing business activities efficiently, managing risk, and long terms sustainability.

The Board of Directors is primarily responsible for upholding good governance, providing strategic direction and mandated to protect the best interests of stakeholders such as its customers, employees, suppliers, investors, government and the communities where the Bank operates. The Board fulfills its obligation to increase shareholder value and ensure the long-term success of the business.

The Bank's governance framework ensures that the business achieves the four (4) elements of corporate governance: fairness, accountability, independence, and transparency across the organization while fostering trust to benefit all stakeholders while promoting sustainable growth.

The framework of Corporate Governance includes:

- The Board of Directors who is responsible on the implementation of strategies to achieve corporate objectives, risk governance framework, check and balance, sound corporate governance and selection of key officers of senior management and control functions and oversee their performance;
- The Board is supported by various Board-Level Committees that are created to aid the Board in its various tasks and to ensure efficiency and provide greater focus:
- Corporate Governance Committee - Assist the Board in monitoring adherence to the corporate governance principles and guidelines set forth in the Corporate Governance Manual including the nomination and remuneration policy of the Bank.
- Audit and Compliance Committee - Designated to provide independent oversight for the financial reporting process, system of internal control and risk management, internal and external audits, and regulatory compliances to applicable laws, rules, and regulations.
- Risk Oversight Committee - Responsible for the development and oversight of risk management programs, as well as fraud management functions and environmental and social risk management system.





- Related Party Transaction Committee - Ensure that transactions with related parties are conducted on arm's length terms and conditions, and that Bank resources are not misappropriated
- Executive Committee - Regularly review and approve credit proposals within its authority. It recommends additional conditions and requirements on loan as necessary.
- The Senior Management are responsible in the implementation of the strategies and initiatives approved by the Board; and
- The Control Groups which handles the implementation of the key control functions such as Risk Management, Compliance, and Internal Audit.

Annually, the Board approves the updates to the Corporate Governance Manual that contains enhancements and revisions based on the annual review. The manual aims to instill awareness in maintaining corporate integrity and to mitigate and prevent management misconduct and corruption. It also promotes transparency and upholds the rights of the Stockholders and Stakeholders of the Bank.

## **SELECTION PROCESS FOR THE BOARD AND SENIOR MANAGEMENT**

### **BOARD OF DIRECTORS**

#### **Nomination/Election of the Board of Directors**

The Bank follows a structured process for the nomination and election of the Board of Directors in accordance with applicable regulatory requirements of the BSP and the SEC, the Revised Corporation Code of the Philippines, the Bank's Articles of Incorporation, and Manual of Corporate Governance.

The Corporate Governance Committee (CGC) through the CGC Secretariat plays a key role in overseeing the process of identifying, evaluating, shortlisting, and recommending the candidates for board position. The consideration in the selection is based on set of objective criteria, including their qualifications (i.e., integrity/probity, physical/mental fitness, competence, relevant education/financial literacy/training, diligence and knowledge/experience) without discrimination against gender, age, and ethnic, political, religious, or cultural backgrounds, and therefore achieving diversity in the Board and the ability to contribute to the Board strategic plans.

The CGC through the CGC Secretariat accepts the nomination from the shareholders including the minority shareholders who have the right to nominate candidate on the Board. The CGC Secretariat also accepts referrals from existing directors, officers and consultants, use of professional search firms, industry databases or other external sources to search for qualified candidates to the Board. The members of the Board submit themselves for re-election as Director. Re-election is permitted, subject to continued compliance with regulatory fit and proper criteria, as well as the results of the directors performance evaluation of the past years contribution to the Board.

The CGC Secretariat presents the nominees including a summary of relevant information about them to the CGC. The CGC then reviews and evaluates the qualifications of all persons nominated, in accordance with screening policies and procedures, and parameters, set forth by the Bank, BSP, SEC and other government agencies.

The CGC then endorses the final list of nominees including a summary of relevant information about the nominated directors for consideration and approval of the Board. Only nominees whose names appear in the final list of candidates are considered for election as directors at the annual meeting of the stockholders.



The election of directors occurred during the Annual Stockholders Meeting, each shareholders of the common stock were entitled to vote in the manner prescribed under existing law or applicable provisions of the Revised Corporation Code of the Philippines. The nominees receiving the highest number of votes are declared elected and will serve a term of one (1) year or until the successors are duly elected and qualified. On June 21, 2024, the seven (7) nominees with the highest votes were declared as Board of Directors.

After the election, the Bank has submitted to the Monetary Board of the BSP, the Results of the Annual Stockholders Meeting, the List of Elected Directors for BSP confirmation, which includes the submission of other required regulatory documents such as Biographical data and notarized certifications. The Bank was notified by the BSP regarding the confirmation of the elected directors for the year 2024.

The Vacancies in the Board of Directors shall be filled up through appointment from a list of nominee-directors recommended by the Chairman and the President; these nominees shall go through the regular evaluation of the Corporate Governance Committee.

### **Nomination and Election of the Independent Directors**

The Independent Directors were also elected in accordance with the standard election procedures during the Annual Stockholders Meeting. The Chairman informed all stockholders in attendance of the mandatory requirements of electing Independent Directors. The Independent Directors were pre-screened to effectively review the qualifications and to ensure that only qualified Independent Directors shall be selected. On June 21, 2024, three (3) Independent Directors were elected and shall hold office for one (1) year until their successors are elected at the next annual stockholders meeting.

Similar to the appointed regular directors, the Bank has submitted to the Monetary Board of the BSP the List of Elected Independent Directors for BSP confirmation, which includes the submission of other required regulatory documents such as Biographical data and notarized certifications. The Bank was notified by the BSP regarding the confirmation of the elected independent directors for the year 2024.

### **Selection Process of Senior Management**

The Bank has a pre-defined job description for senior management. The selection follows a structured and transparent process of evaluation on the qualifications of the internal/external candidates for the available positions. The Senior Management candidates undergo regular HR process such as series of interviews by HR Group, Heads of Department/Groups, Personnel Committee and the CGC to assess the fit and proper rule and also perform strict background investigation for the candidates.

The evaluation of the qualifications were based on a set of criteria set forth in the Bank's Human Resources Manual and on candidates' integrity/probity, physical/mental fitness, relevant education/financial literacy/training, and possession of competencies relevant to the job such as knowledge and experience, skills and diligence in the Bank's business. The Board of Directors, through Corporate Governance Committee, appoints competent and trustworthy Senior Management and/or Officers of the Bank at all times that upholds the general operating philosophy, vision and core values of the Bank.

The appointment of President, Group Heads, and Department Heads are carefully reviewed by the Personnel Committee, duly supported by a full report on the nominee's profile. Based on the recommendations of the CGC, the Board of Directors makes the final decisions in the appointment of President and the Senior Management.

The hiring or appointment of officers with the rank of Senior Vice President and up which requires approval of the Board of Directors shall also require prior approval by the BSP Monetary Board before they assume the said positions.



The Officers as defined in the Bank's By-Laws are consist of the following: President, Managing Director, Executive Vice-President, one or more Senior Vice-Presidents, one or more First Vice-Presidents, one or more Vice-Presidents, one or more Senior Assistant Vice-Presidents, one or more First Assistant Vice-Presidents, one or more Assistant Vice-Presidents, a Treasurer, and a Corporate Secretary. The heads of the control functions – Chief Audit Executive (CAE), Chief Risk Officer (CRO), and Chief Compliance Officer (CCO) and members of the Management-level Committees are also subject to their appointment approval.

## **BOARD'S OVERALL RESPONSIBILITY AND OVERSIGHT AND THE ROLE AND CONTRIBUTION OF EXECUTIVE, NON-EXECUTIVE DIRECTORS AND CHAIRMAN OF THE BOARD**

### **BOARD'S OVERALL RESPONSIBILITY**

The Board of Directors is the highest governing body of the Bank as elected by the stockholders that exercises the corporate powers of the organization and acts as trustee to protect the Bank and all its shareholders to ensure long-term sustainability and success.

The Board is also responsible for governing the business and affairs of the Bank, and for exercising all such powers pursuant to its Articles of Incorporation and By-Laws, the Code of Corporate Governance issued by the Securities and Exchange Commission for Public Companies and Registered Issuers, which is based on the core principles of integrity, fairness, accountability and transparency.

The oversight responsibility of the Board is to align with the company's vision and mission, decision-making on business strategies, and approval of the appointment/confirmation of the Bank's Directors, Senior Officers and the Management, annual budget, financial plans including big funding and investment proposals. The Board also reviews the Bank's performance to ensure its long-term success for the benefit of all stakeholders. The Board also ensures that effective risk management and operating policies are in place in support of its strategic directions and programs.

In 2024, there are seven (7) directors representing the Board, three (3) of whom are Independent Directors, three (3) are Executive Directors, and one (1) is a Non-Executive Director. The composition of the Board is a healthy mix of individuals with diverse experiences, backgrounds and perspectives and combination of executive and non executive directors and independent director. All members of the Board are Filipinos. They are all qualified business professionals with required experience in directing the Banks strategic direction. They possess all the qualifications and none of the disqualifications to hold directorship as prescribed under the Corporation Code and existing rules and regulations of the Bangko Sentral ng Pilipinas (BSP) and Securities and Exchange Commission (SEC).

The Board has access to the Corporate Secretary through Corporate Affairs Office who manages the flow of information prior to the Board meetings. The Corporate Affairs Office in coordination with the Corporate Secretary, administers, attends, and prepares the agenda and minutes of the Board meetings and ensures that written notices with the prescribed format required under the By-Laws and applicable rules are sent to all directors and stockholders. The regular Board meetings are scheduled in advance which is normally set on Tuesday immediately after the First Friday of the month.

With the lifting of the pandemic-related restrictions, the Board and Board-level Committee meetings gradually shifted back to in person or face-to-face meetings. Pursuant to the rules and regulations of SEC and BSP, the members are also given access/option to regular and/or special meetings through teleconferencing and video conferencing which allows the directors to actively participate in the deliberations or matters taken. This is to provide flexibility and convenience to the members of the Board.

The details of the general responsibility, and specific duties and functions of our Board is embedded in the Manual on Corporate Governance.



The directors are elected at the annual meeting of stockholders, each of whom holds office for a term of one year, or until his successor has been chosen and qualified. The Members of the Board are elected without discrimination against gender, age, and ethnic, political, religious, or cultural backgrounds, and therefore achieving diversity in the Board.

All the Directors passed the fit and proper standards such as integrity/probity, physical/mental fitness, and possession of competence relevant to the job such as knowledge and experience, skills, diligence, and independence of mind, sufficiency of time to fully carry out responsibilities, and interlocking positions in other entities that may pose conflict of interest. The Board observes independence and professionalism, and act for the best interest of the Bank, and are attuned to their responsibilities under existing applicable laws, rules and regulations.

In terms of degree of independence, the Board has three classifications of directorship:

- Independent Directors (ID) – The three (3) Independent Directors are members of the Board who are also considered as non-executive directors. The three Independent Directors are compliant with the required number of the BSP and the SEC rules and regulation. All the qualifications required of an independent director and none of the disqualifications are also in compliance as provided in the BSP MORB. An Independent Director shall only serve as such for a maximum cumulative term of nine years reckoned from the time of his/her election, after which he/she shall be perpetually barred from serving as independent director but may continue to serve as a regular director.

The Independent Directors are independent of the Management and the controlling shareholders and are free from any business or other relationship which could, or could reasonably be regarded as to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director. The benefit of having independent directors is that they bring an objective perspective of the Board, provides input, and the ability to cast a critical eye over the business without unfairness.

They are part of the Board of Directors to promote corporate governance in raising investor's confidence and protection of stockholders interest.

- Non-executive Directors (NED) – are the members of the Board who are not part of the day-to-day management of the Bank's operations. They have no executive responsibility and do not perform any work related to the operations of the company. The NED role is to provide independent judgment; and he or she understands the details of the business activities to make informed decision.
- Executive Directors (ED) – are members of the Board who are actively involved in the day-to-day management and have executive responsibility for the operations of a part or whole of the organization. The Executive Directors are responsible for steering the organization and direct management of the implementation of Board-approved policies, procedures, strategies, and initiatives. An Executive Director leads by example and at the same time thriving toward sustainability.

The Board has a clear division of responsibilities to avoid any individual or group from dominating the Board's decision-making.

## MAJOR ROLE AND CONTRIBUTION OF THE CHAIRMAN OF THE BOARD

The Chairman of the Board is a non-executive director of the Bank and is elected by the majority of the Board members during the Annual Stockholders Meeting.

The Chairman provides active leadership of the Board of Directors, ensuring that the Board and its Board-level Committees function effectively to achieve the Bank's goal and objectives while protecting the interest of its clients and stakeholders.



The Chairman of the Board preside at all meetings of the Board of Directors and of the Stockholders of the Corporation and ensures that the meetings of the Board are held in accordance with the By-laws and shall exercise such other powers and perform such other duties as maybe necessary for his role.

The responsibilities of the Chairman of the Board includes the following: 1) ensures that the meeting agenda focuses on strategic matters including discussion on risk appetite and key governance concerns, 2) facilitates the discussions of key issues by fostering an environment conducive to constructive debate and leveraging on the skills and expertise of individual directors, 3) ) ensures that dissenting views can be expressed and discussed within the decision-making process, 4) ensures that the Board receives accurate, timely, relevant, and insightful information, 5) ensures the conduct of proper orientation for first-time directors and provides training opportunistic for all directors, 6) ensures the conduct of performance evaluation of the Board of Directors at least once a year.

## BOARD COMPOSITION

As of December 31, 2024

	Board of Directors	Type of Directorship	Principal Stockholder represented, If nominee	No. of Years served as Director	No. of Direct & Indirect shares Held	% of shares held to Total Outstanding Shares of Bank
1	Thomas C. Ongtenco	Non-Executive Director / Chairman	N/A	23	56,745,948	11.35%
2	Ramon B. Manzana	Executive Director	N/A	23	19,900,055	3.98%
3	Luis M. Chua	Executive Director (President)	N/A	7	10	0.00%
4	Victor C. Ongtenco	Executive Director	N/A	3.5	53,737,581	10.75%
5	Martin G. Tengco Jr.	ID (Independent Director)	N/A	2.5	1	0.00%
6	Shirley M. Sangalang	ID (Independent Director)	N/A	3.70	1	0.00%
7	Sofia C. Ladores	ID (Independent Director)	N/A	3.5	1	0.00%

\*No changes in the Board of Directors for the reported year

## LIST OF BOARD-LEVEL COMMITTEES INCLUDING MEMBERSHIP AND FUNCTION WITH DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Membership and Directors Attendance at Board and Board-Level Committee Meetings from January to December 2024			
Board of Directors	Membership	No. of meetings: 12	
		Attendance	Percentage
Mr. Thomas C. Ongtenco	Chairman - NED (Chairman)	12	100%
Mr. Ramon B. Manzana	Member - Executive Director	12	100%
Mr. Luis M. Chua	Member - Executive Director (President)	12	100%
Mr. Victor C. Ongtenco	Member - Executive Director	12	100%
Mr. Martin G. Tengco, Jr.	Member - Independent Director	12	100%
Ms. Shirley M. Sangalang	Member - Independent Director	12	100%
Ms. Sofia C. Ladores	Member - Independent Director	11	92%
Functions			
The Board of Directors is the highest decision-making body to exercise the governance and oversight responsibilities of the Directors roles and functions in the Bank, subject to the provisions of Bank of Makati's Articles of Incorporation, By-Laws and applicable laws.			
As of year-end 2024, the Board is composed of seven (7) directors which include the one (1) Non-Executive Director, three (3) Executive Directors and three (3) Independent Directors. The Board convened eleven (12) times during the year. The meetings were scheduled at regular intervals, with additional meetings held as necessary to address key matters.			



Membership and Directors Attendance at Board and Board-Level Committee Meetings from January to December 2024			
Executive Committee (EXCOM)	Membership	No. of meetings: 11	
		Attendance	Percentage
Mr. Ramon B. Manzana	Chairperson	11	100%
Mr. Luis M. Chius	Member	11	100%
Mr. Victor C. Onglenco	Member	10	91%
Functions			
<p>The Executive Committee is a sub-committee of the Board of Directors which operates under a Board-approved charter and tasked to ensure strategic oversight, policy compliance and decision-making to align with the Bank's objectives.</p> <p>As of year-end 2024, The EXCOM is composed of three (3) directors which include the President/Director and two (2) other Directors appointed by the Board. The EXCOM convened eleven (11) times during the year. The EXCOM remains committed to upholding the highest standards of Corporate Governance and strategic oversight.</p> <p>The key responsibilities and activities shall include:</p> <ul style="list-style-type: none"> <li>Review, evaluate, and approve or disapprove credit proposals and transactions within its limits in coordination with the Risk Management Group.</li> <li>Approve financial transactions and investments not exceeding P10.0million.</li> <li>Recommend credit policies, new programs, and product proposals to the Board.</li> </ul>			
Corporate Governance Committee (CGC)	Membership	No. of meetings: 12	
		Attendance	Percentage
Mr. Martin G. Tengco, Jr.	Chairperson	12	100%
Ms. Shirley M. Sengalang	Member	12	100%
Ms. Sofia C. Ladones	Member	12	100%
Functions			
<p>The Corporate Governance Committee (CGC) operates under a Board-approved charter and is tasked to assist the Board in promoting transparency, regulatory compliance, and strong ethical standards in every aspect in due observance of corporate governance practices.</p> <p>As of year-end 2024, the CGC is consist of three (3) independent Directors, including chairperson. The CGC has convened twelve (12) times during the year. The CGC attendance was in full compliance with Bank's internal guidelines and regulatory expectation for governance oversight.</p> <p>The key responsibilities and activities are the following:</p> <ul style="list-style-type: none"> <li>Board and Board-Level composition - review and evaluation of the qualifications of the Board and Committee members to ensure alignment with strategic goals, regulatory and diversity objectives, recommend the persons nominated and other positions requiring appointment of the Board of Directors</li> <li>Succession Planning - review the succession planning of Board and Senior Management positions with focus on leadership continuity and remuneration policy linked to the corporate and individual performance.</li> <li>Governance Policy Oversight - annual review of the Corporate Governance Manual including the CGC Charter to reflect changes in the regulations and in compliance with governance-related requirements under BSP - MORB and other government financial authorities, including fit and proper standards for Directors and Officers.</li> <li>Performance Evaluation - facilitate the annual performance evaluation of the Board &amp; Board-Level Committees and individual directors to enhance the effectiveness and oversight capabilities.</li> <li>Regulatory Compliance and Ethical Standards - ensure the Bank's adherence to the Code of Conduct, internal policies in relation to conflict of interest and whistle blowing policy and governance practices aligned with the BSP and other government regulation.</li> </ul>			
Risk Oversight Committee (ROC)	Membership	No. of meetings: 24	
		Attendance	Percentage
Ms. Sofia C. Ladones	Chairperson	24	100%
Mr. Martin G. Tengco, Jr.	Member	24	100%
Ms. Shirley M. Sengalang	Member	24	100%
Functions			
<p>The Risk Oversight Committee (ROC) operates under a Board-approved charter and is tasked to assist the Board in the development and oversight of risk management framework to safeguard the Bank's financial aspect and support sustainable growth.</p> <p>As of year-end 2024, the ROC is consist of three (3) independent Directors, the Committee Chair is an Independent Director/Non Executive Member. The ROC convened twenty four (24) times during the year. The ROC attendance was in full compliance to ensure that all delegated risk management responsibilities are carried effectively and efficiently by the Risk Management Group and the Management.</p> <p>The key risk areas include:</p> <ul style="list-style-type: none"> <li>Credit Risk - monitoring of the Bank's implementation of credit risk assessment and diversification.</li> <li>Market Risk - monitoring of the Value at risk (VaR) analysis, stress testing, exposure and limits on interest rate, threshold and currency volatility.</li> <li>Liquidity Risk - maintaining strong liquidity requirements and diverse portfolio.</li> <li>Operational Risk - monitoring internal controls, audits and business continuity planning.</li> <li>Compliance Risk - adherence to BSP and other government regulatory and legal requirements.</li> <li>Strategic and Reputational Risk - proactive planning, ethical practices, and transparent communication to avert possible strategic risk.</li> </ul> <p>The Bank remains committed to sound risk governance and regulatory compliance across all operations of the Bank.</p>			



Membership and Directors Attendance at Board and Board-Level Committee Meetings from January to December 2024			
Audit and Compliance Committee (ACC)	Membership	No. of meetings: 26	
		Attendance	Percentage
Ms. Shirley M. Sangalang	Chairperson	26	100%
Mr. Martin G. Tengco, Jr.	Member	26	100%
Ms. Sofia C. Ladores	Member	26	100%
Functions			
<p>The Audit &amp; Compliance Committee (ACC) operates under a Board-approved charter and is tasked to support the Board in ensuring the integrity of the Financial reporting, internal control and risk management, internal and external audit, and Regulatory Compliance framework of the Bank.</p> <p>As of year-end 2024, the ACC is consist of three (3) board members, majority of which are independent directors including the committee chairperson. The ACC convened twenty six (26) times during the year including Special Meetings. The ACC attendance was in full compliance to the oversight of the Banks internal control and regulatory compliances of the Bank.</p> <p>The key risk areas include:</p> <ul style="list-style-type: none"> <li>Financial Reporting – Reviews the integrity of reporting process to ensure the accuracy and reliability of Financial Statements and compliance with financial reporting standards</li> <li>Internal Controls and Risk management – Reviews the effectiveness of the Bank's internal controls, and reports related to operations, legal and reputational risk exposures and ensures Whistle blower policies is in place</li> <li>Internal Audit – Oversee the Internal Audit Group function, approval of the Audit Program Guide (APG) including the internal audit reports and responses to the findings.</li> <li>External Audit – Recommends the appointment, compensation and oversight of the external auditor, reviews the scope of Audit work and Audit findings and to assess the independence and performance of the external auditors.</li> <li>Regulatory Compliance – Evaluates the effectiveness of regulatory compliance framework of the Bank, including the review of the Annual plans of the Compliance Group, both for Regulatory Compliance and Anti-Money Laundering</li> <li>Reporting – Regularly reports to the Board of Directors the ACC activities and issues, and ensures compliance with the ACC Charter.</li> </ul>			
Related Party Transaction Committee (RPTC)	Membership	No. of meetings: 12	
		Attendance	Percentage
Mr. Martin G. Tengco, Jr.	Chairperson	12	100%
Ms. Shirley M. Sangalang	Member	12	100%
Ms. Sofia C. Ladores	Member	12	100%
Functions			
<p>The Related Party Transaction Committee (RPTC) operates under a Board-approved charter and is tasked to support the Board to ensure that all related party transactions of the Bank are reviewed, conducted on an arm's-length basis, fair, transparent and sound manner and in the best interest of the Bank and its stakeholders.</p> <p>As of year-end 2024, the RPTC is consist of three (3) Independent Directors, including the Committee Chairperson. The RPTC convened twelve (12) times during the year. The RPTC attendance was in full compliance for the review and endorsement of material and non-material related party transactions, ensuring compliance with applicable laws and BSP rules and regulations.</p> <p>The key risk areas include:</p> <ul style="list-style-type: none"> <li>Review and Approval – Evaluate significant RPTs to ensure terms are fair and on arm's length basis</li> <li>Policy Oversight – Adherence to the Bank's RPT policy and review the adequacy of the Charter and policies as necessary to align with the regulatory requirements</li> <li>Disclosure and Transparency – Disclosure of RPTs in financial statements and all other regulatory reports.</li> <li>Conflict of Interest – Directors and Officers with potential interest are excluded from the review and approval process.</li> <li>Regulatory Compliance – Ensure compliance with the BSP and other relevant issuance concerning RPT</li> </ul>			



## LIST OF MAJOR STOCKHOLDERS\*

As of December 31, 2024 the Bank have a total of sixty-eight (68) shareholders. The following are the Bank's top 20 holders of common shares:

	Name of Stockholder	Nationality	Common Share	Percentage of stockholdings	Voting Status
1	Thomas C. Ongtenco	Filipino	56,745,948.00	11.35%	Voting
2	Paulino C. Ongtenco	Filipino	54,742,950.00	10.95%	Voting
3	Alex C. Ongtenco	Filipino	53,752,076.00	10.75%	Voting
4	Victor C. Ongtenco	Filipino	53,737,581.00	10.75%	Voting
5	Helen C. Ongtenco	Filipino	53,737,538.00	10.75%	Voting
6	Teresita O. Sy	Filipino	53,737,529.00	10.75%	Voting
7	Christine C. Ongtenco	Filipino	53,737,528.00	10.75%	Voting
8	Motortrade Life and Livelihood Assistance Foundation, Inc.	Filipino	47,468,920.00	9.49%	Voting
9	Ramon B. Manzana	Filipino	19,900,055.00	3.98%	Voting
10	Lucilla O. Manzana	Filipino	19,622,560.00	3.92%	Voting
	Janine O. Manzana	Filipino	7,000,000.00	1.40%	Voting
11	Jerem O. Manzana	Filipino	7,000,000.00	1.40%	Voting
	Jedrik O. Manzana	Filipino	7,000,000.00	1.40%	Voting
12	Vicente N. Ongtenco	Filipino	2,498,364.00	0.50%	Voting
	Paul Gabriel M. Ongtenco	Filipino	1,000,000.00	0.20%	Voting
	Daniel E. Roxas	Filipino	1,000,000.00	0.20%	Voting
	Shyla April O. Sy	Filipino	1,000,000.00	0.20%	Voting
	Stephanie Paula M. Ongtenco	Filipino	1,000,000.00	0.20%	Voting
	Paul Vincent M. Ongtenco	Filipino	1,000,000.00	0.20%	Voting
13	Kristine Pauline M. Ongtenco	Filipino	1,000,000.00	0.20%	Voting
	Caleb Y. Ongtenco	Filipino	1,000,000.00	0.20%	Voting
	Logan Y. Ongtenco	Filipino	1,000,000.00	0.20%	Voting
	Ellie Y. Ongtenco	Filipino	1,000,000.00	0.20%	Voting
	Amor Fe Lee	Filipino	134,810.00	0.03%	Voting
14	Desmond Chan	Filipino	134,800.00	0.03%	Voting
15	Olga Retulin	Filipino	12,894.00	0.00%	Voting
16	Belen Coronado	Filipino	10,379.00	0.00%	Voting
17	Esteban Silva	Filipino	5,094.00	0.00%	Voting
18	Audrea Cabalquinto	Filipino	2,610.00	0.00%	Voting
19	Carl Anthony Mariano	Filipino	2,273.00	0.00%	Voting

\* Stockholders owning more than 20% of voting shares of stock of a bank or which enables such stockholders to elect, or be elected as, a director of such bank



## PERFORMANCE ASSESSMENT PROGRAM

### BOARD OF DIRECTORS AND BOARD LEVEL COMMITTEES

The Board of Directors, its Board-level committees and all directors conduct annual self – rating exercise to provide evaluation on their performance for the preceding calendar year.

The Compliance Group in coordination with the Corporate Governance Committee Secretariat disseminates the Self-Assessment Questionnaire to be accomplished by the individual Directors, Board-Level Committee Chairman and Members. The purpose of the exercise is to gauge the effectiveness and to identify areas that need improvement. The Compliance Group exercises the level of confidentiality of the accomplished Self-Assessment Questionnaires.

The Self-Assessment Questionnaire contains statement of the roles, duties and responsibilities of the Director as required by the Bangko Sentral ng Pilipinas' MORB, on the other hand, the questionnaire also consists of varying statements on the roles, functions, and responsibilities of the Board particularly on the aspects of Performance Management.

The Corporate Governance Committee is also tasked to assess using the scale of 1-10, the lowest being not observed (1), and the highest being largely observed (10). The results are computed to determine the performance rating if “Largely observed”, “Observed”, or “Not being observed”. The consolidated report is submitted to the Corporate Governance Committee and reported to the Board of Directors.

The Performance Evaluation for the period July 2023 to June 2024 of the Board and Board-level Committees are shown below:

	Directors	Board of Directors	Corporate Governance Committee	Risk Oversight Committee	Related Party Transaction Committee	Audit & Compliance Committee	Executive Committee
1	Thomas C. Onglenco	Largely Observed					
2	Ramon B. Manzana	Largely Observed					Largely Observed
3	Luis M. Chua	Largely Observed					Largely Observed
4	Victor C. Ongtenco	Largely Observed					Largely Observed
5	Shirley M. Sangalang	Largely Observed	Largely Observed	Largely Observed	Largely Observed	Largely Observed	
6	Sofia C. Ladores	Largely Observed	Largely Observed	Largely Observed	Largely Observed	Largely Observed	
7	Martin G. Tengco Jr.	Largely Observed	Largely Observed	Largely Observed	Largely Observed	Largely Observed	

Performance Evaluation Result: **Largely Observed**

Each Board Member has actively and effectively fulfilled their duties and responsibilities, both as a Director and as a Chairman or Member of their respective Board-Level Committees.

### SENIOR MANAGEMENT

The Bank considers its people as its most important assets that will drive productivity. To support this, the Bank institutionalizes performance management through its Performance Management Development System (PMDS) where individual targets are defined, quantified and set as basis for individual performance evaluation, using five (5) layers of rating structure. As a management tool, the Bank's Performance Management Development System (PMDS) does not end in typical appraisal rating alone as it is directly linked to Individual Performance Development Plan. It allows the Management to recognize high performance and likewise creates an avenue to identify improvement opportunities for its people based on objective assessment of their individual performance.

To give focus on the importance of the System, the first week of January is considered as Performance Management and Development Week where all employees including its senior management team, are expected to undertake performance evaluation through its online performance appraisal facility.



## ORIENTATION AND EDUCATION PROGRAM

In compliance with Section 132 of the BSP MORB and in accordance with the Bank's Corporate Governance Manual, the Corporate Governance Committee is mandated to oversee the continuing education of the Board of Directors which aims to ensure that the Directors are adequately equipped to provide oversight in a dynamic and changing environment. The Continuing Education Programs for directors cover the topics such as financial reporting, strategic direction, market conditions, risk management, regulatory compliance, code of conduct, and business practices and sustainability.

The Bank's Compliance Group regularly provides updates through reporting of regulatory issuances from BSP, AMLC, SEC, and PDIC to the Board of Directors and Board-Level Committees. In addition, the Financial Planning and Control Group provides presentations on the financial performance of the Bank, as well as updates from the Bureau of Internal Revenue (BIR). Likewise, the Legal Group also provides updates on relevant laws and legal requirements.

For the year 2024, the Bank had no First-time Director.

### Senior Management

The Bank provides its newly appointed Senior Officers a comprehensive understanding of the Bank's organizational structure, business directions and priorities and operational policies to ensure alignment with the Bank's overall strategies and corporate culture. This is rolled out through targeted learning modules that are specific to each member of the Senior Management Team (e.g., on-boarding, leadership roles, strategic thinking and cross-functional understanding). Executive Coaching Sessions are also provided to Senior Management to equip them in handling leadership challenges and roles. Further, the Bank also provides training, basic and refresher, for all its employees including the Senior Management Team, on AML education that enables them to be fully aware of the said law and its implementing rules and regulations. The AML training program is customized/tailored fit according to the knowledge and competency needed for a respective position of new hires, staff, officers, senior officers.

## RETIREMENT AND SUCCESSION POLICY

### RETIREMENT POLICY – DIRECTORS

The Board of Directors acknowledge that age is not the main factor in determining the effectiveness of a Director in the discharge of duties and responsibilities, but rather based on his knowledge and qualifications. A Director remains as such and maybe nominated/re-elected to the Board for as long as he is deemed fit and proper and possesses all the qualifications and none of the disqualifications in accordance with the relevant qualifications to hold the position as a member of the Board under applicable laws and regulations. An Independent Director is subject to a maximum cumulative term of nine (9) years, after which, he or she is perpetually barred from serving as independent director in the Bank, but may continue to serve as regular director.

A director should continue to be physically and mentally fit to discharge his duties and responsibilities which include physical attendance and active participation in the Board and Board-level committee meetings by contributing meaningful inputs and insights during the discussions. The director shall also ensure that he/she attends the Board and Board-level committee meetings based on the frequency of meetings set forth in the charter of each respective committee.

In any case that a director wishes to retire or refrain from seeking re-election, the Corporate Governance Committee shall acknowledge the decision and take necessary steps for a smooth transition of the change in board composition.



## RETIREMENT POLICY – SENIOR MANAGEMENT

The Bank's Retirement Policy sets the early retirement age at 50, normal retirement age at 55 and mandatory retirement age at 60 for all employees hired before January 14, 2011. Employees who were hired after January 14, 2011 are covered by its new retirement policy where the normal retirement age is considered at 60 and mandatory retirement age at 65. In recognition of the employees' contribution, service, and loyalty to the Bank, retirement benefits are provided to eligible employees who have reached their retirement age and service tenure as provided in the Bank's policy.

## SUCCESSION POLICY

### SUCCESSION POLICY – BOARD OF DIRECTORS

The Corporate Governance Committee is responsible to fill in the composition of the Board and the Board-level Committees, and the Management Committee through its succession plan for directors and senior officers. The Corporate Governance Committee is responsible in ensuring that the candidate possesses all the prescribed qualifications and none of the disqualifications as Directors under BSP MORB.

As part of the Bank's activities, the CGC reviews the succession plan of directors through a) encourage current directors to recommend suitable candidates, b) consider directors recommended by the shareholders, c) hire consultants to propose suitable director candidates, and d) utilize the self-performance evaluation as reference for re-election of current directors. The list of candidates is placed in the database of the Bank which shall serve as reference for succession planning. The nominees are thoroughly evaluated by the CGC. The vacancies in the Board are filled through casting of votes of at least majority of the remaining directors of the Bank.

For the members of the Board, the Bank follows the BSP and SEC mandate on the term limit of Independent Directors.

### SUCCESSION POLICY – OFFICERS

The Bank has a Board-approved Succession Plan Policy which is designed to train and groom future officers that will serve as successors of current officers holding different critical positions within the Bank. The policy intends to ensure that there is a ready supply of internal talents for key and critical positions and at the same time assess external talent to ensure continuity of business operations in the event of a position vacancy. The Succession Plan provides procedures and guidelines for the development of a potential successor/s that shall ensure a smooth transition to fill-out any temporary or permanent post.

The Bank's Management regularly meet with Group Heads and Department Heads to discuss capacity and succession plans. The results of the discussion are considered in the preparation of Annual Business Plans of each Group and Department of the Bank.

## REMUNERATION POLICY

The Board sees to it that remuneration policy and its implementation are regularly reviewed to ensure that it is aligned with the strategic and financial interest of the Bank at the same time to ensure its competitiveness in the market and industry practice. The Bank maintains a Salary and Job Classification Framework and Pay Structure which will provide a well-structured job grading and competitive pricing so that each employee is paid in accordance with his/her competencies, responsibility, and the level of contribution to the corporate goals in relation to other jobs within the organization.



The approved Salary Scale Design adopts an 8-point Salary Scale given to each corresponding job grade level. Based on directives of Corporate Governance Committee, Management ensures to take a periodic review of the existing salary scale to ensure its competitiveness in the market. New positions are added in the Salary and Job Classification Framework only upon proper job analysis, evaluation, and justification of the need for establishing the same and upon approval of the Management.

The compensation package for non-officer/rank-and-file employees is in accordance with the Labor Law requirements and the Bank's contractual obligation under a collective bargaining agreement.

The Bank grants fixed bonuses, such as 13th month pay which is in accordance with the Law and 14th month pay as an additional benefit given to all regular employees of the Bank as of November 30th of the current year. A performance bonus, which is a variable benefit, is given to regular employees based on the Bank's performance and on individual employee's performance for the preceding year.

As stated in the Bank's By-Laws, no compensation shall be paid to any director as such, but the directors may be allowed reasonable honoraria for attendance at meetings including expenses incurred in connection thereto. The total annual compensation of Directors for their attendance in Board meetings and Board-Level Committee meetings for the period of January to December 2024 is Php 4,995,000.00.

### **POLICIES AND PROCEDURES ON RELATED PARTY TRANSACTIONS**

The Related Party Transactions Committee (RPTC) is appointed and authorized by the Board of Directors to assist in fulfilling its responsibility to strengthen corporate governance and practices particularly on related party transactions (RPTS). The authority of the Committee is taken from the Bank's Amended By-Laws, RPTC's charter, and from the resolutions and approvals that maybe granted by the Board from time to time. Below are the primary functions of the Committee:

- Review all RPTs and endorse those that require Board approval;
- Formulate, revise, and approve policies on related party transactions;
- Conduct and make inquiry on issues related to RPTs;
- Consult or retain at the Bank's expense such outside legal counsel, accounting or other advisers, consultants or experts as the Committee may consider necessary from time to time to carry out its duties, and
- Require all responsible units to present to the Committee reports and information to carry out its function.

The Related Party Transactions Committee (RPTC) was created to assist the Board in ensuring that transactions with related parties are thoroughly evaluated and that these transactions are conducted on arm's-length terms and that corporate or business resources of the Bank are not misappropriated or misapplied. The Committee shall endorse and disclose all relevant information of the RPT for the Board approval.

The Bank recognizes that Related Party Transactions (RPT) may give rise to potential conflict of interest, thus, the Board has established an overarching policy that will ensure effective conduct of due diligence of RPTs and sound reporting and monitoring of transactions of the Bank with its Related Parties (RPs).

The Board of Directors, Officers, and Shareholders shall disclose whether directly, indirectly or on behalf of third parties if they have a financial interest in any transaction or matter affecting the Bank. The said director/s, or officer/s or shareholder/s with interest in the transactions shall abstain from the discussion, approval, and management of such transactions or matter affecting the Bank.

The Board of Directors has approved the RPT Policies and Procedures for the guidance of all concerned in dealing with related parties. The RPT policy is reviewed and updated on an annual basis. It was last updated in May 2024 particularly the transaction materiality threshold and internal limits for individual and aggregate exposures, to address the BSP recommendation, to remain relevant and aligned with the regulatory issuances.



The transaction materiality threshold for RPTs was set on a per transaction type basis, taking into account the strategic plans and the risk appetite of the Bank. These thresholds are applied for one-time or non-recurring transactions, or the aggregate amount of multiple transactions, cumulative monthly for some arrangements, with recurring/continuing transactions while loan transactions of Directors, Officers, Stockholders, and their Related Interests (DOSRI), as well as subsidiaries and affiliates requiring prior approval of the Board of Directors, follows existing Bangko Sentral ng Pilipinas (BSP) rules regardless of their amounts.

The Related Party Transactions are subject to the review and approval of applicable Management-level Committee, Executive Committee, and endorsement of the RPTC to the Board of Directors' for their approval. All material related party transactions are endorsed by the RPTC to the Board of Directors for confirmation of the stockholders during the Annual Stockholders Meeting (ASM).

All material RPTs are reviewed and vetted by the RPT Committee before they are endorsed to the Board for approval and are ratified by the stockholders during the Annual Stockholders meeting.

In 2024, there were no reported breaches on material exposures. Please refer to the Notes to Financial Statement for the Bank's related party transactions.

**SELF-ASSESSMENT FUNCTIONS – i. Structure of Internal Audit and Compliance Functions including its role, mandate/authority, and reporting process, ii. the review process adopted by the Board to ensure effectiveness and adequacy of internal control system**

The Bank has three (3) independent control groups composed of Internal Audit Group (IAG) and Compliance Group (CG), who directly report to the Audit and Compliance Committee (ACC), and Risk Management Group, who directly report to the Risk Oversight Committee (ROC):

**INTERNAL AUDIT FUNCTION**

The Audit and Compliance Committee is formed by the Board of Directors in fulfilling its oversight responsibilities and ensuring good Corporate Governance. The Internal Audit Group (IAG) is established by the Audit and Compliance Committee in the discharge of its duties and responsibilities.

Internal audit is an independent, objective assurance and consulting function established to examine, evaluate and improve the effectiveness of internal control, risk management, and governance systems and processes of an organization, which helps management and the Board of Directors in protecting the Bank and its reputation. The Internal Audit Group is committed to assist in the achievement of Bank of Makati's goals and objectives in partnership with Management by providing independent appraisal, analyses, counsel related to identification and implementation of internal controls, enhancements that will improve efficiency and effectiveness of business functions, compliance with existing laws and assessment and management of business risks.

The IAG must be independent and the Internal Auditors must be objective in performing their work. IAG must be free to report audit results, findings, opinions, assessments and other information to the appropriate level of Management. To provide for independence of IAG and objectivity of its personnel, the Internal Audit personnel report to the Internal Audit Group Head, who reports functionally to the Audit and Compliance Committee and administratively to the Chief Executive Officer or President, as set forth in his authority.



The Internal Audit Group determines whether the Bank's network of risk management, control, and governance processes, as designed and represented by Management, is adequate and functioning in a manner to ensure that:

1. Risks are appropriately identified and managed;
2. Employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
3. Significant financial, managerial, and operating information is accurate, reliable, and timely;
4. Resources are acquired economically, used efficiently, and protected adequately
5. Quality and continuous improvement are fostered in the Bank's control process; and
6. Significant legislative or regulatory issues impacting the Bank are recognized and addressed appropriately

The scope of internal audit shall cover, among others, the following:

7. Evaluation of the adequacy, efficiency and effectiveness of internal control, risk management and governance systems in the context of current and potential future risks
8. Review of the reliability, effectiveness and integrity of management and financial information systems, including the electronic information system and electronic banking services
9. Review of the systems and procedures of safeguarding the bank's physical and information assets
10. Review of compliance of trading activities with relevant laws, rules and regulations
11. Review of the compliance system and the implementation of established policies and procedures
12. Internal audit operations cover the completeness and reliability of financial information; compliance with relevant laws, regulations, policies, and relevant orders; work process that has major impact on operations and reporting on the appropriateness of asset retention; and reporting on the appropriateness of asset retention; and to assess whether the use of the Bank's resources is efficient and worthwhile.

The IAG set guidelines for the conduct of internal audit engagements will be guided by and strive to meet the International Standards for the Professional Practice of Internal Auditing (Standards) of the Institute of Internal Auditors. Also, in line with carrying IAG's function, it shall likewise adhere to the internal audit standards as prescribed by the Bangko Sentral ng Pilipinas Manual of Regulations for Banks Sections 162-Internal Control Framework and 163-Internal Audit Function, including subsequent amendments thereto.

The Chief Audit Executive releases written audit reports with auditor's assessment and conclusion of each audit. The copies of the written audit reports will be distributed, the concerned Department/Groups receiving the report is responsible for ensuring that progress is made toward correcting any issues of findings raised in the written audit reports. IAG is responsible in determining and evaluating the reasonableness or appropriateness of the departments/groups action to audit findings. IAG will determine whether corrective action was taken and is achieving the desired results, in the event that a corrective action has not been taken, Internal Audit will inform the Senior Management of the potential risk and exposures in allowing unsatisfactory conditions and related audit findings will be tagged as "Open".

The BMI's Board of Directors has the ultimate responsibility for ensuring that Senior Management establishes and maintains an adequate and effective system of internal controls, a measurement system for assessing the various risks of the Bank's activities, a system for relating risks to the Bank's capital level, and appropriate methods for monitoring compliance with laws, regulations, and supervisory and internal policies. Senior Management, on the other hand, is responsible for developing processes that identify, measure, monitor, and control risks incurred by the Bank.



## COMPLIANCE FUNCTION

The Bank's Compliance Group plays a critical role in promoting a strong compliance culture across all business and operational units. It ensures that the Bank conducts its activities in full adherence to applicable laws, regulations, and internal policies, consistent with the highest standards of ethical business conduct.

The Compliance Group is headed by the Chief Compliance Officer (CCO) and is composed of the Regulatory Compliance Department and the Anti-Money Laundering Department. The CCO is responsible for supervising the Group's activities, overseeing the identification, assessment, and management of compliance risks, and ensuring the Bank's observance of regulatory requirements issued by relevant authorities, such as the Bangko Sentral ng Pilipinas (BSP), Anti-Money Laundering Council (AMLC), Securities and Exchange Commission (SEC), and the Philippine Deposit Insurance Corporation (PDIC).

The Compliance Group maintains independence from the Bank's business lines to effectively perform its oversight and advisory functions. To ensure regulatory requirements are observed, it partners proactively with operating units to integrate compliance into day-to-day operations while upholding objectivity.

Key responsibilities of the Compliance Group include:

- Informing the Board of Directors and Senior Management on relevant laws, rules, and regulations;
- Record-keeping of all regulatory circulars and acting as the central repository of information pertaining to rules and regulations mandated by regulatory agencies;
- Apprising the Bank's personnel on compliance issues, and acting as point of contact within the Bank for compliance queries;
- Providing guidance on the appropriate implementation of the regulatory issuances through policies and procedures, the Compliance Manual, MTPP, Corporate Governance Manual, and other relevant manuals;
- Identifying and assessing the compliance risks associated with the Bank's activities;
- Assessing the propriety of the Bank's compliance procedures and guidelines, follow-up of any identified deficiencies, and when necessary, formulate proposals for amendments;
- Monitoring compliance by performing sufficient and representative compliance risk assessment and testing, this includes performing spot check to test compliance with policies and procedures, conducting inquiries into deficiencies and/or breaches, and carrying out investigations;
- Coordinating with the Legal Group and consultation with concerned regulatory agencies for any gray areas relative to regulations; and
- Maintaining a constructive working relationship with the BSP and other regulations.

## MONEY LAUNDERING AND TERRORIST FINANCING PREVENTION PROGRAM

In the Philippines, the Anti-Money Laundering Act (AMLA) of 2001 refers to Republic Act No. 9160, as amended by Republic Act Nos. 9194, 10167, 10365, and 10927, and 11521.

However, even before its effectivity, the Bangko Sentral ng Pilipinas (BSP) has issued Circular No. 302-01, series of 2001 on October 11, 2001 which directs banks, quasi banks, trust entities and all other institutions and their subsidiaries and affiliates, supervised and regulated by the Bangko Sentral ng Pilipinas to strictly comply with Section 9 of the AMLA (customer identification, record keeping, and reporting of covered and suspicious transactions), otherwise, they shall be subject to both criminal and administrative sanctions as provided for under sections 36 & 37 of R.A. No. 7653 (New Central Bank Act) as amended by R.A. 11211.



These guidelines are set to ensure the Bank's compliance with the Anti-Money Laundering Law and its Implementing Rules and Regulations (IRR), as well as other applicable regulations without violating other relevant laws, being extra careful not to lose bona-fide business/clients. It contains a risk-based MTPP geared toward the promotion of high ethical and professional standards, prevention of money laundering and terrorism financing. It likewise contains documentation requirements for opening Bank accounts, procedures for reporting covered and suspicious transactions, list of unlawful activities and samples of red flags to detect unusual transactions.

The Bank's Anti-Money Laundering and Terrorist Financing Prevention Program (MTPP) is in accordance with the AMLA rules as amended, the Terrorism Financing Prevention and Suppression Act (TFPSA) and their RIRR. The MTPP is designed according to the company's business structure, risk profile, and has appropriate process to identify, measure, manage, and control Money laundering (ML), Terrorist Financing (TF), and Proliferation Financing (PF) risks.

The MTPP has been developed to disseminate information which will help the employees understands and circumvent infiltration of illicit funds from money laundering (ML), terrorist financing (TF) and proliferation financing (PF) activities, identify and report suspicious transactions, and understand more of the Bank's customers, the penalties for non-compliance, attend the required AMLA trainings, comply with legal and ethical responsibilities with adverse impact to the Bank's daily business activities and performance goals.

For the year 2024, there were amendments made in the Bank's MTPP in accordance with BSP Circular Nos. 1182 and 1193, BSP M2024-006, M2024-016 sections III- KYC, IV-Profiling of Customers, VI-Reporting Requirements, and IX- TFS as well as the formulation of the Bank's Risk Appetite Statement for internet-based casino/online/offshore gaming or any forms of gambling, its service provider as well as their employees who are part of the senior management, decision making body/committee and with direct dealings with their customers. Furthermore, the same has been approved by the Board of Directors to protect the Bank as well as its employee's interest.

The applicable laws on Bank's Secrecy of Deposit have been strictly complied with at all times when implementing the procedures in combating money laundering and terrorist financing.

The Compliance Group in coordination with the Bank's training department also manages online and classroom training programs to ensure that all Bank's personnel are updated with the recent laws and regulations, bank policies pertaining to AML/CFT.

## DIVIDEND POLICY

In accordance with the Bank's Amended By-Laws and per Board of Directors resolution, the Bank may determine and declare dividends out of the unrestricted retained earnings and undivided profits as reported in the Financial Reporting Package (FRP) as of fiscal year-end preceding the dividend declaration date.

The table below shows the summary of the cash dividends declared and distributed by the Bank in 2023 and 2024:

Date of Declaration	Date of Record	Date of BSP Approval	Date of Payment	Dividend per Share	Outstanding Shares	Total Amount
September 12, 2023	December 31, 2022	N/A	Not later than December 31, 2023	Php 5.00	500,000,000	P2,500,000,000.00
April 12, 2024	December 31, 2023	N/A	Not later than June 30, 2024	Php 3.40	500,000,000	P1,700,000,000.00
September 10, 2024	June 30, 2024	N/A	Not later than December 31, 2024	Php 2.00	500,000,000	P1,000,000,000.00

## STOCKHOLDER'S RIGHT AND PROTECTION OF THE STOCKHOLDER'S MINORITY INTEREST

The Bank, through its Board of Directors, ensures that the Stockholders are treated equally and without discrimination by preserving stockholders rights and protecting the minority stockholders interest as provided in the Corporation Code of the Philippines.



# RISK OVERSIGHT COMMITTEE

**Sofia C. Ladores**  
Chairperson

## **ROC Oversight of the Enterprise Risk Management**

The Board has constituted the Risk Oversight Committee (ROC) as the Board-level committee responsible for the oversight of the Enterprise Risk Management (ERM) of the Bank. The ROC strengthened risk management by understanding fully the root-cause of every single risk/loss to determine the enterprise risk profile of BMI for subsequent escalation to the entire Board, who ultimately is responsible for managing the risks assumed by the Bank.

The ERM of the Bank is designed to identify potential events that may affect the Bank and to control within the Bank's risk appetite. The ERM also ensures that effective procedures are in place to identify, assess, control and manage risks such as Financial Risks, Credit Risk, Compliance Risks, Reputational Risks, Operational Risks, Strategic Risks and IT and Information Security Risk. With this, the Risk Management Group (RMG), which reports to the ROC, is mandated to adequately and consistently evaluate, manage, control, and monitor the overall risk profile of the Bank's activities across different risk areas. This will optimize the risk-reward balance and maximize return on capital. The RMG also has the responsibility to recommend to the appropriate body all risk policies across full-range of risks to which the Bank is exposed.

With the transparency of the enterprise risk profile of the Bank, the Board has basis in approving allocation of the capital to more productive bank product portfolio mix, risk capacity, risk threshold/appetite and limits.

The major challenge in the full and systematic implementation of the ERM is to fully interface all software solutions/applications and integrate data to come-up with a single source of reliable, accurate and timely information as decision-support to the Board.

In 2024, ROC refocused more on the following major risks related to ERM:

### **Strategic Risk**

At the very start of 2024 ROC directed Management to align the four basic component of strategic risk i.e. objective, business target, strategy and sales. The Committee strengthened the oversight of the strategic and business risk of BMI by imposing reasonable pressure to attain the business target. ROC closely monitor the achievement of target of each generating-income department and strongly suggest to divest unproductive bank products and ineffective strategies not generating business.

### **Credit Risk**

ROC directed Management to review /update credit policies, improve and maintain a robust credit risk management framework. Other key tasks in 2024 were oversight of the performance and renewal of business loan lines, careful review of the sufficiency of provisioning, account monitoring of big-ticket accounts, review and noted the consistent good results of stress test which has no impact on Bank's capital.



To support the business units in the credit evaluation, ROC requested RMG to improve/revise the existing judgement-based Borrower Risk Rating (BRR) model for Business Loans into statistical modeling method. Overall, the new BMI BRR model for Business loan demonstrates excellent performance, exhibiting very good discrimination between good and bad accounts, strong predictive power and dependable overall performance.

### Model Risk

ROC performed oversight on the performance of the existing MCL Scorecard to determine if the variables used in the model remain stable and are predictive of credit risk. Results showed that MCL Scorecard Monitoring remain dependable, no significant correlation among parameters, hence recalibration is unnecessary.

### Cybersecurity Risk and Vendors Risk

Fully aware of the proliferating cybersecurity risk and to strengthen IT security risk management, ROC endorsed to the Board the updating of infosec policies and performed oversight on the consistent implementation. ROC performed beyond traditional management of infosec and IT security risk. Jointly, Management and ROC refocused and did not ignore threat and vulnerabilities in the supply chain. It strengthened its defenses by carefully reviewing the Management proposals for acquisition of new software applications and the performance of IT service providers. The task is focused on software vulnerabilities and shift from qualitative to quantitative assessment of vendors' performance. Vendors are assessed based on compliance with the service agreement, its impact to critical bank operations, compliance to regulatory, probable financial loss, concentration risk and reputation in the industry.

In 2024, the BMI further enhanced its protection against phishing and pharming attacks by deploying real time anti malware and conducting specialized training on Social Engineering to educate employees. Vulnerability assessments and penetration testing (VA/PT) by third party was undertaken to augment existing network protection, to identify and mitigate vulnerabilities across critical systems, maintain control over privileged IDs, and ensure systems remain resilient and compliant with industry best practices.

### IT Governance Risk

ROC endorsed to the Board a comprehensive IT Governance framework, notable actions were revision of the ITMSC charter to establish clearer reporting mechanisms and revision of the independent reporting structure of ISD.

### Recovery Plan

ROC challenged the viability and readiness of the BMI's Recovery Plan in uncertainty situations and stressed condition without sacrificing the reputational risk giving priority to critical functions of the Bank. Early Warning Indicators and Triggers were carefully evaluated ensuring that the Bank is ready for any plausible event that would necessitate the activation of the Recovery Plan.

### Market & Liquidity Risk

ROC performed oversight on the review and updating of the 2024 ML Risk Limits and refocused on highly summarized reports on policy deviations, exceptions/breach reports particularly on Interest rate risk arising from market volatility and analyze the reliability of the Bank's estimation of VAR using Bloomberg.

ROC refocused on probable liquidity risk which may arise from granting loans and approval of credit lines, analyze the impact of reverse stress testing on the Bank's liquidity position, assess concentration risk on large depositors, challenge the new level of core deposits, determine the repricing gap based on actual behavior, probe the results of the MCO stress testing using the different time horizon and challenge the Economic-Value of-Equity (EVE) model of the Bank. ROC, through RMG enjoined Management to use these risk management tools in the daily transactions of the Treasury Group.



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### **Legal & Regulatory Risk**

ROC endorsed to the Board the approval of the enhanced Legal Risk Management Framework to identify, measure, control and monitor legal risk related to business line function, products and services and perform oversight of the implementation of said framework by Legal Group.

The mutual combined efforts of the Board, ROC, ACC, CGC, RPT and Management are focus beyond compliance to protect the Bank and its customers and to address future challenges.

## **2024 RISK MANAGEMENT GROUP ACCOMPLISHMENT/INITIATIVES**

### **Accomplishment of the CRO**

In addition to the regular functions of the CRO of spearheading and managing risk oversight across the enterprise, below are the accomplishment of the CRO in support of the Business Units.

- Review of 80 proposals on Bank Policies and Procedures prepared by various units prior to presentation to the Management Committee.
- Render administrative support to ROC Meetings (such as preparation of 24 ROC Minutes of Meetings, ensure timely compliance to ROC directives, coordination with various Bank Units for preparation of regular reports, etc.)
- As Business Continuity Committee Deputy Head, attend and render administrative support to the quarterly BCC meetings, and act as resource person in resolution of BCC challenges, and administer daily BCC chat group, in compliance with the BCC Charter. Also, lead initiatives on Business Continuity Management, with consistent monitoring of regulatory compliance of BMI, ensuring compliance with new regulations.
- As member of the AML Committee, attend meetings to resolve AML matters, in compliance with the AML Committee charter.
- Provide guidance to Bank Units as Resource Person for various Management Committees (ALCO, ITMSC, ManCom Risk).

### **Management of Credit Risk**

Credit Risk Management (CRM) oversees the implementation of Board-approved credit risk policies and risk appetite, ensuring effective management of lending exposure risks. In accordance with the Credit Risk Management Manual, BMI's Credit Risk Appetite and governing regulations, CRM employs key risk management tools, such as Credit risk policies and procedures, loan portfolio management, model risk management, model validation and post approval credit review. These tools enable prudent and informed lending decisions, safeguarding the Bank's investments and maintaining a robust credit risk management framework.



## 2024 Regular Reports

The Credit Risk Management Department achieved notable milestones in 2024, including the enhancement of the credit risk dashboard, which now features key metrics on ROC reports, MCL and Non-MCL Portfolio, Credit Risk Concentrations & Compliance with Regulations Monitoring, Stress Testing Results, Oversight of the performance of Business Loan Line, Specific Accounts Monitoring, ROC Directives Monitoring, CAR/CAR-EWI Monitoring, Non-MCL Income Per Capita, KRI MAT Monitoring, Vintage Analysis (MCL and Non-MCL) and Post Approval Credit Review Manual Revision.

### Additional ROC Reports – Stress Testing for MCL Dealers and Related Parties

#### MCL Dealers Stress Test

Regular stress tests on MCL Dealer A were conducted as part of CRMD oversight function. The primary objectives of the exercise were as follows:

- To assess the potential impact of MCL Dealer A on the Bank's operations
- To determine the maximum exposure that can be accommodated per motorcycle loan classification
- To evaluate the potential effects of MCL Dealer A on the Bank's capital under stress scenarios

To achieve these objectives, the CRMD conducted monthly stress tests, analyzing various scenarios that could potentially strain the Bank's operations. The results of these tests were presented to and noted by the Risk Oversight Committee (ROC), enabling management to make better decisions and ensuring the Bank's risk exposure remains within acceptable limits.

#### Related Parties Stress Test

As part of RMG's oversight function, CRMD conducted quarterly stress tests on Related Parties (RPs) to assess potential material risks and their impact on the Bank's Capital. The tests, which considered various NPL assumptions, were done to comply with the BSP requirements. The stress testing results aid management in identifying and addressing potential "going concern" issues related to RPs. The results were presented to and noted by ROC and Related Party Transactions Committee (RPTC).

## 2024 Key Achievements/Initiatives

### Implementation of Loan Impairment process for Business Loans

CRMD initiated the implementation of the revised loan impairment process, approved by the Board of Directors (BOD) in 2023. As part of the initiative, CRMD conducted individual assessment of the Top 50 commercial loans, which were subjected to specific impairment. The exercise was completed in February 2024, with the results presented to and noted by the MANCOM in March 2024.

### Review of Loan Classification and Loan Provisioning

As part of the Bank's ongoing efforts to ensure accurate and consistent provisioning, CRMD conducted an independent calculation of loss rates and forward-looking overlays. The review covered all loan types and utilized five months' worth of data (January to May 2024). The objective of the review was to assess the effectiveness of the Bank's Loan Loss Methodology (LLM) in ensuring sufficient provisions for potential loan losses, while complying with regulatory requirements and standards for loan classifications and provisioning. The results of the review were presented to and noted by MANCOM and ROC in August 2024.



### **Crafting of Model Risk Management (MRM) Manual**

With the expansion of functions of Data Analysis and Model Review (DAMR) Section of CRMD, it was imperative that a policy manual be crafted to guide Model Risk Management (MRM) activities. The MRM Manual is a policy manual that serves as guide on how to implement/deploy models into production, giving a complete overview of the entire model lifecycle and the set of activities involved in the management of model risks.

Thus, the manual provided a comprehensive guide for BMI on effective model risk management, ensuring that the models serve their purpose as decision-support tools. The said manual was approved by the Board of Directors on 13 August 2024.

### **Validation and Updating of Operational Key Risk Indicator (KRI) Model**

Operational Risk Key Risk Indicator (KRI) Model refers to a systematic framework that identifies, measures, monitors, and reports key risk indicators to anticipate, assess, and mitigate operational risk exposures.

CRMD conducted a comprehensive validation of the Operational Risk KRI model to ensure its continued relevance and effectiveness in identifying and managing operational risks. The validation exercise was undertaken to address the evolving operational risk environment, changes in regulatory requirements, and the Bank's ongoing efforts to enhance the risk management framework. The validation aimed to ensure that the KRI model remains aligned with the Bank's risk appetite and strategic objectives.

Specifically, the validation process aimed to:

- a) Review and validate the Operational Risk KRI model to ensure consistency with documented policies and procedures
- b) Assess existing thresholds to determine if they remain aligned with and applicable to the Bank's risk appetite, and
- c) Incorporate changes into the Revised/Amended ORMD Manual.

Following the validation, the CRMD recommended KRI model recalibration to incorporate regulatory updates, risk levels, and enhance the overall effectiveness of the existing Operational KRI model. These recommendations aimed to ensure the KRI model remains a robust tool for identifying, assessing, and mitigating operational risks, aligning with the Bank's risk management objectives.

### **Development and Validation for New MCL Credit Scoring Model**

The development and validation of the New MCL Credit Scoring Model were properly documented on 30 July 2024. The documentation ensures the integrity and reliability of the Bank's statistical testing methodology. A comprehensive report outlining the development and validation process was also prepared, providing clear guidance on the effective implementation and utilization of the scoring model. Further, the report ensures transparency, auditability, and consistency in the model's results, supporting the CRMD's commitment to strong risk management.

### **Monitoring of Performance of New MCL Credit Scoring Model**

The New MCL Credit Scoring Model has demonstrated effective performance consistently. Ongoing monitoring, based on the Population Stability Index (PSI) and Characteristics Stability Index (CSI), have shown stable results. Moreover, loan performance metrics, including corresponding scores and bad rates, have remained within acceptable limits, indicating no need for recalibration. The positive outcome validates the model's design and implementation, enabling the Bank to confidently continue using the model as a tool for risk assessment and decision-making.



### Adoption of Capital Adequacy Ratio (CAR) – Early Warning Indicators (EWIs) and Triggers in preparation of BMI's Recovery Plan

The BMI's recovery plan was approved by MANCOM, ROC and Board in June 2024. The Recovery Plan included the Capital Adequacy Ratio – Early Warning Indicators and Triggers (CAR-EWIs) which are essential in ensuring that the Bank is ready for any eventuality that would necessitate the activation of the Recovery Plan.

To ensure proactive risk management, the CAR-EWI is closely monitored on a quarterly basis, with the results presented to and noted by ROC. The CAR-EWI report enables the Bank to take swift action well before reaching trigger points, providing ample time to explore pre-defined alternative solutions to maintain a comfortable capital buffer. The proactive approach ensures compliance with the BSP capital requirements at all times, minimizing the likelihood of implementing the Recovery Plan. By maintaining a robust capital position, the Bank reinforces its financial stability and resilience, ultimately supporting its continued growth and success.

### Updating of Post Approval Credit Review Manual

The Bank introduced an initiative to enhance the Post Approval Credit Review Manual by incorporating industry best practices for reviewing loan products, further strengthening risk management and operational efficiency of the Bank.

Revisions involved the following:

- Sampling of Accounts. The review shall be conducted using a representative sample with 95% confidence level and a 5% margin of error, based on Slovin's Formula, to ensure a uniform sampling methodology across all loan products.
- Post-Validation of Environmental & Social Risk Assessment & Evaluation Procedures. As a requirement of BSP on Banks' compliance to Sustainable Finance, CRMD shall include the review of Environmental & Social Risk Assessment & Evaluation procedures of the handling unit based on the borrower's industry classification in accordance with Environmental & Social Risk Management System (ESRMS) Framework. Why did you use "shall".
- Post-Approval Credit Review Rating. Represents the overall portfolio quality rating of the reviewed loan product, as determined by the established criteria.

### Credit Exposure as of 31 December 2024

The table below shows BMI's maximum exposure to credit risk, before and after considering eligible collateral held or other credit enhancements.

Nature of Item	Net Carrying Amount	Risk Weight	RWA
Cash on hand	128,771,968.50	0%	-
Due from BSP	1,020,845,676.97	0%	-
Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)	3,869,201,173.08	0%	-
Debt Securities at Amortized Cost	5,921,262,880.27	0%	-
Loans and receivables arising from repurchase agreements issued by Philippine National Government and the BSP	3,400,000,000.00	0%	-
Loans covered by hold-out deposits	21,734,901.16	0%	-
Loans guaranteed by Philguarantee	58,674,402.65	0%	-
Housing Loans fully secured by first mortgage- not classified as non-performing	326,387,298.48	50%	163,193,649.24
Qualified MSME Loans	4,546,745,338.53	75%	3,410,059,003.90
Housing Loans fully secured by first mortgage- classified as non-performing	52,551.68	100%	52,551.68
All other non-performing loans and debt securities	3,037,423,206.66	150%	4,556,134,809.99
Real and other properties acquired and Non-current assets held for sale, net of allowance for losses	773,706,041.67	150%	1,160,559,062.51
Net Other Assets	29,888,962,236.48	100%	29,888,962,236.48
<b>Total Credit Risk Weighted Exposure</b>			<b>39,178,961,313.79</b>



## Major Challenges

CRMD faced significant challenges in 2024, primarily related to data gathering for Borrower Risk Rating (BRR) model development for Business Loans. The manual processing of business loans and lack of electronic records impeded data collection.

To address limited electronic records, CRMD took proactive measures by manually encoding data directly from business loans folders, including financial statements. After two months of encoding, the team finally consolidated and cleaned up the data.

Following extensive data analysis, model development, and validation, CRMD successfully developed a statistically sound BRR Model for Business Loans. Such achievement demonstrates the team's dedication and perseverance in overcoming challenges to enhance risk management capabilities.

## Management of Market & Liquidity Risk

The Market and Liquidity Risk Management Department (MLRMD) has the following functions:

- Design, establish, document and update policies, procedures, metrics and assumptions on Market and Liquidity (ML) risk management to attune with the current market scenario and to comply with BSP recommendations to improve risk measurement tools and the assumptions used. In 2024, the revisions implemented in the previous year such as reverse stress testing, enhanced analysis of large depositors, core deposit estimates, and changes to VAR measurements were codified into the MLRMD Manual. Only core deposit estimates were further enhanced, in compliance with the suggestions of BSP.
- Measure and monitor ML risk exposure to ensure compliance with the approved internal and regulatory policies.
- Inform the CRO, ALCO and ROC regularly, or as needed, the level and trend of BMI's ML risk exposures. Measure risk on ML exposures in coordination with the concerned business units. Limits are revisited annually in coordination with Treasury Group and secure Board approval for the revisions. Monitor excess in approved limits and immediate escalation of limits exceptions.
- Monitor daily VAR and perform back testing for all assets that carry a price/market risk.
- Perform analysis of counterparty banks for annual credit lines renewal.
- Perform periodic (annual or semestral) stress testing of ML risk exposures to determine impact on CAR.
- Conduct continuous training for MLRMD personnel on fifteen (15) sponsored seminars on ML Risk and other relevant topics.
- Coordinate with Treasury Group on its new risk-taking activities, such as new issuances, and plans to assess and simulate new ML risk exposure.



## 2024 Key Achievements/Initiatives

- In 2024, the MLRMD Manual was updated to reflect all modifications on methods and procedures. The major revisions include:
  1. Inclusion of the IRRBB section which has been treated as a separate manual in the past.
  2. Change in VAR estimation from manual to Bloomberg-based, using built-in parameters within the program,
  3. Guidelines for conducting reverse stress testing to better reflect probable root causes of adverse changes in MLR indicators,
  4. Estimation of Core CASA deposits,
  5. Modified policies for BMI employees allowed to trade Government Securities for their own accounts, and
  6. Assessment of large depositors.
- Completed towards the end of 2024 the first ever Economic Value of Equity (EVE) assessment, as provided in the IRRBB section of the manual.
- Resolved and complied with BSP recommendations such as Guidelines on MLR monitoring policy, use of different time horizons in MCO Stress-testing, conduct Reverse Stress-testing on liquidity and preparation of MAT for MCO limit utilization and inclusion of all IRS assets and liabilities in all buckets used for testing, and conduct of model validation.
- Obtained a “compliant” rating from an independent assessor, Internal Audit Group (IAG) on the validity of the Interest Rate Risk Gap, EAR Report and MCO models used by the department.
- Reviewed and updated the 2024 ML Risk Limits and MLRD monitoring of actual transactions vs. approved limits revealed no breaches and provided Treasury Group with an annual credit/financial assessment of BMI's 24 counterparty Banks.

## Market Risk Exposure as of 31 December 2024

As of 31 December 2024, the Bank's market risk-weighted assets amounted to Php137.84 million, or 0.89% of the Php50.02 billion total risk-weighted assets. Note however that the amount represents only exposures to private corporate bond issuers, in the FVOCI portfolio. Government Securities is Php3.116 billion.

Risk-based CAR as of 31 December 2024 (in millions PhP)	
Net Tier 1 Capital	16,461.67
Net Tier 2 Capital	299.24
<b>Total Qualifying Capital</b>	<b>16,760.91</b>
Credit Risk-weighted Assets	39,178.96
Operational Risk-weighted Assets	12,967.49
Market Risk-weighted Assets	137.84
<b>Total Risk-weighted Assets</b>	<b>52,284.29</b>
<b>CAR (TQC / RWA)</b>	<b>32.06%</b>

## Major Challenges

Whereas the BSP has begun to loosen its monetary policy in light of recovery from the high-interest, high-inflation regime experienced in 2023, Banks continued to compete for attractive rates to customers. As a result, the Bank saw a scant reduction in its average cost of funds in 2024. The major challenge for Market and Liquidity risk management is the accurate reading/close monitoring of economic forecast and market movement as basis for the immediate defensive action of the Management to protect the position of the Bank without sacrificing profitability.



## Risk Monitoring and Reporting

ORMD uses various tools in monitoring risk and one of the most popular tools for risk monitoring is the Key Risk Indicator (KRI). Business Units were able to develop their KRIs and these were approved by the Board. KRI is a dashboard of the business units in monitoring their critical risks on a day-to-day basis. In 2024, ORMD has significantly improved its tracking on the compliance of the Business Units in regularly monitoring and submitting their KRI reports. ORMD then consolidates KRIs of the Business Units and reports the same quarterly to the ROC, highlighting those Business Units that are classified as "High Risk" based on the said KRIs. Other operational risk tools such as Loss Event Report and Institutional KRI are reported to ROC every month.

## Risk Culture

ORMD consistently provides training and workshop to the Functional Risk Advocates (FRA) annually. In Y2024, the FRA's workshop was conducted in two batches, the first batch was conducted on 5 November 2024, and the second one was on 8 November 2024. To promote risk awareness and strong risk culture across all Business Units of the Bank, FRAs were tasked to cascade to their team members the knowledge acquired from the said workshop, and that includes Loss Event Report, KRI, and RCSA. Additionally, ORMD collaborates with the Business Units when a risk report is submitted such as Loss Event Report, KRI and RCSA. This collaboration aims to achieve objectives on the proper identification of the operational risk, root cause of any reported incidents and risk mitigation to prevent risk recurrence.

## Risk Policy Formulation and Enhancement

In Y2024, ORMD has improved its policy on the Institutional KRI, in which, scoring model was updated to reflect the current and applicable thresholds at present time. ORMD started adopting the improved scoring model in September 2024.

## Functional Risk Advocates (FRA)

Based on the approved FRA's performance rating policy, all designated FRAs of the Business Units obtained high score in their performance rating for Y2024. The performance evaluation criteria include effectiveness of control, quality of submitted risk reports, timeliness of report submission and operational risk awareness.

## Operational Risk Weighted Assets, as of 31 December, 2024

In Millions

NATURE OF ITEM	GROSS INCOME			AVERAGE 1/
	Year 3	Year 2	Last Year	
<b>Annual Gross Income</b>	8,090	8,744	8,619	8,484
<b>Capital Charge</b> (Average Gross Income multiply by Capital Charge Factor of 12%)				1,018
<b>Adjusted Capital Charge</b> (Capital charge multiply by 125%)				1,273
<b>TOTAL OPERATIONAL RISK-WEIGHTED ASSETS</b> (Adjusted Capital Charge multiply by 10)				12,726

As of December 31, 2024, BMI's ORWA is Php12.7B using the BSP CAR formula. Conversely, as of the same year, the actual operational loss of BMI is Php5.4M.



## Major Challenges

The current measurement of capital charge for operational using the BSP-mandated Basic Indicator Approach (BIA), yield an amount significantly higher than the actual loss incurred by the Bank every year. The Bank may have utilized more of its resources and capital only if said measurement approach could be changed to a more suitable one.

## Management of Legal Risk

ORMD, in collaboration with the Legal Group, developed the Legal Risk Management Framework in compliance with the BSP Circular 900 "Guidelines of Operational Risk Management." Such framework was approved by the Board on 10 September 2024. This framework helps the Bank identify, measure, control and monitor legal risk related to business line function, as well as its product and services. Legal Group is in-charge of the implementation of said framework, while ORMD takes the risk oversight function.

## Business Continuity Management

The Bank continuously develops strategies which help in the preparation and effective response of the Bank toward the effect of business disruption caused by a disaster or any BCP event. The ultimate goal of the BCM is to reduce the impact of disruption on business operations. In 2024, the Bank has improved its Business Impact Analysis (BIA) where more complex scenarios were taken into account. Likewise, Risk Assessment (RA) on BCP has been developed and completed on 21 November 2024 as one important component of the Business Continuity Management. Such RA will continuously be conducted every beginning of the year to conform with the concept of risk assessment as forward-looking tool.

## Management of IT Risk

Based on the approved FRA's performance rating policy, all designated FRAs of the Business Units obtained high score in their performance rating for Y2024. The performance evaluation criteria include effectiveness of control, quality of submitted risk reports, timeliness of report submission and operational risk awareness.

## Operational Risk Weighted Assets, as of 31 December, 2024

ITRMS is responsible for the identification, measurement, monitoring, and control of risks for IT business processes or IT service assets.

ITRMS, Information Technology Group (ITG), Information Security Department (ISD) and IT Audit Department (ITAD) collectively perform IT Risk Management anchored on the concept of enterprise-wide risk management and based on the following Board-approved policies aligned with BSP regulations:

- IT Risk Management Framework
- IT Risk Management Operations Manual
- Information Security Framework & Security Policy Manual
- IT Group Department Operational Manuals
- Internal Audit Group (IAG) Manual – IT Audit Department

## 2024 Key Initiatives and Accomplishments

The Bank's IT risk management system continued to evolve in 2024, addressing the complexities of IT operations while enhancing overall security and compliance. Significant improvements were made across various domains:



## **Strengthening IT Governance**

A comprehensive IT Governance framework was formulated and implemented, aligning with regulatory requirements. A key milestone was the revision of the ITMSC charter, establishing clearer reporting mechanisms and monitoring processes.

## **Re-organization of Information Security Reporting**

The Information Security Department's reporting structure was realigned to comply with BSP Circular 981, ensuring proper independence. This was formalized through revision of Information Security Department's reporting relationship to the ROC, approved by the BOD on Q4 of 2024.

## **Continuous Training**

Throughout 2024, the Bank invested in extensive training programs to enhance both technical and non-technical skills of IT personnel, ensuring readiness to address evolving IT risks and compliance requirements.

## **Improvements on E-banking/ATM Services**

Q1 2024 significant enhancements to ATM services was undertaken, including the replacement of numerous ATM machines and the initiation of migration from a hosted to a self-managed ATM switch.

## **Technology Service Provider (TSP) Management**

The Bank enhanced its TSP performance evaluation methodology, transitioning from qualitative to quantitative assessment. This improvement has been incorporated into regular ITMSC reporting as of March 2025, providing clearer metrics for vendor performance and enabling more effective oversight.

## **Project Management Enhancements**

Project management practices were substantially improved with the implementation of regular monthly reporting of all project updates to IT Management Steering Committee. The Quality Management Unit (QMU) now reports directly to the IT Group Head.

## **IT Operations Improvements**

Key Risk Indicators (KRIs) and IT service performance reports are now being presented to ITMSC since Q4 of 2024, improving visibility into operational incidents and vendor performance, and allowing for more timely interventions and risk mitigation.

## **On General IT Security**

BMI has continued to reinforce its resistance against cyber threats with proactive measures to protect against malware and to enhance defenses against pharming and phishing attacks. Regular security awareness training ensures that BMI staff remains vigilant against emerging threats.

The Bank is enhancing its IT security through strategic initiatives such as vulnerability assessments and penetration testing (VA/PT), a planned Managed Security Operations Center, privileged ID management, and IT infrastructure upgrades that will augment existing network protection. These measures aim to identify and mitigate vulnerabilities across critical systems, enhance monitoring and threat detection capabilities, maintain control over privileged IDs, and ensure systems remain resilient and compliant with industry best practices.



The concerted efforts underscore BMI's commitment to maintain a robust and secure IT Risk framework. Moving forward, the BMI is well-equipped to adapt to the evolving cyber threat landscape, ensuring the security of its operations and the trust of its customers. IT & InfoSec risks are managed through strategic improvements and adherence to updated policies, not only to mitigate current IT risks, but to proactively prepare to address future challenges.

### **Deployment of Anti-Malware**

Throughout 2024, the Bank maintained and enhanced its sophisticated anti-malware infrastructure, continuously protecting endpoints and application systems across diverse operating environments. The Information Security Department (ISD) regularly conducted reviews and monitoring of system security, network security, and end-user computing. This multi-layered defense approach effectively mitigated risks from both internal and external threats while ensuring compliance with evolving security standards. The Bank's proactive stance included regular evaluation and updates to malware protection measures, reinforcing its security posture against emerging cyber threats.

### **Strengthening of Defense Against Pharming & Phishing**

In 2024, the Bank built upon its previous year's accomplishments by further enhancing its defenses against phishing and pharming attacks. As part of its comprehensive Information Security Awareness program, the Bank conducted specialized training on Social Engineering to educate employees about these threats. The Information Security Department continuously monitored internet-based systems and endpoints, implementing security measures aligned with regulatory requirements and industry best practices. Regular security bulletins were distributed via email, the BMI portal, and digital wall displays to maintain high awareness levels. These ongoing efforts ensured robust protection of the Bank's digital communication channels and platforms against increasingly sophisticated social engineering attacks.

### **Major Challenges**

Throughout 2024, the Bank continued its concerted efforts to overcome IT challenges through a dual approach: enhancing its recruitment strategies and expanding training programs to combat persistent high attrition rates among IT personnel, while strategically modernizing its IT infrastructure to integrate emerging technologies such as cloud computing. This ongoing initiative reflects the Bank's commitment to maintaining operations while embracing technological advancement.

The Bank continues to enhance its core banking systems (CBS) as part of its ongoing strategic initiatives. This continuous improvement process is fundamental to the Bank's digital transformation journey, aimed at progressively enhancing customer experience through more responsive, reliable, and secure banking services while adapting to evolving market demands and technological advancements.

The Bank is proactively undertaking the challenge of aligning recovery objectives with disaster recovery provisions by revising the IT Disaster Recovery Manual to align with the recently approved revised Business Impact Analysis (BIA). This ensures that the Bank's disaster recovery capabilities remain robust and compliant with current regulatory requirements.

Additionally, the Bank is actively addressing the challenge of IT project monitoring by continuously improving its framework due to changes in the Bank's IT strategic plans, ensuring that project management practices evolve alongside the Bank's strategic direction.



## Management of Information Security Risk

As Bank of Makati progresses to be digitally connected with agile technology ecosystem that meet the evolving needs of customers, mSMEs and unbanked communities, the Management of Information Security Risk vision is to prioritize giving authorized users, the access to the right information, anytime, anywhere, securely and reliably. Assess information security risks and protect the organization from internal and external threats. And ensure information security and cyber threat awareness within the organization.

Its mission is to design, implement and sustain an information security program that protects the Bank's systems, services and data against unauthorized use, disclosure, modification, damage and loss. Thereby, protecting Confidentiality, Integrity and Availability (CIA) of information. And, BMI is committed to establish an appropriate information security governance and technology structure, that enables collaboration and support for new information security initiatives, in conjunction with Bank's mission to become digitally connected with agile technology ecosystem.

Setting the Information Security Management tone at the top, the Information Security Governance emanates from the Board of Director, the ROC and the IT Management Steering Committee. The BMI Information Security Framework is consistently reviewed and approved. BMI IS Framework consists of vital components: The Bank's IS Governance specifies the role of the oversight body to ensure that risks are adequately mitigated. The IS Management ensures that IS policies and controls are implemented to mitigate risks. And, the Cyber Threat Intelligence and Collaboration component involve understanding of cyber threats, collaborating with related organizations and enhancing the Bank's existing processes to provide resilience vs. cyber-attack.

In action, the Bank is consistently updating (review, modify, implement) the IS policies and procedures to ensure that controls are in place, relevant and updated. Annually, the Bank conducts an enterprise-wide Information Security Risk Assessment (ISRA) to ensure that IS risks are identified, control gaps are assessed and mitigating action plans are implemented.

ISD is continuously propagating Information Security Awareness to employees through formal trainings to ensure that every BMI'er gain adequate knowledge and understanding on IS policies and arising new threats. As part of IS Awareness campaign, bulletins related to Information Security are sent via email, uploaded to BMI portal and flashed at BMI's digital wall. ISD conducted a special training on Social Engineering for additional IS awareness. ISD also regularly conducts review and monitoring of access controls, physical security, system security, network security, end-user computing security and application security as part of Key Risk Indicators (KRIs) to assess the overall risk profile of the Bank and provide corresponding mitigating controls.

## 2024 KEY INITIATIVES/ACCOMPLISHMENTS

### Automation of the Information Security Risk Assessment (ISRA) Tool

ISD conducts an enterprise-wide assessment of InfoSec Management of all Business Units manually using Excel templates in the process. As a major initiative in 2024, ISD was able to deploy and implement the automation of the ISRA tool developed by the department itself. The automated tool facilitated the accomplishment of the ISRA template by Business Units, facilitated faster ISD review and analysis of submitted responses as well as the consolidation and generation of the final report presented to the Mancom and the ROC.

### Conduct of Vulnerability Assessment/Penetration Testing (VA/PT) by a third party

The Bank engaged the services of Exceture in September 2023, an independent party, to conduct VA/PT for the Bank. As of December 2024, the VA/PT was completed, the result of the VA/PT was used as reference for the ongoing activities of the bank to further enhance its security posture.



BMI commits and ensure that information security risks are assessed and mitigated in all its existing and future undertakings to protect its customers and meet their satisfaction.

### ISD Cross Cutting Activities

As part of the Information Security Plan, these are the activities being done by ISD to ensure that CIA of the Bank's Information Assets are protected and to support the Bank's and IT's strategic goals and objectives:

- Creation, Revision, Review and Approval of ISD Policies Procedure and Guidelines
- Performance of Information Security Risk Assessment (ISRA), Vulnerability Assessment (VA), Penetration Testing (PT)
- Review of Information Security Standards during Project Implementation and Governance
- Propagation of Information Security Awareness Program with Cyber Threat Intelligence and Collaboration.

### 2024 Challenges

#### Manpower

Similar to other banks, manpower retention remains to be a challenge. Keeping people intact and motivated to perform are vital keys to achieve ISD's strategic goals and objectives. As such, necessary training, review of manpower complement and job function is consistently being done. In June 2024, the proposal on the creation of sections for ISD was approved by the Management and the Board. Having two sections allowed ISD to focus on the two aspects of Information Security which are IS Governance and IS Technology. This will also allow manpower growth within the department.

#### Manual Review of Logs

ISD function focuses on review of several sources of logs to ensure the Confidentiality, Integrity and Availability of the Bank's Information Assets. As such, performing it via manual review is a tedious and prone to error process. As such, as part of IS Strategic Plan, automation of current processes is a must. Gradually, ISD is achieving this goal with the deployment of the automated Information Security Risk Assessment (ISRA) Tool. More manual review process is in line for automation, to facilitate faster review.

### 2025 Plans

#### Update on the Information Security Strategic Plan (ISSP)

This is the continuation of what has already been started by the Bank. The ISSP 2025 to 2028 was prepared, reviewed, presented to and approved by the Management, the ROC and the Board. This is the backbone of the Information Security Risk Management of the Bank.

#### Update on the Network Security Monitoring System (NSMS)

As part of the ISSP action plan, the NSMS will continuously be updated and evaluated to ensure that it is relevant and able to provide the report to view the Information Security posture.



### **Web Vulnerability Scanning Tool**

As part of the ISSP action plan, acquisition of Web Vulnerability Scanning Tool to identify security vulnerabilities in systems and network usually through the use of automated vulnerability scanners, is in the pipeline. The scope of the project will be presented for approval of the Management, the ROC and the Board.

### **Automation of User Access Management Review**

As part of the ISSP action plan, the automation of User Access Management Review is planned and targeted to be implemented. The objective is to have an effective process to manage user access control consistent with the criticality and sensitivity of the information/system and ensure that obsolete user accounts are disabled/removed in a timely manner. The current manual process will be replaced by the tool, thereby providing faster review output that will enable the manpower to be assigned to other IS related review tasks. The scope of the project will be presented for approval of the Management, the ROC and the Board.

### **Automation of IS Forms Submission**

To support the sustainability plan on paper-less transactions initiative of the bank, the automation of IS Forms submission is planned and targeted to be implemented. Its goal is to expedite the process of reviewing, storing and checking the Information Security Forms submitted by employees and non-employees. The scope of the project will be presented for approval of the Management, the ROC and the Board.

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**Manage Security Operation Center**

As part of the ISSP action plan, a Manage Security Operation Center that will provide centralized visibility, continuous monitoring and, rapid response and recovery procedures on security incidents and events is being studied. The scope of the project will be presented for approval of the Management, the ROC and the Board.

**Multi-Factor Authentication**

As part of the ISSP action plan, a Multi-Factor Authentication that will process effectively the management of user authentication and access control consistent with the criticality and sensitivity of the information/system is being studied. The scope of the project will be presented for approval of the Management, the ROC and the Board.



# AUDIT AND COMPLIANCE COMMITTEE

**Shirley M. Sangalang**  
Chairperson



## AUDIT AND COMPLIANCE COMMITTEE (ACC)

The Committee is empowered by the Board to oversee the financial reporting process, internal control and risk management systems, internal and external audit functions, and compliance with applicable laws and regulations. It is composed of three qualified independent Directors.

The oversight function covers the following areas:

- On financial reporting, the Committee reviews the integrity of the reporting process to ensure the accuracy and reliability of financial statements and in compliance with financial reporting standards.
- On internal control and risk management, it monitors and evaluates the adequacy, soundness and effectiveness of the Bank's established internal control and risk management systems, policies and procedures including their implementation across all units of the Bank to provide reasonable assurance against fraud or other irregularities and material misstatement or loss.
- On internal and external audit, it recommends the appointment, reappointment, and removal of the internal and external auditors, remuneration, approval of terms of audit engagement and payment of fees. It reviews non-audit work of external auditors, if any, ensuring that it would not conflict with their duties or may pose a threat to their independence. It approves the annual audit plan and reviews audit results focusing on significant findings with financial impact and their resolution. It monitors, tracks and reviews the implementation of corrective actions to address findings, observations, deficiencies and non-compliance with policies, laws and regulations. Annually, it evaluates the performance of the Chief Audit Executive.
- On compliance, it recommends the approval of the Compliance Charter and reviews annually the performance of the Chief Compliance Officer. It also reviews the annual plans of the Compliance Group including the Anti-Money Laundering Department (AML), and evaluates the effectiveness of the regulatory compliance framework of the Bank to ensure that these are consistently applied and observed throughout the institution. It reviews the report of examination of the Bangko Sentral ng Pilipinas and other regulators and the replies to these reports and endorses them for the Board's approval.

In this context, the following were covered by the Committee the 26 times, it met during the year (two of which were special meetings):

On financial reporting, the Audit and Compliance Committee (ACC) reviewed and recommended for approval to the Board the Bank's annual audited financial statements ensuring compliance with accounting standards and tax regulations. The related internal controls on financial reporting process and compliance with accounting standards were likewise reviewed.



- In overseeing the internal audit function, it reviewed and approved the 2024 Internal Audit risk-based audit plans after a thorough review of its scope, as well as changes to the plan, audit methodology, budget, manpower resources and the appointments assignments of key audit officers during the period.
- It reviewed audit reports focusing on high and moderate risk findings relating to operational, financial and compliance controls including risk assessment systems with impact to financial, reputation and information security. It regularly tracked the timely resolution of findings and required Management's action plans. It also ensured that Internal Audit worked closely in coordination with Risk Management, Compliance, AML and Corporate Governance by sharing relevant information.
- It approved the revisions, updating of the Audit Manual, policies and procedures as well as changes to the audit program guide on the following dates:

ACC Approvals	Date of Approval
Amendments to the Audit and Compliance Committee's Terms of Reference	February 23, 2024
Revised Internal Audit Group Charter	
Amendments to the Internal Audit Group Manual <ul style="list-style-type: none"> <li>• Scoping and audit scoring for Head Office Audit Department's spot audits</li> <li>• Impact and likelihood matrices in determining the risk score of every observation and consistency with the audit scoring process for Head Office Audit Department's regular and spot audits</li> <li>• Alignment of the preparation of the Risk and Control Matrix with the IAG's risk assessment process</li> <li>• Head Office Audit Department's adoption of new planning procedures</li> <li>• Revisions in IT Audit's Pre-Implementation Review</li> <li>• Revisions in scoring of Post-Implementation Review</li> <li>• Additional IT Audit Guidelines on Evaluation and Prioritization of Projects/ Systems Post-Implementation Review</li> <li>• Revisions in Risk Assessment Criteria for Branch Lite Units, Head Office Units, and Auditable units Under Field Audit Department</li> <li>• Field Audit Department's and Head Office Audit Department's Prohibition on Two (2) Consecutive Remote Audits</li> </ul>	May 24, 2024
	November 22, 2024
Audit Program Guides: <ul style="list-style-type: none"> <li>• Revisions in the Audit Program Guide of Anti-Money Laundering Department</li> </ul>	November 22, 2024

- In view of the former Chief Audit Executive's retirement effective March 10, 2024, the Committee approved and endorsed the appointment of the new Chief Audit Executive to the Board of Directors on August 13, 2024. It also assessed the performance of the Chief Audit Executive and ensured that Internal Audit's independence had unrestricted access to all records, properties and information to be able to fully carry out its function.
- The Committee regularly reviews internal audit's manpower resources. And on December 20, 2024, the Committee approved Internal Audit's re-organization and increase in manpower to handle the audit of branch lite units and administrative functions of the group.
- On external audit, it reviewed and approved the 2024 Audit Plans of the external auditor to ensure the adequacy of its scope and coverage and appropriateness of the timelines. It reviewed and discussed the content of the engagement, scope of work, composition of engagement team among others, prior to the commencement of the non-audit work. It comprehensively discussed the external audit reports, focusing on internal controls, risk management, governance and matters with financial impact particularly on the changes in accounting and reporting standards. It also requested the external auditor to cover additional risk areas in particular loans. It reviewed the Management Letter as well as Management's response and action taken on the external auditor's findings and recommendations.



- In overseeing the compliance function, it reviewed and approved the revisions to the Money Laundering and Terrorist Financing Prevention Program (MTPP) Manual, annual compliance plans, and independent compliance testing roadmaps of the Compliance and Anti-Money Laundering (AML) departments. The Bank's MTPP was revised particularly on the guidelines covering Know Your Customer (KYC), Profiling of Customers, Reportorial Requirements and Targeted Financial Sanctions. The IT Compliance Program was also approved to establish the IT compliance function of the Bank. It monitored the progress and reviewed the status of the annual compliance plans, results of the independent compliance and AML testing, timely submission of regulatory and prudential reports, compliance to mandatory ratios, as well as continuous improvement of the compliance and AML systems. It conducted the annual appraisal of the performance of the Chief Compliance Officer for 2024. It discussed in detail the Bangko Sentral ng Pilipinas results of regulatory examination and reviewed Management's replies, monitored monthly updates to ensure implementation of corrective actions. The following were approved by the Audit and Compliance Committee:

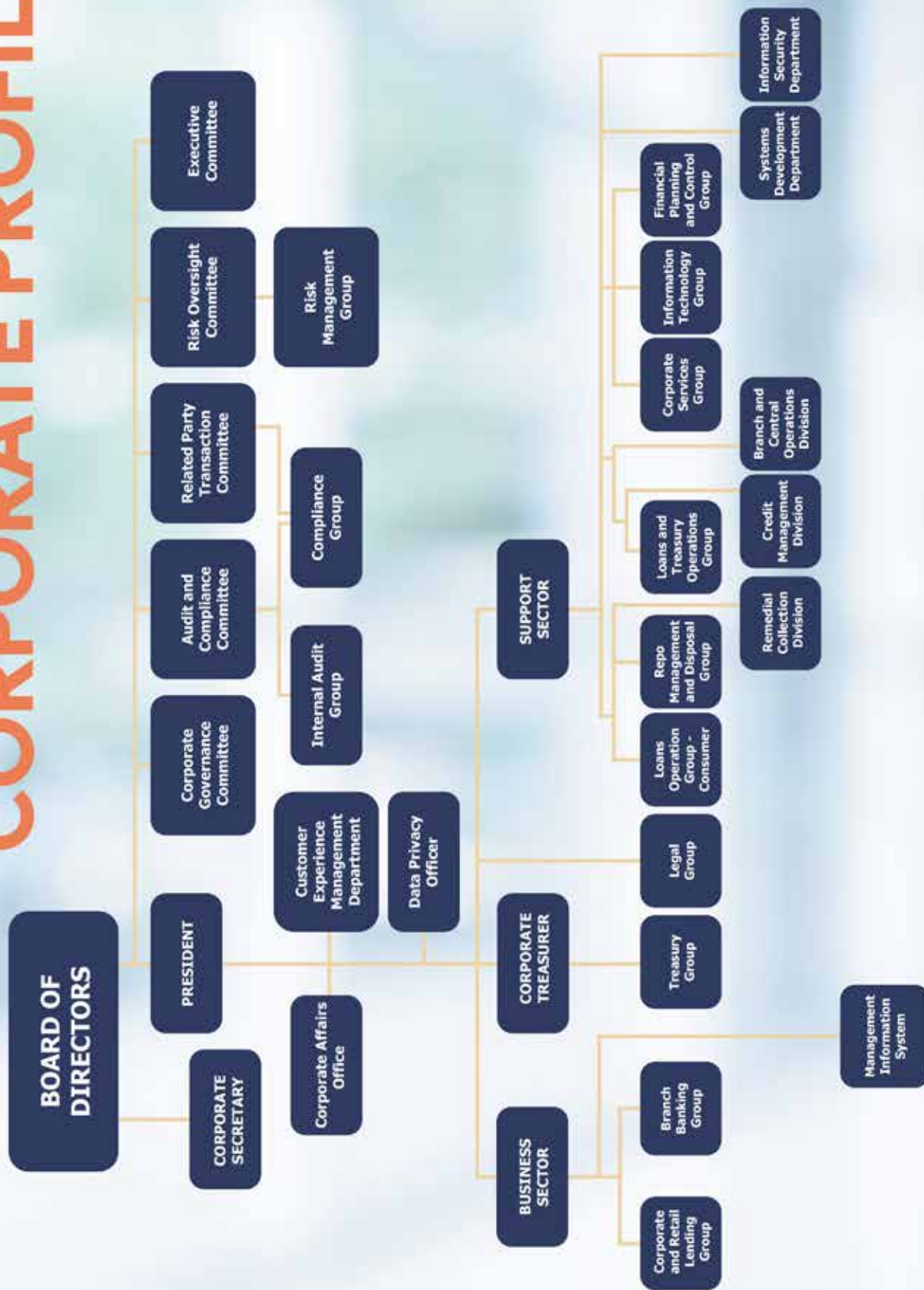
ACC Approvals	Date of Approval
Amendments to the Bank's Money Laundering & Terrorists Financing Prevention Program (MTPP) – based on annual review	January 22, 2024
2024 Compliance Testing Plan	January 22, 2024
2024 Compliance Group Business Plans	January 22, 2024
Additional Watchlist Sources in the Bank's Watchlist Database	February 19, 2024
Revision of the Charter of Management-level AML Committee – based on annual review	May 21, 2024
Amendments to the Bank's Money Laundering & Terrorists Financing Prevention Program (MTPP) – based on annual review and new regulatory issuances	June 18, 2024
AML Risk Appetite Statement for Restricted Sectors	June 18, 2024
2024 AML Training Program	June 18, 2024
IT Compliance Manual	July 16, 2024
Internal Guidelines on AML Risk Event Report	August 29, 2024
Revision of the Charter of Management-level AML Committee -based on the BSP recommendation	October 15, 2024

- In its oversight of internal control and risk management systems, the Committee practiced enterprise risk management by closely working, coordinating and sharing relevant information among the Internal Audit, Compliance, Corporate Governance, Related Party, and Risk Oversight Committees. It monitored IT related projects, in particular compliance with mandatory reporting standards, internal control measures and improvements in the IT security management. It closely worked with the Corporate Governance Committee, relative to the Bank's practices on professional ethics in its conduct of business and among its officers and staffs.
- Reports on cases in operations, whistleblower accounts as well as non-loan related cases with impact to financials, internal controls, information systems and reputation were deliberated on –focusing on risk assessment, legal handling, and fraud prevention. Review and deliberations were done in coordination with Risk and Compliance and Corporate Governance Committees.
- As part of its commitment to excellent corporate governance, the Committee conducted a self-assessment for its 2024 performance based on its Terms of Reference. The ACC likewise evaluated the performance of Internal Audit, Compliance and AML departments to ensure their effectiveness and achievement of their objectives.

The Audit and Compliance Committee (ACC) reports its evaluation of the effectiveness of the internal controls, financial reporting process, risk management systems of the Bank, based on the report and unqualified opinion obtained from the External Auditor, the overall assurance provided by the Chief Audit Executive, and the results of its close working coordination among the different committees: Risk Oversight Committee, Corporate Governance, Related Party Committees, additional reports and information requested from Senior Management, and found these to be generally adequate across Bank of Makati.



# CORPORATE PROFILE





# BOARD OF DIRECTORS

- Thomas C. Ongtenco
- Luis M. Chua
- Ramon B Manzana
- Victor C. Ongtenco
- Shirley M. Sangalang
- Sofia C. Ladores
- Martin G. Tegco Jr.





**Thomas C. Ongtenco**



**Luis M. Chua**



**Ramon B. Manzana**

**Age** 68  
**Nationality** Filipino  
**Education** Bachelor of Science in Electronics and Communications Engineering, University of the East  
**Current position in the Bank** Chairman/ Non Executive Director  
**Date of First Appointment** Oct 1, 2001

**Directorship in other Companies**

**Director**  
 • Moneyline Lending Investors Inc.  
 • Transnational Properties, Inc.  
 • Transnational Investors Corporation  
 • Concerted Management Corporation  
 • Venturi Holdings Corp.  
 • Motorjoy Depot Inc.  
 • Motortrade Nationwide Corp.  
 • Intertrust Finance Corp.  
 • Olttech Resources, Inc.  
 • Intertrade Credit Corp.

**Chairman of the Board**  
 • Heading Holdings, Inc.  
 • Motortrade Nationwide Corporation  
 • Motortrade Topline Inc.  
 • BMI Finance Corporation  
 • Cleeminds Holdings Inc.  
 • Neo Estate Inc.  
 • Transnational Properties, Inc.  
 • OSM Citycars, Inc.  
 • Motortrade Life and Livelihood Assistance Foundation Inc.

**Treasurer**  
 • Intertrust Finance Corp.

**Other Current Position**

**President**  
 • Heading Holdings, Inc.  
 • Motorjoy Depot, Inc.  
 • BMI Finance Corporation  
 • Cleeminds Holdings Inc.  
 • Motortrade Life and Livelihood Assistance Foundation Inc.

**Vice-President**  
 • Concerted Management Corporation

**Corporate Secretary**  
 • Transnational Properties, Inc.

**Previous Companies/Position**

**Director**  
 • Motortrade Nationwide Corp.  
 • Intertrust Finance Corp.  
 • Olttech Resources, Inc.  
 • Intertrade Credit Corp.  
 • Veradex Development Corporation  
 • Northpoint Development Bank  
 • Broadvue Traders Inc.  
 • Monacor Inc.

**President**  
 • Broadvue Traders Inc.  
 • Monacor Inc.

**Treasurer**  
 • Intertrust Finance Corp.

**Corporate Secretary**  
 • OSM City Cars Inc.

**Age** 54  
**Nationality** Filipino  
**Education** Bachelor of Science in Commerce major in Accounting, University of Santo Tomas  
 MS Computational Finance, De La Salle University Manila  
 Master of Business Administration (Underthesis), University of Sto Tomas  
**Current position in the Bank** President/Executive Director

**Date of First Appointment** June 23, 2017

**Directorship in other Companies**

None

**Other Current Position**

**Faculty Member**  
 • AMV College of Accountancy

**Previous Companies/Position**

**Faculty Member**  
 • UST-Faculty of Arts and Letters  
 • St. Paul College of Manila

**Audit In Charge**  
 • SGV & CO., CPAs

**Manager**  
 • Diners Card Corporation  
 • Security Bank Corporation

**Manager II**  
 • United Coconut Planters Bank

**Reviewer**  
 • Center for Training and Development, Inc.

**Assistant Vice President**  
 • Citibank

**Bank Officer I**  
 • Bangko Sentral ng Pilipinas

**Head - Audit and Compliance Group / Controllorship Group**  
 • Bank of Makati (A Savings Bank), Inc.

**Support Sector/Acting Sector Head**  
 • Bank of Makati (A Savings Bank), Inc.

**Age** 68  
**Nationality** Filipino  
**Education** Bachelor of Science in Electronics and Communications Engineering, University of the East  
 Certificate in Business Economics, University of Asia and Pacific  
 Strategic Business Economics Program, University of the East  
**Current position in the Bank** Executive Director

**Date of First Appointment** October 22, 2001

**Directorship in other Companies**

**Director**  
 • Transnational Investors Corporation  
 • Nova Motors Corporation  
**Chairman of the Board**  
 • Honda Prestige Traders Inc.  
 • Motorjoy Depot Inc.  
 • Veradex Development Corporation  
 • Northpoint Development Bank  
 • Sentral Holdings Inc.  
 • MOS Autosolutions Inc.  
 • Aisen Prime Holdings Inc.  
 • Transnational Properties, Inc.  
 • Tanglaw ng Buhay Foundation  
 • Uplift Cares Movement Foundation Inc.

**Vice Chairman**  
 • CCF Life Academy

**Trustee**  
 • Christ Commission Foundation Inc.

**Other Current Position**

**President**  
 • Honda Prestige Traders Inc.  
 • Veradex Development Corporation  
 • Uplift Cares Movement Foundation Inc.

**Vice President**  
 • Christ Commission Foundation Inc.

**Corporate Treasurer**  
 • The Masters Academy

**Previous Companies/Position**

**Chairman of the Board**  
 • OSM City Cars Inc.  
**Trustee & Treasurer/ Trustee and Vice President**  
 • Christ Commission Foundation Inc.  
 • CCF Ministries Inc.

**President**  
 • Uplift Movement Foundation Inc.  
 • Federation of Metro Manila Rural Bank

**Treasurer**  
 • Rural Bank Association of the Philippines

**Executive Assistant to President**  
 • Motortrade Nationwide Corporation

**Product Manager/Sales Coordinator**  
 • Minitronics Incorporated





**Victor C. Ongtenco**

**Age** 55

**Nationality** Filipino

**Education** Bachelor of Industrial Design, Carleton University, Canada

**Current position in the Bank** Executive Director

**Date of First Appointment** June 18, 2021

**Directorship in other Companies**

- Director
- Veradex Development Corporation
  - Contrade Integrated Depot Inc.
  - Ventusi Holdings Corp.
  - Motortrade Topline Inc.
  - Honda Prestige Traders, Inc.
  - Transnational Properties, Inc.
  - Neo Estate Inc.

**Other Current Positions**

- President
- Ventusi Holdings Corp.
  - Motortrade Topline Inc.
  - Transnational Properties, Inc.
  - Neo Estate Inc.

- Vice President
- Veradex Development Corporation
  - Honda Prestige Traders, Inc.

- Business Development Head
- Motortrade Nationwide Corporation

**Previous Companies/Position**

- Executive Vice President
- Transnational Properties, Inc.

- Director
- Northpoint Development Bank, Inc.



**Shirley M. Sangalang**

**Age** 65

**Nationality** Filipino

**Education** Bachelor of Science in Business Administration – Major in Accounting, University of the East

Master in Business Economics, University of Asia & The Pacific

**Current position in the Bank** Independent Director

**Date of First Appointment** April 13, 2021

**Directorship in other Companies**

- Director
- Lipa Bank
- Board of Trustee
- University of Asia & The Pacific

**Other Current Positions**

None

**Previous Companies/Position**

- Senior Vice President / Chief Audit Executive / Adviser Board Audit Committee
- BDO Unibank Inc.

- Budget & System Officers
- Summa International Bank

- Auditor
- SGV

- Director
- Mary Mediatrix Medical Center



**Sofia C. Ladres**

**Age** 70

**Nationality** Filipino

**Education** Bachelor of Science in Legal Management, PUP Sta Mesa

Master of Business Administration (Candidate), De La Salle University

Advance Bank Management Program, Asian Institute of Management

**Current position in the Bank** Independent Director

**Date of First Appointment** June 18, 2021

**Directorship in other Companies**

None

**Other Current Positions**

None

**Previous Companies/Position**

- Head - Credit Risk Management
- Philippine National Bank

- Head - Business Risk Management Division
- Landbank of the Philippines

- Business Continuity Officer
- (On Current Capacity) Landbank of the Philippines

- OIC - Risk Management Group
- Landbank of the Philippines

- Data Protection Officer
- (On Current Capacity) Landbank of the Philippines

- Chief Risk Officer
- Landbank of the Philippines





**Martin G. Tengco Jr.**

<b>Age</b>	59
<b>Nationality</b>	Filipino
<b>Education</b>	Bachelor of Science in Business Administration Major in Accounting, Philippine School of Business Administration - Manila  Master in Business Administration, Ateneo De Manila University/ Regis University - USA
<b>Current position in the Bank</b>	Independent Director
<b>Date of First Appointment</b>	June 17, 2022
<b>Directorship in other Companies</b>	None
<b>Other Current Positions</b>	None
<b>Previous Companies/Position</b>	<p>Chief Audit Executive</p> <ul style="list-style-type: none"> <li>BancNet Inc.</li> </ul> <p>Chief Audit Executive, First Vice President Deputy CAE/IT Audit Head, Vice President,</p> <ul style="list-style-type: none"> <li>Philippine National Bank</li> </ul> <p>Assistant Vice President</p> <ul style="list-style-type: none"> <li>Allied Banking Corporation</li> </ul> <p>Member Audit Committee</p> <ul style="list-style-type: none"> <li>BancNet Inc.</li> </ul> <p>Senior Manager Manager, Senior Assistant Manager, Assistant Manager</p> <ul style="list-style-type: none"> <li>Allied Banking Corporation</li> </ul> <p>Business Continuity Coordinator</p> <ul style="list-style-type: none"> <li>Allied Banking Corporation</li> </ul> <p>Accountant, Assistant Accountant</p> <ul style="list-style-type: none"> <li>Allied Banking Corporation</li> </ul> <p>Senior EDP Auditor, Semi-Senior EDP Auditor, Semi-Senior Financial Auditor, Junior Financial Auditor</p> <ul style="list-style-type: none"> <li>Allied Banking Corporation</li> </ul>



**Atty. Generosa R. Jacinto**

<b>Age</b>	73
<b>Nationality</b>	Filipino
<b>Education</b>	AB Social Science, University of the Philippines  Bachelor of Laws, University of the Philippines
<b>Current position in the Bank</b>	Bank of Makati (A Savings Bank), Inc. • Corporate Secretary

**Current Position in other Company**

- Corporate Secretary
- BancNet Inc.
- Supercast Foundry Machinery
- Lamco Paper Prod Co. Inc.
- Unison Computers Systems Inc.
- John Wilter Land, Inc.
- Tanamera Realty Holdings
- Springhill Holdings Inc.
- Colossal Devt Corp.
- Optimal Systems Dist. Inc.
- Lamco Holdings
- Unison Global Technologies Inc.

**Relevant Experiences**

- Chairman of the Board, Urban Basic Housing Corporation (Jan 1998 – Mar 2002)
- Chairman of the Board, San Roque Realty & Development Corp (Jan 1998 – Mar 2002)
- Chairman of the Board, N&S Homes, Inc. (Jan 1998 – Mar 2002)
- Director, Deca Housing Corp. (Jan 1998 – Mar 2002)
- Treasurer-Director, Nivei Hills Realty & Development Corp. (Jan 2002 – Mar 2002)



# EXECUTIVE OFFICERS & SENIOR MANAGEMENT

- Shirley O. Tan
- Angel G. Muyot Jr.
- Rowell A. Umali
- Gabriel Z. Punzalan
- Irish Janne B. Escio
- Teresita E. Cheng
- Atty. Carlo Calixto D. Dugayo
- Alda R. Bañez
- Angelito C. Chua
- Marife N. Rudio
- Jo D. Borromeo
- Sean Ivan Vernier W. Valentin
- Eleanor P. Javier
- Mario M. De Guia





## Shirley O. Tan

<b>Age</b>	61
<b>Nationality</b>	Filipino
<b>Education</b>	Bachelor of Science in Commerce Major in Accounting, University of Santo Tomas
<b>Current position in the Bank</b>	Bank of Makati (A Savings Bank), Inc. • First Senior Vice President / Corporate Treasurer

### Current Position in other Company

Fruitas Holdings Inc.  
• Independent Director

### Relevant Experiences

Bank of Makati (A Savings Bank), Inc.  
• Treasury Group Head (Jan 2003 - April 2014)  
• Acting Corporate Treasurer (Sep 2013 - April 2014)

Technoclan Mgt. Corp.  
• Officer (Aug 2002 - Dec 2002)

UOB Philippines  
• Manager AM (Sept 1999 - July 2002)

Wesmont/UOB Philippines  
• Accountant (Dec 1997 - Sept 1999)  
• JOTP Trainee (March 1997 - Dec 1997)

Pacific Mills Inc.  
• Accountant (June 1995 - March 1997)

Standard Electric Mfg.  
• A/P Payroll (Jan 1991 - March 1992)

Standard Appliances Corporation  
• A/R Inventory Advts (June 1988 - Dec 1990)

PHILTRUST Bank  
• S/A Bookkeeper (Dec 1985 - April 1988)



## Angel G. Muyot Jr.

<b>Age</b>	65
<b>Nationality</b>	Filipino
<b>Education</b>	Bachelor of Science in Business Administration, Adamson University
<b>Current position in the Bank</b>	Bank of Makati (A Savings Bank), Inc. • Senior Vice President / Head - Branch Banking Group <sup>1</sup>

### Current Position in other Company

None

### Relevant Experiences

Security Bank Corporation  
• Area Head (Apr 2003 - Dec 2015)  
• Sales Force Head, Security Bank Corporation (2000 - 2003)

Philippine Commercial International Bank  
• Branch Manager (1993 - 2000)  
• Project Streamline/Branch Support (1990 - 1993)  
• Branch Operation Head (1985 - 1986 & 1998 - 1990)  
• Sales Head (1986 - 1988)  
• LND Foreign Bookkeeper/Branch Accountant (1984 - 1985)  
• Import Export Processor (1983 - 1984)  
• General Accounting Clerk (1982 - 1983)  
• Settling Clerk/Distributing Clerk (1981 - 1982)





## Rowell A. Umali

**Age** 40

**Nationality** Filipino

**Education** Bachelor of Science in Accountancy, Polytechnic University of the Philippines

**Current position in the Bank** Bank of Makati (A Savings Bank), Inc.  
• Senior Vice President / Head – Financial Planning and Control Group

### Current Position in other Company

None

### Relevant Experiences

Bank of Makati (A Savings Bank), Inc.  
• Acting Head – Controllership Group (Oct 2012 – March 2014)  
• Head – Financial and Management Accounting Division (March – Sept 2012)

U Bix Corporation  
• Audit Manager (Aug 2010 – March 2012)

Punongbayan & Araullo  
• Audit Senior (Nov 2005 – July 2010)



## Gabriel Z. Punsalan

**Age** 39

**Nationality** Filipino

**Education** Bachelor of Science in Accountancy, Polytechnic University of the Philippines

**Current position in the Bank** Bank of Makati (A Savings Bank), Inc.  
• First Assistant Vice President / Chief Audit Executive

### Current Position in other Company

None

### Relevant Experiences

Bank of Makati (A Savings Bank), Inc.  
• Acting Chief Audit Executive (Mar 2025 – Nov 2025)  
• Head – IT Audit Department (concurrent)

R.G. Manabat & Co.  
• Manager (Apr 2016 – Aug 2016)

Landbank of the Philippines  
• Junior Management Associate – Head Office and System Technology Audit Department (Mar 2013 – Apr 2016)  
• Management Trainee (Jul 2012 – Mar 2013)

ADP (Philippines), Inc.  
• Implementation Consultant (June 2011 – May 2012)

Ingram Micro BPO Philippines, Inc.  
• Vendor Rebates Analyst (June 2010 – Feb 2011)

Shell Business Services Centre – Manila  
• Finance Analyst (Mar 2009 – May 2010)

Rizal Commercial Banking Corporation  
• Internal Audit Examiner (Feb 2008 – Mar 2009)



## Irish Janne B. Escio

**Age** 42

**Nationality** Filipino

**Education** Bachelor of Science in Accountancy, Ateneo de Naga University

**Current position in the Bank** Bank of Makati (A Savings Bank), Inc.  
• Vice President / Chief Compliance Officer

### Current Position in other Company

None

### Relevant Experiences

Bank of Makati (A Savings Bank), Inc.  
• Acting Chief Compliance Officer (May 2018 – Nov 2018)  
• Head – Regulatory Compliance Department (concurrent)

CityState Savings Bank, Inc.  
• Chief Compliance Officer (June 2013 – Apr 2018)

BDO Leasing and Finance Inc.  
• Compliance, MIS, and Budget Analyst (Apr 2006 – Oct 2011)





## Teresita E. Cheng

**Age** 74

**Nationality** Filipino

**Education** Bachelor of Science in Agricultural Chemistry, UPLB Institute of Chemistry  
Master in Business Management, Asian Institute of Management  
Master in Science in Chemistry, UPLB Graduate School  
Advance Bank Management Course, Asian Institute of Management

**Current position in the Bank** Bank of Makati (A Savings Bank), Inc.  
• Vice President / Chief Risk Officer

### Current Position in other Company

None

### Relevant Experiences

Procedures Savings Bank Corporation  
• Chief Risk Officer (October 2016 – October 2020)

PBCOM Rural Bank, Inc.  
• Director (July 2019 – October 2020)

Peoples Bank of Caraga, Inc. (A Rural Bank)  
• Director (July 2019 – October 2020)

University of the Philippines Los Banos  
• Instructor (April 1971 – December 1989)

Land Bank of the Philippines  
• Management Trainee (Jan 1990 – May 1991)  
• Bank Executive Office (BEO) I/ Account officer – Account Management Department I (June 1991 – Nov 1992)  
• BEO I/ Account Officer – Account Management Department II (Dec 1992 – Feb 1993)  
• BEO I/Specialist Assistant to the President (SAP) (Mar 1993)  
• Bank Executive Office (BEO) III/ SAP (April 1993 – Aug 1994)  
• SAP (AVP) (Sep 1994 – Dec 1998)  
• Head – Area Lending Center I (AVP) (Jan 1999 – June 2000)  
• Head – NCR Lending Centers B & C (AVP) (Jul 2000 – Mar 2002)  
• Head – Credit Policy & Risk Management Department (CPRMD) (AVP) (Apr 2002 – Oct 2004)  
• Head of Risk Management Group, Officer-in-Charge CPRMD (VP) (On Concurrent Capacity) (Oct 2004 – Feb 2006)  
• Head of RMG /Chief Risk officer (VP) (Feb 2006 – Sept 2009)  
• Head of RMG/Chief Risk Officer (FVP) (Oct 2009 – Oct 2016)  
• Board Member (Feb 2015 – Nov 2016)



## Atty. Carlo Calixto D. Dugayo

**Age** 43

**Nationality** Filipino

**Education** AB Political Science, University of Santo Tomas  
Bachelor of Laws, University of Santo Tomas  
Master of Business Administration, San Beda College

**Current position in the Bank** Bank of Makati (A Savings Bank), Inc.  
• First Vice President / Chief Legal Officer

### Current Position in other Company

None

### Relevant Experiences

Universal Robina Corporation (JG Summit Company)  
• Legal Officer (Mar 2013 – Oct 2013)

Philippine Deposit Insurance Corporation  
• Legal Officer (Feb 2012 – Feb 2013)

De Guzman Dionido Caga Jucaban & Associates Law Office  
• Associate Lawyer (Sept 2007 – Jan 2012)

Lazaro Law Firm  
• Associate Lawyer (July 2006 – July 2007)

Caraan & Associates Law Office  
• Legal Associate (Feb 2006 – July 2006)



## Alda R. Bañez

**Age** 64

**Nationality** Filipino

**Education** Bachelor of Science in Business Administration major in Accounting, University of the East  
Bachelor of Science in Business Administration major in Banking and Finance, University of the East  
Master of Business Administration, Land Bank Top Executive Program

**Current position in the Bank** Bank of Makati (A Savings Bank), Inc.  
Vice President / Head – Treasury Group (Feb 2014 – Nov 2015)

### Current Position in other Company

Dela Torre & Company  
• Director

None

### Relevant Experiences

Bank of Makati (A Savings Bank), Inc.  
• Vice President / Head – Treasury Group (Feb 2014 – Nov 2015)

Philippine Postal Savings Bank  
• Vice President (Jul 2006-Apr 2012)

Land Bank of the Philippines Assistance  
• Vice President (Sep 1990 – Jul 2003)





## Angelito C. Chua

**Age** 50

**Nationality** Filipino

**Education** Bachelor of Science in Clinical Psychology, Polytechnic University of the Philippines - Manila

**Current position in the Bank** Bank of Makati (A Savings Bank), Inc.  
• Senior Vice President / Head - Corporate Services Group

### Current Position in other Company

None

### Relevant Experiences

Bank of Makati (A Savings Bank), Inc.  
• Head - Human Resources Dept (Aug 2010 - Dec 2012)  
• Acting Head - Corporate Service Group (Dec 2012 - Sep 2013)

Zamil Industrial Investment Co.  
• HR Specialist (Jul 2008 - Aug 2010)

Hytech Integrated Products Inc.  
• HR and Admin. Manager (Apr 2005 - Jul 2008)

Furnimaxx Int'l Co. Ltd.  
• Human Resource Department Head (Feb 2003 - Mar 2005)

Philippine Savings Bank  
• Career Management Associate (May 1996 - Jul 2002)



## Marife N. Rudio

**Age** 52

**Nationality** Filipino

**Education** Bachelor of Science in Math Major in Actuarial Science, University of Santo Tomas  
  
Master of Business Administration (Completed Academic Units), University of Santo Tomas  
  
Master of Business Administration (On-going), Pamantasan ng Lungsod ng Maynila

**Current position in the Bank** Bank of Makati (A Savings Bank), Inc.  
First Vice President / Head - Credit Management Division

### Current Position in other Company

None

### Relevant Experiences

Philtrust Bank  
• Credit Evaluation Department Head (Oct 2021 - March 2023)

Sterling Bank of Asia  
• Remedial Management Head (May 2021 - Sept 2023)  
• Credit Evaluation & Approval Department Head (Nov 2018 - May 2021)  
• Credit Risk & Control Department Head (Jan 2016 - Nov 2018)

Philippine National Bank  
• Senior Relationship Manager (March 2015 - January 2016)

Philippine Bank of Communication  
• Senior Relationship Manager (July 2013 - Feb. 2015)

BDO Unibank Inc.  
• Senior Relationship Manager (Aug 2010 - June 2013)  
• Senior Remedial Account Officer (April 2016 - August 2010)

Asiatrust Bank  
• Unit Head - AMD 3 (Dec 2004 - Feb 2006)

Rizal Commercial Banking Corporation (RCBC)  
• Relationship Manager (Dec 2001 - Nov 2004)  
• Senior Personal Banker (Oct 2000 - Dec 2001)  
• Remedial Account Officer (Jan 1999 - Oct 2000)  
• Senior Marketing Asst (Apr 1998 - Jan 1999)  
• Branch Officer at Large (Feb 1998 - March 1998)  
• Management Trainee (May 1997 - Feb 1998)  
• Credit review Asst (May 1995 - Apr 1997)  
• Risk Asset Monitoring Asst (Feb 1994 - Apr 1995)

Phoenix Biotech Med Res Inc.  
• Marketing Assistant (Aug 1992 - Feb 1994)

UDMC  
• Office Secretary (June 1992 - July 1992)



## Jo D. Borromeo

**Age** 59

**Nationality** Filipino

**Education** Bachelor of Science in Civil Engineering Central Philippine University

**Current position in the Bank** Bank of Makati (A Savings Bank), Inc.  
First Vice President / Head - Repo Marketing and Disposal Management Group

### Current Position in other Company

None

### Relevant Experiences

Bank of Makati (A Savings Bank), Inc.  
• Head - Credit Investigation and Collections Group (Feb 2014 - May 2016)  
• Head - Credit Collection Remedial Group (Jan 2010 - Jan 2014)

Motortrade Nationwide Corporation (MNC)  
• National Collection Manager (Jan 2008 - Dec 2009)  
• Regional Manager (Sep 2004 - Dec 2007)  
• Area Manager (Jan 1995 - Aug 2004)





## Sean Ivan Vernier W. Valentin

Age 58

Nationality Filipino

Education Business Management, San Beda College

Current position in the Bank Bank of Makati (A Savings Bank), Inc. First Vice President / Head – Loans and Treasury Operations Group

Current Position in other Company None

### Relevant Experiences

- Bank of Makati (A Savings Bank), Inc.
- Group Head – Head Office Operations Group (VP) (Sep 2016 – Nov 2018)
  - Group Head – Credit Support Group (VP) (Dec 2015 – Sep 2016)
  - Group Head – Credit Support Group (SAVP) (Apr 2014 – Dec 2015)
  - Group Head – Credit Support Group (FAVP) (Oct 2013 – Apr 2014)
  - Acting Head – Credit Support Group (AVP) (Dec 2012 – Oct 2013)
  - Head – Loans Operation Dept II (Apr 2011 – Dec 2012)
  - Head – Loans Operation Dept III (Jan – Nov 2010)
  - Head – Branch Lending Dept (July 2007 – Jan 2010)
  - Head Business Development Dept (Sep 2005 – Jul 2007)

- Maxon System Philippines
- Consultant (Apr 2002 – Aug 2005)

- Metropolitan Bank and Trust Company
- Manager (Oct 1988 – Mar 2002)



## Eleanor P. Javier

Age 49

Nationality Filipino

Education Bachelor of Science in Mass Communication, Pamantasan ng Lungsod ng Maynila

Current position in the Bank Bank of Makati (A Savings Bank), Inc. First Vice President / Group Head – Loans Operations Group (Consumer)

Current Position in other Company None

### Relevant Experiences

- Bank of Makati (A Savings Bank), Inc.
- Head – Loans Operations Group (Consumer) (SAVP) (Sep 2019 – Sep 2020)
  - Head – Loans Operations Group (Consumer) (AVP) (Apr 2014 – Aug 2019)
  - Lending Center Department Head (Concurrent) (May 2011 – Oct 2018)
  - System Officer (Jun 2008 – Apr 2011)

- Rizal Commercial Banking Corporation
- New Accounts Processor (1996-1999)
  - Remittance Processor (1999-2000)
  - Operations Analyst (2000-2008)



## Mario M. De Guia

Age 53

Nationality Filipino

Education Bachelor of Science in Mathematics, UP Diliman

Current position in the Bank Bank of Makati (A Savings Bank), Inc. Vice President / Head – Information Technology Group

Current Position in other Company None

### Relevant Experiences

- Bank of Makati (A Savings Bank), Inc.
- Business Application Support System Head (Jan 2006 – Feb 2013)

- Traxion Tech Inc
- IT Consultant (Jan 2021 – Sep 2022)

- Loraxian (PH) Inc.
- Country Rep. (Apr 2017 – Dec 2020)

- Guevent Investment Development Corporation
- IT Director (Mar 2013 – Feb 2017)

- Chinatrust Commercial Bank
- Assistant Vice President (Oct 2003 – Dec 2005)

- Rizal Commercial Banking Corp
- Senior Manager (Mar 2001 – Sep 2003)

- Bank of the Philippine Island
- Manager (Feb 1996 – Dec 2000)

- De La Salle University
- Instructor (May 1991 – Dec 1995)



# The Management Committee





**Department****Name****Position****Office of the President**

Diosdado M. Suba  
Jewel Therese G. De Veyra  
Atty. Ana Kathrina Rose De Castro

Corporate Affairs Office Head  
Customer Experience Management Department Head  
Data Protection Officer

**Treasury Group**

Shirley O. Tan  
Alda R. Banez  
Danilo Dominguez  
Diana C. Ng  
Melani C. Pisiao

Corporate Treasurer  
Treasury Group Head  
Treasury Marketing Department Head  
Fund Management Department Head  
Treasury Trading Head

**Legal Group**

Atty. Carlo Calixto D. Dugayo  
Atty. Jammelle Marie A. Guco  
Atty. Jommel P. Jaucian

Chief Legal Officer / Group Head  
Legal Advisory And Documentation Department Head  
Litigation & Other Legal Support Department Head

**Internal Audit Group**

Gabriel Z. Punsalan  
Homer Ben T. Hermosura  
James Kenneth V. Llaunderses  
Katrina D. Ancheta

Chief Audit Executive / Group Head /  
IT Audit Department Head (concurrent)  
Head Office Audit Acting Department Head  
Field Audit Department Head  
Quality Assurance Audit Department Head

**Compliance Group**

Irish Janne B. Escio  
—  
Caroline F. Lacanienta

Chief Compliance Officer / Group Head  
Regulatory Compliance Department Head  
Anti-Money Laundering Department Head

**Risk Management Group**

Teresita E. Cheng  
Ruelito L. Motas  
Roelito G. Venturina  
—

Chief Risk Officer / Group Head  
Operational Risk Management Department Head  
Credit Risk Management Department Head  
Market and Liquidity Risk Management Consultant

**Business Sector****Corporate & Retail Lending Group**

Ana Maria L. Paras  
Yllona Jane E. Magno  
Jessica Angela A. Naquimen  
Edwin I. Maghirang  
John Martin T. Villanueva  
Analiza K. Ramos  
Carlos M. Lumbo  
Daryl E. Sandoval  
Randy B. Cartabio

Commercial Business Lending Division (CBLD)  
CBLD Area 1 North Head  
CBLD Area 2 NCR Head  
CBLD Area 3 Head  
Real Estate and Consumer Lending Division Head  
Real Estate Section Head  
MPL and Vehicle Loan Section Head  
Micro and Small Lending Area 1 Head  
Micro and Small Lending Area 2 Head



**Branch Banking Group**

Angel G. Muyot Jr.

Branch Banking Group Head

**Area 1**

Alvin P. Del Ponso

South Luzon Area Head

Danilo O. Gayeta Jr.

Batangas Branch Head

Maria Lanlet C. Arzola

Binan Branch Head

Darwin C. Zamora

Calapan Branch Head

Christian P. Enriquez

Daet Branch Head

Christian P. Enriquez

Dasmarinas Branch Head

Jogie F. Fabellano

Las Pinas Branch Head

Jeraldin D. Carlos

Legazpi Branch Head

Celeste B. Carig

Lipa Branch Head

Sherry Lyn B. Maranan

Lucena Branch Head

Dominator James V. Caluen

Muntinlupa Branch Head

Edmundo Jose A. Lirag

Naga Branch Head

Gil Bryan M. Chiang

Palawan Branch Head

Aloha A. Mangunay

San Pablo Branch Head

Jeddah Cindy A. Jasmin

Zapote Branch Head

**Area 2**

Randy U. Valiente (OIC)

North Luzon Area Head

—

Bantay Branch Head

Celeste L. Del Rosario

Bataan Branch Head

Michael D. Serafica

Cabanatuan Branch Head

Gina C. Zareno

Dagupan Branch Head

Jennielyn S. Cariaso

La Union Branch Head

Carmela C. Tesioma

Laoag Branch Sales Officer

Robin M. Dungo

Pampanga Branch Head

—

Santiago Branch Head

Rosely A. Adalid

Tarlac Branch Sales Officer

Maria Victoria E. Lim

Tuguegarao Branch Head

Sheryl M. Verdeflor

Urdaneta Branch Head

**Area 3**

Paul R. Benemerito

Visayas and Mindanao Area Head

Norberto R. Valerio

Bacolod Branch Head

Cynthia Mae I. Ramirez

Butuan Branch Head

Elmer B. Ang

Cagayan De Oro Branch Head

—

Cebu Branch Head

Azineth C. Panga

Davao Branch Head

Froilan V. Matuan

General Santos Branch Head

Chloe C. David

Iloilo Branch Head

—

Pagadian Branch Head



## Area 4

Elwil A. Duan  
Eva R. Celestial  
Michael C. Paloma  
Luis M. Navarro

Tacloban Branch Head  
Tagum Branch Sales Officer  
Valencia Branch Head  
Zamboanga Branch Head

Geovani Roel Trocio  
Baby Boy O. Presado  
Christian O. Sevilla  
Monica Bianca M. Adolfo  
Jerico M. Liamzon  
Monica Bianca M. Adolfo  
Ma. Celeste L. Betonio  
—  
Luisito F. Santiago  
Lorielyn P. Martin  
Maria Luisa L. Jose  
Khristine I. Lopez

Metro Manila Area Head  
Antipolo Branch Head  
Caloocan Branch Head  
Ayala-Main Branch Head  
Marikina Sales Officer  
Marcos High-way Branch Head  
Rodriguez Branch Head  
Grace Park Branch Head  
Baliuag Branch Head  
Malolos Branch Sales Officer  
Meycauayan Sales Officer  
Valenzuela Branch Head

## Area 5

Charlie V. Mendoza  
Camille O. Micolita  
May Ann H. Dimaapi  
—  
Kirby V. Canullas  
Henery Ann I. Estominos  
Roberto C. Santos Jr.  
Violeta V. Mojica  
Ethel Marie D. Impelido  
Corazon E. Pinero  
Allore F. Sto. Domingo  
Janice Ann M. Salcedo  
Jonathan U. Manglallan  
—  
Evangeline S. Penafiel

MicroFinance Branch Area Head  
Buendia Branch Head  
Commonwealth Branch Head  
Kalentong Branch Head  
Greenhills Branch Head  
Camarin Branch Head  
Baclaran Branch Sales Officer  
Blumentritt Branch Head  
Guadalupe Branch Head  
Retiro Branch Head  
Roosevelt Branch Head  
Cubao Branch Head  
Pasig Branch Head  
Evangelista Branch Head  
Pasay Branch Head



## Support Sector

### Loans Operations Group

Eleanor P. Javier	Loans Operations Group Head
Maria Dolor D. Remolacio	Loan Management Department Head
Marisa A. Yap	Loan Operations Review And Support Department Head
Jomilyn D. Obillo	Credit Authorization Department Head
Rosalie L. Sandoval	Loans Operation Department 1 Head

### Repo Management & Disposal Group

Jo D. Borromeo	Repo Management & Disposal Group Head
Ma. Jhoan G. Crame	Customer Center Management Section Head
Darius V. Albarina	Repo Management And Disposal Department Head
Warren B. Concepcion	CRLG Remedial and Disposal Department Head

### Remedial Collection Division

Rene A. Centeno	Remedial Collection Division Head
Sherwin L. Operio	Remedial Collection Department Head
Abner Y. Ferrer	Collection And External Accounts Department Head

### Loans and Treasury Operations Group

Sean Ivan Vernier W. Valentin	Loans and Treasury Operations Group Head
Fermilette D. Gutierrez	Loan Operations Department 2 Head
Kathryn Joy G. Bautista	Institutional Borrowing Department Head

### Credit Management Division

Marife N. Rudio	Credit Management Division Head
Imelda R. Dela Cruz	Consumer Credit Department Head
Lilybeth D. Patulot	Credit Evaluation And Policy Department Head
Mary Pops A. Nuestro	Micro Small Credit Department Head
Ruby G. Benito	Credit Investigation Department Head
Rhoderick N. Delmoro	Credit Appraisal Department Head

### Branch & Central Operations Division

Joselito S. Mendoza	Branch Banking Operations Department Head
Maria Ramona C. Fajardo	Central Support Operations Department Head

### Corporate Services Group

Angelito C. Chua	Corporate Services Group Head
Myla S. Dela Paz	General Services Admin Department Head
Michael L. Adan	Facilities & Property Management Department Head
Exxon B. Salas	Safety And Security Department Head
Felomena P. Belista-Leabres	Organizational and People Development Department Head



### Information Technology Group

Mario M. De Guia  
Artemio B. Calderon  
Adrian S. Danes  
Alex S. Opida  
Sarah M. Cayabyab  
Ross Ann F. Castro  
Jasper L. Tan  
Christian J. Alfonso  
Vanessa N. Soriente

Information Technology Group Head  
Business Application Systems Support Division Head  
IT Infrastructure Division Head  
Data Center Operations Department Head  
Business Application Systems Support Department Head  
Desktop, Network, and Access Department Head  
Systems Admin Department Head  
Deposits and Digital Banking Acting Department Head  
Loan Systems Acting Department Head

### Financial Planning & Control Group

Rowell A. Umali  
Rodolfo B. Mati III  
Oliver B. Guinto  
Rosemarie O. Darbin  
Reynald E. Tomas  
Maria Andrea V. Glinoga

Chief Financial Officer / Group Head  
Accounting Division Head  
Branch Accounting and Reconciliation Department Head  
Financial Accounting Department Head  
Corporate Planning and Regulatory Compliance Department Head  
Loans Treasury and Accounting Department Head

### Systems Development Department

Jennifer L. Suico

Systems Development Department Head

### Information Security Department

Ma. Melyn B. Ramos

Information Security Department Head





**BANK OF MAKATI**  
BMI  
A Savings Bank

# 2024 SUSTAINABILITY REPORT





## About This Report

This report reflects the ongoing commitment of Bank of Makati (A Savings Bank), Inc. (BMI or the Bank) to transparency, responsible growth, and stakeholder accountability. It captures how we embed sustainability into the way we operate, make decisions, and contribute to long-term development. More than a compliance document, it is a reflection of our progress, priorities, and purpose as we navigate the path toward a more inclusive and sustainable future.

Prepared in accordance with Bangko Sentral ng Pilipinas (BSP) Circular Nos. 1085, 1128, and 1149, this report also aligns with key themes of the United Nations Sustainable Development Goals (UN SDGs), demonstrating how our local actions contribute to global impact.

The contents cover the Bank's Economic, Environmental, Social, and Governance (EESG) practices and progress. It aims to communicate how our sustainability strategy translates into real outcomes for our stakeholders – including clients, employees, regulators, and the communities we serve. Unless otherwise indicated, all information and data presented in this report refer to the calendar year 2024.

## Message from the Management

“

2024 was a pivotal year for Bank of Makati's sustainability journey. We deepened our efforts to integrate environmental, social, and governance (ESG) considerations into our strategy, risk management, and day-to-day operations. Through new programs, clearer policies, and a more unified direction, we strengthened our role as a partner in sustainable development.

Notable highlights include the formalization of our ESG governance structure, the establishment of a dedicated ESG office, the rollout of our IncentiGreen Program, and the adoption of our Environmental and Social Risk Management System (ESRMS). These milestones reflect our intent not only to comply with regulation but to lead responsibly in our industry.

As we move forward, we are committed to broadening our sustainability efforts – ensuring that they are inclusive, measurable, and aligned with the evolving needs of our stakeholders.

*Maraming salamat, Kaibigan, for your continuous support as we walk this path together!*

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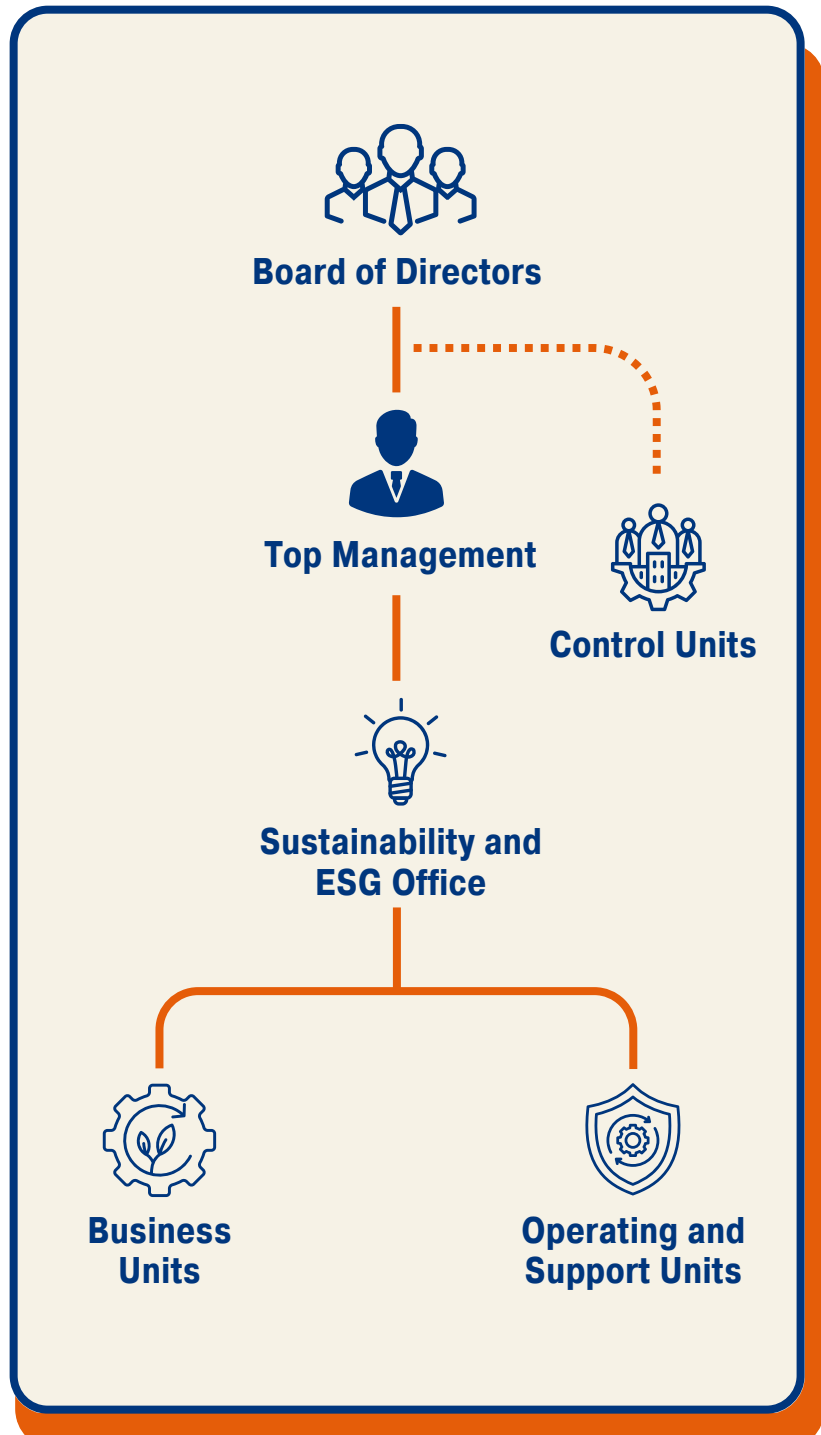
## Governance Structure for Sustainability Oversight

Driving meaningful sustainability performance requires more than just compliance. It demands leadership, clarity, and accountability. At BMI, we have established a well-defined governance framework to ensure that sustainability principles are embedded into our corporate strategy, operations, and risk management practices.

**Sustainability at Bank of Makati is everyone's responsibility**, and our governance structure ensures it is embedded across all levels of the organization. At the top, the **Board of Directors** provides strategic direction, while **Top Management** champions the integration of ESG into business priorities. **Control Units** independently ensure that ESG initiatives adhere to regulatory standards, E&S risks are well managed and mitigated, and sustainability practices are aligned with internal controls and policies.

The **Sustainability and ESG Office** serves as the coordinating body—driving initiatives, formulating frameworks and guidelines, aligning stakeholders, and tracking performance. These are operationalized by the **Business Units**, which include lending, treasury, marketing, and branch operations—translating sustainability goals into client-facing strategies and financial solutions. **All Operating and Support Units** also play a vital role by integrating ESG considerations into day-to-day processes and service delivery, ensuring that sustainability becomes part of how we work across the Bank.

*Together, this structure ensures that sustainability is not a side initiative — it's built into how we lead, work, and grow.*





## Our Commitment to Sustainability

BMI is committed to building a future where progress is inclusive, responsible, and resilient. Guided by our core values, we aim to integrate sustainability across all aspects of our business, from how we lend and serve, to how we operate and grow. We recognize that as a financial institution, we play a vital role in advancing **environmental stewardship**, **social equity**, and **good governance** across the communities we support.

***We do not see sustainability as an obligation, but as an opportunity to innovate, uplift lives, and contribute meaningfully to national and global development goals.***

## Our Sustainability Strategic Objective

*Sustainability* is a core dimension of Bank of Makati's strategic direction, shaping how we lead, create value, and navigate the evolving needs of our stakeholders. It is explicitly reflected in our official mission statement, reaffirming our commitment to responsible growth. Our objective is to align the Bank's long-term goals with meaningful environmental stewardship, inclusive economic growth, and social impact, all grounded in strong governance.

In pursuit of meaningful and sustainable growth, the Bank will embed responsible business in its daily operations, decision-making processes and strategic and operational planning. By integrating EESG principles into our credit policies, product development, risk frameworks, internal operations, and employee engagement, we ensure that our growth supports not only profitability, but long-term value creation. Our strategy is further aligned with the UN SDGs and regulatory expectations on sustainability, enabling us to contribute to national development goals while strengthening our own resilience and relevance.





## Our Sustainability Mission

We embrace sustainability as a long-term commitment that guides our strategy and defines the impact we aim to create. At the heart of our mission are three core pillars – **Economic, Environmental, and Social** – all anchored on strong and transparent **Governance**. In pursuit of this mission, our efforts are focused on the following priorities:

### ➤ *Economic Empowerment*

We support inclusive and sustainable growth by offering accessible financial solutions and promoting green and socially responsible products that benefit individuals and businesses alike.

### ➤ *Environmental Stewardship*

We strive to minimize our ecological footprint by promoting sustainable practices, supporting green initiatives, and integrating environmental considerations into our operations and financing decisions.

### ➤ *Social Responsibility*

We aim to uplift lives through financial inclusion, capacity-building, and initiatives that promote well-being and opportunity for all our stakeholders.

### ➤ *Governance*

We uphold the highest standards of ethics, transparency, and risk management to ensure that sustainability is embedded in every decision and action we take.

To guide the implementation of these priorities, the Bank follows a structured sustainability framework that links our vision and values to concrete actions. This layered approach ensures that our aspirations are translated into measurable progress and aligned with the **United Nations Sustainable Development Goals (SDGs)**.





## Alignment with the United Nations Sustainable Development Goals (SDGs)

The Bank recognizes the United Nations Sustainable Development Goals (UN SDGs) as a global framework for building a more inclusive, resilient, and sustainable future. These 17 goals serve as a shared blueprint for addressing the world's most urgent environmental, social, and economic challenges – and we are committed to advancing them through our operations, products, and partnerships.

The UN SDGs have served as a key reference point in shaping the Bank's sustainability agenda. From internal programs to external community initiatives, we consider how each effort contributes to broader development goals. In particular, the Bank's sustainable financial products have been mapped to the specific SDGs they support. This mapping is detailed in *Sustainable Loan Products Supporting Inclusive Growth and Sectoral Development* section, where each product is aligned with relevant goals.

To further reinforce transparency and impact, a comprehensive summary of the Bank's contributions to the UN SDGs is presented in the concluding section of this report. This provides a clear view of how our strategic actions – across Economic, Environmental, and Social pillars – are helping advance shared global progress.



## OVERVIEW OF ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT SYSTEM

Environmental and social risks can translate into financial, operational, and reputational risks if not properly managed. In response, the Bank has developed and implemented a comprehensive **Environmental and Social Risk Management System (ESRMS)** to ensure that sustainability principles are rooted into our lending, investment, and operational strategies. Our ESRMS is aligned with regulatory expectations from the BSP, including Circular Nos. 1085, 1128, and 1149, and Memorandum No. M-2022-042, and draws from international frameworks such as the Global Reporting Initiative (GRI), the SEC's EESG guidelines, and the UN SDGs.

### Purpose and Objectives

The ESRMS provides the Bank with a structured approach to:

- Identify, assess, monitor, and mitigate environmental and social (E&S) risks in financing activities.
- Support the development of sustainable products and services.
- Strengthen risk governance and promote sound environmental and social practices.
- Ensure compliance with sustainability regulations and stakeholder expectations.

### Scope and Coverage

The ESRMS covers both new and existing borrowers, as well as investments with potential E&S impact. Each proposal is evaluated based on financial, environmental, and social criteria, including:

- **Risk Categorization:** Classification of exposures into Low, Medium, or High E&S Risk.
- **Exclusion Screening:** Non-financing of prohibited or unsustainable sectors.
- **Due Diligence Tools:** Use of an Environmental and Social Assessment (ESA) Tool and geographic risk indicators.
- **Approval Escalation:** High-risk transactions are subject to heightened review by senior approving authorities.



## Integration in Credit Policies

The Bank is taking deliberate steps to integrate environmental and social risk considerations into its credit and investment decision-making processes. While this integration is still in progress, it reflects our broader commitment to responsible banking – one that balances opportunity with accountability.

We recognize that incorporating ESG risks into lending decisions is key to building a more resilient portfolio and supporting clients in navigating long-term sustainability challenges. As our frameworks evolve, we aim to enhance our ability to assess exposure to climate, environmental, and social risks – not only to safeguard the Bank's interests, but also to contribute to more sustainable outcomes.

## Monitoring, Reporting, and Oversight

Monitoring is a shared responsibility across credit, risk, and compliance teams, with systems being developed to anticipate and respond to future risks more dynamically. Looking ahead, our procedures will ensure that:

- Environmental and social impacts are continuously monitored throughout the loan lifecycle.
- Borrowers are guided in crafting corrective action plans for unforeseen risks.
- Relevant documentation is maintained and reviewed to support transparency and traceability.
- Portfolio-level E&S risk reporting to Senior Management and the Board is strengthened to support strategic decision-making.
- Stress testing incorporates industry and geographic scenarios to build foresight and resilience against future risk patterns.

*These enhancements are laying the foundation for a more agile, data-driven, and responsive E&S risk management framework.*

**The ESRMS is not static**—it evolves with experience, regulation, and best practice. In the coming years, we plan to strengthen our assessment process by leveraging geospatial tools to identify physical risks tied to climate and environmental hazards. This will enhance both the accuracy of our risk assessments and the resilience of our credit decisions.

The Bank's ESRMS guides the integration of ESG principles into our risk assessment and financing activities. This allows us to manage risks effectively while contributing to responsible and sustainable development outcomes.



## Risk Appetite

As we strive to achieve our sustainability goals, we recognize the presence of environmental and social (E&S) risks that could hinder us to achieve our sustainability objectives. To address this, **BMI adopts a conservative approach with a low-risk appetite for financing projects that may have potential environmental and social impacts but can be effectively managed through mitigation measures. Meanwhile, the Bank will not engage in projects with severe, adverse or irreversible environmental and social impacts.** This will ensure sustainability of operations of clients thereby assuring their paying capacity and the Bank shall be able to recoup its investments, as well as see to it that the Bank is not a party to any activity that contributes to the degradation and deterioration of the environment.



## Mapping Our Exposure:

### Industry Breakdown of Environmental and Social Risks

In this section, we present the Bank's portfolio breakdown by industry, categorized into low, medium, and high environmental and social (E&S) risk levels. Understanding our exposure across these categories helps us align our lending practices with responsible development. Low-risk industries are those with minimal environmental or social impact; medium-risk sectors involve moderate exposure that may require targeted controls; while high-risk industries are those with potential for environmental or social concerns. To manage these risks, the Bank applies enhanced due diligence for high-risk sectors, guided by its ESRMS, and explore appropriate risk-mitigation and monitoring practices that support more sustainable outcomes over time.

MAJOR INDUSTRY	RISK EXPOSURES (in Php million)							
	2024				2023			
	LOW RISK	MEDIUM RISK	HIGH RISK	TOTAL	LOW RISK	MEDIUM RISK	HIGH RISK	TOTAL
Consumption	22,760	0	0	22,760	21,949	0	0	21,949
Wholesale & Retail Trade	3,436	328	0	3,764	2,966	327	0	3,294
Real Estate, Renting and Other Related Activities	0	1,792	0	1,792	0	2,076	0	2,076
Agriculture, Hunting & Forestry	1,131	426	0	1,557	808	44	0	852
Transportation, Storage and Communication	0	1,299	0	1,299	0	966	0	966
Construction	0	1,114	0	1,114	0	851	0	851
Accommodation and Food Service	1,092	0	0	1,092	906	0	0	906
Financial And Insurance Activities	1,021	0	0	1,021	589	0	0	589
Electricity, Gas & Water	0	467	404	872	0	484	447	932
Manufacturing	469	177	0	646	498	575	0	1,073
Other Service Activities	174	0	0	174	214	0	0	214
Human Health and Social Work Activities	154	0	0	154	351	0	0	351
Administrative and Support Service Activities	135	0	0	135	70	0	0	70
Education	17	0	0	17	19	0	0	19
Private Household	13	0	0	13	11	0	0	11
<b>TOTAL</b>	<b>30,400</b>	<b>5,603</b>	<b>404</b>	<b>36,408</b>	<b>28,381</b>	<b>5,323</b>	<b>447</b>	<b>34,151</b>

**Note:** The high-risk account was financed in 2017 and is now only awaiting maturity.



## Navigating Existing and Emerging Environmental and Social Risks

**Sustainability is not only about opportunity**—it is also about managing risks that may disrupt long-term value creation. In line with our ESRMS, BMI closely monitors both existing and emerging Environmental and Social (E&S) risks that could affect the Bank's portfolio, operations, and reputation.

Through our ESRMS, we proactively identify and assess key risk drivers to ensure that financing activities remain aligned with our sustainability objectives and regulatory obligations. These risks are continuously reviewed and addressed through improvements in credit evaluation, policy enhancement, and long-term risk mitigation efforts.

### Key Environmental and Social Risks We Monitor




















Risk Type	Description	Impact on the Bank	Mitigating Actions
<b>Climate Change &amp; Natural Hazards</b>	Increased frequency of typhoons, flooding, droughts, and other natural events affecting clients' operations, assets, and livelihoods.	May impair borrowers' repayment capacity and increase loan defaults, particularly in vulnerable sectors.	Ongoing enhancement of credit assessments to include geographical hazard indicators using available tools.
<b>Environmental Compliance Risk</b>	Borrowers in pollution-intensive or resource-heavy industries may face stricter regulations or public scrutiny.	Operational disruptions and reputational risk from non-compliant borrowers; potential credit downgrades.	Enhanced ESRMS due diligence; red-flagging of medium to high-risk sectors; policy revisions underway.
<b>Social Inclusion &amp; Labor Risk</b>	Risk of financing borrowers who lack fair labor practices or negatively affect local communities, particularly in rural or infrastructure sectors.	Reputational risk, possible regulatory issues, and social backlash.	Promote inclusive lending (e.g., microfinance loans); integrate social safeguard compliance in credit screening.
<b>Transition Risk</b>	Shift to low-carbon economy may leave borrowers in fossil-fuel or outdated sectors vulnerable to market and policy changes.	Potential asset obsolescence and credit deterioration in affected industries.	Initiate financed emissions review; diversify toward climate-aligned loan products.



# Sustainable Loan Products Supporting Inclusive Growth and Sectoral Development

As part of the Bank's commitment to responsible financing and contributing to national development priorities, we offer loan products that support key sectors and activities aligned with sustainable development goals (SDGs). These products help promote inclusive economic participation, access to essential services, and environmentally responsible practices in sectors that directly impact communities and livelihoods.

The following loan products demonstrate our practical contribution to sustainability:

Sustainable Loan Product	Description	Relevant UN SDGs
<b>Micro-enterprise loans</b>	Supporting small business owners and entrepreneurs, enabling them to sustain and expand their livelihoods while contributing to local economic growth and job generation.	  
<b>Loans for inclusive mobility</b>	Motorcycle financing that promotes accessible, reliable transport for workers, small business owners, and daily commuters across urban and rural areas.	 
<b>Retail loans to individual farmers and fisherfolks</b>	Providing access to credit for primary producers in rural communities, improving productivity and contributing to agricultural sustainability.	   
<b>Loans in agricultural value chain financing</b>	Financing activities across the agricultural production and distribution ecosystem, including those adopting improved technologies and practices, enhancing productivity, and reducing post-harvest losses.	   
<b>Modern PUV financing (as part of MSME loans)</b>	Financing for modern public utility vehicles that contribute to sustainable, safer, and more efficient public transportation services while supporting the livelihood of transport operators.	 
<b>Corporate loans in renewable energy sector</b>	Supporting projects in clean and renewable energy generation, contributing to energy security and emissions reduction initiatives.	 
<b>Corporate loans in health and rehabilitation sector</b>	Providing financing to private healthcare and rehabilitation facilities that improve access to essential health services in communities.	
<b>Corporate loans in education sector</b>	Supporting private educational institutions in their capacity to deliver quality education and contribute to skills development and lifelong learning opportunities.	



# ESG INTEGRATION IN STRUCTURE AND STRATEGY

Environmental, Social, and Governance (ESG) principles are embedded in the way we lead, plan, and deliver value. Rather than existing as a standalone initiative, ESG serves as a guiding framework that shapes both strategic direction and day-to-day operations. Through committed leadership, intentional planning, and active engagement at all levels, we are building an organization where ESG is not only understood, but consistently applied, measured, and lived.

## Leading the Way: Establishing a Dedicated ESG Office

A key milestone in our sustainability journey is the **establishment of a dedicated Sustainability and ESG Office under the Corporate Planning, Sustainability, and Regulatory Reports Division (CPSRRD)**. This office sits at the core of our efforts to embed sustainability into the Bank's operations, governance, and culture. As the driving force behind our ESG initiatives, it ensures that sustainability is not just a strategy, but a mindset—integrated into how we lead, decide, and deliver long-term value across the organization.

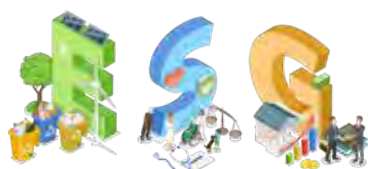
Its key functions include:

- **Policy Development and Oversight:** Coordinates the formulation ESG frameworks and guidelines aligned with both regulatory requirements and global standards.
- **Capacity Building and Awareness:** Promotes ESG ownership across the Bank through training sessions, awareness campaigns, and employee engagement programs.
- **Cross-Functional Coordination:** Serves as the central hub for ESG efforts, enabling collaboration and consistency across departments.
- **Monitoring and Strategic Alignment:** Tracks progress against key ESG goals while supporting integration into risk management and strategic planning.



*Through these core functions, the ESG Office ensures that sustainability is not confined to top-level strategy but is nested across the entire organization, from the boardroom to branch operations.*

## Planning for Impact: Aligning Purpose with Action



*Sustainability isn't a single team's task — it's a shared responsibility woven into every department, decision, and direction we take.*

At BMI, **strategic planning for 2025** has been thoughtfully structured to integrate sustainability into key priorities and decision-making processes. We recognize that long-term success requires more than financial performance. It demands a conscious effort to align our operations with environmental, social, and governance priorities.

To turn this vision into action, we introduced two key initiatives across all departments:

- **Department-Level Sustainability Commitment Statements**  
Each unit crafted its own commitment statement that reflects how it will contribute to the Bank's sustainability goals. These statements help embed ESG thinking into everyday decisions and team objectives.
- **Sustainability Action Plans for 2025**  
Building on their commitments, departments developed action plans that outline specific activities, targets, and timelines. These serve as operational roadmaps to guide meaningful ESG outcomes within each unit.



## Cultivating a Culture of Awareness

**Fostering a strong ESG culture starts from within.** At BMI, we believe that awareness is the first step toward lasting change. That's why we are committed to building an informed and engaged workforce that understands the value of responsible practices at every level.

One of our key internal initiatives is the **Weekly Sustainability Trivia**, a creative campaign shared across the organization to promote ESG literacy in a simple and engaging way.

### What makes it effective?

- **Informative and Accessible:** Each weekly trivia poster presents practical and relatable facts about environmental, social, or governance issues, tailored for everyday relevance.
- **Action-Oriented:** Every trivia piece includes a simple call to action, encouraging employees to take small but meaningful steps that support our sustainability goals.



## IncentiGreen: Where Profit Meets Purpose

*Financial success and sustainability are not opposing goals – they are mutually reinforcing.*

Through **IncentiGreen**, branches across the country are encouraged to promote financial inclusion, lead community-driven initiatives, and support responsible banking practices, all while achieving their performance targets. The program reinforces the idea that profitability paired with purpose can drive deeper, more meaningful progress.

### Key Program Highlights

- **High Performance:** Majority of branches achieved 100% of their assigned program targets, combining business excellence with social value.
- **Meaningful Reach:** Through branch-led efforts, BMI extended services to underserved populations and supported community livelihood programs.
- **Employee Engagement:** IncentiGreen empowers frontliners to become champions of responsible banking, instilling a deeper sense of purpose in their day-to-day roles.
- **Scalable Model:** The program is structured for long-term growth and can be adapted or expanded as sustainability goals evolve.





# OUR SUSTAINABILITY ROADMAP

BMI's sustainability journey is guided by a clear, phased roadmap designed to drive purposeful progress, embed responsible practices, and deliver long-term value. Each phase builds on the last, ensuring our transformation is not only strategic and measurable but also rooted in impact that scales with our growth.

## 2027 onwards Deepening Impact and Maturity

- Fully embed sustainability in core operations
- Align ESG goals with performance targets
- Drive innovation in green banking
- Sustain partnerships for broader impact

## 2021–2023 Foundation Building

- Developed sustainability-related frameworks and tools
- Aligned with regulatory expectations
- Initiated internal alignment for ESG integration

## 2024–2026 Institutionalization and Integration

- Established ESG Office
- Formulated ESG-aligned policies and systems
- Conducted awareness and training campaigns
- Integrated ESG into strategic planning
- Initiated sustainable finance activities
- Launched internal engagement programs
- Introduced green products and stakeholder partnerships





*Economic impact is more than just numbers — it's about building trust, broadening financial access, and creating opportunities for the individuals, families, and sectors that rely on us. Central to our commitment to champion financial inclusion is the drive to be **Maaasahan** in every financial journey and **Malalapitan** in every life we touch.*

## ECONOMIC IMPACT

*Maaasahan, Malalapitan....*

Our contribution goes beyond the loans we disburse or the enterprises we finance. It's reflected in the livelihoods we help sustain, the confidence we instill, and the opportunities we help unlock. From micro-entrepreneurs and first-time borrowers to business owners, consumers, farmers, and everyday Filipinos striving toward stability, we walk alongside each one — turning ambition into action, and effort into long-term growth.

### Driving Sustainable Economic Performance

As we continue to grow, we ensure that progress benefits both our stakeholders and the broader economy. Through sound fiscal management and a focus on inclusive outcomes, we deliver economic value that is both meaningful and enduring.

Metrics (in Php million)	2024	2023
<b>Economic Value Generated</b>	<b>9,296.77</b>	9,064.15
<b>Economic Value Distributed</b>		
Operating Costs	1,891.27	1,695.60
Employee Wages and Benefits	833.12	738.38
Payments to Governments	1,984.16	1,911.69
Payments to Providers of Capital	2,700.00	2,500.00





### Micro and Small Enterprise Empowerment

Micro, small, and medium enterprises (mSMEs) play a critical role in the Philippine economy by generating employment, promoting innovation, and contributing to local development. Guided by our vision to become a leading thrift bank that fuels the growth of aspiring and existing mSMEs, we remain focused on delivering accessible, practical financial solutions that support inclusive economic progress.

**PHP 312.7M**

Outstanding mSME Loans

**1,681**

Number of Borrowers

Our financing programs cater to a wide range of small-scale enterprises, including store owners, traders, farmers, food service providers, and others operating in vital sectors. Whether the need is for startup capital, business expansion, equipment purchase, or working capital, our products are designed to help entrepreneurs move forward with confidence and stability.



#### Kash Micro Loans

commonly availed by market vendors, sari-sari stores, meat shop operators, and other micro entrepreneurs



#### Power Negosyo Loan

a non-collateralized business loan made available for mSMEs for the purpose of business expansion



#### E2M Small Enterprises Loan

a collateralized loan for SMEs to finance agri-machinery, trucks, printing equipment, and other essential capital assets





### Cultivating Inclusive Growth:

### *Financing the Agricultural Value Chain*

As part of our mission to fuel the growth of aspiring and existing mSMEs and advance financial inclusion for the underserved, Bank of Makati deepened its support for the agricultural sector in 2024, empowering the backbone of the Philippine economy. By extending financing across the agricultural value chain, we reinforced our commitment to food security, rural development, and sustainable livelihoods.

Our efforts go beyond providing capital, they are about enabling farmers, food processors, cooperatives, and rural entrepreneurs to modernize operations, embrace technology, and scale sustainably. From production to distribution, we help agri-based mSMEs build resilience and grow with confidence.

### Spotlight: Partnering with Kubota Philippines

A key milestone in 2024 was our strategic partnership with Kubota Philippines, one of the country's leading providers of agricultural machinery and solutions. Through this collaboration, the Bank launched dedicated financing programs that made it easier for farmers and agri-MSMEs to acquire modern, eco-efficient equipment.



*This initiative has already led to actual machinery releases in 2024, including tractors, harvesters, and other productivity-boosting tools, enabling farmers to reduce manual labor and increase output. **With this partnership, we are not just modernizing farms; we are laying the groundwork for a more resilient, tech-enabled agriculture sector.***



Official contract signing between Bank of Makati and Kubota Philippines

***At Bank of Makati, financing agriculture means fueling transformation—empowering growth, advancing innovation, and sowing the seeds of lasting sustainability across the entire value chain.***





### Procurement and Outsourcing:

### *Catalysts for Responsible Growth*

Our procurement approach is built on principles of transparency, fairness, and accountability. We prioritize engaging local suppliers whenever possible, supporting small enterprises, promoting job creation, and driving inclusive economic growth within the communities we serve.

While we continue to enhance our procurement practices, we recognize the opportunity to further integrate sustainability considerations into our supplier engagement processes. As we move forward, we are committed to developing clearer criteria that align vendor selection with our ESG goals, reinforcing our dedication to responsible and resilient supply chains.

Outsourcing also plays a vital role in our operational strategy. By partnering with trusted third-party providers, we are able to:

- Maximize operational and financial efficiency
- Allow internal teams to focus on core banking services
- Ensure business continuity and service availability
- Accelerate the launch of new offerings
- Leverage technology with prudent capital use

All outsourcing and vendor engagements are governed by our **Outsourcing and Vendor Risk Management Framework (OVRMF)**. This framework not only safeguards financial and operational integrity, but now also integrates **environmental and social risk screening**, ensuring that all partnerships contribute to sustainable and inclusive economic outcomes.



*We view procurement and outsourcing as catalysts for positive impact. While we continue to strengthen ESG alignment in these areas, our focus remains on building inclusive, resilient partnerships that support long-term value for both the Bank and the communities we serve.*







## ENVIRONMENTAL IMPACT

### *Makakalikasan...*

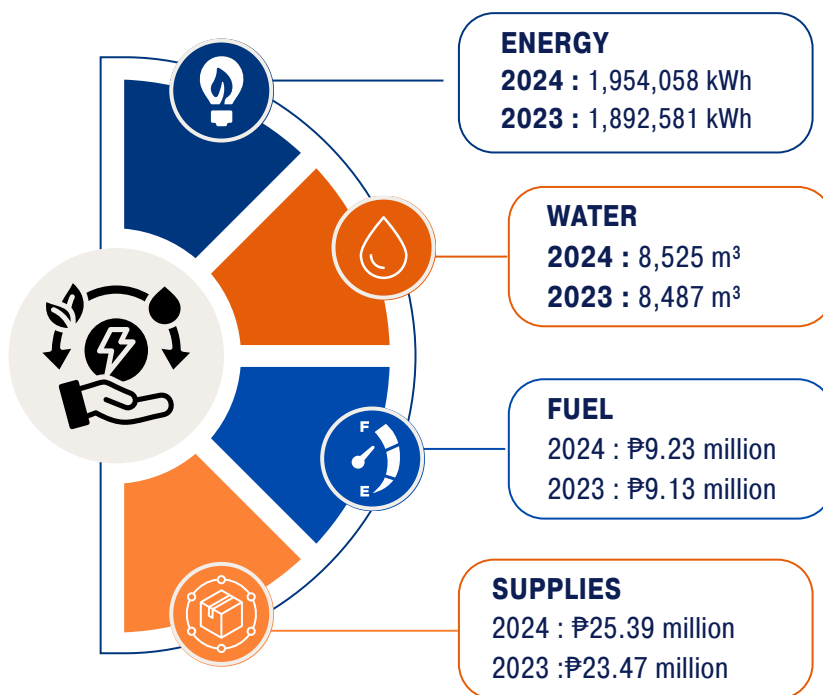
Guided by our **Makakalikasan** principle, Bank of Makati embraces its role in shaping a greener, more sustainable future. Our commitment to environmental stewardship is reflected in how we monitor, manage, and improve the way we operate, driven not just by compliance, but by purpose and responsibility.

By integrating environmental considerations into our internal operations and financial services, we aim to reduce our footprint, support resource efficiency, and help catalyze a more inclusive and climate-conscious economy for the future.

Our sustainability practices come to life in many forms—through active monitoring of our resource consumption (including energy, water, fuel, and supplies) and improved circular practices. We also support inclusive mobility through our motorcycle financing program and pursue CSR initiatives that create tangible environmental impact. Complementing these efforts, we offer green-related loan products such as green corporate lending and renewable energy financing, enabling clients to transition to more sustainable operations. Each of these reflects our belief that meaningful change begins with intentional, everyday actions.

## Resource Consumption

**Efficient resource management is essential to reducing environmental impact.** Electricity, water, fuel, and office supplies consumption are regularly monitored across all branches and offices to better understand usage patterns and identify opportunities for improvement.



In 2024, the Bank recorded a total energy consumption of 1,954,058 kWh, reflecting a modest increase of 3.25% from 2023 levels. This uptick is attributed to operational expansion and increased branch activity. Despite this growth, we continue to implement energy-saving protocols and monitor usage closely to ensure efficiency across our network.

Water consumption remained effectively managed in 2024, totaling 8,525 cubic meters, a slight 0.45% increase from the previous year's usage of 8,487 cubic meters. This minimal rise, despite broader operational activity, underscores the success of the Bank's ongoing conservation efforts and heightened awareness on water efficiency across branches and Head Office facilities.

In 2024, fuel consumption reached ₱9.23 million, reflecting a slight increase of 1.03% from the ₱9.13 million recorded in 2023. This marginal rise is attributed to heightened operational mobility, including support for expanded outreach and business continuity activities across the branch network. Despite the increase, the Bank remains committed to optimizing fuel use through route planning, preventive maintenance, and future transition to more energy-efficient transport solutions.

On the other hand, supplies consumption amounted to ₱25.39 million in 2024, up by 8.2% from ₱23.47 million in 2023. The growth corresponds with the Bank's continued expansion of operations and service delivery, including investments in branch materials and customer service tools. The Bank is currently exploring more sustainable alternatives for commonly used supplies, including digitization efforts, centralized procurement, and reduced use of single-use items.

*Despite increased business activity and branch-level operations in 2024, the Bank recorded only marginal increases in resource consumption across energy, water, fuel, and supplies. This reflects the effectiveness of ongoing efficiency measures and the growing integration of sustainability principles into day-to-day operations.*



## Circular Practices

### *Turning Everyday Habits into Environmental Impact*

At BMI, responsible consumption is a shared value that guides our daily operations. Our waste management efforts focus on cultivating practical, sustainable habits across the organization, fostering a work culture where resourcefulness, accountability, and environmental mindfulness go hand in hand.

We promote reuse by encouraging the use of refillable mugs, reusable containers, and repurposed office materials in place of disposables. Paper-saving protocols and mindful consumption are continuously reinforced to minimize unnecessary waste. Employees are encouraged to make responsible choices in their day-to-day routines, strengthening individual ownership of environmental stewardship.

These efforts reflect more than policy compliance; they represent a growing commitment to sustainability in action. By integrating simple yet meaningful practices into our workplace, **we turn everyday behaviors into lasting environmental progress.**



## Sustainable Finance Through Digitalization

### *When purpose meets innovation, impact follows.*

*Digital innovation reflects our deeper commitment to sustainability, embedding responsible practices into how we serve, connect, and grow. By advancing financial inclusion while minimizing environmental impact, we prove that technology can empower progress with purpose.*

Digitalization is transforming the way we deliver value—enabling more inclusive, efficient, and environmentally mindful financial services. By broadening the use of platforms such as PESONet and other online payment gateways, we continue to reduce reliance on physical processes while expanding reach and convenience for our customers.

Internally, digital tools have been integrated across core functions, including transaction processing, document handling, workflow approvals, communication, and data access. These efforts reduce paper consumption, streamline operations, and foster faster, more sustainable ways of working.

### Motorcycle Financing and Inclusive Mobility

#### *Moving Forward, Thinking Green*

Motorcycles in the Philippines are more than a mode of transport—they are vital enablers of livelihood, access, and opportunity. According to the Philippine Statistics Authority (PSA), nearly half of Filipino households (around 45–50%) own a motorcycle or tricycle, underscoring their role as the most widely used and accessible form of transportation across the country.

Through our inclusive motorcycle financing program, we help turn mobility into momentum, empowering everyday Filipinos, particularly in underserved and remote areas, to reach opportunities, deliver goods, and support their families. In 2024, motorcycle loans accounted for majority of the Bank's total loan portfolio, reaffirming our commitment to financial inclusion and economic mobility.



#### *Acknowledging our Environmental Responsibility*



While expanding mobility access, we also acknowledge the environmental implications of the products we finance. Fuel-powered motorcycles contribute to greenhouse gas emissions categorized under **Scope 3, Category 15: Investments (Financed Emissions), based on the Greenhouse Gas Protocol**. Though these emissions are not produced directly by the Bank, we acknowledge that they are a part of our extended environmental footprint.



In response, we are open to working with motorcycle manufacturers and dealers to support innovations such as fuel-efficient engines and electric motorcycles. While the development of sustainable alternatives lies with these manufacturers and dealers, the Bank remains committed to support any transition through responsive financing, policy alignment, and stakeholder engagement, *ensuring that inclusive mobility and environmental responsibility move forward together.*



## Environmental Stewardship Through Community Engagement

In 2024, BMI strengthened its environmental sustainability efforts by conducting a series of impactful clean-up and greening activities as part of its Corporate Social Responsibility (CSR) initiatives. A key milestone was the Bank's first **Coastal Clean-Up Drive** held at the Manila Baywalk Dolomite Beach in partnership with the Department of Environment and Natural Resources (DENR). Held on November 16, the activity mobilized 46 volunteers from Head Office units who participated in shoreline cleanup and waste removal, clearing plastic waste, debris, and other pollutants that compromise marine ecosystems and coastal health.



In parallel, the Bank expanded its reforestation initiatives through **11 tree planting activities** conducted nationwide, engaging employees from both the Head Office and regional branches. In the National Capital Region, BMI sustained its partnership with the DENR for the Tree Planting Project at La Mesa Watershed, where 500 Bignay seedlings were planted across a designated one-hectare site. Similar efforts were undertaken in various provinces, including a key initiative at the Lower Magat Watershed in Nueva Vizcaya. These actions reflect our belief that meaningful environmental impact begins with shared responsibility, fostered through local partnerships, consistent engagement, and a long-term commitment to protecting and restoring the natural environment.

*Community engagement in our environmental initiatives reflects the Bank's effort to integrate sustainability into meaningful activities that foster participation, awareness, and long-term impact at the local level.*

### IncentiGreen Program: *Greener Branches, Greener Communities*

As part of our broader Corporate Social Responsibility efforts, the IncentiGreen Program empowers our branches to become drivers of environmental impact at the local level. In 2024, employees across our branch network took the lead in organizing community-based initiatives that promote sustainability and environmental responsibility.

From tree planting and coastal cleanups to waste reduction drives, these efforts reflect our commitment to protecting the planet as a shared responsibility.

Our environmental commitment also reached beyond Metro Manila. Regional branches played a pivotal role in driving localized clean-up and reforestation campaigns. Notable efforts included the **International Coastal Clean-Up co-hosted with the Philippine Coast Guard and Zamboanga City Preciosa Lions Club International**, the **Shoreline Clean-Up Drive in La Union**, the **Coastal Clean-Up at Tondaligan Beach in Dagupan**, and a Tree Planting activity at the **Lower Magat Watershed in Nueva Vizcaya**. These projects not only helped restore local ecosystems but also encouraged civic engagement and greater environmental awareness.

*Empowered to take initiative, our branches lead localized eco-initiatives through the IncentiGreen Program—transforming our CSR principles into visible, community-driven action. This grassroots approach demonstrates that sustainability is not just a strategy, but a lived value that grows stronger through everyday participation and shared purpose.*



Tree Planting Activity, BMI Santiago



Coastal Clean-Up, BMI Zamboanga



Coastal Clean-up Drive, BMI Dagupan



Clean-up Drive, BMI Bacolod





## SOCIAL IMPACT

*Makatao...*

***Behind every account is a story, and behind every story is a person we choose to serve with dignity.***

As a Bank that upholds the value of being **Makatao**, we believe that genuine financial service begins with empathy, accessibility, and respect for the everyday lives of our clients.

Our social impact goes beyond providing products – it is about building connections, supporting livelihoods, and being present in moments that matter. This commitment is made real every day through our dedicated employees, whose compassion and service bring our values to life in every branch, barangay, and conversation.

Whether through inclusive lending, community outreach, or everyday service, we strive to be a steady and supportive presence.

***Because more than a provider, we are, above all, a Kaibigan.***



### *Empowering the People Who Power the Bank*



#### ***Our greatest asset isn't held in vaults or balance sheets — it's our people.***

Our commitment to being **Makatao** begins with valuing those who make our mission possible every day. We believe that our employees are not only the face of the Bank but the heart of our service. Their growth, well-being, and sense of purpose are central to the way we deliver social impact.

We are committed to creating a **supportive, inclusive, and empowering work environment** that nurtures both personal and professional growth. Our comprehensive training and development programs equip employees with the tools and knowledge to thrive in their roles and advance in their careers. We encourage innovation, collaboration, and leadership at every level.

Equally important is our investment in **employee health and well-being**. We provide access to healthcare through a medical card with coverage for both employees and dependents, along with wellness initiatives and a safe, secure workplace. These efforts reflect our belief that caring for our people is essential to delivering care to others. Our policies promote **work-life balance, diversity, and equal opportunity**. We also maintain open lines of communication, seeking feedback and listening actively to ensure that our people feel seen, heard, and supported.

*"We nurture a team that's not just capable, but genuinely committed — bringing the spirit of Kaibigan to every client interaction, community effort, and service we deliver."*

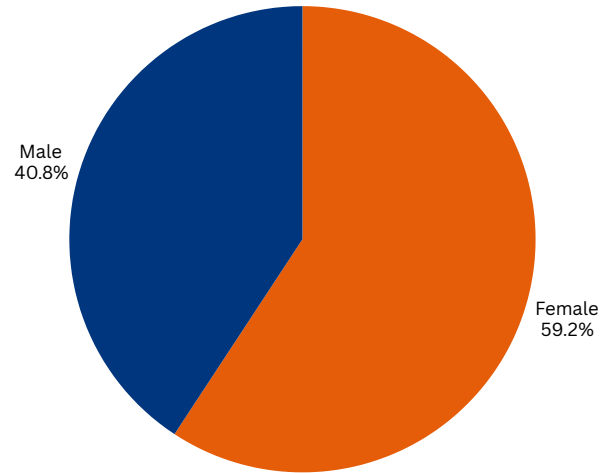


## Workforce Diversity:

### *Strength in Differences, Unity in Purpose*

We believe that a diverse and inclusive workforce strengthens our organization and deepens our understanding of the communities we serve. We are committed to building a workplace where individuality is respected, opportunities are equal, and everyone is empowered to thrive.

Total Headcount	2024	2023
<b>Total</b>	<b>1,357</b>	<b>1,305</b>
<b>By Gender</b>		
Male	553	522
Female	804	783
<b>By Level</b>		
Executive and Senior Management	27	26
Middle management	92	88
Officers	402	346
Supervisors	140	147
Rank and File	696	698
<b>By Age Group</b>		
Below 30 years old	509	494
Between 30-50 years old	774	751
Above 50 years old	74	60



As of 2024, women make up 59% of our workforce, a clear reflection of our inclusive culture and support for female empowerment in the workplace. This strong representation spans both leadership and operational roles, underscoring our belief that diverse voices lead to stronger decisions and more equitable outcomes. Gender balance is also evident in our recent hiring and promotion trends. Our team spans all age groups, with over 500 individuals under 30, who bring fresh perspectives alongside experienced professionals who provide depth and stability.

*Through intentional efforts in talent development and engagement, we aim to foster a workplace culture where people of all backgrounds feel valued, supported, and inspired to grow.*

New Hires	2024	2023
<b>Total</b>	<b>316</b>	<b>314</b>
<b>By Gender</b>		
Male	171	148
Female	145	166
<b>By Level</b>		
Executive and Senior Management	1	2
Middle management	7	7
Officers	81	51
Supervisors	1	4
Rank and File	226	250

Over the year, a total of 42 training programs were conducted internally, and employees also attended 127 external training sessions. These programs were thoughtfully designed to enhance both technical expertise and people-centered leadership. With participation from employees across all levels, the sessions reflect our active investment in workforce development and a culture that values continuous growth and learning.

Training Category	No. of Programs	Focus
Mandatory Training	13	Compliance, ethics, and foundational knowledge
Behavioral / Soft Skills Training	14	Communication, leadership, and workplace culture
Technical / Hard Skills Training	14	Functional expertise and service delivery
External Technical Training	127	Specialized technical skills and industry knowledge



This strategic mix of learning interventions supports our broader vision of enabling an empowered, future-ready workforce, one that grows with purpose and leads with values. Through these investments, we ensure that every team member is equipped to thrive and contribute meaningfully to our sustainability journey.



## Career Advancement

### *Cultivating Growth from Within*

We believe that a sustainable organization is built on people—nurtured, empowered, and developed from within. Our approach to career advancement is designed not only to recognize performance but to align individual growth with the Bank’s long-term success and values.



## Annual Performance Appraisal

Anchored in fairness and transparency, our Annual Performance Appraisal process plays a vital role in driving employee development and reinforcing our culture of excellence. These structured evaluations assess individual contributions, set clear expectations, and support continuous improvement. Beyond performance measurement, the appraisal process informs key decisions on promotions, merit increases, performance-based bonuses, and other recognition programs. It is a mechanism that ensures our people are valued, motivated, and aligned with the Bank’s evolving goals.

## Promotions

In 2024, a total of 208 employees were elevated to new roles, marking a 15% increase from the previous year and reflecting a strong focus on recognizing individual achievement and leadership potential.

Encouraging advancement from within strengthens employee loyalty and preserves valuable institutional knowledge, while also reducing the resource demands of external hiring and onboarding. More than just professional recognition, each promotion fosters a culture of trust, motivation, and shared progress, contributing to a resilient and high-performing workforce.

Promotions	2024	2023
<b>Total</b>	<b>208</b>	<b>181</b>
<b>By Gender</b>		
Male	82	71
Female	126	110
<b>By Level</b>		
Executive and Senior Management	11	6
Middle management	28	22
Officers	101	81
Supervisors	51	52
Rank and File	17	20

*Through these programs, we reaffirm our belief that sustainability is not only about what we do—but also about how we empower the people who make it possible. By cultivating internal talent and securing future leadership, we ensure that Bank of Makati continues to grow with integrity, purpose, and people at the center.*

## Succession Planning

Succession planning ensures that the Bank is well-prepared for organizational changes such as retirements, resignations, or expansion. Led by the Corporate Services Group Head, the program identifies critical roles, evaluates internal talent, and outlines development paths for future leaders. Updates are submitted to the President and the Corporate Governance Committee for guidance and further direction. Succession plans are reviewed regularly—typically after employee performance evaluations—to ensure that identified successors are equipped and prepared to assume key responsibilities. This proactive approach helps safeguard the Bank’s operational stability, strategic continuity, and leadership resilience.



## SOCIAL IMPACT

### Employee Engagement

Creating a thriving workplace goes beyond day-to-day tasks, it requires building a culture where people feel connected, appreciated, and inspired. Through thoughtfully designed engagement initiatives, the Bank nurtures a sense of community, encourages personal expression, and celebrates shared milestones. These efforts help reinforce organizational values while strengthening relationships across teams and leadership.

#### 2024 Culture-Building Activities:

- Bible Study
- Feelings Check-in V2
- The Fellowship Continues
- Person of Excellence Award
- BMI Valentines Special
- CollaboraTeam: Minute to Win It
- Zumba Class
- Annual Recognition Program
- Kapihan with the President
- BMI Nutrition Month: Beyond the Table
- Wellness Week
- BMI Christmas Party 2024
- Social Clubs Launching



*Culture is built in moments, and every moment of connection builds a stronger team.*



# BMI's WELLNESS WEEK 2024

## *Supporting Holistic Well-Being*

From September 20 to 27, Wellness Week 2024 brought our employees together for a meaningful celebration of health and balance. This week-long initiative showcased the Bank's dedication to nurturing not only professional growth, but also the overall well-being of our people.

The event featured a variety of interactive booths and activities focused on the eight dimensions of wellness:

<p><b>SPIRITUAL</b></p>  <p>Mindfulness and sense of purpose</p>	<p><b>PHYSICAL</b></p>  <p>Movement, exercise, and nutrition</p>	<p><b>INTELLECTUAL</b></p>  <p>Stimulating curiosity and learning</p>	
<p><b>EMOTIONAL</b></p>  <p>Encouraging self-awareness and resilience</p>	<p><b>SOCIAL</b></p>  <p>Building supportive relationships</p>	<p><b>FINANCIAL</b></p>  <p>Budgeting, saving, and money management</p>	
<p><b>ENVIRONMENTAL</b></p>  <p>Promoting sustainability and healthy surroundings</p>	<p><b>OCCUPATIONAL</b></p>  <p>Purposeful work and career satisfaction</p>		
			

### Equal Opportunities

***Fairness guides how we create an environment where all individuals are valued, respected, and empowered.***

In line with our HR Policy Manual, we uphold a strict non-discrimination policy throughout all stages of employment—from hiring and assignment to promotion and separation. No employee or applicant shall be discriminated against based on gender, age, civil status, religion, ethnicity, disability, sexual orientation, or any other personal attribute unrelated to job performance. Fairness, dignity, and merit guide how we lead, engage, and support every member of our workforce.



### Labor Laws and Human Rights

***Respect for individuals in the workplace is a responsibility we uphold with consistency and care.***

The Bank protects labor rights and human dignity through ethical employment practices, clearly defined policies, and full compliance with Philippine labor laws. Every new hire signs a formal employment contract, reinforcing a shared understanding of responsibilities, protections, and expectations. Child labor is strictly prohibited. Our recruitment practices ensure fairness and equitable treatment across all roles and levels. By embedding human rights safeguards into daily operations, we promote a culture rooted in accountability, equity, and social responsibility.

### Collective Bargaining Agreement

***Strong dialogue strengthens our culture.***

Our support for collective bargaining reflects our commitment to employee rights and to fostering transparency, collaboration, and mutual respect. Through open negotiation and ongoing engagement, we have sustained a constructive partnership with our employee union. The Bank's latest Collective Bargaining Agreement (CBA) was signed on January 12, 2024, and is effective from September 1, 2023 until August 31, 2028. As of 2024, 516 employees – representing 38% of our total workforce – are covered under the CBA. This agreement improves working conditions, reinforces job stability, and supports our goal of nurturing an empowered and engaged team.





### Workplace Safety and Labor Practices

A secure and supportive environment is essential to building a resilient, high-performing organization. We prioritize safety, well-being, and preparedness through comprehensive programs that promote mental wellness, physical fitness, social connection, spiritual growth, and environmental awareness.

In line with safety standards and regulatory guidelines, the Bank enforces robust protocols to protect employees and clients from risks such as fire, earthquakes, robbery, and other emergencies. Measures include access monitoring, facility inspections, and heightened vigilance across all locations. Staff are encouraged to report any suspicious activity, reinforcing a culture of alertness and accountability.



Our commitment to preparedness is reinforced through regular training and simulation exercises, including:

- DOLE-certified Basic Occupational Safety and Health (BOSH) Seminar
- First Aid Training certified by the Philippine Red Cross
- Pollution Control training for designated officers
- Scheduled fire and earthquake drills at major facilities
- Emergency preparedness drills to test team coordination
- Call tree exercises for timely personnel checks during natural disasters

These efforts are supported by comprehensive internal safety policies, including inspection protocols for employees and guests at entry, during presence on-site, and upon exit, ensuring consistency across offices and parking areas.





## *Guided by Care, Built on Trust*

At BMI, customer care goes beyond delivering financial services, it means ensuring every interaction is respectful, responsive, and secure. We recognize that trust is built through consistent service, clear communication, and protection of personal information.

Our customer management practices are designed to meet real needs, support accessibility, and enhance satisfaction across all channels. At the same time, we take data privacy and information security seriously. Through updated policies, secure systems, and employee training, we safeguard the information entrusted to us.

*These efforts demonstrate how we serve our **Kaibigan** with care, reliability, and accountability at every step of the customer journey*

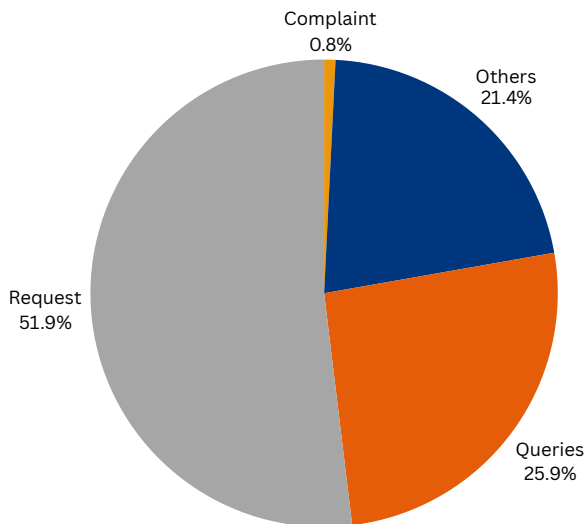


## Customer Management

**Exceptional service begins with listening, and acting with care.** In 2024, the Bank continued to enhance its Customer Satisfaction Program, ensuring that clients not only feel heard, but genuinely valued. The program centers on protecting customer rights, improving service delivery, and fostering long-term relationships built on trust and responsiveness.

Feedback is continuously monitored across multiple channels, including traditional touchpoints, digital platforms, surveys, and online forms. This enables us to quickly identify pain points, resolve concerns, and improve the overall customer experience. We also strengthened our customer assistance infrastructure with systems that guarantee accessible, fair, timely, and efficient handling of service-related issues.

To align with BSP Circular No. 1160, we strengthened our **Consumer Protection Framework** by updating internal policies and reorganizing the Customer Engagement Section (CES). The revised framework ensures fair treatment, transparency, and efficient handling of customer concerns across all channels, including social media, email, hotline, and branch walk-ins. CES also conducts customer data analytics to identify service gaps and guide improvements, reinforcing our commitment to responsible banking and enhanced customer experience.



In 2024, 73 complaints were received, a 42% decrease from 125 complaints in 2023. This drop was primarily due to a significant reduction in ATM – related complaints following a system update in early 2024. However, some ATM complaints still arise due to internet provider connection issues all through out the year.

In 2024, BMI had a total of 9,318 or a daily average of 38 customer interactions across various communication channels of the Bank. 69% or 6,387 (approximately 1.2% of the total active accounts, as of December 2024) were tagged as Motorcycle Loan related concerns. These interactions were classified into request, queries, and complaints.

Year	Number of Complaints	Increase/ Decrease
2024	73	-42%
2023	125	

Product	Number of Complaints
Loans	52
ATM Related	16
Deposit Related	5
<b>TOTAL</b>	<b>73</b>

## Data Privacy and Information Security

Protecting personal information remains fundamental to how we earn and sustain trust. Bank of Makati adheres to strict standards of data privacy and information security, guided not only by the Data Privacy Act of 2012 but also by our responsibility to safeguard the interests of our clients, employees, and partners.

In 2024, we strengthened our privacy and security posture through policy enhancements, system improvements, and renewed awareness efforts. One notable update was the revision of the Bank's Identity and Access Management, which outlines controls to prevent unauthorized access and disclosure of confidential information. Approved on May 14, 2024, the policy applies to all departments, users, and service providers, and supports the protection of data across both on-premise and cloud-based systems.



To sustain these efforts, the Bank implemented several key activities, including the 2024 Information Security Risk Assessment, refresher training under the Information Security Awareness Program (ISAP), regular awareness bulletins, and the User Access Management (UAM) Clean-up initiative. These activities ensure that data privacy practices remain aligned with current risks and regulatory expectations.

Oversight continues under the Data Protection Officer (DPO) and the Information Security Department (ISD), who lead policy enforcement, staff training, partner engagement, and customer education efforts such as the "Be Aware!" fraud awareness program. Security modules are integrated into internal learning platforms, with updated resources shared regularly across teams.

*At BMI, data privacy isn't just about meeting requirements—it's about honoring the trust placed in us by every client, employee, and partner we serve.*







## SOCIAL IMPACT

### *Enriching Communities, Uplifting Lives*

Our commitment to **Makatao** goes beyond the workplace, it lives in every community we reach. As a bank rooted in the everyday lives of Filipinos, we understand that real progress is not just economic, but human. That's why we focus on initiatives that uplift, empower, and connect.

Through accessible financial services, targeted outreach programs, and partnerships grounded in empathy, we support our **Kaibigan** in ways that are practical, personal, and meaningful. From advancing financial literacy and supporting livelihoods to enabling outreach in underserved communities, social responsibility is embedded in how we serve.

***We don't just offer services, we build relationships. By fostering trust, creating shared value, and listening to the needs of the people we serve, we contribute to a more resilient, inclusive society, one where no Kaibigan is left behind.***

## CORPORATE SOCIAL RESPONSIBILITY

*Driving Hope, Delivering Change*

***Corporate citizenship at Bank of Makati goes beyond giving back, it means showing up where we are needed most.*** Anchored on our *Makatao* and *Kaibigan* values, our CSR initiatives are designed to create meaningful, lasting change in the communities we serve. Whether through outreach drives, financial literacy programs, or support during times of crisis, our goal is simple yet profound: to uplift lives and build resilience where it matters most.

In 2024, we carried out 87 CSR activities nationwide, led by both Head Office units and our branch network, often in partnership with local government units, non-government organizations, and private sector allies. These efforts reflect a shared commitment, one rooted in compassion, purpose, and the belief that progress should be inclusive and empowering.

For us, CSR is not a checkbox, it is a continuous expression of our mission to create a better future for every Filipino. Each act of service is a step toward shared prosperity, driven by the dedication of our people and aligned with our vision of inclusive and sustainable growth.





### Saving Lives Through Blood Donation

As part of our continuing Corporate Social Responsibility (CSR) initiatives, we reaffirmed our commitment to health and humanitarian service through two Blood Donation Drives held in March and November 2024. These events were conducted at our Buendia Head Office in partnership with the Philippine Red Cross.

The drives drew a strong response from employees, with a **total of 106 volunteers stepping forward to donate blood**. Each donation represents more than just a medical contribution, it is an act of compassion that can help save lives during emergencies, surgeries, and critical treatments.

*Through this initiative, we demonstrated that social responsibility isn't just about outreach—it's about compassion in action. By giving a part of ourselves, we helped extend the lives of others.*



### Branch-Led CSR Initiatives

#### *Together, We Care*

As part of the IncentiGreen Program, our branches extended their commitment beyond environmental efforts by actively engaging in community-centered initiatives that deliver meaningful social impact. In close coordination with the Head Office CSR team, BMI branches organized a total of 47 outreach and feeding programs that reached marginalized communities across the country. These initiatives delivered not just meals, but dignity and connection to individuals in vulnerable conditions.

Among the many beneficiaries were Socio Pastoral Action Center Foundation Inc. (SPACFI), Halfway Homes/Bahay Pag-Asa in Daet, Ruel Foundation in Mindoro, Lifechild Asia Foundation in Cavite, Bahay Pag-Ibig in Pampanga, and various student groups, elderly homes, and underserved barangays in Batangas, Palawan, Bataan, Bukidnon, and Butuan. Each engagement reaffirmed our belief that small acts of kindness, when multiplied across communities, yield a powerful ripple effect.

Beyond outreach and feeding programs, branches also led medical missions, Brigada Eskwela drives, wellness activities like free massage services, and the distribution of basic needs and holiday gifts. These efforts reflect the heart of our *Kaibigan* principle: being present, responsive, and compassionate to those around us.

*Through these branch-led efforts, we bring our values to life not in grand gestures, but through small, consistent acts of care, fostering well-being where it matters most – within the communities we call home.*



Brigada Eskwela, BMI Bataan



Feeding Program, BMI Batangas



Outreach Program, BMI Butuan



Free Massage, BMI CDO



Care for the Aged, BMI Pampanga



Gift Giving, BMI Iloilo





## GOVERNANCE

### *Integrity in Action, Accountability in Practice*

At BMI, governance is not just a matter of structure – it is a commitment to principled leadership, ethical conduct, and long-term trust. We believe that sustainability begins with strong governance, where decisions are guided by accountability, transparency, and integrity at all levels of the organization.

## Board Oversight

The Board is composed of individuals with diverse expertise, backgrounds, and perspectives. Collectively, they bring the qualifications needed to provide effective oversight, constructive challenge, and informed strategic guidance that supports sound governance and sustainable growth.

Gender	Count
Female	2
Male	5

## Business Ethics

### Core controls under the MTPP include:

1. Know Your Customer (KYC), Customer Due Diligence (CDD), and Know Your Employee (KYE);
2. Ongoing monitoring of customer behavior and transaction patterns;
3. Reporting of covered and suspicious transactions;
4. Proper records keeping and data retention;
5. Continuous employee training and awareness; and
6. Full compliance with freeze orders, customer due diligence requests, bank inquiries, and targeted financial sanctions issued by the Anti-Money Laundering Council (AMLC) and BSP.



The Bank upholds the principles of transparency, ethical conduct, and strict adherence to applicable laws across all operations. In line with established policies, we work to safeguard the confidentiality of financial accounts and prevent their misuse for laundering illicit funds, supporting terrorism, or financing the proliferation of weapons of mass destruction. We strongly denounce terrorism and those who facilitate it as offenses against the Filipino people, humanity, and international law.

All transactions are carried out in accordance with the Bank's Anti-Money Laundering (AML), Counter-Financing of Terrorism (CFT), and Counter-Proliferation Financing (CPF) guidelines, as detailed in the Bank's regularly updated Money Laundering and Terrorism Financing Prevention Program (MTPP). The MTPP is accessible via the Bank's intranet and serves as a reference for all implementing personnel.

Oversight of the MTPP's implementation is handled by the Bank's designated AML Compliance Officer under the Compliance Office, ensuring robust internal enforcement and alignment with evolving legal requirements.



## GOVERNANCE

### Anti-Corruption

#### ***Upholding Integrity, Empowering Trust***

We uphold a zero-tolerance policy on corruption by embedding transparency and ethical conduct across our operations. Guided by our Board-approved Manual of Corporate Governance, we adhere to high standards of compliance and accountability, in alignment with local regulations and international good practices.

This framework cultivates a culture where honesty and fairness are non-negotiable, helping prevent fraud, misconduct, and reputational risk. Transparency is more than a safeguard – it is a strategic pillar that protects stakeholder confidence and reinforces long-term trust. As we advance, we remain firmly committed to doing what is right – because lasting impact starts with principled leadership.

***Integrity is the foundation of sustainable growth – and at Bank of Makati, it guides how we lead and conduct business.***

### Whistle-Blower Protection

#### ***Strengthening Accountability Through Courage and Confidentiality***



***"Speaking up protects more than policies – it protects people, principles, and long-term trust."***

Upholding integrity requires systems that empower people to act. In 2024, we reinforced our commitment through the continued implementation of the **Whistle-blower Protection Policy** – a vital mechanism for reporting fraud, corruption, or violations of conduct. This secure and confidential channel is accessible to employees, officers, and clients, enabling concerns to be raised without fear of retaliation.

All reports are handled with discretion and investigated impartially in accordance with applicable laws and internal protocols. Whistle-blowers are assured anonymity and protection throughout the process, reinforcing our commitment to a culture where ethical behavior is expected and supported. By safeguarding those who speak up, we foster a more transparent, accountable, and resilient organization.





# OUR CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

We believe that real progress is measured not only by what we achieve as an institution, but by how our efforts help advance collective goals. The UN SDGs provide a global framework for addressing today’s most urgent challenges – and our programs are designed to support these priorities where it matters most: in local communities, everyday operations, and inclusive financial services.

By embedding these goals into our Economic, Environmental, and Social initiatives, we create impact that extends beyond compliance, one that empowers people, protects resources, and fosters responsible growth. The table below highlights the Bank’s 2024 activities and the specific SDGs they support, demonstrating how local action drives global progress.

PILLAR	ACTIVITY/PROGRAM	SUMMARY OF IMPACT	RELEVANT UN SDGS
Economic	Micro and Small Enterprise Financing	Enabled microentrepreneurs to grow businesses and access financial services	SDG 8, SDG 1
	Green and Inclusive Loan Products (e.g., AFRD, PUV, Renewable Energy)	Supported rural productivity, clean energy, and sustainable transport	SDG 2, SDG 7, SDG 9, SDG 11, SDG 13
	IncentiGreen Program – Branch-led financial inclusion initiatives	Expanded access to finance and social outreach at the branch level	SDG 8, SDG 10
	Procurement and outsourcing with sustainability criteria	Promoted ethical partnerships and local sourcing through responsible vendor screening	SDG 8, SDG 12
Environmental	Resource Consumption Monitoring and Management	Tracked electricity, water, and fuel usage to improve efficiency	SDG 12, SDG 13
	Waste Reduction and Reuse Practices	Encouraged reuse and reduced paper and plastic consumption across branches	SDG 12
	Sustainable Finance through Digitalization	Improved operational sustainability and reduced paper usage	SDG 9, SDG 12
	CSR - Environmental Impact	Promoted environmental action through clean-up drives, tree planting, and community-led eco-initiatives.	SDG 13, SDG 14, SDG 15, SDG 11, SDG 17
Social	Employee Development and Training Programs	Strengthened workforce capabilities and learning culture	SDG 4, SDG 8
	Workforce Diversity and Equal Opportunity	Promoted inclusive hiring and gender and age diversity	SDG 5, SDG 10
	Employee Engagement and Wellness Activities	Built morale, connection, and well-being among staff	SDG 3, SDG 8
	Customer Satisfaction Program	Protected client rights and enhanced responsiveness	SDG 16
	Consumer Protection Framework	Promoted fair, transparent, and inclusive customer practices.	SDG 10, SDG 16
	Data Privacy and Information Security Enhancements	Strengthened data protection and compliance with privacy laws	SDG 16
	Community Outreach and Relief Programs (IncentiGreen)	Provided aid and support to vulnerable and underserved groups	SDG 1, SDG 11
	Corporate Social Responsibility Initiatives	Delivered shared value through partnerships and local engagement	SDG 1, SDG 2, SDG 3, SDG 10, SDG 11, SDG 13, SDG 17
Governance	Board Oversight	Strengthened governance and responsible decision-making.	SDG 16, SDG 17
	Business Ethics	Promoted ethical conduct and safeguarded financial integrity.	SDG 8, SDG 16
	Whistleblower and Anti-Corruption Mechanisms	Promoted transparency, strengthened accountability, and protected integrity in business practices.	SDG 16



## Strengthening Our Commitment to People, Planet, and Progress

Our journey toward sustainability is not defined by a single milestone but by the consistent choices we make to uplift lives, protect the environment, and drive meaningful change. In 2024, Bank of Makati deepened its commitment across all pillars of sustainability by prioritizing the welfare of our people, advancing initiatives that safeguard the planet, and delivering inclusive growth that empowers communities.

But our work is far from over. As we move forward, we carry with us a renewed sense of purpose: to lead with integrity, act with empathy, and serve with impact. Guided by our core values on Sustainability of being ***Malalapitan, Maaasahan, Makatao, at Makakalikasang Kaibigan***, we continue to build a future where progress is not only measured in profits but in the lives we touch and the positive legacy we leave behind. We also welcome ideas and perspectives that can help shape this future. If you have suggestions or feedback, feel free to reach us at [consumerassistance@bankofmakati.com.ph](mailto:consumerassistance@bankofmakati.com.ph).

Together with our stakeholders, we reaffirm our commitment to creating a resilient, inclusive, and sustainable tomorrow through mindful choices, shared goals, and meaningful impact. Because at every step of this journey, we live by a principle that reflects our mission and spirit: ***Diretso. Asenso.***

***More than a goal, sustainability is our shared journey – one built on trust, guided by purpose, and carried out with every **Kaibigan** in mind.***





Financial Statements and  
Independent Auditors' Report

**Bank of Makati (A Savings Bank), Inc.**

December 31, 2024 and 2023

## Report of Independent Auditors

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**Punongbayan & Araullo**

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The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

T +63 2 8988 2288

**The Board of Directors****Bank of Makati (A Savings Bank), Inc.**

Bank of Makati Building  
Ayala Avenue near corner Metropolitan Avenue  
Makati City

### Report on the Audit of the Financial Statements

***Opinion***

We have audited the financial statements of Bank of Makati (A Savings Bank), Inc. (the Bank), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of profit or loss, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards).

***Basis for Opinion***

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our 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.



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

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## Report on 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, 2024 and 2023 required by the Bangko Sentral ng Pilipinas, and for the year ended December 31, 2024 required by the Bureau of Internal Revenue, as disclosed in Notes 24 and 25 to the financial statements, respectively, is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of 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: Maria Isabel E. Comedia**  
Partner

CPA Reg. No. 0092966  
TIN 189-477-563  
PTR No. 10465901, January 2, 2025, Makati City  
BIR AN 08-002511-021-2022 (until October 13, 2025)  
BOA/PRC Cert. of Reg. No. 0002/P-005 (until August 12, 2027)

April 8, 2025



**BANK OF MAKATI (A SAVINGS BANK), INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

	Notes	2024	2023
<b><u>RESOURCES</u></b>			
CASH	7	P 129,585,797	P 108,263,928
DUE FROM BANGKO SENTRAL NG PILIPINAS	7	1,517,024,750	1,443,819,384
DUE FROM OTHER BANKS	7	249,471,686	208,610,771
INVESTMENT SECURITIES - Net	8	10,226,471,766	10,681,142,859
LOANS AND RECEIVABLES - Net	9	39,297,269,050	37,660,952,227
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	10	118,958,219	120,159,391
RIGHT-OF-USE ASSETS - Net	11	290,850,387	229,935,737
ASSETS HELD FOR SALE - Net	12	536,617,101	412,710,921
INVESTMENT PROPERTIES - Net	13	164,856,626	159,870,734
DEFERRED TAX ASSETS - Net	21	674,000,514	587,733,305
OTHER RESOURCES - Net	14	<u>202,365,539</u>	<u>187,694,934</u>
<b>TOTAL RESOURCES</b>		<b><u>P 53,407,471,435</u></b>	<b><u>P 51,800,894,191</u></b>
<b><u>LIABILITIES AND EQUITY</u></b>			
DEPOSIT LIABILITIES	15	P 34,060,048,439	P 32,984,326,596
ACCOUNTS PAYABLE AND OTHER LIABILITIES	16	<u>2,265,627,055</u>	<u>2,282,926,261</u>
Total Liabilities		<u>36,325,675,494</u>	<u>35,267,252,857</u>
<b>EQUITY</b>	17		
Capital stock		5,000,000,000	5,000,000,000
Retained earnings		12,155,906,375	11,595,363,140
Revaluation reserves		( 74,110,434 )	( 61,721,806 )
Total Equity		<u>17,081,795,941</u>	<u>16,533,641,334</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>P 53,407,471,435</u></b>	<b><u>P 51,800,894,191</u></b>

*See Notes to Financial Statements.*

**BANK OF MAKATI (A SAVINGS BANK), INC.**  
**STATEMENTS OF PROFIT OR LOSS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

	Notes	2024	2023
<b>INTEREST INCOME</b>			
Loans and receivables	9	P 9,039,918,852	P 8,605,910,608
Investment securities	8	490,570,444	487,355,247
Due from Bangko Sentral ng Pilipinas and other banks	7	272,113,174	171,916,118
		<u>9,802,602,470</u>	<u>9,265,181,973</u>
<b>INTEREST EXPENSE</b>			
Deposit liabilities	15	1,720,064,430	1,478,381,653
Lease liabilities	11	21,135,813	19,535,210
Others	18, 19	30,122,377	6,901,100
		<u>1,771,322,620</u>	<u>1,504,817,963</u>
<b>NET INTEREST INCOME</b>		<u>8,031,279,850</u>	<u>7,760,364,010</u>
<b>IMPAIRMENT LOSSES</b>			
Financial assets	8, 9	1,075,403,497	1,207,709,892
Non-financial assets	12	330,323,554	322,738,345
		<u>1,405,727,051</u>	<u>1,530,448,237</u>
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES</b>		<u>6,625,552,799</u>	<u>6,229,915,773</u>
<b>OTHER OPERATING EXPENSES</b>	18	( 3,532,945,891 )	( 3,231,225,235 )
<b>OTHER OPERATING INCOME</b>	18	<u>1,265,492,392</u>	<u>1,303,786,513</u>
<b>PROFIT BEFORE TAX</b>		4,358,099,300	4,302,477,051
<b>TAX EXPENSE</b>	21	<u>1,097,556,065</u>	<u>1,065,500,321</u>
<b>NET PROFIT</b>		<u>P 3,260,543,235</u>	<u>P 3,236,976,730</u>

*See Notes to Financial Statements.*



**BANK OF MAKATI (A SAVINGS BANK), INC.**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

	Notes	2024	2023
<b>NET PROFIT</b>		<b><u>P 3,260,543,235</u></b>	<b><u>P 3,236,976,730</u></b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Items that will not be reclassified subsequently to profit or loss			
Loss on remeasurements of defined benefit plan		( 32,872,000 )	( 23,050,400 )
Fair value gains on equity securities classified at fair value through other comprehensive income (FVOCI)	8	-	3,477,760
Tax income	21	<u>8,218,000</u>	<u>5,762,600</u>
		( 24,654,000 )	( 13,810,040 )
Item that will be reclassified subsequently to profit or loss			
Fair value gains on debt securities classified at FVOCI	8	<u>12,265,372</u>	<u>63,957,297</u>
Total Other Comprehensive Income (Loss) - Net of Tax		( <u>12,388,628</u> )	<u>50,147,257</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u>P 3,248,154,607</u></b>	<b><u>P 3,287,123,987</u></b>

*See Notes to Financial Statements.*

## Beyond Transactions: Building Lasting Relationships

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**See Notes to Financial Statements.**



**BANK OF MAKATI (A SAVINGS BANK), INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

	Notes	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		P 4,358,099,300	P 4,302,477,051
Adjustments for:			
Interest income	7, 8, 9	( 9,802,602,470 )	( 9,265,181,973 )
Interest received		9,220,473,953	8,800,888,863
Interest expense	11, 15, 19	1,771,322,620	1,504,817,963
Interest paid		( 1,507,633,115 )	( 1,260,830,851 )
Impairment losses	8, 9, 12	1,405,727,051	1,530,448,237
Gain on sale of properties - net	12, 13	( 388,134,784 )	( 414,225,956 )
Depreciation and amortization	10, 11, 13, 14, 18	156,888,212	159,187,641
Amortization of premium on investment securities	8	( 15,187,181 )	( 18,094,382 )
Operating profit before changes in resources and liabilities		5,198,953,586	5,339,486,593
Increase in loans and receivables		( 3,210,075,929 )	( 1,752,039,422 )
Increase in financial assets at fair value through profit or loss (FVPL)		( 150,442,051 )	-
Increase in assets held for sale		( 85,138,633 )	( 70,759,333 )
Decrease (increase) in investment properties		( 3,993,971 )	56,605,413
Increase in other resources		( 17,972,585 )	( 9,214,940 )
Increase in deposit liabilities		833,168,151	454,983,977
Increase (decrease) in accounts payable and other liabilities		( 18,335,393 )	352,439,212
Cash generated from operations		2,546,163,175	4,371,501,500
Cash paid for income taxes		( 1,273,261,514 )	( 1,028,413,020 )
Net Cash From Operating Activities		1,272,901,661	3,343,088,480
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from maturities of investment securities at amortized cost	8	738,381,272	95,685,345
Acquisition of financial assets at fair value through other comprehensive income (FVOCI)	8	( 713,600,000 )	( 550,000,000 )
Proceeds from disposal of FVOCI	8	607,815,000	200,000,000
Interest received on investment securities		486,376,020	487,355,247
Acquisitions of bank premises, furniture, fixtures and equipment	10	( 27,186,829 )	( 36,531,774 )
Acquisitions of intangible assets	14	( 8,925,789 )	( 6,908,139 )
Net Cash From Investing Activities		1,082,859,674	189,600,679
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of cash dividends	17	( 2,700,000,000 )	( 2,500,000,000 )
Repayments of lease liabilities	11	( 114,450,716 )	( 107,457,813 )
Net Cash Used in Financing Activities		( 2,814,450,716 )	( 2,607,457,813 )
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		( 458,689,381 )	925,231,346
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
Cash	7	108,263,928	126,910,755
Due from Bangko Sentral ng Pilipinas		1,443,819,384	2,554,667,407
Due from other banks		208,610,771	283,995,059
Receivables arising from reverse repurchase agreement	9	3,994,077,531	1,863,967,047
		5,754,771,614	4,829,540,268
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
Cash	7	129,585,797	108,263,928
Due from Bangko Sentral ng Pilipinas		1,517,024,750	1,443,819,384
Due from other banks		249,471,686	208,610,771
Receivables arising from reverse repurchase agreement	9	3,400,000,000	3,994,077,531
		P 5,296,082,233	P 5,754,771,614

See Note 23 for the supplementary information on non-cash operating, investing and financing activities of the Bank.

*See Notes to Financial Statements.*

**BANK OF MAKATI (A SAVINGS BANK), INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

**1. CORPORATE MATTERS**

**1.1 Bank Operations**

Bank of Makati (A Savings Bank), Inc. (the Bank) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 20, 1956. On September 22, 1956, the Bangko Sentral ng Pilipinas (BSP) granted approval to the Bank to operate as a rural bank.

The Bank started with a capitalization of P1.0 million at its inception. At the end of 2024, the Bank's total equity reached P17.1 billion and has 102 branches which includes 48 regular branches, 14 microfinance-oriented branches and 40 branch-lite units.

As a banking institution, the Bank's operations are regulated and supervised by the BSP. In this regard, the Bank is required to comply with the rules and regulations of the BSP such as those relating to maintenance of reserve requirements and adoption and use of safe and sound banking practices as promulgated by the BSP.

The Bank's registered address, which was also its principal place of business, was at Bank of Makati Building, Ayala Avenue Extension near corner Metropolitan Avenue, Makati City.

**1.2 Approval of Financial Statements**

The financial statements of the Bank as at and for the year ended December 31, 2024 (including the comparative financial statements as at and for the year ended December 31, 2023) were authorized for issue by the Bank's Board of Directors (BOD) on April 8, 2025.

**2. MATERIAL ACCOUNTING POLICY INFORMATION**

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

**2.1 Basis of Preparation of Financial Statements**

*(a) Statement of Compliance with Philippine Financial Reporting Standards*

The financial statements of the Bank have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.



The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of resource, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) *Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standards (PAS) 1, *Presentation of Financial Statements*. The Bank presents the statement of comprehensive income separate from the statement of profit or loss.

(c) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Bank's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Bank are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Bank operates.

## 2.2 *Adoption of Amended PFRS Accounting Standards*

(a) *Effective in 2024 that are Relevant to the Bank*

The Bank adopted for the first time the following amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024.

PAS 1 (Amendments)	:	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants
PAS 7 and PFRS 7 (Amendments)	:	Statement of Cash Flows, and Financial Instruments: Disclosures – Supplier Finance Arrangements
PFRS 16 (Amendments)	:	Leases – Lease Liability in a Sale and Leaseback

Discussed below and in the succeeding page are the relevant information about these pronouncements.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*. The amendments provide guidance on whether a liability should be classified as either current or non-current. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Bank's financial statements.

- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants*. The amendments specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The application of these amendments had no significant impact on the Bank's financial statements.
  - (iii) PAS 7 and PFRS 7 (Amendments), *Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements*. The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Bank's financial statements.
  - (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback*. The amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The application of these amendments had no significant impact on the Bank's financial statements.
- (b) *Effective Subsequent to 2024 but not Adopted Early*

There are standards and amendments to existing standards effective for annual periods subsequent to 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have significant impact on the Bank's financial statements:

- (i) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)
- (ii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)



- (iii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The new standard, however, does not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

## 2.3 Financial Instruments

### (a) Financial Assets

#### (i) Classification, Measurement and Reclassification of Financial Assets of the Bank

##### Financial Assets at Amortized Cost

Where the business model is to hold assets to collect contractual cash flows, the Bank assesses whether the financial instruments' cash flows represent solely payment for principal and interest (SPPI). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement [see Note 3.1(c)].

##### Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

At initial recognition, the Bank can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Bank for trading or as mandatorily required to be classified as financial assets at fair value through profit or loss (FVPL). The Bank has designated certain equity instruments as at FVOCI on initial recognition.

##### Financial Assets at Fair Value through Profit or Loss

The Bank can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Bank is required to reclassify financial assets: (i) from amortized cost to FVPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Bank's business model will be effected only at the beginning of the next reporting period following the change in the business model.

## *(ii) Effective Interest Rate Method and Interest Income*

Interest income on financial assets measured at amortized cost and all interest-bearing debt financial assets classified as at FVOCI, or at FVPL, is recognized using the effective interest rate method.

The effective interest rate is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of effective interest rate. The Bank recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the instrument; hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset with an increase or reduction in interest income. The Bank calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets, except for those that are subsequently identified as credit-impaired and or are purchased or originated credit-impaired assets.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves.

## *(iii) Impairment of Financial Assets*

The Bank's expected credit loss (ECL) model follows a three-stage impairment approach, which guide in the determination of the loss allowance to be recognized in the financial statements. The staging of financial assets, definition of default for purposes of determining ECL, and credit risk assessment are further discussed in Note 4.3.1.2.

The Bank calculates ECL either on an individual or a collective basis. For modelling ECL parameters which were carried out on a collective basis, the financial instruments are grouped on the basis of shared credit risk characteristics, such as but not limited to instrument type, credit risk rating, collateral type, product type, historical net charge-offs, industry type, and geographical locations of the borrowers or counterparties.

## *(iv) Modification of Loans*

When the Bank derecognizes a financial asset through renegotiation or modification of contractual cash flows of loans to customers, the Bank assesses whether or not the new terms are substantially different to the original terms.



The Bank considers, among others:

- if the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- whether any substantial new terms are introduced that will affect the risk profile of the loan;
- significant extension of the loan term when the borrower is not in financial difficulty;
- significant change in the interest rate;
- change in the currency the loan is denominated in; and/or,
- insertion of collateral, other security or credit enhancements that will significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Bank derecognizes the financial asset and recognizes a “new” asset at fair value, and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation, including for the purpose of determining whether a significant increase in credit risk (SICR) has occurred. However, the Bank also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are as gain or loss on derecognition of financial assets in profit or loss.

As to the impact on ECL measurement, the expected fair value of the “new” asset is treated as the final cash flow from the existing financial asset at the date of derecognition. Such amount is included in the calculation of cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss.

*(b) Classification and Measurement of Financial Liabilities*

Financial liabilities, which include deposit liabilities and accounts payable and other liabilities (except for government payables, tax-related liabilities and retirement benefit obligation), are recognized initially at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments. All interest-related charges incurred on financial liabilities are recognized as an expense in profit or loss under the caption Interest Expense in the statement of profit or loss.

Dividend distributions to shareholders are recognized as financial liabilities when the dividends are declared by the Bank’s BOD.

## ***2.4 Bank Premises, Furniture, Fixtures and Equipment***

Land is stated at cost less any accumulated impairment loss. As no finite useful life for land can be determined, related carrying amount is not depreciated. All other items of bank premises, furniture, fixtures and equipment are carried at acquisition costs less accumulated depreciation and amortization and any impairment in value.

Depreciation and amortization is computed using the straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	5 to 25 years
Furniture, fixtures and equipment	3 to 5 years

## ***2.5 Investment Properties***

Investment properties pertain to land, buildings and improvements acquired by the Bank, in settlement of loans from defaulting borrowers through foreclosure or dacion in payment.

The Bank adopted the cost model in measuring its investment properties; hence, these are carried at cost less accumulated depreciation and any impairment in value. The cost of an investment property comprises its purchase price and directly attributable costs incurred. Depreciation of buildings and improvements with useful lives ranging from 10 to 20 years and their impairment loss are recognized in the same manner as in bank premises, furniture, fixtures and equipment (see Note 2.4).

Transfers from other accounts (such as bank premises, furniture, fixtures and equipment) are made to investment properties when and only when, there is a change in use, evidenced by ending of owner-occupation or holding the property for capital appreciation, while transfers from investment properties are made when, and only when, there is a change in use, evidenced by commencement of owner-occupation.

## ***2.6 Intangible Assets***

Intangible assets, presented under the Other Resources account, pertain to operating licenses, computer software and development costs for the Bank's new application software, which are amortized over three to five years.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software and those costs associated with research activities are recognized as expense in profit or loss as incurred.

Development costs not meeting these criteria for capitalization are expensed as incurred. Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs.

The costs of internally generated software developments are recognized as intangible assets; they are subject to the same subsequent measurement method as externally acquired software licenses. Any capitalized internally developed software that is not yet complete is not amortized but is subject to impairment testing. Amortization commences upon completion of the asset.



## **2.7 Other Income and Expense Recognition**

The Bank assesses its revenue arrangement against specific criteria in order to determine if it is acting as a principal or agent. The Bank concluded that it is acting as a principal in all of its revenue arrangements.

The Bank also earns service fees and commissions on various banking services, which are supported by contracts approved by the parties involved. These income are accounted for by the Bank in accordance with PFRS 15, *Revenue Contracts with Customers*.

For income arising from various banking services, which are to be accounted for under PFRS 15, the following provides information about the nature and timing of satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

- (a) *Service charges and fees and commissions* – these income arising from loans, deposits, another banking transactions are recognized as income based on agreed terms and conditions with customers which are generally when the services has been performed.
- (b) *Penalties* – these are billed on late payments of loans and are recognized as income upon occurrence of the late payment event.

For other income outside the scope of PFRS 15 such as gains on sale of asset acquired, these are recognized at the time the control of the assets is transferred to the buyer, when the Bank does not retain either continuing managerial involvement to the degree usually associated with ownership, or effective control over the assets sold, and when the collectability of the entire sales price is reasonably assured.

Collections from accounts, which did not qualify from revenue recognition, are treated as customers' deposits and are included as part of Accounts payable under Other Liabilities account in the statements of financial position.

Costs and expenses are recognized in profit or loss upon utilization of the goods or service or at the date they are incurred. All finance costs are reported in the statement of profit or loss in accordance with the policy, except capitalized borrowing costs which are included or part of the cost of the related qualifying asset.

## **2.8 Leases – Bank as a Lessee**

The Bank has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

## **2.9 Employee Benefits**

The Bank provides post-employment benefits to employees through a defined benefit plan and defined contribution plan, and other employee benefits.

The Bank's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

### 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Bank's financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately vary from these estimates.

#### 3.1 Critical Management Judgments in Applying Accounting Principles

In the process of applying the Bank's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

##### (a) *Application of ECL to Financial Assets at FVOCI and Amortized Cost*

The Bank uses external benchmarking and historical loss rates to calculate ECL for all debt instruments carried at FVOCI and amortized cost. The allowance for impairment is based on the ECLs associated with the Probability of Default (PD) of a financial instrument in the next 12 months, unless there has been a SICR since origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized. This is where significant management judgment is required.

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

##### (b) *Evaluation of Business Model Applied in Managing Financial Instruments*

The Bank 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 Bank developed business models which reflect how it manages its portfolio of financial instruments. The Bank's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Bank) 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 Bank 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 Bank (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Bank's investment, trading and lending strategies.



If more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, the Bank assesses whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Bank considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessary inconsistent with a held-to-collect business model if the Bank can explain the reasons for those sales and why those sales do not reflect a change in the Bank's objective for the business model.

There are no transfers of investment securities to and from FVOCI and amortized cost in 2024 and 2023.

(c) *Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of Business Model*

In determining the classification of financial assets, the Bank 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 Bank 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 Bank considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

(d) *Distinction Between Investment Properties, Assets Held for Sale, and Owner-occupied Properties*

The Bank determines whether a property qualifies as an investment property, assets held for sale or owner-occupied properties. In making its judgment, the Bank considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the Bank's operations.

The Bank classifies its acquired properties as Bank Premises, Furniture, Fixtures and Equipment if used in operations, as Assets Held for Sale if the Bank expects that the properties will be recovered through sale within one year from the date of classification, or as Investment Properties if the Bank intends to hold the properties for capital appreciation or for rental.

(e) *Determination of Lease Term of Contracts*

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option. Renewal options are only included in the lease term if it is enforceable.

The Bank did not include renewal options as part of the lease term as the terms are renewable upon mutual agreement of the parties.

The lease term is reassessed if an option is actually exercised or not exercised or the Bank becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Bank.

(f) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Provisions are recognized when present obligations will probably lead to an outflow of economic resources, and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain.

Where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Bank that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Bank can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Relevant disclosures on the Bank's provisions and contingencies are presented in Note 22.

### **3.2 Key Sources of Estimation Uncertainty**

The key assumptions presented below and in the succeeding page concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of resources and liabilities within the next reporting period:

(a) *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

The Bank measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Bank's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.



(b) *Fair Value Measurement for Financial Instruments*

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Bank's financial assets at FVOCI and the amounts of fair value changes recognized on those assets are disclosed in Note 8.2.

(c) *Estimation of Useful Lives of Bank Premises, Furniture, Fixtures and Equipment, Right-of-use Assets, Investment Properties and Intangible Assets*

The Bank estimates the useful lives of bank premises, furniture, fixtures and equipment, right-of-use assets, investment properties and intangible assets 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 carrying amount of bank premises, furniture, fixtures, and equipment, right-of-use assets, investment properties, and intangible assets are analyzed in Notes 10, 11.1, 13 and 14, respectively.

(d) *Fair Value Measurement of Non-financial Assets*

The Bank's investment properties are composed of land and buildings and improvements. In determining the fair value of these assets, the Bank engages the services of professional internal and external appraisers. The fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and seller in an arm's length transaction as at the valuation date. Such amount is influenced by different factors including the location and specific characteristics of the property (e.g., size, features, and capacity), quantity of comparable properties available in the market, and economic condition and behavior of the buying parties.

Assets held for sale pertain to repossessed motorcycles when a borrower defaulted on its required payments. In determining the fair value of the repossessed motorcycles, the Bank refers to the most recent list prices or fair value of the motorcycles less the appropriate cost to sell. For the fair value of the investment in an associate, the Bank used the purchase price stated in the share purchase agreement less any costs to sell. The valuations are based and consistent with its best and highest use. The fair values of the investment properties and assets held for sale are presented under Note 6.4.

(e) *Determination of Realizable Amount of Deferred Tax Assets*

The Bank reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The carrying value of deferred tax assets, which management has determined to be fully recoverable as at December 31, 2024 and 2023, is disclosed in Note 21.

*(f) Impairment of Non-financial Assets*

Bank premises, furniture, fixtures and equipment, assets held for sale, investment properties, intangible assets, right-of-use assets, and other non-financial assets are subject to impairment testing whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Impairment losses recognized on assets held for sale and investment properties are disclosed in Notes 12 and 13, respectively. No impairment losses were recognized for bank premises, furniture, fixtures and equipment, right-of-use assets, intangible assets, and other non-financial assets based on management's assessment.

*(g) Valuation of Post-employment Defined Benefit*

The determination of the Bank's obligation and cost of post-employment and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 19.2 and include, among others, discount rates, expected rate of return on plan asset and salary increase rates. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit obligation are presented in Note 19.2.

*(h) Determination of Fair Value Less Cost to Sell of Assets Held for Sale*

In determining the fair value less cost to sell of assets held for sale, management takes into account the most reliable evidence available at the time the estimates are made. These estimates include prices at which the repossessed assets are expected to be sold and the necessary cost to be incurred in disposing the assets. The price and cost estimates, however, could change in the future. The above factor is considered key source of estimation uncertainty and may cause significant adjustments to the Bank's assets held for sale within the next reporting period.



## 4. RISK MANAGEMENT OBJECTIVES AND POLICIES

### 4.1 Risk Management Framework

The Bank adopts a comprehensive risk management framework, which integrates management of all risk exposures of the Bank. The framework is consistent with risk regulations standards set by the BSP. There were no changes in the Bank's risk management objectives and policies during the year.

### 4.2 Risk Governance

The BOD directs the Bank's over-all risk management strategy by setting the Bank's overall risk appetite and, if needed, providing clear guidelines on acceptable risks. Lastly, it performs an oversight function of the Bank's implementation of risk policies through various committees it has created. Some of these committees are:

(a) *Executive Committee*

The Executive Committee approves credit exposures within the limit delegated by the BOD and beyond the limit authorized for the Management Committee, except for directors, officers, stockholders and related interests (DOSRI) loans which are approved by the BOD regardless of amount.

(b) *Risk Oversight Committee*

The Risk Oversight Committee provides an independent Board-level oversight of the Bank's risk profile and recommends the risk management framework to the BOD. It makes sure all delegated risk management functions are carried out effectively.

(c) *Audit and Compliance Committee*

The Audit and Compliance Committee through Internal Audit Department and Compliance Department provides the independent assessment of the over-all effectiveness of, and compliance with the Bank's risk management policies and processes.

(d) *Corporate Governance Committee*

The Corporate Governance Committee (CGC) is primarily responsible for helping the BOD fulfill its corporate governance functions. It advocates and assists the BOD in adopting and implementing sound principles and practices of good corporate governance.

The CGC also recommends corporate governance policies to the BOD based on the regulations of the BSP, SEC and other regulatory bodies, as well as internationally recognized industry best practices.

(e) *Related Party Transactions Committee*

The Related Party Transactions Committee assists the BOD in fulfilling its responsibility to strengthen corporate governance and practices particularly on related party transactions.

### **4.3 Financial Risk Management**

The Bank does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Bank is exposed to are described below and in the succeeding pages.

#### **4.3.1 Credit Risk**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Bank. It arises from lending, treasury and other activities undertaken by the Bank. Managing credit risk involves defining the principles and parameters governing credit activities at various levels, (i.e., strategic level, portfolio level down to individual transaction or account level).

The following procedures, among others, are performed in identifying, assessing and managing credit risk:

- (a) establish credit policies, asset allocations and concentration limits, risk asset acceptance criteria, target market and clearly defined approving authorities;
- (b) establish credit scoring system to determine qualification of borrowers and periodic review of parameters to evaluate effectiveness through back testing;
- (c) define documentation policies of approved credit facilities;
- (d) maintain independence of credit control and monitoring functions from the credit risk-taking function;
- (e) regular review of the adequacy of valuation reserves; active loan portfolio management to determine the quality of the loan portfolio, including risks associated with particular industry sectors, regions; monitor portfolio growth, collection performance and delinquency trends, trend of nonperforming loans, concentration risk, and other performance indicators; and,
- (f) conduct of annual credit review which includes monitoring of remedial accounts.

##### **4.3.1.1 Exposures to Credit Risk**

Loan classification and credit risk rating are an integral part of the Bank's management of credit risk. On an annual basis, loans are reviewed, classified and rated based on internal and external factors that affect its performance. On a quarterly basis, loan classifications of impaired accounts are assessed and the results are used as basis for the review of loan loss provisions.

The Bank's definition of its loan classification and corresponding credit risk ratings are as follows:

Unclassified/Current	:	Grade A
Especially Mentioned	:	Grade B
Substandard	:	Grade C
Doubtful	:	Grade D
Loss	:	Grade E



(a) *Unclassified/Current*

These are individual credits that do not have a greater-than-normal risk and do not possess the characteristics of adversely classified loans (as defined in the succeeding paragraphs). These are credits that have the apparent ability to satisfy their obligations in full and therefore no loss in ultimate collection is anticipated. These are adequately secured by readily marketable collateral or other forms of support security or are supported by sufficient credit and financial information of favorable nature to assure repayment as agreed.

Past due or individually impaired financial assets are consisting of accounts under the following risk ratings:

(b) *Especially Mentioned*

Accounts classified as “Especially Mentioned” or Grade B are individual credits that have potential weaknesses particularly on documentation or credit administration that deserve management’s close attention. These potential weaknesses, if left uncorrected, may affect the repayment prospects of the loan and thus heighten the credit risk to the Bank.

A credit may also be classified as Especially Mentioned if there is evidence of weakness in the borrower’s financial condition or credit worthiness, or the credit is subject to an unrealistic repayment program or inadequate source of funds.

(c) *Substandard*

Accounts classified as Substandard or Grade C are individual credits or portions thereof, which appear to involve a substantial and unreasonable degree of risk to the Bank because of unfavorable record or unsatisfactory characteristics. There exists in such accounts the possibility of future loss to the Bank unless given closer supervision. Those classified as Substandard must have a well-defined weakness or weaknesses that jeopardize their liquidation. Such well-defined weaknesses may include adverse trends or development of financial, managerial, economic or political nature, or a significant weakness in collateral.

(d) *Doubtful*

Accounts classified as Doubtful or Grade D are individual credits or portions thereof which have the weaknesses inherent in those classified as Substandard, with the added characteristics that existing facts, conditions and values make collection or liquidation in full highly improbable and in which substantial loss is probable. Positive and vigorous action is required to avert or minimize losses.

(e) *Loss*

Accounts classified as Loss or Grade E are individual credits or portions thereof which are considered uncollectible or worthless and of such little value that their continuance as bankable assets are not warranted although the loans may have some recovery or salvage value. The amount of recovery or salvage value is difficult to measure and it is not practical or desirable to defer writing off the entire amount of these basically worthless assets even though partial recovery may be obtained in the future.

In addition, credit portfolio review is another integral part of the Bank's credit risk management. This activity involves the conduct of periodical post approval review of individual credits with main objective to help monitor and maintain sound and healthy risk asset portfolio. The parameters of the credit portfolio review are structured so as to reflect both sides of the risk management equation such as credit quality and process. This function actuates the philosophy that credit quality is derived from sound risk management process. The credit quality of financial assets is managed by the Bank using internal credit ratings.

#### ***4.3.1.2 Credit Risk Measurement***

The Bank's credit risk measurement is performed on different segments of financial asset portfolio such as: (a) consumer, which include motorcycle, housing, auto loans, enterprise, and microfinance loans; (b) corporate, which generally are commercial loans; and, (c) investments in debt securities that are measured at amortized cost, at FVPL, and at FVOCI.

Loans and receivables, regardless if the accounts have been fully paid, extended or renewed in subsequent year or period, are subjected to evaluation for possible losses. The Bank's estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows, and the passage of time. The assessment of credit risk of a portfolio of assets requires further estimations as to the PDs occurring, the associated loss ratios, and default correlations between counterparties. Therefore, credit risk is measured collectively by calculating ECL, using PD, exposure at default (EAD), and loss given default (LGD).

The Bank uses the following approaches in PD computation, depending on the type of financial instruments: Net Rollforward Rate for loans and receivables and Bloomberg Default Risk (DRSK) Function for investment in debt securities measured at amortized cost and FVOCI. Net Rollforward Rate shows the percentage of borrowers who become increasingly delinquent on their accounts. For the Bank, Net Rollforward Rate is computed based on the amount of outstanding balance which rolled from one age bracket to another. This procedure was elected to be used for purposes of PD computation for loans since it is more reflective of the behavior of the Bank's borrowers where some may actually default within the life of the loan but will still be paid sometime. This is attributable to the Bank's concentration to consumer loans.

On the other hand, Bloomberg's DRSK Function provides transparent and timely quantitative estimates of an issuer's default probabilities and default risk. Estimating likelihood is based on globally calibrated model which also retains region-specific characteristics including the Philippine market. The DRSK function incorporates fundamental factors with industry risk, market sentiment, and business cycle in a quantitative model to determine the default probability.

##### ***(a) Consumer Loans***

For consumer loans, risk assessment is performed collectively. The basis of the staging of impairment and related PD, LGD, and ECL is its age brackets (zero or current to as much as more than five years), based on loan type.

The groupings of financial instruments into a pool of shared credit quality are subject to the regular review by in order to ensure that credit exposures within a particular group remain appropriately homogenous.



*(b) Corporate Loans*

On March 11, 2025, the Bank's BOD approved the amended ECL policy for the Bank's corporate loans, effective December 31, 2024. Based on the amended policy, the Bank's credit risk assessment for corporate loans are to be assessed both individually and collectively. Individual assessment is applied to top past due corporate loans, based on outstanding balance as of the cut-off period, that aggregate at least 90% of past due corporate loans. The remaining portfolio are assessed collectively based on their respective number of days past due, in order to determine the PD rate.

*(c) Debt Securities at Amortized Cost*

For the Bank's debt securities at amortized cost, the issuer's specific PD using the Bloomberg DRSK Function is used. The PD associated with each rating is determined based on realized default rates over the previous 12 months, as published by Bloomberg.

**4.3.1.3 Expected Credit Loss Measurement**

*(a) Assessment of Significant Increase in Credit Risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank assesses the change in the risk of a default occurring over the remaining life of the financial instrument. In making this assessment, the Bank assesses on a periodic basis both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information (FLI) as appropriate. These may include macroeconomic conditions, economic sector and geographical region relevant to the counterparty or borrower and other factors that are counterparty-specific.

As the Bank holds various arrays of financial instruments, the extent of assessment may depend on the materiality of the financial instrument or the complexity of the portfolio being assessed.

The Bank's ECL model follows a three-stage impairment approach in determining the loss allowance to be recognized in the financial statements:

- (i)* Stage 1 – comprises of all credit exposures that are considered 'performing' and with no observed SICR since initial recognition. These include those financial instruments with low credit risk. For these financial instruments, the loss allowance is determined based on a 12-month ECL.
- (ii)* Stage 2 – comprises of all financial instruments assessed to have SICR since initial recognition based on the Bank's quantitative and qualitative criteria, though not yet deemed to be credit-impaired. Stage 2 financial instruments may also include those financial instruments where the credit risk has improved and have been reclassified from Stage 3 subject to the Bank's observation period on the creditworthiness of the counterparty. A lifetime ECL is recognized for these financial instruments.

- (iii) Stage 3 – comprises credit exposures which are assessed with objective evidence of impairment, thus considered by the Bank as ‘non-performing’, which is assessed consistently with the Bank’s definition of default for each loan portfolio. The Bank recognizes a lifetime ECL for all credit-impaired financial assets.

The Bank considers low credit risk for listed debt security when its credit risk rating is equivalent to a globally understood definition of ‘investment grade’ (which should be from at least one major rating agency); other debt securities are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Financial assets that are credit-impaired on initial recognition are classified as purchased or originated credit-impaired assets. ECL is only recognized or released to the extent that there is a subsequent change in the ECLs.

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probabilities of default and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Bank’s internal credit assessment, the borrower or counterparty is determined to have well-defined credit weaknesses. For exposures with no internal credit risk rating performed, if contractual payments are more than a specified days past due threshold, the credit risk is deemed to have increased significantly since initial recognition.

Depending on the number of days past due which differ across the various retail products of the Bank, a credit exposure may be transferred to Stage 2 or Stage 3. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer an SICR since initial recognition, the Bank shall revert to recognizing a 12-month ECL.

As a general rule, an upgrade or transfer of credit exposure from Stage 3 to Stage 1 is allowed when there is sufficient evidence to support that full collection of principal and interest is probable, consistent with the Bank’s definition of curing period.

(b) *Definition of Default and Credit-Impaired Assets*

*Loans and Receivables*

Credit impaired assets are those classified as both past due and under Stage 3. The Bank defines a financial asset as in default, which is aligned with the definition of credit-impaired asset, when it meets one or more of the following criteria:

- *Quantitative* – in this criterion, the borrower has more than 90 days of missed contractual payments.
- *Qualitative* – this includes instances where the borrower is unlikely to pay its obligations and is deemed to be in significant financial difficulty, which include cases of long-term forbearance, borrower’s death, insolvency, breach of financial covenant/s, disappearance of active market for that financial instrument because of financial difficulties, and bankruptcy.



These criteria have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. Such definition has been consistently applied in determining PD, EAD, and LGD throughout the ECL calculations of the Bank.

An instrument is considered to have cured when it no longer meets any of the default criteria for a consecutive period of six months. The cure period sets the tolerance period wherein the borrowers are allowed to update the payments. This period was determined based on an analysis which considers the likelihood of a financial instrument returning to default status. The Bank considers verifiable collection experience and reasonable judgment that support the likelihood.

#### *Investments in Debt Securities*

Investments in debt securities is assessed as credit-impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of an event that occurred after the initial recognition of the security (a “loss event”) and that loss event has impact on the estimated future cash flows of the securities. Losses expected as a result of future events, shall also be considered in estimating the ECL. Objective evidence that the security is impaired includes observable data that comes to the attention of the holder of the security about the following loss events:

- significant financial difficulty of the issuer or obligor;
- breach of contract, such as a default or delinquency in interest or principal payments;
- the financial institution, for economic or legal reasons relating to the issuer’s financial difficulty, granting to the issuer a concession that the financial institution would not otherwise consider;
- it becoming probable that the issuer will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that security because of financial difficulties; or,
- measurable decrease in the estimated future cash flows from a portfolio of securities since the initial recognition of those assets, although the decrease cannot yet be identified with the individual securities in the portfolio.

The disappearance of an active market because a financial institution’s held securities are no longer publicly traded is not an evidence of impairment. A downgrade of an issuer’s credit rating is not, by itself, evidence of impairment, although it may be evidence of impairment when considered with other available information. A decline in the fair value of a security below its cost or amortized cost is not necessarily evidence of impairment (for example, a decline in fair value of an investment in debt security that results from an increase in the risk-free interest rate).

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors:

- the market’s assessment of creditworthiness as reflected in the bond yields;
- the rating agencies’ assessment of creditworthiness;
- the country’s ability to access the capital markets for new debt issuance;
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; or,

- the internal support mechanism in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfill the required criteria.

(c) *Key Inputs, Assumptions, and Estimation Techniques Used in Measurement of ECL*

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment.

- *Probability of Default*

This represents an estimate of likelihood of a borrower defaulting on its financial obligation over a given time horizon, either over the next 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation. PD is calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures, which consider both quantitative and qualitative factors. In determining PD, the Bank performs segmentation of its credit exposures based on homogenous characteristics and developed a systematic PD methodology for each portfolio. Generally, if a counterparty or exposure migrates between rating classes, this will lead to a change in the estimate of the associated PD.

- *Loss Given Default*

This pertains to estimate of loss related to the amount that may not be recovered after the borrower defaults. The Bank estimates LGD parameters based on historical recovery rates of claims against defaulted counterparties, which takes into consideration the realization of any collateral that is integral to the financial asset. For secured credit exposure, the determination of LGD is dependent on the Bank's collateral data which are available at the origination of the instrument which takes into account the amount and timing of the cash inflows (actual recovery) and outflows (actual expenses) and on the time value of money. Recoveries are calculated on a discounted cash flows basis using the effective interest rate as the discounting factor.

- *Exposure at Default*

This represents the gross carrying amount of the exposure in the event of default which include the amortized cost amount of an instrument and any accrued interest receivable.

These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not been prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to and summed at the end of the reporting period. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.



The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the life of the instrument. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. Such profile is supported by a historical analysis (i.e., an observation period of five years) which uses, among others the number of rated accounts and ratings of bad accounts at the time of default. For loans with periodic amortization and one-time full payment at end of the term, EAD is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment or refinancing assumptions are also incorporated into the calculation.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default, and may vary by loan type. For secured loans, this is primarily based on collateral type and projected collateral values, historical discounts to market or book values due to forced sales, time to repossession and recovery costs observed. For unsecured loans, LGD is typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. The LGD is influenced by collection strategies.

The determination of the 12-month and lifetime PD, LGD, and EAD includes the overlay of forward-looking economic information [see Note 4.3.1.3(d)]. The assumptions underlying the calculation of the ECL – such as how the maturity profile of the PDs and how collateral values change – are monitored and reviewed by the Bank on a periodic basis.

For 23 loan accounts which represent 90% of the past due corporate loans, individual assessment was used to measure ECL using discounted cash flows, taking into account the amount and timing of estimated cash inflows from recent negotiations for restructuring or foreclosure of collateral properties.

Except for the amendment of ECL policy on corporate loans on March 2025, there have been no other significant changes in the estimation techniques or significant assumptions made by the Bank in 2024 and 2023 [see Note 4.3.1.2(b)].

*(d) Overlay Forward-looking Information in the Measurement of ECL*

The Bank incorporates FLI in its assessment of SICR and calculation of ECL. The Bank has performed historical analysis and has identified the key macro-economic variables (MEVs) affecting credit risk associated with its borrowers and/or counterparties and the ECL for each portfolio of debt instruments.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between MEVs, credit risk, and credit losses.

The significance of the selected MEVs as predictors of default may change over time as historical information is added. As such, the generated macro-economic models are updated at least on an annual basis. The MEVs and their associated impact on the PD, EAD and LGD vary by financial instrument. To assess the effect of macroeconomic factors as historical and deterministic regressors to the portfolios PD, a multivariate analysis in the context of vector autoregressive (VAR) model is used. To determine the MEV, all possible combinations of different macroeconomic factors were considered and evaluated based on the interpretative power of the models individual significance of parameter estimates, soundness of economic theory, and in accordance with the assumptions of VAR.

The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In 2024, the MEVs considered by the Bank includes economic data and forecasts published by government agencies (e.g., BSP and Philippine Statistics Authority), international organizations (e.g., World Bank), and certain reputable private and academic organizations involved in forecasting. Accordingly, the Bank has identified key drivers for credit risk for its corporate loans portfolio, which include, among others, BSP key interest rates, consumer price index (CPI), family financial situation index (FFSI), and peso-dollar exchange rate. On the other hand, the key drivers for the Bank's retail loans portfolio include CPI, BSP key interest rates, micro, small, and medium enterprises (MSME) growth rates, business expectation index, unemployment rate, inflation rate, FFSI, growth rate of gross domestic product (GDP), growth rate of gross national income per capita, consumption-to-GDP ratio, peso-dollar exchange rate, OFW Cash remittance, major oil markets price; and, real non-agricultural wage rate.

In 2023, BSP key interest rates, CPI, and growth rate of resources of the Philippine financial system, respectively, were used as MEV for the corporate loans portfolio, while the key drivers for the Bank's retail loans portfolio include CPI, BSP key interest rates, MSME growth, business expectation index, unemployment rate, inflation rate, FFSI, growth rate of gross national income per capita, peso-dollar exchange rate, major oil markets price; and, real non-agricultural wage rate, given its significant coefficient or impact on the borrowers' ability to meet contractual repayments (see also Note 4.3.1.8). The changes in MEVs were due to the recalibration of forward-looking information in 2024.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore, the actual outcomes may be significantly different to those projections. The Bank considers these forecasts to represent its best estimate of the possible outcomes and has analyzed the non-linearities and asymmetries within the Bank's different product types to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Management has also considered other FLIs such as any regulatory, legislative, or political changes, but are not deemed to have a significant impact on the calculation of ECL. Management reviews and monitors the appropriateness of FLIs at least annually.



#### 4.3.1.4 Credit Risk Exposures and the ECL Allowance

##### (a) Credit Risk Exposures

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position, as summarized below.

<i>(Amounts in PHP)</i>	Notes	2024	2023
Cash and cash equivalents	7	5,296,082,233	5,754,771,614
Investment securities:			
At amortized cost - debt securities	8	6,224,219,257	6,962,600,529
At FVOCI - debt securities	8	3,911,796,630	3,616,357,763
At FVPL	8	150,442,051	-
Loans and receivables	9	38,899,119,327	36,345,304,366
Rental and utilities deposits	14	28,799,456	30,346,846
		<b>54,510,458,954</b>	<b>52,709,381,118</b>

The credit risk for cash and cash equivalents such as Due from BSP and Due from Other Banks are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The tables below and in the succeeding pages show the credit exposures on the above financial assets (particularly loans receivables and investments in debt securities) by stages of impairment as of December 31, 2024 and 2023, shown at their gross and net carrying amounts, with the corresponding allowance for ECL shown in Note 4.3.1.4(c). All instruments, which were not assessed by the Bank for ECL based on individual credit risk rating were evaluated on a collective basis, applying applicable PD and LGD based on the segment of instrument gross carrying amounts of financial instruments by stage as at December 31, 2024 and 2023 is presented below and in the succeeding pages.

<i>(Amounts in PHP)</i>	Stage 1	Stage 2	Stage 3	Total
<b>December 31, 2024:</b>				
<b><u>Loans and Receivables*</u></b>				
<b>Motorcycle Loans</b>				
Unclassified/Current: Grade A	15,910,354,737	-	-	15,910,354,737
Especially mentioned: Grade B	-	4,811,370,926	-	4,811,370,926
Sub-standard: Grade C	-	3,498,101,346	635,363,587	4,133,464,933
Doubtful: Grade D	-	-	542,572,232	542,572,232
Loss: Grade E	-	-	1,566,273,837	1,566,273,837
	15,910,354,737	8,309,472,272	2,744,209,656	26,964,036,665
Allowance for ECL	(183,348,164)	(93,718,815)	(1,771,509,851)	(2,048,576,830)
Carrying amount	<b>15,727,006,573</b>	<b>8,215,753,457</b>	<b>972,699,805</b>	<b>24,915,459,835</b>

\*Loans receivable from reverse repurchase agreement is not included.

(Amounts in PHP)

	Stage 1	Stage 2	Stage 3	Total
<b>Commercial Loans</b>				
Unclassified/Current: Grade A	4,668,324,047	-	-	4,668,324,047
Especially mentioned: Grade B	-	244,657,381	-	244,657,381
Sub-standard: Grade C	-	570,980,984	508,162	571,489,146
Doubtful: Grade D	-	-	-	-
Loss: Grade E	-	-	1,514,857,336	1,514,857,336
	4,668,324,047	815,638,365	1,515,365,498	6,999,327,910
Allowance for ECL	(56,676,059)	(37,674,519)	(539,227,193)	(633,577,771)
Carrying amount	<b>4,611,647,988</b>	<b>777,963,846</b>	<b>976,138,305</b>	<b>6,365,750,139</b>
<b>Other Retail Loans and Receivables</b>				
Unclassified/Current: Grade A	4,417,744,596	-	-	4,417,744,596
Especially mentioned: Grade B	-	105,223,112	-	105,223,112
Sub-standard: Grade C	-	67,816,422	14,316,793	82,133,215
Doubtful: Grade D	-	-	15,559,513	15,559,513
Loss: Grade E	-	-	315,094,316	315,094,316
	4,417,744,596	173,039,534	344,970,622	4,935,754,752
Allowance for ECL	(25,424,099)	(19,550,802)	(274,720,775)	(319,695,676)
Carrying amount	<b>4,392,320,497</b>	<b>153,488,732</b>	<b>70,249,847</b>	<b>4,616,059,076</b>
Total gross amount	24,996,423,380	9,298,150,171	4,604,545,776	38,899,119,327
Allowance for ECL	(265,448,322)	(150,944,136)	(2,585,457,819)	(3,001,850,277)
Carrying amount	<b>24,730,975,058</b>	<b>9,147,206,035</b>	<b>2,019,087,957</b>	<b>35,897,269,050</b>
<b>Investment in debt securities</b>				
<b>At FVOCI</b>				
Unclassified/Current: Grade A	3,911,796,630	-	-	3,911,796,630
<b>At amortized cost</b>				
Unclassified/Current: Grade A	6,164,262,880	-	-	6,164,262,880
Allowance for ECL	(29,795)	-	-	(29,795)
	6,164,233,085	-	-	6,164,233,085
Carrying amount	<b>10,076,029,715</b>	<b>-</b>	<b>-</b>	<b>10,076,029,715</b>

December 31, 2023:

Loans and Receivables\*

Motorcycle Loans

Unclassified/Current: Grade A	15,224,286,215	-	-	15,224,286,215
Especially mentioned: Grade B	-	4,341,202,725	116,477,672	4,457,680,397
Sub-standard: Grade C	-	2,865,815,581	739,387,765	3,605,203,346
Doubtful: Grade D	-	-	507,500,298	507,500,298
Loss: Grade E	-	-	1,586,021,551	1,586,021,551
	15,224,286,215	7,207,018,306	2,949,387,286	25,380,691,807
Allowance for ECL	(193,796,221)	(61,227,038)	(1,465,047,273)	(1,720,070,532)
Carrying amount	<b>15,030,489,994</b>	<b>7,145,791,268</b>	<b>1,484,340,013</b>	<b>23,660,621,275</b>

\*Loans receivable from reverse repurchase agreement is not included.



<i>(Amounts in PHP)</i>	Stage 1	Stage 2	Stage 3	Total
Commercial Loans				
Unclassified/Current: Grade A	5,700,324,951	-	-	5,700,324,951
Especially mentioned: Grade B	-	101,539,128	26,602,130	128,141,258
Sub-standard: Grade C	-	-	3,398,968	3,398,968
Doubtful: Grade D	-	-	4,256,514	4,256,514
Loss: Grade E	-	-	1,070,664,412	1,070,664,412
	5,700,324,951	101,539,128	1,104,922,024	6,906,786,103
Allowance for ECL	(97,750,458)	(1,234,828)	(558,624,963)	(657,610,249)
Carrying amount	5,602,574,493	100,304,300	546,297,061	6,249,175,854
Other retail loans and receivables				
Unclassified/Current: Grade A	3,224,191,416	-	-	3,224,191,416
Especially mentioned: Grade B	-	205,821,816	3,555,556	209,377,372
Sub-standard: Grade C	-	200,049,630	62,058,748	262,108,378
Doubtful: Grade D	-	-	55,597,198	55,597,198
Loss: Grade E	-	-	306,552,091	306,552,091
	3,224,191,416	405,871,446	427,763,594	4,057,826,455
Allowance for ECL	(77,481,990)	(18,063,487)	(205,203,411)	(300,748,888)
Carrying amount	3,146,709,426	387,807,959	222,560,183	3,757,077,567
Total gross amount	24,148,802,582	7,714,428,880	4,482,072,904	36,345,304,365
Allowance for ECL	(369,028,669)	(80,525,353)	(2,228,875,647)	(2,678,429,669)
Carrying amount	23,779,773,913	7,633,903,527	2,253,197,257	33,666,874,696
<u>Investment in debt securities</u>				
At FVOCI				
Unclassified/Current: Grade A	3,790,161,523	-	-	3,790,161,523
At amortized cost				
Unclassified/Current: Grade A	6,891,041,706	-	-	6,891,041,706
Allowance for ECL	(60,370)	-	-	(60,370)
Carrying amount	10,681,142,859	-	-	10,681,142,859

The information on how the significant changes in the gross carrying amount of the financial instruments contributed to the changes in allowance for ECL are presented in Note 4.3.1.4(b).

An impairment reversal of P30,575 and P41 on debt securities classified as financial assets at amortized cost has been recognized in 2024 and 2023, respectively.

The Bank's maximum exposure to credit risk is equal to the carrying value of its financial assets, except for certain secured loans and receivables from customers.

(b) *Significant Changes in Gross Carrying Amount Affecting Allowance for ECL*

The table below and in the succeeding page provides information how the significant changes in the gross carrying amount of loans and receivables in 2024 and 2023 contributed to the changes in the allowance for ECL (amounts in millions of Philippine pesos).

	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2024	24,149	7,714	4,482	36,345
Transfers:				
From Stage 1 to Stage 2	(4,400)	4,400	-	-
From Stage 1 to Stage 3	(770)	-	770	-
From Stage 2 to Stage 1	2,800	(2,800)	-	-
From Stage 2 to Stage 3	-	(1,842)	1,842	-
From Stage 3 to Stage 1	1,449	-	(1,449)	-
From Stage 3 to Stage 2	-	50	(50)	-
New financial assets originated:				
Remained in Stage 1	16,247	-	-	16,247
Moved to Stages 2 and 3	-	4,661	663	5,324
Financial assets derecognized or repaid during the year	(11,392)	(5,076)	(2,549)	(19,017)
Others	(3,087)	2,191	896	-
	847	1,584	123	2,554
Balance at December 31, 2024	<b>24,996</b>	<b>9,298</b>	<b>4,605</b>	<b>38,899</b>
Balance at January 1, 2023	26,267	5,304	4,134	35,705
Transfers:				
From Stage 1 to Stage 2	(1,735)	1,735	-	-
From Stage 1 to Stage 3	(1,053)	-	1,053	-
From Stage 2 to Stage 1	87	(87)	-	-
From Stage 2 to Stage 3	-	(613)	613	-
From Stage 3 to Stage 1	20	-	(20)	-
From Stage 3 to Stage 2	-	9	(9)	-
New financial assets originated:				
Remained in Stage 1	12,547	-	-	12,547
Moved to Stages 2 and 3	-	870	407	1,277
Financial assets derecognized or repaid during the year	(8,539)	(1,055)	(2,529)	(12,123)
Write-offs	-	-	(383)	(383)
Others	(3,445)	1,551	1,216	(678)
	(2,118)	2,410	348	640
Balance at December 31, 2023	24,149	7,714	4,482	36,345

The gross carrying amounts of the Bank's investments in debt securities at amortized cost and at FVOCI are disclosed in Note 8. These are classified in Stage 1 due to low credit risk.



(c) *Allowance for Expected Credit Loss*

The following table show the reconciliation of the loss allowance for ECL on loans and receivables at the beginning and end of 2024 and 2023 (amounts in millions of Philippine pesos).

	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2024	369	81	2,229	2,679
Transfers:				
From Stage 1 to Stage 2	(84)	84	-	-
From Stage 1 to Stage 3	(13)	-	13	-
From Stage 2 to Stage 1	34	(34)	-	-
From Stage 2 to Stage 3	-	(35)	35	-
From Stage 3 to Stage 1	792	-	(792)	-
From Stage 3 to Stage 2	-	7	(7)	-
New financial assets originated:				
Remained in Stage 1	184	-	-	184
Moved to Stages 2 and 3	-	91	583	674
Financial assets derecognized or repaid during the year	(161)	(84)	(290)	(535)
Others	(856)	41	815	-
	<u>(104)</u>	<u>70</u>	<u>357</u>	<u>323</u>
Balance at December 31, 2024	<u>265</u>	<u>151</u>	<u>2,586</u>	<u>3,002</u>
Balance at January 1, 2023	348	81	2,141	2,570
Transfers:				
From Stage 1 to Stage 2	(35)	35	-	-
From Stage 1 to Stage 3	(355)	-	355	-
From Stage 2 to Stage 1	2	(2)	-	-
From Stage 2 to Stage 3	-	(270)	270	-
From Stage 3 to Stage 1	1	-	(1)	-
From Stage 3 to Stage 2	-	1	(1)	-
New financial assets originated:				
Remained in Stage 1	179	-	-	179
Moved to Stages 2 and 3	-	12	77	89
Financial assets derecognized or repaid during the year	(60)	(34)	(723)	(817)
Write-offs	-	-	(383)	(383)
Others	289	257	494	1,040
	<u>21</u>	<u>(1)</u>	<u>88</u>	<u>108</u>
Balance at December 31, 2023	<u>369</u>	<u>80</u>	<u>2,229</u>	<u>2,678</u>

**4.3.1.5 Collateral Held as Security and Other Credit Enhancements**

The Bank holds collateral against loans and other receivables from customers in the form of mortgage interests over property, hold-out deposits, other registered securities over assets and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over due from other banks, interbank loans and investment securities, except when securities are held as part of reverse repurchase and securities borrowing activity.

The estimated fair value of collateral and other security enhancements held against the loan portfolio as of December 31, 2024 and 2023 are presented below:

<i>(Amounts in PHP)</i>	2024	2023
Real estate mortgage	5,394,950,252	4,389,732,234
Hold-out deposits	625,613,866	740,906,357
Others	613,139,027	333,089,189
	<b>6,633,703,145</b>	<b>5,463,727,780</b>

For receivables arising from reverse repurchase agreement, since the BSP's purchase will be reversed subsequently, the government securities sold amounting to P3.4 billion and P4.0 billion in 2024 and 2023, respectively, are considered collateralized securities.

#### 4.3.1.6 Write-offs

The Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery of the financial asset. Indicators that there is no reasonable expectation of recovery include: cessation of enforcement activity; and, where the Bank's recovery method is through foreclosure of collateral and the value of the collateral is less than the outstanding contractual amounts of the financial assets to be written-off.

The Bank may write-off financial assets that are still subject to enforcement activity. The Bank still seeks to recover amounts legally owed in full, but which have been written-off due to no reasonable expectation of full recovery. The outstanding amounts of such assets written-off in 2023 amounted to P382.7 million. No outstanding loans were written off for 2024 (see Note 9).

#### 4.3.1.7 Concentration of Credit Risk

The Bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk (gross of allowance) at the reporting date is shown below.

<i>(Amounts in PHP)</i>	2024			2023		
	Cash and Cash Equivalents	Receivable from Customers	Investment Securities	Cash and Cash Equivalents	Receivable from Customers	Investment Securities
Concentration by sector:						
Financial and insurance activities	5,296,082,233	1,021,123,166	9,294,284,980	5,754,771,614	589,116,873	9,034,789,982
Consumption	-	22,759,797,085	414,368,402	-	21,949,202,445	402,771,805
Wholesale and retail trade	-	3,763,930,574	-	-	3,293,554,113	-
Real estate, renting and other related activities	-	1,792,260,299	474,833,424	-	2,075,863,331	1,026,837,312
Agriculture, hunting and forestry	-	1,556,695,798	-	-	851,945,632	-
Transportation, storage and communication	-	1,298,660,716	-	-	966,085,503	-
Construction	-	1,114,090,537	-	-	850,580,959	-
Accommodation and food service	-	1,091,716,525	-	-	905,592,544	-
Electricity, gas and water	-	871,783,313	42,984,960	-	931,902,541	43,000,000
Manufacturing	-	645,944,080	-	-	1,072,594,022	-
Other community, social personal services	-	173,707,790	-	-	213,524,524	-
Human health and social service activities	-	154,149,085	-	-	351,260,694	-
Administrative and support service activities	-	134,674,418	-	-	69,915,551	-
Education	-	16,629,736	-	-	18,896,790	-
Private household	-	12,889,553	-	-	11,244,116	-
	<b>5,296,082,233</b>	<b>36,408,052,675</b>	<b>10,226,471,766</b>	<b>5,754,771,614</b>	<b>34,151,279,638</b>	<b>10,507,399,099</b>



#### 4.3.1.8 Sensitivity Analysis on ECL Measurement

Set out below are the changes to the Bank's ECL as of December 31, 2024 and 2023 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Bank's economic variable assumptions:

(Amounts in PHP)	Impact on ECL Allowance		
	Change in MEV assumption +/- 1%	Increase in assumption	Decrease in assumption
<b>December 31, 2024</b>			
Motorcycle loans	(b), (d), (h), (n)	251,215,087	(214,768,676)
Corporate loans	(g), (h), (k), (m)	116,946,527	(106,509,532)
Consumer loans	(a), (b), (d), (e), (f), (g), (j), (k), (l), (o)	29,109,051	(24,416,268)
Microfinance loans	(d), (f), (k)	6,552,794	(6,297,506)
Enterprise loans	(a), (b), (d), (j)	4,580,091	(4,253,568)
Expanded enterprise loans	(f), (j), (l), (n), (o)	1,125,825	(913,707)
<b>December 31, 2023</b>			
Motorcycle loans	(b), (g), (h)	205,466,043	(174,867,973)
Corporate loans	(g), (h), (i)		
Consumer loans	(b), (g), (h), (l), (m), (n), (c)	124,631,005	(113,863,748)
Enterprise loans	(b), (f), (h)	19,889,272	(14,831,480)
Microfinance loans	(b), (d), (f), (k)	3,649,545	(3,402,871)
		4,386,007	(4,178,876)
(a) Growth rate of Gross Domestic Product (GDP)		(i) Growth rate of resources of the Philippine financial system	
(b) Growth rate of the total number of existing SMEs		(j) Business expectation index	
(c) Growth rate of real non-agricultural wage rates		(k) Family financial situation index	
(d) Unemployment rate		(l) Growth rate of gross national income per capita	
(e) OFW cash remittance		(m) Peso-dollar exchange rate	
(f) Inflation rate		(n) Major oil market price	
(g) BSP key interest rates		(o) consumption-to-GDP ratio	
(h) Consumer price index (CPI)			

#### 4.3.1.9 Modifications of Financial Assets

##### (a) Financial Reliefs Provided by the Bank

In certain cases, the Bank modifies the terms of the loans provided to the borrowers due to commercial renegotiations, or for distressed loans, with a view of maximizing recovery of the contractual amount of obligation that the Bank is owed to.

Restructuring policies and practices are based on indicators or criteria which, in the management's judgment, indicate that payment will most likely continue. Such policies are continuously reviewed and updated as necessary.

Restructured loans amounted to P514.1 million and P733.8 million as of December 31, 2024 and 2023, respectively (see Note 9). The related allowance for credit loss of such loans amounted to P161.8 million and P180.7 million as of the same periods, respectively.

(b) *Assessment of SICR*

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Bank monitors the performance of the financial asset subsequent to its modification.

The Bank may determine that the credit risk has significantly improved after restructuring (in accordance with the new terms for six consecutive months or more), so that the assets are moved from Stage 2 or Stage 3. The Bank continues to monitor if there is a subsequent SICR in relation to such modified assets through the use of specific models for modified assets.

#### 4.3.2 *Market Risk*

The Bank is exposed to market risk through its use of financial instruments and specifically to interest rate risk which result from both its operating and investing activities.

(a) *Interest Rate Risk*

The Bank's policy is to minimize interest rate cash flow risk exposures. As of December 31, 2024 and 2023, the Bank is exposed to changes in market interest rates through its short-term placements which form part of amounts on due from other banks and debt securities, which are subject to variable interest. All other financial assets and financial liabilities either have fixed interest rates or are non-interest-bearing.

The following table illustrates the sensitivity of the Bank's profit before tax and equity to a reasonably possible change in interest rates of its short-term placements and debt securities, with all other variables held constant.

<i>(Amounts in PHP)</i>	<i>+ / - %</i>	<b>Profit Before Tax</b>	<b>Equity</b>
<b>2024:</b>			
Due from other banks	0.44%	1,106,838	830,129
Financial assets at FVPL	0.94%	1,420,275	1,420,275
Financial assets at FVOCI	0.94%	36,930,010	27,697,508
Investment securities at amortized cost	0.94%	58,194,537	43,645,903
		<b>97,651,660</b>	<b>73,593,815</b>
<b>2023:</b>			
Due from other banks	0.41%	859,029	644,272
Financial assets at FVOCI	1.22%	46,204,725	34,653,543
Investment securities at amortized cost	1.22%	84,005,891	63,004,418
		<b>131,069,645</b>	<b>98,302,233</b>

The changes in interest rates used in the analysis of short-term placements are based on the volatility of the BSP's compilation of domestic rates on short-term placements computed using standard deviation. The changes in interest rates used in the analysis of trading and investment securities have been determined based on the average volatility in interest rates of the said investments in the past 12 months.



(b) *Other Price Risk*

The Bank's market price risk arises from its equity securities investments carried at fair value (i.e., financial assets at FVOCI). The Bank manages exposures to price risk by monitoring the changes in the market price of the investments and at some extent, diversifying the investment portfolio in accordance with the limit set by management.

For financial assets at FVOCI held by the Bank, an average volatility of 5.40% has been observed during 2023. If quoted price for these securities increased or decreased by that amount, equity would have changed by P9.4 million in 2023. As at December 31, 2024, the Bank has no investments listed in equity securities.

### 4.3.3 *Liquidity Risk*

Liquidity risk is the risk that funds available may not be adequate to meet the credit demands of the Bank's customers and repay deposits when these become due. The Bank manages liquidity risk by holding sufficient liquid assets of appropriate quality to ensure short-term funding requirements are met and by maintaining a loan portfolio with evenly-spaced maturities and cash flows. In addition, the Bank seeks to maintain sufficient liquidity to take advantage of interest rate opportunities when they arise.

The analysis of the maturity groupings of the Bank's financial assets and financial liabilities (at gross amounts) as at December 31, 2024 and 2023 is presented below.

<i>(Amounts in PHP)</i>	Due Within One Year	Due Beyond One Year but Within Five Years	Due Beyond Five Years	Total
<b>December 31, 2024:</b>				
<b>Financial Resources:</b>				
Cash	129,585,797	-	-	129,585,797
Due from BSP	1,517,024,750	-	-	1,517,024,750
Due from other banks	249,471,686	-	-	249,471,686
Investment securities:				
At FVOCI	487,732,432	2,631,119,783	792,944,415	3,911,796,630
At amortized cost	1,037,741	5,489,803,981	673,421,158	6,164,262,880
At FVPL	150,442,051	-	-	150,442,051
Loans and receivables	16,515,043,907	24,635,834,815	1,148,240,605	42,299,119,327
Rental and utilities deposits	-	-	28,799,456	28,799,456
<b>Total</b>	<b>19,050,338,364</b>	<b>32,756,758,579</b>	<b>2,643,405,634</b>	<b>54,450,502,577</b>
<b>Financial Liabilities:</b>				
Deposit liabilities	28,224,755,124	5,835,293,315	-	34,060,048,439
Accounts payable and other liabilities	1,419,552,871	225,885,897	2,247,738	1,647,686,506
<b>Total</b>	<b>29,644,307,995</b>	<b>6,061,179,212</b>	<b>2,247,738</b>	<b>35,707,734,945</b>
Periodic Surplus (Gap)	(10,593,969,631)	26,695,579,367	2,641,157,896	18,742,767,632
<b>Cumulative Total Surplus (Gap)</b>	<b>(10,593,969,631)</b>	<b>16,101,609,736</b>	<b>18,742,767,632</b>	<b>-</b>

<i>(Amounts in PHP)</i>	Due Within One Year	Due Beyond One Year but Within Five Years	Due Beyond Five Years	Total
December 31, 2023:				
Financial Resources:				
Cash	108,263,928	-	-	108,263,928
Due from BSP	1,443,819,384	-	-	1,443,819,384
Due from other banks	208,610,771	-	-	208,610,771
Investment securities:				
At FVOCI	154,475,260	2,751,931,515	883,754,748	3,790,161,523
At amortized cost	737,527,466	5,483,037,959	670,476,281	6,891,041,706
Loans and receivables	15,723,074,567	23,134,819,167	1,481,488,162	40,339,381,896
Rental and utilities deposits	-	-	30,346,846	30,346,846
Total	18,375,771,376	31,369,788,641	3,066,066,037	52,811,626,054
Financial Liabilities:				
Deposit liabilities	28,513,598,260	3,504,173,242	966,555,094	32,984,326,596
Accounts payable and other liabilities	1,598,930,109	39,038,562	31,223,212	1,669,191,883
Total	30,112,528,369	3,543,211,804	997,778,306	34,653,518,479
Periodic Surplus (Gap)	(11,736,756,993)	27,826,576,837	2,068,287,731	18,158,107,575
Cumulative Total Surplus (Gap)	(11,736,787,568)	16,089,759,474	18,158,107,575	-

The Bank expects that a substantial portion of the deposit liabilities with maturity of one year or less will be rolled over upon maturity.

#### **4.3.4 Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The management of operational risk has two key objectives: (a) minimize the impact of losses – financial and non-financial – both in the normal course of business and from extreme events; and, (b) improve the effective management of the Bank and strengthen its brand and external reputation. The Bank uses the following operational risk management tools to properly identify and assess operational risk:

##### *(a) Loss Event Reporting*

Internal operational loss data provides meaningful information for assessing exposure to operational risk and effectiveness of internal control. Business units are required to report their loss events within 24 hours.

##### *(b) Key Risk Indicator (KRI)*

KRIs provide an insight into emerging risk exposure that contribute to early detection of operational risk.

##### *(c) Risk and Control Self-Assessment (RCSA)*

RCSA evaluates residual risk (the risk exposure after controls are considered) and the effectiveness of the controls.



### ***4.3.5 Anti-Money Laundering Controls***

The Republic Act (R.A.) No. 9160 of 2001 also known as the Anti-Money Laundering Act (AMLA), as amended by R.A. 9194 (March 2003), R.A. 10167 (June 2012), R.A. 10365 (March 2013) and R.A. 10927 (July 2017) is an act defining crime of money laundering, providing penalties therefore and for other purpose. Pursuant to AMLA, it is the policy of the state to protect and preserve the integrity and confidentiality of bank accounts to ensure that the Philippines shall not be used as a money laundering site for the proceeds of any unlawful activity.

Adopting a comprehensive and risk-based Money Laundering and Terrorist Financing Prevention Program, a Board-approved manual was created in compliance with BSP Circular no. 706, as amended by Circulars 950 and 1022; and Anti-Money Laundering Council (AMLC) and Anti-Money Laundering (AML) related SEC Issuances.

As a minimum, the Bank implements rules in accordance with the four major areas for compliance as follows:

#### ***(a) Customer Identification and Due Diligence***

The Bank implements appropriate due diligence that corresponds to the risk profile of the client during on-boarding and all throughout the existence of business relationship with its customers.

The Bank performs appropriate due diligence based of the resultant risk profile of the customer using the Bank's AML Risk Score Sheet. In particular, due diligence is done when the Bank establishes business relations with any customer; there is suspicion of money laundering or terrorist financing; or there is doubt about the veracity or adequacy of previously obtained customer information data.

#### ***(b) Covered and Suspicious Transaction Monitoring and Reporting***

The Bank implements monitoring and timely, complete, and accurate reporting of covered and suspicious transactions of all customers across all products.

The Bank, being a covered person under the supervision of BSP is mandated by the AMLC to monitor and submit covered transaction reports and suspicious transaction reports. For bank compliance, the former covers a transaction in cash or other equivalent monetary instrument exceeding P500,000 while the latter refers a report on suspicious transaction, regardless of amount, where any of the suspicious circumstances as defined in the 2018 Revised Implementing Rules and Regulations (RIRR), as amended, is determined, based on suspicions or, if available, reasonable grounds, to be existing.

#### ***(c) Record Keeping and Retention***

The Bank provides and implements Policy on Record Keeping and Retention to ensure confidentiality and protection of all customer records and transactions.

For Identification Records, it is maintained and safely stored as long as the account is active; for Transaction Records, these are maintained and safely stored for five years from the date of transactions; and for Closed Accounts, records on customer identification, account files and business correspondences are preserved and safely stored for at least five years from date of closure. In the event that there will be money laundering case filed in court, the Bank's policy provides that records should be retained beyond five years until confirmed that the case has been terminated by the court.

(d) *AML Training Program*

All Bank officers and staff are provided with effective training and continuing education programs to enable them to fully comply with all their obligations under the AMLA, the RIRR, and other AMLC issuance.

In coordination with the Bank's Lending and Development Department, the BOD, Officers and Staff are provided modularized AML Training Program commensurate to their duties responsibilities.

The Audit and Compliance committee composed of three independent directors oversees the implementation of the Bank's compliance program, money laundering prevention program and ensuring regulatory compliance issues are resolved expeditiously. At the forefront of the implementation of its mandate is the Compliance Group, headed by the Chief Compliance Officer (CCO). There were no significant changes in the Bank's AML policies in 2024.

The CCO regularly reports to the Audit and Compliance Committee and to the BOD, relevant regulatory updates and results of its monitoring of AMLA compliance.

## 5. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### 5.1 *Carrying Amounts and Fair Values by Category*

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

(Amounts in PHP)	Notes	2024		2023	
		Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
<b>Financial Assets:</b>					
At amortized cost:					
Cash	7	129,585,797	129,585,797	108,263,928	108,263,928
Due from BSP	7	1,517,024,750	1,517,024,750	1,443,819,384	1,443,819,384
Due from other banks	7	249,471,686	249,471,686	208,610,771	208,610,771
Investment securities at amortized cost – net	8	6,164,233,085	5,913,748,130	6,890,981,336	6,577,985,836
Loans and receivables	9	39,297,269,050	40,363,591,657	37,660,952,227	38,671,544,374
Rental and utilities deposits	14	28,799,456	28,799,456	30,346,846	30,346,846
		47,386,383,824	48,202,221,476	46,342,974,492	47,040,571,139
At fair value:					
Investment securities at FVOCI	8	3,911,796,630	3,911,796,630	3,790,161,523	3,790,161,523
Investment securities at FVPL	8	150,442,051	150,442,051	-	-
		51,448,622,505	52,264,460,157	50,133,136,015	50,830,732,662
<b>Financial liabilities:</b>					
At amortized cost:					
Deposit liabilities	15	34,060,048,439	33,733,790,931	32,984,326,596	29,559,270,398
Accrued expenses and other liabilities	16	1,647,686,506	1,647,686,506	1,669,191,883	1,669,191,883
		35,707,734,945	35,381,477,437	34,653,518,479	31,228,462,281



## 5.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets in the statements of financial position are subject to offsetting, enforceable master netting arrangements or similar agreements (amounts in thousands of Philippine pesos):

(Amounts in PHP)	Gross amounts recognized in the statement of financial position		Net amount presented in statement of financial position	Related amounts not set-off in the statement of financial position		Net amount
	Financial instruments	Amount set-off		Financial instruments	Collateral received	
<b>December 31, 2024</b>						
Financial assets—						
Loans and receivables	39,737,912	(440,643)	39,297,269	39,297,269	(4,025,614)	35,271,655
Financial liabilities:						
Deposit liabilities	34,060,048	-	34,060,048	34,060,048	(625,614)	33,434,434
Accounts payable and other liabilities	2,706,270	(440,643)	2,265,627	2,265,627	-	2,265,627
	<b>36,766,318</b>	<b>(440,643)</b>	<b>36,325,675</b>	<b>36,325,675</b>	<b>(625,614)</b>	<b>35,700,061</b>
<b>December 31, 2023</b>						
Financial assets—						
Loans and receivables	38,015,354	(354,402)	37,660,952	37,660,952	(4,734,984)	32,925,968
Financial liabilities:						
Deposit liabilities	32,984,327	-	32,984,327	32,984,327	(740,906)	32,243,421
Accounts payable and other liabilities	2,637,328	(354,402)	2,282,926	2,282,926	-	2,282,926
	<b>35,621,655</b>	<b>(354,402)</b>	<b>35,267,253</b>	<b>35,267,253</b>	<b>(740,906)</b>	<b>34,526,347</b>

For purposes of presenting this information, the related amounts set-off in the statements of financial position pertains to the receivable of the Bank from its associate which is netted against its payable to the latter. On the other hand, the related amounts not set-off in the statements of financial position pertains to hold-out deposits and reverse repurchase agreements which serve as the Bank's collateral enhancement for certain loans and receivables.

For financial assets subject to enforceable master netting arrangements or similar arrangements between the Bank and counterparties allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

## 6. FAIR VALUE MEASUREMENT AND DISCLOSURE

### 6.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

## 6.2 Financial Instruments Measured at Fair Value

The table shows the fair value hierarchy of the Bank's classes of financial assets and financial liabilities measured at fair value in the statements of financial position on a recurring basis as at December 31, 2024 and 2023.

<i>(Amounts in PHP)</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>December 31, 2024:</b>				
<b>Financial assets at FVOCI—</b>				
Debt securities	-	3,911,796,630	-	3,911,796,630
<b>Financial assets at FVPL—</b>				
Debt securities	-	150,442,051	-	150,442,051
	<u>-</u>	<u>4,062,238,681</u>	<u>-</u>	<u>4,062,238,681</u>
<b>December 31, 2023:</b>				
<b>Financial assets at FVOCI:</b>				
Debt securities	2,230,101,290	1,386,256,473	-	3,616,357,763
Equity securities	173,803,760	-	-	173,803,760
	<u>2,403,905,050</u>	<u>1,386,256,473</u>	<u>-</u>	<u>3,790,161,523</u>

Described below are the information about how the fair values of the Bank's classes of financial assets and financial liabilities were determined.

### (a) Government and Corporate Debt Securities

The fair value of the Bank's government and corporate debt securities are categorized within Level 1 and Level 2 of the fair value hierarchy.

Fair values of peso-denominated government debt securities issued by the Philippine government, are determined based on the reference price per Bloomberg which used BVAL. These BVAL reference rates are computed based on the weighted price derived using an approach based on a combined sequence of proprietary BVAL algorithms of direct observations or observed comparables; hence, categorized as Level 1 or 2.



Fair values of actively traded corporate debt securities are determined based on their market prices quoted in the Philippine Dealing Holdings System or based on the direct reference price per Bloomberg at the end of each reporting period; hence, categorized within Level 1 or Level 2.

*(b) Equity Securities*

The fair values of equity securities classified as financial assets at FVOCI as of December 31, 2024 and 2023 were valued based on their market prices quoted in the Philippine Stock Exchange at the end of each reporting period; hence, categorized within Level 1.

There were neither transfers between Levels 1 and 2 nor changes to Level 3 instruments in both years.

**6.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed**

The tables below summarize the fair value hierarchy of the Bank's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed.

<i>(Amounts in PHP)</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>December 31, 2024</b>				
<i>Financial assets:</i>				
Cash	129,585,797	-	-	129,585,797
Due from BSP	1,517,024,750	-	-	1,517,024,750
Due from other banks	249,471,686	-	-	249,471,686
Investment securities				
at amortized cost – net	237,123,093	5,676,625,037	-	5,913,748,130
Loans and receivables – net	3,400,000,000	-	36,963,591,657	40,363,591,657
Rental and utilities deposits	-	-	28,799,456	28,799,456
	<u>5,533,205,326</u>	<u>5,676,625,037</u>	<u>36,992,391,113</u>	<u>48,202,221,476</u>
<i>Financial liabilities:</i>				
Deposit liabilities	-	-	33,733,790,931	33,733,790,931
Accounts payable and other liabilities	-	-	1,647,686,506	1,647,686,506
	<u>-</u>	<u>-</u>	<u>35,381,477,437</u>	<u>35,381,477,437</u>
<b>December 31, 2023</b>				
<i>Financial assets:</i>				
Cash	108,263,928	-	-	108,263,928
Due from BSP	1,443,819,384	-	-	1,443,819,384
Due from other banks	208,610,771	-	-	208,610,771
Investment securities				
at amortized cost – net	2,856,161,824	3,721,824,012	-	6,577,985,836
Loans and receivables – net	3,994,077,531	-	34,677,466,843	38,671,544,374
Rental and utilities deposits	-	-	30,346,846	30,346,846
	<u>8,610,933,438</u>	<u>3,721,824,012</u>	<u>34,707,813,689</u>	<u>47,040,571,139</u>

<i>(Amounts in PHP)</i>	Level 1	Level 2	Level 3	Total
<i>Financial liabilities:</i>				
Deposit liabilities	-	-	29,559,270,398	29,559,270,398
Accounts payable and other liabilities	-	-	1,669,191,883	1,669,191,883
	-	-	31,228,462,281	31,228,462,281

The fair values of financial assets and financial liabilities not presented at fair value in the statements of financial position are determined as follows:

*(a) Cash, Due from BSP and Other Banks*

Due from BSP pertains to deposits made by the Bank to BSP for clearing and reserve requirements. Due from other banks includes interbank deposits and items in the course of collection. The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity, which for short-term deposits approximates the nominal value.

*(b) Loans and Receivables*

Loans and other receivables are net of impairment losses. The estimated fair value of loans and other receivables represents the discounted amount of estimated future cash flows expected to be received. Long term interest-bearing loans are periodically repriced at interest rates equivalent to the current market rates, to determine fair value.

*(c) Investments at Amortized Cost*

The fair values of actively traded corporate debt securities are determined based in their market prices quoted in the Philippine Dealing and Exchange Corp. or based on the direct reference price per Bloomberg at the end of each reporting period; hence, categorized within Level 1 or Level 2.

*(d) Other Financial Assets*

Other financial assets pertain to rental and utilities deposits which are included in the Other Resources account. Management ascertained that the carrying amounts of these items in the statements of financial position are considered to be reasonable approximation of their fair values.

*(e) Deposits Liabilities*

The estimated fair value of demand deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of long-term fixed interest-bearing deposits without quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

*(f) Accounts Payable and Other Liabilities*

Accounts payable and other liabilities classified as financial liabilities are recognized initially at their fair value and subsequently measured at amounts to which they are to be paid. Due to their short-duration, management ascertained that the fair values of these short-term liabilities approximate their carrying values.



## 6.4 Fair Value Measurement for Non-financial Assets

### (a) Determining Fair Value of Investment Properties

The table below shows the levels within the hierarchy of investment properties measured at fair value on a recurring basis as at December 31, 2024 and 2023.

<i>(Amounts in PHP)</i>	Level 1	Level 2	Level 3	Total
<b>December 31, 2024:</b>				
Land	-	-	267,352,146	267,352,146
Buildings and improvements	-	-	434,947,311	434,947,311
	<u>-</u>	<u>-</u>	<u>702,299,457</u>	<u>702,299,457</u>
<b>December 31, 2023:</b>				
Land	-	-	311,992,761	311,992,761
Buildings and improvements	-	-	533,060,657	533,060,657
	<u>-</u>	<u>-</u>	<u>845,053,418</u>	<u>845,053,418</u>

The fair value of the Bank's investment properties is determined on the basis of the appraisals performed by various internal and external appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Bank's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location.

In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Bank's non-financial assets indicated above is their current use.

The fair value of these non-financial assets were determined based on the following approaches:

#### (i) Fair Value Measurement for Land

The Level 3 fair value of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations, adjusted for differences in key attributes such as property size, zoning, and accessibility. The most significant input into this valuation approach is the price per square foot, hence, the higher the price per square foot, the higher the fair value.

#### (ii) Fair Value Measurement for Buildings and Improvements

The Level 3 fair value of the buildings under the Investment Properties account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence.

The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractors' quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

*(b) Determining Fair Value of Assets Held for Sale*

The fair value of the Bank's assets held for sale for repossessed motorcycles amounting to P825.9 million and P636.2 million in 2024 and 2023, respectively, are determined based on the recent experience in the valuation of similar properties. The fair values, determined under Level 3 measurement, were derived using the market data approach that reflects the recent transaction prices for similar properties, adjusted for differences in property age and condition.

There has been no change to the valuation techniques used by the Bank during the year for its non-financial assets. Also, there were no transfer into or out of Level 3 fair value hierarchy in 2024 and 2023.

## 7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as at December 31:

<i>(Amounts in PHP)</i>	Note	2024	2023
Cash		<b>129,585,797</b>	108,263,928
Due from BSP		<b>1,517,024,750</b>	1,443,819,384
Due from other banks		<b>249,471,686</b>	208,610,771
Receivables arising from reverse repurchase agreement	9	<b><u>3,400,000,000</u></b>	<u>3,994,077,531</u>
		<b><u>5,296,082,233</u></b>	<u>5,754,771,614</u>

Cash accounts with other banks generally earn interest based on daily bank deposit rates. Short-term placements, which are included as part of Due from Other Banks, are made for varying periods between seven and 30 days and earn annual effective interest at rates ranging from 0.0% to 0.125% in both 2024 and 2023.

The Bank maintains account with the BSP for regular reserve requirement and a special depository account. Due from BSP, excluding mandatory reserves, which has no interest, bears annual interest rate ranging from 5.25% to 6.85% in 2024, and from 5.00% to 6.85% in 2023.

Interest income from Due from BSP amounted to P138.7 million and P132.1 million in 2024 and 2023, respectively; while interest income from Due from Other Banks amounted to P133.4 million and P39.8 million in 2024 and 2023, respectively. Both are presented as Interest Income from Due from BSP and Other Banks in the statements of profit or loss.

In accordance with BSP regulations, the Bank is required to maintain regular reserves against savings, time deposits and demand deposits at 1.00% of the outstanding balance thereof in 2024 effective October 25, 2024, and 2.00% in 2023 effective June 30, 2023. The Bank has satisfactorily complied with the reserve requirements of the BSP as at December 31, 2024 and 2023 (see Note 15).



Receivables arising from reverse purchase agreement arise from BSP's purchases of government securities from the Bank with a commitment to sell it back at a specified future date. In the case of the Bank, the receivables arising from reverse purchase agreement mature within one week, hence, classified as cash equivalents with interest rates ranging from 5.75% to 6.55% in 2024 and from 5.00% to 6.40% in 2023. The receivables arising from reverse purchase agreement are secured by certain government securities of the BSP (see Note 4.3.1.5).

## 8. INVESTMENT SECURITIES

This account is comprised of:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Investment securities at amortized cost	<b>6,164,233,085</b>	6,890,981,336
Financial assets at FVOCI	<b>3,911,796,630</b>	3,790,161,523
Financial assets at FVPL	<b>150,442,051</b>	-
	<b><u>10,226,471,766</u></b>	<b><u>10,681,142,859</u></b>

### 8.1 Investment Securities at Amortized Cost

Investment securities at amortized cost as at December 31, 2024 and 2023 consist of:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Government securities	<b>5,921,262,880</b>	5,908,461,878
Corporate debt securities	<b>242,970,205</b>	982,519,458
	<b><u>6,164,233,085</u></b>	<b><u>6,890,981,336</u></b>

Interest rates per annum on government securities range from 2.88% to 6.13% both in 2024 and 2023 while interest rates per annum on corporate debt securities range from 1.30% to 5.64% and 1.30% to 6.15% in 2024 and 2023, respectively. The total interest earned amounted to P279.3 million and P302.7 million in 2024 and 2023, respectively, and are presented as part of Interest Income on Investment Securities in the statements of profit or loss.

The financial assets at amortized cost consist of:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Investment securities at amortized costs - gross	<b>6,224,219,257</b>	6,962,600,529
Discounts	<b>(59,956,377)</b>	(71,558,823)
	<b>6,164,262,880</b>	6,891,041,706
Allowance for impairment	<b>(29,795)</b>	(60,370)
	<b><u>6,164,233,085</u></b>	<b><u>6,890,981,336</u></b>

The reconciliation of the carrying amounts of these financial assets are as follows:

<i>(Amounts in PHP)</i>	<b>2024</b>	<b>2023</b>
Balance at beginning of year	<b>6,890,981,336</b>	6,997,188,953
Redemption	<b>(738,381,272)</b>	(95,685,345)
Amortization of discount (premium)	<b>11,602,446</b>	(10,522,313)
Impairment reversals	<b>30,575</b>	41
Balance at end of year	<b>6,164,233,085</b>	6,890,981,336

There were no sale of investment securities at amortized cost in both 2024 and 2023.

## **8.2 Financial Assets at FVOCI**

Financial assets at FVOCI as at December 31, 2024 and 2023 consist of:

<i>(Amounts in PHP)</i>	<b>2024</b>	<b>2023</b>
Debt securities	<b>3,911,796,630</b>	3,616,357,763
Equity securities	-	173,803,760
	<b>3,911,796,630</b>	3,790,161,523

The reconciliation of the carrying amounts of these financial assets are as follows:

<i>(Amounts in PHP)</i>	<b>2024</b>	<b>2023</b>
Balance at beginning of year	<b>3,790,161,523</b>	3,354,632,084
Additions	<b>713,600,000</b>	550,000,000
Disposals	<b>(607,815,000)</b>	(200,000,000)
Fair value gains	<b>12,265,372</b>	67,435,057
Amortization of discount	<b>3,584,735</b>	18,094,382
Balance at end of year	<b>3,911,796,630</b>	3,790,161,523

The fair value changes in the Bank's financial assets at FVOCI are recognized as part of other comprehensive income and presented in the statements of comprehensive income.

The total interest earned from financial assets at FVOCI amounted to P207.1 million and P184.1 million in 2024 and 2023, respectively, and are presented as part of Interest Income on Investment Securities in the statements of profit or loss. Dividends earned from financial assets at FVOCI amounting to P5.3 million and P6.7 million in 2024 and 2023, respectively, and are presented as Dividend income under Other Operating Income in the statements of profit or loss (see Note 18.1).

## **8.3 Financial Assets at FVPL**

Financial assets at FVPL as at December 31, 2024 consist of debt securities amounting to P150.4 million. There were no financial assets at FVPL as at December 31, 2023.



The reconciliation of the carrying amounts of these financial assets are as follows:

<i>(Amounts in PHP)</i>	<b>2024</b>	<b>2023</b>
Balance at beginning of year	-	-
Additions	<b>2,059,764,908</b>	694,772,480
Disposals	<b>(1,906,343,403)</b>	(694,772,480)
Fair value losses	<b>(2,979,454)</b>	-
Balance at end of year	<b>150,442,051</b>	-

Realized gains earned from financial assets at FVPL amounted to P5.0 million and P1.3 million in 2024 and 2023, respectively. Unrealized losses from financial assets at FVPL amounted to P3.0 million in 2024. Realized and unrealized gains from these securities are included as Miscellaneous presented under Other Operating Income in the statements of profit or loss (see Note 18.1). There were no unrealized gains or losses from financial assets at FVPL in 2023.

The total interest earned from financial assets at FVPL amounted to P4.2 million and P0.6 million in 2024 and 2023, respectively, and are presented as part of Interest Income on Investment Securities in the statements of profit or loss.

## 9. LOANS AND RECEIVABLES

This account consists of the following:

<i>(Amounts in PHP)</i>	<b>Notes</b>	<b>2024</b>	<b>2023</b>
Receivables from customers:			
Motorcycle loans		<b>26,964,036,665</b>	25,380,691,807
Commercial loans		<b>6,999,327,910</b>	6,906,786,103
Other retail loans		<b>2,444,688,100</b>	1,863,801,728
		<b>36,408,052,675</b>	34,151,279,638
Other receivables:			
Receivables arising from reverse repurchase agreement	7	<b>3,400,000,000</b>	3,994,077,531
Capitalized loan origination costs		<b>1,072,541,641</b>	941,787,697
Accrued interest receivable		<b>926,943,205</b>	835,385,132
Accounts receivable	20.7	<b>466,117,493</b>	392,356,706
Sales contracts receivable		<b>25,464,313</b>	23,066,031
Dividend receivable		-	1,429,161
		<b>5,891,066,652</b>	6,188,102,258
Allowance for impairment		<b>(3,001,850,277)</b>	(2,678,429,669)
	20.1	<b>39,297,269,050</b>	37,660,952,227

The annual effective interest rates on these loans range from 3.13% to 69.37%, and from 2.33% to 62.56% in 2024 and 2023, respectively. The total interest earned amounted to P9.0 billion and P8.6 billion in 2024 and 2023, respectively, and is presented as Interest Income on Loans and Receivables in the statements of profit or loss.

All of the Bank's loans and receivables have been reviewed for impairment. Certain loans and receivables were found to be impaired; hence, adequate amounts of allowance for impairment have been recognized.

The changes in the allowance for impairment are summarized below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	<b>2,678,429,669</b>	2,569,697,400
Impairment losses during the year	<b>1,075,434,072</b>	1,207,709,933
Write-off	-	(382,656,155)
Sale of receivables	<b>(440,436,868)</b>	(186,343,751)
Derecognition due to foreclosure of motorcycle and consumer loans	<b>(311,576,596)</b>	(529,977,758)
Balance at end of year	<b><u>3,001,850,277</u></b>	<u>2,678,429,669</u>

The Bank recognized gains from the sale of fully provided motorcycle loans receivable without recourse amounting to P14.8 million and P8.8 million in 2024 and 2023, respectively. The gain on the sale of these receivables are presented as part of Miscellaneous under Other Operating Income in the statements of profit or loss (see Note 18.1).

## 10. BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of bank premises, furniture, fixtures and equipment at the beginning and end of 2024 and 2023 are shown in the below.

<i>(Amounts in PHP)</i>	<u>Building and Improvements</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Land</u>	<u>Total</u>
<b>December 31, 2024</b>				
Cost	307,587,826	422,866,535	63,005,278	793,459,639
Accumulated depreciation and amortization	<u>(278,819,405)</u>	<u>(395,682,015)</u>	<u>-</u>	<u>(674,501,420)</u>
Net carrying amount	<b><u>28,768,421</u></b>	<b><u>27,184,520</u></b>	<b><u>63,005,278</u></b>	<b><u>118,958,219</u></b>
<b>December 31, 2023</b>				
Cost	299,351,005	403,916,527	63,005,278	766,272,810
Accumulated depreciation and amortization	<u>(266,065,651)</u>	<u>(380,047,768)</u>	<u>-</u>	<u>(646,113,419)</u>
Net carrying amount	<b><u>33,285,354</u></b>	<b><u>23,868,759</u></b>	<b><u>63,005,278</u></b>	<b><u>120,159,391</u></b>
<b>January 1, 2023</b>				
Cost	289,206,307	377,529,451	63,005,278	729,741,036
Accumulated depreciation and amortization	<u>(251,534,581)</u>	<u>(362,904,454)</u>	<u>-</u>	<u>(614,439,035)</u>
Net carrying amount	<b><u>37,671,726</u></b>	<b><u>14,624,997</u></b>	<b><u>63,005,278</u></b>	<b><u>115,302,001</u></b>



A reconciliation of the carrying amounts at the beginning and end of 2024 and 2023 of bank premises, furniture, fixtures and equipment is shown below.

<i>(Amounts in PHP)</i>	<b>Building and Improvements</b>	<b>Furniture, Fixtures and Equipment</b>	<b>Land</b>	<b>Total</b>
Balance at January 1, 2024, net of accumulated depreciation and amortization	33,285,354	23,868,759	63,005,278	120,159,391
Additions	8,236,821	18,950,008	-	27,186,829
Depreciation and amortization charges for the year (Note 18.2)	<u>(12,753,754)</u>	<u>(15,634,247)</u>	<u>-</u>	<u>(28,388,001)</u>
Balance at December 31, 2024, net of accumulated depreciation and amortization	<u><b>28,768,421</b></u>	<u><b>27,184,520</b></u>	<u><b>63,005,278</b></u>	<u><b>118,958,219</b></u>
Balance at January 1, 2023, net of accumulated depreciation and amortization	37,671,726	14,624,997	63,005,278	115,302,001
Additions	10,144,698	26,387,076	-	36,531,774
Depreciation and amortization charges for the year (Note 18.2)	<u>(14,531,070)</u>	<u>(17,143,314)</u>	<u>-</u>	<u>(31,674,384)</u>
Balance at December 31, 2023, net of accumulated depreciation and amortization	<u><b>33,285,354</b></u>	<u><b>23,868,759</b></u>	<u><b>63,005,278</b></u>	<u><b>120,159,391</b></u>

Under BSP rules, investments in bank premises, furniture, fixtures and other equipment should not exceed 50% of a bank's unimpaired capital. As of December 31, 2024 and 2023, the Bank has satisfactorily complied with this BSP requirement.

As at December 31, 2024 and 2023, the total cost of fully depreciated bank premises, furniture, fixtures and equipment that is still currently being used by the Bank in operations amounts to P587.5 million and P528.0 million, respectively. Fully depreciated furniture, fixtures and equipment amounted to P5.6 million were disposed in 2024.

## 11. LEASES

The Bank has leases for its head office, branches and warehouses. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use assets and in respect of the related obligation, as lease liability under Accounts Payable and Other Liabilities (see Note 16).

Leases have terms ranging from one to 20 years with renewal options and annual escalation rates from 2.0% to 10.0%.

Each lease imposes a restriction that the right-of-use assets can only be used by the Bank. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Bank is prohibited from selling or pledging the underlying leased assets as security. The Bank must keep those premises in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Bank must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The use of extension and termination options gives the Bank added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Banks business expansion units strategy and the economic benefits of exercising the option exceeds the expected overall cost.

	Number of right-of-use assets leased	Range of remaining term	Average remaining Term
<b>2024</b>			
Office and related facilities	5	2 – 3 years	2.2 years
Branches	95	1 – 12 years	1.9 years
Warehouse and related facilities	26	1 – 5 years	2.8 years
<b>2023</b>			
Office and related facilities	5	3 – 4 years	3.5 years
Branches	102	1 – 13 years	1.5 years
Warehouse and related facilities	21	1 – 5 years	2 years

### 11.1 Right-of-use Assets

The carrying amounts of the Bank's right-of-use assets as at December 31, 2024 and 2023, and the movements during the periods are shown below.

<i>(Amounts in PHP)</i>	Head Office	Branches	Warehouses	Total
Balance at beginning of year	102,098,914	118,303,344	9,533,479	229,935,737
Additions	-	156,135,329	3,000,000	159,135,329
Amortization	(29,915,408)	(57,941,492)	(10,363,779)	(98,220,679)
Balance at end of year	<b>72,183,506</b>	<b>216,497,181</b>	<b>2,169,700</b>	<b>290,850,387</b>
Balance at beginning of year	131,274,597	150,914,289	14,095,350	296,284,236
Additions	-	24,898,409	641,824	25,540,233
Amortization	(29,175,683)	(57,509,354)	(5,203,695)	(91,888,732)
Balance at end of year	<b>102,098,914</b>	<b>118,303,344</b>	<b>9,533,479</b>	<b>229,935,737</b>

Depreciation and amortization of right-of-use assets is presented as part of Depreciation and amortization under Other Operating Expenses account in the statements of profit or loss (see Note 18.2).



## 11.2 Lease Liabilities

The reconciliation of the Bank's lease liabilities arising from financing activities is presented below.

<i>(Amounts in PHP)</i>	<b>2024</b>	<b>2023</b>
Balance at beginning of year	<b>259,254,258</b>	321,636,628
Cash flows from financing activities –		
Lease payments	<b>(114,450,716)</b>	(107,457,813)
Non-cash from financing activities:		
Additional lease liabilities	<b>159,135,329</b>	25,540,233
Amortization of interest	<b>21,135,813</b>	19,535,210
Balance at end of year (see Note 16)	<b>325,074,684</b>	259,254,258

The total interest expense in relation to lease liabilities amounted to P21.1 million and **P19.5 million in 2024 and 2023, respectively, and are presented under Interest Expense** on Lease Liabilities in the statements of profit or loss.

As at December 31, 2024, the Bank has 1 committed lease which have not yet commenced. There were no committed leases which have not yet commenced in 2023.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities as at December 31, 2024 and 2023 is as follows:

<i>(Amounts in PHP)</i>	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>2 to 3 years</b>	<b>3 to 4 years</b>	<b>4 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>2024:</b>							
Lease payments	115,283,168	107,406,384	75,510,781	41,029,517	23,801,487	2,544,349	365,575,686
Finance charges	(18,342,119)	(11,895,636)	(6,232,945)	(2,912,055)	(821,636)	(296,611)	(40,501,002)
Net present values	<b>96,941,049</b>	<b>95,510,748</b>	<b>69,277,836</b>	<b>38,117,462</b>	<b>22,979,851</b>	<b>2,247,738</b>	<b>325,074,684</b>
<b>2023:</b>							
Lease payments	95,727,628	76,808,320	69,168,195	35,772,381	8,854,288	6,198,252	292,529,064
Finance charges	(14,873,777)	(10,049,973)	(5,569,775)	(1,936,267)	(645,167)	(199,847)	(33,274,806)
Net present values	<b>80,853,851</b>	<b>66,758,347</b>	<b>63,598,420</b>	<b>33,836,114</b>	<b>8,209,121</b>	<b>5,998,405</b>	<b>259,254,258</b>

## 11.3 Lease Payments Not Recognized as Liabilities

The Bank has elected not to recognize lease liabilities for short-term leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. There are no lease commitments related to short-term leases.

In 2024 and 2023, the expenses relating short-term leases and low-value assets amounted to P8.7 million and P11.0 million, respectively, and are presented as Rentals under Other Operating Expenses in the statements of profit or loss (see Note 18.2).

## 12. ASSETS HELD FOR SALE

Assets held for sale include repossessed motor vehicles that the Bank intends to sell within one year from the date these were classified as held for sale and is committed to immediately dispose the assets through an active marketing program. The total repossessed motor vehicles amounted to P536.6 million and P412.7 million as of December 31, 2024 and 2023, respectively.

The breakdown of repossessed motor vehicles is shown below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Cost	<b>700,200,536</b>	539,847,530
Allowance for impairment	<b>(163,583,435)</b>	(127,136,609)
	<b><u>536,617,101</u></b>	<u>412,710,921</u>

The Bank recognized gain of P369.1 million and P394.5 million in 2024 and 2023, respectively, from the sale of assets held for sale and is presented as part of Gain on sale of properties under the Other Operating Income, in the statements of profit or loss (see Note 18.1). These gains are computed after consideration of the net book value of assets held-for-sale, which is the gross balance less allowance for impairment.

The reconciliation of allowance for impairment losses is summarized as follows.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	<b>127,136,609</b>	99,298,482
Derecognition due to disposal	<b>(293,876,728)</b>	(294,900,218)
Impairment losses	<b><u>330,323,554</u></b>	<u>322,738,345</u>
Balance at end of year	<b><u>163,583,435</u></b>	<u>127,136,609</u>

### 13. INVESTMENT PROPERTIES

Investment properties include land and buildings and improvements acquired by the Bank through foreclosure or dacion of outstanding loans by the borrowers held for capital appreciation.

The gross carrying amounts and accumulated depreciation and impairment of investment properties at the beginning and end of 2024 and 2023 are presented below and in the succeeding page.

<i>(Amounts in PHP)</i>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Total</u>
<b>December 31, 2024</b>			
Cost	95,591,809	208,586,219	304,178,028
Accumulated depreciation	-	(137,022,716)	(137,022,716)
Allowance for impairment	<u>(2,167,181)</u>	<u>(131,505)</u>	<u>(2,298,686)</u>
Net carrying amount	<b><u>93,424,628</u></b>	<b><u>71,431,998</u></b>	<b><u>164,856,626</u></b>
<b>December 31, 2023</b>			
Cost	87,918,948	195,315,021	283,233,969
Accumulated depreciation	-	(121,064,549)	(121,064,549)
Allowance for impairment	<u>(2,167,181)</u>	<u>(131,505)</u>	<u>(2,298,686)</u>
Net carrying amount	<b><u>85,751,767</u></b>	<b><u>74,118,967</u></b>	<b><u>159,870,734</u></b>



<i>(Amounts in PHP)</i>	Land	Buildings and Improvements	Total
January 1, 2023			
Cost	82,250,902	191,149,596	273,400,498
Accumulated depreciation	-	(105,449,065)	(105,449,065)
Allowance for impairment	(2,167,181)	(131,505)	(2,298,686)
Net carrying amount	80,083,721	85,569,026	165,652,747

A reconciliation of the carrying amounts at the beginning and end of 2024 and 2023 of investment properties is shown below.

<i>(Amounts in PHP)</i>	Land	Buildings and Improvements	Total
Balance at January 1, 2024 net of accumulated depreciation and impairment	85,751,767	74,118,967	159,870,734
Additions	15,991,972	16,493,700	32,485,672
Disposals	(8,319,111)	(1,128,907)	(9,448,018)
Depreciation charges for the year	-	(18,051,762)	(18,051,762)
Balance at December 31, 2024 net of accumulated depreciation and impairment	<b>93,424,628</b>	<b>71,431,998</b>	<b>164,856,626</b>
Balance at January 1, 2023 net of accumulated depreciation and impairment	80,083,721	85,569,026	165,652,747
Additions	10,038,494	9,088,385	19,126,879
Disposals	(4,370,448)	(256,847)	(4,627,295)
Depreciation charges for the year	-	(20,281,597)	(20,281,597)
Balance at December 31, 2023 net of accumulated depreciation and impairment	85,751,767	74,118,967	159,870,734

The Bank sold certain investment properties which resulted in a gain of P19.0 million and P19.7 million in 2024 and 2023, respectively, and is presented as part of Gain on sale of properties under the Other Operating Income in the statements of profit or loss (see Note 18.1). Additions in 2024 and 2023 include real and other properties acquired through foreclosure of assets amounting to P32.5 million and P19.1 million, respectively (see Note 9). Other information about the fair value measurement and disclosures related to investment properties are presented in Note 6.4.

## 14. OTHER RESOURCES

This account consists of:

<i>(Amounts in PHP)</i>	2024	2023
Intangible assets – net	57,261,331	60,563,211
Prepaid expenses	34,634,321	35,637,029
Rental and utilities deposits	28,799,456	30,346,846
Documentary stamps on hand	24,234,255	24,231,060
Advances to suppliers	2,422,957	1,998,200
Others	55,013,219	34,918,588
	<b>202,365,539</b>	<b>187,694,934</b>

The gross carrying amounts and accumulated depreciation and amortization of intangible assets at the beginning and end of 2024 and 2023 are shown below.

<i>(Amounts in PHP)</i>	Operating Licenses	Computer Software	Ongoing Software Development	Total
<b>December 31, 2024</b>				
Cost	118,647,055	291,281,722	3,396,284	413,325,061
Accumulated depreciation and amortization	(112,852,413)	(243,211,317)	-	(356,063,730)
Net carrying amount	<b>5,794,642</b>	<b>48,070,405</b>	<b>3,396,284</b>	<b>57,261,331</b>
<b>December 31, 2023</b>				
Cost	114,659,521	283,071,923	6,667,728	404,399,172
Accumulated depreciation and amortization	(111,813,654)	(232,022,307)	-	(343,835,961)
Net carrying amount	<b>2,845,867</b>	<b>51,049,616</b>	<b>6,667,728</b>	<b>60,563,211</b>
<b>January 1, 2023</b>				
Cost	114,136,477	278,298,108	5,056,448	397,491,033
Accumulated depreciation and amortization	(110,676,502)	(217,391,208)	-	(328,067,710)
Net carrying amount	<b>3,459,975</b>	<b>60,906,900</b>	<b>5,056,448</b>	<b>69,423,323</b>



A reconciliation of the carrying amounts at the beginning and end of 2024 and 2023 intangible assets is shown below.

<i>(Amounts in PHP)</i>	<b>Operating Licenses</b>	<b>Computer Software</b>	<b>Ongoing Software Development</b>	<b>Total</b>
Balance at January 1, 2024 net of accumulated depreciation and amortization	2,845,867	51,049,616	6,667,728	60,563,211
Additions	3,987,534	4,938,355	-	8,925,889
Reclassification	-	3,271,444	(3,271,444)	-
Depreciation and amortization charges for the year (Note 18.2)	<u>(1,038,759)</u>	<u>(11,189,010)</u>	<u>-</u>	<u>(12,227,769)</u>
Balance at December 31, 2024 net of accumulated depreciation and amortization	<u><b>5,794,642</b></u>	<u><b>48,070,405</b></u>	<u><b>3,396,284</b></u>	<u><b>57,261,331</b></u>
Balance at January 1, 2023 net of accumulated depreciation and amortization	3,459,975	60,906,900	5,056,448	69,423,323
Additions	523,044	4,773,815	1,611,280	6,908,139
Depreciation and amortization charges for the year (Note 18.2)	<u>(1,137,152)</u>	<u>(14,631,099)</u>	<u>-</u>	<u>(15,768,251)</u>
Balance at December 31, 2023 net of accumulated depreciation and amortization	<u><b>2,845,867</b></u>	<u><b>51,049,616</b></u>	<u><b>6,667,728</b></u>	<u><b>60,563,211</b></u>

Cost of ongoing software development pertains to accumulated costs incurred in constructing the Bank's new loans management system and general ledger system upgrade.

Prepaid expenses include prepaid taxes, supplies, and life insurance of the employees.

Others includes various deposits, advances to suppliers, employee's car plans, and other assets.

## 15. DEPOSIT LIABILITIES

This account consists of:

<i>(Amounts in PHP)</i>	<b>2024</b>	<b>2023</b>
Time	<b>29,841,734,156</b>	28,879,812,115
Savings	<b>2,203,574,692</b>	2,138,691,938
Demand	<b>2,014,739,591</b>	1,965,822,543
	<u><b>34,060,048,439</b></u>	<u><b>32,984,326,596</b></u>

Interest rates on deposit liabilities ranges from 0.63% to 6.30% in both 2024 and 2023. Interest expense on deposit liabilities amounted to P1.7 billion and P1.5 billion in 2024 and 2023, respectively, and is presented as Interest Expense on Deposit Liabilities in the statements of profit or loss. The deposit liabilities are inclusive of accrued interest payable amounting to P260.0 million and P472.4 million as at December 31, 2024 and 2023, respectively.

Per BSP's MORB, the Bank is required to maintain reserve requirements (both for regular and liquidity reserves) with the BSP. The required reserves per deposit are as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Time	298,417,342	577,596,242
Savings	22,035,747	42,773,839
Demand	20,147,396	39,316,451
	<u>340,600,485</u>	<u>659,686,532</u>

The BSP's reserve requirement is composed of regular reserve and liquidity reserve requirement equivalent to 1.00% in 2024 and 2.00% in 2023, respectively (see Note 7).

Currently, the Bank's reserves are maintained in the form of amounts due from BSP and alternative compliance in the form of loans to MSMEs and Eligible Large Enterprises as part of the COVID-19 relief granted by the BSP effective until December 31, 2025. As of December 31, 2024 and 2023, the Bank's deposit liabilities are adequately covered by reserves as required by the BSP (see Note 7).

## 16. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities consist of:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2024</u>	<u>2023</u>
Accounts payable	20.2, 20.3, 20.4, 20.5, 20.8	1,265,366,149	1,248,307,979
Lease liabilities	11	325,074,684	259,254,258
Retirement benefit obligation	19.2	271,647,200	196,468,700
Income tax payable		181,355,881	279,012,121
Other taxes payable		131,069,821	106,217,858
Manager's checks		34,843,009	93,577,810
Due to Philippine Deposit Insurance Corporation		33,867,647	32,035,699
Others	18.2	22,402,664	68,051,836
		<u>2,265,627,055</u>	<u>2,282,926,261</u>

Accounts payable includes amounts due to the Bank's accredited dealers arising from the sale of motorcycles through financing loans granted to the buyers, accruals of operating expenses and amount dues to suppliers arising from the regular course of business.

Other taxes payable includes withholding taxes and gross receipt taxes while Others include payables to Social Security System, BSP supervision fees and accrued fringe benefit taxes, among others (see Note 18.2).



## 17. EQUITY

### 17.1 Capital Stock

The details of the Bank's capital stock as at December 31, 2024 and 2023 are as follows:

	Number of shares	Amounts in PHP
Common shares – P10 par value		
Authorized	600,000,000	6,000,000,000
Issued and outstanding	500,000,000	5,000,000,000

The Bank has 64 stockholders as at December 31, 2024 and 2023, owning 100 or more shares each of the Bank's capital stock.

### 17.2 Cash Dividends Declared

On September 10, 2024, April 12, 2024 and September 12, 2023, the Bank's BOD approved the declaration of cash dividends on common shares amounting to P1.0 billion (P2.00 per share), P1.7 billion (P3.40 per share), and P2.5 billion (P5.0 per share) to stockholders of record as of June 30, 2024, December 31, 2023 and December 31, 2022, respectively. These dividends were fully paid on November 13, 2024, June 27, 2024 and December 4, 2023, respectively.

### 17.3 Capital Management and Regulatory Capital

The BSP, as a lead regulator, sets and monitors capital requirements for the Bank. In accordance with BSP Circular No. 1079, *Amendments to the Risk-Based Capital Adequacy Framework for Stand-alone Thrift Banks, Rural Banks, and Cooperative Banks*, issued on January 23, 2020, the Bank is required to maintain at all times the following:

- (a) Common Equity Tier 1 (CET1) of at least 6.0% of risk-weighted assets;
- (b) Tier 1 Capital of at least 7.5% of risk-weighted assets;
- (c) Qualifying Capital (Tier 1 plus Tier 2 Capital) of at least 10.0% of risk-weighted assets; and,
- (d) Capital Conservation Buffer of 2.5% of risk-weighted assets, comprised of CET1 Capital.

The qualifying capital of the Bank for purposes of determining the capital-to-risk assets ratio is total capital funds excluding:

- (a) unbooked valuation reserves and other capital adjustments as may be required by the BSP;
- (b) total outstanding unsecured credit accommodations to DOSRI;
- (c) investment in associate;
- (d) deferred tax asset net of deferred tax liability;
- (e) goodwill, if any;
- (f) sinking fund for redemption of redeemable preferred shares; and,
- (g) other regulatory deductions.

Risk weighted assets consist of designated market risk and total risk-weighted assets after exclusion of 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 Monetary Board of the BSP.

Under the relevant BSP regulations, qualifying capital is analyzed into two tiers which are Tier 1 Capital plus Tier 2 Capital less allowable deductions from the total of Tier 1 and Tier 2 capital. Tier 1 Capital and Tier 2 Capital are defined as follows:

- a. Tier 1 Capital includes the following:
  - i. CET1 capital, and
  - ii. additional Tier 1 (AT1) capital.

CET1 Capital consists of the following, subject to the required deductions in accordance with BSP Circular No. 1079:

- i. paid-up common stock;
- ii. deposit for common stock subscription recognized as equity;
- iii. common stock dividends distributable;
- iv. additional paid-in capital resulting from issuance of common stock;
- v. surplus;
- vi. undivided profits; and,
- vii. surplus reserves.

- b. Tier 2 Capital includes:

- i. perpetual and cumulative preferred stock;
- ii. net unrealized gains on underwritten listed equity securities purchased;
- iii. general loan loss provision; and,
- iv. other elements prescribed by BSP Circular No. 1079.

The Bank's regulatory capital position as at December 31 is presented as follows (in thousand Philippine pesos):

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Tier 1 Capital	<b>16,461,674</b>	16,013,539
Tier 2 Capital	<b>299,240</b>	281,602
Total Qualifying Capital	<b><u>16,760,914</u></b>	<u>16,295,141</u>
Total Risk Weighted Assets	<b><u>52,284,295</u></b>	<u>50,024,889</u>

Capital Ratios:

Total regulatory capital expressed as percentage of total risk weighted assets	<b>32.06%</b>	32.57%
CET 1 capital expressed as percentage of total risk weighted assets	<b>31.48%</b>	32.01%
Capital Conservation Buffer expressed as Common Equity Tier 1 Capital minus 6	<b>25.48%</b>	26.01%



As at December 31, 2024 and 2023, the Bank's capital adequacy ratios are 32.06% and 32.57%, respectively, which are higher than the BSP minimum requirement of 10.00% on the ratio of capital accounts against the risk weighted assets.

The amount of surplus funds available for dividend declaration is determined also on the basis of regulatory net worth after considering certain adjustments.

#### **17.4 Minimum Capital Requirement**

Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Bank's "unimpaired capital" (regulatory net worth) reported to the BSP, determined on the basis of regulatory accounting policies, which differ from PFRS Accounting Standards in some aspects (mainly in the recognition of deferred tax assets).

As of December 31, 2024 and 2023, the Bank's unimpaired capital, after considering the adjustments mentioned, is in compliance with the minimum capital requirement of the BSP of P2.0 billion.

#### **17.5 Minimum Liquidity Ratio**

On February 8, 2018, the BSP issued Circular No. 996, *Amendments to the Liquidity Coverage Ratio Framework for Stand-Alone Thrift Banks, Rural Banks, Cooperative Banks and Quasi-Banks*, which provide guidance on and prescribes the prudential requirement for covered institutions to maintain eligible stock of liquid assets proportionate to the level of total qualifying liabilities (i.e., both on and off-balance sheet liabilities). Eligible liquid assets shall include cash and other liquid assets that are immediately liquefiable and free from encumbrances.

The Bank's Minimum Liquidity Ratio (MLR) as at December 31, 2024 and 2023 are analyzed below (amounts in millions except MLR figure). The Bank complies with the 20% MLR requirement of BSP, effective January 1, 2023.

<i>(Amounts in PHP)</i>	<b>2024</b>	<b>2023</b>
Eligible stock of liquid assets	<b>14,589</b>	14,780
Total qualifying liabilities	<b>35,701</b>	34,379
	<b>40.86%</b>	42.99%

## 18. OTHER OPERATING INCOME AND EXPENSES

### 18.1 Other Operating Income

This account is composed of the following:

<i>(Amounts in PHP)</i>	Notes	2024	2023
Fees and charges		<b>744,818,689</b>	768,086,675
Gain on sale of properties – net	12, 13	<b>388,134,784</b>	414,225,956
Processing fees		<b>39,816,421</b>	13,441,999
Recovery of written off accounts		<b>38,285,116</b>	85,342,138
Dividend income		<b>5,254,772</b>	6,706,005
Miscellaneous	8, 9	<b>49,182,610</b>	15,983,740
		<b>1,265,492,392</b>	1,303,786,513

Late payment fees (presented as part of fees and charges) are charged by the Bank to borrowers upon default. These charges are integral part of the Bank's core lending activities.

Gain on sale of properties – net includes recovery of previously unrecognized losses on repossessed properties.

Miscellaneous income includes gains on sale of receivables, realized gains on sale of FVPL securities, and gains and service charges on ATMs, among others.

### 18.2 Other Operating Expenses

This account is composed of the following:

<i>(Amounts in PHP)</i>	Notes	2024	2023
Outside services	20.3, 20.4, 20.5	<b>1,057,866,300</b>	991,497,792
Employee benefits	19.1, 20.10	<b>833,118,921</b>	738,379,362
Taxes and licenses		<b>794,615,947</b>	730,782,170
Depreciation and amortization	10, 11.1, 13, 14	<b>156,888,211</b>	159,612,964
Advertising and publicity		<b>104,065,617</b>	120,378,331
Communication		<b>74,025,709</b>	72,893,329
Insurance		<b>72,502,138</b>	66,306,286
Information technology		<b>51,500,897</b>	22,415,107
Security services		<b>47,790,444</b>	45,389,208
Fees and commissions	20.2	<b>42,629,595</b>	23,971,525
Janitorial and messengerial services		<b>28,357,911</b>	26,552,943
Power, light and water		<b>28,298,554</b>	28,376,382
Supplies		<b>26,232,035</b>	24,534,467
Management and other professional fees		<b>18,748,441</b>	19,042,790
Transportation and travel		<b>15,157,522</b>	14,582,653
Seminars and trainings		<b>14,003,568</b>	12,571,834
BSP supervision fees and other compliance costs	16	<b>13,937,408</b>	66,462,617
Fuel		<b>9,576,221</b>	9,503,521
<i>Balance carried forward</i>		<b>3,389,315,439</b>	3,173,253,281



<i>(Amounts in PHP)</i>	Notes	2024	2023
<i>Balance forwarded</i>		<b>3,389,315,439</b>	3,173,253,281
Repairs and maintenance		<b>9,129,602</b>	8,719,536
Rentals	11.3	<b>8,740,125</b>	10,994,947
Subscription fees		<b>4,650,000</b>	4,995,000
Litigation assets			
acquired expenses		<b>2,717,909</b>	6,114,589
Miscellaneous		<b>118,392,816</b>	27,147,882
		<b>3,532,945,891</b>	3,231,225,235

Miscellaneous expense includes basic deficiency taxes, outsourcing fees on ATM, guarantee fees, recruitment fees, bank service charges, fines and penalties, representation and entertainment, and freight, among others.

Interest on the basic deficiency taxes amounted to P18.5 million in 2024 and is presented as Others under the Interest Expense account in the statements of profit or loss. There was no similar transaction in 2023.

In 2023, the Bank has incurred BSP supervision fees amounting to P50.6 million, due to non-compliance with Agri-Agra Reform Credit Act of 2009. The outstanding payable has been presented as part of Others under Accounts Payable and Other Liabilities (see Note 16). There was no similar transaction in 2024.

## 19. EMPLOYEE BENEFITS

### 19.1 Employee Benefits Expense

Expenses recognized for employee benefits are presented below (see Note 19.2).

<i>(Amounts in PHP)</i>	2024	2023
Short-term employee benefits	<b>802,417,321</b>	711,698,662
Post-employment defined benefit	<b>30,701,600</b>	26,680,700
	<b>833,118,921</b>	738,379,362

### 19.2 Post-employment Benefits

#### (a) Characteristics of the Post-employment Defined Benefit Plan

The Bank maintains a noncontributory post-employment defined benefit plan that is being administered by the Bank's Treasury Department and a third party fund manager. The post-employment plan covers all regular full-time employees. The normal retirement age is 60 for employees hired before January 4, 2011; while, the normal retirement age is 55 with a minimum of ten years of credited service for employees hired on or after January 14, 2011. The plan also provides for an early retirement at age 50 with a minimum of five years of credited service and late retirement after age 65, both subject to the approval of the Bank's BOD. Normal retirement benefit is an amount equivalent to 100% of the final monthly salary for every year of credited service.

(b) *Explanation of Amounts Presented in the Financial Statements*

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below are based on the actuarial valuation report obtained from an independent actuary in 2024 and 2023.

The amounts of retirement benefit obligation recognized in the statements of financial position are determined as follows (see Note 16):

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Present value of the obligation	<b>323,676,700</b>	261,844,400
Fair value of plan assets	<b>(52,029,500)</b>	(65,375,700)
	<b><u>271,647,200</u></b>	<u>196,468,700</u>

The movements in the present value of the retirement benefit obligation are as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	<b>261,844,400</b>	219,226,600
Current service costs	<b>30,701,600</b>	26,680,700
Interest expense	<b>15,033,200</b>	11,910,600
Benefits paid	<b>(16,476,100)</b>	(17,668,900)
Remeasurements –		
Actuarial losses arising from:		
Changes in financial assumptions	<b>19,881,100</b>	18,580,400
Experience adjustments	<b>12,692,500</b>	3,115,000
Balance at end of year	<b><u>323,676,700</u></b>	<u>261,844,400</u>

The movements in the fair value of plan assets are presented below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	<b>65,375,700</b>	79,390,100
Benefits paid	<b>(16,476,100)</b>	(17,668,900)
Interest income	<b>3,428,300</b>	5,009,500
Actuarial losses on plan asset	<b>(298,400)</b>	(1,355,000)
Balance at end of year	<b><u>52,029,500</u></b>	<u>65,375,700</u>

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Time deposit accounts	<b>47,136,554</b>	59,640,130
Mutual fund investments	<b>4,602,840</b>	4,468,147
Savings accounts	<b>290,106</b>	1,267,423
	<b><u>52,029,500</u></b>	<u>65,375,700</u>



The fair value of the above savings and time deposit accounts are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy). The fair value of mutual fund investments does not have quoted prices and have been determined based on net asset value that would be classified as Level 2 of the fair value hierarchy.

Actual return on plan assets was P3.1 million and P3.7 million in 2024 and 2023, respectively.

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
<i>Reported in profit or loss:</i>		
Current service cost	<b>30,701,600</b>	26,680,700
Net interest expense	<b>11,604,900</b>	6,901,100
	<b><u>42,306,500</u></b>	<u>33,581,800</u>
<i>Reported in other comprehensive income:</i>		
Actuarial losses arising from changes in:		
Financial assumptions	<b>(19,881,100)</b>	(18,580,400)
Experience adjustments	<b>(12,692,500)</b>	(3,115,000)
Return on plan assets (excluding amounts included in net interest expense)	<b><u>(298,400)</u></b>	<u>(1,355,000)</u>
	<b><u>(32,872,000)</u></b>	<u>(23,050,400)</u>

The net interest expense in 2024 and 2023 are presented as Others under the Interest Expense account in the statements of profit or loss.

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	<u>2024</u>	<u>2023</u>
Discount rates	<b>6.10%</b>	6.00%
Expected rate of salary increases	<b>5.60%</b>	5.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 55 is 15 years. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Bank to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan is composed of investment in time deposit accounts and mutual fund investments. Due to the long-term nature of the plan obligation, a combination of time deposit accounts and mutual fund investments is an appropriate element of the Bank's long-term strategy to manage the plan efficiently.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Bank's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described in the succeeding page.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as at December 31, 2024 and 2023:

(Amounts in PHP)	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
<b>December 31, 2024</b>			
Discount rate	+/-1.00%	(286,105,300)	369,116,400
Salary growth rate	+/-1.00%	368,890,000	(285,609,700)
<b>December 31, 2023</b>			
Discount rate	+/-1.00%	(239,094,900)	298,440,500
Salary growth rate	+/-1.00%	298,446,900	(261,884,400)



The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

(ii) *Asset-liability Matching Strategies*

The Bank and trustee bank have no specific matching strategy between the plan assets and the plan obligation.

(iii) *Funding Arrangements and Expected Contributions*

The plan is currently underfunded by P271.6 million based on the latest actuarial valuation. While there are no minimum funding requirement in the country, the size of the underfunding may pose a cash flow risk in about five to ten years' time when the current fair value of plan assets is not enough to cover the expected retirement benefit payments.

The Bank expects to make contribution of P69.2 million to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments for the next ten years from the plan follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Within one year	<b>26,953,412</b>	22,382,801
More than five years to ten years	<b>23,316,992</b>	22,266,812
More than five years to ten years	<b>143,780,715</b>	110,167,296
	<b><u>194,051,119</u></b>	<u>154,816,909</u>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 15 years.

## 20. RELATED PARTY TRANSACTIONS

The Bank's related parties include its associate, entities under common ownership, key management personnel and others.

A summary of the Bank's transactions and outstanding balances with its related parties is presented.

<i>(Amounts in PHP)</i>		2024		2023	
Related Party Category	Notes	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
<b>Related Parties Under Common Ownership</b>					
DOSRI loans	20.1	604,407,353	604,407,353	716,215,845	716,215,845
Referral commission	20.2	985,647,568	(103,310,403)	913,707,120	(86,490,553)
Collection fees	20.4	867,574,942	(37,062,449)	758,196,584	(20,376,213)
Deposit liabilities	20.9	1,132,807,414	(1,132,807,414)	1,406,771,342	(1,406,771,342)
Selling commission	20.3	103,308,707	(8,641,924)	106,199,844	(10,619,681)
Accounts payable	20.8	25,695,010	(25,695,010)	31,597,001	(31,597,001)
Credit investigation support services	20.5	101,673,940	(6,078,352)	101,302,000	(4,009,280)
Accounts receivable	20.7	440,642,739	440,642,739	354,402,330	354,402,330
Interest income	20.1	27,251,310	-	28,723,180	-
Leases	11	40,564,828	-	39,156,862	-
<b>Key Management Personnel</b>					
Compensation	20.10	75,968,073	-	67,993,958	-

Following are the details of the foregoing transactions:

### 20.1 DOSRI Loans

The Bank grants loans to DOSRI. The General Banking Act and BSP regulations limit the amount of the loans granted by the Bank to a single borrower to 25.00% of equity.

The total DOSRI loans amounted to P604.4 million and P716.2 million as of December 31, 2024 and 2023, respectively and presented as part of the Loans and Receivables account in the statements of financial position (see Note 9). These loans bear annual interest ranging from 3.63% to 12.48%, and from 3.60% to 12.48% for 2024 and 2023, respectively, are fully secured, and have terms ranging from one month to ten years. The percentage of DOSRI to total loans in 2024 and 2023 is 1.7% and 1.9%, respectively. There were no past due and nonperforming DOSRI loans in 2024 and 2023. ECL recognized in 2024 and 2023 on DOSRI loans amounted to P6.03 million and P7.16 million, respectively. The Bank complied with the restrictions on DOSRI loans as of December 31, 2024 and 2023.

### 20.2 Referral Commission

The Bank entered into financing agreements with certain accredited dealers that are related parties under common ownership whereby the Bank shall provide qualified motorcycle buyers of the accredited dealers with necessary funds for the purchase of motorcycle units. In consideration for the referrals made by the related parties, the Bank pays a commission for each approved motorcycle loan application based on certain percentage of amount financed and achievement of predetermined sales volume.



The total fees are either capitalized as loan origination costs or expensed outright and shown as part of Fees and commissions under the Other Operating Expenses in the statements of profit or loss (see Note 18.2). The outstanding payable on referral commission is presented as part of Accounts payable under the Accounts Payable and Other Liabilities account in the statements of financial position, and is noninterest-bearing, unsecured payable in cash and due to be settled within 30 days from the end of the reporting period (see Note 16).

### ***20.3 Selling Commission***

The Bank entered into agreements with certain accredited dealers that are considered as related parties under common ownership whereby the accredited dealers shall provide assistance in the selling of the Bank's repossessed motorcycles. In consideration for the services performed, the Bank pays a percentage of selling price for each repossessed motorcycle sold. The total fees recognized related to these agreements are shown as part of Outside services under the Other Operating Expenses in the statements of profit or loss (see Note 18.2). The outstanding payable on selling commission as of December 31, 2024 and 2023 is presented as part of Accounts payable under Accounts Payable and Other Liabilities account in the statements of financial position, and is noninterest-bearing, unsecured payable in cash and due to be settled within 30 days from the end of the reporting period (see Note 16).

### ***20.4 Collection Fees***

The Bank entered into service agreement with a related party under common ownership and its associate whereby the latter shall accept loan payments from the Bank's borrowers. In consideration for the services performed by such related party, the Bank pays a service fee equivalent to a certain percentage on all monies collected.

The total fees arising from these service agreements are shown as part of Outside services under the Other Operating Expenses account in the statements of profit or loss (see Note 18.2). The outstanding liability arising from this transaction is presented as part of Accounts payable under the Accounts Payable and Other Liabilities account in the statements of financial position, and is noninterest-bearing, unsecured payable in cash and due to be settled within 30 days from the end of the reporting period (see Note 16).

### ***20.5 Credit Investigation Support Services***

The Bank entered into an agreement with BFC where the latter shall provide credit investigation services using its manpower complement and necessary equipment for all loan application endorsed by the Bank. The credit investigation includes identity and character validation, residency verification, and employment and source of income validation. The total fees arising from these service agreements are either capitalized as loan origination costs or expensed outright and shown as part of Outside services under the Other Operating Expenses in the statements of profit or loss (see Note 18.2).

The outstanding liability arising from this transaction is presented as part of Accounts payable under the Accounts Payable and Other Liabilities in the statements of financial position, and is noninterest-bearing, unsecured payable in cash and due to be settled within 30 days from the end of the reporting period (see Note 16).

## ***20.6 Retirement Fund***

Savings, time deposit, and mutual fund investment accounts totaling to P52.0 million and P65.4 million as at December 31, 2024, and 2023, respectively, were established by the Bank as plan assets for the retirement plan. Interest income earned by the time deposits amounted to P3.4 million, and P5.0 million in 2024 and 2023, respectively. These bank accounts are included as part of the Bank's deposit liabilities and are accounted for separately from the cash accounts of the Bank. The retirement fund is managed by the Bank's Treasury Department. The composition of the plan assets is presented under Note 19.2.

The retirement fund neither provides any guarantee or surety for any obligation of the Bank nor its investments covered by any restrictions or liens.

## ***20.7 Accounts Receivable***

This mainly pertains to assets held for sale of the Bank which were subsequently sold and refinanced by BFC. This is presented as part of Accounts receivable presented under the Loans and Receivable account (see Note 9).

## ***20.8 Accounts Payable***

This pertains to collections of BFC deposited to the account of the Bank. These have the same terms as that of third parties. This is presented and offset against Accounts receivable presented under the Loans and Receivable account (see Note 9).

## ***20.9 Deposit Liabilities***

The Bank has deposit liabilities to related parties under common ownership amounting to P1.1 billion and 1.4 billion as at December 31, 2024 and 2023, respectively.

Moreover, in the ordinary course of business, the Bank has deposit transactions with certain related parties with outstanding deposit balance amounting to P13.6 billion and P14.2 billion as at December 31, 2024 and 2023, respectively.

## ***20.10 Key Management Personnel Compensation***

Salaries and short-term benefits received by key management personnel are summarized below.

<i>(Amounts in PHP)</i>	<b>2024</b>	<b>2023</b>
Short-term benefits	<b>73,022,614</b>	64,975,898
Post-employment benefits	<b>2,945,459</b>	3,018,060
	<b>75,968,073</b>	67,993,958



## 21. TAXES

The components of tax expense relating to profit or loss and other comprehensive income follow:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
<i>Profit or loss:</i>		
Current tax expense:		
Regular corporate income tax (RCIT)	999,709,959	963,704,418
Final taxes	175,895,315	150,740,411
	<u>1,175,605,274</u>	<u>1,114,444,829</u>
Deferred tax income relating to origination and reversal of temporary differences	<u>(78,049,209)</u>	<u>(48,944,508)</u>
	<u>1,097,556,065</u>	<u>1,065,500,321</u>
<i>Other comprehensive income:</i>		
Deferred tax income relating to origination and reversal of temporary differences	<u>(8,218,000)</u>	<u>(5,762,600)</u>

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit or loss is presented below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Tax on pre-tax profit	1,089,524,825	1,075,619,263
Adjustments for income subjected to final tax	(51,330,638)	(43,429,407)
Tax effects of:		
Non-taxable income	(6,491,964)	(5,523,498)
Non-deductible taxes	20,408,651	-
Non-deductible expenses	45,445,191	38,833,963
Tax expense	<u>1,097,556,065</u>	<u>1,065,500,321</u>

The net deferred tax assets as of December 31 relates to the following:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Deferred tax assets:		
Allowance for impairment	792,026,460	702,067,245
Unrealized loss on repossession	39,385,961	34,400,091
Retirement benefit obligation	67,911,750	49,117,125
Depreciation of investment properties	34,255,679	30,266,137
Lease liabilities	81,268,672	64,813,565
	<u>1,014,848,522</u>	<u>880,664,163</u>
Deferred tax liabilities:		
Deferred loan origination costs	(268,135,411)	(235,446,924)
Right-of-use assets	(72,712,597)	(57,483,934)
	<u>(340,848,008)</u>	<u>(292,930,858)</u>
Net deferred tax assets	<u>674,000,514</u>	<u>587,733,305</u>

The effect of the movements in deferred tax assets in profit and loss and other comprehensive income for the years ended December 31 is as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
<i>Profit or loss:</i>		
Allowance for impairment loss	<b>(89,959,215)</b>	(34,142,589)
Amortized loan origination costs	<b>32,688,488</b>	(8,290,278)
Lease liabilities	<b>(16,455,107)</b>	15,595,593
Amortization of right-of-use-asset	<b>15,228,662</b>	(16,587,125)
Retirement benefit obligation	<b>(10,576,625)</b>	(8,395,450)
Unrealized loss on repossession	<b>(4,985,870)</b>	6,779,212
Depreciation of investment properties	<b>(3,989,542)</b>	(3,903,871)
Deferred tax income	<b>(78,049,209)</b>	(48,944,508)
<i>Other comprehensive loss –</i>		
Retirement benefit obligation	<b>(8,218,000)</b>	(5,762,600)

The Bank is subject to the minimum corporate income tax (MCIT) which is computed at 2.0% and 1.5% of gross income in 2024 and 2023, respectively, as defined under the tax regulations, or RCIT, whichever is higher.

No MCIT was reported in 2024 and 2023 as the RCIT was higher than MCIT in both years.

The Bank opted to claim itemized deductions in 2024 and 2023 in the computation of its income tax due.

## 22. OTHERS

### 22.1 Commitments and Contingencies

There are commitments, guarantees and contingent liabilities that arise in the normal course of the Bank's operations that are not reflected in the financial statements. The Bank recognizes in its books any losses and liabilities incurred in the course of its operations as soon as these become determinable and quantifiable. As at December 31, 2024 and 2023, management is of the opinion that losses, if any, from the foregoing items will not have a material effect on the Bank's financial statements.

### 22.2 Events after the Reporting Period

On April 8, 2025, the BOD approved the dividend declaration on common shares amounting to P2.7 billion (P5.4 per share) payable to all stockholders of record as of March 31, 2025, payable on or before June 30, 2025.



## 23. CURRENT AND NON-CURRENT CLASSIFICATION OF RESOURCES AND LIABILITIES AND SUPPLEMENTAL INFORMATION TO STATEMENT OF CASH FLOWS

### 23.1 Current and Non-Current Classification of Resources and Liabilities

<i>(Amounts in PHP)</i>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
<b>December 31, 2024</b>			
Cash	129,585,797	-	129,585,797
Due from BSP	1,517,024,750	-	1,517,024,750
Due from other banks	249,471,686	-	249,471,686
Investment securities - net	639,212,224	9,587,259,542	10,226,471,766
Loans and other receivables - net	14,444,930,081	24,852,338,969	39,297,269,050
Bank premises, furniture, fixtures and equipment - net	-	118,958,219	118,958,219
Right-of-use assets-net	-	290,850,387	290,850,387
Assets held-for-sale - net	536,617,101	-	536,617,101
Investment properties - net	-	164,856,626	164,856,626
Deferred tax assets - net	-	674,000,514	674,000,514
Other resources - net	-	202,365,539	202,365,539
<b>Total Resources</b>	<b>17,516,841,639</b>	<b>35,890,629,796</b>	<b>53,407,471,435</b>
Deposit liabilities	28,224,755,124	5,835,293,315	34,060,048,439
Accounts payable and other liabilities	1,749,759,021	515,868,034	2,265,627,055
<b>Total Liabilities</b>	<b>29,974,514,145</b>	<b>6,351,161,349</b>	<b>36,325,675,494</b>
<b>December 31, 2023</b>			
Cash	108,263,928	-	108,263,928
Due from BSP	1,443,819,384	-	1,443,819,384
Due from other banks	208,610,771	-	208,610,771
Investment securities - net	891,972,151	9,789,170,708	10,681,142,859
Loans and other receivables - net	15,723,074,567	21,937,877,660	37,660,952,227
Bank premises, furniture, fixtures and equipment - net	-	120,159,391	120,159,391
Right-of-use assets-net	-	229,935,737	229,935,737
Assets held-for-sale - net	412,710,921	-	412,710,921
Investment properties - net	-	159,870,734	159,870,734
Deferred tax assets - net	-	587,733,305	587,733,305
Other resources - net	95,746,030	91,948,904	187,694,934
<b>Total Resources</b>	<b>18,884,197,752</b>	<b>32,916,696,439</b>	<b>51,800,894,191</b>
Deposit liabilities	28,513,598,260	4,470,728,336	32,984,326,596
Accounts payable and other liabilities	1,908,057,153	374,869,108	2,282,926,261
<b>Total Liabilities</b>	<b>30,421,655,413</b>	<b>4,845,597,444</b>	<b>35,267,252,857</b>

## 23.2 Supplemental Information to Statement of Cash Flows

Significant non-cash transactions in 2024 and in 2023 are as follows:

- The Bank recognized additional right-of-use assets and lease liabilities amounting to P159.1 million and P25.5 million in 2024 and 2023, respectively (see Note 11).
- Transfers from Loans and Receivables to Assets Held for Sale amounted to P2.0 billion and P2.1 billion in 2024 and 2023, respectively (see Notes 9 and 12).
- Transfers from Loans and Receivables to Investment Properties as a result of foreclosures amounted to P32.5 million and P19.1 million in 2024 and 2023, respectively (see Notes 9 and 13).

## 24. SUPPLEMENTARY INFORMATION REQUIRED BY THE BSP

Presented below are the supplementary information required by the BSP under Section 174 (Appendix 55) of the BSP MORB to be disclosed as part of the notes to financial statements based on BSP Circular 1074, *Amendments to Regulations on Financial Audit of Banks*.

### (a) Selected Financial Performance Indicators

The following are some indicators of the Bank's financial performance.

	2024	2023
Return on average equity		
Net profit	19.40%	20.06%
Average total capital accounts		
Return on average resources		
Net profit	6.20%	6.36%
Average total resources		
Net interest margin		
Net interest income	15.86%	15.81%
Average interest earning resources		

### (b) Capital Instruments Issued

The capital instrument issued by the Bank pertains to common shares classified under Common Equity Tier 1 (CET 1), amounting to P5.0 billion both in 2024 and 2023 (see Note 17.1).

### (c) Significant Credit Exposures for Loans

Under the BSP guidelines, the Bank is required to disclose concentration of credit as to industry or economic sector where concentration is said to exist. The Bank's concentration of credit as to economic activity for its loans gross of allowance for ECL is presented on the succeeding page.

(Amounts in PHP)

	2024		2023	
	Amount	Percentage	Amount	Percentage
Consumption	22,759,797,085	62.51%	21,949,202,445	64.27%
Wholesale and retail trade	3,763,930,574	10.34%	3,293,554,113	9.64%
Real estate, renting and other related activities	1,792,260,299	4.92%	2,075,863,331	6.08%
Agriculture, hunting and forestry	1,556,695,798	4.28%	851,945,632	2.49%
Transportation, storage and communication	1,298,660,716	3.57%	966,085,503	2.83%
Construction	1,114,090,537	3.06%	850,580,959	2.49%
Accommodation and food service	1,091,716,525	3.00%	905,592,544	2.65%
Financial and insurance activities	1,021,123,166	2.80%	589,116,873	1.73%
Electricity, gas and water	871,783,313	2.39%	931,902,541	2.73%
Manufacturing	645,944,080	1.77%	1,072,594,022	3.14%
Other community, social and personal services	173,707,790	0.48%	213,524,524	0.63%
Human health and social service activities	154,149,085	0.42%	351,260,694	1.03%
Administrative and support service activities	134,674,418	0.37%	69,915,551	0.20%
Education	16,629,736	0.05%	18,896,790	0.06%
Private household	12,889,553	0.04%	11,244,116	0.03%
	<b>36,408,052,675</b>	<b>100%</b>	<b>34,151,279,638</b>	<b>100%</b>

The BSP considers that loan concentration exists when the total loan exposure to a particular industry exceeds 30% of the total loan portfolio plus the outstanding interbank loans receivable or 10% of Tier 1 capital.

As of December 31, 2024, 10% of Tier 1 capital of the Bank amounted to P1.6 billion in both 2024 and 2023. The table below shows the industry groups exceeding this level.

(Amounts in PHP)

	2024	2023
Consumption	22,759,797,085	21,949,202,445
Wholesale and retail trade	3,763,930,574	3,293,554,113
Real estate, renting and other related activities	1,792,260,299	2,075,863,331

(d) *Analysis of Loan Portfolio as to Type of Security*

The breakdown of receivable from customers, gross of allowance and unearned interests or discounts, as to security are disclosed in Note 9.

As to security, loans are classified into:

(Amounts in PHP)

	2024	2023
Secured:		
Real estate mortgage	886,567,080	735,484,891
Hold out deposits	625,613,866	740,906,357
Others	613,139,027	333,089,189
	<b>2,125,319,973</b>	<b>1,809,480,437</b>
Unsecured	<b>34,282,732,702</b>	<b>32,341,799,201</b>
	<b>36,408,052,675</b>	<b>34,151,279,638</b>



(e) *Credit Status of Loans*

The breakdown of receivable from customers as to status is shown below.

(Amounts in PHP)	2024		
	Performing	Non-performing	Total Loan Portfolio
Gross carrying amount:			
Retail loans	26,015,185,655	3,393,539,110	29,408,724,765
Commercial loans	4,912,247,468	2,087,080,442	6,999,327,910
	30,927,433,123	5,480,619,552	36,408,052,675
Allowance for ECL	(381,266,215)	(2,422,498,647)	(2,803,764,862)
Net carrying amount	<b>30,546,166,908</b>	<b>3,058,120,905</b>	<b>33,604,287,813</b>
(Amounts in PHP)	2023		
	Performing	Non-performing	Total Loan Portfolio
Gross carrying amount:			
Retail loans	23,989,424,635	3,255,068,901	27,244,493,536
Commercial loans	5,841,893,604	1,064,892,498	6,906,786,102
	29,831,318,239	4,319,961,399	34,151,279,638
Allowance for ECL	(432,052,677)	(2,152,392,334)	(2,584,445,011)
Net carrying amount	<b>29,399,265,562</b>	<b>2,167,569,065</b>	<b>31,566,834,627</b>

As at December 31, 2024 and 2023, the nonperforming loans (NPLs) not fully covered by allowance for credit losses follow:

(Amounts in PHP)	2024	2023
Gross NPLs	<b>5,480,619,552</b>	4,319,961,399
NPLs fully covered by allowance for impairment	<b>(1,451,038,513)</b>	(1,149,089,025)
	<b>4,029,581,039</b>	3,170,872,374

(f) *Information on Related Party Loans*

In the ordinary course of business, the Bank has loan transactions with each other, their other affiliates, and with certain DOSRI. Under existing policies of the Bank, these loans are made substantially on the same terms as loans to other individuals and businesses of comparable risks.

Under the current BSP regulations, the amount of individual loans to a DOSRI, 70% of which must be secured, should not exceed the amount of the encumbered deposit and book value of the investment in the Bank and/or any of its lending and nonbank financial subsidiaries. In the aggregate, loans to DOSRIs, generally, should not exceed the total equity or 15% of the total loan portfolio of the Bank. However, non-risk loans are excluded in both individual and aggregate ceiling computation.

The table shows the information relating to the loans, other credit accommodations and guarantees granted to DOSRI as of December 31 in accordance with BSP reporting guidelines:

<i>(Amounts in PHP)</i>	<b>DOSRI Loans</b>		<b>Related Party Loans (inclusive of DOSRI)</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Total outstanding loans	<b>604,407,353</b>	716,215,845	<b>604,407,353</b>	716,215,845
% of loans to total loan portfolio	<b>1.7%</b>	1.9%	<b>1.7%</b>	1.9%
% of unsecured loans to total DOSRI/related party loans	<b>0.0%</b>	0.0%	<b>0.0%</b>	0.0%
% of past due loans to total DOSRI/related party loans	<b>0.0%</b>	0.0%	<b>0.0%</b>	0.0%
% of non-performing loans to total DOSRI/related party loans	<b>0.0%</b>	0.0%	<b>0.0%</b>	0.0%

Secured DOSRI loans are collateralized by hold-out on deposits and are payable within three months to five years.

There were no past due and nonperforming related party loans in 2024 and 2023; hence, no impairment loss on them have been recognized in both years.

*(g) Secured Liabilities and Assets Pledged as Security*

The Bank did not have any secured liabilities nor assets pledged as security as at December 31, 2024 and 2023.

*(h) Contingencies and Commitments Arising from Off-balance Sheet Items*

The Bank did not have any contingencies and commitments arising from off-balance sheet items as of December 31, 2024 and 2023.

## 25. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

Following is the supplementary information on taxes, duties and license fees paid or accrued during the taxable year which is required by the BIR under Revenue Regulations No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

### (a) Gross Receipt Taxes (GRT)

In lieu of the value-added tax, the Bank is subject to the GRT imposed on all banks and non-bank financial intermediaries performing quasi-banking function pursuant to Section 121 of the Tax Code, as amended.

In 2024, the Bank reported total GRT amounting to P560,402,412 as shown under Taxes and Licenses, in which P521,784,836 was paid during the year.

The breakdown of the GRT is shown below.

<i>(Amounts in PHP)</i>	<b>Gross Receipts</b>	<b>GRT</b>
Income derived from lending activities	11,184,603,994	554,662,380
Other income	82,000,463	5,740,032
	<b>11,266,604,457</b>	<b>560,402,412</b>

### (b) DST

The movements in unused DST are summarized below.

<i>(Amounts in PHP)</i>	
Balance at beginning of year	24,231,060
Purchased	234,000,000
Affixed	(233,996,805)
Balance at end of year	<b>24,234,255</b>

The Bank is enrolled under the Electronic Documentary Stamp Tax System. In general, the Bank's DST transactions arise from the execution of loan documents, debt instruments, security documents, and bills of exchange.

Of the total documentary stamp affixed, P38,358,701 was charged to clients, while P195,638,104 was for the account of the Bank and accordingly charged to profit or loss.



(c) *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2024 are shown below.

*(Amounts in PHP)*

Final	510,946,114
Expanded	342,269,287
Compensation and benefits	57,714,769
Fringe benefits	<u>1,970,379</u>
	<u><b>912,900,549</b></u>

(d) *Taxes and Licenses*

The details of taxes and licenses in 2024 are as follows:

*(Amounts in PHP)*

GRT	560,402,412
DST	195,638,104
Local taxes and business permit	34,551,561
Fringe benefits tax	1,970,379
Real property taxes	1,495,772
Miscellaneous	<u>557,719</u>
	<u><b>794,615,947</b></u>

(e) *Excise Taxes*

The Bank did not have any transactions in 2024 subject to excise tax.

(f) *Taxes on Importation*

The Bank has not paid or accrued any customs duties and tariff fees as it has no importation for the year ended December 31, 2024.

(g) *Deficiency Tax Assessment and Tax Cases*

As of December 31, 2024, the Bank has settled its final deficiency tax assessments with the BIR. There were no other tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable year.

# Consumer Protection Practices

Bank of Makati (A Savings Bank), Inc. has actively supported the Bangko Sentral ng Pilipinas' (BSP) campaign for financial inclusion and has continuously adopted best practices that produce good customer experiences for its Clients. This adoption conforms to the Bank's Consumer Protection Risk Management System (CPRMS), and is aligned to BSP Circular No. 1160 or Regulations on Financial Consumer Protection to implement R.A. No. 11765, otherwise known as the "Financial Products and Services Consumer Protection Act" (FCPA).

Rejoinder cases are also handled in accordance to Circular No. 1169 – Rules of Procedure for the Consumer Assistance Mechanism, Mediation, and Adjudication of cases in the Bangko Sentral ng Pilipinas.

The Customer Experience Management Department-Customer Engagement Section (CEMD-CES) promptly and effectively handles Customer requests, queries, and complaints (RQC) received by the Bank. The Section is tasked to acknowledge, monitor, coordinate with the concerned group/department for appropriate action and/or investigation, and ensure resolution (within BSP's standard turn-around-time) of the RQCs received through the Bank's:

- **Official Communication channels:**

**Trunkline:** 8889.0000

**Mobile:** 0943.129.2559; 0947.993.9491; 0917.831.2689

**Email:** malalapitan.kaibigan@bankofmakati.com.ph

**Facebook:** bankofmakatiofficial

**Website:** www.bankofmakati.com.ph

- Sixty-two (62) Branches and Forty (40) Branch-Lite Units nationwide with designated Consumer Assistance Officers

Bank of Makati acknowledges the indispensable role of the Customers in bringing about a strong and stable financial system, their right to be protected in all stages of their transactions, and be given an avenue to air their grievances regarding the Bank's products and services.

With the Board and Senior Management's leadership, it is ascertained that the bank's business operations are aligned to the standard conduct of consumer protection. To assess its effectiveness and relevance, BMI's CPRMS, Code of Conduct, policies, and procedures are reviewed periodically and monitored regularly to ensure standard observance of:

- Disclosure and Transparency
- Fair Treatment
- Protection of Client Information (adherence to the general data privacy principles of transparency, legitimate purpose, and proportionality under R.A. No. 10173 or the Data Privacy Act of 2012 and its IRRs)
- Effective Recourse
- Protection of Consumer Assets against Fraud and Misuse

By doing so, it is ascertained that the Bank remains compliant to relevant laws, rules, and regulations and the best interest of the Customers are prioritized, such that identified risks of financial harm or probable loss are properly mitigated and managed.





# **Products** *and* **Services**



## **Deposit Products**

Regular Savings Account  
Young Savers Account  
Power Build-Up Savings  
Maaasahan Savings Account  
Power Cash ATM  
Power ATM Debit Card  
Checking Account Plus  
Checking Account Premium  
CTD Peso Time Deposit

## **Other Services**

ATM Payroll  
HMO Collection  
Bills Payment

## **Loan Products**

Business Loans  
Power Negosyo Enterprise Loan  
Microfinance Loan  
Home Loan  
Auto Loan  
Luxury Bike Loan  
Motorcycle Loan  
Power Payday Loan  
Personal Loan  
Expanded Motor Loan



**8708.7087**  
consumeraffairs@bsp.gov.ph

Bank of Makati is supervised by the  
Bangko Sentral ng Pilipinas (BSP)



Deposits are insured by PDIC  
up to P1 Million per depositor



**MAKATI CITY (Main Branch)**  
TPI Building, Ayala Avenue near corner  
Metropolitan Avenue, Makati City  
(02) 8816.1382 / 0920.971.1069

**BACLARAN (Microfinance)**  
392 Quirino Avenue  
Baclaran, Parañaque City  
(02) 8556.0609 / 0920.971.1053

**BLUMENTRITT (Microfinance)**  
One Albert Place 2557 P. Guevarra Street  
corner Tecson Street, Sta. Cruz, Manila  
(02) 3493.5949 / 0920.971.1056

**BUENDIA (Microfinance)**  
44 Sentor Gil Puyat Avenue  
Brgy. San Isidro, Makati City  
(02) 8886.3696 / 0920.971.1057

**CALOOCAN**  
Aurelio Building III, 11th Avenue  
corner Rizal Avenue Extension  
Grace Park, Caloocan City  
(02) 8364.9039 / 0949.883.2180

**CAMARIN (Microfinance)**  
654 Area A, Camarin, Caloocan City  
(02) 8294.1768 / 0949.883.1497

**COMMONWEALTH (Microfinance)**  
Unit 3 & 4 Mount Sinai Heights Building  
71-B Commonwealth Avenue  
East Fairview, Quezon City  
(02) 8365.2060 / 0920.971.1059

**CUBAO - P. TUAZON (Microfinance)**  
Metrolane Complex P. Tuazon Boulevard  
corner 20th Avenue Cubao, Quezon City  
(02) 3438.3303 / 0920.971.1060

**GRACE PARK**  
VSP Condominium  
1607-C Rizal Avenue Extension  
Grace Park, Caloocan City  
(02) 8288.3206 / 0949.883.1496

**GREENHILLS (Microfinance)**  
Medecor Building 222 Ortigas Avenue  
Greenhills, San Juan City  
(02) 8997.3944 / 0917.820.1603

**GUADALUPE (Microfinance)**  
Unit MFA 8, G/F  
Guadalupe Commercial Center  
Guadalupe, Makati City  
(02) 8478.3403 / 0949.883.1503

**KALENTONG (Microfinance)**  
P&D Building, 576 New Panaderos Street  
Brgy. Pag-asa, Mandaluyong City  
(02) 8477.2568 / 0949.883.1435

**LAS PIÑAS**  
Unit 3, Star Arcade  
CV Starr Avenue Philamlife Village  
Pamplona 2, Las Piñas City  
(02) 8877.8129 / 0920.971.1067

# OUR NETWORK

## REGULAR AND MICROFINANCE BRANCHES

**MAKATI - EVANGELISTA (Microfinance)**  
NSR Building, 1837  
Evangelista Street corner Dallas Street  
Brgy. Pio del Pilar, Makati City  
(02) 8845.1201 / 0920.971.1064

**MARIKINA**  
6 Bayan-Bayanan Avenue  
Concepcion I, Marikina City  
(02) 8721.8238 / 0949.883.1505

**MAYON (Microfinance)**  
175 Mayon St. cor. Dapitan Street,  
Quezon City  
(02) 8362.2593 / 0949.883.1502

**MUNTINLUPA**  
Presnedi Building, 305 National Road,  
Putatan, Muntinlupa City  
(02) 8777.3098 / 0920.971.1072

**PASAY - LIBERTAD (Microfinance)**  
Ground Floor, Galvez Building  
257 Arnaiz Avenue, Libertad, Pasay  
(02) 8804.2696 / 0917.835.3651

**PASIG - RAYMUNDO (Microfinance)**  
G/F JG Building, C. Raymundo Avenue  
Brgy. Rosario, Pasig City  
(02) 8650.2970 / 0920.971.1076

**ROOSEVELT (Microfinance)**  
336 Roosevelt Avenue, Quezon City  
(02) 3415.1732 / 0920.971.1078

**VALENZUELA**  
238 McArthur Highway  
Karuhatan, Valenzuela City  
(02) 8283.7175 / 0949.883.1501

**BATANGAS**  
Unit 4, Mayvel Center  
Pallocan Avenue, Pallocan West  
Batangas City, Batangas  
(043) 702.2384 / 0920.971.1055

**BIÑAN**  
A. Bonifacio Street  
Biñan, Laguna  
(049) 511.9299 / 0949.883.1495

**CABANATUAN**  
333 B-3 Burgos Street  
Sangitan, Cabanatuan City,  
Nueva Ecija  
(044) 463.3967 / 0949.883.1500

**CALAPAN**  
Unit 1 Roxas Drive, Lumangbayan  
Calapan City, Oriental Mindoro  
(043) 288.2228 / 0949.883.1508

**DAET**  
TPI Building, Vinzons Avenue  
Brgy. IV, Mantagbac  
Daet, Camarines Sur  
(054) 887.9997 / 0920.971.1061

**DAGUPAN**  
One Grande Building,  
Arellano Street, Dagupan City  
(075) 522.5072 / 0920.971.1062

**DASMARIÑAS**  
B55 L7 Golden Miles Molino  
Paliparan Road, Barangay Salawag  
Dasmariñas City, Cavite  
(046) 438.1863 / 0949.883.1507

**LAOAG**  
Enrico's Building, General Luna Avenue  
corner General Siazon Road,  
Laoag City, Ilocos Norte  
(077) 771.5385 / 0949.883.1438

**LA UNION**  
Nera Building, Quezon Avenue  
San Fernando, La Union  
(072) 687.1519 / 0949.883.1436

**LEGAZPI**  
Imperial Shopping Plaza  
Los Baños Avenue, Capantawan  
Legazpi City, Albay  
0949.883.1439

**LIPA**  
C.M. Recto Avenue (in front of Cathedral)  
Barangay 9, Lipa City, Batangas  
(043) 756.3481 / 0949.883.2181

**LUCENA**  
G/F Emperor Building, Merchan Street  
corner Evangelista Street, Lucena City  
(042) 710.9168 / 0920.971.1068

## LUZON

**ANTIPOLO**  
4 Senator Lorenzo Sumulong  
Memorial Circle Brgy. San Roque,  
Antipolo City, Rizal  
(02) 8696.5585 / 0920.971.1052

**BALIUAG**  
Benigno S. Aquino Avenue  
Poblacion, Baliuag, Bulacan  
(044) 798.8281 / 0920.971.1054

**BANTAY**  
R.G.C. Cardenas Commercial Building  
Zone 5, National Highway,  
Bantay, Ilocos Sur  
(077) 632.0911 / 0949.883.1510

**BATAAN**  
G/F L&R Building  
Don Manuel Banzon Avenue  
Balanga City, Bataan  
(047) 237.6625 / 0949.883.1433



#### MALOLOS

Lot 698-A, Paseo Del Congreso Road  
Malolos City, Bulacan  
(044) 791.7513 / 0920.971.1070

#### MARCOS HIGHWAY

Units 3 & 4 Park Place Building  
Marcos Highway corner  
Vermont Park Main Gate  
Brgy. Mayamot, Antipolo City, Rizal  
(02) 7212.2521 / 0920.971.1071

#### MEYCAUAYAN

Lot 3003-E, Malhacan Road  
Meycauayan City, Bulacan  
0917.828.5043

#### NAGA

89 Elias Angeles Street  
Naga City, Camarines Sur  
(054) 473.9898 / 0917.835.0123

#### PAMPANGA

Diamond Building, MacArthur Highway  
Dolores San Fernando, Pampanga  
(045) 961.1354 / 0920.971.1075

#### PUERTO PRINCESA

Prime One Properties Building  
Km.1 National Highway, Brgy. San Miguel  
Puerto Princesa City, Palawan  
(048) 434.2053 / 0949.883.1442

#### RODRIGUEZ

137 Rodriguez Highway  
Manggahan, Rodriguez, Rizal  
(02) 8470.3581 / 0920.971.1077

#### SAN PABLO

52 Colago Avenue, Brgy. VI-E  
San Pablo City, Laguna  
(049) 562.0646 / 0920.975.5967

#### SANTIAGO

Villarica Building  
Purok 4 City Road corner Quezon Street  
Centro West, Santiago City  
(078) 305.2082 / 0917.835.3237

#### TARLAC

Tarlac Filipino-Chinese  
Volunteers Fire Brigade Building,  
M.H. Del Pilar Street, Tarlac City  
(045) 982.1404 / 0920.971.1079

#### TUGUEGARAO

Luna Street corner Del Rosario Street  
Tuguegarao, Cagayan  
(078) 844.8577 / 0949.883.1506

#### URDANETA

National Highway, Nancayasan  
Urdaneta City, Pangasinan  
(075) 653.0847 / 0949.883.1443

#### ZAPOTE

Addio Building, Aguinaldo Highway  
Talaba, Bacoor, Cavite  
(046) 417.7527 / 0920.971.1080

## VISAYAS

#### BACOLOD

Sun-in Building, Lacson Street  
Bacolod City, Negros Occidental  
(034) 434.9411 / 0949.883.1431

#### CEBU

S & L Tanchan Building  
51 Colon Street  
Parian, Cebu City  
(032) 255.6982 / 0949.883.1434

#### ILOILO

John Tan Building  
Iznart Street, Iloilo City, Iloilo  
(033) 335.8853 / 0920.971.1066

#### TACLOBAN

Oscar Dy Building  
Real Street, Sagkahan District  
Tacloban City, Leyte  
(053) 832.3066 / 0998.591.3886

## MINDANAO

#### BUTUAN

Lucibenino Building, JC Aquino Avenue  
Butuan City, Agusan Del Norte  
(085) 225.0406 / 0920.971.1058

#### CAGAYAN DE ORO

J.V. Serena Street corner Vamenta Boulevard  
Carmen, Cagayan De Oro City, Misamis Oriental  
(088) 233.2159 / 0949.883.1498

#### DAVAO

CV REALTY Building, Quimpo Boulevard,  
Ecoland, Matina, Davao City  
(082) 285.2608 / 0920.971.1063

#### GENERAL SANTOS

RD Building, Santiago Boulevard  
General Santos City, South Cotabato  
(083) 552.0871 / 0920.971.1065

#### PAGADIAN

ZMS Building, Rizal Avenue  
Pagadian City, Zamboanga Del Sur  
(062) 925.2879 / 0920.971.1073

#### TAGUM

Cacayorin Building  
Circumferential Road New Public Market  
Tagum City, Davao  
(084) 216.3219 / 0917.845.7617

#### VALENCIA

Ground Floor, AMQ building  
Sayre Hiway, Poblacion  
Valencia City, Bukidnon  
(088) 828.5294 / 0917.810.9555

#### ZAMBOANGA

G/F RHW Building  
Mayor Jaldon Street, Brgy. Cañelar  
Zamboanga City, Zamboanga Del Sur  
(062) 955.0655 / 0917.844.4053

62 Branches

40 Branch Lites

NATIONWIDE

8889.0000 LOCAL 2104

Customer Engagement

[malalapitan.kalbigenbankofmakati.com.ph](mailto:malalapitan.kalbigenbankofmakati.com.ph)

## BRANCH LITE

## METRO MANILA

#### MALABON

3rd floor, Psalm Building  
7 M.H. Del Pilar Street, Santulan  
Malabon, Metro Manila  
0919.088.3589 / 0927.183.8805

#### TAGUIG

4th Floor, Lot 3 Levi Mariano Street,  
Int. Gen. Luna, Ususan, Taguig City  
0928.152.0920 / 0919.088.3482

## LUZON

#### ROXAS

National Highway, Bantug,  
Roxas, Isabela  
0919.088.3501

#### SAN JOSE

2nd Floor, #348 Salvador Building,  
Maharlika Highway, Brgy. Rafael Rueda Sr.,  
San Jose City, Nueva Ecija  
0919.088.3558

#### GAPAN

2nd Floor, JC Ramirez Building  
Maharlika Highway,  
Gapan City, Nueva Ecija  
0919.088.3557

#### SAN JOSE DEL MONTE

Unit 01, 2nd Floor, Bordallo Building,  
Blk. 75, Lot 11, Purok 2, Bagong Buhay II,  
San Jose Del Monte, Bulacan  
0919.088.3571

#### ANGELES

Unit 301, Blk-2, Lot-19,  
Mc Arthur Highway, Ninoy Aquino,  
Angeles City, Pampanga  
0919.088.3565 / 0956.420.3511

#### OLONGAPO

2nd Floor 1255 Rizal Ave. West,  
Tapinac, Olongapo City, Zambales  
0919.088.3570 / 0998.377.4259



**TAYTAY**

Unit 7 & 8, A3J Building, Lot 1-B-2-A  
Geronimo, Compound, Brgy. Dolores  
Taytay, Rizal,  
0920.948.2981 / 0919.088.3502

**TANAUAN**

3rd Floor, HMC Building  
corner Molave Street  
President Jose P. Laurel Highway,  
Tanauan, Batangas  
0922.834.7460 / 0919.088.3538

**CALAMBA**

3rd Floor, Julita Building 1, Crossing  
Calamba, Laguna  
0919.088.3586

**RODRIGUEZ**

526 M.H. Del Pilar Street,  
Brgy. Geronimo, Rodriguez, Rizal  
0908.864.0577 / 0919.088.3504

**BATANGAS**

Ground Floor, Lena Building  
St. Peter corner National Highway  
Batangas City, Batangas  
0919.088.3585

**IMUS**

2nd Floor, 7 Days Building  
Aguinaldo Hiway, Palico 3  
Imus, Cavite  
0925.610.2350 / 0919.088.3483

**BINANGONAN**

117 Unit D, National Road, Bilibiran  
Binangonan, Rizal  
0919.088.3503 / 0908.147.8159

**TRECE MARTIRES**

Door 1 and 2, 2nd Floor,  
Ronn and Roy Building, 0346  
Brgy. San Agustin,  
Trece Martires City, Cavite  
0919.088.3485

**LEMERY**

Unit 5, 2nd Floor, A. Datingaling Building,  
Ilustre Avenue, Lemery, Batangas  
0918.336.6605

**GUMACA**

3rd Floor, Leopando Building  
J.P. Rizal Street, (Kalye Putol)  
Brgy. San Diego, Gumaca, Quezon  
0919.088.3587

**NARRA**

Unit 301, PTK-II Commercial Building  
Malvar Street, Brgy. Poblacion,  
Narra, Palawan  
0919.088.3511

**BOAC**

Philippine Red Cross Building,  
Kasilag Street, Isok I,  
Boac, Marinduque  
0919.088.3588

**BONGABONG**

Ap-Town Building, Aplaya II road  
corner Town Public Market,  
Bongabong, Oriental Mindoro  
0919.088.3521

**DAET**

3rd Floor, Lazo Building, Bagasbas Road  
corner Diego Liñan Street, Brgy. 6  
Daet, Camarines Norte  
0948.451.5989 / 0919.088.3550

**SORSOGON**

Ground Floor, Cipriana Building  
Magsaysay Street, Brgy. Sulucan  
Sorsogon City, Sorsogon  
0919.088.3549

**VIRAC**

Unit 31, 3rd Floor,  
CAFE Building, Constantino  
Virac, Catanduanes  
0919.088.3552

**MASBATE**

Door 2, 3rd Floor, K&R Building  
National Road, Brgy. Tugbo  
Masbate City, Masbate  
0963.657.3523 / 0919.088.3554

**IRIGA**

Unit 203, Ngo Sy Giok Po Building, San Miguel  
J.P. Rizal Street, Highway 1, San Miguel  
Iriga City, Camarines Sur  
0946.881.4922 / 0919.088.3551

## VISAYAS

**KALIBO**

2ND Floor, 3J Building,  
Roxas Avenue Extension Poblacion  
Kalibo, Aklan  
0919.088.3581

**BACOLOD**

Unit No. R1-7, corner Mabini Street  
Ciocon Road, Brgy. 26  
Bacolod City, Negros Occidental  
0919.088.3580

**KABANKALAN**

JY Perez Street  
Kabankalan City, Negros Occidental  
0919.088.3578 / 0970.688.8887

**MANDAUE**

5th Floor, Northside Business Hub  
G. Lopez Jaena corner A.P. Cortes Street  
Tipolo, Mandaue City, Cebu  
0919.088.3579 / 0963.534.9562

**TAGBILARAN**

2nd Floor, Dugal Building, 12 Lessage Street  
Poblacion II, Tagbilaran City, Bohol  
0919.088.3583 / 0912.787.8325

**DUMAGUETE**

Unit 203, 2nd Floor, Bricktown Center Building  
Negros South Road, Real Street  
corner Aldecoa Drive, Brgy. Daro  
Dumaguete City, Negros Oriental  
0919.088.3582 / 0929.337.9031

**CALBAYOG**

Room 202, 2nd Floor, Ortiz Building  
J.D Avelino Street, Barangay Central  
Calbayog City, Samar  
0919.088.3572

## MINDANAO

**IPIL**

Stall #7, 3rd Floor, 4M Building  
Purok Kairnito, Tirso Babiera  
Ipil, Zamboanga Sibugay  
0919.088.3573

**ILIGAN**

JKJ Building No. B6 2nd Floor  
Macapagal Avenue Celdran Village, Tubod  
Iligan City, Lanao del Norte  
0919.088.3486

**DIGOS**

2nd Floor, Door 8, Dasurbaco Building  
Magsaysay Corner Jacinto Street  
Digos City, Davao del Sur  
0919.088.3574 / 0946.609.1200

**TAGUM**

2nd Floor, Reno Building  
Osmeña Street, Poblacion  
Tagum City, Davao del Norte  
0919.088.3577

**CALINAN**

Unit #3, Second floor Commercial Building  
Davao-Bukidnon National Highway  
Calinan District, Davao City, Davao Del Sur  
0919.088.3576

**KIDAPAWAN**

Door 9A, Purok Guava  
Singao Road, Poblacion  
Kidapawan City, Davao del Sur  
0963.101.2662 / 0946.706.2141

**SAN FRANCISCO**

2nd Floor, Albienda Building, Brgy. IV,  
San Francisco, Agusan del Sur  
0919.088.3556







**BANK OF MAKATI**  
BMI A Savings Bank

**Bank of Makati Ayala Head Office**

TPI Building, Ayala Avenue near corner  
Metropolitan Avenue,  
Makati City, Metro Manila

**(02)8889.0000**

[www.bankofmakati.com.ph](http://www.bankofmakati.com.ph)

[fb.com/bankofmakatiofficial](https://fb.com/bankofmakatiofficial)



Bank of Makati is supervised by the  
Bangko Sentral ng Pilipinas (BSP)