



Metrobank

2025 FINANCIAL STATEMENTS

Vision-Mission Statement

To be the country's premiere financial conglomerate, empowering our individual and business clients to realize their goals and reach their full potential. By creating and customizing financial solutions in response to our stakeholders' needs, continuously expanding our scope of reach, and leading in community services, we live up to our "You're in Good Hands" promise that embodies who we are and what we do. We are Metrobank¹.

¹Approved by the Board in January 2020

Core Values

Passion for Results
Integrity
Teamwork
Commitment to Customer Service
Heart for Community

Our Commitment

We commit to be:

THE TRUSTED FINANCIAL PARTNER. Our business relies on the principles of trust, honesty, and integrity as we serve our customers and help them attain their financial goals.

THE EMPLOYER OF CHOICE. We strengthen the organization by continuously developing and enhancing the abilities of our people. We nurture them into professional individuals with integrity and passion for service and excellence. We ensure their future by providing them with fulfilling careers.

A RESPONSIBLE BANK. We adhere to the highest standards of corporate governance, exercising accountability, fairness, and transparency across all our business operations. We exercise good management to provide our shareholders with sustainable returns on their investments.

AN INSTITUTION WITH A HEART. We give back to the communities we serve, committed to making meaningful contributions to the economic and social development of our nation.

Summary of Financial Statements

(In PHP millions, Except Per Share Amounts)

At Year End	Consolidated			Parent		
	2025	2024	2023	2025	2024	2023
Total Assets	3,880,317	3,520,355	3,104,902	3,502,521	3,194,138	2,766,366
Loans and Receivables – Net	1,976,438	1,816,010	1,537,166	1,713,037	1,577,619	1,335,336
Investment Securities	1,541,575	1,274,327	1,082,117	1,434,642	1,182,793	947,612
Others	362,304	430,018	485,619	354,842	433,726	483,418
Total Liabilities	3,448,150	3,123,950	2,738,164	3,080,131	2,807,951	2,409,016
Deposit Liabilities	2,660,956	2,573,878	2,382,772	2,374,976	2,321,464	2,113,559
Demand	642,415	608,370	586,345	586,157	559,133	536,772
Savings	932,693	879,568	853,028	884,817	832,157	807,153
Time	1,085,848	1,085,940	925,885	904,002	930,174	757,204
Long-Term Negotiable Certificates of Deposit	-	-	17,514	-	-	12,430
Others	787,194	550,072	355,392	705,155	486,487	295,457
Total Equity	432,167	396,405	366,738	422,390	386,187	357,350
Attributable to:						
Equity Holders of the Parent Company	421,705	385,502	356,665	422,390	386,187	357,350
Non-Controlling Interest	10,462	10,903	10,073			
Book Value Per Share (BVPS)	93.8	85.7	79.3	93.9	85.9	79.5

For the Year	Consolidated			Parent		
	2025	2024	2023	2025	2024	2023
Net Interest Income	124,628	114,115	104,970	106,776	97,776	88,785
Interest Income	186,039	177,664	153,612	161,066	153,975	129,251
Interest Expense	61,411	63,549	48,642	54,290	56,199	40,466
Non-interest Income	33,451	29,984	29,379	31,394	28,315	26,237
Service Charges, Fees and Commissions	17,882	16,932	16,390	14,438	13,733	13,079
Trading and Securities Gain (Loss) – Net	4,659	8,904	(94)	3,978	8,582	(128)
Foreign Exchange Gain (Loss) – Net	3,549	(3,328)	4,096	3,435	(3,610)	3,805
Leasing	2,273	2,033	2,019	144	153	159
Income from Trust Operations	1,328	1,195	1,220	1,275	1,145	1,173
Other Non-interest Income ¹	3,760	4,248	5,748	8,124	8,312	8,149
Total Operating Income	158,079	144,099	134,349	138,170	126,091	115,022
Total Operating Expenses	91,626	83,521	78,500	74,015	68,095	60,724
Provision for Credit and Impairment Losses	11,919	6,360	8,978	9,994	6,379	6,661
Other Operating Expenses	79,707	77,161	69,522	64,021	61,716	54,063
Provision for Income Tax	15,829	11,345	12,890	14,435	9,859	12,060
Net Income	50,624	49,233	42,959	49,720	48,137	42,238
Attributable to:						
Equity Holders of the Parent Company	49,720	48,137	42,238			
Non-controlling Interest	904	1,096	721			
Basic/Diluted Earnings Per Share (EPS)	11.06	10.71	9.39			
Attributable to Equity Holders of the Parent Company						
¹ - Includes share in net income of subsidiaries, associates and a joint venture						

For the Year	Consolidated			Parent		
	2025	2024	2023	2025	2024	2023
Net Interest Margin	3.6%	3.8%	3.9%	3.5%	3.7%	3.8%
Return on Average Equity	12.3%	13.0%	12.5%	12.3%	13.0%	12.5%
Return on Average Assets	1.3%	1.5%	1.4%	1.5%	1.6%	1.6%
Non-performing Loans Ratio	1.7%	1.4%	1.7%	1.6%	1.3%	1.4%
Capital Adequacy Ratio	16.8%	16.7%	18.3%	15.8%	15.2%	16.7%
Tier 1 Capital	16.1%	15.9%	17.4%	15.1%	14.5%	15.9%
Common Equity Tier 1	16.1%	15.9%	17.4%	15.1%	14.5%	15.9%

Metropolitan Bank & Trust Co. (Metrobank) delivered record net income of PHP49.7 billion, 3.3% higher year-on-year in 2025. The Bank's net interest income increased 9.2% to PHP124.6 billion owing to a firm 8.8% expansion in gross loans, in line with industry growth of 10.0%. Total non-interest income rose by 11.6% to PHP33.5 billion, on the back of growth in the consumer business. Additionally, the Bank posted a combined trading and foreign exchange gain of PHP8.2 billion in 2025, an increase of 47.2%, year-on-year. Operating cost growth was contained at 3.3% higher, year-on-year, to PHP79.7 billion. This led to an improvement in cost to income ratio to 50.7% from 53.8% in 2024. As a result, pre-provisioning operating profit grew at a healthy 17.1% year-on-year to PHP78.4 billion.

Metrobank ended 2025 with a share price of PHP68.50 per share for a market capitalization of PHP308.1 billion.

Metrobank's total consolidated assets expanded by 10.2% to PHP3.9 trillion in 2025, keeping its status as the country's second largest private universal bank. Commercial loans grew by 7.4%, reflecting economic growth trends. Consumer loans grew at a healthy pace of 13.9%, driven by a 19.9% increase in net credit card receivables and 8.7% growth in auto loans. Meanwhile, total deposits grew by 3.4% to PHP2.7 trillion compared to previous year, of which low-cost Current and Savings Accounts (CASA) accounted for 59.2%.

Non-performing loans (NPLs) ratio stood 1.7% in 2025. NPL cover, meanwhile, remains high at 140.8%, serving as a substantial buffer against any risks to the portfolio.

Total equity reached PHP432.2 billion. The Bank's strong balance sheet remains apparent with capital adequacy ratio at 16.8% and Common Equity Tier 1 (CET1) ratio at 16.1%, all well above the BSP's minimum regulatory requirements. Metrobank's Liquidity Coverage Ratio (LCR) is also high at 181.7%.

Supplementary Management Discussion

The capital to risk assets ratios of the Group and the Parent Company as reported to the BSP as of December 31, 2025 and 2024 based on Basel III are shown in the table below:

	Group		Parent Company	
	December 31			
	2025	2024	2025	2024
	(In Millions)			
Tier 1 Capital	₱ 421,188	₱ 385,656	₱ 410,891	₱ 374,941
Common Equity Tier 1 Capital (CET1)	421,188	385,656	410,891	374,941
Less: Required deductions	39,924	39,257	108,090	109,469
Net Tier 1 Capital	381,264	346,399	302,801	265,472
Tier 2 Capital	16,518	16,096	13,827	13,035
Total Qualifying Capital	₱ 397,782	₱ 362,495	₱ 316,628	₱ 278,507
Credit Risk-Weighted Assets	₱ 2,035,002	₱ 1,875,154	₱ 1,716,755	₱ 1,582,671
Market Risk-Weighted Assets	98,767	93,631	87,085	81,064
Operational Risk-Weighted Assets	231,879	204,508	195,795	168,262
Risk Weighted Assets	₱ 2,365,648	₱ 2,173,293	₱ 1,999,635	₱ 1,831,997

Ratios of common equity tier 1 (CET1) capital, tier 1 capital and total qualifying capital are computed by dividing each component over the total risk-weighted assets. Details are as follows (amounts in millions):

CET1 Ratio:				
CET1 Capital	₱ 381,264	₱ 346,399	₱ 302,801	₱ 265,472
Risk-Weighted Assets	2,365,648	2,173,294	1,999,635	1,831,997
CET1 Ratio	16.12%	15.94%	15.14%	14.49%
Minimum CET1 Ratio	6.00%	6.00%	6.00%	6.00%
Capital Conservation Buffer	10.12%	9.94%	9.14%	8.49%
Countercyclical Capital Buffer*	0.00%	0.00%	0.00%	0.00%
Tier 1 Capital Ratio:				
Tier 1 Capital	₱ 381,264	₱ 346,399	₱ 302,801	₱ 265,472
Risk-Weighted Assets	2,365,648	2,173,294	1,999,635	1,831,997
Tier 1 Capital Ratio	16.12%	15.94%	15.14%	14.49%
Total Capital Ratio:				
Total Qualifying Capital	₱ 397,782	₱ 362,495	₱ 316,628	₱ 278,507
Risk-Weighted Assets	2,365,648	2,173,294	1,999,635	1,831,997
Total Capital Ratio	16.81%	16.68%	15.83%	15.20%

*BSP issued Circular No. 1024 on December 6, 2018, covering the Philippine adoption of the Basel III Countercyclical Capital Buffer (CCyB), which imposed the Capital Conservation Buffer of two and a half percent (2.5%) and CCyB which is initially set at zero percent (0%) subject to upward adjustment to a rate determined by the Monetary Board of the BSP when systemic conditions warrant but not to exceed two and a half percent (2.5%). Any increase in the CCyB shall be effective twelve (12) months after its announcement. Decreases shall be effective immediately.

Under Basel III, the regulatory qualifying capital consists of Tier 1 capital and Tier 2 capital. Tier 1 capital consist of CET 1 capital, which comprises paid-up common stock, additional paid-in capital, retained earnings including current year profit, retained earnings reserves, other comprehensive income (net unrealized gains/losses on investment securities at FVOCI, cumulative foreign currency translation, remeasurements of net defined liability/(asset), share in net unrealized gains/losses on investment securities at FVOCI of subsidiaries and associates/joint ventures, share in net unrealized gains/losses on retirement liability of subsidiaries and associates/joint ventures, share in net unrealized gains/losses on cash flow hedge of subsidiaries and associates and share in revaluation increment of investment properties of subsidiaries) and non-controlling interest less required deductions such as unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders and related interests (DOSRI), unsecured loans, other credit accommodations and guarantees granted to subsidiaries, deferred tax assets, goodwill, other intangible assets, defined benefit pension fund assets and investments in equity. The other component of regulatory capital is Tier 2 (supplementary) capital which includes unsecured subordinated debt and general loan loss provision.

The main features of capital instruments issued by the Group and Parent Company that are eligible as Tier I capital and Tier 2 capital are presented in Notes 23 and 20, respectively, of the 2025 audited financial statements.

The components of Tier 1 capital and regulatory adjustments/deductions as of December 31, 2025 and 2024 based on BASEL III, follow:

	Group		Parent Company	
	December 31			
	2025	2024	2025	2024
	(In Millions)			
CET1 Capital/Core Tier 1 Capital				
Paid-up common stock	₱ 89,948	₱ 89,948	₱ 89,948	₱ 89,948
Additional paid-in capital	79,311	79,311	79,311	79,311
Retained earnings	254,968	227,563	254,968	227,563
Net unrealized losses on investment securities at FVOCI	(1,261)	(7,987)	(1,261)	(7,987)
Cumulative foreign currency translation	3,227	2,665	3,227	2,665
Remeasurements of net defined benefit liability/(asset)	(4,461)	(5,380)	(4,461)	(5,380)
Share in net unrealized losses on investment securities at FVOCI of subsidiaries and associates	(37)	(353)	(37)	(353)
Share in net unrealized losses on Cash Flow Hedge of subsidiaries and associates	-	-	-	-
Share in net unrealized losses on retirement liability of subsidiaries and associates	(818)	(839)	(818)	(839)
Share in revaluation increment of investment properties of subsidiaries	2	1	2	1
Other Equity reserves	(9,988)	(9,988)	(9,988)	(9,988)
Non-controlling interest	10,297	10,715		
Sub-total	421,188	385,656	410,891	374,941
Less regulatory adjustments to CET1 capital/deductions from Core Tier 1 capital:				
Total outstanding unsecured credit accommodations, both direct and indirect, to DOSRI and unsecured loans, other credit accommodations and guarantees granted to subsidiaries	2,399	873	5,158	6,421
Deferred tax assets (net of allowance for impairment and associated deferred tax liability, if any)	16,091	18,239	13,732	16,189
Goodwill (net of allowance for impairment)	3,664	3,664	3,628	3,628
Other intangible assets (net of allowance for impairment)	5,008	4,171	4,521	3,688
Defined benefit pension fund assets (liabilities)	236	53	35	53
Investments in equity of unconsolidated subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers/brokers and insurance companies), after deducting related goodwill, if any (for solo basis only and as applicable)			79,239	77,698
Investments in equity of unconsolidated subsidiary securities dealers/brokers and insurance companies after deducting related goodwill, if any (for both solo and consolidated bases and as applicable)	2,506	3,544		
Significant minority investments (10%-50% of voting stock) in banks and quasi-banks, and other financial allied undertakings after deducting related goodwill, if any (for both solo and consolidated bases)	904	907		15
Significant minority investments (10%-50% of voting stock) in securities dealers/brokers and insurance companies after deducting related goodwill, if any (for both solo and consolidated bases)	5,277	4,606		
Minority investments (below 10% of voting stock) in subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers/brokers and insurance companies) after deducting related goodwill, if any (for both solo and consolidated bases)	599	534		
Other equity investments in non-financial allied undertakings and non-allied undertakings	3,240	2,666	1,777	1,777
Total regulatory adjustments to CET1 capital	39,924	39,257	108,090	109,469
CET1 Capital/Core Tier 1 Capital	₱ 381,264	₱ 346,399	₱ 302,801	₱ 265,472

The components of Tier 2 capital as of December 31, 2025 and 2024 follow:

	Group		Parent Company	
	December 31			
	2025	2024	2025	2024
	(In Millions)			
Tier 2 Capital				
General loan loss provision	₱ 16,518	₱ 16,096	₱ 13,827	₱ 13,035
Unsecured subordinated debts	-	-	-	-
Total Tier 2 capital	₱ 16,518	₱ 16,096	₱ 13,827	₱ 13,035

Full reconciliation of all regulatory capital elements back to the balance sheet in the audited financial statements follows (amounts in millions):

	Group					
	December 31					
	2025		2024			
	Qualifying Capital	Reconciling Items	Audited Financial Statements	Qualifying Capital	Reconciling Items	Audited Financial Statements
Common stock	₱ 89,948	₱ -	₱ 89,948	₱ 89,948	₱ -	₱ 89,948
Additional paid-in capital	79,311	5,941	85,252	79,311	5,941	85,252
Retained earnings	254,968	5,537	260,505	227,563	5,639	233,202
Net unrealized gains/(losses) on investment securities at FVOCI	(1,298)	(296)	(1,594)	(8,340)	(15)	(8,355)
Cumulative foreign currency translation and others	(6,759)	(420)	(7,179)	(7,322)	(1,037)	(8,359)
Remeasurements of net defined liability/(asset)	(5,279)	(52)	(5,227)	(6,219)	(34)	(6,185)
Non-controlling interest	10,297	165	10,462	10,715	188	10,903
Deductions	(39,924)	39,924	-	(39,257)	39,257	-
Tier 1 (CET1) capital/Total equity	381,264	50,903	432,167	346,399	50,007	396,406
Tier 2 capital	16,518	(16,518)	-	16,096	(16,096)	-
Total qualifying capital/Total equity	₱ 397,782	₱ 34,385	₱ 432,167	₱ 362,495	₱ 33,911	₱ 396,406

	Parent Company					
	December 31					
	2025		2024			
	Qualifying Capital	Reconciling Items	Audited Financial Statements	Qualifying Capital	Reconciling Items	Audited Financial Statements
Common stock	₱ 89,948	₱ -	₱ 89,948	₱ 89,948	₱ -	₱ 89,948
Additional paid-in capital	79,311	5,941	85,252	79,311	5,941	85,252
Retained earnings	254,968	5,537	260,505	227,563	5,639	233,202
Net unrealized gains/(losses) on investment securities at FVOCI	(1,298)	(296)	(1,594)	(8,340)	(15)	(8,355)
Cumulative foreign currency translation and others	(6,759)	264	(6,495)	(7,322)	(352)	(7,674)
Remeasurements of net defined liability/(asset)	(5,279)	52	(5,227)	(6,219)	34	(6,185)
Deductions	(108,090)	108,090	-	(109,469)	109,469	-
Tier 1 (CET1) capital/Total equity	302,801	119,588	422,389	265,472	120,716	386,188
Tier 2 capital	13,827	(13,827)	-	13,035	(13,035)	-
Total qualifying capital/Total equity	₱ 316,628	₱ 105,761	₱ 422,389	₱ 278,507	₱ 107,681	₱ 386,188

Certain adjustments are made to PFRS-based results and reserves, as prescribed by the BSP for prudential reporting and vice versa.

Details of risk-weighted assets and capital requirements by type of exposure as of December 31, 2025 and 2024 follow:

	Credit Risk		Market Risk		Operational Risk	
	Group	Parent Company	Group	Parent Company	Group	Parent Company
December 31, 2025			(In Millions)			
On-Balance Sheet	₱ 1,828,298	₱ 1,513,457				
Off-Balance Sheet	92,843	89,660				
Counterparty (Banking Book)	81,771	81,771				
Counterparty (Trading Book)	32,090	31,867				
Interest Rate Exposures			₱ 71,161	₱ 71,161		
Foreign Exchange Exposures			27,577	15,895		
Options			29	29		
Basic Indicator Approach					₱ 231,879	₱ 195,795
Gross RWA	2,035,002	1,716,755	98,767	87,085	231,879	195,795
Less: General loan loss provision (in excess of the amount permitted to be included in Tier 2)						
Total	₱ 2,035,002	₱ 1,716,755	₱ 98,767	₱ 87,085	₱ 231,879	₱ 195,795
Capital Requirements	₱ 203,500	₱ 171,676	₱ 9,877	₱ 8,709	₱ 23,188	₱ 19,580

	December 31, 2024					
	Group		Parent Company			
	Qualifying Capital	Reconciling Items	Qualifying Capital	Reconciling Items	Audited Financial Statements	Audited Financial Statements
On-Balance Sheet	₱ 1,699,778	₱ -	₱ 1,408,581	₱ -	₱ 1,408,581	₱ 1,408,581
Off-Balance Sheet	69,610	68,325	68,325	68,325	68,325	68,325
Counterparty (Banking Book)	64,054	64,054	64,054	64,054	64,054	64,054
Counterparty (Trading Book)	41,712	41,711	41,711	41,711	41,711	41,711
Interest Rate Exposures			₱ 56,035	₱ 55,932	₱ 56,035	₱ 55,932
Foreign Exchange Exposures			37,501	25,037	37,501	25,037
Options			95	95	95	95
Basic Indicator Approach					₱ 204,508	₱ 168,262
Gross RWA	1,875,154	1,582,671	93,631	81,064	204,508	168,262
Less: General loan loss provision (in excess of the amount permitted to be included in Tier 2)						
Total	₱ 1,875,154	₱ 1,582,671	₱ 93,631	₱ 81,064	₱ 204,508	₱ 168,262
Capital Requirements	₱ 187,515	₱ 158,267	₱ 9,363	₱ 8,106	₱ 20,451	₱ 16,826

Credit exposures for on-balance sheet assets cover exposures on sovereigns, multilateral development banks (MDBs), banks/quasi-banks, local government units (LGUs), government corporations, corporates, housing loans, MSMEs, defaulted exposures, ROPA and other assets, net of deductions. On the other hand, counterparty risk weighted assets cover derivatives and repo-style transactions both in the banking and trading books.

As of December 31, 2025 and 2024, the Group has no exposures to securitization structures, contracts that provide credit protection through credit derivatives and investments in other types of structured products.

Credit risk mitigants on risk-weighted assets were based on collateralized transactions (margin deposits and hold-outs on deposits) as well as guarantees by the Philippine National Government and those guarantors and exposures with highest credit ratings.

Standardized credit risk weights were used in the credit assessment of assets exposures. Third party credit assessments were based on the ratings by Standard & Poor's, Moody's, Fitch and PhilRatings on exposures to Sovereigns, MDBs, Banks, LGUs, Government Corporations and Corporates.

Operational Risk-Weighted Assets are computed using the Basic Indicator Approach.

Total credit exposures of the Group and Parent Company broken down by type of exposures are shown in the following tables (amounts in millions):

	Group		
	Exposures, Net of Specific Provisions	Exposures Covered by CRM, Gross of Materiality Threshold	Exposures after Risk Mitigation /Credit Equivalent
2025			
On-Balance Sheet Assets (net of deductions)*	P 3,769,163	P 71,551	P 3,697,612
Off-Balance Sheet Assets			107,760
Counterparty Assets in the Banking Book			478,986
Counterparty Assets in the Trading Book			47,260
Total Credit Exposures			P 4,331,618
2024			
On-Balance Sheet Assets (net of deductions)*	P 3,293,640	P 46,289	P 3,247,351
Off-Balance Sheet Assets			74,422
Counterparty Assets in the Banking Book			217,282
Counterparty Assets in the Trading Book			125,846
Total Credit Exposures			P 3,664,901

Total credit exposures broken down by risk buckets follow (amount in millions):

	Risk Weights						
	0%	20%	50%	75%	100%	150%	TOTAL
2025							
On-Balance Sheet Assets (net of deductions)*	P 1,489,663	P 335,511	P 218,743	P 33,377	P 1,607,371	P 12,947	P 3,697,612
Off-Balance Sheet Assets	-	16,365	3,649	-	87,746	-	107,760
Counterparty Assets in the Banking Book	313,251	3,655	162,080	-	-	-	478,986
Counterparty Assets in the Trading Book	-	11,689	11,638	-	23,933	-	47,260
Total Credit Exposures	P 1,802,914	P 367,220	P 396,110	P 33,377	P 1,719,050	P 12,947	P 4,331,618
Total Risk-Weighted On-Balance Sheet Assets	P -	P 67,102	P 109,372	P 25,033	P 1,607,371	P 19,420	P 1,828,298
Total Risk-Weighted Off-Balance Sheet Assets	-	3,273	1,824	-	87,746	-	92,843
Total Counterparty Risk-Weighted Assets in the Banking Book	-	731	81,040	-	-	-	81,771
Total Counterparty Risk-Weighted Assets in the Trading Book	-	2,338	5,819	-	23,933	-	32,090
Total Credit Risk-Weighted Assets	P -	P 73,444	P 198,055	P 25,033	P 1,719,050	P 19,420	P 2,035,002
2024							
On-Balance Sheet Assets (net of deductions)*	P 1,149,980	P 332,453	P 258,208	P 32,097	P 1,463,620	P 10,993	P 3,247,351
Off-Balance Sheet Assets	-	3,715	3,679	-	67,028	-	74,422
Counterparty Assets in the Banking Book	-	148,623	68,659	-	-	-	217,282
Counterparty Assets in the Trading Book	-	99,267	9,442	-	17,137	-	125,846
Total Credit Exposures	P 1,149,980	P 584,058	P 339,988	P 32,097	P 1,547,785	P 10,993	P 3,664,901
Total Risk-Weighted On-Balance Sheet Assets	P -	P 66,491	P 129,104	P 24,073	P 1,463,620	P 16,490	P 1,699,778
Total Risk-Weighted Off-Balance Sheet Assets	-	743	1,839	-	67,028	-	69,610
Total Counterparty Risk-Weighted Assets in the Banking Book	-	29,725	34,329	-	-	-	64,054
Total Counterparty Risk-Weighted Assets in the Trading Book	-	19,853	4,722	-	17,137	-	41,712
Total Credit Risk-Weighted Assets	P -	P 116,812	P 169,994	P 24,073	P 1,547,785	P 16,490	P 1,875,154

	Parent Company		
	Exposures, Net of Specific Provisions	Exposures Covered by CRM, Gross of Materiality Threshold	Exposures after Risk Mitigation /Credit Equivalent
2025			
On-Balance Sheet Assets (net of deductions)*	P 3,222,402	P 56,589	P 3,265,813
Off-Balance Sheet Assets			104,577
Counterparty Assets in the Banking Book			478,986
Counterparty Assets in the Trading Book			46,994
Total Credit Exposures			P 3,896,370
2024			
On-Balance Sheet Assets (net of deductions)*	P 2,896,533	P 45,737	P 2,850,796
Off-Balance Sheet Assets			73,136
Counterparty Assets in the Banking Book			217,282
Counterparty Assets in the Trading Book			125,846
Total Credit Exposures			P 3,267,060

Total credit exposures broken down by risk buckets follow (amounts in millions):

	Risk Weights						
	0%	20%	50%	75%	100%	150%	TOTAL
2025							
On-Balance Sheet Assets (net of deductions)*	P 1,404,392	P 324,046	P 168,725	P 30,201	P 1,332,076	P 6,373	P 3,265,813
Off-Balance Sheet Assets	-	16,365	3,649	-	84,563	-	104,577
Counterparty Assets in the Banking Book	313,252	3,654	162,080	-	-	-	478,986
Counterparty Assets in the Trading Book	-	11,689	11,553	-	23,752	-	46,994
Total Credit Exposures	P 1,717,644	P 355,754	P 346,007	P 30,201	P 1,440,391	P 6,373	P 3,896,370
Total Risk-Weighted On-Balance Sheet Assets	P -	P 64,809	P 84,363	P 22,650	P 1,332,076	P 9,559	P 1,513,457
Total Risk-Weighted Off-Balance Sheet Assets	-	3,273	1,824	-	84,563	-	89,660
Total Counterparty Risk-Weighted Assets in the Banking Book	-	731	81,040	-	-	-	81,771
Total Counterparty Risk-Weighted Assets in the Trading Book	-	2,338	5,777	-	23,752	-	31,867
Total Credit Risk-Weighted Assets	P -	P 71,151	P 173,004	P 22,650	P 1,440,391	P 9,559	P 1,716,755
2024							
On-Balance Sheet Assets (net of deductions)*	P 1,073,486	P 325,089	P 208,535	P 29,418	P 1,208,340	P 5,928	P 2,850,796
Off-Balance Sheet Assets	-	3,715	3,679	-	65,742	-	73,136
Counterparty Assets in the Banking Book	-	148,623	68,659	-	-	-	217,282
Counterparty Assets in the Trading Book	-	99,267	9,442	-	17,137	-	125,846
Total Credit Exposures	P 1,073,486	P 576,694	P 290,315	P 29,418	P 1,291,219	P 5,928	P 3,267,060
Total Risk-Weighted On-Balance Sheet Assets	P -	P 65,018	P 104,267	P 22,064	P 1,208,340	P 8,892	P 1,408,581
Total Risk-Weighted Off-Balance Sheet Assets	-	743	1,840	-	65,742	-	68,325
Total Counterparty Risk-Weighted Assets in the Banking Book	-	29,725	34,329	-	-	-	64,054
Total Counterparty Risk-Weighted Assets in the Trading Book	-	19,853	4,721	-	17,137	-	41,711
Total Credit Risk-Weighted Assets	P -	P 115,339	P 145,157	P 22,064	P 1,291,219	P 8,892	P 1,582,671

* As of December 31, 2025 and 2024, deductions from on-balance sheet exposures amounted to P163.5 billion and P266.6 billion, respectively, for the Group and P231.7 billion and P336.5 billion, respectively, for the Parent Company. Deductions include among others: investment securities at FVTPL, derivatives with positive fair value at FVTPL, total outstanding unsecured credit accommodations to DOSRI (both direct and indirect), unsecured loans, other credit accommodations and guarantees granted to subsidiaries, deferred tax assets, goodwill, other intangible assets, defined benefit pension fund assets, investments in equity of unconsolidated banks and quasi-banks and other financial allied undertakings (excluding subsidiary securities dealers/brokers and insurance companies), after deducting related goodwill, if any (for solo basis), investments in equity of unconsolidated securities, dealers/brokers, insurance companies and non-financial allied undertakings, after deducting related goodwill, (for both solo and consolidated bases), significant minority investments (10%-50% of voting stock) in banks and quasi-banks and other financial allied undertakings (for both solo and consolidated bases), significant minority investments (10%-50% of voting stock) in securities dealers/brokers and insurance companies, after deducting related goodwill, if any (for both solo and consolidated bases), minority investments (below 10% of voting stock) in banks and quasi-banks, and other financial allied undertakings, after deducting related goodwill, if any (for both solo and consolidated bases), loans to RBU by FCDU/EFCDU and other equity investments in non-financial allied undertakings and non-allied undertakings. Assigned credit risk weighted for loans to Micro-, Small- and Medium enterprises (MSMEs) was reverted to its original credit risk weight assignments from 50% to 75% starting July 1, 2023.

The impact of reasonably possible changes in the interest rates on net interest income follows (amounts in millions):

Currency		Movement in basis points		Sensitivity of Net Interest Income			
				Group		Parent Company	
				December 31			
		2025	2024	2025	2024		
PHP	+10	₱ 43.20	₱ 261.98	₱ 55.40	₱ 257.65		
USD	+10	20.11	(77.03)	28.99	(68.08)		
Others	+10	8.75	12.59	8.75	12.59		
PHP	-10	(43.20)	(261.98)	(55.41)	(257.65)		
USD	-10	20.11	77.02	(28.99)	68.08		
Others	-10	(8.75)	(12.59)	(8.75)	(12.59)		

The Basel III Leverage ratios of the Group and the Parent Company as reported to the BSP as of December 31, 2025 and 2024 are shown in the table below:

	Group		Parent Company	
	December 31			
	2025	2024	2025	2024
	(In Millions)			
Exposure Measures				
On-balance sheet items	₱ 3,912,984	₱ 3,538,664	₱ 3,535,230	₱ 3,212,931
Less deductions from Basel III Tier 1 Capital	39,924	39,257	108,090	109,469
Total On-balance sheet exposures	3,873,060	3,499,407	3,427,140	3,103,462
Replacement Cost associated with all derivatives transactions	18,833	20,119	18,827	20,117
Add-on amounts for potential future exposure associated with all derivative transactions	29,904	26,531	29,287	26,301
Adjusted effective notional amount of written credit derivatives	-	-	-	-
Adjusted effective notional offsets of written credit derivatives and deducted add-on amounts	-	-	-	-
Total Derivative exposures	48,737	46,650	48,114	46,418
Gross Securities Financing Transactions (SFT) assets (with no recognition of netting)	841	1,466	-	-
Counterparty Credit Risk exposures for SFT assets	-	-	-	-
Agent transaction exposures	-	-	-	-
Total SFT exposures	841	1,466	-	-
Off-balance sheet exposures	158,002	116,311	151,876	112,686
Adjustments for conversion to credit equivalent amounts	-	-	-	-
Total Off-balance sheet exposures	158,002	116,311	151,876	112,686
Total Exposure Measures	₱ 4,080,640	₱ 3,663,834	₱ 3,627,130	₱ 3,262,566
Tier 1 Capital	₱ 381,264	₱ 346,399	₱ 302,801	₱ 265,472
Basel III Leverage Ratio *	9.34%	9.45%	8.35%	8.14%

* Basel III leverage ratio is computed by dividing Tier 1 capital over total exposure measures.

The Basel III Leverage ratio is designed to act as a supplementary measure to the risk-based capital requirements and shall not be less than 5.00%. It is defined as the capital measure divided by the exposure measure. Capital measure for the leverage ratio is Tier 1 capital (net of regulatory deductions). Exposure measure is the sum of on-balance sheet exposures, derivative exposures, Security Financing Transactions (SFT) exposures and off-balance sheet items. Items that are deducted completely from capital (regulatory deductions) do not contribute to leverage, hence, deducted from the exposure measure.

SFTs are transactions such as repurchase agreements, reverse repurchase agreements, security lending and borrowing and margin lending transactions where the value of the transactions depends on market valuation and the transactions are often subject to margin agreements. As of December 31, 2025 and 2024, SFT assets are mainly repurchase agreements amounting to P0.8 billion and P1.5 billion, respectively, for the Group and P0.0 billion and P0.0 billion respectively, for the Parent Company.

Total derivative exposures of the Group and the Parent Company as of December 31, 2025 and 2024 follow:

	Group				Parent Company			
	Notional Amount	Replacement Cost	Potential Future Exposures	Total Derivative Exposures ¹	Notional Amount	Replacement Cost	Potential Future Exposures	Total Derivative Exposures ¹
	(In Millions)							
December 31, 2025								
Interest Rate Contracts	₱ 230,333	₱ 1,026	₱ 1,223	₱ 2,249	₱ 224,037	₱ 1,025	₱ 1,223	₱ 2,248
Exchange Rate Contracts	1,253,707	17,807	28,505	46,312	1,192,027	17,802	27,888	45,690
Equity Contracts	-	-	-	-	-	-	-	-
Credit Derivatives	3,527	-	176	176	3,527	-	176	176
Total	₱ 1,487,567	₱ 18,833	₱ 29,904	₱ 48,737	₱ 1,419,591	₱ 18,827	₱ 29,287	₱ 48,114
December 31, 2024								
Interest Rate Contracts	₱ 337,019	₱ 2,639	₱ 1,630	₱ 4,269	₱ 325,491	₱ 2,638	₱ 1,630	₱ 4,268
Exchange Rate Contracts	1,166,177	17,480	24,742	42,222	1,143,217	17,480	24,512	41,992
Equity Contracts	-	-	-	-	-	-	-	-
Credit Derivatives	3,182	-	159	159	3,182	-	159	159
Total	₱ 1,506,378	₱ 20,119	₱ 26,531	₱ 46,650	₱ 1,471,890	₱ 20,118	₱ 26,301	₱ 46,419

¹ Total derivative exposure is the sum of replacement cost and potential future exposures.

The exposure measure for derivative contracts consist of an exposure arising from the underlying of the derivative contract and a counterparty credit risk exposure. The replacement cost represents the positive mark-to-market value of the contract (or zero if the mark-to-market value is zero or negative).

The potential future exposures of the Group and the Parent Company as of December 31, 2025 and 2024 follow (amounts in millions except credit conversion factor):

	Group					
	December 31					
	2025		2024		2024	
Notional Amount	Potential Future CCF	Potential Future Exposures	Notional Amount	Potential Future CCF	Potential Future Exposures	
Interest Rate Contracts						
With residual maturity of 1 year or less	₱ 64,183	0.0%	₱ -	₱ 87,885	0.0%	₱ -
With residual maturity of more than 1 year to 5 years	126,953	0.5%	635	210,744	0.5%	1,054
With residual maturity of more than 5 years	39,197	1.5%	588	38,390	1.5%	576
	230,333		1,223	337,019		1,630
Exchange Rate Contracts						
With original maturity of 14 calendar days or less	312,047	1.0%	3,120	260,669	1.0%	2,607
With residual maturity of 1 year or less	579,601	1.0%	5,796	605,088	1.0%	6,051
With residual maturity of more than 1 year to 5 years	302,633	5.0%	15,132	257,877	5.0%	12,894
With residual maturity of more than 5 years	59,426	7.5%	4,457	42,543	7.5%	3,190
	1,253,707		28,505	1,166,177		24,742
Equity Contracts	-		-	-		-
Credit Derivatives						
With reference obligation that has an external credit of at least BBB- or its equivalent - Bank as beneficiary	3,527	5.0%	176	3,182	5.0%	159
Total	₱ 1,487,567		₱ 29,904	₱ 1,506,378		₱ 26,531

	Parent Company					
	December 31					
	2025			2024		
	Notional Amount	Potential Future CCF	Potential Future Exposures	Notional Amount	Potential Future CCF	Potential Future Exposures
Interest Rate Contracts						
With residual maturity of 1 year or less	P 57,887	0.0%	P -	P 76,357	0.0%	P -
With residual maturity of more than 1 year to 5 years	126,953	0.5%	635	210,744	0.5%	1,054
With residual maturity of more than 5 years	39,197	1.5%	588	38,390	1.5%	576
	<u>224,037</u>		<u>1,223</u>	<u>325,491</u>		<u>1,630</u>
Exchange Rate Contracts						
With original maturity of 14 calendar days or less	276,519	1.0%	2,765	237,709	1.0%	2,377
With residual maturity of 1 year or less	553,450	1.0%	5,534	605,088	1.0%	6,051
With residual maturity of more than 1 year to 5 years	302,633	5.0%	15,132	257,876	5.0%	12,894
With residual maturity of more than 5 years	59,425	7.5%	4,457	42,544	7.5%	3,190
	<u>1,192,027</u>		<u>27,888</u>	<u>1,143,217</u>		<u>24,512</u>
Equity Contracts	-		-	-		-
Credit Derivatives						
With reference obligation that has an external credit of at least BBB- or its equivalent - Bank as beneficiary	3,527	5.0%	176	3,182	5.0%	159
Total	<u>P 1,419,591</u>		<u>P 29,287</u>	<u>P 1,471,890</u>		<u>P 26,301</u>

The potential future exposure represents an add-on arising from the potential exposure over the remaining life of the contract calculated by multiplying the notional principal amount of the contract to the potential future credit conversion factor (CCF). Add-on factors shall apply to financial derivatives, based on residual maturity.

Total off-balance sheet exposures of the Group and the Parent Company as of December 31, 2025 and 2024 follow:

	Group				Parent Company			
	December 31							
	2025		2024		2025		2024	
	Notional Amount	Total OBS Exposure	Notional Amount	Total OBS Exposure	Notional Amount	Total OBS Exposure	Notional Amount	Total OBS Exposure
	(In Millions)							
Off-balance sheet (OBS) exposure with CCF of:								
10%	P 502,418	P 50,242	P 418,888	P 41,889	P 472,991	P 47,299	P 395,491	P 39,549
20%	24,019	4,804	30,729	6,146	14,409	2,882	24,351	4,870
50%	152,335	76,167	94,895	47,447	152,335	76,167	94,875	47,438
100%	26,788	26,789	20,829	20,829	25,527	25,528	20,829	20,829
Total	<u>P 705,560</u>	<u>P 158,002</u>	<u>P 565,341</u>	<u>P 116,311</u>	<u>P 665,262</u>	<u>P 151,876</u>	<u>P 535,546</u>	<u>P 112,686</u>

The leverage ratio exposure measure for off-balance sheet items is calculated by multiplying its notional amount by a credit conversion factor (CCF) per type of OBS items. The 10% CCF shall apply to commitments that are unconditionally cancellable without prior notice (i.e. credit card lines), undrawn eligible cash servicer facilities that are unconditionally cancellable without prior notice and other contingent accounts not involving credit risk (spot exchange contracts - bought and sold, late deposits/payments received, inward/outward bills for collection, travelers' check unsold, deficiency claims receivable and others). 20% CCF shall apply to short term-self-liquidating trade letters of credit arising from movements of goods, e.g. documentary credits collateralized by the underlying shipments, such as trade related guarantees, letters of credit (LCs) - (sight/usance and deferred LCs - net of margin deposits) and revolving LCs (net of margin deposits) arising from movements of goods and/or services. 50% CCF shall apply to OBS securitization exposures that qualify as eligible liquidity facilities and certain transaction-related contingent items, e.g. performance bonds, bid bonds, warranties and performance standby letters of credit (net of margin deposits), established as a guarantee that a business transaction will be performed, note issuance facilities and revolving underwriting facilities and commitments with an original maturity over one year and underwritten accounts unsold. 100% CCF shall apply to OBS securitization exposures except an eligible liquidity facility or an eligible servicer cash advance facility, direct credit substitutes, e.g. general guarantees of indebtedness (including standby LCs serving as financial guarantees for loans and securities) and acceptances.

Comparison of accounting assets vs. leverage ratio exposure measure of the Group and the Parent Company as of December 31, 2025 and 2024 follow:

	Group		Parent Company	
	December 31			
	2025	2024	2025	2024
	(In Millions)			
Total consolidated assets per published financial statements	P 3,916,140	P 3,544,154	P 3,540,229	P 3,220,013
Adjustments for derivative financial instruments	29,904	26,531	29,287	26,301
Adjustments for securities financial transactions	-	-	-	-
Adjustments for off-balance sheet items	158,002	116,311	151,876	112,686
Other adjustments	(23,406)	(23,162)	(94,262)	(96,434)
Leverage Ratio Exposure Measure	<u>P 4,080,640</u>	<u>P 3,663,834</u>	<u>P 3,627,130</u>	<u>P 3,262,566</u>

Statement of Management's Responsibility for Financial Statements

The management of Metropolitan Bank & Trust Company and Subsidiaries (the Group) and of Metropolitan Bank & Trust Company (the Parent Company) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as of December 31, 2025 and 2024 and for each of the three years ended December 31, 2025, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

(Sgd.) **ARTHUR TY**
Chairman

(Sgd.) **FABIAN S. DEE**
President

(Sgd.) **RENATO K. DE BORJA, JR.**
EVP and Head, Financial
and Control Sector

(Sgd.) **FERNAND ANTONIO A. TANSINGCO**
SEVP, Treasurer and Head,
Financial Markets Sector

(Sgd.) **MARICEL L. MADRID**
FVP, Controller

Signed this 18th day of February, 2026.

SUBSCRIBED AND SWORN to before me at **Taguig City** this **FEB 18 2026**, affiants exhibiting to me their respective Passports with the following details:

Names	
ARTHUR TY	
FABIAN S. DEE	
RENATO K. DE BORJA, JR.	
FERNAND ANTONIO A. TANSINGCO	
MARICEL L. MADRID	

Doc. No. 435 ;
Page No. 08 ;
Book No. I ;
Series of 2026.

ATTY. CHARISSIAE Y. VENTURA
Notary Public for Taguig City
Appointment No. 164 until December 31, 2026
2/F The Shops at Grand Central Park
7th Ave. cor. 36th St., BGC, Taguig City

Independent Auditor's Report

The Board of Directors and Stockholders
Metropolitan Bank & Trust Company

Report on the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of Metropolitan Bank & Trust Company and its subsidiaries (the Group) and the parent company financial statements of Metropolitan Bank & Trust Company (the Parent Company), which comprise the consolidated and parent company statements of financial position as at December 31, 2025 and 2024, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years ended December 31, 2025, and notes to the consolidated and parent company financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and parent company financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2025 and 2024, and their financial performance and their cash flows for each of the three years ended December 31, 2025, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

Applicable to the audit of the consolidated and parent company financial statements

Allowance for Credit Losses

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

Allowance for credit losses on loans and receivables as of December 31, 2025 for the Group and the Parent Company amounted to ₱51.9 billion and ₱44.3 billion, respectively. Provision for credit losses on loans and receivables of the Group and the Parent Company in 2025 amounted to ₱12.4 billion and ₱10.0 billion, respectively.

Refer to Notes 2, 3, 4 and 15 of the financial statements for the disclosure on the details of the allowance for credit losses using the ECL model.

Audit response

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

We (a) assessed the Group's and the Parent Company's segmentation of credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts, and credit risk management policies and practices in place; (c) tested the Group's and the Parent Company's application of the internal credit risk rating system by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in the Group's and the Parent Company's records and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations, and the effects of any financial support and credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments

and repayment scheme; (g) checked the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's and the Parent Company's lending portfolios and broader industry knowledge; and (h) tested the effective interest rate used in discounting the expected loss.

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

We recalculated the allowance for credit losses on a sample basis. We involved our internal specialists in the performance of the above procedures. We reviewed the completeness of the disclosures made in the financial statements.

Applicable to the audit of the consolidated financial statements

Recoverability of Goodwill

As of December 31, 2025, the Group has goodwill amounting to ₱4.5 billion, which is substantially attributable to the Bank's investment in First Metro Investment Corporation or FMIC). Under PFRS Accounting Standards, the Group is required to annually test the amount of goodwill for impairment. The Group performed the impairment testing using the cash generating unit's (CGU) fair value less costs to sell (FVLCTS). The annual impairment test is significant to our audit because the determination of the CGU's FVLCTS requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty. The CGU's assets include significant investments in unquoted equity shares and their fair values were determined using European Embedded Value (EEV) method and adjusted net asset valuation (NAV) method. Other assets of the CGU include investments in quoted equity shares and debt financial assets, and real properties, while liabilities include unquoted debt financial liabilities.

The disclosures relating to goodwill are included in Notes 3 and 11 to the financial statements.

Audit response

We involved our internal specialist in obtaining an understanding of the Group's impairment assessment process, including methodology and assumptions used in the assessment and in evaluating the assumptions and methodology used by the Group in determining the FVLCTS of the CGU, in particular those relating to the use of EEV method and adjusted NAV method in the valuation of the unquoted equity shares. We tested the fair value of the other assets and liabilities by referring to the quoted prices of listed equity and debt instruments, agreeing the appraised values of real estate properties to the appraisal reports, comparing the future cash flows of unquoted debt instruments to the related contracts, and comparing the discount rates used against prevailing interest rates for similar instruments. We also re-performed the calculation of the FVLCTS. We reviewed the completeness of the disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the consolidated and parent company financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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


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

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Section 174 of the Manual of Regulations for Banks (MORB) in Note 37 and Revenue Regulations No. 15-2010 in Note 38 to the financial statements is presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Parent Company. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Janet A. Paraiso.

SYCIP GORRES VELAYO & CO.


Janet A. Paraiso

Partner

CPA Certificate No. 92305

Tax Identification No. 193-975-241

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 92305-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-062-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10765004, January 2, 2026, Makati City

February 18, 2026



Statements of Financial Position

(In Millions)

	Consolidated		Parent Company	
	December 31			
	2025	2024	2025	2024
ASSETS				
Cash and Other Cash Items	₱34,577	₱33,726	₱32,871	₱31,929
Due from Bangko Sentral ng Pilipinas (BSP) (Notes 4 and 16)	106,042	150,128	105,641	148,945
Due from Other Banks (Note 4)	64,338	82,068	42,583	62,352
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (SPURA) (Notes 4, 7 and 26)	72,590	81,287	35,898	53,906
Investment Securities at Fair Value Through Profit or Loss (FVTPL) (Notes 5 and 8)	113,841	226,302	113,797	225,923
Fair Value Through Other Comprehensive Income (FVOCI) (Notes 4, 5 and 8)	954,460	573,001	876,355	512,115
Amortized Cost (Notes 4, 5 and 8)	473,274	475,024	444,490	444,755
Loans and Receivables (Notes 4, 5 and 9)	1,976,438	1,816,010	1,713,037	1,577,619
Property and Equipment (Note 10)	30,876	28,116	23,020	20,896
Investments in Subsidiaries (Note 11)	–	–	83,099	81,407
Investments in Associates and a Joint Venture (Note 11)	7,648	6,359	586	597
Goodwill (Note 11)	4,543	4,543	–	–
Investment Properties (Notes 5 and 12)	8,115	7,805	3,973	3,565
Deferred Tax Assets (Note 28)	15,307	18,037	13,443	16,072
Other Assets (Note 14)	18,268	17,949	13,728	14,057
	₱3,880,317	₱3,520,355	₱3,502,521	₱3,194,138
LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 16 and 32)				
Demand	₱642,415	₱608,370	₱586,157	₱559,133
Savings	932,693	879,568	884,817	832,157
Time	1,085,848	1,085,940	904,002	930,174
	2,660,956	2,573,878	2,374,976	2,321,464
Bills Payable and Securities Sold Under Repurchase Agreements (SSURA) (Notes 5, 17 and 32)	530,734	300,652	505,732	286,541
Derivative Liabilities (Notes 5 and 8)	13,502	13,370	13,500	13,369
Manager's Checks and Demand Drafts Outstanding	7,293	6,901	6,478	5,286
Income Taxes Payable	4,792	4,219	4,625	4,143
Accrued Interest and Other Expenses (Note 18)	18,780	23,544	15,031	19,987
Bonds Payable (Notes 5, 19 and 32)	114,013	107,236	106,530	104,858
Other Liabilities (Note 21)	98,080	94,150	53,259	52,303
	3,448,150	3,123,950	3,080,131	2,807,951

(Forward)

	Consolidated		Parent Company	
	December 31			
	2025	2024	2025	2024
EQUITY				
Equity Attributable to Equity Holders of the Parent Company				
Common stock (Note 23)	₱89,948	₱89,948	₱89,948	₱89,948
Capital paid in excess of par value (Note 23)	85,252	85,252	85,252	85,252
Surplus reserves (Note 24)	3,037	2,888	3,037	2,888
Surplus (Note 23)	257,469	230,314	257,469	230,314
Net unrealized losses on investment securities at FVOCI (Note 8)	(1,483)	(8,185)	(1,483)	(8,185)
Remeasurement losses on retirement plans (Notes 11 and 27)	(5,502)	(6,436)	(5,502)	(6,436)
Equity in other comprehensive income of investees (Note 11)	163	80	163	80
Translation adjustment and others (Note 11)	(7,179)	(8,359)	(6,494)	(7,674)
	421,705	385,502	422,390	386,187
Non-controlling interest (Note 11)	10,462	10,903	–	–
	432,167	396,405	422,390	386,187
	₱3,880,317	₱3,520,355	₱3,502,521	₱3,194,138

See accompanying Notes to Financial Statements.

Statements of Income

(In Millions, Except Earnings Per Share)

	Consolidated			Parent Company		
	Years Ended December 31					
	2025	2024	2023	2025	2024	2023
INTEREST INCOME ON						
Loans and receivables (Notes 9 and 32)	₱126,583	₱116,852	₱100,539	₱107,082	₱99,661	₱84,789
Investment securities at FVOCI and at amortized cost (Note 8)	52,098	50,014	43,614	48,130	45,314	37,654
Investment securities at FVTPL (Note 8)	3,997	5,030	2,058	3,982	4,901	1,921
Interbank loans receivable and securities purchased under resale agreements (SPURA) (Notes 7 and 32)	2,524	3,275	3,429	1,385	2,301	2,728
Deposits with banks and others	837	2,493	3,972	487	1,798	2,159
	186,039	177,664	153,612	161,066	153,975	129,251
INTEREST AND FINANCE CHARGES						
Deposit liabilities (Notes 16 and 32)	41,466	48,975	41,120	35,025	42,218	33,640
Bills payable and securities sold under repurchase agreements, bonds payable, subordinated debts and others (Notes 13, 17, 19, 20, 21 and 32)	19,945	14,574	7,522	19,265	13,981	6,826
	61,411	63,549	48,642	54,290	56,199	40,466
NET INTEREST INCOME	124,628	114,115	104,970	106,776	97,776	88,785
PROVISION FOR CREDIT AND IMPAIRMENT LOSSES (Notes 3 and 15)	11,919	6,360	8,978	9,994	6,379	6,661
NET INTEREST INCOME AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	112,709	107,755	95,992	96,782	91,397	82,124
OTHER OPERATING INCOME						
Service charges, fees and commissions (Notes 25 and 32)	17,882	16,932	16,390	14,438	13,733	13,079
Trading and securities gain (loss) - net (Notes 8, 21 and 32)	4,659	8,904	(94)	3,978	8,582	(128)
Foreign exchange gain (loss) - net (Note 32)	3,549	(3,328)	4,096	3,435	(3,610)	3,805
Leasing (Notes 12, 13 and 32)	2,273	2,033	2,019	144	153	159
Income from trust operations (Notes 24 and 32)	1,328	1,195	1,220	1,275	1,145	1,173
Profit from assets sold (Notes 10, 12 and 14)	106	654	2,113	271	393	1,594
Dividends (Note 8)	53	161	257	9	18	19
Miscellaneous (Note 25)	2,686	2,668	2,503	1,682	1,487	1,255
	32,536	29,219	28,504	25,232	21,901	20,956
OTHER OPERATING EXPENSES						
Compensation and fringe benefits (Notes 27 and 32)	32,088	31,317	28,263	25,052	24,433	21,633
Taxes and licenses (Note 28)	13,547	13,945	11,460	11,756	12,152	9,498
Depreciation and amortization (Notes 10, 12 and 14)	7,236	6,786	6,922	4,791	4,198	4,311
Occupancy and equipment-related costs (Note 13)	1,956	2,287	1,966	1,495	1,800	1,506
Miscellaneous (Note 25)	24,880	22,826	20,911	20,927	19,133	17,115
	79,707	77,161	69,522	64,021	61,716	54,063
INCOME BEFORE SHARE IN NET INCOME OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE	65,538	59,813	54,974	57,993	51,582	49,017
SHARE IN NET INCOME OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE (Note 11)	915	765	875	6,162	6,414	5,281
INCOME BEFORE INCOME TAX	66,453	60,578	55,849	64,155	57,996	54,298
PROVISION FOR INCOME TAX (Note 28)	15,829	11,345	12,890	14,435	9,859	12,060
NET INCOME	₱50,624	₱49,233	₱42,959	₱49,720	₱48,137	₱42,238
Attributable to:						
Equity holders of the Parent Company (Note 31)	₱49,720	₱48,137	₱42,238			
Non-controlling interest (Note 11)	904	1,096	721			
	₱50,624	₱49,233	₱42,959			
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 31)	₱11.06	₱10.71	₱9.39			

See accompanying Notes to Financial Statements.

Statements of Comprehensive Income

(In Millions)

	Consolidated			Parent Company		
	Years Ended December 31					
	2025	2024	2023	2025	2024	2023
Net Income	₱50,624	₱49,233	₱42,959	₱49,720	₱48,137	₱42,238
Other Comprehensive Income for the Year, Net of Tax						
Items that may not be reclassified to profit or loss:						
Change in remeasurement gain (loss) on retirement plans (Notes 11 and 27)	981	1,026	(3,157)	934	1,055	(3,087)
Change in net unrealized gain (loss) on equity securities at FVOCI	110	394	256	(15)	187	135
	1,091	1,420	(2,901)	919	1,242	(2,952)
Items that may be reclassified to profit or loss:						
Change in net unrealized gain on investment in debt securities at FVOCI (Note 8)	6,642	1,385	12,685	6,788	1,597	12,791
Change in equity in other comprehensive gains (losses) of investees (Note 11)	84	(37)	263	83	(36)	261
Translation adjustment and others (Note 11)	1,183	243	(719)	1,180	314	(691)
	7,909	1,591	12,229	8,051	1,875	12,361
Total Comprehensive Income for the Year	₱59,624	₱52,244	₱52,287	₱58,690	₱51,254	₱51,647
Attributable to:						
Equity holders of the Parent Company	₱58,690	₱51,254	₱51,647			
Non-controlling interest	934	990	640			
	₱59,624	₱52,244	₱52,287			

See accompanying Notes to Financial Statements.

Statements of Changes in Equity

(In Millions)

	Consolidated										
	Equity Attributable to Equity Holders of the Parent Company										
	Common Stock (Note 23)	Capital Paid in Excess of Par Value (Note 23)	Treasury Stock (Note 23)	Surplus Reserves (Note 24)	Surplus (Note 23)	Surplus FVOCI (Note 8)	Net Unrealized Investment Securities at FVOCI (Note 8)	Remeasurement Losses on Retirement Plans (Notes 11 and 27)	Equity in Other Comprehensive Income of Investors (Note 11)	Translation Adjustment and Others (Note 11)	Total Equity
Balance as at January 1, 2025	P89,948	P85,252	P-	P2,888	P230,314	P8,185	P6,773	P6,436	P80	P10,903	P396,405
Total comprehensive income for the year	-	-	-	149	49,720	-	-	934	83	934	59,624
Transfer to surplus reserves (Note 24)	-	-	-	(22,487)	(149)	-	-	-	-	(1,375)	(23,862)
Cash dividend (Note 23)	-	-	-	-	71	-	-	-	-	-	-
Realized gain on sale of equity securities at FVOCI (Note 8)	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2025	P89,948	P85,252	P-	P3,037	P257,469	P1,483	P71	P5,502	P163	P10,462	P432,167
Balance as at January 1, 2024	P89,948	P85,252	(P70)	P2,752	P204,896	(P10,065)	(P7,491)	(P1,055)	P116	P10,073	P366,738
Total comprehensive income (loss) for the year	-	-	-	136	48,137	1,784	1,055	(36)	314	990	52,244
Transfer to surplus reserves	-	-	-	(136)	(136)	-	-	-	-	-	-
Cash dividend (Note 23)	-	-	-	-	(22,487)	-	-	-	-	(160)	(22,647)
Realized loss on sale of equity securities at FVOCI (Note 8)	-	-	-	-	(96)	96	-	-	-	-	-
Acquisition of Parent Company shares by mutual fund subsidiary	-	-	(244)	-	-	-	-	-	-	-	(244)
Disposal of Parent Company shares held by mutual fund subsidiary	-	-	314	-	-	-	-	-	-	-	314
Balance as at December 31, 2024	P89,948	P85,252	P-	P2,888	P230,314	P8,185	P6,773	P6,436	P80	P10,903	P396,405
Balance as at January 1, 2023	P89,948	P85,252	(P72)	P2,613	P176,374	(P23,076)	(P4,404)	(P4,404)	(P145)	P9,582	P328,090
Total comprehensive income (loss) for the year	-	-	-	139	42,238	12,926	(3,087)	261	(691)	640	52,287
Transfer to surplus reserves	-	-	-	(139)	(139)	-	-	-	-	-	-
Cash dividend (Note 23)	-	-	-	-	(13,492)	-	-	-	-	(149)	(13,641)
Realized loss on sale of equity securities at FVOCI (Note 8)	-	-	(5)	-	(85)	85	-	-	-	-	(5)
Acquisition of Parent Company shares by mutual fund subsidiary	-	-	7	-	-	-	-	-	-	-	7
Disposal of Parent Company shares held by mutual fund subsidiary	-	-	(P70)	-	-	(P10,065)	(P7,491)	-	-	-	(17,555)
Balance as at December 31, 2023	P89,948	P85,252	(P70)	P2,752	P204,896	(P10,065)	(P7,491)	P116	P16	P10,073	P366,738

	Parent Company										
	Net Unrealized										
	Common Stock (Note 23)	Capital Paid in Excess of Par Value (Note 23)	Treasury Stock (Note 23)	Surplus Reserves (Note 24)	Surplus (Note 23)	Surplus FVOCI (Note 8)	Net Unrealized Losses on Investments (Notes 11 and 27)	Remeasurement Losses on Retirement Plans (Notes 11 and 27)	Equity in Other Comprehensive Income of Investors (Note 11)	Translation Adjustment and Others (Note 11)	Total Equity
Balance as at January 1, 2025	P89,948	P85,252	P-	P2,888	P230,314	P8,185	P6,773	P6,436	P80	P10,903	P396,405
Total comprehensive income for the year	-	-	-	149	49,720	-	-	934	83	934	59,624
Transfer to surplus reserves (Note 24)	-	-	-	(22,487)	(149)	-	-	-	-	(1,375)	(23,862)
Cash dividend (Note 23)	-	-	-	-	71	-	-	-	-	-	-
Realized gain on sale of equity securities at FVOCI	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2025	P89,948	P85,252	P-	P3,037	P257,469	P1,483	P71	P5,502	P163	P10,462	P432,167
Balance as at January 1, 2024	P89,948	P85,252	(P70)	P2,752	P204,896	(P10,065)	(P7,491)	(P1,055)	P116	P10,073	P366,738
Total comprehensive income (loss) for the year	-	-	-	136	48,137	1,784	1,055	(36)	314	990	52,244
Transfer to surplus reserves	-	-	-	(136)	(136)	-	-	-	-	-	-
Cash dividend (Note 23)	-	-	-	-	(22,487)	-	-	-	-	(160)	(22,647)
Realized loss on sale of equity securities at FVOCI	-	-	(244)	-	(96)	96	-	-	-	-	(244)
Acquisition of Parent Company shares by mutual fund subsidiary	-	-	314	-	-	-	-	-	-	-	314
Disposal of Parent Company shares held by mutual fund subsidiary	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2024	P89,948	P85,252	P-	P2,888	P230,314	P8,185	P6,773	P6,436	P80	P10,903	P396,405
Balance as at January 1, 2023	P89,948	P85,252	(P72)	P2,613	P176,374	(P23,076)	(P4,404)	(P4,404)	(P145)	P9,582	P328,090
Total comprehensive income (loss) for the year	-	-	-	139	42,238	12,926	(3,087)	261	(691)	640	52,287
Transfer to surplus reserves	-	-	-	(139)	(139)	-	-	-	-	-	-
Cash dividend (Note 23)	-	-	-	-	(13,492)	-	-	-	-	(149)	(13,641)
Realized loss on sale of equity securities at FVOCI	-	-	(5)	-	(85)	85	-	-	-	-	(5)
Acquisition of Parent Company shares by mutual fund subsidiary	-	-	7	-	-	-	-	-	-	-	7
Disposal of Parent Company shares held by mutual fund subsidiary	-	-	(P70)	-	-	(P10,065)	(P7,491)	-	-	-	(17,555)
Balance as at December 31, 2023	P89,948	P85,252	(P70)	P2,752	P204,896	(P10,065)	(P7,491)	P116	P16	P10,073	P366,738

See accompanying Notes to Financial Statements.

Statements of Cash Flows

(In Millions)

	Consolidated			Parent Company		
	Years Ended December 31					
	2025	2024	2023	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	₱66,453	₱60,578	₱55,849	₱64,155	₱57,996	₱54,298
Adjustments for:						
Provision for credit and impairment losses (Note 15)	11,919	6,360	8,978	9,994	6,379	6,661
Depreciation and amortization (Notes 10, 12 and 14)	5,671	5,633	5,788	3,428	3,214	3,366
Unrealized market valuation loss (gain) on financial assets and liabilities at FVTPL	1,115	(1,617)	755	1,123	(1,643)	859
Unrealized foreign exchange loss on bonds payable - net	1,481	2,853	191	1,409	475	191
Gain on initial recognition of investment properties and chattel properties acquired in foreclosure (Note 25)	(655)	(877)	(836)	(250)	(148)	(105)
Amortization of software costs (Note 14)	1,565	1,153	1,134	1,363	984	945
Profit from assets sold (Notes 10, 11 and 12)	(106)	(654)	(2,113)	(271)	(393)	(1,594)
Share in net income of subsidiaries, associates and a joint venture (Note 11)	(915)	(765)	(875)	(6,162)	(6,414)	(5,281)
Trading and securities gain on investment securities at FVOCI (Note 8)	(2,410)	(1,511)	(153)	(1,908)	(1,331)	(87)
Amortization of discount on subordinated debts, bonds payable and lease liability (Notes 13, 19 and 20)	750	639	612	561	528	493
Dividends (Note 8)	(53)	161	(257)	(9)	(18)	(19)
Decrease (increase) in:						
Investment securities at FVTPL	111,478	(162,520)	(12,012)	111,134	(161,272)	(11,697)
Loans and receivables	(173,586)	(286,132)	(127,450)	(145,971)	(248,674)	(102,724)
Other assets	(2,048)	(3,000)	(5,207)	(1,153)	(4,873)	(6,136)
Increase (decrease) in:						
Deposit liabilities	87,078	191,106	161,648	53,512	207,905	175,189
Bills payable - deposit substitutes	(5)	(8)	(1,055)	(5)	(6)	(375)
Manager's checks and demand drafts outstanding	392	(147)	547	1,192	(247)	46
Accrued interest and other expenses	(4,764)	3,777	5,829	(4,956)	4,219	5,472
Other liabilities and non-equity non-controlling interest	3,321	20,598	6,090	555	11,934	4,908
Net cash generated from (used in) operations	106,681	(164,373)	97,463	87,741	(131,385)	124,410
Dividends received (Note 8)	53	448	257	9	18	19
Income taxes paid	(14,401)	(17,413)	(13,038)	(12,634)	(15,343)	(10,494)
Net cash generated from (used in) operating activities	92,333	(181,338)	84,682	75,116	(146,710)	113,935
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisitions of:						
Investment securities at FVOCI (Note 4)	(1,255,470)	(810,188)	(718,070)	(1,041,500)	(414,088)	(119,769)
Property and equipment (Note 10)	(8,525)	(4,253)	(3,751)	(3,896)	(2,304)	(2,181)
Investment securities at amortized cost (Note 4)	(39,657)	(8,285)	(152,360)	(37,656)	(5,347)	(150,296)
Proceeds from sale of:						
Investment securities at FVOCI (Notes 4 and 11)	886,164	780,109	721,065	687,593	350,339	104,631
Investment properties (Note 12)	1,321	1,313	2,800	584	437	2,014
Property and equipment (Note 10)	3,248	576	408	47	55	62
Equity investment (Note 11)	19	2,421	-	19	-	-
Proceeds from:						
Maturity of investment securities at amortized cost (Note 4)	42,063	2,936	2,143	38,657	-	-
Return of capital of investment in a subsidiary (Note 11)	-	-	-	400	-	-
Additional investment in a subsidiary (Note 11)	-	-	-	-	(1,601)	-
Decrease (increase) in interbank loans receivable and SPURA (Note 26)	(4,408)	(2,485)	(1,356)	(2,239)	(1,819)	5,516
Cash dividends from investees (Note 11)	42	464	36	5,310	2,621	1,132
Net cash used in investing activities	(375,203)	(37,392)	(149,085)	(352,681)	(71,707)	(158,891)

(Forward)

	Consolidated			Parent Company		
	Years Ended December 31					
	2025	2024	2023	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES (Note 26)						
Settlements of bills payable	(₱13,659,642)	(₱5,282,830)	(₱3,439,226)	(₱12,583,019)	(₱4,651,933)	(₱2,721,810)
Availments of bills payable and SSURA	13,889,729	5,426,594	3,505,855	12,802,215	4,797,399	2,786,810
Proceeds from issuance of bonds payable (Note 19)	4,961	57,468	-	-	55,041	-
Maturity of:						
Bonds payable (Note 19)	-	(23,717)	(18,400)	-	(23,717)	(13,750)
Subordinated debts (Note 20)	-	-	(1,170)	-	-	(1,170)
Cash dividends paid (Note 23)	(23,862)	(22,647)	(13,641)	(22,487)	(22,487)	(13,492)
Payment of lease liabilities (Note 13)	(2,370)	(2,194)	(2,121)	(1,518)	(1,384)	(1,302)
Proceeds from disposal of Parent Company shares by mutual fund subsidiaries (Note 32)	-	314	7	-	314	7
Acquisition of Parent Company shares by a mutual fund subsidiary (Note 23)	-	(244)	(5)	-	(244)	(5)
Net cash provided by financing activities	208,816	152,744	31,299	195,191	152,989	35,288
NET DECREASE IN CASH AND CASH EQUIVALENTS	(74,054)	(65,986)	(33,104)	(82,374)	(65,428)	(9,668)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	33,726	39,431	40,683	31,929	37,692	38,701
Due from BSP	150,128	207,807	252,628	148,945	198,061	215,074
Due from other banks	82,136	90,586	75,513	62,414	65,867	56,698
Interbank loans receivable and SPURA (Note 26)	69,530	63,682	65,786	51,646	58,742	59,557
	335,520	401,506	434,610	294,934	360,362	370,030
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	34,577	33,726	39,431	32,871	31,929	37,692
Due from BSP	106,042	150,128	207,807	105,641	148,945	198,061
Due from other banks	64,407	82,136	90,586	42,648	62,414	65,867
Interbank loans receivable and SPURA (Note 26)	56,440	69,530	63,682	31,400	51,646	58,742
	₱261,466	₱335,520	₱401,506	₱212,560	₱294,934	₱360,362
OPERATIONAL CASH FLOWS FROM INTEREST						
	Consolidated			Parent Company		
	Years Ended December 31					
	2025	2024	2023	2025	2024	2023
Interest paid	₱62,986	₱60,074	₱44,505	₱56,049	₱52,483	₱36,650
Interest received	183,745	173,714	148,435	159,118	149,668	124,096

See accompanying Notes to Financial Statements.

Notes to Financial Statements

1. Corporate Information

Metropolitan Bank & Trust Company (the Parent Company) is a universal bank incorporated in the Philippines on April 6, 1962. The Securities and Exchange Commission (SEC) approved the renewal of the Bank's corporate life on November 19, 2007. The Parent Company's shares were listed with the Philippine Stock Exchange, Inc. (PSE) on February 26, 1981, as approved by the SEC in November 1980. It has a universal banking license granted by the Bangko Sentral ng Pilipinas (BSP) on August 21, 1981.

The Parent Company and its subsidiaries (the Group) are engaged in all aspects of banking, financing, leasing, real estate and stock brokering. As of December 31, 2025, the Group has 967 branches, 1,273 Automated Teller Machines (ATMs) in the branches (on-site) and 969 ATMs in other locations (off-site). As a bank, the Parent Company, which is the ultimate parent of the Group, provides products and services such as deposits, loans and trade finance, credit card products, programs and facilities, electronic banking facilities, cash management, domestic and foreign fund transfers, treasury products, remittances, institutional fund-management, private banking and trust services. The Bank temporarily changed its business address from Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City to GT Tower International, 6813 Ayala Ave., corner H.V. Dela Costa St., Brgy. Bel-Air, Makati City, effective August 14, 2023.

2. Summary of Material Accounting Policy Information

Basis of Preparation

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

The financial statements of the Parent Company and Philippine Savings Bank (PSBank) a subsidiary, include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of RBU and FCDU is Philippine Peso (PHP or ₱) and United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated into their equivalents in PHP (see accounting policy on Foreign Currency Translation). The financial statements of these units are combined after eliminating inter-unit accounts.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The respective functional currencies of the subsidiaries are presented under Basis of Consolidation. The financial statements are presented in PHP, and all values are rounded to the nearest million pesos (₱000,000), except when otherwise indicated.

Statement of Compliance

The financial statements of the Group and the Parent Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Presentation of Financial Statements

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

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position. Income and expense are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and of its subsidiaries and are prepared for the same reporting period as the Parent Company using consistent accounting policies. The following are the wholly and majority-owned foreign and domestic subsidiaries of the Parent Company in 2025 and 2024 (Note 11):

Subsidiary	Principal Place of Business and Country of Incorporation	Effective Percentage of Ownership	Functional Currency
Financial Markets:			
Domestic:			
First Metro Investment Corporation (FMIC) and Subsidiaries	Philippines	99.28	PHP
PSBank	Philippines	88.38	PHP
ORIX Metro Leasing and Finance Corporation (ORIX Metro) and Subsidiaries	Philippines	59.86	PHP
Foreign:			
Metropolitan Bank (China) Ltd. (MBCL)	China	100.00	Chinese Yuan
Metropolitan Bank (Bahamas) Limited (Metrobank Bahamas)**	The Bahamas	100.00	USD
First Metro International Investment Company Limited (FMIIC) and Subsidiary	Hong Kong	100.00	Hong Kong Dollar (HKD)
Remittances:			
Metro Remittance (Hong Kong) Limited (MRHL)	Hong Kong	100.00	HKD
Metro Remittance (Singapore) Pte. Ltd. (MRSPL)	Singapore	100.00	Singapore Dollar
Metro Remittance (UK) Limited (MR UK)	United Kingdom	100.00	Great Britain Pound
First Metro Holdings USA, Inc. (formerly MR USA)	United States of America (USA)	100.00	USD
Metro Remittance (Japan) Co. Ltd. (MR Japan)	Japan	100.00	Japanese Yen
Real Estate:			
Circa 2000 Homes, Inc. (Circa)*	Philippines	100.00	PHP
Others:			
First Metro Insurance and Reinsurance Brokers Inc. (FMIRBI)	Philippines	100.00	PHP
Philbancor Venture Capital Corporation (PVCC)*	Philippines	60.00	PHP

* In process of dissolution

** In process of liquidation

All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full at consolidation (Note 32). Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Control is achieved where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of

subsidiaries ceases when control is transferred out of the Group or the Parent Company. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of income and consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

Changes in the Parent Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid (or to be paid) or received is recognized directly in equity included as part of 'Translation adjustment and others' and attributed to the owners of the Parent Company.

When a change in ownership interest in a subsidiary occurs which results in a loss of control over the subsidiary, the Parent Company:

- a. Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- b. Derecognizes the carrying amount of any non-controlling interest;
- c. Derecognizes the related other comprehensive income (OCI) recorded in equity and recycles the same to statement of income or 'Surplus';
- d. Recognizes the fair value of the consideration received;
- e. Recognizes the fair value of any investment retained;
- f. Recognizes any surplus or deficit in the statement of income; and
- g. Reclassifies the Parent Company's share of components' gains (losses) previously recognized in OCI to profit or loss or surplus, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Entity with Significant Influence over the Group

GT Capital Holdings, Inc. (GT Capital) holds 39.84% and 37.15% interest in the Parent Company as of December 31, 2025 and 2024, respectively (Note 32).

Non-controlling Interest

Non-controlling interest represents the portion of profit or loss and the net assets of the funds not held by the Group and is presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to the Parent Company. Any losses applicable to the non-controlling interests in excess of the non-controlling interests are allocated against the interests of the non-controlling interest even if this results in the non-controlling interest having a deficit balance. Acquisitions of non-controlling interests are accounted for as equity transactions.

Non-equity Non-controlling Interest (Note 11)

The Group has seed capital investments in a number of funds where it is in a position to be able to control those funds. These funds are consolidated.

Non-equity non-controlling interest represents the portion of net assets of the consolidated funds not attributed, directly or indirectly, to the Parent Company and is presented separately in the liability section in the consolidated statement of financial position. This liability is accounted for at FVTPL and measured using net asset value per unit with changes recognized in 'Trading and securities gain (loss) - net' in the consolidated statement of income.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The following amendment became effective as of January 1, 2025:

Amendments to PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of an entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. This amendment did not have an impact on the consolidated financial statements of the Group.

Material Accounting Policies

Foreign Currency Translation

Transactions and balances

For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities in the RBU are translated in Philippine peso based on the Bankers Association of the Philippines (BAP) closing rate prevailing at the statement of financial position date and foreign currency-denominated income and expenses, at the prevailing exchange rates as at the date of transaction. Foreign exchange differences arising from revaluation and translation of foreign currency-denominated assets and liabilities are credited to or charged against operations in the year in which the rates change. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

FCDU, foreign branches and subsidiaries

As at the reporting date, the assets and liabilities of foreign branches and subsidiaries and FCDU of the Parent Company and PSBank are translated into the Parent Company's presentation currency (the PHP) at BAP closing rate prevailing at the statement of financial position date, and their income and expenses are translated at historical rate (except for the foreign subsidiaries in which the income and expenses are translated at monthly average rate). Exchange differences arising on translation are taken to the statement of comprehensive income under 'Translation adjustment and others'. Upon disposal of a foreign entity or when the Parent Company ceases to have control over the subsidiaries or upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in the statement of comprehensive income is recognized in the statement of income.

Fair Value Measurement

The Group measures certain financial instruments, such as derivatives, at fair value at each statement of financial position date. Fair values of financial instruments measured at amortized cost and investment properties are disclosed in Note 5.

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

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

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

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

For assets and liabilities not listed in an active market, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

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

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

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date. Derivatives are recognized on trade date basis. Deposits, amounts due from banks and customers and loans and receivables are recognized when cash is received by the Group or advanced to the borrowers.

Initial recognition of financial instruments

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

'Day 1' difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of income. In cases where the transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Classification and subsequent measurement

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

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test (SPPI test). For the purpose of the SPPI test, principal is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium or discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI. In such cases, the financial asset is required to be measured at FVTPL.

Financial assets at FVTPL

These are recorded in the statements of financial position at fair value with changes in fair value recognized in 'Trading and securities gain (loss) - net'. Interest earned is recorded in 'Interest income' while dividend income is recorded in 'Dividends' when the right to receive payment has been established. Included in this classification are debt and equity securities which have been acquired principally for the purpose of selling or repurchasing in the near term.

Derivatives recorded at FVTPL

The Parent Company and some of its subsidiaries are counterparties to derivative contracts, such as currency forwards, currency swaps, interest rate swaps (IRS), call options, non-deliverable forwards (NDF) and other interest rate derivatives. These derivatives are entered into as a service to customers and as a means of reducing or managing their respective foreign exchange and interest rate exposures, as well as for trading purposes. Such derivative financial instruments are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the statement of income and are included in

‘Trading and securities gain (loss) - net’. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Investment securities at FVOCI

Investment securities at FVOCI include debt and equity securities. After initial measurement, investment securities at FVOCI are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of investment securities at FVOCI are excluded, net of tax as applicable, from the reported earnings and are included in the statement of comprehensive income as ‘Change in net unrealized gain (loss) on investment in debt securities at FVOCI’ or ‘Change in net unrealized gain (loss) on equity securities at FVOCI’. Debt securities at FVOCI are those that meet both of the following conditions:

- a. The asset is held within a business model whose objective is to hold the financial assets in order to both collect contractual cash flows and sell financial assets; and
- b. The contractual terms of the financial asset give rise on specified dates to cash flow that are SPPI on the outstanding principal amount.

The effective yield component of debt securities at FVOCI, as well as the impact of revaluation on foreign currency-denominated debt securities at FVOCI is reported in the statement of income. Interest earned on holding debt securities at FVOCI are reported as ‘Interest Income’ using the effective interest rate (EIR) method. When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in the statement of comprehensive income is recognized as ‘Trading and securities gain (loss) - net’ in the statement of income. The expected credit loss (ECL) arising from impairment of such investments is recognized in OCI with a corresponding charge to ‘Provision for credit and impairment losses’ in the statement of income.

Equity securities designated at FVOCI are those that the Group made an irrevocable election to present in OCI the subsequent changes in fair value. Dividends earned on holding equity securities at FVOCI are recognized in the statement of income as ‘Dividends’ when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery part of the cost of the instrument, in which case, such gains are recorded in OCI. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the statement of comprehensive income is reclassified to ‘Surplus’ or any other appropriate equity account upon disposal. Equity securities at FVOCI are not subject to impairment assessment.

Financial assets at amortized cost

Financial assets at amortized cost are debt financial assets that meet both of the following conditions:

- a. These are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows; and
- b. The contractual terms give rise on specified dates to cash flows that are SPPI on the outstanding principal amount.

This accounting policy relates to the statement of financial position captions ‘Due from BSP’, ‘Due from other banks’, ‘Interbank loans receivable and securities purchased under resale agreements (SPURA)’, ‘Investment securities at amortized cost’ and ‘Loans and receivables’.

After initial measurement, financial assets at amortized cost are subsequently measured at amortized cost using the EIR method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in ‘Interest income’ in the statement of income. Gains and losses are recognized in statement of income when these investments are derecognized or impaired, as well as through the amortization process. The ECL is recognized in the statement of income under

‘Provision for credit and impairment losses’. The effects of revaluation on foreign currency-denominated investments are recognized in the statement of income.

Financial liabilities at FVTPL

These are recorded in the statements of financial position at fair value with the changes in fair value recognized in ‘Trading and securities gain (loss) - net’, with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Group’s own credit risk. Such changes in fair value are recorded in OCI and do not get recycled to the statement of income. Interest incurred is accrued in ‘Interest expense’ using the EIR, taking into account any discount/premium and qualifying transaction costs being an integral part of the instrument.

Financial liabilities at amortized cost

Issued financial instruments or their components, which are not designated at FVTPL, are classified as liabilities under ‘Deposit liabilities’, ‘Bills payable and securities sold under repurchase agreements (SSURA)’, ‘Bonds payable’, or ‘Subordinated debts’ or other appropriate financial liability accounts, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, bills payable and similar financial liabilities not qualified as and not designated at FVTPL, are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

Financial guarantees and undrawn loan commitments

The Group issues financial guarantees and loan commitments. Financial guarantees are those issued by the Group to creditors as allowed under existing rules and regulations whereby it guarantees third party obligations by signing as guarantor in the contract/agreement. Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. These contracts are in the scope of the ECL requirements where the Group estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to financial guarantees and undrawn loan commitments is recognized in ‘Miscellaneous liabilities’ under ‘Other liabilities’.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:

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

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

When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Group's continuing involvement is the lower of:

- a. The amount of the asset; and
- b. The maximum amount of the consideration received that the Group could be required to repay ('the guarantee amount').

When the Group's continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase. However, in case of a written put option to an asset that is measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price. When the Group's continuing involvement takes the form of a cash-settled option or similar provision on the transferred asset, the extent of the Group's continuing involvement is measured in the same way as that which results from non-cash settled options.

The Group derecognizes a financial asset such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be purchased or originated credit impaired (POCI) assets.

When assessing whether or not to derecognize a loan to a customer, amongst others, the Group considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

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

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

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a

new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

The Group considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of or greater than ten percent (10.00%).

Similar with financial assets, when the modification of a financial liability is not considered substantial, the Group records a modification gain or loss based on the change in cash flows discounted at the original EIR.

Repurchase and reverse repurchase agreements

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

Conversely, securities purchased under agreements to resell at a specified future date ('reverse repos') are not recognized in the statement of financial position. The corresponding cash paid including accrued interest, is recognized in the statement of financial position as SPURA, and is considered a loan to the counterparty. The difference between the purchase price and resale price is treated as interest income and is accrued over the life of the agreement using the EIR method.

Reclassification of Financial Assets

The Group reclassifies its financial assets when there is a change in its business model for managing financial assets. A change in business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. The Group applies the reclassification prospectively from the reclassification date (that is, the first day of the next quarterly reporting period following the change in business model) and does not restate any previously recognized gains, losses or interest.

Impairment of Financial Assets

The Group follows the PFRS 9 loss impairment method on financial assets through a forward-looking ECL approach which covers all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts.

Overview of the ECL principles

ECL represents credit losses that reflect an unbiased and probability weighted amount which is based on reasonable and supportable information about past events, current conditions and forecasts of future economic conditions, and time value of money. The ECL allowance is based on the credit losses expected to arise on a 12-month duration if there has been no significant increase in credit risk (SICR) of the financial asset since origination. Otherwise, if a SICR is observed, then the ECL estimation is extended until the end of the life of the financial asset. The 12-month ECL represents the losses that result from default events on a financial asset which may happen within 12 months after the statement of financial position date. The Lifetime ECL, on the other hand, represents the losses that result from default events on a financial asset which may happen over its life. Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The major portfolios of financial assets identified upon initial analysis of the Group's credit exposure are loan receivables, treasury accounts, and other receivables. Loan receivables may be availed by specific individuals, corporations or organizations. Hence, these portfolios can be further segmented to commercial, consumer and credit card portfolios. After segmentation, financial assets are grouped into Stage 1, Stage 2, and Stage 3 as described below.

Definition of "default" and "cure"

The Group defines a financial instrument as in default, which is fully aligned with the definition of non-performing loans that is, credit impaired, in all cases when the borrower becomes more than ninety (90) days past due on its contractual payments. As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (that is, to have cured) when it no longer meets any of the default criteria and has exhibited a satisfactory track record.

Treasury exposures are considered in default upon occurrence of a credit event such as but not limited to bankruptcy of counterparty, restructuring, failure to pay on agreed settlement date, or request for moratorium.

SICR

In order to determine whether an instrument is subject to 12-month or Lifetime ECL, the Group assesses whether there has been a SICR since initial recognition. The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative and qualitative factors. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's internal credit assessment, the borrower or counterparty is determined to have well-defined credit weaknesses (that is, account has been downgraded to adversely classified). These may include adverse trends or developments of financial, managerial, economic or political nature, or a significant weakness in collateral. Credit weakness may be manifested by unfavorable record or unsatisfactory characteristics or may only be potential that deserves management's close attention and may lead to significant losses or may result in collection or liquidation of the outstanding loan amount to be highly improbable. For exposures without internal credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition. The days past due (dpd) are determined by counting the number of days since the earliest elapsed due date in respect of which at least a partial payment has not been received. In subsequent reporting periods, if the credit risk of the financial asset improves over an observable period such that there is no longer a SICR since initial recognition, the Group reverts to recognizing a 12-month ECL.

Staging assessment

For non-credit-impaired financial assets:

- Stage 1 is comprised of all non-impaired financial assets which have not experienced a SICR since initial recognition. The Group recognizes a 12-month ECL for Stage 1 financial assets.
- Stage 2 is comprised of all non-impaired financial assets which have experienced a SICR since initial recognition. The Group recognizes a lifetime ECL for Stage 2 financial assets.

For credit-impaired financial assets:

- Financial assets are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial asset or a portfolio of financial assets. ECL for Stage 3 exposure is computed per account, taking into consideration the present value of the expected recoverable cash flows from each transaction.

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

Assessment of ECL on a collective basis

The Group calculates ECL either on an individual or a collective basis. The Group performs collective impairment by grouping exposures into smaller homogenous portfolios based on a combination of borrower and account characteristics. Accounts with similar risk attributes (that is, facility, security, credit rating, months-on-books, utilization and collateral type, etc.) are pooled together for calculating provisions based on the ECL models.

ECL parameters and methodologies

ECL is a function of the probability of default (PD), exposure-at-default (EAD), and loss-given default (LGD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgement.

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

LGD is the amount that may not be recovered in the event of default and is modelled based on historical cash flow recovery and reasonable and supportable information about future economic conditions, where appropriate. LGD takes into consideration the amount and quality of any collateral held.

EAD consists of the amortized cost and any accrued interest receivable. For off-balance sheet and undrawn committed amounts, EAD includes a credit conversion factor which is an estimate of any further amount to be drawn at the time of default. For the credit card business, EAD is modelled based on historical data on card limit utilization, level of exposure and time since origination.

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

The Parent Company offers credit card facilities, in which it has the right to cancel and/or reduce the facilities with one-day notice. It does not limit its exposure to credit losses to the contractual notice period, but instead, calculates ECL over a period that reflects its expectations of the customers' behavior, their likelihood of default, and its future risk mitigation procedures, which could include reducing or cancelling the facilities. Based on past experience and expectations, the period over which ECL is calculated for these products is two (2) years. The interest rate used to discount the ECL for credit cards is based on contractual interest rate. These rates are also used to discount future recoveries over a period of three years. The contractual interest rate is used as discounting factor since the Parent Company estimates that this rate is reflective of the EIR.

Forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of a financial asset has increased significantly since its initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic inputs, such as growth of the gross domestic product, inflation rates, unemployment rates, interest rates and BSP statistical indicators. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The following economic inputs were determined to be statistically significant in measuring ECL:

- GDP growth
- Inflation rate
- Unemployment rate
- Minimum wage
- USD:PHP exchange rate
- Consumer confidence index
- Peso interest rate
- USD interest rate
- WTI crude oil price
- Business confidence index
- GVA of some industries

Debt investment securities measured at FVOCI

The ECL for debt securities at FVOCI does not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in 'Net unrealized gain (loss) on investment securities at FVOCI' as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to profit or loss upon derecognition of these financial assets.

Restructured Loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews and monitors restructured loans until derecognition to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR. The difference between the recorded value of the original loan and the present value of the restructured cash flows, discounted at the original EIR, is recognized in 'Provision for credit and impairment losses' in the statement of income. When the loan has been restructured but not derecognized, the Group also reassesses whether there has been a SICR and considers whether the assets should be classified as Stage 3. If the restructuring terms are substantially different, the loan is derecognized and a new 'asset' is recognized at fair value using the revised EIR.

Collateral Valuation of Financial Assets

Collateral, unless repossessed, is not recorded in the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed every other year. However, some collaterals, for example, cash or securities relating to margining requirements, are valued daily.

Revenue Recognition

Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group concluded that it is acting as a principal in all of its revenue arrangements except for certain brokerage transactions. The following specific recognition criteria must also be met before revenue is recognized.

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers, which are divided into the following two categories:

- Fee income earned from services that are provided over a certain period of time*
Fees earned for the provision of services over a period of time are accrued over that period as the customer simultaneously receives and consumes the benefits provided by the Group. Using an output method, revenue is recognized if the Group has a right to invoice the customer for services directly corresponding to performance completed to date. These fees include investment fund fees, custodian fees, fiduciary fees, asset management fees, and income from trust operations.
- Fee income from providing transaction services*
Fees arising from negotiating or participating in the negotiation of a transaction for a third party - such as commission income, underwriting fees, corporate finance fees, advisory fees and brokerage fees for the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

Discounts earned, membership fees and awards revenue on credit cards

The following table provides information about the nature and timing of the satisfaction of performance obligations for the Parent Company's credit card business including significant payment terms, and the related revenue recognition policies.

Type of Product/Service	Nature and Timing of Satisfaction of Performance Obligations, including Significant Payment Terms	Revenue Recognition under PFRS 15
Discounts earned	Charges arising from credit availments by the Parent Company's and other credit companies' cardholders when the Parent Company is acting as an acquirer. These discounts are computed based on certain agreed rates. These also include interchange income from transactions processed by other acquirers through VISA and Mastercard and fees from cash advance transactions of cardholders.	Recognized as revenue upon receipt from member establishments of charges arising from credit availments by the Parent Company's cardholders and other credit companies' cardholders when the Parent Company is acting as an acquirer.
Membership fees and dues	Periodically charged to cardholders upfront.	Deferred and recorded under 'Deferred revenue' and recognized on a straight-line basis over the period the fee entitles the cardholders to use the card.
Awards revenue	The Parent Company operates a loyalty points program, which allows customers to accumulate points when they purchase from member establishments using the issued card of the Parent Company. The points accumulate and do not expire.	The Parent Company allocates a portion of the consideration received from discounts earned and interchange fees from credit cards to the reward points based on the estimated stand-alone selling prices. The amount allocated to the loyalty program is deferred, and is recognized as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote.

Revenues outside the scope of PFRS 15

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial instruments classified as investment securities at FVOCI investments, interest income is recorded at the EIR, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options), including any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR. The adjusted carrying amount is calculated based on the original EIR. The change in carrying amount is recorded as 'Interest income'. Loan commitment fees that are likely to be drawn down are deferred (together with any incremental costs) and recognized as an adjustment to the EIR of the loan.

Under PFRS 9, when a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3 (as discussed in "Impairment of Financial Assets" above), the Group calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Purchases by credit cardholders, collectible on an installment basis, are recorded at the cost of the items purchased plus a certain percentage of cost. The excess over cost is credited to 'Unearned discount' and is shown as a deduction from 'Loans and receivables' in the statement of financial position. The unearned discount is taken up to interest income over the installment terms and is computed using the EIR method.

Interbank Offered Rate (IBOR) reform Phase 2 requires, as a practical expedient, that changes to the basis for determining contractual cash flows that are necessary as a direct consequence of IBOR reform are treated as a change to a floating rate of interest provided that the transition from IBOR to a risk-free-rate (RFR) takes place on a basis that is 'economically equivalent'. To qualify as 'economically equivalent', the terms of the financial instrument must be the same before and after transition except for the changes required by IBOR reform.

For changes that are not required by IBOR reform, the Group applies judgement to determine whether they result in the financial instrument being derecognized. Therefore, as financial instruments transition from IBOR to RFRs, the Group applies judgment to assess whether the transition has taken place on an economically equivalent basis. In making this assessment, the Group considers the extent of any changes to the contractual cash flows as a result of the transition and the factors that have given rise to the changes, with consideration of both quantitative and qualitative factors. Examples of changes that are economically equivalent include changing the reference interest rate from an IBOR to an RFR, changing the reset period for days between coupons to align with the RFR, adding a fallback to automatically transition to an RFR when the IBOR ceases, and adding a fixed credit adjustment spread based on that calculated by the International Swaps and Derivatives Association or which is implicit in market forward rates for the RFR.

Recovery on charged-off assets

Income arising from collections on accounts or recoveries from impairment of items previously written off are recognized in the year of recovery.

Leasing income - Finance lease

The excess of aggregate lease rentals plus the estimated residual value over the cost of the leased equipment constitutes the unearned lease income. Residual values represent estimated proceeds from the disposal of equipment at the time lease is estimated. The unearned lease income is amortized over the term of the lease, commencing on the month the lease is executed using the EIR method.

Dividend income

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

Trading and securities gain (loss) - net

Results arising from trading activities include all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL and gains and losses from disposal of debt securities at FVOCI.

Rental income

Rental income arising on leased properties is accounted for on a straight-line basis over the lease terms on ongoing leases and is recorded in the statement of income under 'Leasing'.

Income on receivables financed

Income on loans and receivables financed with short-term maturities is recorded in 'Interest income' and is recognized using the EIR method. Interest and finance fees on finance leases and loans and receivables financed with long-term maturities and the excess of the aggregate lease rentals plus the estimated terminal value of the leased equipment over its cost are credited to unearned discount and amortized over the term of the note or lease using the EIR method.

Cash and Cash Equivalents

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

Property and Equipment

Land is stated at cost and depreciable properties, including buildings, furniture, fixtures and equipment and leasehold improvements, are stated at cost less accumulated depreciation and amortization, and allowance for impairment losses. Such cost includes the cost of replacing part of the property and equipment when that cost is incurred, if the recognition criteria are met but excludes repairs and maintenance costs. Building under construction (BUC) is stated at cost and includes cost of construction and other direct costs. BUC is not depreciated until such time that the relevant asset is completed and put into operational use.

Depreciation is calculated on the straight-line method over the estimated useful life of the depreciable assets. Leasehold improvements are amortized over the shorter of the terms of the covering leases and the estimated useful lives of the improvements. The range of estimated useful lives of property and equipment follows:

Buildings	25 to 50 years
Furniture, fixtures and equipment	2 to 5 years
Leasehold improvements	5 to 20 years

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

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

Investments in Subsidiaries, Associates and a Joint Venture (JV)

Investment in subsidiaries

Subsidiaries pertain to all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights.

Investment in associates

Associates pertain to all entities over which the Group and the Parent Company have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investment in associates is accounted for under the equity method of accounting.

Investment in a JV

A JV is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the JV. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Investment in a JV is accounted for under the equity method of accounting. The Group's investment in a JV represents the 30% interest of PSBank in Sumisho Motor Finance Corporation (SMFC) (Note 11).

Upon loss of significant influence over the associate or joint control over the JV, the Group and the Parent Company measure and recognize any retained investment at its fair value. Any difference between the carrying amount of the associate or JV upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the statement of income.

Under the equity method, investments in associates and a JV are carried in the statement of financial position at cost plus post-acquisition changes in the Group's and the Parent Company's share of the net assets of the associate or JV less allowance for impairment losses. Post-acquisition changes in the share of net assets of the associate or a JV include the share in the:

- a. Income or losses; and
- b. Unrealized gain or loss on investment securities, remeasurement of retirement plans and others.

Dividends received are treated as a reduction in the carrying values of the investments. Goodwill relating to the associate and a JV is included in the carrying value of the investment and is not amortized.

When the Group and the Parent Company increase its ownership interest in an associate or a JV that continues to be accounted for under the equity method, the cost for the additional interest is added to the existing carrying amount of the associate or JV and the existing interest in the associate or JV is not remeasured. The share in an associate or a JV's post-acquisition profits or losses is recognized in the statement of income as 'Share in net income of subsidiaries, associates and a joint venture' while its share of post-acquisition movements in the associate or JV's equity reserves is recognized directly in the statement of comprehensive income. When the share of losses in an associate or a JV equals or exceeds its interest in the associate or JV, including any other unsecured receivables, the Group and the Parent Company do not recognize further losses, unless it incurred obligations or made payments on behalf of the associate or JV which is recognized as miscellaneous liabilities. Profits and losses resulting from transactions between the Group or the Parent Company and an associate or JV are eliminated to the extent of the Group or the Parent Company's interest in the associate or JV.

Investments in subsidiaries in the separate financial statements are accounted for under the equity method similarly as investments in associates and JV. Equity in other comprehensive income (losses) of subsidiaries and changes therein are included in 'Remeasurement losses on retirement plans', 'Net unrealized gain (loss) on investment securities at FVOCI', and 'Translation adjustments and others', as appropriate, together with the Parent Company in the separate statement of financial position and statement of comprehensive income.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured, in which case, the investment property acquired is measured at the carrying amount of asset given up. The difference between the fair value of the asset received and the carrying amount of the asset given up is recorded as 'Gain on initial recognition of investment properties' under 'Miscellaneous income'. Foreclosed properties are classified under 'Investment properties' upon:

- a. Entry of judgment in case of judicial foreclosure;
- b. Execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or
- c. Notarization of the Deed of Dacion in case of dation in payment (*dacion en pago*).

Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation (for depreciable investment properties) and allowance for impairment losses.

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

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged to operations in the year in which the costs are incurred. Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties based on appraisal reports but not to exceed 50 years for buildings and condominium units.

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

Interest in Joint Operations

The Group is a party to joint operations whereby it contributed parcels of land for development into residential and commercial units. In respect of the Group's interest in the joint operations, the Group recognizes the following:

- a. The assets that it controls and the liabilities that it incurs; and
- b. The expenses that it incurs and its share of the income that it earns from the sale of units by the joint operations.

The assets contributed to the joint operations are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale (Note 14).

Chattel Mortgage Properties

Chattel mortgage properties comprise of repossessed vehicles. Chattel mortgage properties are stated at cost less accumulated depreciation and allowance for impairment losses. Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the vehicles. The useful lives of chattel mortgage properties are estimated to be five (5) years.

Subordinated Notes

Subordinated notes issued by Special Purpose Vehicles (SPV) (presented as 'Investment in SPVs' under 'Other assets') are stated at amortized cost reduced by allowance for credit losses. The allowance for credit losses is determined based on the difference between the outstanding principal amount and the recoverable amount which is the present value of the future cash flow expected to be received as payment for the subordinated notes.

Intangible Assets

Software costs

Software costs (presented under 'Other assets') are capitalized on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortized over three to five years on a straight-line basis. Costs associated with maintaining the computer software programs are recognized as expense when incurred. Software costs are carried at cost less accumulated amortization.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. With respect to investments in associates and a JV, goodwill is included in the carrying amounts of the investments. Following initial recognition, goodwill is measured at cost, net of allowance for impairment losses (see accounting policy on "Impairment of Non-financial Assets").

Customized System Development Cost

Customized system development cost consists of payments for customization of various banking systems. This account will be reclassified to appropriate accounts upon completion and will be depreciated and amortized from the time the asset is ready for its intended use (Note 14).

Impairment of Non-financial Assets

Property and equipment, investments in subsidiaries, associates and a JV, investment properties, chattel mortgage properties, intangible assets with finite useful lives and other assets

At each statement of financial position date, the Group assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell (FVLCTS) and its value-in-

use (VIU) and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is assessed as part of the cash generating unit to which it belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to operations in the year in which it arises.

An assessment is made at each statement of financial position date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Intangible assets with indefinite useful lives and customized system development cost not yet available for use

Intangible assets with indefinite useful lives such as exchange trading right and customized system development cost not yet available for use are tested for impairment annually at statement of financial position date either individually or at the cash generating unit (CGU) level, as appropriate.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the statement of income. The Group uses the higher of FVLCTS and VIU using cash flow projections from financial budgets approved by the Board of Directors (BOD) in determining the recoverable amount.

Leases

Group as lessee

The Group assesses at contract inception whether a contract is, or contains a lease. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use (ROU) assets representing the right-of-use of the underlying assets.

ROU assets

The Group recognizes ROU assets (included in 'Property and Equipment') at the commencement date of the lease (that is, the date the underlying asset is available for use). ROU assets are measured at cost less any accumulated depreciation and allowance for impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities

recognized and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office space	2 to 30 years
ATM site and equipment	1 to 5 years

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest (included in 'Interest expense on bills payable and SSURA, bonds payable, subordinated debts and others') and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments.

The Group's lease liabilities are included in Other Liabilities (Note 21).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office spaces and ATM sites (that is, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of ATM site and other equipment that are considered to be of low value (that is, those with value of less than ₱250,000). Lease payments on short-term leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Residual value of leased assets and deposits on lease contracts

The residual value of leased assets, which approximates the amount of guaranty deposit paid by the lessee at the inception of the lease, is the estimated proceeds from the sale of the leased asset at the end of the lease term. At the end of the lease term, the residual value of the leased asset is generally applied against the guaranty deposit of the lessee when the lessee decides to buy the leased asset.

Group as lessor

Finance leases, where the Group transfers substantially all the risks and benefits incidental to the ownership of the leased item to the lessee, are included in the statement of financial position under 'Loans and receivables'. All income resulting from the receivable is included in 'Interest income' in the statement of income.

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

Retirement Cost

The Group has a non-contributory defined benefit retirement plans, except for FMIIC and its subsidiary which follow the defined contribution retirement benefit plan and the Mandatory Provident Fund Scheme (MPFS). The retirement cost of the Parent Company and most of its subsidiaries is determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current year. The net defined benefit liability or asset is the aggregate of the present value of the

defined benefit obligation (DBO) at the end of the statement of financial position date reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost; and
- Net interest on the net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries. Net interest on the net defined benefit liability or asset is the change during the year in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of income. Retirement expense is presented under 'Compensation and fringe benefits' in the statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to the statement on income in subsequent periods.

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

If the fair value of the plan assets is higher than the present value of the DBO, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a DBO is recognized as a separate asset at fair value when and only when reimbursement is virtually certain. Payments to the defined contribution retirement benefit plans and the MPFS are recognized as expenses when employees have rendered service entitling them to the contributions.

Equity

When the shares are sold at a premium, the difference between the proceeds and par value is credited to 'Capital paid in excess of par value', net of direct costs incurred related to the equity issuance. If 'Capital paid in excess of par value' is not sufficient, the excess is charged against 'Surplus'. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of stocks issued.

Surplus represents accumulated earnings of the Group less dividends declared.

Own equity instruments which are reacquired or Parent Company's shares acquired by its subsidiaries (treasury stock) are recognized at cost and deducted from equity. No gain or loss is recognized in the statement of income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in 'Capital paid in excess of par value'. Voting rights related to treasury stocks are nullified and no dividends are allocated. When the stocks are retired, the Common stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to 'Capital paid in excess of par value' at the time the stocks were issued and to 'Surplus' for the remaining balance.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as 'Interest expense'.

Contingent Liabilities and Contingent Assets

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

Income Taxes

Current taxes

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

Deferred taxes

Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- a. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- b. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized except:

- a. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- b. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Current tax and deferred tax relating to items recognized directly in equity are recognized in OCI and not in the statement of income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and deferred taxes relate to the same taxable entity and the same tax authority.

Earnings Per Share

Basic earnings per share is computed by dividing net income for the year attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year. The Group does not have dilutive potential common shares.

Dividends on Common Shares

Cash dividends on common shares are recognized as a liability and deducted from the equity when approved by the BOD of the Parent Company while stock dividends are deducted from equity when approved by the BOD and shareholders of the Parent Company. Dividends declared during the year but are paid or issued after the statement of financial position date are dealt with as a subsequent event.

Debt Issuance Costs

Issuance, underwriting and other related costs incurred in connection with the issuance of debt instruments are deferred and amortized over the terms of the instruments using the EIR method. Unamortized debt issuance costs are included in the related carrying amount of the debt instrument in the statement of financial position.

Capital Securities Issuance Costs

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

Events after the Statement of Financial Position Date

Post year-end events that provide additional information about the Group's position at the statement of financial position date (adjusting event) are reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6.

Fiduciary Activities

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

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements.

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards—Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. Thereafter, on February 14, 2025, the FSRSC approved the amendment to PFRS 17 that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

The adoption of PFRS 17 will have an impact on the Group's financial statements through the application of the equity method of accounts for its investment in the associate that issues insurance contracts.

- PFRS 18, *Presentation and Disclosure in Financial Statements*

The standard replaces PAS 1, *Presentation of Financial Statements* and responds to investors' demand for better information about companies' financial performance. Entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. There are specific presentation requirements and options for entities, such as the Parent Bank and its banking subsidiary, that have specified main business activities (either providing finance to customers or investing in specific type of assets, or both).

The requirements also include:

- Required totals and subtotals in the statement of profit or loss
- Disclosure of management-defined performance measures
- Guidance on aggregation and disaggregation

The Group is currently assessing the impacts the standard will have on the primary financial statements and notes to the financial statements. The Bank and its banking subsidiary consider their main business activities to include the provision of financing to customers and investing in financial assets. In accordance with PFRS 18, some of the income and expenses related to those activities are classified in the operating category, as an exception to the general requirements that would otherwise have resulted in their classification in the investing or financing categories.

- PFRS 19, *Subsidiaries without Public Accountability*
- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in compliance with PFRS Accounting Standards requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosures of contingent assets and contingent liabilities. Future events may occur which can cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable. Judgments and estimates are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following are the critical judgments and key assumptions that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Judgments

a. Classification of financial assets

The Group classifies its financial assets depending on the results of the SPPI test and on the business model used for managing those financial assets.

When performing the SPPI test, the Group applies judgement and evaluates relevant factors and characteristics such as the behavior and nature of contractual cash flows, its original currency denomination, the timing and frequency of interest rate repricing, contingent events that would alter the amount and/or timing of cash flows, leverage features, prepayments or extension options and other features that may modify the consideration for the time value of money.

As a second step, the Group performs business model assessment to reflect how financial assets are managed in order to generate net cash inflows based on the following factors:

- Business objectives and strategies for holding the financial assets;
- Performance measures and benchmarks being used to evaluate the Group's key management personnel accountable to the financial assets;
- Risks associated to the financial assets and the tools applied in managing those risks;
- Compensation structure of business units, including whether based on fair values changes of the investments managed or on the generated cash flows from transactions; and
- Frequency and timing of disposals.

In applying judgment, the Group also considers the circumstances surrounding the transaction as well as the prudential requirements of the BSP.

b. Existence of significant influence over an associate with less than 20.00% ownership

As discussed in Note 11, there are instances that an investor exercises significant influence even if its ownership is less than 20.00%. The Group applies significant judgment in assessing whether it holds significant influence over an investee and considers the following:

- Representation in the BOD or equivalent governing body of the investee;
- Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- Material transactions between the investor and the investee;
- Interchange of managerial personnel;
- Joint voting agreement with other investors; or
- Provision of essential technical information.

c. Fair value of financial instruments

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

d. Contingencies

The Group is currently involved in legal proceedings. The estimate of the probable cost for the resolution of claims has been developed in consultation with and the aid of the outside legal counsel handling the Group's defense in this matter and is based upon an analysis of potential results. It is probable, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (Note 30).

Estimates

a. Credit losses on financial assets

The Group reviews its debt financial assets subject to ECL at least on a semi-annual basis with updating provisions made during the intervals as necessary based on the continuing analysis and monitoring of individual accounts by credit officers. The measurement of credit losses under PFRS 9 across all categories of such financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining credit losses and the assessment of a SICR. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

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

- Segmentation of the portfolio, where the appropriate model or ECL approach is used.
- Criteria for assessing if there has been a SICR and so allowances for debt financial assets should be measured on a lifetime ECL basis and the qualitative assessment. The Group likewise performed quarterly reviews of its credit exposures to determine the occurrence of SICR.
- Segmentation of debt financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs. The Parent Company and the Group as a whole continuously review and calibrate their models based on the results of the model validation and regular backtesting.
- Determination of associations between macroeconomic scenarios and economic inputs (such as GDP and inflation rate) and the effect on PDs, LGDs and EADs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The gross carrying amounts of financial assets subject to ECL as of December 31, 2025 and 2024 are disclosed in Note 4, while the related allowances for expected credit losses are disclosed in Note 15. In 2025, 2024 and 2023, provision for credit losses on these financial assets amounted to ₱12.5 billion, ₱6.0 billion and ₱8.0 billion, respectively, for the Group, and ₱10.0 billion, ₱6.2 billion and ₱6.2 billion, respectively, for the Parent Company (Note 15).

b. *Recognition of deferred income taxes*

Deferred tax assets are recognized for all unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The estimates of future taxable income indicate that certain temporary differences will be realized in the future. The recognized net deferred tax assets and unrecognized deferred tax assets for the Group and the Parent Company are disclosed in Note 28.

c. *Impairment of investment in subsidiaries, associates and a JV*

The Group assesses impairment on investments in subsidiaries, associates and a JV whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

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

The Group uses the higher of FVLCTS and VIU in determining the recoverable amount of the asset. Based on the Group's impairment testing as of December 31, 2025 and 2024, allowance for impairment losses on investment in associates amounted to ₱0.9 billion and ₱1.5 billion, respectively, for the Group, and ₱77.4 million and ₱101.1 million for the Parent Company.

The carrying values of the property and equipment, investments in subsidiaries, associates and a JV, investment properties, software costs, chattel mortgage properties, and other assets of the Group and the Parent Company are disclosed in Notes 10, 11, 12 and 14, respectively.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the statement of income. The recoverable amount of the CGU is determined based on FVLCTS.

The fair value of the CGU is determined using the cost approach, specifically the adjusted Net Asset Value (NAV) method. This method requires the measurement of the fair value of the individual assets and liabilities recognized in the CGU, as well as the fair value of any unrecognized assets and liabilities at the measurement date. The resulting net fair values of the assets and liabilities represent the fair value of the CGU. In determining the fair value of the CGU's net assets, the Group used the discounted cash flow method for unquoted debt financial assets/liabilities at the appropriate market rate, European Embedded Value (EEV) valuation model and adjusted NAV model for unquoted equity investments, and the appraisal reports for the valuation of real properties. Fair values of listed debt and equity securities are based on their quoted market prices. The Group applied the EEV valuation model in determining the appraised value (AV) for its insurance investee company. The AV is determined by aggregating the embedded value (EV) and shareholder's value (SV). EV pertains to the insurance investee

company's present value of future profits and adjusted NAV, while SV considers the value of newly issued contracts / new business value.

In 2025, 2024 and 2023, the Group recognized impairment loss of nil, ₱173.5 million and ₱474.3 million, respectively (Note 15). As of December 31, 2025 and 2024, the carrying amount of the Group's goodwill amounted to ₱4.5 billion.

4. Financial Risk and Capital Management

Introduction

The Group has exposure to the following risks from its use of financial instruments:

- a. Credit;
- b. Liquidity; and
- c. Market risks.

Risk management framework

The BOD has overall responsibility for the oversight of the Parent Company's risk management process. On the other hand, the risk management processes of the subsidiaries are the separate responsibilities of their respective BOD. Supporting the BOD in this function are certain Board-level committees such as Risk Oversight Committee (ROC), Audit Committee (AC), Executive Committee (EXCOM) and senior management committees through the Asset and Liability Committee (ALCO) among others.

The ROC, which is composed primarily of independent members of the BOD, is responsible for overseeing the Parent Company's risk infrastructure, the adequacy and relevance of risk policies, and the compliance to defined risk appetite and levels of exposure. The ROC is assisted in this responsibility by the Risk Management Group (RSK). The RSK undertakes the implementation and execution of the Parent Company's Risk Management framework which involves the identification, assessment, control, monitoring and reporting of risks.

The Parent Company and its subsidiaries manage their respective financial risks separately. The subsidiaries have their own risk management processes but are structured similar to that of the Parent Company. To a certain extent, the respective risk management programs and objectives are the same across the Group. The risk management policies adopted by the subsidiaries and affiliates are aligned with the Parent Company's risk policies. To further promote compliance with PFRS Accounting Standards and Basel III, the Parent Company created a Risk Management Coordinating Council (RMCC) composed of risk officers of the Parent Company and its financial institution subsidiaries.

Credit Risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, related groups of borrowers, market segments, and industry concentrations, and by monitoring exposures in relation to such limits, among others. The same is true for treasury-related activities. Each business unit is responsible for the quality of its credit portfolio and monitoring and controlling all credit risks in its portfolio. Regular reviews and audits of business units and credit processes are undertaken by the RSK and Internal Audit Group, respectively.

Management of credit risk

The Group faces potential credit risks every time it extends funds to borrowers, commits funds to counterparties, guarantees the paying performance of its clients, invests funds to issuers (for example, investment securities issued by either sovereign or corporate entities) or enter into either market-traded or over-the-counter derivatives, either through implied or actual contractual agreements (that is, on- or off-balance sheet exposures). The Parent Company manages its credit risk at various levels (that is, strategic level, portfolio level down to individual obligor or transaction) by adopting a credit risk management environment that has the following components:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit/financial assessment, risk grading and reporting, and compliance with regulatory requirements;
- Establishment of authorization limits for the approval and renewal of credit facilities;
- Limiting concentrations of exposure to counterparties and industries (for loans), and by the issuer (for investment securities);
- Utilizing the Internal Credit Risk Rating System (ICRRS) or Internal Credit Risk Rating Scorecard for Large Corporates (LCRRS) to categorize exposures according to their risk profile. The risk grading system and scorecard are used for determining loan loss provisions against credit exposures. The current risk grading framework consists of ten grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation; and
- Monitoring compliance with approved exposure limits.

Borrowers, counterparties, or groups of related accounts across the Group are aggregated and managed by the Parent Company's Institutional Banking Sector as the "Control Unit". Group Limits for conglomerates are set-up and approved to guide subsidiaries and affiliates of the Group. Consolidated exposures are regularly reported to senior management, the EXCOM, and the ROC.

Credit risk at initial recognition

The Group uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.

Modification

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

On March 24, 2020, Republic Act (RA) No. 11469 or the "Bayanihan to Heal as One Act" (Bayanihan 1) was enacted declaring a state of national emergency over the entire country to control the spread of the COVID-19. Among the provisions of Bayanihan 1 is the implementation of a 30-day grace period for all loans with principal and/or interest falling due within the period of the Enhanced Community Quarantine without incurring interest on interest, on penalties, fees and other charges. Further, on September 11, 2020, RA No. 11494 or the "Bayanihan to Recover as One Act" (Bayanihan 2) was enacted and part of the provisions of the Bayanihan 2 is the implementation of a one-time 60-day grace period to be granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interest, penalties, fees and other charges, thereby extending the maturity of said loans. In addition, Bayanihan 2 allows loans to be settled on a staggered basis without interest on interests, penalties, fees or other charges until December 31, 2020 or as may be agreed upon by both parties.

The impact of loan modifications as a result of the Bayanihan 1 and Bayanihan 2 Acts amounted to a loss of ₱1.7 billion for the Group and ₱1.2 billion for the Parent Company (which was fully accreted in 2020).

For the year ended December 31, 2025 and 2024, total accretion for the modified loans arising from the Bayanihan 1 and Bayanihan 2 Acts amounted to ₱15.0 million and ₱40.1 million, respectively, for the Group, and nil for the Parent Company.

Maximum exposure to credit risk

An analysis of the maximum credit risk exposure (net of allowance for ECL) relating to financial assets with collateral or credit enhancements is shown below:

	Consolidated							
	2025				2024			
	Maximum Exposure to Credit Risk	Fair Value of Collateral	Financial Effect of Collateral or Credit Enhancement	Net Exposure	Maximum Exposure to Credit Risk	Fair Value of Collateral	Financial Effect of Collateral or Credit Enhancement	Net Exposure
Interbank loans receivable and SPURA (Note 7)	₱841	₱841	₱841	₱-	₱1,466	₱1,499	₱1,466	₱-
Loans and receivables - net								
Receivables from customers								
Commercial loans	342,220	1,782,247	319,983	22,237	319,394	1,448,855	296,017	23,377
Residential mortgage loans	104,195	196,265	93,546	10,649	96,711	184,685	86,473	10,238
Auto loans	120,469	163,778	118,198	2,271	110,938	151,650	109,394	1,544
Trade loans	40,367	39,776	40,337	30	58,479	57,679	58,366	113
Others	249	394	161	88	561	468	306	255
Accrued interest receivable	607,500	2,182,460	572,225	35,275	586,083	1,843,337	550,556	35,527
Sales contract receivable	4,035	2,286	2,286	1,749	4,009	2,600	2,590	1,419
	11	86	11	-	20	92	20	-
	611,546	2,184,832	574,522	37,024	590,112	1,846,029	553,166	36,946
Total	₱612,387	₱2,185,673	₱575,363	₱37,024	₱591,578	₱1,847,528	₱554,632	₱36,946

	Parent Company							
	2025				2024			
	Maximum Exposure to Credit Risk	Fair Value of Collateral	Financial Effect of Collateral or Credit Enhancement	Net Exposure	Maximum Exposure to Credit Risk	Fair Value of Collateral	Financial Effect of Collateral or Credit Enhancement	Net Exposure
Loans and receivables - net								
Receivables from customers								
Commercial loans	311,470	1,729,936	298,890	12,580	290,730	1,394,206	273,665	17,065
Residential mortgage loans	57,787	116,692	57,709	78	53,364	111,532	53,328	36
Auto loans	25,575	61,195	25,107	468	22,971	54,007	22,515	456
Trade loans	40,367	39,776	40,336	31	58,479	57,679	58,366	113
Others	75	111	71	4	421	223	202	219
Accrued interest receivable	435,274	1,947,710	422,113	13,161	425,965	1,617,647	408,076	17,889
Sales contract receivable	1,469	1,428	1,428	41	1,689	1,658	1,648	41
	8	82	8	-	16	84	16	-
	436,751	1,949,220	423,549	13,202	427,670	1,619,389	409,740	17,930
Total	₱436,751	₱1,949,220	₱423,549	₱13,202	₱427,670	₱1,619,389	₱409,740	₱17,930

The maximum exposure to credit risks for the other financial assets is limited to their carrying values as of December 31, 2025 and 2024.

Collaterals on loans and receivables includes real estate and chattel mortgages, guarantees, and other registered securities over assets. Generally, collateral is not held over loans and advances to banks, except for reverse repurchase agreements and certain due from other banks. Collateral usually is not held against investment securities, and no such collateral was held as of December 31, 2025 and 2024. Estimates of fair values of the collateral are based on the value of collateral assessed at the time of borrowing and are regularly updated according to internal lending policies and regulatory guidelines. The Group is not permitted to sell or repledge the collateral in the absence of default by the counterparty.

The following tables show the effect of rights of set-off associated with the recognized financial assets and financial liabilities:

	Gross Carrying Amounts (before Offsetting)	Gross Amounts Offset in Accordance with the Offsetting Criteria	Net Amount Presented in Statement of Financial Position	Effect of Remaining Rights of Set-Off (including Rights to Set-off Financial Collateral) Not Meeting Offsetting Criteria		Net Exposure
				Financial Instruments	Fair Value of Financial Collateral	
Financial assets recognized by type						
Consolidated						
2025						
Derivative assets	P492,911	P474,095	P18,816	P3,642	P-	P15,174
SPURA	841	-	841	-	841	-
	P493,752	P474,095	P19,657	P3,642	P841	P15,174
2024						
Derivative assets	P550,770	P530,685	P20,085	P5,691	P-	P14,394
SPURA	1,466	-	1,466	-	1,466	-
	P552,236	P530,685	P21,551	P5,691	P1,466	P14,394
Parent Company						
2025						
Derivative assets	P492,910	P474,095	P18,815	P3,642	P-	P15,173
2024						
Derivative assets	P550,769	P530,685	P20,084	P5,691	P-	P14,393
Financial liabilities recognized by type						
Consolidated						
2025						
Derivative liabilities	P524,574	P511,140	P13,434	P3,642	P-	P9,792
SSURA	407,556	-	407,556	-	407,556	-
	P932,130	P511,140	P420,990	P3,642	P407,556	P9,792
2024						
Derivative liabilities	P422,684	P409,387	P13,297	P5,691	P-	P7,606
SSURA	276,628	-	276,628	-	276,628	-
	P699,312	P409,387	P289,925	P5,691	P276,628	P7,606
Parent Company						
2025						
Derivative liabilities	P524,574	P511,140	P13,434	P3,642	P-	P9,792
SSURA	404,236	-	404,236	-	404,236	-
	P928,810	P511,140	P417,670	P3,642	P404,236	P9,792
2024						
Derivative liabilities	P422,684	P409,387	P13,297	P5,691	P-	P7,606
SSURA	276,628	-	276,628	-	276,628	-
	P699,312	P409,387	P289,925	P5,691	P276,628	P7,606

Excessive risk concentration

Credit risk concentrations can arise whenever a significant number of borrowers have similar characteristics and are affected similarly by changes in economic or other conditions. The Parent Company analyzes the credit risk concentration to an individual borrower, related group of accounts, industry, internal rating buckets, and security. For risk concentration monitoring purposes, the financial assets are broadly categorized into (1) loans and receivables and (2) trading and financial investment securities. To mitigate risk concentration, the Parent Company constantly checks for breaches in regulatory and internal limits.

Concentration of risks of financial assets with credit risk exposure

Below is an analysis of concentrations of credit risk at the statement of financial position date based on carrying amount:

	Consolidated				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Others***	Total
2025					
Concentration by Industry					
Financial and insurance activities	P213,936	P243,115	P138,967	P11,614	P607,632
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	324,283	-	-	412,207	736,490
Real estate activities	366,671	-	-	16,499	383,170
Wholesale and retail trade, repair of motor vehicles, motorcycles	269,577	-	-	33,569	303,146
Manufacturing	185,701	-	-	15,062	200,763
Transportation and storage, information and communication	258,816	-	-	2,546	261,362
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	209,506	-	-	6,089	215,595
Construction	69,957	-	-	25,211	95,168
Agricultural, forestry and fishing	23,216	-	-	1,277	24,493
Accommodation and food service activities	22,699	-	-	25	22,724
Others****	83,953	-	1,286,935	18,570	1,389,458
	2,028,315	243,115	1,425,902	542,669	4,240,001
Less allowance for credit losses	51,877	145	322	5,036	57,380
	P1,976,438	P242,970	P1,425,580	P537,633	P4,182,621
Concentration by Location					
Philippines	P1,905,973	P111,632	P1,024,878	P499,211	P3,541,694
Asia	121,381	100,325	74,410	43,424	339,540
USA	591	15,383	319,700	2	335,676
Europe	19	14,503	-	-	14,522
Others	351	1,272	6,914	32	8,569
	2,028,315	243,115	1,425,902	542,669	4,240,001
Less allowance for credit losses	51,877	145	322	5,036	57,380
	P1,976,438	P242,970	P1,425,580	P537,633	P4,182,621
2024					
Concentration by Industry					
Financial and insurance activities	P222,498	P313,612	P141,109	P7,634	P684,853
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	274,048	-	-	332,364	606,412
Real estate activities	329,058	-	-	11,431	340,489
Wholesale and retail trade, repair of motor vehicles, motorcycles	268,149	-	-	31,189	299,338
Manufacturing	204,420	-	1,151	16,387	221,958
Transportation and storage, information and communication	241,964	-	1,020	2,427	245,411
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	146,103	-	-	5,482	151,585
Construction	72,652	-	-	25,966	98,618
Agricultural, forestry and fishing	21,877	-	-	752	22,629
Accommodation and food service activities	13,922	-	-	14	13,936
Others****	67,773	-	903,005	16,478	987,256
	1,862,464	313,612	1,046,285	450,124	3,672,485
Less allowance for credit losses	46,454	129	321	3,950	50,854
	P1,816,010	P313,483	P1,045,964	P446,174	P3,621,631
Concentration by Location					
Philippines	P1,742,572	P152,514	P952,575	P410,836	P3,258,497
Asia	118,489	115,667	69,206	39,247	342,609
USA	1,223	11,069	19,537	41	31,870
Europe	53	15,639	448	-	16,140
Others	127	18,723	4,519	-	23,369
	1,862,464	313,612	1,046,285	450,124	3,672,485
Less allowance for credit losses	46,454	129	321	3,950	50,854
	P1,816,010	P313,483	P1,045,964	P446,174	P3,621,631

	Parent Company				Total
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Others***	
2025					
Concentration by Industry					
Financial and insurance activities	₱208,377	₱184,242	₱56,567	₱11,055	₱460,241
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	224,142	–	–	412,208	636,350
Real estate activities	322,253	–	–	16,474	338,727
Wholesale and retail trade, repair of motor vehicles, motorcycles	240,653	–	–	33,569	274,222
Manufacturing	181,041	–	–	15,062	196,103
Transportation and storage, information and communication	256,483	–	–	2,546	259,029
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	208,189	–	–	6,088	214,277
Construction	41,203	–	–	25,211	66,414
Agricultural, forestry and fishing	22,171	–	–	1,278	23,449
Accommodation and food service activities	22,181	–	–	25	22,206
Others****	30,626	–	1,263,578	2,107	1,296,311
	1,757,319	184,242	1,320,145	525,623	3,787,329
Less allowance for credit losses	44,282	120	315	4,934	49,651
	₱1,713,037	₱184,122	₱1,319,830	₱520,689	₱3,737,678
Concentration by Location					
Philippines	₱1,738,639	₱109,005	₱956,515	₱498,281	₱3,302,440
Asia	17,732	44,378	37,028	27,310	126,448
USA	590	15,154	319,699	–	335,443
Europe	16	14,494	–	–	14,510
Others	342	1,211	6,903	32	8,488
	1,757,319	184,242	1,320,145	525,623	3,787,329
Less allowance for credit losses	44,282	120	315	4,934	49,651
	₱1,713,037	₱184,122	₱1,319,830	₱520,689	₱3,737,678
2024					
Concentration by Industry					
Financial and insurance activities	₱215,819	₱265,320	₱66,403	₱7,166	₱554,708
Activities of households as employers and undifferentiated goods and services and producing activities of households for own use	181,257	–	–	332,364	513,621
Real estate activities	287,644	–	–	11,402	299,046
Wholesale and retail trade, repair of motor vehicles, motorcycles	236,300	–	–	31,189	267,489
Manufacturing	200,862	–	1,150	16,387	218,399
Transportation and storage, information and communication	239,756	–	1,020	2,427	243,203
Electricity, gas, steam and air-conditioning supply and water supply, sewerage, waste management and remediation activities	143,937	–	–	5,482	149,419
Construction	47,870	–	–	25,966	73,836
Agricultural, forestry and fishing	20,930	–	–	752	21,682
Accommodation and food service activities	13,628	–	–	13	13,641
Others****	28,246	–	887,560	563	916,369
	1,616,249	265,320	956,133	433,711	3,271,413
Less allowance for credit losses	38,630	117	310	3,875	42,932
	₱1,577,619	₱265,203	₱955,823	₱429,836	₱3,228,481
Concentration by Location					
Philippines	₱1,584,033	₱151,795	₱890,066	₱409,958	₱3,035,852
Asia	30,824	68,408	41,573	23,714	164,519
USA	1,221	10,844	19,537	39	31,641
Europe	51	15,632	448	–	16,131
Others	120	18,641	4,509	–	23,270
	1,616,249	265,320	956,133	433,711	3,271,413
Less allowance for credit losses	38,630	117	310	3,875	42,932
	₱1,577,619	₱265,203	₱955,823	₱429,836	₱3,228,481

* Comprised of due from BSP, due from other banks and interbank loans receivable and SPURA.

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

*** Comprised of applicable accounts under other assets, financial guarantees and loan commitments and other credit-related liabilities.

**** Comprised of loans and investments to the National Government.

Credit quality per class of financial assets

The credit quality of financial assets is assessed and managed using external and internal ratings (applying ICRRS or LCRRS).

The ICRRS contains the following:

- Borrower Risk Rating (BRR) - an assessment of the credit worthiness of the borrower (or guarantor) without considering the type or amount of the facility and security arrangements. It is an indicator of the probability that a borrower cannot meet its credit obligations when they fall due. The components of the assessment are described below:

Component	Description
Financial Condition	Refers to the financial condition of the borrower based on audited financial statements as indicated by certain financial ratios. The Financial Factor Evaluation is conducted manually.
Industry Analysis	Refers to the prospects of the industry, as well as the company's performance and position in the industry.
Management Quality	Refers to the management's ability to run the company successfully.

- Adjusted Borrower Risk Rating – takes into consideration risk rating downgrade due to red flags such as financial deterioration, poor account performance, industry weakness, ownership/management issue, adverse news, etc., or upgrade depending on the type of support granted.

Loans and receivables

For the Parent Company, the credit quality is generally monitored using the 10-grade ICRRS, which is integrated in the credit process. The assessment of the borrower's risk rating is performed by the Credit Group and the classification of watchlisted/adversely classified accounts are validated by RSK to maintain accurate and consistent risk ratings/classifications across the credit portfolio. For commercial loans, the credit quality with the corresponding grade and description follows:

High Grade

1 - Excellent

An excellent rating is given to a borrower with a very low probability of going into default and with high degree of stability, substance and diversity. Borrower has access to raise substantial amounts of funds through public market at any time; very strong debt service capacity and has conservative balance sheet ratios. Track record in profit terms is very good. Borrower exhibits highest quality under virtually all economic conditions.

2 - Strong

This rating is given to borrowers with low probability of going into default in the coming year. Normally has a comfortable degree of stability, substance and diversity. Under normal market conditions, borrower has good access to public markets to raise funds. Have a strong market and financial position with a history of successful performance. Overall debt service capacity is deemed very strong; critical balance sheet ratios are conservative. Concerned multinationals or local corporations are well capitalized.

Standard Grade

3 - Good

This rating is given to smaller corporations with limited access to public capital markets or to alternative financial markets during favorable economic and/or market conditions. As it bears characteristics of some degree of stability and substance, probability of default is quite low. However, susceptibility to cyclical changes and more concentration of business risk, by product or market, may be present. Typical is the combination of comfortable asset protection and an acceptable balance sheet structure. Debt service capacity is strong.

4 - Satisfactory

A 'satisfactory' rating is given to a borrower where clear risk elements exist and probability of default is somewhat greater. Due to volatility of earnings and overall performance, borrower normally has limited access to public markets. Borrower should be able to withstand normal business cycles, but any prolonged unfavorable economic period would create deterioration beyond acceptable levels. With the combination of reasonable sound asset and cash flow protection, the debt service capacity is adequate. Reported profits in the past year and is expected to report a profit in the current year.

5 - Acceptable

An 'acceptable' rating is given to a borrower whose risk elements are sufficiently pronounced although borrower should still be able to withstand normal business cycles. Any prolonged unfavorable economic and/or market period would create an immediate deterioration beyond acceptable levels. Risk is still acceptable as there is sufficient cash flow either historically or expected in the future from new business or projected finance transaction; an existing borrower where the nature of the exposure represents a higher risk because of extraordinary developments but for which a decreasing risk within an acceptable period can be expected.

Watchlist Grade

5 - Watchlist

This rating is given to a borrower that belongs to an unfavorable industry or has company-specific risk factors which represent a concern. Operating performance and financial strength may be marginal and it is uncertain if borrower can attract alternative course of finance.

6 - Watchlist

Borrower finds it hard to cope with any significant economic downturn and a default in such a case is more than a possibility. Credit exposure is not at risk of loss at the moment but performance of the borrower has weakened which, unless present trends are reversed, could lead to losses.

Classified Grade

6 - Especially Mentioned

Borrower encounters difficulty to cope with any significant economic downturn and exhibits deteriorating performance that deserve management's close attention. Such deterioration, if left uncorrected, may lead to losses.

7 - Especially Mentioned

This rating is given to a borrower that exhibits pronounced weaknesses that deserve management's close attention. These potential weaknesses, if left uncorrected, may affect the repayment of the loan and thus, increase credit risk of the Group. Classification can be worsened if borrower is endorsed to Special Accounts Management Group for collection.

8 - Substandard

These are loans or portions thereof which appear to involve a substantial and unreasonable degree of risk to the Group because of unfavorable record or unsatisfactory characteristics. There exists the possibility of future losses to the Group unless given closer supervision. Borrower has well-defined weaknesses or weaknesses that jeopardize loan liquidation. Such well-defined weaknesses may include adverse trends or development of financial, managerial, economic or political nature, or a significant weakness in collateral.

9 - Doubtful

This rating is given to a nonperforming borrower whose loans or portions thereof 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.

10 - Loss

This rating is given to a borrower whose loans or portions thereof are considered uncollectible or worthless and of such little value that their continuance as bankable assets is not warranted although the loans may have some recoveries or salvage value. The amount of loss is difficult to measure and it is not practical or desirable to defer writing off these basically worthless assets even though partial recovery may be obtained in the future.

The credit quality of consumer loan applicants is currently evaluated using quantitative and qualitative criteria. For booked consumer loans, the description of credit quality is as follows:

High Grade

Good credit rating

This rating is given to a good repeat client with very satisfactory track record of its loan repayment (paid at least 50.00%) and whose account did not turn past due during the entire term of the loan.

Standard Grade

Good

A good rating is given to accounts which did not turn past due for 90 days and over.

Limited

This rating is given to borrowers who have average track record on loan repayment (paid less than 50.00%) and whose account did not turn past due for 90 days and over.

Substandard Grade

Poor

A poor rating is given to accounts who reached 90 days past due regardless of the number of times and the number of months past due.

Poor litigation

This rating is given to accounts that were past due for 180 days and over and are currently being handled by lawyers.

Impaired

Poor repossessed

This rating is given to accounts whose collaterals were repossessed.

Poor written-off

This rating is given to accounts that were recommended for write-off.

For booked credit card receivables, the description of credit quality is as follows:

Excellent

These are customers that have exhibited the best payment behavior and are generally those without history of past due which have been paying the outstanding balance in full over a period of twelve (12) months.

Very Satisfactory

These are customers that have exhibited the good payment behavior and are generally those without history of past due but could have revolved over a period of twelve (12) months.

Satisfactory

These are customers that have shown history of past due but not impaired, and are still within the average level of the credit card portfolio which remains to be profitable.

Poor

These are customers that are past due but not yet impaired and could still be cured by collection mitigation strategies.

Default

These are customers that are already impaired. Recovery strategies are needed to reduce exposure to these customers.

Investment securities

In ensuring quality investment portfolio, the Group uses the credit risk rating from the published data providers like Moody's, Standard & Poor's (S&P) or other reputable rating agencies. The following indicates the levels of equivalent credit quality and its relevant external rating:

Credit Quality	External Rating								
	Aaa	Aa1	Aa2	A1	A2	A3	Baa1	Baa2	Baa3
High grade	Aaa	Aa1	Aa2	A1	A2	A3	Baa1	Baa2	Baa3
Standard grade	Ba1	Ba2	Ba3	B1	B2				
Substandard grade	B3	Caa1	Caa2	Caa3	Ca	C			
Impaired	D								

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to those rated by external rating agencies as 'Investment grade' (that is, those under High grade in the table above).

The following table shows the credit quality of loans and advances to banks, gross of allowance for credit losses, as of December 31, 2025 and 2024. All loans and advances to banks are classified as Stage 1 in 2025 and 2024.

	Consolidated		Parent Company	
	2025	2024	2025	2024
Due from BSP				
High grade	₱106,042	₱150,128	₱105,641	₱148,945
Due from other banks				
High grade	60,800	81,004	41,151	61,856
Standard grade	3,045	552	1,434	497
Unrated	562	580	63	61
	64,407	82,136	42,648	62,414
Interbank loans receivable and SPURA				
High grade	67,063	81,348	35,953	53,961
Standard Grade	5,603	-	-	-
	72,666	81,348	35,953	53,961
Total loans and advances to banks				
High grade	233,905	312,480	182,745	264,762
Standard grade	8,648	552	1,434	497
Unrated	562	580	63	61
	₱243,115	₱313,612	₱184,242	₱265,320

As of December 31, 2025 and 2024, net increase/(decrease) in interbank loans receivable and SPURA considered as cash and cash equivalents amounted to (₱13.1 billion) and ₱5.8 billion, respectively, for the Group, and (₱20.2 billion) and (₱7.1 billion), respectively, for the Parent Company. As of December 31, 2025 and 2024, net decrease in due from BSP amounted to (₱44.1 billion) and (₱57.7 billion), respectively, for the Group, and (₱43.3 billion) and (₱49.1 billion), respectively, for the Parent Company, and net increase/(decrease) in due from other banks amounted to (₱17.7 billion) and (₱8.5 billion), respectively, for the Group, and (₱19.8 billion) and (₱3.5 billion), respectively, for the Parent Company.

The following table shows the credit quality of investment securities, gross of allowance for credit losses, as of December 31, 2025 and 2024. All investment securities are classified as Stage 1 in 2025 and 2024.

	Consolidated		Parent	
	2025	2024	2025	2024
Debt securities at FVOCI				
Treasury notes and bonds				
High grade	₱459,778	₱372,967	₱421,982	₱350,919
Treasury bills				
High grade	300,324	719	299,594	-
Government				
High grade	113,425	101,896	104,899	99,832
Private				
High grade	35,055	29,607	5,483	3,374
Standard grade	342	339	-	-
	35,397	29,946	5,483	3,374
BSP				
High grade	43,382	65,412	43,382	56,943
Total debt securities at FVOCI				
High grade	951,964	570,601	875,340	511,068
Standard grade	342	339	-	-
	952,306	570,940	875,340	511,068
Investment securities at amortized cost				
Government				
High grade	54,915	55,926	44,305	44,603
Private				
High grade	181	173	-	-
Standard grade	11	1,076	-	-
	192	1,249	-	-
Treasury notes and bonds				
High grade	418,489	418,170	400,500	400,462
Total investment securities at amortized cost				
High grade	473,585	474,269	444,805	445,065
Standard grade	11	1,076	-	-
	473,596	475,345	444,805	445,065
Total debt investment securities				
High grade	1,425,549	1,044,870	1,320,145	956,133
Standard grade	353	1,415	-	-
	₱1,425,902	₱1,046,285	₱1,320,145	₱956,133

As of December 31, 2025 and 2024, purchases of investment in debt securities at FVOCI amounted to ₱1.3 trillion and ₱810.2 billion, respectively, for the Group, and ₱1.0 trillion and ₱414.1 billion, respectively, for the Parent Company. Proceeds from disposals/maturities of investments in debt securities at FVOCI amounted to ₱886.2 billion and ₱780.1 billion, respectively, for the Group, and ₱687.6 billion and ₱350.3 billion, respectively, for the Parent Company. Other movements, which include amortization of premiums/discounts, mark-to-market and foreign exchange revaluations, resulted in a increase in carrying value of debt securities at FVOCI as of December 31, 2025 and 2024 amounting to ₱8.1 billion and ₱6.3 billion, respectively, for the Group, and ₱6.2 billion and ₱4.1 billion, respectively, for the Parent Company.

As of December 2025 and 2024, purchases of investment securities at amortized cost amounted to ₱39.7 billion and ₱8.3 billion, respectively, for the Group, and ₱37.7 billion and ₱5.3 billion, respectively, for the Parent Company, while proceeds from maturities amounted to ₱42.1 billion and ₱2.9 billion, respectively, for the Group, and ₱38.7 billion and nil, respectively, for the Parent Company. Other movements, which include amortization of premiums/discounts and foreign exchange revaluations, resulted in an increase/(decrease) in carrying value of investment securities at amortized cost as of December 31, 2025 and 2024 amounting to ₱0.6 billion and (₱1.0 billion), respectively, for the Group, and ₱0.7 billion and ₱1.0 billion, respectively, for the Parent Company.

The credit quality of receivables from customers, net of unearned discount and capitalized interest, as of December 31, 2025 and 2024 follow:

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
2025				
Commercial loans				
High grade	₱268,279	₱-	₱-	₱268,279
Standard grade	1,087,043	768	-	1,087,811
Watchlist grade	67,560	543	-	68,103
Classified grade	-	33,347	-	33,347
Sub-standard grade	17	666	-	683
Unrated	-	-	-	-
Non-performing individually impaired	-	-	17,116	17,116
	1,422,899	35,324	17,116	1,475,339
Residential mortgage loans				
High grade	42,073	-	-	42,073
Standard grade	50,379	651	-	51,030
Sub-standard grade	4,900	3,524	-	8,424
Unrated	-	1,316	-	1,316
Non-performing individually impaired	-	-	2,136	2,136
	97,352	5,491	2,136	104,979
Auto loans				
High grade	80,319	-	-	80,319
Standard grade	30,428	120	-	30,548
Sub-standard grade	7	3,449	-	3,456
Unrated	-	5,052	-	5,052
Non-performing individually impaired	-	-	4,409	4,409
	110,754	8,621	4,409	123,784
Credit card				
Standard grade	174,202	-	-	174,202
Sub-standard grade	-	3,700	-	3,700
Non-performing individually impaired	-	-	11,532	11,532
	174,202	3,700	11,532	189,434
Trade loans				
High grade	20,884	-	-	20,884
Standard grade	32,886	-	-	32,886
Watchlist Grade	3,875	15	-	3,890
Classified grade	-	340	-	340
Non-performing individually impaired	-	-	735	735
	57,645	355	735	58,735
Other loans				
High grade	14,268	-	-	14,268
Standard grade	1,987	-	-	1,987
Sub-standard grade	-	1,122	-	1,122
Unrated	16	108	-	124
Non-performing individually impaired	-	-	304	304
	16,271	1,230	304	17,805
Total receivables from customers				
High grade	425,823	-	-	425,823
Standard grade	1,376,925	1,539	-	1,378,464
Watchlist grade	71,435	558	-	71,993
Classified grade	-	33,687	-	33,687
Sub-standard grade	4,924	12,461	-	17,385
Unrated	16	6,476	-	6,492
Non-performing individually impaired	-	-	36,232	36,232
	₱1,879,123	₱54,721	₱36,232	₱1,970,076

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
2024				
Commercial loans				
High grade	₱272,707	₱-	₱-	₱272,707
Standard grade	977,957	412	-	978,369
Watchlist grade	31,903	52,800	-	84,703
Classified grade	-	6,310	-	6,310
Sub-standard grade	5	536	-	541
Unrated	-	28	-	28
Non-performing individually impaired	-	-	17,515	17,515
	1,282,572	60,086	17,515	1,360,173
Residential mortgage loans				
High grade	38,949	-	-	38,949
Standard grade	44,827	578	-	45,405
Sub-standard grade	6,000	4,446	-	10,446
Unrated	-	1,187	-	1,187
Non-performing individually impaired	-	-	1,871	1,871
	89,776	6,211	1,871	97,858
Auto loans				
High grade	74,349	-	-	74,349
Standard grade	29,438	90	-	29,528
Sub-standard grade	20	3,771	-	3,791
Unrated	-	3,625	-	3,625
Non-performing individually impaired	-	-	2,590	2,590
	103,807	7,486	2,590	113,883
Credit card				
Standard grade	150,087	-	-	150,087
Sub-standard grade	-	3,209	-	3,209
Non-performing individually impaired	-	-	4,649	4,649
	150,087	3,209	4,649	157,945
Trade loans				
High grade	15,728	-	-	15,728
Standard grade	36,480	-	-	36,480
Watchlist Grade	15,116	325	-	15,441
Classified grade	-	198	-	198
Non-performing individually impaired	-	-	464	464
	67,324	523	464	68,311
Other loans				
High grade	13,886	-	-	13,886
Standard grade	1,504	-	-	1,504
Sub-standard grade	9	1,261	-	1,270
Unrated	6	24	-	30
Non-performing individually impaired	-	-	243	243
	15,405	1,285	243	16,933
Total receivables from customers				
High grade	415,619	-	-	415,619
Standard grade	1,240,293	1,080	-	1,241,373
Watchlist grade	47,019	53,125	-	100,144
Classified grade	-	6,508	-	6,508
Sub-standard grade	6,034	13,223	-	19,257
Unrated	6	4,864	-	4,870
Non-performing individually impaired	-	-	27,332	27,332
	₱1,708,971	₱78,800	₱27,332	₱1,815,103

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
2025				
Commercial loans				
High grade	₱185,802	₱-	₱-	₱185,802
Standard grade	1,077,636	768	-	1,078,404
Watchlist grade	67,560	543	-	68,103
Classified grade	-	33,347	-	33,347
Non-performing individually impaired	-	-	15,486	15,486
	1,330,998	34,658	15,486	1,381,142
Residential mortgage loans				
High grade	953	-	-	953
Standard grade	50,379	651	-	51,030
Sub-standard grade	4,900	634	-	5,534
Non-performing individually impaired	-	-	806	806
	56,232	1,285	806	58,323

(Forward)

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
Auto loans				
High grade	₱2,838	₱–	₱–	₱2,838
Standard grade	22,679	120	–	22,799
Sub-standard grade	7	19	–	26
Non-performing individually impaired	–	–	261	261
	25,524	139	261	25,924
Credit card				
Standard grade	174,202	–	–	174,202
Sub-standard grade	–	3,700	–	3,700
Non-performing individually impaired	–	–	11,532	11,532
	174,202	3,700	11,532	189,434
Trade loans				
High grade	10,235	–	–	10,235
Standard grade	32,886	–	–	32,886
Watchlist grade	3,875	15	–	3,890
Classified grade	–	340	–	340
Non-performing individually impaired	–	–	735	735
	46,996	355	735	48,086
Other loans				
High grade	14,179	–	–	14,179
Standard grade	1,633	–	–	1,633
Sub-standard grade	–	52	–	52
Non-performing individually impaired	–	–	127	127
	15,812	52	127	15,991
Total receivables from customers				
High grade	214,007	–	–	214,007
Standard grade	1,359,415	1,539	–	1,360,954
Watchlist grade	71,435	558	–	71,993
Classified grade	–	33,687	–	33,687
Sub-standard grade	4,907	4,405	–	9,312
Non-performing individually impaired	–	–	28,947	28,947
	₱1,649,764	₱40,189	₱28,947	₱1,718,900
2024				
Commercial loans				
High grade	₱195,767	₱–	₱–	₱195,767
Standard grade	969,413	412	–	969,825
Watchlist grade	31,903	52,800	–	84,703
Classified grade	–	6,310	–	6,310
Non-performing individually impaired	–	–	15,336	15,336
	1,197,083	59,522	15,336	1,271,941
Residential mortgage loans				
High grade	986	–	–	986
Standard grade	44,827	578	–	45,405
Sub-standard grade	6,000	883	–	6,883
Non-performing individually impaired	–	–	813	813
	51,813	1,461	813	54,087
Auto loans				
High grade	2,582	–	–	2,582
Standard grade	20,433	90	–	20,523
Sub-standard grade	20	16	–	36
Non-performing individually impaired	–	–	283	283
	23,035	106	283	23,424
Credit card				
Standard grade	150,087	–	–	150,087
Sub-standard grade	–	3,209	–	3,209
Non-performing individually impaired	–	–	4,649	4,649
	150,087	3,209	4,649	157,945
Trade loans				
High grade	10,175	–	–	10,175
Standard grade	36,480	–	–	36,480
Watchlist grade	15,116	325	–	15,441
Classified grade	–	198	–	198
Non-performing individually impaired	–	–	464	464
	61,771	523	464	62,758

(Forward)

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
Other loans				
High grade	₱13,935	₱–	₱–	₱13,935
Standard grade	1,180	–	–	1,180
Sub-standard grade	9	29	–	38
Non-performing individually impaired	–	–	80	80
	15,124	29	80	15,233
Total receivables from customers				
High grade	223,445	–	–	223,445
Standard grade	1,222,420	1,080	–	1,223,500
Watchlist grade	47,019	53,125	–	100,144
Classified grade	–	6,508	–	6,508
Sub-standard grade	6,029	4,137	–	10,166
Non-performing individually impaired	–	–	21,625	21,625
	₱1,498,913	₱64,850	₱21,625	₱1,585,388

Movements during 2025 and 2024 for receivables from customers follow:

	Consolidated			
	Receivables from Customers			Total
	Stage 1	Stage 2	Stage 3	Total
2025				
Commercial loans				
Balance at January 1, 2025	₱1,282,572	₱60,086	₱17,515	₱1,360,173
Newly originated assets that remained in Stage 1 as at year-end	666,943	–	–	666,943
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	17,091	1,200	18,291
Assets derecognized or repaid	(548,168)	(24,831)	(2,369)	(575,368)
Amounts written-off	–	–	(28)	(28)
Transfers to/(from) Stage 1	16,231	–	–	16,231
Transfers to/(from) Stage 2	–	(17,022)	–	(17,022)
Transfers to/(from) Stage 3	–	–	791	791
Others	5,321	–	7	5,328
Balance at December 31, 2025	1,422,899	35,324	17,116	1,475,339
Residential mortgage loans				
Balance at January 1, 2025	89,776	6,211	1,871	97,858
Newly originated assets that remained in Stage 1 as at year-end	25,298	–	–	25,298
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	74	57	131
Assets derecognized or repaid	(15,981)	(1,760)	(567)	(18,308)
Transfers to/(from) Stage 1	(1,741)	–	–	(1,741)
Transfers to/(from) Stage 2	–	966	–	966
Transfers to/(from) Stage 3	–	–	775	775
Balance at December 31, 2025	97,352	5,491	2,136	104,979
Auto loans				
Balance at January 1, 2025	103,807	7,486	2,590	113,883
Newly originated assets that remained in Stage 1 as at year-end	46,322	–	–	46,322
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	1,631	1,091	2,722
Assets derecognized or repaid	(33,131)	(3,824)	(1,629)	(38,584)
Amounts written-off	–	–	(559)	(559)
Transfers to/(from) Stage 1	(6,244)	–	–	(6,244)
Transfers to/(from) Stage 2	–	3,328	–	3,328
Transfers to/(from) Stage 3	–	–	2,916	2,916
Balance at December 31, 2025	110,754	8,621	4,409	123,784
Credit card				
Balance at January 1, 2025	150,087	3,209	4,649	157,945
Newly originated assets that remained in Stage 1 as at year-end*	15,519	–	–	15,519
Assets derecognized or repaid	(701)	(328)	(366)	(1,395)
Amounts written-off	–	–	(4,294)	(4,294)
Transfers to/(from) Stage 1	(12,359)	–	–	(12,359)
Transfers to/(from) Stage 2	–	2,995	–	2,995
Transfers to/(from) Stage 3	–	–	9,364	9,364
Others**	21,656	(2,176)	2,179	21,659
Balance at December 31, 2025	174,202	3,700	11,532	189,434

(Forward)

	Consolidated			
	Receivables from Customers			
	Stage 1	Stage 2	Stage 3	Total
Trade loans				
Balance at January 1, 2025	₱67,324	₱523	₱464	₱68,311
Newly originated assets that remained in Stage 1 as at year-end	51,651	–	–	51,651
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	230	398	628
Assets derecognized or repaid	(61,771)	(398)	(127)	(62,296)
Others	441	–	–	441
Balance at December 31, 2025	57,645	355	735	58,735
Other loans				
Balance at January 1, 2025	15,405	1,285	243	16,933
Newly originated assets that remained in Stage 1 as at year-end	11,002	–	–	11,002
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	354	4	358
Assets derecognized or repaid	(9,652)	(371)	(26)	(10,049)
Amounts written-off	–	–	(194)	(194)
Transfers to/(from) Stage 1	(119)	–	–	(119)
Transfers to/(from) Stage 2	–	(37)	–	(37)
Transfers to/(from) Stage 3	–	–	156	156
Others	(365)	(1)	121	(245)
Balance at December 31, 2025	16,271	1,230	304	17,805
Total receivables from customers				
Balance at January 1, 2025	1,708,971	78,800	27,332	1,815,103
Newly originated assets that remained in Stage 1 as at year-end	816,735	–	–	816,735
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	19,380	2,750	22,130
Assets derecognized or repaid	(669,404)	(31,512)	(5,084)	(706,000)
Amounts written-off	–	–	(5,075)	(5,075)
Transfers to/(from) Stage 1	(4,232)	–	–	(4,232)
Transfers to/(from) Stage 2	–	(9,770)	–	(9,770)
Transfers to/(from) Stage 3	–	–	14,002	14,002
Others	27,053	(2,177)	2,307	27,183
Balance at December 31, 2025	₱1,879,123	₱54,721	₱36,232	₱1,970,076
2024				
Commercial loans				
Balance at January 1, 2024	₱1,098,643	₱47,499	₱17,860	₱1,164,002
Newly originated assets that remained in Stage 1 as at year-end	682,301	–	–	682,301
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	35,085	6,387	41,472
Assets derecognized or repaid	(495,041)	(29,155)	(5,959)	(530,155)
Amounts written-off	–	–	(883)	(883)
Transfers to/(from) Stage 1	(6,622)	–	–	(6,622)
Transfers to/(from) Stage 2	–	6,542	–	6,542
Transfers to/(from) Stage 3	–	–	80	80
Others	3,291	115	30	3,436
Balance at December 31, 2024	1,282,572	60,086	17,515	1,360,173
Residential mortgage loans				
Balance at January 1, 2024	70,716	20,532	2,203	93,451
Newly originated assets that remained in Stage 1 as at year-end	22,560	–	–	22,560
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	92	72	164
Assets derecognized or repaid	(14,476)	(3,195)	(646)	(18,317)
Transfers to/(from) Stage 1	10,976	–	–	10,976
Transfers to/(from) Stage 2	–	(11,218)	–	(11,218)
Transfers to/(from) Stage 3	–	–	242	242
Balance at December 31, 2024	89,776	6,211	1,871	97,858

(Forward)

	Consolidated			
	Receivables from Customers			
	Stage 1	Stage 2	Stage 3	Total
Auto loans				
Balance at January 1, 2024	₱87,261	₱6,194	₱2,906	₱96,361
Newly originated assets that remained in Stage 1 as at year-end	49,411	–	–	49,411
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	1,391	670	2,061
Assets derecognized or repaid	(27,062)	(4,167)	(1,619)	(32,848)
Amounts written-off	–	–	(1,102)	(1,102)
Transfers to/(from) Stage 1	(5,803)	–	–	(5,803)
Transfers to/(from) Stage 2	–	4,068	–	4,068
Transfers to/(from) Stage 3	–	–	1,735	1,735
Balance at December 31, 2024	103,807	7,486	2,590	113,883
Credit card				
Balance at January 1, 2024	126,916	2,656	3,562	133,134
Newly originated assets that remained in Stage 1 as at year-end*	12,163	–	–	12,163
Assets derecognized or repaid	(637)	(274)	(296)	(1,207)
Amounts written-off	–	–	(10,237)	(10,237)
Transfers to/(from) Stage 1	(8,996)	–	–	(8,996)
Transfers to/(from) Stage 2	–	3,442	–	3,442
Transfers to/(from) Stage 3	–	–	5,554	5,554
Others**	20,641	(2,615)	6,066	24,092
Balance at December 31, 2024	150,087	3,209	4,649	157,945
Trade loans				
Balance at January 1, 2024	50,688	576	354	51,618
Newly originated assets that remained in Stage 1 as at year-end	63,493	–	–	63,493
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	358	122	480
Assets derecognized or repaid	(46,934)	(411)	(12)	(47,357)
Others	77	–	–	77
Balance at December 31, 2024	67,324	523	464	68,311
Other loans				
Balance at January 1, 2024	11,576	988	279	12,843
Newly originated assets that remained in Stage 1 as at year-end	10,840	–	–	10,840
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	362	14	376
Assets derecognized or repaid	(6,392)	(234)	(52)	(6,678)
Amounts written-off	–	–	(223)	(223)
Transfers to/(from) Stage 1	(291)	–	–	(291)
Transfers to/(from) Stage 2	–	167	–	167
Transfers to/(from) Stage 3	–	–	124	124
Others	(328)	2	101	(225)
Balance at December 31, 2024	15,405	1,285	243	16,933
Total receivables from customers				
Balance at January 1, 2024	1,445,800	78,445	27,164	1,551,409
Newly originated assets that remained in Stage 1 as at year-end	840,768	–	–	840,768
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	37,288	7,265	44,553
Assets derecognized or repaid	(590,542)	(37,436)	(8,584)	(636,562)
Amounts written-off	–	–	(12,445)	(12,445)
Transfers to/(from) Stage 1	(10,736)	–	–	(10,736)
Transfers to/(from) Stage 2	–	3,001	–	3,001
Transfers to/(from) Stage 3	–	–	7,735	7,735
Others	23,681	(2,498)	6,197	27,380
Balance at December 31, 2024	₱1,708,971	₱78,800	₱27,332	₱1,815,103

*includes newly booked accounts during the year

**includes drawdowns from existing customers

	Parent Company			
	Receivable from Customers			
	Stage 1	Stage 2	Stage 3	Total
2025				
Commercial loans				
Balance at January 1, 2025	₱1,197,083	₱59,522	₱15,336	₱1,271,941
Newly originated assets that remained in Stage 1 as at year-end	658,218	-	-	658,218
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	16,844	1,100	17,944
Assets derecognized or repaid	(542,215)	(24,559)	(1,265)	(568,039)
Amounts written off	-	-	(20)	(20)
Transfers to/(from) Stage 1	16,828	-	-	16,828
Transfers to/(from) Stage 2	-	(17,149)	-	(17,149)
Transfers to/(from) Stage 3	-	-	321	321
Others	1,084	-	14	1,098
Balance at December 31, 2025	1,330,998	34,658	15,486	1,381,142
Residential mortgage loans				
Balance at January 1, 2025	51,813	1,461	813	54,087
Newly originated assets that remained in Stage 1 as at year-end	15,759	-	-	15,759
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	74	57	131
Assets derecognized or repaid	(10,651)	(736)	(267)	(11,654)
Transfers to/(from) Stage 1	(689)	-	-	(689)
Transfers to/(from) Stage 2	-	486	-	486
Transfers to/(from) Stage 3	-	-	203	203
Balance at December 31, 2025	56,232	1,285	806	58,323
Auto loans				
Balance at January 1, 2025	23,035	106	283	23,424
Newly originated assets that remained in Stage 1 as at year-end	12,727	-	-	12,727
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	45	10	55
Assets derecognized or repaid	(10,102)	(90)	(73)	(10,265)
Amounts written off	-	-	(17)	(17)
Transfers to/(from) Stage 1	(136)	-	-	(136)
Transfers to/(from) Stage 2	-	78	-	78
Transfers to/(from) Stage 3	-	-	58	58
Balance at December 31, 2025	25,524	139	261	25,924
Credit card				
Balance at January 1, 2025	150,087	3,209	4,649	157,945
Newly originated assets that remained in Stage 1 as at year-end*	15,519	-	-	15,519
Assets derecognized or repaid	(701)	(328)	(366)	(1,395)
Amounts written-off	-	-	(4,294)	(4,294)
Transfers to/(from) Stage 1	(12,359)	-	-	(12,359)
Transfers to/(from) Stage 2	-	2,995	-	2,995
Transfers to/(from) Stage 3	-	-	9,364	9,364
Others**	21,656	(2,176)	2,179	21,659
Balance at December 31, 2025	174,202	3,700	11,532	189,434
Trade loans				
Balance at January 1, 2025	61,771	523	464	62,758
Newly originated assets that remained in Stage 1 as at year-end	46,996	-	-	46,996
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	230	398	628
Assets derecognized or repaid	(61,771)	(398)	(127)	(62,296)
Others	-	-	-	-
Balance at December 31, 2025	46,996	355	735	48,086
Other loans				
Balance at January 1, 2025	15,124	29	80	15,233
Newly originated assets that remained in Stage 1 as at year-end	10,787	-	-	10,787
Assets derecognized or repaid	(9,634)	-	-	(9,634)
Amounts written off	-	-	(126)	(126)
Transfers to/(from) Stage 1	(92)	-	-	(92)
Transfers to/(from) Stage 2	-	24	-	24
Transfers to/(from) Stage 3	-	-	68	68
Others	(373)	(1)	105	(269)
Balance at December 31, 2025	15,812	52	127	15,991

(Forward)

	Parent Company				
	Receivable from Customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
2025					
Total receivables from customers					
Balance at January 1, 2025	₱1,498,913	₱64,850	₱21,625	-	₱1,585,388
Newly originated assets that remained in Stage 1 as at year-end	760,006	-	-	-	760,006
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	17,193	1,565	-	18,758
Assets derecognized or repaid	(635,074)	(26,111)	(2,098)	-	(663,283)
Amounts written-off	-	-	(4,457)	-	(4,457)
Transfers to/(from) Stage 1	3,552	-	-	-	3,552
Transfers to/(from) Stage 2	-	(13,566)	-	-	(13,566)
Transfers to/(from) Stage 3	-	-	10,014	-	10,014
Others	22,367	(2,177)	2,298	-	22,488
Balance at December 31, 2025	₱1,649,764	₱40,189	₱28,947	-	₱1,718,900
2024					
Commercial loans					
Balance at January 1, 2024	₱1,023,425	₱46,897	₱14,858	₱439	₱1,085,619
Newly originated assets that remained in Stage 1 as at year-end	665,096	-	-	-	665,096
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	34,899	6,317	-	41,216
Assets derecognized or repaid	(487,518)	(28,704)	(5,357)	-	(521,579)
Amounts written off	-	-	(378)	(439)	(817)
Transfers to/(from) Stage 1	(6,179)	-	-	-	(6,179)
Transfers to/(from) Stage 2	-	6,315	-	-	6,315
Transfers to/(from) Stage 3	-	-	(136)	-	(136)
Others	2,259	115	32	-	2,406
Balance at December 31, 2024	1,197,083	59,522	15,336	-	1,271,941
Residential mortgage loans					
Balance at January 1, 2024	49,541	1,831	901	-	52,273
Newly originated assets that remained in Stage 1 as at year-end	13,617	-	-	-	13,617
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	17	25	-	42
Assets derecognized or repaid	(10,613)	(911)	(321)	-	(11,845)
Transfers to/(from) Stage 1	(732)	-	-	-	(732)
Transfers to/(from) Stage 2	-	524	-	-	524
Transfers to/(from) Stage 3	-	-	208	-	208
Balance at December 31, 2024	51,813	1,461	813	-	54,087
Auto loans					
Balance at January 1, 2024	20,394	592	318	-	21,304
Newly originated assets that remained in Stage 1 as at year-end	11,202	-	-	-	11,202
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	19	8	-	27
Assets derecognized or repaid	(8,845)	(155)	(94)	-	(9,094)
Amounts written off	-	-	(15)	-	(15)
Transfers to/(from) Stage 1	284	-	-	-	284
Transfers to/(from) Stage 2	-	(350)	-	-	(350)
Transfers to/(from) Stage 3	-	-	66	-	66
Balance at December 31, 2024	23,035	106	283	-	23,424
Credit card					
Balance at January 1, 2024	126,916	2,656	3,562	-	133,134
Newly originated assets that remained in Stage 1 as at year-end*	12,163	-	-	-	12,163
Assets derecognized or repaid	(637)	(274)	(296)	-	(1,207)
Amounts written-off	-	-	(10,237)	-	(10,237)
Transfers to/(from) Stage 1	(8,996)	-	-	-	(8,996)
Transfers to/(from) Stage 2	-	3,442	-	-	3,442
Transfers to/(from) Stage 3	-	-	5,554	-	5,554
Others**	20,641	(2,615)	6,066	-	24,092
Balance at December 31, 2024	150,087	3,209	4,649	-	157,945

(Forward)

	Parent Company				
	Receivables from Customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
Trade loans					
Balance at January 1, 2024	₱46,934	₱576	₱354	₱-	₱47,864
Newly originated assets that remained in Stage 1 as at year-end	61,771	-	-	-	61,771
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	358	122	-	480
Assets derecognized or repaid	(46,934)	(411)	(12)	-	(47,357)
Balance at December 31, 2024	61,771	523	464	-	62,758
Other loans					
Balance at January 1, 2024	10,444	17	74	-	10,535
Newly originated assets that remained in Stage 1 as at year-end	10,768	-	-	-	10,768
Assets derecognized or repaid	(5,731)	-	(1)	-	(5,732)
Amounts written off	-	-	(108)	-	(108)
Transfers to/(from) Stage 1	(28)	-	-	-	(28)
Transfers to/(from) Stage 2	-	10	-	-	10
Transfers to/(from) Stage 3	-	-	18	-	18
Others	(329)	2	97	-	(230)
Balance at December 31, 2024	15,124	29	80	-	15,233
Total receivables from customers					
Balance at January 1, 2024	1,277,654	52,569	20,067	439	1,350,729
Newly originated assets that remained in Stage 1 as at year-end	774,617	-	-	-	774,617
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	35,293	6,472	-	41,765
Assets derecognized or repaid	(560,278)	(30,455)	(6,081)	-	(596,814)
Amounts written-off	-	-	(10,738)	(439)	(11,177)
Transfers to/(from) Stage 1	(15,651)	-	-	-	(15,651)
Transfers to/(from) Stage 2	-	9,941	-	-	9,941
Transfers to/(from) Stage 3	-	-	5,710	-	5,710
Others	22,571	(2,498)	6,195	-	26,268
Balance at December 31, 2024	₱1,498,913	₱64,850	₱21,625	₱-	₱1,585,388

*includes newly booked accounts during the year

**includes drawdowns from existing customers

The credit quality of other receivables, gross of allowance for credit losses, as of December 31, 2025 and 2024 follows:

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
2025				
Unquoted debt securities				
High grade	₱-	₱-	₱-	₱-
Non-performing individually impaired	-	-	385	385
Accrued interest receivable				
High grade	19,231	-	-	19,231
Standard grade	6,993	7	-	7,000
Watchlist grade	223	2	-	225
Classified grade	-	115	-	115
Sub-standard grade	23	121	-	144
Unrated	8	138	-	146
Non-performing individually impaired	-	-	223	223
	26,478	383	223	27,084
Sales contract receivable				
Unrated	8	-	-	8
Non-performing individually impaired	-	-	6	6
	8	-	6	14
Other receivables				
Standard grade	8	-	-	8
Unrated	4	-	-	4
Non-performing individually impaired	-	-	2	2
	12	-	2	14

(Forward)

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
Total other receivables				
High grade	₱19,231	₱-	₱-	₱19,231
Standard grade	7,001	7	-	7,008
Watchlist grade	223	2	-	225
Classified grade	-	115	-	115
Sub-standard grade	23	121	-	144
Unrated	20	138	-	158
Non-performing individually impaired	-	-	616	616
	₱26,498	₱383	₱616	₱27,497
2024				
Unquoted debt securities				
High grade	₱18	₱-	₱-	₱18
Non-performing individually impaired	-	-	385	385
	18	-	385	403
Accrued interest receivable				
High grade	17,159	-	-	17,159
Standard grade	6,798	26	-	6,824
Watchlist grade	1	165	-	166
Classified grade	-	23	-	23
Sub-standard grade	32	155	-	187
Unrated	23	124	-	147
Non-performing individually impaired	-	-	299	299
	24,013	493	299	24,805
Sales contract receivable				
Unrated	16	-	-	16
Non-performing individually impaired	-	-	7	7
	16	-	7	23
Other receivables				
Standard grade	8	-	-	8
Unrated	2	-	-	2
Non-performing individually impaired	-	-	2	2
	10	-	2	12
Total other receivables				
High grade	17,177	-	-	17,177
Standard grade	6,806	26	-	6,832
Watchlist grade	1	165	-	166
Classified grade	-	23	-	23
Sub-standard grade	32	155	-	187
Unrated	41	124	-	165
Non-performing individually impaired	-	-	693	693
	₱24,057	₱493	₱693	₱25,243

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
2025				
Unquoted debt securities				
High grade	₱-	₱-	₱-	₱-
Non-performing individually impaired	-	-	385	385
Accrued interest receivable				
High grade	16,259	-	-	16,259
Standard grade	6,921	7	-	6,928
Watchlist grade	223	2	-	225
Classified grade	-	115	-	115
Sub-standard grade	22	5	-	27
Unrated	7	-	-	7
Non-performing individually impaired	-	-	90	90
	23,432	129	90	23,651
Sales contract receivable				
Unrated	8	-	-	8
Non-performing individually impaired	-	-	2	2
	8	-	2	10
Other receivables				
Non-performing individually impaired	-	-	2	2
	-	-	2	2

(Forward)

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
Total other receivables				
High grade	₱16,259	₱–	₱–	₱16,259
Standard grade	6,921	7	–	6,928
Watchlist grade	223	2	–	225
Classified grade	–	115	–	115
Sub-standard grade	22	5	–	27
Unrated	15	–	–	15
Non-performing individually impaired	–	–	479	479
	₱23,440	₱129	₱479	₱24,048

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
2024				
Unquoted debt securities				
High grade	₱18	₱–	₱–	₱18
Non-performing individually impaired	–	–	385	385
	18	–	385	403
Accrued interest receivable				
High grade	14,507	–	–	14,507
Standard grade	6,713	26	–	6,739
Watchlist grade	1	165	–	166
Classified grade	–	23	–	23
Sub-standard grade	32	6	–	38
Unrated	21	–	–	21
Non-performing individually impaired	–	–	209	209
	21,274	220	209	21,703
Sales contract receivable				
Unrated	16	–	–	16
Non-performing individually impaired	–	–	2	2
	16	–	2	18
Other receivables				
Non-performing individually impaired	–	–	2	2
	–	–	2	2
Total other receivables				
High grade	14,525	–	–	14,525
Standard grade	6,713	26	–	6,739
Watchlist grade	1	165	–	166
Classified grade	–	23	–	23
Sub-standard grade	32	6	–	38
Unrated	37	–	–	37
Non-performing individually impaired	–	–	598	598
	₱21,308	₱220	₱598	₱22,126

Movements during 2025 and 2024 for other receivables follow:

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
2025				
Balance at January 1, 2025	₱24,057	₱493	₱693	₱25,243
Newly originated assets that remained in Stage 1 as at year-end	19,243	–	–	19,243
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	102	69	171
Assets derecognized or repaid	(16,619)	(150)	(118)	(16,887)
Amounts written off	–	–	(21)	(21)
Transfers to/(from) Stage 1	8	–	–	8
Transfers to/(from) Stage 2	–	(68)	–	(68)
Transfers to/(from) Stage 3	–	–	60	60
Others	(191)	6	(67)	(252)
Balance at December 31, 2025	₱26,498	₱383	₱616	₱27,497

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
2024				
Balance at January 1, 2024	₱20,447	₱796	₱1,014	₱22,257
Newly originated assets that remained in Stage 1 as at year-end	18,306	–	–	18,306
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	184	73	257
Assets derecognized or repaid	(14,695)	(385)	(436)	(15,516)
Amounts written off	–	–	(1)	(1)
Transfers to/(from) Stage 1	59	–	–	59
Transfers to/(from) Stage 2	–	(102)	–	(102)
Transfers to/(from) Stage 3	–	–	43	43
Others	(60)	–	–	(60)
Balance at December 31, 2024	₱24,057	₱493	₱693	₱25,243

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
2025				
Balance at January 1, 2025	₱21,308	₱220	₱598	₱22,126
Newly originated assets that remained in Stage 1 as at year-end	18,236	–	–	18,236
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	53	29	82
Assets derecognized or repaid	(15,983)	(70)	(82)	(16,135)
Transfers to/(from) Stage 1	79	–	–	79
Transfers to/(from) Stage 2	–	(80)	–	(80)
Transfers to/(from) Stage 3	–	–	1	1
Others	(200)	6	(67)	(261)
Balance at December 31, 2025	₱23,440	₱129	₱479	₱24,048

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
2024				
Balance at January 1, 2024	₱16,760	₱284	₱870	₱17,914
Newly originated assets that remained in Stage 1 as at year-end	17,044	–	–	17,044
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	140	47	187
Assets derecognized or repaid	(12,478)	(220)	(320)	(13,018)
Amounts written off	–	–	(1)	(1)
Transfers to/(from) Stage 1	(18)	–	–	(18)
Transfers to/(from) Stage 2	–	16	–	16
Transfers to/(from) Stage 3	–	–	2	2
Balance at December 31, 2024	₱21,308	₱220	₱598	₱22,126

The credit risk exposure on the accounts receivable of the Group and the Parent Company based on their aging as of December 31, 2025 and 2024 follows:

Age of accounts receivables	Consolidated		Parent Company	
	2025	2024	2025	2024
Current	₱952	₱–	₱–	₱–
Up to 1 month	25,627	17,494	10,837	4,809
> 1 to 2 months	47	312	27	277
> 2 to 3 months	32	94	22	75
More than 3 months	4,084	4,218	3,485	3,574
Total gross carrying amount	₱30,742	₱22,118	₱14,371	₱8,735

The maximum exposure and credit quality of loan commitments and financial guarantees as of December 31, 2025 and 2024 follows:

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
2025				
High grade	₱16,093	₱–	₱–	₱16,093
Standard grade	410,533	704	–	411,237
Substandard grade	–	–	1,000	1,000
Unrated	107,932	892	11	108,835
	₱534,558	₱1,596	₱1,011	₱537,165
2024				
High grade	₱15,501	₱–	₱–	₱15,501
Standard grade	331,070	568	–	331,638
Substandard grade	–	–	806	806
Unrated	86,416	10,917	8	97,341
	₱432,987	₱11,485	₱814	₱445,286

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
2025				
Standard grade	₱410,504	₱704	₱–	₱411,208
Substandard grade	–	–	1,000	1,000
Unrated	107,931	892	11	108,834
	₱518,435	₱1,596	₱1,011	₱521,042
2024				
Standard grade	₱330,990	₱568	₱–	₱331,558
Substandard grade	–	–	806	806
Unrated	86,416	10,917	8	97,341
	₱417,406	₱11,485	₱814	₱429,705

Movements during 2025 and 2024 for loan commitments and financial guarantees follow:

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
2025				
Balance at January 1, 2025	₱432,987	₱11,485	₱814	₱445,286
New assets originated or purchased	113,435	–	–	113,435
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	57	–	57
Assets derecognized or repaid	(70,613)	(10,735)	(964)	(82,312)
Transfers to/(from) Stage 1	415	–	–	415
Transfers to/(from) Stage 2	–	(363)	–	(363)
Transfers to/(from) Stage 3	–	–	(52)	(52)
Others	58,334	1,152	1,213	60,699
Balance at December 31, 2025	₱534,558	₱1,596	₱1,011	₱537,165
2024				
Balance at January 1, 2024	₱365,607	₱3,139	₱859	₱369,605
New assets originated or purchased	74,899	–	–	74,899
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	14	–	14
Assets derecognized or repaid	(39,198)	(711)	(1,083)	(40,992)
Transfers to/(from) Stage 1	(5,098)	–	–	(5,098)
Transfers to/(from) Stage 2	–	3,955	–	3,955
Transfers to/(from) Stage 3	–	–	1,143	1,143
Others	36,777	5,088	(105)	41,760
Balance at December 31, 2024	₱432,987	₱11,485	₱814	₱445,286

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
2025				
Balance at January 1, 2025	₱417,406	₱11,485	₱814	₱429,705
New assets originated or purchased	113,435	–	–	113,435
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	57	–	57
Assets derecognized or repaid	(70,271)	(10,735)	(964)	(81,970)
Transfers to/(from) Stage 1	415	–	–	415
Transfers to/(from) Stage 2	–	(363)	–	(363)
Transfers to/(from) Stage 3	–	–	(52)	(52)
Others	57,450	1,152	1,213	59,815
Balance at December 31, 2025	₱518,435	₱1,596	₱1,011	₱521,042
2024				
Balance at January 1, 2024	₱348,929	₱3,139	₱859	₱352,927
New assets originated or purchased	74,899	–	–	74,899
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	14	–	14
Assets derecognized or repaid	(37,798)	(711)	(1,083)	(39,592)
Transfers to/(from) Stage 1	(5,098)	–	–	(5,098)
Transfers to/(from) Stage 2	–	3,955	–	3,955
Transfers to/(from) Stage 3	–	–	1,143	1,143
Others	36,474	5,088	(105)	41,457
Balance at December 31, 2024	₱417,406	₱11,485	₱814	₱429,705

Breakdown of restructured receivables from customers by class are shown below:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Commercial loans	₱6,205	₱3,827	₱6,057	₱3,453
Residential mortgage loans	66	86	37	43
Others	–	1	–	–
	₱6,271	₱3,914	₱6,094	₱3,496

As of December 31, 2025 and 2024, an analysis by past due status of receivables from customers wherein the SICR is based only on the past due information is as follows:

	Consolidated					
	Number of Days Past Due					
	Within 30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
2025						
Auto loans	₱251	₱3,685	₱1,636	₱1,739	₱2,177	₱9,488
Residential mortgage loans	944	1,172	445	378	962	3,901
Credit card	–	2,131	3,434	3,002	11,488	20,055
	₱1,195	₱6,988	₱5,515	₱5,119	₱14,627	₱33,444
2024						
Auto loans	₱135	₱2,653	₱1,067	₱1,145	₱1,239	₱6,239
Residential mortgage loans	794	1,175	278	231	961	3,439
Credit card	–	1,728	1,481	2,769	1,880	7,858
	₱929	₱5,556	₱2,826	₱4,145	₱4,080	₱17,536

	Parent Company					
	Number of Days Past Due					
	Within 30 Days	31-60 Days	61-90 Days	91-180 Days	Over 180 Days	Total
2025						
Auto loans	₱21	₱11	₱18	₱16	₱212	₱278
Residential mortgage loans	276	67	53	68	415	879
Credit card	–	2,131	3,434	3,002	11,488	20,055
	₱297	₱2,209	₱3,505	₱3,086	₱12,115	₱21,212
2024						
Auto loans	₱29	₱11	₱5	₱7	₱237	₱289
Residential mortgage loans	221	135	14	54	422	846
Credit card	–	1,728	1,481	2,769	1,880	7,858
	₱250	₱1,874	₱1,500	₱2,830	₱2,539	₱8,993

Liquidity Risk

Liquidity risk is the current and prospective risk to earnings or capital arising from the inability to meet its obligations when they become due. This may be caused by the inability to liquidate assets or to obtain funding to meet the liquidity needs. The Group manages its liquidity risk by holding adequate stock of high-quality liquid assets, analyzing net funding requirements over time, diversifying funding sources and contingency planning.

To measure the prospective liquidity needs, the Group uses Maximum Cumulative Outflow (MCO), a liquidity gap tool to project short-term and long-term cash flow expectations on a business-as-usual condition.

The MCO is generated by distributing the cash flows of the Group's assets, liabilities and off-balance sheet items to time bands based on cash flow expectations such as contractual maturity, nature of the account, behavioral patterns, projections on business strategies, and/or optionality of certain products. The incorporation of behavioral cash flow assumptions and business projections or targets results in a dynamic gap report that realistically captures the behavior of the products and creates a forward-looking cash flow projection.

Cash flows from assets are considered as cash inflows, while cash flows from liabilities are considered cash outflows. The net cash flows are determined for each given time period. If the inflows exceed the outflows, the Group is said to have a positive liquidity gap or has excess funds for the given time bucket. Conversely, if the outflows exceed the inflows, the Group is said to have a negative liquidity gap or has funding needs for the given time bucket.

The MCO is monitored regularly to ensure that it remains within the set limits. The Parent Company generates and monitors daily its MCO, while the subsidiaries generate the report at least monthly. The liquidity profile of the Group is reported monthly to the Parent Company's ALCO and ROC.

To supplement the business-as-usual scenario parameters reflected in the MCO report, the Group also conducts liquidity stress testing to determine the impact of extreme factors, scenarios and/or events to the Group's liquidity profile. Liquidity stress testing exercise is performed quarterly on a per firm basis, and at least annually on the Group-wide level.

Financial assets

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

Financial liabilities

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

The tables below summarize the maturity profile of financial instruments and gross-settled derivatives based on contractual undiscounted cash flows:

	Consolidated							Total
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year		
2025								
Financial Assets								
Cash and other cash items	₱34,577	₱-	₱-	₱-	₱-	₱-	₱-	₱34,577
Due from BSP	106,042	-	-	-	-	-	-	106,042
Due from other banks	53,198	6,331	4,771	148	9	-	-	64,457
Interbank loans receivable and SPURA	59	43,940	6,434	12,347	9,913	-	-	72,693
Investment securities at FVTPL								
FVTPL investments	-	37	95,440	-	-	98	-	95,575
Derivative assets								
Trading:								
Receive	-	142,523	76,542	46,180	25,938	202,970	-	494,153
Pay	-	(140,296)	(75,080)	(45,027)	(24,289)	(190,666)	-	(475,358)
	-	2,227	1,462	1,153	1,649	12,304	-	18,795
Investment securities at FVOCI	-	355,924	8,321	17,546	20,388	735,562	-	1,137,741
Investment securities at amortized cost	-	543	5,326	3,127	7,681	575,468	-	592,145
Loans and receivables								
Receivables from customers	118,699	308,000	188,176	129,627	128,221	1,519,934	-	2,392,657
Accrued interest receivable	120	24,038	392	1,064	101	1,369	-	27,084
Accounts receivable	12,871	17,738	45	17	39	32	-	30,742
Sales contract receivable	9	-	1	1	3	-	-	14
Other receivables	5	7	-	-	-	2	-	14
Other assets								
Returned checks and other cash items	555	-	-	-	-	-	-	555
Residual values of leased assets	35	9	13	20	41	247	-	365
Miscellaneous	309	152	1,096	5	15	198	-	1,775
	₱326,479	₱758,946	₱311,477	₱165,055	₱168,060	₱2,845,214	-	₱4,575,231

	Consolidated							Total
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year		
Financial Liabilities								
Non-derivative liabilities								
Deposit liabilities								
Demand	₱642,415	₱-	₱-	₱-	₱-	₱-	₱-	₱642,415
Savings	932,693	-	-	-	-	-	-	932,693
Time	558	800,671	193,379	57,397	17,266	21,702	-	1,090,973
	1,575,666	800,671	193,379	57,397	17,266	21,702	-	2,666,081
Bills payable and SSURA	-	469,839	18,175	17,173	1,177	27,381	-	533,745
Manager's checks and demand drafts outstanding	7,293	-	-	-	-	-	-	7,293
Accrued interest payable	315	5,063	1,630	1,018	226	185	-	8,437
Accrued other expenses	6,711	523	1,911	-	2	-	-	9,147
Bonds payable	-	29,404	151	830	20,907	81,762	-	133,054
Other liabilities								
Lease liability	-	264	377	452	840	5,743	-	7,676
Bills purchased - contra	14,175	-	-	-	-	-	-	14,175
Accounts payable	11,244	31,408	162	222	322	12	-	43,370
Marginal deposits	1,429	3,287	748	3,758	5,468	1,261	-	15,951
Outstanding acceptances	-	303	605	362	277	-	-	1,547
Deposits on lease contracts	57	30	22	57	72	418	-	656
Dividends payable	121	-	-	-	-	-	-	121
Miscellaneous	237	-	-	-	-	-	-	237
	1,617,248	1,340,792	217,160	81,269	46,557	138,464	-	3,441,490
Derivative liabilities*								
Trading:								
Pay	-	203,803	82,865	51,849	29,488	158,249	-	526,254
Receive	-	(201,501)	(81,805)	(49,899)	(28,747)	(151,214)	-	(513,166)
	-	2,302	1,060	1,950	741	7,035	-	13,088
Loan commitments and financial guarantees	415,240	14,189	18,527	29,102	33,992	26,115	-	537,165
	₱2,032,488	₱1,357,283	₱236,747	₱112,321	₱81,290	₱171,614	-	₱3,991,743
2024								
Financial Assets								
Cash and other cash items	₱33,726	₱-	₱-	₱-	₱-	₱-	₱-	₱33,726
Due from BSP	150,128	-	-	-	-	-	-	150,128
Due from other banks	73,488	4,639	3,896	130	27	-	-	82,180
Interbank loans receivable and SPURA	400	65,931	8,637	2,819	3,596	-	-	81,383
Investment securities at FVTPL								
FVTPL investments	300	78	208,390	-	-	77	-	208,845
Derivative assets								
Trading:								
Receive	-	159,815	101,325	48,844	48,644	160,018	-	518,646
Pay	-	(156,199)	(98,617)	(47,550)	(45,501)	(153,279)	-	(501,146)
	-	3,616	2,708	1,294	3,143	6,739	-	17,500
Investment securities at FVOCI	-	77,327	12,750	10,081	55,857	570,221	-	726,236
Investment securities at amortized cost	-	716	5,664	488	3,387	610,332	-	620,587
Loans and receivables								
Receivables from customers	102,348	274,872	240,357	120,022	124,666	1,314,491	-	2,176,756
Unquoted debt securities	-	-	18	-	-	-	-	18
Accrued interest receivable	499	22,813	230	1	509	753	-	24,805
Accounts receivable	9,931	11,550	46	38	65	488	-	22,118
Sales contract receivable	11	1	1	2	3	5	-	23
Other receivables	2	1	2	1	2	4	-	12
Other assets								
Returned checks and other cash items	232	-	-	-	-	-	-	232
Residual values of leased assets	54	29	10	18	57	223	-	391
Miscellaneous	180	1	1,170	2	15	190	-	1,558
	₱371,299	₱461,574	₱483,879	₱134,896	₱191,327	₱2,503,523	-	₱4,146,498

	Consolidated						
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	Total
Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
Demand	₱608,370	₱-	₱-	₱-	₱-	₱-	₱608,370
Savings	879,568	-	-	-	-	-	879,568
Time	10,655	831,391	144,379	46,214	24,045	35,533	1,092,217
Bills payable and SSURA	1,498,593	831,391	144,379	46,214	24,045	35,533	2,580,155
Manager's checks and demand drafts outstanding	-	188,692	28,398	57,434	28,293	-	302,817
Accrued interest payable	6,901	-	-	-	-	-	6,901
Accrued other expenses	376	6,607	1,926	1,180	415	17	10,521
Bonds payable	7,945	493	1,822	1	-	-	10,261
Other liabilities	-	9	112	775	2,271	126,852	130,019
Lease liability	29	197	534	404	728	5,275	7,167
Bills purchased - contra	13,889	-	-	-	-	-	13,889
Accounts payable	15,203	24,267	243	87	232	2	40,034
Marginal deposits	2,054	2,613	4,256	5,484	4,394	-	18,801
Outstanding acceptances	-	702	369	48	59	-	1,178
Deposits on lease contracts	86	55	14	21	125	364	665
Dividends payable	88	-	-	-	-	-	88
Miscellaneous	6	-	-	-	-	-	6
Derivative liabilities*	1,545,170	1,055,026	182,053	111,648	60,562	168,043	3,122,502
Trading:							
Pay	-	132,347	92,617	33,500	53,231	92,943	404,638
Receive	-	(128,958)	(90,132)	(32,371)	(49,704)	(89,121)	(390,286)
Loan commitments and financial guarantees	-	3,389	2,485	1,129	3,527	3,822	14,352
	₱1,882,275	₱1,065,901	₱210,277	₱127,454	₱102,619	₱193,614	₱3,582,140

*Does not include derivatives embedded in financial and non-financial contracts.

	Parent Company						
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	Total
2025							
Financial Assets							
Cash and other cash items	₱32,871	₱-	₱-	₱-	₱-	₱-	₱32,871
Due from BSP	105,641	-	-	-	-	-	105,641
Due from other banks	36,900	2,862	2,925	-	-	-	42,687
Interbank loans receivable and SPURA	-	34,600	1,380	-	-	-	35,980
Investment securities at FVTPL							
FVTPL investments	-	-	95,440	-	-	98	95,538
Derivative assets							
Trading:							
Receive	-	142,521	76,542	46,177	25,937	202,970	494,147
Pay	-	(140,296)	(75,080)	(45,027)	(24,289)	(190,666)	(475,358)
Investment securities at FVOCI	-	2,225	1,462	1,150	1,648	12,304	18,789
Investment securities at amortized cost	-	343,606	-	15,155	13,477	677,228	1,049,466
Loans and receivables							
Receivables from customers	115,841	297,416	169,702	103,268	75,418	1,271,164	2,032,809
Accrued interest receivable	-	23,651	-	-	-	-	23,651
Accounts receivable	14,371	-	-	-	-	-	14,371
Sales contract receivable	5	-	1	1	3	-	10
Other receivables	2	-	-	-	-	-	2
Other assets							
Returned checks and other cash items	533	-	-	-	-	-	533
Miscellaneous	-	151	1,094	-	-	-	1,245
	₱306,164	₱704,511	₱276,244	₱119,574	₱94,997	₱2,509,704	₱4,011,194

(Forward)

	Parent Company						
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	Total
Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
Demand	₱586,157	₱-	₱-	₱-	₱-	₱-	₱586,157
Savings	884,817	-	-	-	-	-	884,817
Time	110	714,166	154,992	25,532	11,625	399	906,824
Bills payable and SSURA	1,471,084	714,166	154,992	25,532	11,625	399	2,377,798
Manager's checks and demand drafts outstanding	-	453,586	11,547	16,147	-	27,381	508,661
Accrued interest payable	6,478	-	-	-	-	-	6,478
Accrued other expenses	17	4,815	1,453	843	88	108	7,324
Bonds payable	6,510	-	-	-	-	-	6,510
Other liabilities	-	29,404	112	759	20,759	74,058	125,092
Lease liability	-	204	91	253	490	4,647	5,685
Bills purchased - contra	14,175	-	-	-	-	-	14,175
Accounts payable	5,544	13,466	-	-	-	-	19,010
Outstanding acceptances	-	303	605	362	277	-	1,547
Marginal deposits	-	-	399	-	-	-	399
Derivative liabilities*	1,503,808	1,215,944	169,199	43,896	33,239	106,593	3,072,679
Trading:							
Pay	-	203,802	82,865	51,849	29,487	158,249	526,252
Receive	-	(201,501)	(81,805)	(49,899)	(28,747)	(151,214)	(513,166)
Loan commitments and financial guarantees	-	2,301	1,060	1,950	740	7,035	13,086
	₱1,919,018	₱1,228,364	₱187,543	₱64,168	₱67,971	₱139,743	₱3,606,807

2024

Financial Assets							
Cash and other cash items	₱31,929	₱-	₱-	₱-	₱-	₱-	₱31,929
Due from BSP	148,945	-	-	-	-	-	148,945
Due from other banks	58,916	220	3,304	-	-	-	62,440
Interbank loans receivable and SPURA	-	52,539	1,455	-	-	-	53,994
Investment securities at FVTPL							
FVTPL investments	-	-	208,387	-	-	77	208,464
Derivative assets							
Trading:							
Receive	-	159,814	101,325	48,843	48,644	160,018	518,644
Pay	-	(156,199)	(98,617)	(47,550)	(45,501)	(153,279)	(501,146)
Investment securities at FVOCI	-	3,615	2,708	1,293	3,143	6,739	17,498
Investment securities at amortized cost	-	62,076	7,125	4,623	50,589	536,658	661,071
Loans and receivables							
Receivables from customers	98,788	264,787	220,216	92,977	91,963	1,075,732	1,844,463
Unquoted debt securities	-	-	18	-	-	-	18
Accrued interest receivable	-	21,703	-	-	-	-	21,703
Accounts receivable	8,735	-	-	-	-	-	8,735
Sales contract receivable	7	1	1	2	3	5	19
Other receivables	2	-	-	-	-	-	2
Other assets							
Returned checks and other cash items	215	-	-	-	-	-	215
Miscellaneous	-	-	1,169	-	-	-	1,169
	₱347,537	₱404,941	₱449,546	₱98,895	₱145,698	₱2,197,731	₱3,644,348

Financial Liabilities							
Non-derivative liabilities							
Deposit liabilities							
Demand	₱559,133	₱-	₱-	₱-	₱-	₱-	₱559,133
Savings	832,157	-	-	-	-	-	832,157
Time	65	775,569	116,262	25,284	16,079	534	933,793
Bills payable and SSURA	1,391,355	775,569	116,262	25,284	16,079	534	2,325,083
Manager's checks and demand drafts outstanding	-	179,525	27,175	54,954	27,025	-	288,679
Accrued interest payable	5,286	-	-	-	-	-	5,286

(Forward)

	Parent Company							Total
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year		
Accrued interest payable	P14	P6,141	P1,785	P1,180	P339	P17	P9,476	
Accrued other expenses	7,749	–	–	–	–	–	7,749	
Bonds payable	–	9	112	775	2,271	124,474	127,641	
Other liabilities								
Lease liability	29	159	87	234	430	4,237	5,176	
Bills purchased - contra	13,889	–	–	–	–	–	13,889	
Accounts payable	8,190	12,475	–	–	–	–	20,665	
Outstanding acceptances	–	702	369	48	59	–	1,178	
Marginal deposits	–	–	17	–	–	–	17	
	1,426,512	974,580	145,807	82,475	46,203	129,262	2,804,839	
Derivative liabilities*								
Trading:								
Pay	–	132,347	92,616	33,499	53,231	92,943	404,636	
Receive	–	(128,958)	(90,132)	(32,371)	(49,704)	(89,121)	(390,286)	
	–	3,389	2,484	1,128	3,527	3,822	14,350	
Loan commitments and financial guarantees	337,025	7,486	25,739	14,677	23,029	21,749	429,705	
	P1,763,537	P985,455	P174,030	P98,280	P72,759	P154,833	P3,248,894	

*Does not include derivatives embedded in financial and non-financial contracts.

Market Risk

Market risk is the possibility of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, and other market factors.

Market risk originates from holdings in foreign currencies, debt securities and derivatives transactions.

Depending on the business model for the product, that is, whether they belong to the trading book or banking book, the Group applies different tools and processes to manage market risk exposures. Risk limits, approved by the BOD, are enforced to monitor and control this risk. RSK, as an independent body under the ROC, performs daily market risk analyses to ensure compliance to policies and limits, while Treasury Group manages the asset/liability risks arising from both banking book and trading operations in financial markets. The ALCO, chaired by the President, manages market risks within the parameters approved by the BOD.

As part of group supervision, the Parent Company regularly coordinates with subsidiaries to monitor their compliance to their respective risk tolerances and to ensure alignment of risk management practices. Each subsidiary has its own risk management unit responsible for monitoring its market risk exposures. The Parent Company, however, requires regular submission of market risk profiles from subsidiaries which are presented to ALCO and ROC in both individual and consolidated forms to provide senior management and ROC a holistic perspective and ensure alignment of strategies and risk appetite across the Group.

Market risk - trading book

In measuring the potential loss in its trading portfolio, the Parent Company uses Value-at-Risk (VaR). VaR is an estimate of the potential decline in the value of a portfolio, under normal market conditions, for a given “confidence level” over a specified holding period. The Parent Company measures and monitors the Trading Book VaR daily and this value is compared against the set VaR limit. Meanwhile, the Group VaR is monitored and reported monthly.

VaR methodology assumptions and parameters

Historical Simulation (HS) is used to compute the VaR. This method assumes that market rates volatility in the future will follow the same movement that occurred within the 260-day historical period. In calculating VaR, a 99.00% confidence level and a one-day holding period are assumed.

This means that, statistically, within a one-day horizon, the trading losses will exceed VaR in 1 out of 100 trading days.

Like any other model, the HS method has its own limitations. To wit, it cannot predict volatility levels which did not happen in the specified historical period. The validity of the VaR model is verified through a daily backtesting analysis, which examines how frequently both actual and hypothetical daily losses exceed VaR. The result of the daily backtesting analysis is reported to the ALCO and ROC monthly.

A summary of the VaR levels of the trading portfolio of the Parent Company appears below:

	Rates and FX	Fixed Income	FX Options
As of December 31, 2025			
December 29	P91.63	P277.28	P1.04
Average	134.29	185.68	3.50
Highest	382.43	289.92	19.21
Lowest	77.28	87.19	0.57
As of December 31, 2024			
December 27	P265.62	P370.34	P6.60
Average	316.26	295.95	12.41
Highest	692.55	482.23	46.20
Lowest	115.46	115.97	2.31

Rates and Foreign Exchange (FX) VaR is the correlated VaR of the following products: FX spot, outright forward, non-deliverable forwards, FX swaps, interest rate swaps, and cross-currency swaps. The Fixed Income VaR is the correlated VaR of these products: peso and foreign currency bonds, bond forwards and credit default swaps (CDS).

Subsidiaries with trading books perform daily mark-to-market valuation and VaR calculations for their exposures. Risk exposures are bounded by a system of risk limits and monitoring tools to effectively manage these risks.

The table below summarizes the VaR levels of PSBank:

	Fixed Income	FX
As of December 31, 2025		
December 29	P0.000	P0.585
Average	0.809	1.084
Highest	1.997	1.666
Lowest	0.000	0.397
As of December 31, 2024		
December 27	P0.937	P0.059
Average	2.383	0.785
Highest	7.294	1.676
Lowest	0.323	0.059

The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit structures and by doing stress testing analysis. These processes address potential product concentration risks, monitor portfolio vulnerability and give the management an early advice if an actual loss goes beyond what is deemed to be tolerable to the Group and the Parent Company, even before the VaR limit is hit.

Stress testing is performed by the Parent Company on a quarterly basis and the results are reported to the ALCO and, subsequently, to the ROC and BOD. On a group-wide perspective, stress testing is done, at least, annually. The results are reported by the Parent Company's Risk Management Group to the BOD through ROC.

Market risk - banking book

The Group has in place their own risk management system and processes to quantify and manage market risks in the banking book. To the extent applicable, these are generally aligned with the Parent's framework/tools.

The Group assesses interest rate risk in the banking book using measurement tools such as Interest Rate Repricing Gap, Earnings-at-Risk (EaR) and Sensitivity Analysis.

Interest Rate Repricing Gap is a tool that distributes rate-sensitive assets and liabilities into pre-defined tenor buckets according to time remaining to their maturity (if fixed rate) or repricing (if floating rate). Items lacking definitive repricing schedules (for example, current and savings account) and items with actual maturities that could vary from contractual maturities (for example, securities with embedded options) are assigned to repricing tenor buckets based on an analysis of historical patterns, past experience and/or expert judgment.

EaR measures the possible decline in the Group's net interest income as a result of adverse interest rate movements, given the current repricing profile. It is a tool used to evaluate the sensitivity of the accrual portfolio to changes in interest rates in the adverse direction over the next twelve (12) months.

EaR methodology assumptions and parameters

The Group calculates EaR using Historical Simulations (HS) approach, with one-year horizon and using five years data. EaR is then derived as the 99th percentile biggest drop in net interest income.

The table below shows the EaR profile of the Parent Company and certain subsidiaries as of December 31, 2025 and 2024:

	Parent Company	PSBank	ORIX Metro	Group
2025	(₱7,513.99)	(₱2,062.02)	(₱111.57)	(₱9,659.65)
2024	(₱2,188.18)	(₱1,625.40)	(₱60.70)	(₱3,601.63)

The Parent Company generates and monitors daily its EaR exposure while the subsidiaries generate their EaR reports at least monthly.

The Parent Company employs the ΔEVE model to measure the overall change in the economic value of the bank at one point. It reflects the changes in the net present value of its banking book at different interest rate shocks and stress scenarios. ΔEVE is calculated by slotting the notional repricing cash flows arising from rate-sensitive assets and liabilities into pre-defined tenor buckets. The present value of the net repricing cash flows is then calculated using various interest rate scenarios prescribed by Basel, as well as scenarios internally developed by the Parent Company. For 2025 and 2024, the ΔEVE of the Parent Company ranges from ₱2.0 billion to (₱1.6 billion) and (₱1.4 billion) to (₱7.7 billion), respectively. As of December 31, 2025 and 2024, the ΔEVE stood at (₱0.2 billion) (0.06% of Common Equity Tier 1 (CET1) Capital) and (₱1.7 billion) (0.62% of CET1 Capital), respectively. The Parent Company has adequate capital to support potential change in value of equity even at worst stress scenario.

Aside from the tools above, the Parent Company and its subsidiaries perform regular sensitivity and stress testing analyses on their banking books to broaden their forward-looking analysis. This way, management can craft strategies to address and/or arrest probable risks, if necessary.

Foreign currency risk

Foreign exchange risk is the probability of loss to earnings or capital arising from changes in foreign exchange rates. Foreign currency liabilities generally consist of foreign currency deposits in the Group's FCDU account. Foreign currency deposits are generally used to fund the Group's foreign currency-denominated loan and investment portfolio in the FCDU. Banks are required by the BSP to match the foreign currency liabilities with the foreign currency assets held in FCDUs. Outside the FCDU, the Group has additional foreign currency assets and liabilities in its foreign branch network. The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

The following table sets forth, for the year indicated, the impact of reasonably possible changes in the USD exchange rate and other currencies per Philippine peso on pre-tax income and equity:

Currency	Consolidated						Parent Company					
	2025			2024			2025			2024		
	Change in Currency Rate in %	Effect on Profit before Tax	Effect on Equity	Change in Currency Rate in %	Effect on Profit before Tax	Effect on Equity	Change in Currency Rate in %	Effect on Profit before Tax	Effect on Equity	Change in Currency Rate in %	Effect on Profit before Tax	Effect on Equity
USD	+1.00%	(38.10)	(0.71)	+1.00%	(65.38)	(0.72)	+1.00%	(38.84)	(1.98)	+1.00%	(65.51)	(0.54)
EUR	+1.00%	(7.09)	0.00	+1.00%	9.25	0.00	+1.00%	(7.08)	0.00	+1.00%	9.24	0.00
JPY	+1.00%	(1.79)	0.00	+1.00%	11.51	0.00	+1.00%	(1.79)	0.00	+1.00%	11.51	0.00
GBP	+1.00%	(4.80)	0.00	+1.00%	(3.77)	0.00	+1.00%	(4.80)	0.00	+1.00%	(3.77)	0.00
Others	+1.00%	37.37	0.00	+1.00%	30.17	0.00	+1.00%	37.37	0.00	+1.00%	30.17	0.00
USD	-1.00%	38.10	0.71	-1.00%	65.38	0.72	-1.00%	38.84	1.98	-1.00%	65.51	0.54
EUR	-1.00%	7.09	0.00	-1.00%	(9.25)	0.00	-1.00%	7.08	0.00	-1.00%	(9.24)	0.00
JPY	-1.00%	1.79	0.00	-1.00%	(11.51)	0.00	-1.00%	1.79	0.00	-1.00%	(11.51)	0.00
GBP	-1.00%	4.80	0.00	-1.00%	3.77	0.00	-1.00%	4.80	0.00	-1.00%	3.77	0.00
Others	-1.00%	(37.37)	0.00	-1.00%	(30.17)	0.00	-1.00%	(37.37)	0.00	-1.00%	(30.17)	0.00

Information relating to the Parent Company's currency derivatives is included in Note 8. As of December 31, 2025 and 2024, the Parent Company has outstanding foreign currency spot transactions (in equivalent peso amounts) of ₱16.3 billion and ₱22.8 billion, respectively (sold), and ₱31.6 billion and ₱29.8 billion, respectively (bought).

The impact on the Parent Company's equity already excludes the impact on transactions affecting the statements of income.

Capital Management

The primary objectives of the Group's capital management are to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure, or issue capital securities. No changes were made in the objectives, policies and processes from the previous year.

BSP Reporting

Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the compliance with regulatory requirements and ratios is based on the amount of the “unimpaired capital” (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting policies that differ from PFRS Accounting Standards in some respects.

The Group complied with BSP Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework, particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. BSP Circular No. 781 sets out a minimum CET1 ratio of 6.00%, Tier 1 capital ratio of 7.50% and total Capital Adequacy Ratio (CAR) of 10.00%, and requires capital conservation buffer of 2.50% of CET1 capital. These ratios shall be maintained at all times. Further, BSP Circular No. 856 covers the implementing guidelines on the framework for dealing with domestic systemically important banks (DSIBs) in accordance with the Basel III standards. Banks identified as DSIBs shall be required to have higher loss absorbency, on top of the minimum CET1 capital and capital conservation buffer (CCB) and countercyclical capital buffer (CCYB).

The details of CAR, as reported to the BSP, as of December 31, 2025 and 2024 follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Tier 1 capital	₱421,188	₱385,656	₱410,891	₱374,941
CET1 Capital	421,188	385,656	410,891	374,941
Less: Required deductions	39,924	39,257	108,090	109,469
Net Tier 1 Capital	381,264	346,399	302,801	265,472
Tier 2 capital	16,518	16,096	13,827	13,035
Total Qualifying Capital	₱397,782	₱362,495	₱316,628	₱278,507
Credit Risk-Weighted Assets	₱2,035,002	₱1,875,154	₱1,716,755	₱1,582,671
Market Risk-Weighted Assets	98,767	93,631	87,085	81,064
Operational Risk-Weighted Assets	231,879	204,508	195,795	168,262
Total Risk-Weighted Assets	2,365,648	2,173,293	1,999,635	1,831,997
CET1 Ratio*	16.12%	15.94%	15.14%	14.49%
Tier 1 capital ratio	16.12%	15.94%	15.14%	14.49%
Total capital ratio	16.81%	16.68%	15.83%	15.20%

* of which capital conservation buffer in 2025 and 2024 is 10.12% and 9.94% for the Group and 9.14% and 8.49%, respectively, for the Parent Company.

Qualifying capital and risk-weighted assets (RWA) are computed based on BSP regulations. Under Basel III, the regulatory qualifying capital of the Parent Company consists of CET1 capital, which comprises paid-up common stock, additional paid-in capital, retained earnings, including current year profit, retained earnings reserves, OCI and non-controlling interest less required regulatory deductions. The other component of regulatory capital is Tier 2 (supplementary) capital, which includes unsecured subordinated debts and general loan loss provision. RWA consist of total assets excluding 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 determined by the Monetary Board (MB) of the BSP. Operational RWA are computed using the Basic Indicator Approach.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

The Internal Capital Adequacy Assessment Process (ICAAP) supplements the BSP’s risk-based capital adequacy framework. In compliance with this, the Group has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained by the Group. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Group. The level and structure of capital are assessed and determined in light of the Group’s business environment, plans, performance, risks and budget as well as regulatory edicts.

Basel III Leverage Ratio (BLR)

BSP Circular Nos. 881 and 990 (which were issued by BSP on June 9, 2015 and January 22, 2018, respectively) cover the implementing guidelines on the BLR framework designed to act as a supplementary measure to the risk-based capital requirements and shall not be less than 5.00%.

The details of the BLR, as reported to the BSP, as of December 31, 2025 and 2024 follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Net Tier 1 Capital	₱381,264	₱346,399	₱302,801	₱265,472
Exposure Measure	₱4,080,640	₱3,663,834	₱3,627,130	₱3,262,566
BLR	9.34%	9.45%	8.35%	8.14%

Under the framework, BLR is defined as the capital measure divided by the exposure measure. Capital measure is Tier 1 capital. Exposure measure is the sum of on-balance sheet exposures, derivative exposures, security financing exposures and off-balance sheet items.

Liquidity Coverage Ratio (LCR)

BSP Circular No. 905 (which was issued by BSP on March 10, 2016) provides the implementing guidelines on LCR and disclosure standards that are consistent with the Basel III framework. The LCR is the ratio of high-quality liquid assets to total net cash outflows which should not be lower than 100.00%. As of December 31, 2025 and 2024, the LCR in single currency as reported to the BSP, was at 181.68% and 256.08%, respectively, for the Group, and 184.05% and 263.24%, respectively, for the Parent Company.

Net Stable Funding Ratio (NSFR)

On June 6, 2018, the BSP issued BSP Circular No.1007 covering the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards – NSFR. The NSFR is aimed to promote long-term resilience against liquidity risk by requiring banks to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. It complements the LCR, which promotes short term resilience of a bank’s liquidity profile. Banks shall maintain an NSFR of at least 100 percent (100.00%) at all times. As of December 31, 2025 and 2024, the NSFR as reported to the BSP, was at 144.92% and 160.73%, respectively, for the Group, and 147.94% and 164.22%, respectively, for the Parent Company.

5. Fair Value Measurement

Financial Instruments

The methods and assumptions used by the Group and the Parent Company in estimating the fair values of financial assets and financial liabilities are:

Cash and other cash items, due from BSP and other banks and interbank loans receivable and SPURA

The carrying amounts of instruments with long-term maturities are not material to the financial statements, thus, fair values of these instruments were based on their carrying amounts.

Trading and investment securities

Fair values of debt and equity securities are generally based on quoted market prices. Where the debt securities are not quoted or the market prices are not readily available, the Group and the Parent Company obtained valuations from independent parties offering pricing services, used adjusted quoted market prices of comparable investments, or applied discounted cash flow methodologies. For equity securities that are not quoted, remeasurement to their fair values is not material to the financial statements.

Derivative instruments

Fair values are estimated based on quoted market prices, prices provided by independent parties, or prices derived using acceptable valuation models. The models utilize published underlying rates (for example, interest rates, FX rates, CDS rates, FX volatilities and spot and forward FX rates) and are implemented through validated calculation engines.

Loans and receivables

Fair values of the Group's loans and receivables are estimated using the discounted cash flow methodology, using current incremental lending rates for similar types of loans. Where the instrument reprices on a quarterly basis or has a relatively short maturity, the carrying amounts approximate fair values.

Liabilities

Fair values are estimated using the discounted cash flow methodology using the Group's current borrowing rate for similar borrowings with maturities consistent with those remaining for the liability being valued, if any. The carrying amounts of demand and savings deposit liabilities and other short-term liabilities approximate fair values considering that these are either due and demandable or with short-term maturities.

Non-Financial Assets

Investment properties

Fair value of investment properties is determined based on valuations performed by independent and in-house appraisers using a valuation technique with significant inputs that are not based on observable market data (Level 3). The valuation of investment properties was based on the Sales Comparison Approach and considered recent sales of similar or substitute properties in the same areas where the investment properties are located, taking into account the economic conditions prevailing at the time of the valuation. Other factors considered were the location and shape of the properties, environmental issues, development controls such as the height restrictions, building coverage and floor area ratio restrictions, among others. The fair value of investment properties is based on its highest and best use, which is their current use.

The following tables summarize the carrying amounts and fair values of assets and liabilities, analyzed among those whose fair value is based on:

- Quoted market prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Consolidated				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
2025					
Assets Measured at Fair Value					
Financial Assets					
Investment securities at FVTPL					
FVTPL investments					
Debt securities					
Treasury notes and bonds	P46,288	P46,288	P-	P-	P46,288
Government	23,091	23,091	-	-	23,091
Private	13,012	13,012	-	-	13,012
BSP	9,361	9,361	-	-	9,361
Treasury bills	3,121	3,121	-	-	3,121
	94,873	94,873	-	-	94,873
Equity securities	135	135	-	-	135
Derivative assets					
Cross-currency swaps	14,322	-	14,322	-	14,322
Currency forwards	3,469	-	3,469	-	3,469
Interest rate swaps	1,025	-	1,025	-	1,025
Call option	11	-	11	-	11
Put option	6	-	6	-	6
	18,833	-	18,833	-	18,833
	113,841	95,008	18,833	-	113,841
Investment securities at FVOCI					
Debt securities					
Treasury notes and bonds	459,778	427,279	32,499	-	459,778
Treasury bills	300,324	300,324	-	-	300,324
Government	113,425	113,425	-	-	113,425
BSP	43,382	43,382	-	-	43,382
Private	35,397	35,302	95	-	35,397
	952,306	919,712	32,594	-	952,306
Equity securities	2,154	1,856	113	185	2,154
	954,460	921,568	32,707	185	954,460
	P1,068,301	P1,016,576	P51,540	P185	P1,068,301
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost					
Treasury notes and bonds	P418,489	P414,813	P9,344	P-	P424,157
Government	54,593	52,506	1,448	-	53,954
Private	192	201	-	-	201
	473,274	467,520	10,792	-	478,312
Loans and receivables - net					
Receivables from customers					
Commercial loans	1,450,347	-	-	1,475,050	1,475,050
Credit card	171,976	-	-	171,976	171,976
Auto loans	120,506	-	-	133,323	133,323
Residential mortgage loans	104,194	-	-	130,298	130,298
Trade loans	57,624	-	-	58,735	58,735
Others	17,384	-	-	17,596	17,596
	1,922,031	-	-	1,986,978	1,986,978
Sales contract receivable	12	-	-	12	12
	1,922,043	-	-	1,986,990	1,986,990
Other assets	1,554	1,073	141	432	1,646
	2,396,871	468,593	10,933	1,987,422	2,466,948

(Forward)

	Consolidated				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Non-Financial Assets					
Investment properties	₱8,115	₱-	₱-	₱17,412	₱17,412
Residual value of leased assets	365	-	-	309	309
	8,480	-	-	17,721	17,721
	₱2,405,351	₱468,593	₱10,933	₱2,005,143	₱2,484,669
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVTPL					
Derivative liabilities					
Cross-currency swaps	₱6,685	₱-	₱6,685	₱-	₱6,685
Currency forwards	5,504	-	5,504	-	5,504
Interest rate swaps	1,245	-	1,245	-	1,245
Credit default swaps	55	-	55	-	55
Call option	11	-	11	-	11
Put option	2	-	2	-	2
	₱13,502	₱-	₱13,502	₱-	₱13,502
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	₱1,085,848	₱-	₱-	₱1,088,151	₱1,088,151
Bills payable and SSURA	530,734	-	-	530,599	530,599
Bonds payable	114,013	108,729	-	7,483	116,212
Other Liabilities					
Deposits on lease contracts	656	-	-	612	612
	₱1,731,251	₱108,729	₱-	₱1,626,845	₱1,735,574
2024					
Assets Measured at Fair Value					
Financial Assets					
Investment securities at FVTPL					
FVTPL investments					
Debt securities					
Government	₱101,012	₱101,012	₱-	₱-	₱101,012
BSP	73,496	73,496	-	-	73,496
Treasury notes and bonds	19,886	19,886	-	-	19,886
Treasury bills	6,371	6,371	-	-	6,371
Private	5,265	5,265	-	-	5,265
	206,030	206,030	-	-	206,030
Equity securities	153	153	-	-	153
Derivative assets					
Cross-currency swaps	10,497	-	10,497	-	10,497
Currency forwards	6,950	-	6,950	-	6,950
Interest rate swaps	2,638	-	2,638	-	2,638
Put option	4	-	4	-	4
Call option	30	-	30	-	30
	20,119	-	20,119	-	20,119
	226,302	206,183	20,119	-	226,302
Investment securities at FVOCI					
Debt securities					
Treasury notes and bonds	372,967	356,111	16,856	-	372,967
Government	101,896	101,896	-	-	101,896
BSP	65,412	65,412	-	-	65,412
Private	29,946	29,849	97	-	29,946
Treasury bills	719	719	-	-	719
	570,940	553,987	16,953	-	570,940
Equity securities	2,061	1,773	138	150	2,061
	573,001	555,760	17,091	150	573,001
	₱799,303	₱761,943	₱37,210	₱150	₱799,303
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost					
Treasury notes and bonds	₱418,170	₱410,821	₱8,375	₱-	₱419,196
Government	55,606	51,412	1,385	-	52,797
Private	1,248	1,253	-	-	1,253
	475,024	463,486	9,760	-	473,246

(Forward)

	Consolidated				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Loans and receivables - net					
Receivables from customers					
Commercial loans	₱1,332,959	₱-	₱-	₱1,343,247	₱1,343,247
Credit card	147,795	-	-	147,795	147,795
Auto loans	110,983	-	-	123,463	123,463
Residential mortgage loans	96,711	-	-	121,266	121,266
Trade loans	67,625	-	-	68,311	68,311
Others	16,556	-	-	17,032	17,032
	1,772,629	-	-	1,821,114	1,821,114
Unquoted debt securities	17	-	-	17	17
Sales contract receivable	20	-	-	20	20
	1,772,666	-	-	1,821,151	1,821,151
Other assets	1,348	983	154	282	1,419
	2,249,038	464,469	9,914	1,821,433	2,295,816
Non-Financial Assets					
Investment properties	7,805	-	-	16,630	16,630
Residual value of leased assets	391	-	-	359	359
	8,196	-	-	16,989	16,989
	₱2,257,234	₱464,469	₱9,914	₱1,838,422	₱2,312,805
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVTPL					
Derivative liabilities					
Currency forwards	₱7,445	₱-	₱7,445	₱-	₱7,445
Cross-currency swaps	4,912	-	4,912	-	4,912
Interest rate swaps	940	-	940	-	940
Credit default swaps	48	-	48	-	48
Put option	3	-	3	-	3
Call option	22	-	22	-	22
	₱13,370	₱-	₱13,370	₱-	₱13,370
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	₱1,085,939	₱-	₱-	₱1,088,599	₱1,088,599
Bills payable and SSURA	300,652	-	-	300,745	300,745
Bonds payable	107,236	104,161	-	2,377	106,538
Other Liabilities					
Deposits on lease contracts	665	-	-	635	635
	₱1,494,492	₱104,161	₱-	₱1,392,356	₱1,496,517
2025					
Assets Measured at Fair Value					
Financial Assets					
Investment securities at FVTPL					
FVTPL investments					
Debt securities					
Treasury notes and bonds	₱46,288	₱46,288	₱-	₱-	₱46,288
Government	23,091	23,091	-	-	23,091
Private	13,012	13,012	-	-	13,012
BSP	9,361	9,361	-	-	9,361
Treasury bills	3,121	3,121	-	-	3,121
	94,873	94,873	-	-	94,873
Equity securities	97	97	-	-	97
Derivative assets					
Cross-currency swaps	14,321	-	14,321	-	14,321
Currency forwards	3,469	-	3,469	-	3,469
Interest rate swaps	1,025	-	1,025	-	1,025
Call option	11	-	11	-	11
Put option	1	-	1	-	1
	18,827	-	18,827	-	18,827
	113,797	94,970	18,827	-	113,797

(Forward)

	Parent Company				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Investment securities at FVOCI					
Debt securities:					
Treasury notes and bonds	₱421,982	₱421,333	₱649	₱-	₱421,982
Treasury bills	299,594	299,594	-	-	299,594
Government	104,899	104,899	-	-	104,899
BSP	43,382	43,382	-	-	43,382
Private	5,483	5,483	-	-	5,483
	875,340	874,691	649	-	875,340
Equity securities	1,015	942	73	-	1,015
	876,355	875,633	722	-	876,355
	₱990,152	₱970,603	₱19,549	₱-	₱990,152
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost					
Treasury notes and bonds	₱400,500	₱406,056	₱-	₱-	₱406,056
Government	43,990	43,893	-	-	43,893
	444,490	449,949	-	-	449,949
Loans and receivables - net					
Receivables from customers					
Commercial loans	1,359,656	-	-	1,382,370	1,382,370
Credit card	171,976	-	-	171,976	171,976
Residential mortgage loans	57,787	-	-	58,917	58,917
Trade loans	46,975	-	-	48,085	48,085
Auto loans	25,613	-	-	26,206	26,206
Others	15,828	-	-	15,870	15,870
	1,677,835	-	-	1,703,424	1,703,424
Unquoted debt securities	-	-	-	-	-
Sales contract receivable	8	-	-	8	8
	1,677,843	-	-	1,703,432	1,703,432
Other Assets	1,073	1,073	-	-	1,073
	2,123,406	451,022	-	1,703,432	2,154,454
Non-Financial Assets					
Investment properties	3,973	-	-	9,725	9,725
	₱2,127,379	₱451,022	₱-	₱1,713,157	₱2,164,179
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVTPL					
Derivative liabilities					
Cross-currency swaps	₱6,685	₱-	₱6,685	₱-	₱6,685
Currency forwards	5,504	-	5,504	-	5,504
Interest rate swaps	1,245	-	1,245	-	1,245
Credit default swaps	55	-	55	-	55
Call option	11	-	11	-	11
	₱13,500	₱-	₱13,500	₱-	₱13,500
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	₱904,002	₱-	₱-	₱904,002	₱904,002
Bills payable and SSURA	505,732	-	-	505,531	505,531
Bonds payable	106,530	108,729	-	-	108,729
	₱1,516,264	₱108,729	₱-	₱1,409,533	₱1,518,262
2024					
Assets Measured at Fair Value					
Financial Assets					
Investment securities at FVTPL					
FVTPL investments					
Debt securities					
Government	₱101,012	₱101,012	₱-	₱-	₱101,012
BSP	73,496	73,496	-	-	73,496
Treasury notes and bonds	19,585	19,585	-	-	19,585
Private	5,265	5,265	-	-	5,265
Treasury bills	6,371	6,371	-	-	6,371
	205,729	205,729	-	-	205,729
Equity securities	76	76	-	-	76

(Forward)

	Parent Company				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Derivative assets					
Cross-currency swaps	₱10,496	₱-	₱10,496	₱-	₱10,496
Currency forwards	6,950	-	6,950	-	6,950
Interest rate swaps	2,638	-	2,638	-	2,638
Call option	30	-	30	-	30
Put option	4	-	4	-	4
	20,118	-	20,118	-	20,118
	225,923	205,805	20,118	-	225,923
Investment securities at FVOCI					
Debt securities					
Treasury notes and bonds	350,919	350,287	632	-	350,919
Government	99,832	99,832	-	-	99,832
BSP	56,943	56,943	-	-	56,943
Private	3,374	3,374	-	-	3,374
	511,068	510,436	632	-	511,068
Equity securities	1,047	957	90	-	1,047
	512,115	511,393	722	-	512,115
	₱738,038	₱717,198	₱20,840	₱-	₱738,038
Assets for which Fair Values are Disclosed					
Financial Assets					
Investment securities at amortized cost					
Treasury notes and bonds	₱400,462	₱401,664	₱-	₱-	₱401,664
Government	44,293	42,568	-	-	42,568
	444,755	444,232	-	-	444,232
Loans and receivables - net					
Receivables from customers					
Commercial loans	1,248,749	-	-	1,256,174	1,256,174
Credit card	147,795	-	-	147,795	147,795
Trade loans	62,072	-	-	62,758	62,758
Residential mortgage loans	53,364	-	-	54,650	54,650
Auto loans	23,016	-	-	23,650	23,650
Others	15,136	-	-	15,176	15,176
	1,550,132	-	-	1,560,203	1,560,203
Unquoted debt securities	17	-	-	17	17
Sales contract receivable	16	-	-	16	16
	1,550,165	-	-	1,560,236	1,560,236
Other Assets	983	983	-	-	983
	1,995,903	445,215	-	1,560,236	2,005,451
Non-Financial Assets					
Investment properties	3,565	-	-	8,927	8,927
	₱1,999,468	₱445,215	₱-	₱1,569,163	₱2,014,378
Liabilities Measured at Fair Value					
Financial Liabilities					
Financial liabilities at FVTPL					
Derivative liabilities					
Currency forwards	₱7,445	₱-	₱7,445	₱-	₱7,445
Cross-currency swaps	4,912	-	4,912	-	4,912
Interest rate swaps	940	-	940	-	940
Credit default swaps	48	-	48	-	48
Call option	22	-	22	-	22
Put option	2	-	2	-	2
	₱13,369	₱-	₱13,369	₱-	₱13,369
Liabilities for which Fair Values are Disclosed					
Financial Liabilities					
Deposit liabilities					
Time	₱930,174	₱-	₱-	₱930,174	₱930,174
Bills payable and SSURA	286,541	-	-	286,541	286,541
Bonds payable	104,858	104,161	-	-	104,161
	₱1,321,573	₱104,161	₱-	₱1,216,715	₱1,320,876

The following table shows transfers from Level 2 to Level 1 of the fair value hierarchy as of December 31, 2025:

	Consolidated		Parent	
	Level 1	Level 2	Level 1	Level 2
Investment securities at FVTPL – equity securities	9	(9)	9	(9)
Investment securities at FVOCI – equity securities	13	(13)	-	-

As of December 31, 2025, the price of these securities is quoted in an active market. There were no transfers between levels of the fair value hierarchy in 2024.

When fair values of listed equity and debt securities, as well as publicly traded derivatives at the statement of financial position date are based on quoted market prices or binding dealer price quotations, without any adjustments for transaction costs, the instruments are included within Level 1 of the hierarchy.

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other revaluation models. Instruments included in Level 3 include those for which there is currently no active market.

6. Segment Information

The Group's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served with segment representing a strategic business unit. Operating segments are reported in accordance with internal reporting to the Senior Management who is responsible for allocating resources to the segments and assessing its performance. The financial reporting basis used in the internal reporting is PFRS Accounting Standards.

The Group's business segments follow:

- Consumer Banking - principally providing consumer type loans and support for effective sourcing and generation of consumer business;
- Corporate Banking - principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- Investment Banking - principally arranging structured financing, and providing services relating to privatizations, initial public offerings, mergers and acquisitions; and providing advisory services primarily aimed to create wealth to individuals and institutions;
- Treasury - principally providing money market, trading and treasury services, as well as the management of the Group's funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and corporate banking;
- Branch Banking - principally handling branch deposits and providing loans and other loan related businesses for domestic middle market clients; and
- Others - principally handling other services including but not limited to remittances, leasing, account financing, and other support services. Other operations of the Group comprise the operations and financial control groups.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Interest income is reported net, as management primarily relies on the net interest income as performance measure, not the gross income and expense. The Group has no significant customers which contributes 10.00% or more of the consolidated revenue net of interest expense. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to business segments based on a pool rate which approximates the cost of funds.

The following table presents revenue and income information of operating segments presented in accordance with PFRS Accounting Standards and segment assets and liabilities:

	Consumer Banking	Corporate Banking	Investment Banking	Treasury	Branch Banking	Others	Total
2025							
Results of Operations							
Net interest income (expense)							
Third party	₱31,868	₱75,457	₱-	₱18,115	(₱2,535)	₱1,723	₱124,628
Intersegment	(8,502)	(63,907)	-	12	72,397	-	-
Net interest income after intersegment transactions	23,366	11,550	-	18,127	69,862	1,723	124,628
Non-interest income	10,396	1,118	456	7,509	5,779	7,278	32,536
Revenue - net of interest expense	33,762	12,668	456	25,636	75,641	9,001	157,164
Non-interest expense	26,767	6,102	54	7,625	25,210	25,868	91,626
Income (loss) before share in net income of subsidiaries, associates and a JV	6,995	6,566	402	18,011	50,431	(16,867)	65,538
Share in net income of subsidiaries, associates and a JV	-	50	-	-	-	865	915
Provision for income tax	(21)	(790)	-	(9,478)	(149)	(5,391)	(15,829)
Non-controlling interest in net income of consolidated subsidiaries	-	-	-	-	-	(904)	(904)
Net income (loss)	₱6,974	₱5,826	₱402	₱8,533	₱50,282	(₱22,297)	₱49,720
Statement of Financial Position							
Total assets	₱313,111	₱1,505,018	₱-	₱1,648,924	₱218,104	₱195,160	₱3,880,317
Total liabilities	₱178,212	₱1,158,016	₱-	₱1,597,682	₱319,237	₱195,003	₱3,448,150
Other Segment Information							
Capital expenditures	₱263	₱96	₱-	₱478	₱91	₱10,142	₱11,070
Depreciation and amortization	₱699	₱286	₱-	₱103	₱2,764	₱3,384	₱7,236
Provision for credit and impairment losses	₱13,514	(₱836)	₱-	(₱5)	₱85	(₱839)	₱11,919
2024							
Results of Operations							
Net interest income (expense)							
Third party	₱27,006	₱71,390	₱-	₱18,853	(₱4,926)	₱1,792	₱114,115
Intersegment	(6,900)	(56,895)	-	(655)	64,450	-	-
Net interest income after intersegment transactions	20,106	14,495	-	18,198	59,524	1,792	114,115
Non-interest income	10,426	1,080	102	4,269	6,305	7,037	29,219
Revenue - net of interest expense	30,532	15,575	102	22,467	65,829	8,829	143,334
Non-interest expense	21,559	3,215	6	7,882	24,312	26,547	83,521
Income (loss) before share in net income of subsidiaries, associates and a JV	8,973	12,360	96	14,585	41,517	(17,718)	59,813
Share in net income of subsidiaries, associates and a JV	-	68	-	-	-	697	765
Provision for income tax	(9)	(932)	-	(9,988)	(103)	(313)	(11,345)
Non-controlling interest in net income of consolidated subsidiaries	-	-	-	-	-	(1,096)	(1,096)
Net income (loss)	₱8,964	₱11,496	₱96	₱4,597	₱41,414	(₱18,430)	₱48,137
Statement of Financial Position							
Total assets	₱276,703	₱1,393,539	₱-	₱1,414,826	₱200,691	₱234,596	₱3,520,355
Total liabilities	₱154,153	₱1,047,994	₱-	₱1,377,635	₱290,227	₱253,941	₱3,123,950
Other Segment Information							
Capital expenditures	₱447	₱82	₱-	₱1,225	₱196	₱4,339	₱6,289
Depreciation and amortization	₱562	₱304	₱-	₱91	₱2,395	₱3,434	₱6,786
Provision for credit and impairment losses	₱9,495	(₱3,010)	₱-	(₱2)	₱153	(₱276)	₱6,360
2023							
Results of Operations							
Net interest income (expense)							
Third party	₱22,753	₱60,783	₱-	₱22,303	(₱3,092)	₱2,223	₱104,970
Intersegment	(5,230)	(49,330)	-	(4,485)	59,045	-	-
Net interest income after intersegment transactions	17,523	11,453	-	17,818	55,953	2,223	104,970
Non-interest income	9,707	1,250	198	2,336	6,385	8,628	28,504
Revenue - net of interest expense	27,230	12,703	198	20,154	62,338	10,851	133,474
Non-interest expense	15,974	6,258	50	5,403	23,841	26,974	78,500
Income (loss) before share in net income of subsidiaries, associates and a JV	11,256	6,445	148	14,751	38,497	(16,123)	54,974

(Forward)

	Consumer Banking	Corporate Banking	Investment Banking	Treasury	Branch Banking	Others	Total
Share in net income of subsidiaries, associates and a JV	P-	P86	P-	P-	P-	P789	P875
Provision for income tax	257	(726)	-	(8,769)	258	(3,910)	(12,890)
Non-controlling interest in net income of consolidated subsidiaries	-	-	-	-	-	(721)	(721)
Net income (loss)	P11,513	P5,805	P148	P5,982	P38,755	(P19,965)	P42,238
Statement of Financial Position							
Total assets	P234,876	P1,178,680	P-	P1,256,486	P181,312	P253,548	P3,104,902
Total liabilities	P125,072	P1,118,249	P-	P1,200,606	P273,011	P21,226	P2,738,164
Other Segment Information							
Capital expenditures	P451	P47	P-	P179	P72	P3,956	P4,705
Depreciation and amortization	P413	P335	P-	P90	P2,308	P3,776	P6,922
Provision for credit and impairment losses	P6,415	P1,323	P-	(P5)	P175	P1,070	P8,978

Non-interest income consists of service charges, fees and commissions, profit from assets sold, trading and securities gain (loss) - net, foreign exchange gain (loss) - net, income from trust operations, leasing, dividends and miscellaneous income. Non-interest expense consists of compensation and fringe benefits, taxes and licenses, provision for credit and impairment losses, depreciation and amortization, occupancy and equipment-related costs, amortization of software costs, and miscellaneous expenses.

Geographical Information

The Group operates in four geographic markets: Philippines, Asia other than Philippines, USA and Europe (Note 2).

The following tables show the distribution of Group's external net operating income and non-current assets allocated based on the location of the customers and assets, respectively, for the years ended December 31:

	Philippines	Asia (Other than Philippines)	USA	Europe	Total
2025					
Interest income	P179,197	P6,750	P92	P-	P186,039
Interest expense	(58,543)	(2,855)	(13)	-	(61,411)
Net interest income	120,654	3,895	79	-	124,628
Non-interest income	30,732	1,277	477	50	32,536
Provision for credit and impairment losses	(11,490)	(429)	-	-	(11,919)
Total external net operating income	P139,896	P4,743	P556	P50	P145,245
Non-current assets	P39,082	P443	P19	P3	P39,547
2024					
Interest income	P171,503	P6,055	P106	P-	P177,664
Interest expense	(60,705)	(2,832)	(12)	-	(63,549)
Net interest income	110,798	3,223	94	-	114,115
Non-interest income	27,112	1,601	465	41	29,219
Provision for credit and impairment losses	(6,107)	(253)	-	-	(6,360)
Total external net operating income	P131,803	P4,571	P559	P41	P136,974
Non-current assets	P35,420	P409	P19	P3	P35,851
2023					
Interest income	P147,670	P5,766	P176	P-	P153,612
Interest expense	(46,416)	(2,213)	(13)	-	(48,642)
Net interest income	101,254	3,553	163	-	104,970
Non-interest income	26,445	1,531	487	41	28,504
Provision for credit and impairment losses	(8,697)	(281)	-	-	(8,978)
Total external net operating income	P119,002	P4,803	P650	P41	P124,496
Non-current assets	P34,114	P428	P17	P3	P34,562

Non-current assets consist of property and equipment excluding ROU assets, investment properties, chattel properties acquired in foreclosure, software costs and assets held under joint operations.

7. Interbank Loans Receivable and Securities Purchased Under Resale Agreements

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Interbank loans receivable - net (Note 32)	P71,749	P79,821	P35,898	P53,906
SPURA	841	1,466	-	-
	P72,590	P81,287	P35,898	P53,906

As of December 31, 2025 and 2024, the allowance for credit losses for interbank loans receivable amounted to P75.9 million and P61.7 million, respectively, for the Group and P54.7 million and P54.6 million, respectively, for the Parent Company (Note 15).

In 2025, 2024 and 2023, the interest rates of the interbank loans receivables ranged from 0.00% to 4.60%, 0.00% to 5.94%, and 0.00% to 6.25%, respectively, for the Group, and 0.00% to 4.17%, 0.00% to 5.94%, and 0.00% to 6.25%, respectively, for the Parent Company.

8. Trading and Investment Securities

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Investment securities at:				
FVTPL	P113,841	P226,302	P113,797	P225,923
FVOCI (Notes 17 and 29)	954,460	573,001	876,355	512,115
Amortized cost (Notes 17 and 29)	473,274	475,024	444,490	444,755
	P1,541,575	P1,274,327	P1,434,642	P1,182,793

Investment securities at FVTPL consist of the following:

	Consolidated		Parent Company	
	2025	2024	2025	2024
HFT investments				
Debt securities				
Treasury notes and bonds	P46,288	P19,886	P46,288	P19,585
Government	23,091	101,012	23,091	101,012
Private	13,012	5,265	13,012	5,265
BSP	9,361	73,496	9,361	73,496
Treasury bills	3,121	6,371	3,121	6,371
	94,873	206,030	94,873	205,729
Equity securities	135	153	97	76
	95,008	206,183	94,970	205,805
Derivative assets	18,833	20,119	18,827	20,118
	P113,841	P226,302	P113,797	P225,923

The following are the fair values of the Parent Company's derivative financial instruments recorded as 'Derivative assets/liabilities', together with the notional amounts. The notional amount is the amount or quantity of a derivative's underlying asset, and is the basis upon which changes in the value are measured. The notional amounts indicate the volume of transactions outstanding as of December 31, 2025 and 2024 and are not indicative of either market risk or credit risk.

	Derivative Assets	Derivative Liabilities	Notional Amount
December 31, 2025			
Freestanding derivatives:			
Currency forwards			
Bought	₱2,949	₱1,035	₱338,976
Sold	520	4,469	423,549
Interest rate swaps	1,025	1,245	224,036
Cross-currency swaps	14,321	6,685	428,217
OTC FX Options	12	11	1,286
Credit default swaps	–	55	3,527
	₱18,827	₱13,500	₱1,419,591
December 31, 2024			
Freestanding derivatives:			
Currency forwards			
Bought	₱2,068	₱4,509	₱385,994
Sold	4,882	2,936	371,734
Interest rate swaps	2,638	940	325,492
Cross-currency swaps	10,496	4,912	371,554
OTC FX Options	34	24	13,935
Credit default swaps	–	48	3,181
	₱20,118	₱13,369	₱1,471,890

As of December 31, 2025 and 2024, the Group's derivative assets include FX options and cross-currency swaps entered into by the subsidiaries amounting to ₱6.0 million and ₱1.3 million, respectively. As of December 31, 2025 and 2024, the Group's derivative liabilities include interest rate swaps and FX options entered into by the subsidiaries amounting to ₱1.7 million and ₱1.5 million, respectively.

Investment securities at FVOCI as of December 31, 2025 and 2024 consist of the following:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Debt securities				
Treasury notes and bonds (Note 17)	₱459,778	₱372,967	₱421,982	₱350,919
Treasury bills	300,324	719	299,594	–
Government (Note 17)	113,425	101,896	104,899	99,832
BSP	43,382	65,412	43,382	56,943
Private	35,397	29,946	5,483	3,374
	952,306	570,940	875,340	511,068
Equity securities	2,154	2,061	1,015	1,047
	₱954,460	₱573,001	₱876,355	₱512,115

The equity securities are irrevocably designated at FVOCI as these are held for long term-strategic purpose rather than for trading. These equity securities include golf club shares and non-marketable equity securities. In 2025 and 2024, as part of its risk management, the Group disposed equity securities at FVOCI with total carrying value of ₱16.8 million and ₱156.5 million, respectively, and recognized gain (loss) on disposal charged against 'Surplus' of ₱71.0 million and (₱96.7 million), respectively. No dividends were recognized for the disposed equity securities in 2025 and 2024.

Outstanding equity securities at FVOCI as of December 31, 2025 and 2024 generated dividends amounting to ₱48.4 million and ₱48.1 million, respectively for the Group, and ₱5.9 million and ₱12.9 million, respectively, for the Parent Company.

As of December 31, 2025 and 2024, the ECL on debt securities at FVOCI (included in 'Net unrealized gain (loss) on investment securities at FVOCI') amounted to ₱876.1 million and ₱869.3 million, respectively, for the Group and ₱861.8 million and ₱863.1 million, respectively, for the Parent Company (Note 15).

As of December 31, 2025 and 2024, investment securities at FVOCI include floating and fixed rate private notes with total carrying value of USD11.0 million and USD10.9 million, respectively (with peso equivalent of ₱647.6 million and ₱631.9 million, respectively) which are pledged by the Parent Company's New York Branch in compliance with the regulatory requirements of the Federal Deposit Insurance Corporation and the Office of the Controller of the Currency in New York.

Movements in net unrealized gains (losses), including share in net unrealized gains (losses) of subsidiaries (Note 11), presented under 'Equity' in the statements of financial position are as follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Balance at January 1	(₱8,231)	(₱10,106)	(₱8,185)	(₱10,065)
Unrealized gain recognized in OCI	9,557	3,949	9,072	3,774
Amounts realized in surplus	(71)	96	(71)	96
Amounts realized in profit or loss	(2,410)	(1,511)	(1,908)	(1,331)
	(1,155)	(7,572)	(1,092)	(7,526)
Tax (Note 28)	(395)	(659)	(391)	(659)
Balance at December 31	(₱1,550)*	(₱8,231)*	(₱1,483)	(₱8,185)

*Includes share of non-controlling interest in unrealized losses amounting to ₱67.7 million and ₱46.4 million, respectively, as of December 31, 2025 and 2024.

Investment securities at amortized cost as of December 31, 2025 and 2024 consist of the following:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Treasury notes and bonds (Note 17)	₱418,489	₱418,170	₱400,500	₱400,462
Government (Note 17)	54,915	55,926	44,305	44,603
Private	192	1,249	–	–
	473,596	475,345	444,805	445,065
Less: allowance for credit losses (Note 15)	322	321	315	310
	₱473,274	₱475,024	₱444,490	₱444,755

Interest income on investment securities at FVOCI and at amortized cost consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Investment securities at FVOCI	₱25,121	₱23,035	₱18,015	₱22,503	₱19,717	₱13,536
Investment securities at amortized cost	26,977	26,979	25,599	25,627	25,597	24,118
	₱52,098	₱50,014	₱43,614	₱48,130	₱45,314	₱37,654

In 2025, 2024 and 2023, foreign currency-denominated trading and investment securities bear nominal annual interest rates ranging from 0.70% to 9.50% for the Group and the Parent Company while peso-denominated trading and investment securities bear nominal annual interest rates ranging from 2.88% to 11.25%, 2.63% to 18.25%, and 2.38% to 18.25%, respectively, for the Group and the Parent Company.

Trading and securities gain/(loss) - net consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Investment securities at FVTPL	₱4,610	₱2,462	₱1,799	₱4,440	₱1,903	₱1,708
Derivative assets/liabilities – net	(2,361)	5,334	(1,922)	(2,370)	5,348	(1,923)
Debt securities at FVOCI	2,410	1,511	153	1,908	1,331	87
	4,659	9,307	30	3,978	8,582	(128)
Loss attributable to non-equity non controlling interests (Note 21)	–	(403)	(124)	–	–	–
	₱4,659	₱8,904	(₱94)	₱3,978	₱8,582	(₱128)

Trading gains on debt securities at FVOCI represent realized gains previously reported in OCI.

9. Loans and Receivables

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Receivables from customers (Note 32)				
Commercial loans (Note 13)	₱1,478,151	₱1,362,436	₱1,381,367	₱1,272,178
Credit card	209,335	173,084	209,335	173,084
Auto loans	123,785	113,884	25,925	23,424
Residential mortgage loans	105,039	97,931	58,323	54,087
Trade loans	58,735	68,311	48,086	62,758
Others (Note 13)	18,229	17,195	16,367	15,454
	1,993,274	1,832,841	1,739,403	1,600,985
Less unearned discounts and capitalized interest	23,198	17,738	20,503	15,597
	1,970,076	1,815,103	1,718,900	1,585,388
Unquoted debt securities				
Private	385	385	385	385
Government	–	18	–	18
	385	403	385	403
Accrued interest receivable (Note 32)	27,084	24,805	23,651	21,703
Accounts receivable (Note 32)	30,742	22,118	14,371	8,735
Sales contract receivable	14	23	10	18
Other receivables	14	12	2	2
	2,028,315	1,862,464	1,757,319	1,616,249
Less allowance for credit losses (Note 15)	51,877	46,454	44,282	38,630
	₱1,976,438	₱1,816,010	₱1,713,037	₱1,577,619

Receivables from customers consist of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Loans and discounts	₱1,927,340	₱1,754,641	₱1,683,772	₱1,527,835
Less unearned discounts and capitalized interest	23,198	17,738	20,503	15,597
	1,904,142	1,736,903	1,663,269	1,512,238
Customers' liabilities under letters of credit (LC)/trust receipts	52,060	64,682	41,411	59,129
Bills purchased (Note 21)	13,874	13,518	14,220	14,021
	₱1,970,076	₱1,815,103	₱1,718,900	₱1,585,388

As of December 31, 2025 and 2024, receivables from customers of the Group include lease contract receivables amounting ₱2.0 billion (Note 13) and notes receivable financed amounting to ₱15.8 billion and ₱13.8 billion, respectively.

Interest income on loans and receivables consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Receivables from customers (Note 32)	₱122,204	₱112,266	₱96,103	₱104,530	₱96,579	₱82,103
Customers' liabilities under LC/trust receipts	2,489	2,968	2,503	2,489	2,968	2,503
Lease contract receivables	1,813	1,490	1,738	–	–	–
Others	77	128	195	63	114	183
	₱126,583	₱116,852	₱100,539	₱107,082	₱99,661	₱84,789

As of December 31, 2025 and 2024, 73.57% and 74.71%, respectively, of the total receivables from customers of the Group, and 80.76% and 82.31%, respectively, of the total receivables from customers of the Parent Company are subject to periodic interest repricing. In 2025, 2024 and 2023, the remaining peso receivables from customers earn annual fixed interest rates ranging from 3.00% to 40.38%, from 3.00% to 40.38% and from 3.00% to 41.72%, respectively for the Group, and 6.00% to 36.00%, 3.80% to 36.00% and 3.80% to 36.00% for the Parent Company, while foreign currency-denominated receivables from customers earn annual fixed interest rates ranging from 2.25% to 36.00%, from 2.25% to 36.00% and from 1.00% to 36.00%, respectively for the Group and 4.15% to 36.00%, 3.02% to 36.00% and 3.00% to 36.00%, respectively for the Parent Company.

10. Property and Equipment

The composition and movements in the account follow:

	Consolidated						Total
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	BUC	ROU Assets	
2025							
Cost							
Balance at January 1	₱5,938	₱16,493	₱23,706	₱5,635	₱882	₱10,668	₱63,322
Additions	–	36	6,886	85	1,518	2,585	11,110
Disposals/early termination	–	–	(4,301)	–	–	(1,832)	(6,133)
Reclassification/others	10	311	(55)	223	(535)	(36)	(82)
Balance at December 31	5,948	16,840	26,236	5,943	1,865	11,385	68,217
Accumulated depreciation and amortization							
Balance at January 1	₱–	₱8,647	₱16,620	₱4,590	₱–	₱5,341	₱35,198
Depreciation and amortization	–	539	2,341	329	–	1,986	5,195
Disposals/early termination	–	–	(1,326)	–	–	(1,789)	(3,115)
Reclassification/others	–	10	72	(24)	–	(3)	55
Balance at December 31	–	9,196	17,707	4,895	–	5,535	37,333
Allowance for impairment losses	–	8	–	–	–	–	8
Net book value at December 31	₱5,948	₱7,636	₱8,529	₱1,048	₱1,865	₱5,850	₱30,876
2024							
Cost							
Balance at January 1	₱5,941	₱17,157	₱22,346	₱5,344	₱327	₱9,945	₱61,060
Additions	–	8	3,131	43	1,071	2,135	6,388
Disposals/early termination	–	–	(1,775)	(1)	–	(1,238)	(3,014)
Reclassification/others	(3)	(672)	4	249	(516)	(174)	(1,112)
Balance at December 31	5,938	16,493	23,706	5,635	882	10,668	63,322
Accumulated depreciation and amortization							
Balance at January 1	–	9,006	15,733	4,302	–	4,768	33,809
Depreciation and amortization	–	550	2,480	308	–	1,881	5,219
Disposals/early termination	–	–	(1,603)	(2)	–	(1,223)	(2,828)
Reclassification/others	–	(909)	10	(18)	–	(85)	(1,002)
Balance at December 31	–	8,647	16,620	4,590	–	5,341	35,198
Allowance for impairment losses	–	8	–	–	–	–	8
Net book value at December 31	₱5,938	₱7,838	₱7,086	₱1,045	₱882	₱5,327	₱28,116

Parent Company							
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	BUC	ROU Assets	Total
2025							
Cost							
Balance at January 1	₱4,801	₱15,112	₱12,804	₱3,894	₱881	₱7,037	₱44,529
Additions	–	–	2,376	1	1,518	1,640	5,535
Disposals/early termination	–	–	(334)	–	–	(1,432)	(1,766)
Reclassification/others	9	310	12	213	(533)	(16)	(5)
Balance at December 31	4,810	15,422	14,858	4,108	1,866	7,229	48,293
Accumulated depreciation and amortization							
Balance at January 1	–	7,846	9,682	2,954	–	3,143	23,625
Depreciation and amortization	–	496	1,290	265	–	1,279	3,330
Disposals	–	–	(294)	–	–	(1,413)	(1,707)
Reclassification/others	–	11	16	(14)	–	4	17
Balance at December 31	–	8,353	10,694	3,205	–	3,013	25,265
Allowance for impairment losses	–	8	–	–	–	–	8
Net book value at December 31	₱4,810	₱7,061	₱4,164	₱903	₱1,866	₱4,216	₱23,020
2024							
Cost							
Balance at January 1	₱4,804	₱15,784	₱11,952	₱3,643	₱327	₱6,358	₱42,868
Additions	–	–	1,233	1	1,071	1,464	3,769
Disposals/early termination	–	–	(413)	–	–	(788)	(1,201)
Reclassification/others	(3)	(672)	32	250	(517)	3	(907)
Balance at December 31	4,801	15,112	12,804	3,894	881	7,037	44,529
Accumulated depreciation and amortization							
Balance at January 1	–	8,251	8,835	2,727	–	2,724	22,537
Depreciation and amortization	–	507	1,181	242	–	1,193	3,123
Disposals	–	–	(368)	–	–	(782)	(1,150)
Reclassification/others	–	(912)	34	(15)	–	8	(885)
Balance at December 31	–	7,846	9,682	2,954	–	3,143	23,625
Allowance for impairment losses	–	8	–	–	–	–	8
Net book value at December 31	₱4,801	₱7,258	₱3,122	₱940	₱881	₱3,894	₱20,896

As of December 31, 2025 and 2024, the cost of fully depreciated property and equipment still in use amounted to ₱10.4 billion and ₱9.6 billion, respectively, for the Group, and ₱7.2 billion and ₱6.5 billion, respectively, for the Parent Company.

11. Investments in Subsidiaries, Associates and a Joint Venture

Investments in subsidiaries consist of:

	2025	2024
Acquisition cost		
PSBank	₱13,076	₱13,076
FMIC	11,751	11,751
MBCL	11,680	11,680
Circa	837	837
First Metro Holdings USA, Inc. (formerly MR USA)	365	365
ORIX Metro	265	265
MR Japan	102	102
FMIRBI	75	75
MR UK	31	31
MRHL	26	26
MRSPL	17	17
Others	25	25
	38,250	38,250

(Forward)

	2025	2024
Accumulated equity in net income		
Balance at January 1	₱42,681	₱38,880
Share in net income	6,148	6,422
Dividends	(5,310)	(2,621)
Balance at December 31	43,519	42,681
Equity in net unrealized loss on investment securities at FVOCI	(333)	(368)
Equity in net unrealized gain on remeasurement of retirement plan and translation adjustment and others	2,968	1,843
Equity in realized loss on sale of equity securities at FVOCI	(351)	(351)
Return of Investment – Circa	(306)	–
Allowance for impairment loss (Note 15)	(648)	(648)
Carrying value		
PSBank	40,588	38,826
FMIC	19,198	19,900
MBCL	18,531	16,970
ORIX Metro	3,794	4,463
First Metro Holdings USA, Inc. (formerly MR USA)	248	225
MRSPL	214	199
MRHL	70	88
FMIRBI	70	72
MR UK	43	37
MR Japan	35	49
Circa	–	294
Others	308	284
	₱83,099	₱81,407

As of December 31, 2025 and 2024, allowance for impairment loss amounting to ₱647.7 million pertains to investment in FMIC.

The following subsidiaries have material non-controlling interests as of December 31, 2025 and 2024:

	Country of Incorporation and Principal Place of Business	Principal Activities	Effective Ownership of Non-Controlling Interest	
			2025	2024
ORIX Metro	Philippines	Leasing, Financing	40.14%	40.14%
PSBank	Philippines	Banking	11.62%	11.62%

The following table presents financial information of subsidiaries with material non-controlling interests as of December 31, 2025 and 2024:

	2025		2024	
	PSBank	ORIX Metro	PSBank	ORIX Metro
Statement of Financial Position				
Total assets	₱237,300	₱21,404	₱216,357	₱18,209
Total liabilities	191,200	11,917	172,251	7,049
Non-controlling interest	6,539	3,831	6,308	4,500
Statement of Income				
Gross income	20,274	5,006	19,962	4,567
Operating income	15,914	4,650	15,318	4,267
Net income	3,501	1,200	5,208	1,203
Net income attributable to non-controlling interest	407	482	605	483
Total comprehensive income	3,273	1,328	5,232	1,105
Statement of Cash Flows				
Net cash provided by (used in) operating activities	2,204	689	(46,222)	2,354
Net cash used in investing activities	(1,289)	(1,150)	33,324	(1,056)
Net cash used in financing activities	3,133	729	(2,075)	(1,828)
Net increase (decrease) in cash and cash equivalents	4,048	268	(14,973)	(530)
Cash and cash equivalents at beginning of year	5,181	613	20,154	1,143
Cash and cash equivalents at end of year	9,229	881	5,181	613

Investment in CIRCA

On May 4, 2022, the stockholders of CIRCA 2000 Homes, Inc. approved the shortening of its corporate term to end on December 31, 2024 through an amendment of its Articles of Incorporation (AOI). The amended AOI was approved by the SEC on June 10, 2022.

In 2025, there was a partial return of the paid-up capital of CIRCA to the Parent Company amounting to ₱400.0 million as part of its liquidation process. The Parent Company recorded income from partial return of paid-up capital amounting to ₱94.3 million in 2025.

Investment in FMIC

On September 15, 2023, the SEC approved the following amendments on the Articles of Incorporation of FMIC:

1. Deletion of the primary purpose pertaining to the quasi-banking and trust activities of FMIC in view of BSP's approval to surrender its quasi-bank and trust license on March 25, 2021;
2. Decrease in the number of authorized common shares of FMIC from 800,000,000 to 16,000,000 shares and increase in the par value from ₱10.00 to ₱500.00 per share.

In 2024, FMIC disposed of its entire equity interest in the following subsidiaries as part of its strategic decision to streamline operations and focus on core businesses for a total consideration of ₱2.4 billion.

Subsidiary Name	Principal Activities	Percentage of Ownership	Date of Disposal
FAMI	Asset Management	70.0%	December 18, 2024
FMPEETFI	Exchange Traded Fund	25.7%	August 22, 2024
FMSLMMF	Mutual Fund	16.9%	August 22, 2024
FMSALEF	Mutual Fund	10.3%	August 22, 2024
FMSALBF	Mutual Fund	15.6%	August 22, 2024
FMSLDBF	Mutual Fund	26.1%	August 22, 2024
FMSLFIF	Mutual Fund	6.0%	August 22, 2024

Following the disposal, FMIC no longer has control or significant influence over the subsidiaries. As such, the financial position of the subsidiaries have been deconsolidated from the date of disposal, and the results of operations of these subsidiaries for the period up to the date of disposal have been included in the consolidated statement of profit or loss and other comprehensive income. In 2024, the total net loss recognized from the disposal (included in 'Profit from assets sold') amounted to ₱77.1 million.

Goodwill

As of December 31, 2025 and 2024, the carrying amount of goodwill of the Group amounted to ₱4.5 billion, of which ₱4.4 billion pertains to the goodwill arising from the acquisition of the then Solidbank Corporation, which was merged with FMIC (Note 3).

Investment in FMIRBI

On August 29, 2023, the BOD of the Parent Company approved the establishment of FMIRBI as an independent and wholly owned subsidiary subject to the approval of the BSP, Insurance Commission and Securities and Exchange Commission (SEC). This was approved by the BSP on December 11, 2023 subject to certain conditions. On April 11, 2024, the SEC approved the incorporation of FMIRBI. FMIRBI had filed an application for insurance and reinsurance license with the Insurance Commission on September 2, 2024. The Insurance Commission granted the license effective January 1, 2025 for insurance and reinsurance and effective March 5, 2025 for HMO.

Investment in MBCL

Upon completion of the regulatory requirements, on May 20, 2024, the Parent Company infused an additional investment of RMB200.0 million (equivalent to ₱1.6 billion) to MBCL as approved by the Bangko Sentral ng Pilipinas (BSP) on December 11, 2023.

Investment in First Metro Holdings USA, Inc. (formerly Metro Remittance (USA), Inc.)

On July 24, 2024, the stockholders of Metro Remittance (USA), Inc. approved the change in business name of the Company from Metro Remittance (USA), Inc. to First Metro Holdings USA, Inc. through an amendment of its Articles of Incorporation (AOI). The amended AOI was approved by the California's Secretary of State on August 30, 2024.

Investment in associates and a joint venture consist of:

Principal Activities	Consolidated		Parent Company		
	2025	2024	2025	2024	
Acquisition cost:					
Lepanto Consolidated Mining Company (LCMC) (11.91% in 2025 and 13.36% in 2024 effectively owned)	Mining	₱2,527	₱2,527	₱-	₱-
SMFC (26.52% effectively owned)*	Financing	610	610	-	-
Northpine Land, Inc. (NLI) (20.00% owned)	Real estate developer	232	232	232	232
Taal Land Inc. (TLI) (35.00% owned)	Real estate	178	178	178	178
Cathay International Resources Corporation (CIRC) (34.49% effectively owned)	Investment house	175	175	-	-
AXA Philippines Life and General Insurance Corporation (AXA Philippines) [formerly Philippine AXA Life Insurance Corporation (PALIC)] (27.97% effectively owned)	Insurance	172	172	-	-
SMBC Metro Investment Corporation (SMBC Metro) (30.00% owned)	Investment house	-	180	-	180
Others		41	41	-	-
		3,935	4,115	410	590

(Forward)

	Principal Activities	Consolidated		Parent Company	
		2025	2024	2025	2024
Accumulated equity in net income:					
Balance at January 1		₱3,832	₱3,531	₱287	₱295
Share in net income		915	765	13	(8)
Dividends		(42)	(464)	–	–
Others**		(47)	–	(47)	–
Balance at December 31		4,658	3,832	253	287
Allowance for impairment losses (Note 15)					
Balance at January 1		(1,479)	(1,342)	(101)	(101)
Reversal of (provision for) impairment losses		557	(137)	–	–
Reversal of allowance due to return of investment – SMBC Metro		23	–	23	–
Balance at December 31		(899)	(1,479)	(78)	(101)
Equity in other comprehensive income					
Return of investment – SMBC Metro		–	(180)	–	(180)
Sale of investment – LCMC		(201)	–	–	–
Carrying value					
AXA Philippines		5,277	4,464	–	–
SMFC		904	892	–	–
NLI		568	555	568	555
LCMC		826	356	–	–
SMBC Metro		–	24	–	24
TLI		18	18	18	18
Others		55	50	–	–
		₱7,648	₱6,359	₱586	₱597

* Represents investment in a JV of the Group and effective ownership interest of the Parent Company through PSBank.

** Includes equity share on liquidating dividends from SMBC Metro.

The principal place of business of these associates is in the Philippines.

Investment of FMIC in LCMC

FMIC has the ability to exercise significant influence through a 5-year agreement with Philex Mining Corporation to jointly vote. As of December 31, 2025 and 2024, LCMC-A shares are trading at ₱0.185 per share and ₱0.067 per share, respectively, and LCMC-B shares are trading at ₱0.187 per share and ₱0.067 per share, respectively. In 2025, following the improvement in market conditions, the Group recognized reversal of impairment loss amounting to ₱431.4 million. The Group also sold 964 million LCMC-A shares which resulted in a loss of ₱32.1 million and an additional reversal of impairment loss of ₱125.6 million.

Investment in SMBC Metro

In 2025, there was a full liquidation of the Parent's Company's investment in SMBC Metro.

The following tables present financial information of significant associates and a JV:

	Statements of Financial Position		Statements of Income and Other Comprehensive Income			
	Total Assets	Total Liabilities	Gross Income	Operating Income (Loss)	Net Income (Loss)	Total Comprehensive Income (Loss)
December 31, 2025						
AXA Philippines	₱198,159	₱179,501	₱16,736	₱3,278	₱2,525	₱260
LCMC	9,500	3,927	4,407	1,584	1,562	–
NLI	2,821	83	41	(32)	16	–
SMFC	6,806	3,769	1,782	413	115	–
CIRC	1,724	1,895	521	(107)	(98)	1

	Statements of Financial Position		Statements of Income and Other Comprehensive Income			
	Total Assets	Total Liabilities	Gross Income	Operating Income (Loss)	Net Income (Loss)	Total Comprehensive Income (Loss)
December 31, 2024						
AXA Philippines	₱185,999	₱170,103	₱19,351	₱3,290	₱2,487	(₱78)
LCMC	8,404	4,094	2,777	157	173	–
NLI	2,946	258	6	(59)	(37)	–
SMFC	6,332	3,289	1,707	379	259	–
CIRC	1,844	1,917	493	(113)	(65)	1

Major assets of significant associates and a JV include the following:

	2025	2024
AXA Philippines		
Cash and cash equivalents	₱9,609	₱7,757
Loans and receivables - net	1,122	1,171
Investment securities at FVTPL	2,094	1,770
Investment securities at FVOCI	27,652	25,113
Property and equipment	354	368
LCMC		
Inventories	454	443
Investments and advances	959	971
Mine exploration cost	11	11
Property, plant and equipment - net	5,870	5,694
NLI		
Cash and cash equivalents	1,511	1,278
Real estate properties	621	677
Receivables - net	548	947
SMFC		
Cash and cash equivalents	389	393
Receivables - net	6,041	5,489
CIRC		
Cash and cash equivalents	96	96
Receivables - net	168	173
Property, plant and equipment - net	1,011	1,087
Condominium units for sale/inventories	155	187

Dividends declared by investee companies of the Group Company follow:

Subsidiary/Associate	Date of Declaration	Per Share	Total Amount	Record Date	Payment Date
2025					
Subsidiaries					
Cash Dividend					
PSBank	January 16, 2025	₱0.75	₱320	February 3, 2025	February 17, 2025
PSBank	April 24, 2025	0.75	320	May 12, 2025	May 26, 2025
PSBank	July 24, 2025	0.75	320	August 8, 2025	August 26, 2025
PSBank	October 23, 2025	0.75	320	November 10, 2025	November 24, 2025
FMIC	December 19, 2025	402.76	3,000	December 31, 2025	February 27, 2026
FMSBC	May 19, 2025	59.17	100	May 31, 2025	July 28, 2025
FMSBC	December 4, 2025	59.17	100	December 15, 2025	December 29, 2025
Orix Rental Corporation	July 18, 2025	100.00	1,500	July 31, 2025	December 31, 2025
OMLF Insurance Agency, Inc	December 15, 2025	41.99	3,000	December 15, 2025	December 23, 2025
PBC Capital Investment Corporation	September 22, 2025	20.00	60	September 22, 2025	September 30, 2025
Prima Ventures Dev. Corp.	September 22, 2025	4.04	17	September 22, 2025	September 30, 2025
Associates					
SMFC	June 19, 2025	6.33	127	June 4, 2025	July 14, 2025

Subsidiary/Associate	Date of Declaration	Per Share	Total Amount	Record Date	Payment Date
2024					
Subsidiaries					
Cash Dividend					
PSBank	January 18, 2024	₱0.75	₱320	February 2, 2024	February 19, 2024
PSBank	April 25, 2024	0.75	320	May 13, 2024	May 27, 2024
PSBank	July 25, 2024	0.75	320	August 9, 2024	August 27, 2024
PSBank	October 17, 2024	0.75	320	November 4, 2024	November 18, 2024
FMIC	April 1, 2024	201.38	1,500	April 30, 2024	June 28, 2024
FMSBC	April 15, 2024	59.17	100	April 15, 2024	July 12, 2024
OMLF Insurance Agency, Inc	January 5, 2024	28.41	71	January 5, 2024	January 31, 2024
PBC Capital Investment Corporation	April 30, 2024	10.00	30	April 30, 2024	May 31, 2024
Associates					
AXA Philippines	December 12, 2024	150.00	1,500	November 30, 2024	December 17, 2024
SMFC	June 28, 2024	5.45	109	June 13, 2024	July 23, 2024

12. Investment Properties

This account consists of foreclosed real estate properties and investments in real estate:

	Consolidated					
	2025			2024		
	Land	Buildings and Improvements	Total	Land	Buildings and Improvements	Total
Cost						
Balance at January 1	₱5,144	₱5,253	₱10,397	₱5,230	₱5,445	₱10,675
Additions	395	1,035	1,430	265	579	844
Disposals	(395)	(677)	(1,072)	(351)	(771)	(1,122)
Balance at December 31	5,144	5,611	10,755	5,144	5,253	10,397
Accumulated depreciation and amortization						
Balance at January 1	–	1,215	1,215	–	1,160	1,160
Depreciation and amortization	–	178	178	–	171	171
Disposals	–	(100)	(100)	–	(116)	(116)
Balance at December 31	–	1,293	1,293	–	1,215	1,215
Allowance for impairment losses (Note 15)						
Balance at January 1	1,214	163	1,377	1,221	187	1,408
Provision for (reversal of) impairment loss	(2)	11	9	4	13	17
Disposals	(18)	(21)	(39)	(11)	(37)	(48)
Balance at December 31	1,194	153	1,347	1,214	163	1,377
Net book value at December 31	₱3,950	₱4,165	₱8,115	₱3,930	₱3,875	₱7,805

	Parent Company					
	2025			2024		
	Land	Buildings and Improvements	Total	Land	Buildings and Improvements	Total
Cost						
Balance at January 1	₱3,231	₱1,945	₱5,176	₱3,243	₱1,951	₱5,194
Additions	287	573	860	153	184	337
Disposals	(201)	(211)	(412)	(165)	(190)	(355)
Balance at December 31	3,317	2,307	5,624	3,231	1,945	5,176
Accumulated depreciation and amortization						
Balance at January 1	–	630	630	–	606	606
Depreciation and amortization	–	83	83	–	71	71
Disposals	–	(29)	(29)	–	(47)	(47)
Balance at December 31	–	684	684	–	630	630
Allowance for impairment losses (Note 15)						
Balance at January 1	943	38	981	953	38	991
Disposals	(13)	(1)	(14)	(10)	–	(10)
Balance at December 31	930	37	967	943	38	981
Net book value at December 31	₱2,387	₱1,586	₱3,973	₱2,288	₱1,277	₱3,565

As of December 31, 2025 and 2024, foreclosed investment properties still subject to redemption period by the borrowers amounted to ₱832.3 million and ₱776.1 million, respectively, for the Group, and ₱311.1 million and ₱322.7 million, respectively, for the Parent Company.

As of December 31, 2025 and 2024, aggregate market value of investment properties amounted to ₱17.4 billion and ₱16.6 billion, respectively, for the Group, and ₱9.7 billion and ₱8.9 billion, respectively, for the Parent Company, of which ₱11.0 billion and ₱10.0 billion, respectively, for the Group, and ₱9.7 billion and ₱8.9 billion, respectively, for the Parent Company were determined by independent external appraisers. Information about the fair value measurement of investment properties are also presented in Note 5.

Rental income on investment properties (included in 'Leasing income' in the statements of income) in 2025, 2024 and 2023 amounted to ₱174.9 million, ₱112.1 million and ₱92.8 million, respectively, for the Group (Note 13) and ₱55.2 million and nil consecutively, respectively, for the Parent Company.

Direct operating expenses on investment properties that did not generate rental income (included under 'Litigation expenses') in 2025, 2024 and 2023 amounted to ₱405.1 million, ₱372.5 million and ₱389.7 million, respectively, for the Group and ₱79.1 million, ₱79.7 million and ₱78.6 million, respectively, for the Parent Company (Note 25).

Net gains from sale of investment properties (included in 'Profit from assets sold' in the statements of income) in 2025, 2024 and 2023 amounted to ₱388.0 million, ₱355.3 million and ₱1.7 billion, respectively, for the Group, and ₱213.0 million, ₱139.8 million and ₱1.6 billion, respectively, for the Parent Company.

13. Leases

Group as a Lessee

As of December 31, 2025 and 2024, 60.67% and 60.14%, respectively, of the Parent Company's branch sites are under lease arrangements. Also, some of its subsidiaries lease the premises occupied by their Head Offices and most of their branches. The lease contracts are for periods ranging from one to 30 years and some are renewable at the Group's option under certain terms and conditions. Various lease contracts include escalation clauses, which bear an annual rent increase of 2.00% to 20.00% in 2025 and 2024. As of December 31, 2025 and 2024, the Group has no contingent rent payable.

The carrying amounts of lease liabilities (included in 'Other Liabilities' in Note 21) are as follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Balance at January 1	₱5,953	₱5,764	₱4,333	₱4,018
Additions	2,585	2,135	1,640	1,464
Expiry/early termination	(42)	(12)	(20)	(8)
Accretion of interest	414	350	298	239
Payments	(2,370)	(2,194)	(1,518)	(1,384)
Others	19	(90)	6	4
Balance at December 31	₱6,559	₱5,953	₱4,739	₱4,333

The Group and the Parent Company recognized the following:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Interest expense on lease liabilities	₱415	₱350	₱340	₱298	₱239	₱223
Rent expense from short-term leases and leases of low-value assets*	1,001	1,124	930	753	859	698

* Included under 'Occupancy and equipment -related cost'

Future minimum rentals payable under non-cancelable leases follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Within one year	₱1,933	₱1,892	₱1,038	₱939
After one year but not more than five years	4,722	4,600	3,671	3,633
More than five years	1,021	675	976	604
	₱7,676	₱7,167	₱5,685	₱5,176

As of December 31, 2025 and 2024, the Parent Company has undiscounted potential future rental payments arising from extension options expected not to be exercised and thus, not included in the calculation of lease liability amounting to ₱90.4 million and ₱55.5 million, respectively.

Group as a Lessor

The Group has entered into commercial property leases on its investment property portfolio, consisting of the Group's available office spaces and investment properties and lease agreements over various items of machinery and equipment which are non-cancelable and have remaining non-cancelable lease terms of between one to seven years. In 2025, 2024 and 2023, leasing income on investment properties amounted to ₱2.2 billion, ₱2.0 billion and ₱1.9 billion, respectively, for the Group, and ₱64.3 million, ₱72.1 million and ₱78.3 million, respectively, for the Parent Company.

Future minimum rentals receivable under non-cancelable operating leases follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Within one year	₱1,391	₱1,419	₱39	₱39
After one year but not more than five years	1,191	1,375	65	64
More than five years	–	–	–	–
	₱2,582	₱2,794	₱104	₱103

Finance Leases

Lease contract receivables under finance leases, which are accounts of ORIX Metro, are due in monthly installments with terms ranging from one to seven years. These are broken down as follows (Note 9):

	2025	2024
Within one year	₱194	₱433
After one year but not more than five years	1,771	1,562
Greater than five years	4	1
	₱1,969	₱1,996

14. Other Assets

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Software costs - net	₱4,971	₱4,177	₱4,521	₱3,687
Investment in SPVs	1,919	1,919	1,919	1,919
Prepaid expenses	1,738	1,591	1,210	1,252
Chattel properties acquired in foreclosure - net	1,320	943	46	61
Creditable withholding tax	1,132	1,082	603	542
Documentary and postage stamps on hand	1,004	610	990	581
Customized system development cost	859	2,715	859	2,715
Returned checks and other cash items	555	232	533	215
Interoffice float items	452	4	452	4
Residual value of leased assets	365	391	–	–
Assets held under joint operations (Note 32)	115	137	115	137
Miscellaneous (Note 27)	7,192	7,504	5,824	6,290
	21,622	21,305	17,072	17,403
Less: allowance for impairment losses	3,354	3,356	3,344	3,346
	₱18,268	₱17,949	₱13,728	₱14,057

Movements in software costs account follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Cost				
Balance at January 1	₱13,444	₱11,501	₱10,688	₱9,013
Additions	2,545	2,036	2,344	1,682
Disposals/reclassification/others	(186)	(93)	(157)	(7)
Balance at December 31	15,803	13,444	12,875	10,688
Accumulated amortization				
Balance at January 1	9,267	8,157	7,001	6,018
Amortization	1,565	1,153	1,363	984
Disposals/others	–	(43)	(10)	(1)
Balance at December 31	10,832	9,267	8,354	7,001
Net book value at December 31	₱4,971	₱4,177	₱4,521	₱3,687

Movements in chattel properties acquired in foreclosure follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Cost				
Balance at January 1	₱1,092	₱1,059	₱86	₱92
Additions	5,294	4,013	38	56
Disposals/others	(4,910)	(3,980)	(52)	(62)
Balance at December 31	1,476	1,092	72	86
Accumulated depreciation and amortization				
Balance at January 1	148	232	24	19
Depreciation and amortization	299	243	16	20
Disposals/others	(296)	(327)	(15)	(15)
Balance at December 31	151	148	25	24
Allowance for impairment losses	5	1	1	1
Net book value at December 31	₱1,320	₱943	₱46	₱61

Assets held under joint operations are parcels of land and former branch sites of the Parent Company which were contributed to separate joint operations with FLI and Federal Land Orix Corporation (Note 32). These are carried at costs, which are lower than the net realizable values.

Investment in SPVs represents subordinated notes issued by Cameron Granville 3 Asset Management, Inc. and LNC 3 Asset Management, Inc. with face amount of ₱9.4 billion and ₱2.6 billion, respectively. These notes are non-interest bearing and payable over five (5) years starting April 1, 2006, with rollover of two (2) years at the option of the note issuers. The subordinated notes which are fully provided with allowance for impairment losses have gross carrying amount (after write-off) of ₱1.9 billion as of December 31, 2025 and 2024.

Miscellaneous assets include assets held in Trust which represents the fund set aside by the Parent Company and PSBank for the specific purpose of E-money balance liquidation in compliance with BSP Circular No. 1166. As provided in the circular, the amount held in the trust account shall not fall below the required minimum balance of at least 50.00% of the outstanding e-money balances. As of December 31, 2025 and 2024, assets held in Trust amounted to ₱1.4 billion and ₱1.2 billion, respectively, for the Group, and ₱1.2 billion and ₱1.0 billion, respectively, for the Parent Company. The remaining percentage of outstanding E-money balance was covered by government securities amounting to ₱1.3 billion and ₱1.1 billion, respectively, for the Group and ₱1.2 billion and ₱1.0 billion, respectively, for the Parent Company.

15. Allowance for Credit and Impairment Losses

An analysis of changes in the ECL allowances in 2025 and 2024 is as follows:

	Consolidated			
	Due from Other Banks	Interbank Loans Receivable	Investment Securities at FVOCI	Investment Securities at Amortized Cost
2025				
ECL allowance, January 1, 2025	₱68	₱61	₱869	₱321
Asset derecognized or repaid	(68)	(61)	-	-
New asset originated	69	76	-	-
Changes in assumptions	-	-	7	1
ECL allowance, December 31, 2025	₱69	₱76	₱876	₱322
2024				
ECL allowance, January 1, 2024	₱51	₱36	₱809	₱375
Asset derecognized or repaid	(51)	(36)	-	-
New asset originated	68	61	-	-
Changes in assumptions	-	-	60	(54)
ECL allowance, December 31, 2024	₱68	₱61	₱869	₱321

	Consolidated			
	Receivables from Customers			Total
	Stage 1	Stage 2	Stage 3	
2025				
Commercial loans				
ECL allowance, January 1, 2025	₱11,487	₱1,528	₱14,199	₱27,214
Newly originated assets that remained in Stage 1 as at year-end	3,525	-	-	3,525
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	2,335	986	3,321
Assets derecognized or repaid	(6,559)	(497)	(1,490)	(8,546)
Amounts written off	-	-	(28)	(28)
Transfers to/(from) Stage 1	571	-	-	571
Transfers to/(from) Stage 2	-	(558)	-	(558)
Transfers to/(from) Stage 3	-	-	(13)	(13)
Changes in assumptions	(1,941)	624	823	(494)
ECL allowance, December 31, 2025	7,083	3,432	14,477	24,992

(Forward)

	Consolidated			
	Receivables from Customers			Total
	Stage 1	Stage 2	Stage 3	
Residential mortgage loans				
ECL allowance, January 1, 2025	372	292	483	1,147
Newly originated assets that remained in Stage 1 as at year-end	46	-	-	46
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	2	25	27
Assets derecognized or repaid	(161)	(63)	(107)	(331)
Transfers to/(from) Stage 1	94	-	-	94
Transfers to/(from) Stage 2	-	(56)	-	(56)
Transfers to/(from) Stage 3	-	-	(38)	(38)
Changes in assumptions	(92)	(41)	29	(104)
ECL allowance, December 31, 2025	259	134	392	785
Auto loans				
ECL allowance, January 1, 2025	1,059	774	1,067	2,900
Newly originated assets that remained in Stage 1 as at year-end	481	-	-	481
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	80	319	399
Assets derecognized or repaid	(178)	(219)	(146)	(543)
Amounts written off	-	-	(559)	(559)
Transfers to/(from) Stage 1	67	-	-	67
Transfers to/(from) Stage 2	-	(169)	-	(169)
Transfers to/(from) Stage 3	-	-	102	102
Changes in assumptions	(643)	311	932	600
ECL allowance, December 31, 2025	786	777	1,715	3,278
Credit card				
ECL allowance, January 1, 2025	2,204	3,586	4,360	10,150
Newly originated assets that remained in Stage 1 as at year-end	716	-	-	716
Assets derecognized or repaid	(17)	(108)	(151)	(276)
Amounts written off	-	-	(3,095)	(3,095)
Transfers to/(from) Stage 1	417	-	-	417
Transfers to/(from) Stage 2	-	(1,737)	-	(1,737)
Transfers to/(from) Stage 3	-	-	1,320	1,320
Changes in assumptions*	(328)	2,504	7,787	9,963
ECL allowance, December 31, 2025	2,992	4,245	10,221	17,458
Trade loans				
ECL allowance, January 1, 2025	282	2	402	686
Newly originated assets that remained in Stage 1 as at year-end	327	-	-	327
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	83	397	480
Assets derecognized or repaid	(281)	(1)	(123)	(405)
Changes in assumptions	-	10	13	23
ECL allowance, December 31, 2025	328	94	689	1,111
Other loans				
ECL allowance, January 1, 2025	64	83	231	378
Newly originated assets that remained in Stage 1 as at year-end	33	-	-	33
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	13	21	34
Assets derecognized or repaid	(20)	(2)	(27)	(49)
Amounts written off	-	-	(160)	(160)
Transfers to/(from) Stage 1	(24)	-	-	(24)
Transfers to/(from) Stage 2	-	10	-	10
Transfers to/(from) Stage 3	-	-	14	14
Changes in assumptions	(12)	(13)	210	185
ECL allowance, December 31, 2025	41	91	289	421
Total receivables from customers				
ECL allowance, January 1, 2025	15,468	6,265	20,742	42,475
Newly originated assets that remained in Stage 1 as at year-end	5,128	-	-	5,128
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	2,513	1,748	4,261
Assets derecognized or repaid	(7,216)	(890)	(2,044)	(10,150)
Amounts written off	-	-	(3,842)	(3,842)
Transfers to/(from) Stage 1	1,125	-	-	1,125
Transfers to/(from) Stage 2	-	(2,510)	-	(2,510)
Transfers to/(from) Stage 3	-	-	1,385	1,385
Changes in assumptions	(3,016)	3,395	9,794	10,173
ECL allowance, December 31, 2025	₱11,489	₱8,773	₱27,783	₱48,045

(Forward)

	Consolidated			
	Receivables from Customers			
	Stage 1	Stage 2	Stage 3	Total
2024				
Commercial loans				
ECL allowance, January 1, 2024	₱9,079	₱8,897	₱13,678	₱31,654
Newly originated assets that remained in Stage 1 as at year-end	5,433	–	–	5,433
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	666	6,486	7,152
Assets derecognized or repaid	(5,018)	(7,717)	(4,453)	(17,188)
Amounts written off	–	–	(881)	(881)
Transfers to/(from) Stage 1	43	–	–	43
Transfers to/(from) Stage 2	–	250	–	250
Transfers to/(from) Stage 3	–	–	(293)	(293)
Changes in assumptions	1,950	(568)	(338)	1,044
ECL allowance, December 31, 2024	11,487	1,528	14,199	27,214
Residential mortgage loans				
ECL allowance, January 1, 2024	506	718	516	1,740
Newly originated assets that remained in Stage 1 as at year-end	95	–	–	95
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	3	14	17
Assets derecognized or repaid	(106)	(94)	(102)	(302)
Transfers to/(from) Stage 1	354	–	–	354
Transfers to/(from) Stage 2	–	(301)	–	(301)
Transfers to/(from) Stage 3	–	–	(53)	(53)
Changes in assumptions	(477)	(34)	108	(403)
ECL allowance, December 31, 2024	372	292	483	1,147
Auto loans				
ECL allowance, January 1, 2024	2,190	724	1,567	4,481
Newly originated assets that remained in Stage 1 as at year-end	619	–	–	619
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	135	223	358
Assets derecognized or repaid	(279)	(159)	(221)	(659)
Amounts written off	–	–	(1,102)	(1,102)
Transfers to/(from) Stage 1	(73)	–	–	(73)
Transfers to/(from) Stage 2	–	(109)	–	(109)
Transfers to/(from) Stage 3	–	–	182	182
Changes in assumptions	(1,398)	183	418	(797)
ECL allowance, December 31, 2024	1,059	774	1,067	2,900
Credit card				
ECL allowance, January 1, 2024	1,902	2,788	3,481	8,171
Newly originated assets that remained in Stage 1 as at year-end	125	–	–	125
Assets derecognized or repaid	(16)	(89)	(116)	(221)
Amounts written off	–	–	(7,233)	(7,233)
Transfers to/(from) Stage 1	322	–	–	322
Transfers to/(from) Stage 2	–	(1,052)	–	(1,052)
Transfers to/(from) Stage 3	–	–	730	730
Changes in assumptions*	(129)	1,939	7,498	9,308
ECL allowance, December 31, 2024	2,204	3,586	4,360	10,150
Trade loans				
ECL allowance, January 1, 2024	281	20	284	₱585
Newly originated assets that remained in Stage 1 as at year-end	282	–	–	282
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	–	123	123
Assets derecognized or repaid	(281)	(17)	(6)	(304)
Changes in assumptions	–	(1)	1	–
ECL allowance, December 31, 2024	282	2	402	686
Other loans				
ECL allowance, January 1, 2024	95	224	261	580
Newly originated assets that remained in Stage 1 as at year-end	54	–	–	54
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	19	15	34
Assets derecognized or repaid	57	(4)	(20)	33
Amounts written off	–	–	(193)	(193)

(Forward)

	Consolidated			
	Receivables from Customers			
	Stage 1	Stage 2	Stage 3	Total
Transfers to/(from) Stage 1	(₱25)	₱–	₱–	(₱25)
Transfers to/(from) Stage 2	–	(24)	–	(24)
Transfers to/(from) Stage 3	–	–	49	49
Changes in assumptions	(117)	(132)	119	(130)
ECL allowance, December 31, 2024	64	83	231	378
Total receivables from customers				
ECL allowance, January 1, 2024	14,053	13,371	19,787	47,211
Newly originated assets that remained in Stage 1 as at year-end	6,608	–	–	6,608
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	823	6,861	7,684
Assets derecognized or repaid	(5,643)	(8,080)	(4,918)	(18,641)
Amounts written off	–	–	(9,409)	(9,409)
Transfers to/(from) Stage 1	621	–	–	621
Transfers to/(from) Stage 2	–	(1,236)	–	(1,236)
Transfers to/(from) Stage 3	–	–	615	615
Changes in assumptions	(171)	1,387	7,806	9,022
ECL allowance, December 31, 2024	₱15,468	₱6,265	₱20,742	₱42,475

*includes impact on ECL of exposures transferred between stages

	Consolidated			
	Other Receivables			
	Stage 1	Stage 2	Stage 3	Total
2025				
ECL allowance, January 1, 2025	₱31	₱19	₱564	₱614
Newly originated assets that remained in Stage 1 as at year-end	11	–	–	11
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	6	13	19
Assets derecognized or repaid	(7)	(2)	(50)	(59)
Amounts written off	–	–	(21)	(21)
Transfers to/(from) Stage 1	2	–	–	2
Transfers to/(from) Stage 2	–	(4)	–	(4)
Transfers to/(from) Stage 3	–	–	2	2
Changes in assumptions	(13)	9	(18)	(22)
ECL allowance, December 31, 2025	₱24	₱28	₱490	₱542
2024				
ECL allowance, January 1, 2024	₱139	₱27	₱883	₱1,049
Newly originated assets that remained in Stage 1 as at year-end	19	–	–	19
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	6	23	29
Assets derecognized or repaid	(20)	(14)	(347)	(381)
Amounts written off	–	–	(1)	(1)
Transfers to/(from) Stage 1	(1)	–	–	(1)
Transfers to/(from) Stage 3	–	–	1	1
Changes in assumptions	(106)	–	5	(101)
ECL allowance, December 31, 2024	₱31	₱19	₱564	₱614

	Consolidated			
	Loan Commitments and Financial Guarantees			
	Stage 1	Stage 2	Stage 3	Total
2025				
ECL allowance, January 1, 2025	₱775	₱375	₱4	₱1,154
Newly originated assets that remained in Stage 1 as at year-end	918	–	–	918
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	–	4	–	4
Assets derecognized or repaid	(191)	(66)	(4)	(261)
Transfers to/(from) Stage 1	72	–	–	72
Transfers to/(from) Stage 2	–	(73)	–	(73)
Transfers to/(from) Stage 3	–	–	1	1
Changes in assumptions	314	92	5	411
ECL allowance, December 31, 2025	₱1,888	₱332	₱6	₱2,226

	Consolidated			
	Loan Commitments and Financial Guarantees			
	Stage 1	Stage 2	Stage 3	Total
2024				
ECL allowance, January 1, 2024	₱849	₱226	₱-	₱1,075
Newly originated assets that remained in Stage 1 as at year-end	291	-	-	291
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	-	-	-
Assets derecognized or repaid	(82)	(25)	-	(107)
Transfers to/(from) Stage 1	29	-	-	29
Transfers to/(from) Stage 2	-	(30)	-	(30)
Transfers to/(from) Stage 3	-	-	1	1
Changes in assumptions	(312)	204	3	(105)
ECL allowance, December 31, 2024	₱775	₱375	₱4	₱1,154

	Parent Company			
	Due from Other Banks	Interbank Loans Receivable	Investment Securities at FVOCI	Investment Securities at Amortized Cost
2025				
ECL allowance, January 1, 2025	₱62	₱54	₱863	₱310
Asset derecognized and repaid	(62)	(54)	-	-
New asset originated	65	55	-	-
Changes in assumptions	-	-	(1)	5
ECL allowance, December 31, 2025	₱65	₱55	₱862	₱315
2024				
ECL allowance, January 1, 2024	₱36	₱33	₱809	₱361
Asset derecognized and repaid	(36)	(33)	-	-
New asset originated	62	54	-	-
Changes in assumptions	-	-	54	(51)
ECL allowance, December 31, 2024	₱62	₱54	₱863	₱310

	Parent Company			
	Receivable from Customers			
	Stage 1	Stage 2	Stage 3	Total
2025				
Commercial loans				
ECL allowance, January 1, 2025	₱9,353	₱1,485	₱12,354	₱23,192
Newly originated assets that remained in Stage 1 as at year-end	3,190	-	-	3,190
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	2,237	621	2,858
Assets derecognized or repaid	(6,014)	(480)	(669)	(7,163)
Amounts written off	-	-	(20)	(20)
Transfers to/(from) Stage 1	594	-	-	594
Transfers to/(from) Stage 2	-	(558)	-	(558)
Transfers to/(from) Stage 3	-	-	(36)	(36)
Changes in assumptions	(2,022)	620	831	(571)
ECL allowance, December 31, 2025	5,101	3,304	13,081	21,486
Residential mortgage loans				
ECL allowance, January 1, 2025	291	121	311	723
Newly originated assets that remained in Stage 1 as at year-end	31	-	-	31
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	2	14	16
Assets derecognized or repaid	(157)	(49)	(68)	(274)
Transfers to/(from) Stage 1	51	-	-	51
Transfers to/(from) Stage 2	-	(16)	-	(16)
Transfers to/(from) Stage 3	-	-	(35)	(35)
Changes in assumptions	(27)	7	60	40
ECL allowance, December 31, 2025	189	65	282	536
Auto loans				
ECL allowance, January 1, 2025	143	14	251	408
Newly originated assets that remained in Stage 1 as at year-end	35	-	-	35
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	2	6	8
Assets derecognized or repaid	(110)	(6)	(38)	(154)
Amounts written off	-	-	(17)	(17)
Transfers to/(from) Stage 1	6	-	-	6
Transfers to/(from) Stage 2	-	(4)	-	(4)
Transfers to/(from) Stage 3	-	-	(2)	(2)
Changes in assumptions	(5)	2	34	31
ECL allowance, December 31, 2025	69	8	234	311

(Forward)

	Parent Company			
	Receivable from Customers			
	Stage 1	Stage 2	Stage 3	Total
Credit card				
ECL allowance, January 1, 2025	2,204	3,586	4,360	10,150
Newly originated assets that remained in Stage 1 as at year-end	716	-	-	716
Assets derecognized or repaid	(17)	(108)	(151)	(276)
Amounts written off	-	-	(3,095)	(3,095)
Transfers to/(from) Stage 1	417	-	-	417
Transfers to/(from) Stage 2	-	(1,737)	-	(1,737)
Transfers to/(from) Stage 3	-	-	1,320	1,320
Changes in assumptions*	(328)	2,504	7,787	9,963
ECL allowance, December 31, 2025	2,992	4,245	10,221	17,458
Trade loans				
ECL allowance, January 1, 2025	₱282	₱2	₱402	₱686
Newly originated assets that remained in Stage 1 as at year-end	327	-	-	327
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	83	397	480
Assets derecognized or repaid	(281)	(1)	(123)	(405)
Changes in assumptions	-	10	13	23
ECL allowance, December 31, 2025	328	94	689	1,111
Other loans				
ECL allowance, January 1, 2025	8	11	78	97
Newly originated assets that remained in Stage 1 as at year-end	10	-	-	10
Assets derecognized or repaid	-	-	-	-
Accounts written off	-	-	(92)	(92)
Transfers to/(from) Stage 1	1	-	-	1
Transfers to/(from) Stage 2	-	(1)	-	(1)
Transfers to/(from) Stage 3	-	-	-	-
Changes in assumptions	(6)	9	145	148
ECL allowance, December 31, 2025	13	19	131	163
Total receivables from customers				
ECL allowance, January 1, 2025	12,281	5,219	17,756	35,256
Newly originated assets that remained in Stage 1 as at year-end	4,309	-	-	4,309
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	2,324	1,038	3,362
Assets derecognized or repaid	(6,579)	(644)	(1,049)	(8,272)
Amounts written off	-	-	(3,224)	(3,224)
Transfers to/(from) Stage 1	1,069	-	-	1,069
Transfers to/(from) Stage 2	-	(2,316)	-	(2,316)
Transfers to/(from) Stage 3	-	-	1,247	1,247
Changes in assumptions	(2,388)	3,152	8,870	9,634
ECL allowance, December 31, 2025	₱8,692	₱7,735	₱24,638	₱41,065

	Parent Company				
	Receivable from Customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
2024					
Commercial loans					
ECL allowance, January 1, 2024	₱6,127	₱8,836	₱11,629	₱439	₱27,031
Newly originated assets that remained in Stage 1 as at year-end	4,895	-	-	-	4,895
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	653	5,898	-	6,551
Assets derecognized or repaid	(3,540)	(7,658)	(4,280)	-	(15,478)
Amounts written off	-	-	(378)	(439)	(817)
Transfers to/(from) Stage 1	(50)	-	-	-	(50)
Transfers to/(from) Stage 2	-	223	-	-	223
Transfers to/(from) Stage 3	-	-	(173)	-	(173)
Changes in assumptions	1,921	(569)	(342)	-	1,010
ECL allowance, December 31, 2024	9,353	1,485	12,354	-	23,192
Residential mortgage loans					
ECL allowance, January 1, 2024	312	144	321	-	777
Newly originated assets that remained in Stage 1 as at year-end	53	-	-	-	53
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	-	9	-	9
Assets derecognized or repaid	(98)	(47)	(70)	-	(215)
Transfers to/(from) Stage 1	32	-	-	-	32
Transfers to/(from) Stage 2	-	1	-	-	1
Transfers to/(from) Stage 3	-	-	(33)	-	(33)
Changes in assumptions	(8)	23	84	-	99
ECL allowance, December 31, 2024	291	121	311	-	723

(Forward)

	Parent Company				
	Receivable from Customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
Auto loans					
ECL allowance, January 1, 2024	₱172	₱115	₱277	₱-	₱564
Newly originated assets that remained in Stage 1 as at year-end	71	-	-	-	71
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	3	5	-	8
Assets derecognized or repaid	(110)	(25)	(55)	-	(190)
Amounts written off	-	-	(15)	-	(15)
Transfers to/(from) Stage 1	85	-	-	-	85
Transfers to/(from) Stage 2	-	(81)	-	-	(81)
Transfers to/(from) Stage 3	-	-	(4)	-	(4)
Changes in assumptions	(75)	2	43	-	(30)
ECL allowance, December 31, 2024	143	14	251	-	408

	Parent Company				
	Receivables from Customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
Credit card					
ECL allowance, January 1, 2024	1,902	2,788	3,481	-	8,171
Newly originated assets that remained in Stage 1 as at year-end	125	-	-	-	125
Assets derecognized or repaid	(16)	(89)	(116)	-	(221)
Amounts written off	-	-	(7,233)	-	(7,233)
Transfers to/(from) Stage 1	322	-	-	-	322
Transfers to/(from) Stage 2	-	(1,052)	-	-	(1,052)
Transfers to/(from) Stage 3	-	-	730	-	730
Changes in assumptions*	(129)	1,939	7,498	-	9,308
ECL allowance, December 31, 2024	2,204	3,586	4,360	-	10,150

Trade loans					
ECL allowance, January 1, 2024	281	20	284	-	585
Newly originated assets that remained in Stage 1 as at year-end	282	-	-	-	282
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	-	123	-	123
Assets derecognized or repaid	(281)	(17)	(6)	-	(304)
Changes in assumptions	-	(1)	1	-	-
ECL allowance, December 31, 2024	282	2	402	-	686

Other loans					
ECL allowance, January 1, 2024	-	6	72	-	78
Newly originated assets that remained in Stage 1 as at year-end	6	-	-	-	6
Assets derecognized or repaid	-	-	(1)	-	(1)
Accounts written off	-	-	(78)	-	(78)
Changes in assumptions	2	5	85	-	92
ECL allowance, December 31, 2024	8	11	78	-	97

Total receivables from customers					
ECL allowance, January 1, 2024	8,794	11,909	16,064	439	37,206
Newly originated assets that remained in Stage 1 as at year-end	5,432	-	-	-	5,432
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	656	6,035	-	6,691
Assets derecognized or repaid	(4,045)	(7,836)	(4,528)	-	(16,409)
Amounts written off	-	-	(7,704)	(439)	(8,143)
Transfers to/(from) Stage 1	389	-	-	-	389
Transfers to/(from) Stage 2	-	(909)	-	-	(909)
Transfers to/(from) Stage 3	-	-	520	-	520
Changes in assumptions	1,711	1,399	7,369	-	10,479
ECL allowance, December 31, 2024	₱12,281	₱5,219	₱17,756	₱-	₱35,256

*includes impact on ECL of exposures transferred between stages

	Parent Company			
	Other Receivables			
	Stage 1	Stage 2	Stage 3	Total
2025				
ECL allowance, January 1, 2025	₱20	₱6	₱537	₱563
Newly originated assets that remained in Stage 1 as at year-end	5	-	-	5
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	5	3	8
Assets derecognized or repaid	(6)	(1)	(48)	(55)
Amounts written off	-	-	-	-
Transfers to/(from) Stage 1	2	-	-	2
Transfers to/(from) Stage 2	-	(1)	-	(1)
Transfers to/(from) Stage 3	-	-	(1)	(1)
Changes in assumptions	(7)	2	(48)	(53)
ECL allowance, December 31, 2025	₱14	₱11	₱443	₱468
2024				
ECL allowance, January 1, 2024	₱117	₱12	₱845	₱974
Newly originated assets that remained in Stage 1 as at year-end	13	-	-	13
Newly originated assets that moved to Stage 2 and Stage 3 as at year-end	-	4	16	20
Assets derecognized or repaid	(18)	(10)	(315)	(343)
Amounts written off	-	-	(1)	(1)
Transfers to/(from) Stage 2	-	1	-	1
Transfers to/(from) Stage 3	-	-	(1)	(1)
Changes in assumptions	(92)	(1)	(7)	(100)
ECL allowance, December 31, 2024	₱20	₱6	₱537	₱563

	Parent Company			
	Loan Commitments and Financial Guarantees			
	Stage 1	Stage 2	Stage 3	Total
2025				
ECL allowance, January 1, 2025	₱700	₱375	₱4	₱1,079
Newly originated assets that remained in Stage 1 as at year-end	896	-	-	896
Newly originated assets that moved to Stage 2 as at year-end	-	4	-	4
Assets derecognized or repaid	(191)	(66)	(4)	(261)
Transfers to/(from) Stage 1	72	-	-	72
Transfers to/(from) Stage 2	-	(73)	-	(73)
Transfers to/(from) Stage 3	-	-	1	1
Changes in assumptions	309	92	4	405
ECL allowance, December 31, 2025	1,786	332	5	2,123
2024				
ECL allowance, January 1, 2024	₱769	₱226	₱-	₱995
Newly originated assets that remained in Stage 1 as at year-end	298	-	-	298
Newly originated assets that moved to Stage 2 as at year-end	-	-	-	-
Assets derecognized or repaid	(82)	(25)	-	(107)
Transfers to/(from) Stage 1	29	-	-	29
Transfers to/(from) Stage 2	-	(30)	-	(30)
Transfers to/(from) Stage 3	-	-	1	1
Changes in assumptions	(314)	204	3	(107)
ECL allowance, December 31, 2024	₱700	₱375	₱4	₱1,079

As of December 31, 2025 and 2024, the ECL allowances on loan commitments and financial guarantees are included in 'Miscellaneous liabilities' under 'Other liabilities' (Note 21).

The ECL allowance on accounts receivables of the Group and the Parent Company based on their aging as of December 31, 2025 and 2024 follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Age of accounts receivables				
Current	₱16	₱-	₱-	₱-
Up to 1 month	52	94	49	69
> 1 to 2 months	2	6	1	5
> 2 to 3 months	3	3	1	2
More than 3 months	3,217	3,262	2,698	2,735
Total ECL	₱3,290	₱3,365	₱2,749	₱2,811

Below is the breakdown of provision for (reversal of) credit and impairment losses:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Financial assets and other credit-related exposures:						
Loans and receivables	₱12,448	₱6,035	₱8,104	₱9,987	₱6,199	₱6,252
Investment securities	1	(54)	(96)	5	(51)	(91)
Interbank loans receivable	15	25	17	1	21	18
Due from other banks	1	17	10	3	26	13
	12,465	6,023	8,035	9,996	6,195	6,192
Non-financial assets:						
Investment properties	9	17	12	-	-	-
Goodwill	-	174	474	-	-	-
Investments in subsidiaries, associates and a joint venture	(557)	137	459	-	174	474
Other assets	2	9	(2)	(2)	10	(5)
	(546)	337	943	(2)	184	469
	₱11,919	₱6,360	₱8,978	₱9,994	₱6,379	₱6,661

With the foregoing level of allowance for credit and impairment losses, management believes that the Group has sufficient allowance to take care of any losses that the Group may incur from the non-collection or non-realization of its receivables and other risk assets.

16. Deposit Liabilities

The LTNCDs of the Group and the Parent Company which matured in 2024 consist of the following:

BSP Approval Date	Interest Rate	Issue Date	Maturity Date
Parent Company			
August 12, 2016	3.88%	July 20, 2017	July 20, 2024
July 19, 2018	5.38%	October 4, 2018	April 4, 2024
PSBank			
July 13, 2018	5.00%	August 9, 2018	February 9, 2024

As of December 31, 2025 and 2024, 17.66% and 17.54%, respectively, of the total interest-bearing deposit liabilities of the Group, and 14.98% and 15.36%, respectively, of the total interest-bearing deposit liabilities of the Parent Company are subject to periodic interest repricing. In 2025, 2024 and 2023, the outstanding peso deposit liabilities (excluding LTNCDs above) of the Group and the Parent Company earn annual fixed interest rates ranging from 0.06% to 12.50%, while the outstanding foreign currency-denominated deposit liabilities earn annual fixed interest rates ranging from 0.05% to 5.30%, from 0.05% to 6.46% and from 0.00% to 8.84%, respectively for the Group and Parent Company.

Interest expense on deposit liabilities consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
CASA	₱1,102	₱982	₱987	₱799	₱767	₱769
Time	40,364	47,779	39,043	34,226	41,250	32,042
LTNCD	-	214	1,090	-	201	829
	₱41,466	₱48,975	₱41,120	₱35,025	₱42,218	₱33,640

Reserve Requirement

In March 2025, BSP Circular No. 1211 was issued reducing the reserve requirements against deposit and deposit substitute liabilities from 7.00% to 5.00% effective reserve week starting March 28, 2025. Reserve requirements for peso-denominated LTNCDs and Other Bonds are still at 4.00% and 3.00% respectively. The required reserves can be kept in the form of deposit maintained in the demand deposit accounts with the BSP and any government securities used as compliance until they mature. The Parent Company and PSBank were in compliance with the reserve requirements as of December 31, 2025 and 2024.

The total statutory and liquidity reserves (included in 'Due from BSP' account) as reported to the BSP are as follows:

	2025	2024
Parent Company	₱105,641	₱148,945
PSBank	401	1,183
	₱106,042	₱150,128

17. Bills Payable and Securities Sold Under Repurchase Agreements

This account consists of borrowings from:

	Consolidated		Parent Company	
	2025	2024	2025	2024
SSURA	₱407,556	₱276,628	₱404,236	₱276,628
Local banks	43,623	3,050	45,462	2,123
BSP	40,900	-	40,900	-
Foreign banks	38,655	20,969	15,134	7,785
Deposit substitutes	-	5	-	5
	₱530,734	₱300,652	₱505,732	₱286,541

Interbank borrowings with foreign and local banks are mainly short-term borrowings. Deposit substitutes pertain to borrowings from the public.

The following are the carrying values of the debt securities (Note 8) pledged and transferred under SSURA transactions of the Group and the Parent Company:

	Consolidated				Parent Company			
	2025		2024		2025		2024	
	Transferred Securities	SSURA	Transferred Securities	SSURA	Transferred Securities	SSURA	Transferred Securities	SSURA
Investment securities at FVTPL	₱2,988	₱2,652	₱83,564	₱83,292	₱2,988	₱2,652	₱83,564	₱83,292
Investment securities at FVOCI								
Government	332,723	327,311	46,677	43,099	332,723	327,311	46,677	43,099
Private	3,320	3,320	-	-	-	-	-	-
Investment securities at amortized cost	80,201	74,273	168,582	150,237	80,201	74,273	168,582	150,237
	₱419,232	₱407,556	₱298,823	₱276,628	₱415,912	₱404,236	₱298,823	₱276,628

The Group's peso borrowings are subject to annual fixed interest rates ranging from 4.50% to 5.30%, from 4.75% to 5.91% and from 2.90% to 6.45% in 2025, 2024 and 2023, respectively, while the Group's foreign currency-denominated borrowings are subject to annual fixed interest rates ranging from 1.31% to 5.55%, from 0.00% to 6.63% and from 0.00% to 7.50% in 2025, 2024 and 2023, respectively. For the Parent Company, the peso borrowings are subject to annual fixed interest rates ranging from 4.50% to 5.30%, 4.75% and from 4.13% to 4.75% in 2025, 2024 and 2023, respectively, while the foreign currency-denominated borrowings are subject to annual fixed interest rates ranging from 0.00% to 5.55%, from 0.00% to 6.63% and from 0.00% to 7.50% in 2025, 2024 and 2023, respectively.

Interest expense on bills payable (included in the 'Interest expense on bills payable and SSURA, bonds payable, subordinated debts and others' in the statements of income) in 2025, 2024 and 2023 amounted to ₱14.4 billion, ₱9.4 billion and ₱3.9 billion, respectively, for the Group and ₱14.1 billion, ₱9.0 billion and ₱3.4 billion, respectively, for the Parent Company.

18. Accrued Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Accrued interest (Note 32)	₱8,437	₱10,521	₱7,324	₱9,476
Accrued other expenses	10,343	13,023	7,707	10,511
	₱18,780	₱23,544	₱15,031	₱19,987

Accrued other expenses include accruals for compensation and fringe benefits, rentals, percentage and other taxes, professional fees, advertising and information technology expenses and other expenses.

19. Bonds Payable

This account consists of the following scripless fixed rate bonds:

Issue Date	Maturity Date	Interest Rate	Face Value	Carrying Value	
				2025	2024
Parent Company					
Fixed Rated Bonds					
June 4, 2021	September 4, 2026	3.60%	₱19,000	₱18,982	₱18,953
USD Senior Unsecured Notes					
July 15, 2020	January 15, 2026	2.125%	US\$500	29,391	28,819
March 6, 2024	March 6, 2029	5.375%	500	29,187	28,646
March 6, 2024	March 6, 2034	5.500%	500	28,970	28,440
				106,530	104,858
Fixed Rated Bonds					
PSBank					
August 18, 2025	August 18, 2027	5.875%	₱5,000	4,961	–
MBCL					
June 25, 2024	June 25, 2027	2.60%	CN¥300	2,522	2,378
				₱114,013	₱107,236

Specific terms of these bonds follow:

Parent Company

- ₱23.7 billion fixed rate bonds issued on October 28, 2022 with issue price at 100% face value, which bear an interest rate of 5.00% per annum, payable quarterly in arrears on January 28, April 28, July 28 and October 28 of each year, commencing on January 28, 2023. The bonds matured on April 28, 2024. Total bond issuance costs amounted to ₱194.8 million.
- ₱19.0 billion fixed rate bonds issued on June 4, 2021 with issue price at 100% face value, which bear an interest rate of 3.60% per annum, payable quarterly in arrears on March 4, June 4, September 4 and December 4 of each year, commencing on September 4, 2021. The bonds will mature on September 4, 2026. Total bond issuance costs amounted to ₱156.0 million.
- US\$500.0 million senior unsecured notes issued on July 15, 2020 with issue price at 99.096% face value, which bear an interest rate of 2.125% per annum, payable semi-annually in arrears on January 15 and July 15 of each year, commencing on January 15, 2021. The bonds matured on January 15, 2026. Total bond issuance costs amounted to ₱484.9 million.
- US\$500.0 million senior unsecured notes issued on March 6, 2024 with issue price at 99.879% face value, which bear an interest rate of 5.375% per annum, payable semi-annually in arrears on March 6 and September 6 of each year, commencing on September 6, 2024. The bonds will mature on March 6, 2029. Total bond issuance costs amounted to ₱326.7 million.
- US\$500.0 million senior unsecured notes issued on March 6, 2024 with issue price at 99.25% face value, which bear an interest rate of 5.50% per annum, payable semi-annually in arrears on March 6 and September 6 of each year, commencing on September 6, 2024. The bonds will mature on March 6, 2034. Total bond issuance costs amounted to ₱520.9 million.

PSBank

- ₱5.0 billion fixed rate bonds issued on August 18, 2025 with issue price at 100% face value, which bear an interest rate of 5.875% per annum, payable quarterly in arrears on November 18, February 18, May 18 and August 18 of each year, commencing on August 18, 2025. Total bond issuance costs amounted to ₱44.5 million.

MBCL

- CN¥300 million fixed rate bonds issued on June 25, 2024 with issue price at 100.00% face value, which bear an interest rate of 2.60% per annum, payable annually commencing on June 27, 2024. The bonds will mature on June 25, 2027.

Interest expense on bonds payable in 2025, 2024 and 2023 amounted to ₱5.1 billion, ₱4.8 billion and ₱3.1 billion, respectively, for the Group, and ₱4.9 billion, ₱4.7 billion and ₱3.1 billion, respectively, for the Parent Company. As of December 31, 2025 and 2024, unamortized bond issue costs amounted to ₱686.1 million and ₱909.2 million, respectively, for the Group, and ₱655.3 million and ₱909.2 million, respectively, for the Parent Company.

Reserve Requirement

Peso-denominated bonds are subject to reserves equivalent to 3.00% in 2025 and 2024. The Parent Company and PSBank were in compliance with such requirements as of December 31, 2025 and 2024.

20. Subordinated Debts

On December 20, 2013, Metrobank Card Corporation issued ₱1.2 billion subordinated notes with an issue price of 100% face value (absorbed by the Parent Company on January 3, 2020 relative to the merger), which bear an interest rate of 6.21% per annum and matured on December 20, 2023. The interest of the notes are payable quarterly in arrears every March 20, June 20, September 20 and December 20 each year, commencing on March 20, 2014. The Parent Company is in compliance with the terms and conditions upon which these subordinated notes have been issued.

In 2023, interest expense on subordinated debt included in 'Interest expense on bills payable and SSURA, bonds payable, subordinated debt and others' amounted to ₱71.2 million (including amortization of debt issue cost of ₱1.0 million).

21. Non-equity Non-controlling Interest and Other Liabilities

Non-equity Non-controlling Interest

This account arises when mutual funds are consolidated and where the Group holds less than 100.00% of the investment in these funds. When this occurs, the Group acquires a liability in respect of non-controlling interests in the funds of which the Group has control. Such non-controlling interests are distinguished from equity non-controlling interests in that the Group does not hold an equity stake in such funds. In 2024, FMIC disposed of its entire interest in these mutual funds (Note 11).

Loss attributable to non-equity non-controlling interests amounting to ₱403.0 million in 2024 and ₱124.0 million in 2023, is included under 'Trading and securities gain (loss) - net' in the statements of income (Note 8).

Other Liabilities

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Accounts payable	₱43,370	₱40,034	₱19,010	₱20,665
Marginal deposits	15,951	18,801	399	17
Bills purchased - contra (Note 9)	14,175	13,889	14,175	13,889
Lease liability (Note 13)	6,559	5,953	4,739	4,333
Deferred revenues (Note 25)	2,300	1,769	2,300	1,769
Other credits	1,989	1,924	1,758	1,703
Retirement liability (Note 27)	1,782	3,246	1,671	3,144
Outstanding acceptances	1,547	1,178	1,547	1,178
Withholding taxes payable	1,247	1,451	1,135	1,348
Deposits on lease contracts	656	665	–	–
Miscellaneous (Notes 11 and 15)	8,504	5,240	6,525	4,257
	₱98,080	₱94,150	₱53,259	₱52,303

Deferred revenues include deferral and recognition of loyalty points program transactions and membership fees and dues for credit card business. Miscellaneous liabilities include provision on committed lines (Note 15), due to the Treasurer of the Philippines and interoffice float items.

22. Maturity Profile of Assets and Liabilities

The following tables present the assets and liabilities by contractual maturity and settlement dates:

	Consolidated					
	2025			2024		
	Due Within One Year	Due Beyond One Year	Total	Due Within One Year	Due Beyond One Year	Total
Financial Assets - at gross						
Cash and other cash items	₱34,577	₱–	₱34,577	₱33,726	₱–	₱33,726
Due from BSP	106,042	–	106,042	150,128	–	150,128
Due from other banks	64,407	–	64,407	82,136	–	82,136
Interbank loans receivable and SPURA	72,666	–	72,666	81,348	–	81,348
Investment securities at FVTPL	101,476	12,365	113,841	217,463	8,839	226,302
Investment securities at FVOCI	400,734	553,726	954,460	153,937	419,064	573,001
Investment securities at amortized cost	10,141	463,455	473,596	8,545	466,800	475,345
Loans and receivables (Note 9)						
Receivables from customers	844,697	1,148,577	1,993,274	834,909	997,932	1,832,841
Unquoted debt securities	385	–	385	403	–	403
Accrued interest receivable	27,084	–	27,084	24,805	–	24,805
Accounts receivable	30,742	–	30,742	21,630	488	22,118
Sales contract receivable	14	–	14	18	5	23
Other receivables	12	2	14	8	4	12
Other assets (Note 14)						
Investments in SPVs	1,919	–	1,919	1,919	–	1,919
Returned checks and other cash items	555	–	555	232	–	232
Inter office float items	452	–	452	4	–	4
Miscellaneous	1,378	25	1,403	1,151	26	1,177
	1,697,281	2,178,150	3,875,431	1,612,362	1,893,158	3,505,520
Non-Financial Assets - at gross						
Property and equipment (Note 10)	–	68,217	68,217	–	63,322	63,322
Investments in associates and a JV (Note 11)	–	8,570	8,570	–	7,839	7,839
Investment properties (Note 12)	–	10,755	10,755	–	10,397	10,397
Deferred tax assets (Note 28)	–	15,307	15,307	–	18,037	18,037
Goodwill (Note 11)	–	6,403	6,403	–	6,403	6,403
Assets held under joint operations (Note 14)	–	115	115	–	137	137
Residual value of leased asset (Note 14)	118	247	365	168	223	391
Other assets (Note 14)	3,874	23,926	27,800	3,283	23,578	26,861
	3,992	133,540	137,532	3,451	129,936	133,387
	₱1,701,273	₱2,311,690	4,012,963	₱1,615,813	₱2,023,094	3,638,907
Less:						
Unearned discounts and capitalized interest (Note 9)			23,198			17,738
Accumulated depreciation and amortization (Notes 10, 12 and 14)			49,607			45,828
Allowance for credit and impairment losses (Notes 10, 11, 12, 14, and 15)			59,841			54,986
			₱132,646			₱118,552
			₱3,880,317			₱3,520,355
Financial Liabilities						
Deposit liabilities						
Demand	₱642,415	₱–	₱642,415	₱608,370	₱–	₱608,370
Savings	932,693	–	932,693	879,568	–	879,568
Time	1,066,153	19,695	1,085,848	1,065,219	20,721	1,085,940
	2,641,261	19,695	2,660,956	2,553,157	20,721	2,573,878
Bills payable and SSURA (Note 17)	505,599	25,135	530,734	300,652	–	300,652
Derivative liabilities (Note 8)	6,403	7,099	13,502	8,566	4,804	13,370
Manager's checks and demand drafts outstanding	7,293	–	7,293	6,901	–	6,901
Accrued interest and other expenses	17,583	–	17,583	20,782	–	20,782
Bonds payable (Note 19)	48,373	65,640	114,013	–	107,236	107,236
Other liabilities (Note 21)						
Accounts payable	43,358	12	43,370	40,032	2	40,034
Marginal deposits	14,690	1,261	15,951	18,801	–	18,801
Bills purchased - contra	14,175	–	14,175	13,889	–	13,889
Lease liability	1,726	4,833	6,559	1,468	4,485	5,953
Outstanding acceptances	1,547	–	1,547	1,178	–	1,178
Deposits on lease contracts	238	418	656	301	364	665
Dividends payable	121	–	121	88	–	88
	3,302,367	124,093	3,426,460	2,965,815	137,612	3,103,427
Non-Financial Liabilities						
Retirement liability (Notes 21 and 27)	–	1,782	1,782	–	3,246	3,246
Income taxes payable	4,792	–	4,792	4,219	–	4,219
Accrued interest and other expenses	1,197	–	1,197	2,762	–	2,762
Withholding taxes payable (Note 21)	1,247	–	1,247	1,451	–	1,451
Deferred tax and other liabilities (Notes 21 and 28)	10,683	1,989	12,672	6,921	1,924	8,845
	17,919	3,771	21,690	15,353	5,170	20,523
	₱3,320,286	₱127,864	₱3,448,150	₱2,981,168	₱142,782	₱3,123,950

	Parent Company					
	2025			2024		
	Due Within One Year	Due Beyond One Year	Total	Due Within One Year	Due Beyond One Year	Total
Financial Assets - at gross						
Cash and other cash items	₱32,871	₱-	₱32,871	₱31,929	₱-	₱31,929
Due from BSP	105,641	-	105,641	148,945	-	148,945
Due from other banks	42,648	-	42,648	62,414	-	62,414
Interbank loans receivable and SPURA	35,953	-	35,953	53,961	-	53,961
Investment securities at FVTPL	101,469	12,328	113,797	217,161	8,762	225,923
Investment securities at FVOCI	372,311	504,044	876,355	123,651	388,464	512,115
Investment securities at amortized cost	8,642	436,163	444,805	5,161	439,904	445,065
Loans and receivables						
Receivables from customers	755,983	983,419	1,739,402	762,020	838,965	1,600,985
Unquoted debt securities	385	-	385	403	-	403
Accrued interest receivable	23,651	-	23,651	21,703	-	21,703
Accounts receivable	14,371	-	14,371	8,735	-	8,735
Sales contract receivable	10	-	10	13	5	18
Other receivables	2	-	2	2	-	2
Other assets						
Investments in SPVs	1,919	-	1,919	1,919	-	1,919
Inter office float items	452	-	452	4	-	4
Returned checks and other cash items	533	-	533	215	-	215
Miscellaneous	1,237	-	1,237	-	-	-
	1,498,078	1,935,954	3,434,032	1,438,236	1,676,100	3,114,336
Non-Financial Assets - at gross						
Property and equipment	-	48,293	48,293	-	44,529	44,529
Investments in subsidiaries	-	83,747	83,747	-	82,055	82,055
Investments in associates	-	663	663	-	698	698
Investment properties	-	5,623	5,623	-	5,176	5,176
Deferred tax assets	-	13,443	13,443	-	16,072	16,072
Assets held under joint operations	-	115	115	-	137	137
Retirement assets	-	35	35	-	-	-
Other assets	2,803	19,572	22,375	3,370	19,996	23,366
	2,803	171,491	174,294	3,370	168,663	172,033
	₱1,500,881	₱2,107,445	3,608,326	₱1,441,606	₱1,844,763	3,286,369
Less:						
Unearned discounts and capitalized interest	-	-	20,503	-	-	15,597
Accumulated depreciation and amortization	-	-	34,328	-	-	31,280
Allowance for credit and impairment losses	-	-	50,974	-	-	45,354
			₱3,502,521			₱3,194,138
Financial Liabilities						
Deposit liabilities						
Demand	₱586,157	₱-	₱586,157	₱559,133	₱-	₱ 559,133
Savings	884,817	-	884,817	832,157	-	832,157
Time	903,609	393	904,002	929,654	520	930,174
	2,374,583	393	2,374,976	2,320,944	520	2,321,464
Bills payable and SSURA (Note 17)	480,597	25,135	505,732	286,541	-	286,541
Derivative liabilities (Note 8)	6,402	7,098	13,500	8,565	4,804	13,369
Manager's and demand drafts outstanding	6,478	-	6,478	5,286	-	5,286
Accrued interest and other expenses	13,834	-	13,834	17,225	-	17,225
Bonds payable (Note 19)	48,372	58,158	106,530	-	104,858	104,858
Other liabilities (Note 21)						
Accounts payable	19,010	-	19,010	20,665	-	20,665
Bills purchased - contra	14,175	-	14,175	13,889	-	13,889
Lease liability	822	3,917	4,739	767	3,566	4,333
Outstanding acceptances	1,547	-	1,547	1,178	-	1,178
Marginal deposits	399	-	399	17	-	17
	2,966,219	94,701	3,060,920	2,675,077	113,748	2,788,825
Non-Financial Liabilities						
Retirement benefit liability	-	1,671	1,671	-	3,144	3,144
Income taxes payable	4,625	-	4,625	4,143	-	4,143
Accrued interest and other expenses	1,197	-	1,197	2,762	-	2,762
Withholding taxes payable (Note 21)	1,135	-	1,135	1,348	-	1,348
Other liabilities (Note 21)	8,825	1,758	10,583	6,026	1,703	7,729
	15,782	3,429	19,211	14,279	4,847	19,126
	₱2,982,001	₱98,130	₱3,080,131	₱2,689,356	₱118,595	₱2,807,951

23. Capital Stock

As of December 31, 2025 and 2024, this account consists of (amounts in millions, except par value and number of shares):

	Shares	Amount
Authorized		
Common stock – ₱20.00 par value	6,000,000,000	
Preferred stock – ₱20.00 par value	1,000,000,000	
Common stock issued and outstanding		
Balance at January 1 and December 31	4,497,415,555	₱89,948

As of December 31, 2025 and 2024, the Parent Company had no treasury shares outstanding. The treasury shares held by FMIC's mutual fund were disposed in 2024 (Note 11).

Preferred shares are non-voting except as provided by law; have preference over Common Shares in the distribution of dividends; subject to such terms and conditions as may be determined by the BOD and to the extent permitted by applicable law, may or may not be redeemable; and shall have such other features as may be determined by the BOD at the time of issuance.

On March 15, 2013, the BOD of the Parent Company approved (a) the amendment of the Articles of Incorporation (AOI) to increase the authorized capital stock and (b) the declaration of 30.00% stock dividend, which were ratified by the stockholders representing at least 2/3 of the outstanding capital stock on April 15, 2013. These were subsequently approved by the BSP on May 15, 2013 and by the SEC on August 13, 2013. Following this, the authorized capital stock of the Parent Company increased from ₱50.0 billion to ₱100.0 billion consisting of 4.0 billion common shares and 1.0 billion preferred shares, both with par value of ₱20.0 per share. The 30.00% stock dividend equivalent to 633,415,049 common shares amounting to ₱12.7 billion represents at least the minimum 25.00% subscribed and paid-up capital for the increase in the authorized capital stock referred to above which was issued/paid on September 16, 2013 with record date on September 3, 2013.

On September 10, 2013, the PSE approved the listing of such additional common shares.

On January 21, 2015, the Parent Company's BOD approved the Stock Rights Offer (SRO) by way of issuance from the unissued portion of the authorized capital stock which was noted by BSP with the issuance of a letter of no objection to the Rights Issue on February 17, 2015. On February 24, 2015, the SEC confirmed the exemption of this issuance of ₱32.0 billion worth of common shares from the registration requirements under Section 8 of the SRC. On February 25, 2015, the PSE approved the listing of up to 500.0 million common shares to cover the SRO to all stockholders of record as of March 18, 2015. On April 7, 2015, following regulatory approvals, the Parent Company concluded the ₱32.0 billion SRO, involving 435,371,720 common shares with par value of ₱20.0 priced at ₱73.5 per share and listed with the PSE on the same date. The difference between the issued price and the par value is recognized as 'Capital paid in excess of par value'.

On January 17, 2018, the Parent Company's BOD approved the SRO by way of issuance of up to a maximum of 819,827,214 common shares to raise additional capital of up to ₱60.0 billion. This was noted by the BSP with the issuance of a letter of no objection to the rights issue on January 29, 2018. On April 4, 2018, following the regulatory approvals, the Parent Company concluded the ₱60.0 billion SRO, involving 799,842,250 common shares with par value of ₱20.0 priced at ₱75.0 per share and listed on the PSE on April 12, 2018. Transaction costs on the SRO amounting to ₱878.2 million were charged against 'Capital paid in excess of par value'.

On February 13, 2019, the BOD of the Parent Company approved (a) the amendment of the AOI to increase the authorized capital stock from ₱100.0 billion to ₱140.0 billion and (b) the declaration of a 13.00% stock dividend equivalent to 517,401,955 shares amounting to ₱10.3 billion representing the minimum 25.00% subscription and paid-up capital for the increase in the authorized capital stock which were ratified by the stockholders representing at least 2/3 of the outstanding capital stock on April 24, 2019. These were approved by the BSP on August 8, 2019 and by the SEC on October 4, 2019. Following this, the authorized capital stock of the Parent Company increased from ₱100.0 billion to ₱140.0 billion consisting of 6.0 billion common shares and 1.0 billion preferred shares, both with par value of ₱20.0 per share. On October 16, 2019, the Parent Company received the SEC Order fixing the Record Date of the 13.00% stock dividend on October 31, 2019.

The 13.00% stock dividend was issued on November 26, 2019 with record date on October 31, 2019.

On November 19, 2019, the PSE approved the listing of such stock dividend.

All issued and outstanding shares of the Parent Company are listed with the PSE (Note 1). As of December 31, 2025 and 2024, there are 2,901 and 2,922 holders, respectively, of the listed shares of the Parent Company, with share price closed at ₱68.5 and ₱72.0 per share, respectively.

The history of share issuances during the last ten years follows:

Year	Issuance	Listing Date	Number of Shares Issued
2019	Stock dividend	November 26, 2019	517,400,519
2018	Stock rights	April 12, 2018	799,842,250
2015	Stock rights	April 7, 2015	435,371,720

Details of the Parent Company's cash dividend distributions from 2023 to 2025 follow:

Date of Declaration	Per Share	Total Amount	Record Date	Payment Date
February 19, 2025	₱1.5 (regular)	₱6,746	September 8, 2025	September 23, 2025
February 19, 2025	1.5 (regular)	6,746	March 6, 2025	March 28, 2025
February 19, 2025	2.0 (special)	8,995	March 6, 2025	March 28, 2025
February 21, 2024	1.5 (regular)	6,746	September 5, 2024	September 20, 2024
February 21, 2024	1.5 (regular)	6,746	March 8, 2024	March 25, 2024
February 21, 2024	2.0 (special)	8,995	March 8, 2024	March 25, 2024
February 22, 2023	0.8 (regular)	3,598	September 8, 2023	September 22, 2023
February 22, 2023	0.8 (regular)	3,598	March 17, 2023	March 31, 2023
February 22, 2023	1.4 (special)	6,296	March 17, 2023	March 31, 2023

On February 19, 2025, the BOD of the Parent Company approved the declaration of regular cash dividend of ₱3.0 per share for the year, payable on semi-annual basis at ₱1.5 per share. In addition, a special cash dividend of ₱2.0 per share was also declared.

On February 21, 2024, the BOD of the Parent Company approved a new dividend policy of increasing the regular cash dividends from ₱1.6 to ₱3.0 per share for the year, payable on semi-annual basis at ₱1.5 per share.

On February 23, 2022, the BOD of the Parent Company approved a new dividend policy of increasing the regular cash dividends from ₱1.0 to ₱1.6 per share for the year, payable on semi-annual basis at ₱0.8 per share.

The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 16 issued in September 2023 differs to a certain extent from the computation following BSP guidelines.

24. Surplus Reserves

This account consists of:

	2025	2024
Reserve for trust business (Note 29)	₱2,406	₱2,278
Reserve for self-insurance	631	610
	₱3,037	₱2,888

In compliance with existing BSP regulations, 10.00% of the Group and Parent Company's income from trust business is appropriated to surplus reserves. This yearly appropriation is required until the surplus reserve for trust business equals 20.00% of the Group and Parent Company's regulatory net worth.

Reserve for self-insurance represents the amount set aside to cover losses due to fire, defalcation by and other unlawful acts of the Parent Company's personnel or third parties.

25. Other Operating Income and Expenses

Service Charges, Fees and Commissions

The table below presents the disaggregation of service charges, fees and commission by business segment:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Consumer banking	₱9,524	₱9,101	₱8,036	₱8,886	₱8,464	₱7,486
Branch banking	3,693	3,893	4,017	2,756	2,780	2,898
Investment banking/treasury	1,677	1,058	750	1,221	944	552
Corporate banking	962	826	1,007	848	741	937
Others*	2,026	2,054	2,580	727	804	1,206
	₱17,882	₱16,932	₱16,390	₱14,438	₱13,733	₱13,079

*Others include the remittance business of the Group and the Parent Company.

The remaining performance obligations on revenue contracts with customers of the Group under PFRS 15, which are expected to be recognized beyond one year amounting to ₱1.6 billion and ₱1.3 billion (included in 'Deferred revenues' under 'Other liabilities') as of December 31, 2025 and 2024, respectively, refer to the customer loyalty program of the Parent Company. The customer loyalty points have no expiration and redemptions can go beyond one year.

Miscellaneous Income and Expenses

In 2025, 2024 and 2023, miscellaneous income includes gain on initial recognition of investment properties and other non-financial assets amounting to ₱654.7 million, ₱876.6 million and ₱836.1 million, respectively, for the Group, and ₱249.9 million, ₱148.2 millions and ₱104.6 million, respectively, for the Parent Company; recovery on charged-off assets amounting to ₱1.2 billion, ₱1.2 billion and ₱1.2 billion, respectively, for the Group, and ₱785.4 million, ₱867.8 million and ₱856.4 million, respectively, for the Parent Company; and IT service fees and other income amounting to ₱820.1 million, ₱606.1 million and ₱471.1 million, respectively, for the Group, and ₱647.1 million, ₱471.2 million and ₱294.3 million, respectively, for the Parent Company (Note 32).

Miscellaneous expenses consist of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Security, messengerial, janitorial and other services	₱5,252	₱4,893	₱4,570	₱4,555	₱4,239	₱4,054
Insurance	4,981	4,852	4,490	4,274	4,326	3,925
Information technology (Note 32)	3,646	3,164	2,641	3,288	2,801	2,317
Advertising	2,420	2,181	1,878	2,339	2,108	1,796
Management, professional and supervision fees	1,523	1,343	1,665	1,325	1,142	1,350
Repairs and maintenance	775	786	692	287	322	267
Litigation (Note 12)	661	594	587	330	283	296
Entertainment, amusement and representation (EAR) (Note 28)	611	672	448	536	604	392
Transportation and travel	572	593	455	481	498	369
Communications	491	514	545	305	318	327
Stationery and supplies used	417	427	380	335	353	311
Others*	3,531	2,807	2,560	2,872	2,139	1,711
	₱24,880	₱22,826	₱20,911	₱20,927	₱19,133	₱17,115

* Other expenses mainly include membership fees, donation, freight charges and other business expenses.

26. Notes to Statements of Cash Flows

The amounts of interbank loans receivable and SPURA, gross of allowance for credit losses, considered as cash and cash equivalents follow:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Interbank loans receivable and SPURA	₱72,666	₱81,348	₱73,015	₱35,953	₱53,960	₱59,219
Interbank loans receivable and SPURA not considered as cash and cash equivalents	(16,226)	(11,818)	(9,333)	(4,553)	(2,314)	(477)
	₱56,440	₱69,530	₱63,682	₱31,400	₱51,646	₱58,742

Significant non-cash transactions of the Group and the Parent Company include:

- Additions to ROU assets as disclosed in Note 10;
- Foreclosures of properties or additions to investment and chattel properties as disclosed in Notes 12 and 14, respectively;
- Reclassifications of BUC and Furniture, Fixtures and Equipment (FFE) (Note 10);
- Reclassifications of software cost from customized system development costs (Note 14).

The table below provides for the changes in liabilities arising from financing activities in 2025, 2024 and 2023:

	Consolidated			
	Beginning	Net Cash Flows	Others	Ending
2025				
Bills payable and SSURA (Note 17)	₱300,652	₱230,087	(₱5)	₱530,734
Bonds payable (Note 19)	107,236	4,961	1,816	114,013
Dividends payable (Note 21)	88	33	–	121
Total liabilities from financing activities	₱407,976	₱235,081	₱1,812	₱644,868
2024				
Bills payable and SSURA (Note 17)	₱156,896	₱143,764	(₱8)	₱300,652
Bonds payable (Note 19)	70,089	33,751	3,396	107,236
Dividends payable (Note 21)	89	(1)	–	88
Total liabilities from financing activities	₱227,074	₱177,514	₱3,388	₱407,976

	Consolidated			
	Beginning	Net Cash Flows	Others	Ending
2023				
Bills payable and SSURA (Note 17)	₱91,322	₱66,629	(₱1,055)	₱156,896
Bonds payable (Note 19)	88,409	(18,400)	80	70,089
Subordinated debts (Note 20)	1,169	(1,170)	1	–
Dividends payable (Note 21)	90	(1)	–	89
Total liabilities from financing activities	₱180,990	₱47,058	(₱974)	₱227,074

	Parent Company			
	Beginning	Net Cash Flows	Others	Ending
2025				
Bills payable and SSURA (Note 17)	₱286,541	₱219,196	(₱5)	₱505,732
Bonds payable (Note 19)	104,858	–	1,672	106,530
Total liabilities from financing activities	₱391,399	₱219,196	₱1,667	₱612,262
2024				
Bills payable and SSURA (Note 17)	₱141,081	₱145,466	(₱6)	₱286,541
Bonds payable (Note 19)	70,089	31,324	3,445	104,858
Total liabilities from financing activities	₱211,170	₱176,790	₱3,439	₱391,399
2023				
Bills payable and SSURA (Note 17)	₱76,456	₱65,000	(₱375)	₱141,081
Bonds payable (Note 19)	83,761	(13,750)	78	70,089
Subordinated debts (Note 20)	1,169	(1,170)	1	–
Total liabilities from financing activities	₱161,386	₱50,080	(₱296)	₱211,170

Others include the effect of cash flows of liabilities arising from operating activities.

27. Retirement Plan and Other Employee Benefits

The Parent Company and most of its subsidiaries have funded non-contributory defined benefit retirement plans covering all their respective permanent and full-time employees. Benefits are based on the employee's years of service and final plan salary.

For employees of the Parent Company, retirement from service is compulsory upon the attainment of the 55th birthday or 30th year of service, whichever comes first.

The existing regulatory framework, RA No. 7641, *Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Parent Company and most of its subsidiaries meet the minimum retirement benefit specified under RA No. 7641.

The principal actuarial assumptions used in determining retirement liability of the Parent Company and significant subsidiaries are shown below:

	Parent Company	FMIC	PSBank	ORIX Metro
As of January 1, 2025				
Average remaining working life	9.77 years	6 to 9 years	8 years	9 to 15 years
Discount rate	6.07%	6.12%	6.12%	5.77 % to 5.94 %
Future salary increases	7.00%	6.00%	5.50%	7.00% to 8.00%
As of January 1, 2024				
Average remaining working life	9.62 years	7 to 9 years	8 years	10.10 to 18.20 years
Discount rate	6.08%	6.03% to 6.09%	6.06%	6.50%
Future salary increases	8.00%	6.00%	6.00%	7.00%

Discount rates used in computing for the present value of the DBO of the Parent Company and significant subsidiaries as of December 31, 2025 and 2024 follow:

	Parent Company	FMIC	PSBank	ORIX Metro
2025	6.25%	6.17% to 6.33%	6.24%	6.04% to 6.40%
2024	6.07%	6.12%	6.12%	5.77 to 5.94%

The net retirement liability of the Group and the Parent Company is presented in the following accounts in the statements of financial position:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Other assets (Note 14)	(P389)	(P155)	P-	P-
Other liabilities (Note 21)	1,782	3,246	1,671	3,144
	P1,393	P3,091	P1,671	P3,144

The defined benefit plan exposes the Group and the Parent Company to actuarial risk, such as longevity risk, interest rate risk and market (investment risk).

The fair value of plan assets by each class as at the end of the statement of financial position date are as follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Cash and cash equivalents	P-	P3	P-	P-
Deposits in banks	213	448	-	-
Investment securities* (Note 32)	26,019	24,767	20,563	20,014
Other assets	279	330	224	271
Total assets	26,511	25,548	20,787	20,285
Total liabilities	(8)	(8)	(4)	(4)
Fair value of net plan assets	P26,503	P25,540	P20,783	P20,281

*includes debt and equity securities and unit investment trust fund and others

Changes in net defined benefit liability (asset) are as follows:

Consolidated	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability/(Asset)
January 1, 2025	P28,631	P25,540	P3,091
Net benefit cost			
Current service cost	2,323	-	2,323
Net interest	1,601	1,496	105
Sub-total	3,924	1,496	2,428
Benefits paid	(2,338)	(2,338)	-
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	-	(1,003)	1,003
Actuarial changes arising from experience adjustments	151	-	151
Actuarial changes arising from changes in financial/demographic assumptions	(2,498)	35	(2,533)
Changes in effect of asset ceiling	-	(26)	26
Sub-total	(2,347)	(994)	(1,353)
Contributions paid	-	2,773	(2,773)
December 31, 2025	P27,870	P26,477	P1,393

Parent Company	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability/(Asset)
January 1, 2025	P23,425	P20,281	P3,144
Net benefit cost			
Current service cost	1,929	-	1,929
Net interest	1,297	1,175	122
Sub-total	3,226	1,175	2,051
Benefits paid	(1,961)	(1,961)	-
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	-	(999)	999
Actuarial changes arising from experience adjustments	85	-	85
Actuarial changes arising from changes in financial/demographic assumptions	(2,321)	-	(2,321)
Sub-total	(2,236)	(999)	(1,237)
Contributions paid	-	2,287	(2,287)
December 31, 2025	P22,454	P20,783	P1,671

Consolidated	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability/(Asset)
January 1, 2024	P28,387	(P25,689)	P2,698
Net benefit cost			
Current service cost	2,261	-	2,261
Past service cost	18	-	18
Net interest	1,611	(1,496)	115
Sub-total	3,890	(1,496)	2,394
Benefits paid	(2,338)	2,338	-
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	-	(155)	(155)
Actuarial changes arising from experience adjustments	183	-	183
Actuarial changes arising from changes in financial/demographic assumptions	(1,491)	64	(1,427)
Sub-total	(1,308)	(91)	(1,399)
Contributions paid	-	(602)	(602)
December 31, 2024	P28,631	(P25,540)	P3,091

Parent Company	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability/(Asset)
January 1, 2024	P23,410	(P20,857)	P2,553
Net benefit cost			
Current service cost	1,884	-	1,884
Net interest	1,322	(1,202)	120
Sub-total	3,206	(1,202)	2,004
Benefits paid	(1,948)	1,948	-
Remeasurement in OCI			
Return on plan assets (excluding amount included in net interest)	-	(170)	(170)
Actuarial changes arising from experience adjustments	156	-	156
Actuarial changes arising from changes in financial/demographic assumptions	(1,399)	-	(1,399)
Sub-total	(1,243)	(170)	(1,413)
Contributions paid	-	-	-
December 31, 2024	P23,425	(P20,281)	P3,144

In 2025, 2024 and 2023, deferred tax on remeasurements on retirement plans charged to OCI amounted to P338.4 million, P630.4 million, and P460.0 million, respectively, for the Group, and P309.2 million, P344.1 million and P250.0 million, respectively, for the Parent Company (Note 28).

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the balance of DBO as of December 31, 2025 and 2024, assuming all other assumptions were held constant:

	Parent Company	FMIC	PSBank	ORIX Metro
As of December 31, 2025				
Discount rate				
+100 basis points (bps)	(₱1,252)	(₱14)	(₱267)	(₱82)
-100 bps	1,405	16	299	96
Salary increase rate				
+100 bps	1,359	18	318	95
-100 bps	(1,236)	(16)	(288)	(82)
Turnover rate				
+20% of actual rate	(232)	(5)	(26)	–
-20% of actual rate	252	5	29	–
As of December 31, 2024				
Discount rate				
+100 basis points (bps)	(1,425)	(14)	(256)	(92)
-100 bps	1,611	16	287	108
Salary increase rate				
+100 bps	₱1,497	₱18	₱305	(₱110)
-100 bps	(1,359)	(16)	(276)	95
Turnover rate				
+20% of actual rate	(319)	(4)	(29)	(17)
-20% of actual rate	347	5	32	(18)

The Group and the Parent Company expect to contribute to the defined benefit retirement plans the required funding for normal cost in 2026 amounting to ₱2.6 billion.

The average duration of the DBO of the Group as of December 31, 2025 and 2024 are as follows:

	Parent Company	FMIC	PSBank	ORIX Metro
2025	8.7 years	5.63 to 11.07 years	8.65 years	7 to 9.9 years
2024	9.72 years	5.62 to 11.45 years	8.79 years	8.3 to 15.87 years

Shown below is the maturity analysis of the undiscounted benefit payments:

	Parent Company	FMIC	PSBank	ORIX Metro
As of December 31, 2025				
Less than 1 year	₱4,634	₱87	₱460	₱157
1 to less than 5 years	9,913	202	1,827	231
5 to less than 10 years	13,086	275	2,744	486
10 to less than 15 years	16,491	289	3,248	–
15 to less than 20 years	14,633	285	1,945	–
20 years and above	12,258	257	1,722	–
As of December 31, 2024				
Less than 1 year	3,471	32	352	43
1 to less than 5 years	10,947	209	1,888	293
5 to less than 10 years	12,999	181	2,501	409
10 to less than 15 years	18,427	175	2,997	926
15 to less than 20 years	16,112	155	1,925	1,251
20 years and above	20,172	129	1,714	3,698

In addition, the Parent Company has a Provident Plan which is a supplementary contributory retirement plan to and forms part of the main plan, the Retirement Plan, for the exclusive benefit of eligible employees of the Parent Company in the Philippines. Based on the provisions of the plan, upon retirement or resignation, a member shall be entitled to receive as retirement or resignation benefits 100.00% of the accumulated value of the personal contribution plus a percentage of the accumulated value arising from the Parent Company's contributions in accordance with the completed number of years serviced. The Parent Company's contribution to the Provident Fund in 2025 and 2024 amounted to ₱398.3 million and ₱364.5 million, respectively.

As of December 31, 2025 and 2024, the retirement funds of the Group's employees amounting to ₱26.5 billion and ₱25.5 billion, respectively, are being managed by its trust banking units. The Parent Company has a Trust Committee that is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the retirement plan. Certain members of the BOD of the Parent Company are represented in the Trust Committee.

28. Income and Other Taxes

Under Philippine tax laws, the Parent Company and its domestic subsidiaries are subject to percentage and other taxes (presented as 'Taxes and licenses' in the statements of income), as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp tax (DST). Income taxes include regular corporate income tax (RCIT) and final taxes paid on gross interest income from government securities and other deposit substitutes.

On March 26, 2021, Republic Act (RA) No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law. CREATE reduced the RCIT rate for large corporations from 30.00% to 25.00% effective July 1, 2020. With the implementation of this Act, the allowable deduction for interest expense was reduced from 33.33% to 20.00% of the interest income subjected to final tax.

The regulations also provide for Minimum Corporate Income Tax (MCIT) of 2.00% (provided that effective July 1, 2020 until June 30, 2023, the rate shall be 1.00%) on modified gross income and allow Net Operating Loss carry-over (NOLCO). The MCIT and NOLCO may be applied against the Parent Company's and its domestic subsidiaries' income tax liability and taxable income, respectively, over a three-year period from the year of inception. RA No. 11494 or the Bayanihan to Recover as One Act (Bayanihan Act) extended the allowable carry-over period of NOLCO to the next five (5) consecutive years following the year of loss for losses incurred during the taxable years 2020 and 2021. The NOLCO for such can be carried over as deduction even after the expiration of the Bayanihan Act, provided that same are claimed within the next five (5) consecutive taxable years immediately following the year of the loss.

Current tax regulations also provide for the ceiling on the amount of EAR expense (Note 25) that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Parent Company and its domestic subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue.

Income derived by the FCDU from foreign currency-denominated transactions with non-residents, OBUs, local commercial banks including branches of foreign banks, is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units (OBUs) is taxed at 15.00%.

Following are the applicable taxes and tax rates for the foreign branches of the Parent Company:

Foreign Branches	Tax Rates
USA - New York Branch	21.00% federal income tax; state tax 6.5% in 2025 and 7.5% in 2023-2024; city tax of 9.00%; MTAs tax of 1.95% in 2025 and 2.175% in 2023-2024
Japan - Tokyo and Osaka Branches	23.20% income tax; various rates for business taxes and local business taxes
Korea - Seoul and Pusan Branches	20.90% income tax; 0.50% education tax,
Taiwan - Taipei Branch	20.00% income tax; 5.00% gross business receipts tax; 5.0% value-added tax

The provision for income tax consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Current:						
Final tax	₱10,132	₱10,854	₱9,606	₱9,537	₱9,992	₱8,315
RCIT*	3,690	6,094	4,323	2,964	5,567	3,873
MCIT	20	1	3	12	-	-
	13,842	16,949	13,932	12,513	15,559	12,188
Deferred*	1,987	(5,604)	(1,042)	1,922	(5,700)	(128)
	₱15,829	₱11,345	₱12,890	₱14,435	₱9,859	₱12,060

* Includes income taxes of foreign subsidiaries.

Components of net deferred tax assets of the Group and the Parent Company follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Deferred tax asset on:				
Allowance for credit and impairment losses	₱12,486	₱10,465	₱10,960	₱8,662
Unamortized past service cost	1,046	1,228	883	1,026
Changes in fair market value and revaluation	(175)	4,283	(232)	4,314
Accrued expenses	850	886	832	869
Accumulated depreciation of investment properties	255	247	139	127
Retirement liability	750	1,153	436	804
Others	836	490	627	430
	16,048	18,752	13,645	16,232
Deferred tax liability on:				
Unrealized gain on initial measurement of investment properties	592	560	202	160
Leasing income differential between finance and operating lease	144	120	-	-
Retirement asset	-	29	-	-
Others	5	6	-	-
	741	715	202	160
Net deferred tax assets	₱15,307	₱18,037	₱13,443	₱16,072

In 2025 and 2024, deferred tax credited to OCI amounted to ₱686.5 million and ₱1.3 billion, respectively, for the Group, and ₱700.0 million and ₱1.1 billion, respectively, for the Parent Company.

The Parent Company and certain subsidiaries did not recognize deferred tax assets on the following temporary differences:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Allowance for credit and impairment losses	₱2,096	₱2,096	₱2,096	₱2,096
NOLCO	1,176	1,066	260	899
MCIT	69	9	-	-
Others	138	135	-	-
	₱3,479	₱3,306	₱2,356	₱2,995

The Group believes that it is not reasonably probable that the tax benefits of these temporary differences will be realized in the future.

There are no income tax consequences attaching to the payment of dividends by the Group to its shareholders. There are no temporary differences arising from undistributed profits of subsidiaries, branches, associates and a JV.

Details of the excess MCIT credits of the Group and the Parent Company follow:

Inception Year	Expiry Year	Consolidated			Parent Company		
		Amount	Used/Expired	Balance	Amount	Used/Expired	Balance
2022	2025	₱3	₱3	₱-	₱-	₱-	₱-
2023	2026	4	-	4	-	-	-
2024	2027	33	-	33	-	-	-
2025	2028	69	-	69	12	-	12
		₱109	₱3	₱106	₱12	₱-	₱12

As of December 31, 2025, details of the Group and the Parent Company's NOLCO follow:

Inception Year	Expiry Year	Consolidated			Parent Company		
		Amount	Used/Expired	Balance	Amount	Used/Expired	Balance
2020	2025	₱191	₱191	₱-	₱-	₱-	₱-
2021	2026	481	477	4	210	210	-
2022	2025	810	810	-	287	287	-
2023	2026	1,818	1,216	602	1,315	1,054	261
2024	2027	459	16	443	-	-	-
2025	2028	849	-	849	486	-	486
		₱4,608	₱2,710	₱1,898	₱2,298	₱1,551	₱747

A reconciliation of the statutory income tax rates and the effective income tax rates follows:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Statutory income tax rate	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Tax effects of:						
Tax-paid, tax-exempt and other non-taxable income	(6.83)	(7.73)	(6.83)	(6.37)	(7.66)	(6.16)
Non-deductible expense	3.57	4.14	4.04	3.47	4.00	3.59
FCDU income	(2.37)	(1.00)	(0.90)	(2.44)	(1.07)	(0.95)
Change in unrecognized deferred tax assets	1.34	(4.79)	(1.32)	1.42	(4.87)	-
Others - net	3.11	3.10	3.09	1.42	1.58	0.73
Effective income tax rate	23.82%	18.72%	23.08%	22.50%	16.98%	22.21%

29. Trust Operations

Properties held by the Parent Company and PSBank in fiduciary or agency capacity for their customers are not included in the accompanying statements of financial position since these are not their resources.

In compliance with current banking regulations relative to the Parent Company and PSBank's trust functions, the following are the carrying values of the government securities deposited with the BSP:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Investment securities at amortized cost	₱7,663	₱7,610	₱7,663	₱7,610
Investment securities at FVOCI	120	120	–	–
	₱7,783	₱7,730	₱7,663	₱7,610

30. Commitments and Contingent Liabilities

In the normal course of the Group's operations, there are various outstanding commitments and contingent liabilities which are not reflected in the accompanying financial statements. No material losses are anticipated as a result of these transactions. The summary of contingencies and commitments at their peso-equivalent contractual amounts arising from off-balance sheet items follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Derivatives	₱1,487,567	₱1,506,378	₱1,419,591	₱1,471,890
Trust department accounts	955,848	581,367	938,889	565,936
Commitments	508,521	393,304	508,491	393,244
Performance standby letters of credit	60,546	41,320	60,546	41,300
Spot foreign exchange contracts	48,017	52,588	47,929	52,559
Commercial letters of credit	29,397	30,284	9,570	16,140
Guarantees issued	26,789	20,829	25,528	20,829
Trade related guarantees	604	923	604	923
Others	42,193	33,936	12,855	10,568
	₱3,159,482	₱2,660,929	₱3,024,003	₱2,573,389

Several suits and claims relating to the Group's lending operations and labor-related cases remain unsettled. In the opinion of management, these suits and claims, if decided adversely, will not involve sums having a material effect on the Group's financial statements.

31. Earnings per Share

The basis of calculation for earnings per share attributable to equity holdings of the Parent Company follows (amounts in millions, except for earnings per share):

	2025	2024	2023
a. Net income attributable to equity holders of the Parent Company	₱49,720	₱48,137	₱42,238
b. Weighted average number of outstanding common shares of the Parent Company	4,497	4,496	4,496
c. Basic/diluted earnings per share (a/b)	₱11.06	₱10.71	₱9.39

32. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subjected to common control or common significant influence such as

subsidiaries and associates of subsidiaries or other related parties. Related parties may be individuals or corporate entities and are classified as entities with significant influence, subsidiaries, associates, other related parties and key personnel (Notes 2 and 11).

The Group has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectibility and did not present other unfavorable conditions.

The Parent Company has Related Party Transactions Committee (RPTC) and a Related Party Transactions Management Committee (RPTMC), both of which are created to assist the BOD in ensuring that transactions with related parties are reviewed to assess risks and are subjected to appropriate restrictions to ensure that these are conducted at arm's-length terms and that corporate or business resources of the Parent Company are not misappropriated or misapplied. After appropriate review, RPTMC (through RPTC) and RPTC disclose all information and endorses to the BOD with recommendations, the proposed related party transactions. The members of the RPTC are appointed annually by the BOD, composed of at least three (3) Board non-executive members, two (2) of whom should be independent directors, including the Chairman. Currently, RPTC is composed of three (3) independent directors (including the Committee's Chairman); the head of Internal Audit Group (as Resource Person); and the Compliance Officer (as the Committee Secretary) and meets monthly or as the need arises. On the other hand, RPTMC members are appointed annually by the President, currently composed of seven (7) members. RPTC's review of the proposed related party transactions considers the following:

- Identity and relationship of the parties involved in the transaction;
- Terms of the transaction and whether these are no less favorable than terms generally available to an unrelated third party under the same circumstances;
- Business purpose, timing, rationale and benefits of the transaction;
- Approximate monetary value of the transaction and the approximate monetary value of the related party's interest in the transaction;
- Valuation methodology used and alternative approaches to valuation of the transaction;
- Information concerning potential counterparties in the transaction;
- Description of provisions or limitations imposed as a result of entering into the transaction;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the transaction;
- Impact to a director's independence;
- Extent that such transaction or relationship would present an improper conflict of interest; and
- The availability of other sources of comparable products or services.

The Group established policies and procedures on related party transactions in accordance with the regulations of the BSP and SEC. All related party transactions, exceeding the established materiality thresholds, must undergo prior review by the RPTC before being endorsed to the BOD for approval.

Material related party transactions, either individually or in aggregate over a twelve-month period with the same party, amounting to ten percent (10.00%) or more of the Bank's total consolidated assets, require the evaluation of an appointed external independent party and approval by at least a two-thirds vote of the BOD, with at least a majority of the independent directors.

The committees ensured that all related party transactions for the financial year are conducted in fair and at arm's-length terms.

Further, no director or officer participates in any discussion of a related party transaction for which he, she, or any member of his or her immediate family is a related party, including transactions of subordinates, except in order to provide material information on such related party transaction to RPTC.

Major subsidiaries, which include FMIC, PSBank, and MBCL, have their own respective RPTCs which assist their respective BODs in ensuring that transactions with related parties are reviewed to assess risks and are subjected to appropriate restrictions to ensure that these are conducted at arm's-length terms and that their corporate or business resources are not misappropriated or misapplied.

Details on significant related party transactions of the Group and the Parent Company follow (transactions with subsidiaries have been eliminated in the consolidated financial statements):

Category	Consolidated	
	Amount	Terms and Conditions/Nature
2025		
Entity with Significant Influence Over the Group		
<u>Outstanding Balance:</u>		
Deposit liabilities*	₱239	With annual fixed interest rates ranging from 0.05% to 3.75%, including time deposits with maturity terms ranging from 31 to 32 days (Note 16)
<u>Amount/Volume:</u>		
Deposit liabilities	(1,035)	Generally similar to terms and conditions above
Interest expense	16	Interest expense on deposit liabilities (Note 16)
Subsidiaries		
<u>Outstanding Balance:</u>		
Receivables from customers*	4,629	Secured - ₱318.7 million, unsecured - ₱4,310.0 million with ECL of ₱19.2 million; With annual fixed interest rates at 4.8% to 5.0% and maturity terms ranging from 31 to 181 days (Note 9)
Accounts receivable	3,232	Non-interest bearing receivables on ATM, remittance and rental fees (Note 9)
Deposit liabilities*	6,407	With annual fixed interest rates ranging from 0.05% to 5.20% including time deposits with maturity terms ranging from 4 to 63 days (Note 16)
Bills Payable	9,825	Peso borrowing subject to annual fixed interest rate of 4.59% with maturity term of 4 days
<u>Amount/Volume:</u>		
Interbank loans receivable	(2,161)	Generally similar to terms and conditions above
Receivables from customers	1,014	Generally similar to terms and conditions above
Accounts receivable	3,067	Generally similar to terms and conditions above
Deposit liabilities	(762)	Generally similar to terms and conditions above
Bills Payable	9,825	Generally similar to terms and conditions above
Interest income	144	Interest income on receivables from customers and interbank loan receivables (Notes 7 and 9)
Service charges, fees and commissions	4	Income on transactional fees
Trading and securities gain - net	3	Net gain from securities transactions (Note 8)
Foreign exchange loss - net	(4,076)	Net loss from foreign exchange transactions
Leasing income	19	Income from leasing agreements with various lease terms
Miscellaneous income	226	Information technology, internal audit fees and other fees (Note 25)
Interest expense	394	Interest expense on deposit liabilities and bills payable (Note 16 and 17)
Securities transactions		
Purchases	32,773	Outright purchases of investment securities at FVTPL and FVOCI
Sales	20,387	Outright sale of investment securities at FVTPL
Foreign currency		
Buy	10,317	Outright purchases of foreign currency
Sell	4,507	Outright sale of foreign currency
Associates		
<u>Outstanding Balance:</u>		
Receivables from customers	₱1,408	Unsecured, with ECL of ₱2.7 million; With annual fixed interest rates ranging from 4.6% to 5.33% and maturity terms ranging from 91 days to 2 years (Note 9)
Accounts Receivable	1	Non Interest bearing receivable on rental fees
Deposit liabilities*	2,185	With annual fixed interest rates ranging from 0.05% to 4.38% including time deposits with maturity terms ranging from 30 to 32 days (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	152	Generally similar to terms and conditions above
Accounts Receivable	1	Generally similar to terms and conditions above
Deposit liabilities	553	Generally similar to terms and conditions above

Category	Consolidated	
	Amount	Terms and Conditions/Nature
Interest Income	72	Interest income on receivables from customers (Note 9)
Trading and securities gain - net	10	Net gain from securities transactions (Note 8)
Foreign exchange gain- net	6	Net gain from foreign exchange transactions
Leasing income	20	Income from leasing agreements with various lease terms
Interest expense	35	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Outright purchases	886	Outright purchases of FVTPL securities
Outright sales	3,482	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	94	Outright purchases of foreign currency
Sell	1,823	Outright sale of foreign currency
Other Related Parties		
<u>Outstanding Balance:</u>		
Receivables from customers*	46,118	Secured - ₱5.6 billion, unsecured - ₱40.5 billion with ECL of ₱101.9 million. With annual fixed interest rates ranging from 4.25% to 7.62% and maturity terms ranging from 4 days to 5 years. (Note 9)
Assets held under joint operations	114	Parcels of land and former branch sites of the Parent Company contributed to joint operations. (Note 14)
Deposit liabilities*	19,584	With annual fixed interest rates ranging from 0.05% to 4.75% including time deposits with maturity terms ranging from 4 to 350 days (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	5,009	Generally similar to terms and conditions above
Deposit liabilities	3,267	Generally similar to terms and conditions above
Interest income	2,350	Interest income on receivables from customers (Note 9)
Foreign exchange loss - net	(32)	Net loss from foreign exchange transactions
Leasing income	9	Income from leasing agreements with various lease terms
Interest expense	852	Interest expense on deposit liabilities (Note 16)
Lease payments	285	Payments for leasing agreements with various lease terms
Contingent		
Unused commercial LCs	31	LC transactions with various terms
Others	2	Bank guaranty with indemnity agreement
Securities transactions		
Outright Purchases	822	Outright purchases of investment securities at FVTPL
Outright Sales	1,398	Outright sale of investment securities at FVTPL
Foreign currency		
Buy	825	Outright purchases of foreign currency
Sell	162,044	Outright sale of foreign currency
Key Personnel		
<u>Outstanding Balance:</u>		
Receivables from customers	₱136	Secured - ₱104.7 million, unsecured - ₱31.7 million, no impairment; With annual fixed interest rates ranging from 6.00% to 9.00% and maturity terms from 2 to 16 years (Note 9)
Deposit liabilities	497	With various terms and minimum annual interest rate of 0.05% (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	(12)	Generally similar to terms and conditions above
Deposit liabilities	(333)	Generally similar to terms and conditions above
Interest income	3	Interest income on receivables from customers (Note 9)
2024		
Entity with Significant Influence Over the Group		
<u>Outstanding Balance:</u>		
Deposit liabilities*	₱1,274	With annual fixed interest rates ranging from 0.05% to 5.25%, including time deposits with maturity terms ranging from 30 to 63 days (Note 16)
<u>Amount/Volume:</u>		
Deposit liabilities	(1,257)	Generally similar to terms and conditions above
Interest expense	31	Interest expense on deposit liabilities (Note 16)
Subsidiaries		
<u>Outstanding Balance:</u>		
Interbank loans receivable*	₱2,161	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 2.1% to 3.0% with maturity terms from 9 to 14 days with minimal expected credit loss (Note 7)
Receivables from customers*	3,615	Secured - ₱495.6 million, unsecured - ₱3.1 billion with ECL of ₱11.7 million; With annual fixed interest rates at 5.40% and maturity terms ranging from 6 to 350 days (Note 9)
Accounts receivable	165	Non-interest bearing receivables on ATM, remittance and rental fees (Note 9)
Other receivables	32	Non-interest bearing receivables on rental fees (Note 9)
Deposit liabilities*	7,169	With annual fixed interest rates ranging from 0.05% to 6.13% including time deposits with maturity terms ranging from 6 to 90 days (Note 16)

(Forward)

Category	Consolidated	
	Amount	Terms and Conditions/Nature
Amount/Volume:		
Interbank loans receivable	(P6,480)	Generally similar to terms and conditions above
Receivables from customers	1,896	Generally similar to terms and conditions above
Accounts receivable	(5)	Generally similar to terms and conditions above
Deposit liabilities	1,330	Generally similar to terms and conditions above
Interest income	119	Interest income on receivables from customers and interbank loan receivables (Notes 7 and 9)
Service charges, fees and commissions	25	Income on transactional fees
Trading and securities gain - net	607	Net gain from securities transactions (Note 8)
Foreign exchange loss - net	(17)	Net loss from foreign exchange transactions
Leasing income	9	Income from leasing agreements with various lease terms
Miscellaneous income	191	Information technology services and other fees (Note 25)
Interest expense	235	Interest expense on deposit liabilities and bills payable (Note 16 and 17)
Securities transactions		
Purchases	21,967	Outright purchases of investment securities at FVTPL and FVOCI
Sales	39,840	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	4,878	Outright purchases of foreign currency
Sell	14,121	Outright sale of foreign currency
Associates		
Outstanding Balance:		
Receivables from customers	P1,256	Unsecured, with ECL of P5.3 million; With annual fixed interest rates ranging from 5.65% to 6.55% and maturity terms ranging from 64 to 730 days (Note 9)
Deposit liabilities*	1,632	With annual fixed interest rates ranging from 0.05% to 5.00% including time deposits with maturity terms ranging from 41 to 45 days (Note 16)
Amount/Volume:		
Receivables from customers	(775)	Generally similar to terms and conditions above
Deposit liabilities	(1,614)	Generally similar to terms and conditions above
Interest Income	122	Interest income on receivables from customers (Note 9)
Trading and securities gain - net	49	Net gain from securities transactions (Note 8)
Foreign exchange gain- net	5	Net gain from foreign exchange transactions
Leasing income	21	Income from leasing agreements with various lease terms
Interest expense	3	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Outright purchases	2,476	Outright purchases of FVTPL securities and FVOCI investments
Outright sales	6,528	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	500	Outright purchases of foreign currency
Sell	1,542	Outright sale of foreign currency
Other Related Parties		
Outstanding Balance:		
Receivables from customers*	P41,109	Secured - P6.2 billion, unsecured - P34.6 billion with ECL of P249.5 million, annual fixed interest rates ranging from 4.15% to 7.89% and maturity terms ranging from 6 days to 5 years. (Note 9)
Assets held under joint operations	137	Parcels of land and former branch sites of the Parent Company contributed to joint operations. (Note 14)
Deposit liabilities*	16,317	With annual fixed interest rates ranging from 0.05% to 5.75% including time deposits with maturity terms ranging from 6 to 364 days (Note 16)
Amount/Volume:		
Receivables from customers	3,211	Generally similar to terms and conditions above
Deposit liabilities	(1,203)	Generally similar to terms and conditions above
Interest income	2,193	Interest income on receivables from customers (Note 9)
Foreign exchange loss - net	(111)	Net loss from foreign exchange transactions
Leasing income	12	Income from leasing agreements with various lease terms
Interest expense	357	Interest expense on deposit liabilities (Note 16)
Lease payments	265	Payments for leasing agreements with various lease terms.
Contingent		
Unused commercial LCs	55	LC transactions with various terms
Others	1	Bank guaranty with indemnity agreement
Securities transactions		
Outright Purchases	326	Outright purchases of investment securities at FVTPL
Outright Sales	939	Outright sale of investment securities at FVTPL
Foreign currency		
Buy	855	Outright purchases of foreign currency
Sell	147,913	Outright sale of foreign currency

Category	Consolidated	
	Amount	Terms and Conditions/Nature
Key Personnel		
Outstanding Balance:		
Receivables from customers	P148	Secured - P117.6 million, unsecured - P30.6 million, no impairment; With annual fixed interest rates ranging from 6.00% to 9.00% and maturity terms from 1 to 16 years (Note 9)
Deposit liabilities	830	With various terms and minimum annual interest rate of 0.05% (Note 16)
Amount/Volume:		
Deposit liabilities	232	Generally similar to terms and conditions above
Interest income	4	Interest income on receivables from customers (Note 9)
2023		
Entity with Significant Influence Over the Group		
Outstanding Balance:		
Deposit liabilities*	P2,531	With annual fixed interest rates ranging from 0.05% to 5.00%, including time deposits with maturity terms ranging from 19 to 30 days (Note 16)
Amount/Volume:		
Deposit liabilities	(6,514)	Generally similar to terms and conditions above
Interest expense	59	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Sales	29	Outright sale of FVTPL
Subsidiaries		
Outstanding Balance:		
Interbank loans receivable*	P8,641	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 3.51% to 6.25% with maturity terms from 8 to 153 days (Note 7)
Receivables from customers*	1,719	Unsecured, with ECL of P7.1 million; With annual fixed interest rates ranging from 0.00% to 6.45% and maturity terms ranging from 4 to 240 days (Note 9)
Accounts receivable	170	Non-interest bearing receivables on remittance and rental fees (Note 9)
Other receivables	8	Non-interest bearing receivables on rental fees (Note 9)
Deposit liabilities*	5,839	With annual fixed interest rates ranging from 0.05% to 5.96% including time deposits with maturity terms ranging from 4 to 91 days (Note 16)
Treasury stock	70	Parent Company's shares held by FMIC's mutual fund subsidiary (Note 23)
Amount/Volume:		
Interbank loans receivable	(2,565)	Generally similar to terms and conditions above
Receivables from customers	(1,618)	Generally similar to terms and conditions above
Accounts receivable	(50)	Generally similar to terms and conditions above
Deposit liabilities	(152)	Generally similar to terms and conditions above
Interest income	401	Interest income on receivables from customers and interbank loan receivables (Notes 7 and 9)
Service charges, fees and commissions	29	Income on transactional fees
Trading and securities gain - net	1,002	Net gain from securities transactions (Note 8)
Foreign exchange gain - net	(13)	Net gain from foreign exchange transactions
Leasing income	12	Income from leasing agreements with various lease terms
Miscellaneous income	171	Information technology services and other fees (Note 25)
Interest expense	272	Interest expense on deposit liabilities and bills payable (Note 16 and 17)
Securities transactions		
Purchases	43,789	Outright purchases of investment securities at FVTPL and FVOCI
Sales	77,931	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	6,181	Outright purchases of foreign currency
Sell	11,052	Outright sale of foreign currency

(Forward)

Category	Consolidated	
	Amount	Terms and Conditions/Nature
Associates		
<u>Outstanding Balance:</u>		
Receivables from customers	₱2,031	Unsecured, with ECL of ₱9.4 million; With annual fixed interest rates ranging from 6.30% to 6.55% and maturity terms ranging from 183 to 730 days (Note 9)
Deposit liabilities*	2,699	With annual fixed interest rates ranging from 0.05% to 5.13% including time deposits with maturity terms ranging from 32 to 45 days (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	1,324	Generally similar to terms and conditions above
Deposit liabilities	1,169	Generally similar to terms and conditions above
Interest Income	91	Interest income on receivables from customers (Note 9)
Trading and securities gain - net	69	Net gain from securities transactions (Note 8)
Foreign exchange gain- net	4	Net gain from foreign exchange transactions
Leasing income	2	Income from leasing agreements with various lease terms
Interest expense	1	Interest expense on deposit liabilities
Securities transactions		
Outright purchases	2,460	Outright purchases of FVTPL securities and FVOCI investments
Outright sales	7,024	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	311	Outright purchases of foreign currency
Sell	1,197	Outright sale of foreign currency
Other Related Parties		
<u>Outstanding Balance:</u>		
Receivables from customers*	₱37,898	Unsecured with ECL of ₱192.2 million, annual fixed interest rates ranging from 3.20% to 7.37% and maturity terms ranging from 9 days to 5 years.
Assets held under joint operations	219	Parcels of land and former branch sites of the Parent Company contributed to joint operations. (Note 14)
Deposit liabilities*	17,520	With annual fixed interest rates ranging from 0.05% to 6.00% including time deposits with maturity terms ranging from 4 to 360 days (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	3,265	Generally similar to terms and conditions above
Deposit liabilities	(13,618)	Generally similar to terms and conditions above
Interest income	2,112	Interest income on receivables from customers (Note 9)
Foreign exchange gain - net	159	Net gain from foreign exchange transactions
Profits from assets sold	1,299	Gain on sale of ropa
Interest expense	65	Interest expense on deposit liabilities (Note 16)
Lease payments	249	Payments for leasing agreements with various lease terms.
Securities transactions		
Outright Purchases	225	Outright purchases of investment securities at FVTPL
Outright Sales	1,332	Outright sale of investment securities at FVTPL
Foreign currency		
Buy	6,852	Outright purchases of foreign currency
Sell	129,951	Outright sale of foreign currency
Key Personnel		
<u>Outstanding Balance:</u>		
Receivables from customers	₱139	Secured - ₱108.4 million, unsecured - ₱30.6 million, no impairment; With annual fixed interest rates ranging from 0.00% to 9.00% and maturity terms from 1 to 19 years (Note 9)
Deposit liabilities	397	With various terms and minimum annual interest rate of 0.05% (Note 16)
<u>Amount/Volume:</u>		
Deposit liabilities	65	Generally similar to terms and conditions above
Interest income	4	Interest income on receivables from customers (Note 9)

* Includes accrued interest

Category	Parent Company	
	Amount	Terms and Conditions/Nature
2025		
Entities with Significant Influence		
<u>Outstanding Balance:</u>		
Deposit liabilities*	₱168	With annual fixed interest rate ranging from 0.05% to 3.75% including time deposits with maturity terms ranging from 31 to 32 days (Note 16)
<u>Amount/Volume:</u>		
Deposit liabilities	(1,106)	Generally similar to terms and conditions above
Interest expense	10	Interest expense on deposit liabilities (Note 16)
Subsidiaries		
<u>Outstanding Balance:</u>		
Receivables from customers*	₱4,629	Secured – ₱319 million, unsecured – ₱4,310 million, with ECL of ₱19.2 million; With annual fixed interest rates ranging of 4.8% to 5.0% and maturity terms ranging from 31 to 181 days (Note 9)
Accounts receivable	38	Non-interest bearing receivables on ATM, remittance and rental fees (Note 9)
Deposit liabilities*	5,840	With annual fixed interest rates ranging from 0.05% to 5.20% including time deposits with maturity terms ranging from 4 to 63 days (Note 16)
Bills payable*	5,544	Peso borrowing subject to annual fixed interest rate of 4.59% with maturity term of 4 days
<u>Amount/Volume:</u>		
Interbank loans receivable	(2,161)	Generally similar to terms and conditions above
Receivables from customers	1,014	Generally similar to terms and conditions above
Accounts receivable	(58)	Generally similar to terms and conditions above
Deposit liabilities	(599)	Generally similar to terms and conditions above
Interest income	144	Interest income on receivables from customers and interbank loans receivables (Note 7 and 9)
Service charges, fees and commissions	2	Income from transactional fees
Trading and securities gain - net	3	Net gain from securities transactions (Note 8)
Foreign exchange loss - net	(4,076)	Net loss from foreign exchange transactions
Leasing income	10	Income from leasing agreements with various lease terms
Miscellaneous income	226	Information technology services and other fees (Note 25)
Interest expense	394	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Purchases	32,773	Outright purchases of investment securities at FVTPL and FVOCI
Sales	20,387	Outright sale of investment securities at FVTPL
Foreign currency		
Buy	10,317	Outright purchases of foreign currency
Sell	4,507	Outright sale of foreign currency
Associates		
<u>Outstanding Balance:</u>		
Receivables from customers	₱1,408	Unsecured, with ECL of ₱2.7 million; With annual fixed interest rates ranging from 4.6% to 5.33% and maturity terms ranging from 91 days to 2 years (Note 9)
Deposit liabilities*	1,607	With annual fixed interest rates ranging from 0.05% to 4.38% including time deposits with maturity terms from 30 to 32 days (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	152	Generally similar to terms and conditions above
Deposit liabilities	(11)	Generally similar to terms and conditions above
Interest Income	72	Interest income on receivables from customers
Trading and securities gain - net	10	Net gain from securities transactions (Note 8)
Foreign exchange gain - net	6	Net gain from foreign exchange transactions
Leasing income	1	Income from leasing agreements with various lease terms
Interest expense	3	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Outright purchases	886	Outright purchases of FVTPL securities
Outright sales	3,482	Outright sale of investment securities at FVTPL and FVOCI

(Forward)

Category	Parent Company	
	Amount	Terms and Conditions/Nature
Foreign currency		
Buy	₱94	Outright purchase of foreign currency
Sell	1,823	Outright sale of foreign currency
Other Related Parties		
<u>Outstanding Balance:</u>		
Receivables from customers*	₱46,118	Secured – ₱5.6 billion, unsecured – ₱40.5 billion, with ECL of ₱101.9 million. With annual fixed interest rates ranging from 4.25% to 7.62% and maturity terms ranging from 4 days to 5 years (Note 9)
Assets held under joint operations	114	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)
Deposit liabilities*	16,284	With annual fixed interest rates ranging from 0.05% to 4.75% including time deposits with maturity terms ranging from 4 to 350 days (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	5,009	Generally similar to terms and conditions above
Deposit liabilities	(33)	Generally similar to terms and conditions above
Interest income	2,350	Interest income on receivables from customers (Note 9)
Foreign exchange loss - net	(32)	Net loss from foreign exchange transactions
Interest expense	540	Interest expense on deposit liabilities (Note 16)
Lease Payments	285	Payments for leasing agreements with various lease terms
Contingent		
Unused commercial LCs	31	LC transactions with various terms
Others	1	Bank guaranty with indemnity agreement
Securities transactions		
Outright purchases	822	Outright purchases of FVTPL securities
Sales	1,398	Outright sale of investment securities at FVTPL
Foreign currency		
Buy	825	Outright purchases of foreign currency
Sell	162,044	Outright sale of foreign currency
Key Personnel		
<u>Outstanding Balance:</u>		
Receivables from customers	₱110	Secured - ₱93.6 million and unsecured - ₱16.4 million, no impairment; With annual fixed interest rates ranging from 6.00% to 9.00% and maturity terms from 5 to 16 years (Note 9)
Deposit liabilities	286	With various terms and minimum annual interest rate of 0.05% (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	(24)	Generally similar to terms and conditions above
Deposit liabilities	(132)	Generally similar to terms and conditions above
Interest income	1	Interest income on receivables from customers (Note 9)
2024		
Entities with Significant Influence		
<u>Outstanding Balance:</u>		
Deposit liabilities*	₱1,274	With annual fixed interest rate ranging from 0.05% to 5.25% including time deposits with maturity terms ranging from 30 to 63 days (Note 16)
<u>Amount/Volume:</u>		
Deposit liabilities	(1,257)	Generally similar to terms and conditions above
Interest expense	31	Interest expense on deposit liabilities (Note 16)
Subsidiaries		
<u>Outstanding Balance:</u>		
Interbank loans receivable*	₱2,161	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 2.1% to 3.0% with maturity terms from 9 to 14 days with minimal expected credit loss (Note 7)
Receivables from customers*	3,615	Secured - ₱495.6 million, unsecured - ₱3,118.9 million, with ECL of ₱11.7 million; With annual fixed interest rates of 5.40% and maturity terms ranging from 6 to 350 days (Note 9)
Accounts receivable	96	Non-interest bearing receivables on ATM, remittance and rental fees (Note 9)
Other receivables	32	Non-interest bearing receivables on rental fees (Note 9)
Deposit liabilities*	6,439	With annual fixed interest rates ranging from 0.05% to 6.13% including time deposits with maturity terms ranging from 6 to 90 days (Note 16)

(Forward)

Category	Parent Company	
	Amount	Terms and Conditions/Nature
<u>Amount/Volume:</u>		
Interbank loans receivable	(₱6,480)	Generally similar to terms and conditions above
Receivables from customers	1,896	Generally similar to terms and conditions above
Accounts receivable	3	Generally similar to terms and conditions above
Deposit liabilities	1,724	Generally similar to terms and conditions above
Interest income	119	Interest income on receivables from customers and interbank loans receivables (Note 7 and 9)
Service charges, fees and commissions	25	Income from transactional fees
Trading and securities gain - net	593	Net gain from securities transactions (Note 8)
Foreign exchange loss - net	(17)	Net loss from foreign exchange transactions
Leasing income	9	Income from leasing agreements with various lease terms
Miscellaneous income	191	Information technology services and other fees (Note 25)
Interest expense	235	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Purchases	21,789	Outright purchases of investment securities at FVTPL and FVOCI
Sales	39,322	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	4,878	Outright purchases of foreign currency
Sell	14,121	Outright sale of foreign currency
Associates		
<u>Outstanding Balance:</u>		
Receivables from customers	₱1,256	Unsecured, with ECL of ₱5.3 million; With annual fixed interest rates ranging from 5.65% to 6.55% and maturity terms ranging from 64 to 730 days (Note 9)
Deposit liabilities*	1,618	With annual fixed interest rates ranging from 0.05% to 5.00% including time deposits with maturity terms from 41 to 45 days (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	(775)	Generally similar to terms and conditions above
Deposit liabilities	(1,081)	Generally similar to terms and conditions above
Interest Income	122	Interest income on receivables from customers
Trading and securities gain - net	49	Net gain from securities transactions (Note 8)
Foreign exchange gain - net	5	Net gain from foreign exchange transactions
Leasing income	2	Income from leasing agreements with various lease terms
Interest expense	4	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Outright purchases	2,118	Outright purchases of HFT securities and AFS investments
Outright sales	5,620	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	500	Outright purchase of foreign currency
Sell	1,542	Outright sale of foreign currency
Other Related Parties		
<u>Outstanding Balance:</u>		
Receivables from customers*	₱41,109	Secured – ₱6.2 billion, unsecured – ₱34.7 billion, with ECL of ₱249.5 million. With annual fixed interest rates ranging from 4.15% to 7.89% and maturity terms ranging from 6 days to 5 years (Note 9)
Assets held under joint operations	137	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)
Deposit liabilities*	16,317	With annual fixed interest rates ranging from 0.05% to 5.75% including time deposits with maturity terms ranging from 6 to 364 days (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	3,211	Generally similar to terms and conditions above
Deposit liabilities	(1,203)	Generally similar to terms and conditions above
Interest income	2,193	Interest income on receivables from customers (Note 9)
Foreign exchange loss - net	(111)	Net loss from foreign exchange transactions
Interest expense	357	Interest expense on deposit liabilities (Note 16)
Lease Payments	265	Payments for leasing agreements with various lease terms
Contingent		
Unused commercial LCs	55	LC transactions with various terms
Others	1	Bank guaranty with indemnity agreement
Securities transactions		
Outright purchases	326	Outright purchases of FVTPL securities and FVOCI investments
Sales	332	Outright sale of investment securities at FVTPL and FVOCI

(Forward)

Category	Parent Company	
	Amount	Terms and Conditions/Nature
Foreign currency		
Buy	₱855	Outright purchases of foreign currency
Sell	147,913	Outright sale of foreign currency
Key Personnel		
<u>Outstanding Balance:</u>		
Receivables from customers	₱134	Secured - ₱117.1 million and unsecured - ₱16.5 million, no impairment; With annual fixed interest rates ranging from 6.00% to 9.00% and maturity terms from 5 to 16 years (Note 9)
Deposit liabilities	418	With various terms and minimum annual interest rate of 0.00% (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	10	Generally similar to terms and conditions above
Deposit liabilities	21	Generally similar to terms and conditions above
Interest income	3	Interest income on receivables from customers (Note 9)
2023		
Entities with Significant Influence		
<u>Outstanding Balance:</u>		
Deposit liabilities*	₱2,531	With annual fixed interest rate ranging from 0.05% to 5.00% including time deposits with maturity terms ranging from 19 to 30 days (Note 16)
<u>Amount/Volume:</u>		
Deposit liabilities	(6,514)	Generally similar to terms and conditions above
Interest expense	59	Interest expense on deposit liabilities (Note 16)
Subsidiaries		
<u>Outstanding Balance:</u>		
Interbank loans receivable*	₱8,641	Foreign currency-denominated lending which earn annual fixed interest rates ranging from 3.51% to 5.05% with maturity terms from 31 to 243 days with minimal expected credit loss (Note 7)
Receivables from customers*	1,719	Unsecured, with ECL of ₱7.1 million; With annual fixed interest rates ranging from 0.00% to 6.45% and maturity terms ranging from 4 to 240 days (Note 9)
Accounts receivable	93	Non-interest bearing receivables on remittance and rental fees (Note 9)
Other receivables	8	Non-interest bearing receivables on remittance (Note 9)
Deposit liabilities*	4,715	With annual fixed interest rates ranging from 0.05% to 5.96% including time deposits with maturity terms ranging from 4 to 91 days (Note 16)
Treasury stock	70	Parent Company's shares held by FMIC's mutual fund subsidiary (Note 23)
<u>Amount/Volume:</u>		
Interbank loans receivable	(2,565)	Generally similar to terms and conditions above
Receivables from customers	(1,618)	Generally similar to terms and conditions above
Accounts receivable	(91)	Generally similar to terms and conditions above
Deposit liabilities	(1,276)	Generally similar to terms and conditions above
Interest income	401	Interest income on receivables from customers and interbank loans receivables (Note 7 and 9)
Service charges, fees and commissions	1	Income from transactional fees
Trading and securities gain - net	998	Net gain from securities transactions (Note 8)
Foreign exchange loss - net	(13)	Net loss from foreign exchange transactions
Leasing income	8	Income from leasing agreements with various lease terms
Miscellaneous income	170	Information technology services and other fees (Note 25)
Interest expense	125	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Purchases	43,656	Outright purchases of investment securities at FVTPL and FVOCI
Sales	77,497	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	6,181	Outright purchases of foreign currency
Sell	11,052	Outright sale of foreign currency

Category	Parent Companies	
	Amount	Terms and Conditions/Nature
Associates		
<u>Outstanding Balance:</u>		
Receivables from customers	₱2,031	Unsecured, with ECL of ₱9.4 million; With annual fixed interest rates ranging from 6.30% to 6.55% and maturity terms ranging from 183 to 730 days (Note 9)
Deposit liabilities*	2,699	With annual fixed interest rates ranging from 0.05% to 5.13% including time deposits with maturity terms from 32 to 45 days (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	1,324	Generally similar to terms and conditions above
Deposit liabilities	741	Generally similar to terms and conditions above
Interest Income	91	Interest income on receivables from customers
Trading and securities gain - net	69	Net gain from securities transactions (Note 8)
Foreign exchange gain - net	4	Net gain from foreign exchange transactions
Leasing income	2	Income from leasing agreements with various lease terms
Interest expense	1	Interest expense on deposit liabilities (Note 16)
Securities transactions		
Outright purchases	2,350	Outright purchases of HFT securities and AFS investments
Outright sales	3,446	Outright sale of investment securities at FVTPL and FVOCI
Foreign currency		
Buy	311	Outright purchase of foreign currency
Sell	1,197	Outright sale of foreign currency
Other Related Parties		
<u>Outstanding Balance:</u>		
Receivables from customers*	₱37,898	Unsecured, with ECL of ₱192.2 million. With annual fixed interest rates ranging from 3.20% to 7.37% and maturity terms ranging from 9 days to 5 years (Note 9)
Assets held under joint operations	219	Parcels of land and former branch sites of the Parent Company contributed to joint operations (Note 14)
Deposit liabilities*	17,520	With annual fixed interest rates ranging from 0.05% to 6.00% including time deposits with maturity terms ranging from 5 to 360 days (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	3,265	Generally similar to terms and conditions above
Deposit liabilities	(11,212)	Generally similar to terms and conditions above
Interest income	2,112	Interest income on receivables from customers (Note 9)
Foreign exchange gain - net	159	Net gain from foreign exchange transactions
Interest expense	65	Interest expense on deposit liabilities (Note 16)
Lease Payments	249	Payments for leasing agreements with various lease terms
Foreign currency		
Buy	6,852	Outright purchases of foreign currency
Sell	129,951	Outright sale of foreign currency
Key Personnel		
<u>Outstanding Balance:</u>		
Receivables from customers	₱124	Secured - ₱88.89 million and unsecured - ₱15.96 million, no impairment; With annual fixed interest rates ranging from 0.00% to 9.00% and maturity terms from 1 to 19 years (Note 9)
Deposit liabilities	397	With various terms and minimum annual interest rate of 0.00% (Note 16)
<u>Amount/Volume:</u>		
Receivables from customers	19	Generally similar to terms and conditions above
Deposit liabilities	65	Generally similar to terms and conditions above
Interest income	3	Interest income on receivables from customers (Note 9)

* Includes accrued interest

As of December 31, 2025 and 2024, government bonds with total face value of ₱60.0 million (classified as 'Investment securities at amortized cost as of December 31, 2025 and 2024), are pledged by PSBank to the Parent Company to secure the latter's payroll account with PSBank. Also, the Parent Company has assigned to PSBank government securities with total face value of ₱3.5 billion (classified as 'Investment securities at amortized cost') to secure PSBank's deposits to the Parent Company.

Receivables from customers and deposit liabilities and their related statement of financial position and statement of income accounts resulted from the lending and deposit-taking activities of the Group and the Parent Company. Together with the sale of investment properties, borrowings, contingent accounts including derivative transactions, outright purchases and sales of securities and foreign currency buy and sell, leasing of office premises, securing of insurance coverage on loans and property risk, and other management services rendered, these are conducted in the normal course of business, at arm's-length transactions and are generally settled in cash. The amounts and related volumes and changes are presented in the summary above. Terms of receivables from customers, deposit liabilities and borrowings are also disclosed in Notes 9, 16 and 17, respectively, while other related party transactions above have been referred to their respective note disclosures.

The compensation of the key management personnel of the Group and the Parent Company follows:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Short-term employee benefits	₱5,807	₱5,485	₱4,734	₱4,836	₱4,616	₱3,832
Post-employment benefits	89	103	116	63	94	81
	₱5,896	₱5,588	₱4,850	₱4,899	₱4,710	₱3,913

Director's fees and bonuses of the Parent Company in 2025, 2024 and 2023 amounted to ₱81.5 million, ₱70.7 million and ₱70.2 million, respectively.

Transactions with Retirement Plans

Under PFRS Accounting Standards, certain post-employment benefit plans are considered as related parties. The Parent Company has business relationships with a number of related party retirement plans pursuant to which it provides trust and management services to these plans. Certain trustees of the plans are either officers or directors of the Parent Company and/or the subsidiaries. Income earned by the Parent Company from such services amounted to ₱134.3 million, ₱135.7 million and ₱160.2 million in 2025, 2024 and 2023, respectively. In 2025, 2024 and 2023, the Parent Company purchased securities totaling ₱2.8 billion, ₱5.4 billion and ₱8.1 billion, respectively, from its related party retirement plans and also sold securities totaling ₱5.5 billion, ₱5.6 billion and ₱10.4 billion, respectively, and recognized net trading gains/(losses) of (₱39.5 thousand), ₱7.2 thousand and (₱427.5 thousand), respectively. Further, as of December 31, 2025 and 2024, the total outstanding deposit liabilities of the Group from these related party retirement funds amounted to ₱94.8 million and ₱144.3 million, respectively. Interest expense on deposit liabilities amounted to ₱3.1 million, ₱1.2 million and ₱25.3 million in 2025, 2024 and 2023, respectively.

As of December 31, 2025 and 2024, the related party retirement plans also hold investments in the equity shares of various companies within the Group amounting to ₱107.5 million and ₱138.7 million, respectively, with unrealized trading losses of ₱19.8 million and ₱13.3 million, respectively, and investments in mutual funds and trust funds of various companies within the Group amounting to ₱1.9 billion and ₱1.6 billion, respectively, with unrealized trading gains of ₱88.1 million and ₱51.2 million, respectively. In 2025, 2024 and 2023, realized trading gains/(losses) recognized by the related party retirement plans amounted to ₱48.7 million, ₱61.6 million and (₱5.9 million), respectively, and dividend income recognized amounted to ₱41.0 million, ₱2.5 million, and ₱1.4 million, respectively.

33. Foreign Exchange

Closing rates as of December 31 and WAR for each of the year ended December 31 are as follows:

	BAP		
	2025	2024	2023
Closing	₱58.79	₱57.85	₱55.37
WAR	57.51	57.28	55.63

34. Other Matters

The Group has no significant matters to report in 2025 on the following:

- Known trends, events or uncertainties that would have material impact on liquidity and on the sales or revenues.
- Explanatory comments about the seasonality or cyclicity of operations.
- Issuances, repurchases and repayments of debt and equity securities except for the issuance of the ₱5.0 billion bonds of PSBank as discussed in Note 19.
- Unusual items as to nature, size or incidents affecting assets, liabilities, equity, net income or cash flows except for the payment of cash dividends by the Parent Company, as discussed in Note 23.
- Effect of changes in the composition of the Group during the year, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

35. Subsequent Events

- The US\$500.0 million senior unsecured notes issued by the Parent Company on July 15, 2020 which bear an interest rate of 2.125% per annum matured on January 15, 2026.
- On January 15, 2026, the BOD of PSBank declared a 7.50% regular cash dividend for the fourth quarter of 2025 amounting to ₱320.14 million or ₱0.75 per share payable on February 16, 2026 to all stockholders at record date as of January 30, 2026.
- On February 18, 2026, the BOD of the Parent Company approved the following:
 - Declaration of ₱3.00 regular cash dividend, payable on a semi-annual basis. The first payout of ₱1.50 per share is payable on March 26, 2026 to all stockholders of record as of March 9, 2026. Record and payment dates for the second payout of ₱1.50 per share will be determined during the regular meeting of the BOD in August 2026; and
 - Declaration of ₱2.00 special cash dividend payable on March 26, 2026 to all stockholders of record as of March 9, 2026.

36. Approval of the Release of the Financial Statements

The accompanying financial statements of the Group and of the Parent Company were authorized for issue by the BOD on February 18, 2026.

37. Report on the Supplementary Information Required under Section 174 of the Manual of Regulations for Banks

Supplementary Information Under Section 174 of the Manual of Regulations for Banks

On January 8, 2020, the Monetary Board approved the amendments to the relevant provisions of the Manual of Regulations for Banks and Manual of Regulations for Foreign Exchange Transactions.

Among the provisions is the requirement to include the following additional information to the Audited Financial Statements.

a. Quantitative indicators of financial performance

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Return on average equity ⁽¹⁾	12.32%	12.97%	12.51%	12.30%	12.95%	12.49%
Return on average assets ⁽²⁾	1.34%	1.45%	1.42%	1.48%	1.62%	1.61%
Net interest margin on average earning assets ⁽³⁾	3.64%	3.77%	3.90%	3.51%	3.67%	3.83%

⁽¹⁾ Net income attributable to equity holders of the Parent Company for the year divided by average total equity attributable to the Parent Company.

⁽²⁾ Net income attributable to equity holders of the Parent Company for the year divided by average total assets.

⁽³⁾ Net interest income for the year divided by average interest-earning assets.

b. Description of capital instrument issued

The Group and the Parent Company consider its common stock and subordinated debts as capital instruments eligible as Tier 1 and Tier 2 capitals.

c. Significant Credit Exposures

Significant credit exposures of loans as to industry, gross of unearned discount and capitalized interest, follows:

	Consolidated				Parent Company			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Real estate activities	₱365,208	18.32	₱327,236	17.85	₱320,774	18.44	₱286,257	17.88
Wholesale and retail trade, repair of motor vehicles and motorcycles	263,444	13.22	260,229	14.20	233,819	13.44	227,930	14.24
Manufacturing	178,171	8.94	198,032	10.81	173,431	9.97	194,411	12.14
Financial and insurance activities	170,631	8.56	176,043	9.60	163,758	9.42	170,072	10.62
Electricity, gas, steam and air conditioning supply	138,668	6.96	76,059	4.15	137,438	7.90	73,990	4.62
Information and communication	131,767	6.61	127,555	6.97	131,687	7.57	127,456	7.96
Transportation and storage	123,776	6.21	110,927	6.05	121,448	6.98	108,711	6.79
Activities of household employees	102,074	5.12	94,864	5.18	1,921	0.11	2,069	0.13
Construction	70,212	3.52	72,739	3.97	41,011	2.36	47,530	2.97
Water supply, sewerage, waste management and remediation activities	39,583	1.98	31,794	1.73	39,494	2.27	31,717	1.98
Administrative and support service activities	28,294	1.42	21,987	1.20	6,269	0.36	6,093	0.38
Agriculture, forestry, and fishing	23,263	1.16	21,875	1.19	22,090	1.27	20,842	1.30
Accommodation and food service activities	22,567	1.13	13,858	0.76	22,049	1.27	13,567	0.85
Arts, entertainment and recreation	3,167	0.16	3,192	0.17	3,086	0.18	3,112	0.20
Mining and quarrying	2,187	0.11	1,453	0.08	1,797	0.10	1,173	0.07
Professional, scientific and technical activities	1,533	0.08	1,444	0.08	1,385	0.08	1,303	0.08
Other service activities	1,531	0.08	1,689	0.09	1,529	0.09	1,689	0.11
Education	1,362	0.07	1,586	0.09	1,077	0.06	1,306	0.08
Human health and social work activities	758	0.04	606	0.03	656	0.04	522	0.03
Others*	325,078	16.31	289,673	15.80	314,684	18.09	281,235	17.57
	₱1,993,274	100.00	₱1,832,841	100.00	₱1,739,403	100.00	₱1,600,985	100.00

*Others include public administration and defense and other industries

The Group considers that concentration of credit exists when total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio or 10.00% of Tier 1 capital (see Note 4).

d. Breakdown of loans

The following table shows information relating to receivables from customers by collateral, gross of unearned discounts and capitalized interest:

	Consolidated				Parent Company			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Secured by:								
Other securities*	₱290,673	14.58	₱294,928	16.09	₱290,673	16.71	₱294,928	18.42
Chattel	123,069	6.17	102,980	5.62	23,973	1.38	21,622	1.35
Real estate	100,021	5.02	94,333	5.15	63,864	3.67	60,875	3.80
Equity securities	64,607	3.24	60,356	3.29	6,260	0.36	6,379	0.40
Deposit hold-out	57,705	2.90	46,739	2.55	57,208	3.29	46,239	2.89
Others	21,224	1.07	20,768	1.13	9,535	0.55	7,518	0.47
	657,299	32.98	620,104	33.83	451,513	25.96	437,561	27.33
Unsecured	1,335,975	67.02	1,212,737	66.17	1,287,890	74.04	1,163,424	72.67
	₱1,993,274	100.00	₱1,832,841	100.00	₱1,739,403	100.00	₱1,600,985	100.00

*Other securities include mixed collaterals (combination of chattel mortgage, deposit hold-outs), money market placements and surety bond.

Non-performing loans (NPLs) included in the total loan portfolio of the Group and the Parent Company, as reported to the BSP, are presented below:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Gross NPLs	₱34,134	₱25,985	₱26,827	₱20,277
Less allowance for credit losses	26,102	19,635	22,912	16,647
Net carrying amount	₱8,032	₱6,350	₱3,915	₱3,630

Under banking regulations, loan accounts shall be considered non-performing, even without any missed contractual payments, when they are considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal or interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement. Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained. Moreover, NPLs shall remain classified as such until (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six (6) months; or (b) written-off. Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after they have become past due.

e. Information on related party loans

In the ordinary course of business, the Group has loan transactions with investees and with certain directors, officers, stockholders and related interests (DOSRI) based on BSP Circular No. 423 dated March 15, 2004, as amended. Existing banking regulations limit the amount of individual loans to DOSRI, 70.00% of which must be secured, to the total of their respective deposits and book value of their respective investments in the lending company within the Group. In the aggregate, loans to DOSRI generally should not exceed the respective total equity or 15.00% of the respective total loan portfolio, whichever is lower, of the Parent Company, PSBank, FMIC, and ORIX Metro.

The following table shows information on related party loans as reported to the BSP:

	2025		2024	
	DOSRI Loans	Related Party Loans	DOSRI Loans	Related Party Loans
Consolidated				
Total outstanding loans	₱5,341	₱99,712	₱7,032	₱79,707
Percent of DOSRI/Related Party Loans to total loan portfolio	0.26%	4.88%	0.37%	4.20%
Percent of unsecured DOSRI/Related Party Loans to total DOSRI/Related Party Loans	9.19%	99.39%	11.57%	99.30%
Percent of past due DOSRI/Related Party Loans to total DOSRI/Related Party Loans	0.04%	0.03%	0.02%	0.01%
Percent of non-performing DOSRI/Related Party Loans to total DOSRI/Related Party Loans	0.02%	0.02%	0.01%	0.01%
Parent Company				
Total outstanding loans	₱5,143	₱102,418	₱6,816	₱88,385
Percent of DOSRI/Related Party Loans to total loan portfolio	0.29%	5.84%	0.42%	5.21%
Percent of unsecured DOSRI/Related Party Loans to total DOSRI/Related Party Loans	5.97%	99.40%	8.92%	99.34%
Percent of past due DOSRI/Related Party Loans to total DOSRI/Related Party Loans	0.04%	0.03%	0.02%	0.01%
Percent of non-performing DOSRI/Related Party Loans to total DOSRI/Related Party Loans	0.02%	0.02%	0.01%	0.01%

BSP Circular Nos. 560 and 654 provide the rules and regulations that govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks which require that the total outstanding loans, other credit accommodations and guarantees to each of the bank's/quasi-bank's subsidiaries and affiliates shall not exceed 10.00%, while a separate individual limit of 25.00% for those engaged in energy and power generation, of the net worth of the lending bank/quasi-bank, provided that the unsecured portion of which shall not exceed 5.00% or 12.50%, respectively, of such net worth. Further, the total outstanding loans, credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank/quasi-bank; and the subsidiaries and affiliates of the lending bank/quasi-bank are not related interest of any director, officer and/or stockholder of the lending institution, except where such director, officer or stockholder sits in the BOD or is appointed officer of such corporation as representative of the bank/quasi-bank as reported to the BSP. As of December 31, 2025 and 2024, the total outstanding loans, other credit accommodations and guarantees to each of the Parent Company's subsidiaries and affiliates did not exceed 10.00% of the Parent Company's net worth, as reported to the BSP, and the unsecured portion did not exceed 5.00% of such net worth wherein the total outstanding loans, other credit accommodations and guarantees to all such subsidiaries and affiliates represent 11.94% and 11.26%, respectively, of the Parent Company's net worth. The Parent Company has no outstanding loans, other credit accommodations and guarantees to subsidiaries and affiliates engaged in energy and power generation.

Total interest income on DOSRI loans in 2025, 2024 and 2023 amounted to ₱406.0 million, ₱419.3 million and ₱461.9 million, respectively, for the Group, and ₱393.7 million, ₱407.3 million and ₱457.1 million, respectively, for the Parent Company.

f. Secured Liabilities and Assets Pledged as Security

The following are the carrying values of the debt securities pledged and transferred under SSURA transactions of the Group and the Parent Company:

	Consolidated				Parent Company			
	2025		2024		2025		2024	
	Transferred Securities	SSURA	Transferred Securities	SSURA	Transferred Securities	SSURA	Transferred Securities	SSURA
Investment securities at FVTPL	₱2,988	₱2,652	₱83,564	₱83,292	₱2,988	₱2,652	₱83,564	₱83,292
Investment securities at FVOCI								
Government	332,723	327,311	46,677	43,099	332,723	327,311	46,677	43,099
Private	3,320	3,320	-	-	-	-	-	-
Investment securities at amortized cost	80,201	74,273	168,582	150,237	80,201	74,273	168,582	150,237
	₱419,232	₱407,556	₱298,823	₱276,628	₱415,912	₱404,236	₱298,823	₱276,628

g. Contingencies and commitments arising from off-balance sheet items

The following is a summary of contingencies and commitments at their peso-equivalent contractual amounts arising from off-balance sheet items:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Derivatives	₱1,487,567	₱1,506,378	₱1,419,591	₱1,471,890
Trust department accounts	955,848	581,367	938,889	565,936
Commitments	508,521	393,304	508,491	393,244
Performance standby letters of credit	60,546	41,320	60,546	41,300
Spot foreign exchange contracts	48,017	52,588	47,929	52,559
Commercial letters of credit	29,397	30,284	9,570	16,140
Guarantees issued	26,789	20,829	25,528	20,829
Trade related guarantees	604	923	604	923
Others	42,193	33,936	12,855	10,568
	₱3,159,482	₱2,660,929	₱3,024,003	₱2,573,389

38. Report on the Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010

Supplementary Information Under RR No. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010 to amend certain provisions of RR No. 21-2002 which provides that starting 2010, the notes to financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

The Parent Company reported the following types of taxes for the year ended December 31, 2025 included under 'Taxes and licenses' account in the statement of income:

GRT	₱6,157
DST	4,745
Local taxes	309
Real estate tax	107
Others	438
	₱11,756

Domestic Subsidiaries and Affiliates

Details of the total withholding taxes remittances for the taxable year December 31, 2025 follow:

Taxes withheld on compensation	₱3,701
Final withholding taxes	9,661
Expanded withholding taxes	1,667
	₱15,029

As of December 31, 2025, the Parent Company has no outstanding tax cases under preliminary investigation, litigation, and/or prosecution in courts or bodies outside the BIR.

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