

# COVER SHEET

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S.E.C. Registration Number

P	H	I	L	I	P	P	I	N	E	B	U	S	I	N	E	S	B	A	N	K	,		I	N	C	.	
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(Company's Full Name)

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

<b>Rolando G. Alvendia</b>
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Contact Person

<b>8461-5800 local 5100</b>
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Company Telephone Number

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Month      Day  
Fiscal Year

<b>SEC FORM 17-A</b>
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FORM TYPE

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Month

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Day

Annual Meeting

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Secondary License Type, if Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

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Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended December 31, 2025
2. SEC Identification Number A199701584 3. BIR Tax Identification No. 005-469-606
4. Exact name of issuer as specified in its charter Philippine Business Bank, Inc., A Savings Bank
5. Caloocan  
Province, Country or other jurisdiction  
of incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. 350 Rizal Avenue corner 8<sup>th</sup> Avenue Grace Park, Caloocan City 1400  
Address of principal office Postal Code
8. (02) 8363-33-33  
Issuer's telephone number, including area code
9. Not Applicable  
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b>Common</b>	<b>818,750,094</b>

11. Are any or all of these securities listed on a Stock Exchange.

Yes [  ] No [  ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange

Common shares of stock

12. Check whether the issuer:

- (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes  No

- (b) has been subject to such filing requirements for the past ninety (90) days.

Yes  No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

**APPLICABLE ONLY TO ISSUERS INVOLVED IN  
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS  
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes  No  NOT APPLICABLE

**DOCUMENTS INCORPORATED BY REFERENCE**

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

- (a) Any annual report to security holders;
- (b) Any information statement filed pursuant to SRC Rule 20;
- (c) Any prospectus filed pursuant to SRC Rule 8.1.

## PART I - BUSINESS AND GENERAL INFORMATION

### Item 1. Business

#### Overview

PBB was incorporated as a Philippine corporation and registered with the SEC on January 28, 1997 as “Total Savings Bank” and was granted the authority to operate as a thrift bank under the MB Resolution No. 29 dated January 8, 1997. The BSP issued a Certificate of Authority on February 6, 1997. On December 16, 1997, the SEC approved the change of corporate name of the Bank to “Philippine Business Bank, Inc. (A Savings Bank)” which the shareholders believe better reflects the Bank’s business thrust and focus.

The Bank’s focus is to become the bank of choice of the SME market segment. The BSP defines small and medium enterprises to be any business concern with assets between ₱3.0 million to ₱100.0 million, excluding the land value on which the entity’s office, plant and equipment are situated.

This focus on the SME market is driven by the size and potential of this particular market. According to recent data from the Department of Trade and Industry, SMEs account for 99.5% of total registered enterprises. The Bank believes that the SME segment is the major source of entrepreneurship and economic dynamism which provide trade, manufacturing and outsourcing and services and help contribute to community and local development. Lastly, the Bank believes that the SME segment is underserved with most financial institutions focusing on the banking requirements of large corporations.

To become the bank of choice of the SME market, PBB has increased its branch presence in several commercial and industrial centres of the country and recruited branch and account officers with extensive client networks in these specific communities. The Bank’s network grew from two (2) branches in 1997 to 158 branches as of December 31, 2025 with most branches located in areas with high concentration of small and medium businesses such as Caloocan, Malabon, Navotas, Valenzuela and Quezon City. PBB has also aggressively expanded its branch network in highly urbanized areas outside Mega Manila such as Davao, General Santos, Bacolod, and Cebu. PBB believes that client proximity, understanding its targets’ banking requirements, the reputation of its branch and account management staff within their respective communities, and the overall reputation of PBB, are the key growth factors in the banking business.

PBB attributes its strong growth and attractive financial performance to the following competitive strengths:

1. Strong presence, reputation, and attention to its SME customers

The Bank believes that its deliberate focus on serving the banking needs of the SME market segment is a key factor for its successful growth over its history. Aside from potential size of this market segment, the Bank also believes that the SME segment is largely underserved by most financial institutions with their focus on large companies and the consumer market.

PBB’s focus on the SME segment is manifested in its branch strategy, the recruitment of its officers, its business operations, and even its corporate culture.

Majority of PBB's branches are located outside of typical commercial and business districts where most banks congregate and are situated in areas with significant SME concentration such as Caloocan, Malabon, Navotas, Valenzuela, Quezon City as well as highly urbanized areas outside Mega Manila such as Davao, General Santos, Bacolod, and Cebu. Aside from targeting such areas, PBB has also significantly increased the number of its branches over the past years.

Over the past five (5) years PBB was able to grow its deposit base and loan portfolio.

<i>in Php millions</i>	2020	2025	CAGR
Net loans and receivables	89,276	127,663	7.4%
Deposit liabilities	100,394	134,946	6.1%

Of equal importance to PBB's current and prospective growth is the staffing of these branches. The Bank aggressively recruits branch managers and account officers who have established good relationships and solid reputation within each branch's catchment area. Through this recruitment strategy, PBB has been able to accelerate its client acquisition.

In line with its view that most SME clients have unique banking requirements with respect to bank transactions that require specific attention, PBB has also deliberately focused on providing its banking services through its branch officers and staff. This contrasts significantly with the trend to automate banking transactions. PBB believes that customer interaction and service will remain key ingredients for its growth.

## 2. Effective capital utilization

Aside from interest income from its loan products, PBB is opportunistic with respect to earnings generation from its treasury operations especially during periods of weak loan demand or excess liquidity. PBB's Treasury Services Group, in coordination with the Bank's Asset and Liability Committee, ensures the Bank's liquidity, manages liquidity risk, manages the Bank's trading portfolio of domestic treasury debt, corporate bonds, foreign currency denominated bonds, and other financial instruments.

<i>in Php millions</i>	2020	2025	CAGR
At fair value through profit or loss	12,100.9	10,468.1	-2.9%
Available-for-sale	4,950.6	12,779.4	20.9%
Held-to-maturity	825.4	927.8	2.4%
<b>Trading and investment securities</b>	<b>17,877.0</b>	<b>24,175.3</b>	<b>6.2%</b>

## 3. Solid lending policies and practices

Despite the growth of PBB's loans and receivables, the Bank has successfully managed credit risk through its internal credit risk rating system, loan evaluation and approval practices, and other formal credit risk mitigating processes. Supplementing these formal processes is PBB's relationship and community-based approach to lending, which takes advantage of branch and account officers' position in their respective communities to analyze prospective borrowers' reputation, business performance and risks, and other credit evaluation factors.

The Bank believes that the advantages brought about by these processes have equal weight to its formal credit evaluation efforts, especially for prospective SME clients.

<i>in %</i>	2020	2021	2022	2023	2024	2025
Non-performing loans ratio	4.07%	4.32%	5.35%	5.68%	5.64%	4.21%

The Bank's NPL ratio stood at 4.21% as of 2025. The Bank performs regular portfolio management reviews to determine potentially problematic accounts and initiate corrective actions if needed.

4. Sound balance sheet well-positioned for growth

PBB has consistently maintained a sound balance sheet which positions the Bank for future growth. Liquidity, as measured by the ratio of loans to deposit, was at 94.60% in 2025.

<i>in %</i>	2020	2021	2022	2023	2024	2025
Loans-to-deposit ratio	88.93%	81.55%	90.41%	92.78%	92.22%	94.60%

5. Strong capital base is the foundation to PBB's increasing size

<i>in %</i>	2020	2021	2022	2023	2024	2025
Equity, in bn	13.88	14.46	14.58	18.01	19.36	<b>21.17</b>
Tier 1 CAR	13.27%	11.08%	13.06%	12.25%	11.77%	<b>12.16%</b>
CAR	14.15%	11.82%	13.85%	13.15%	12.66%	<b>13.04%</b>

PBB's CAR and Tier 1 CAR are consistently above the BSP thresholds of 10.0% and 7.5%, respectively. The Bank continues to monitor its capital levels relative to its business needs and requirements.

6. Highly competent and experienced management team

With significant oversight from the Board of Directors, PBB is managed and run by officers who have extensive experience in banking operations from leading universal and commercial banks in the country. With the experience and track record of officers, from the head office and throughout its branch network, the Bank is assured that it possesses extensive knowledge of all aspects of the banking industry, strong relationships with other banks and financial institutions, and familiarity with the Bank's target clients and their banking needs.

## Financial Summary / Financial Highlights

in Php millions, except per share data	31-Dec-25	31-Dec-24	% growth
<b>Profitability</b>			
Net interest income	7,252	6,664	8.8
Non-interest income <sup>1</sup>	916	849	7.9
Non-interest expense	(4,707)	(4,072)	15.6
Core income	3,461	3,442	0.5
Pre-tax pre-provision profit	3,545	3,354	5.7
Allowance for credit losses	(1,029)	(958)	7.4
Net income	1,896	1,782	6.4
<b>Select balance sheet data</b>			
Liquid assets	34,224	33,886	1.0
Loans and other receivables	127,663	128,272	(0.5)
Assets	168,863	167,992	0.5
Deposits	134,946	139,094	(3.0)
Equity	21,169	19,360	9.3
<b>Per common share data</b>			
Net income per share:			
Basic	2.27	2.13	6.6
Diluted	2.27	2.13	6.6
Book value	25.10	22.89	9.7
<b>Others</b>			
Headcount	1,927	1,839	4.8
Officer	870	840	3.6
Staff	1,057	999	5.8
<b>Selected ratios</b>			
Return on average equity	9.36%	9.54%	
Return on average assets	1.13%	1.11%	
Net Tier 1 CAR	12.16%	11.77%	
Capital adequacy ratio	13.04%	12.66%	

<sup>1</sup> Non-interest income is services charges, fees, and commissions plus miscellaneous income (exclusive of trading gains)

## **Vision**

By making things happen today, PBB will help build strong business communities where people can achieve their dreams.

## **Mission**

The basis for Philippine Business Bank's growth shall be its commitment for higher standards every day, in everything we do in providing competitive products and services and through enthusiastic execution and teamwork in producing satisfaction – for our customers, our shareholders, our associates, and our communities.

## **Principal Business Activities**

PBB provides close to a full range of banking services and products, including cash management, retail and corporate lending, deposit products, international trade finance, treasury, and trust products.

## **Commercial Banking**

The Commercial Banking Group services the middle market and the Small and Medium Enterprise (SME) segments, PBB's key clientele. The group carries out its business through its eight (8) business centers in key cities and municipalities nationwide.

The Commercial Banking Group is steadfast in its commitment to fostering strong and enduring relationships with our valued customers, particularly those in the middle market and small and medium enterprise (SME) segments. By understanding their evolving financial needs, we provide tailored solutions that empower businesses to thrive in a dynamic economic environment. Our customer-centric approach ensures that businesses receive the support, financial expertise, and strategic insights necessary to drive growth, enhance operational efficiency, and achieve long-term sustainability.

Engagement lies at the core of our commercial banking strategy, as we proactively collaborate with clients to help them navigate opportunities and challenges. Through personalized financial services, customized credit facilities, and innovative solutions, we enable businesses to optimize their financial resources. Our relationship managers work closely with clients, ensuring that they have access to the right banking products and services that align with their expansion plans and working capital needs.

Internally, we maintain a strong culture of collaboration, leveraging synergies across various business units and external partners to deliver seamless banking experiences. By integrating banking solutions, streamlining operational processes, and enhancing risk management frameworks, we create an ecosystem that fosters financial stability and business resilience. Our commitment to partnership—both within the bank and with our clients—reinforces our role as a trusted advisor, enabling businesses to flourish and contribute to overall economic progress.

## **Corporate Banking**

The Corporate Banking Group is dedicated to fostering deep and enduring relationships with the country's leading conglomerates, top-tier corporations, and large enterprises. As a trusted financial partner, we provide suitable banking solutions designed for the unique needs of large-scale

businesses, helping them realize their financial objectives and seize strategic opportunities. Our commitment to delivering high-value financial expertise allows us to support our clients in managing risk, optimizing capital structures, and achieving their long-term growth objectives.

At the heart of our corporate banking approach is a deep-rooted understanding of our relationships, built on trust, collaboration, and financial insights. We work closely with our clients to structure innovative capital financing solutions, from project financing and structured credit facilities to capital financing transactions. By understanding the intricacies of our clients' industries and business cycles, we provide customized financial strategies that enable them to execute expansion plans, fund major investments, and enhance operational efficiency.

Collaboration is key to delivering seamless banking experiences, and we continuously leverage synergies within the bank and with our external partners. By integrating corporate banking with our treasury, branch banking and transaction banking solutions, we create a holistic financial ecosystem that supports our clients' evolving needs. Our role as a strategic financial advisor, combined with our ability to mobilize capital effectively, reinforces our commitment to being a trusted partner in our clients' sustained success and industry leadership.

### Consumer Banking Group

The Consumer Banking Group (CBG) of the bank is being seen as a major driver of profitability of the bank in the next five years with its banner product, Makaguro Loan. CBG was primarily a support group to the branches for customer acquisition, client maintenance and relationship expansion that handles the needs of customers for new vehicles, houses and simply cash for personal use through salary deduction scheme loan repayment.

The changes in the regulatory environment in the provision of loans to teachers in 2022 opened up a lot of opportunities and paved the way for the bank to consider investing heavily in resources for expansion in this market. In early 2022, the Department of Education relaxed a restriction against Private Lending Institutions (PLIs) by basically allowing PLIs to offer a five-year term loan. This enabled many PLIs to compete against GSIS which holds the bulk of the teacher's loan market. At the same time, DepEd introduced the verification process whereby a DepEd verified loan application of a teacher ensures loan repayment via automatic payroll deduction.

Seeing this opportunity and with the bank leveraging on its extensive branch network compared with other PLIS, the initial efforts in growing the teacher's loan business via the banner loan product of the bank called Makaguro Loan was quite a success. From a meager P32M volume in 2021 to P825M in 2022. From P825M in 2022 to P3.3B in 2024. From P3.3B to P6.2B in 2025. From a nobody among the 147 PLIs in the last five years, the bank now belongs to the top 10, and is targeting to be at the top 5 within the next five years.

### Retail Banking Segment

The Retail Banking Segment is engaged in the Bank's core business such as deposit and loan generation. The group is responsible for providing marketing support to branches via lead referrals, cash incentive programs, and cross-sell initiatives. It utilizes a decentralized sales strategy, allowing for tailor-fit tactical outreach initiatives within each locality.

The Bank offers a comprehensive range of deposit products and services consisting of the following:

1. Regular Checking account
2. Current Account Flexi (checking & passbook savings in one account)
3. Regular Savings account
4. Payroll account
5. SSS pensioners account
6. Peso time deposit
7. Hi-5 time deposit
8. Dollar time deposit
9. Hi-Green deposit
10. Dollar savings
11. Chinese Yuan/Renminbi savings
12. Campus Savers
13. Digital Banking (with on-going enhancement)
14. Referrals of Trust services' products/investments, Insurance business, FX buy and sell, and Consumer products such as Auto, Housing, Salary, and Makaguro loans

The group is composed of: (1) Branch Banking Group (BBG) which grows deposit levels, generates and services loan referrals, and sells trust and treasury products, they are assisted by the BBG Support Group in their administrative, expansion/relocations, marketing campaign and technical concerns; and (2) Retail Sales Group (RSG) which supplements and complements the marketing and sales effort of the Branch Banking Group.

The Bank also offers foreign exchange transactions particularly in USD and RMB. PBB is one of the 14 banks authorized by the Bank of China (BOC) to convert Renminbi directly to Philippine peso. More importantly, the branches' focus revolves around building personal and professional ties in the community and fostering true business partnership relationships with the Bank's clients.

#### Treasury Services Group

Treasury Services Group's main responsibility is to manage and balance the daily cash flow and liquidity of funds of the Bank. The group also handles the Bank's investments in securities and foreign exchange.

The general mission of TSG is to manage the liquidity of the Bank. This means that all current and projected cash inflows and outflows must be monitored to ensure that there is sufficient cash to fund company operations, as well as to ensure that the excess cash is properly managed and invested. TSG is divided into four sub-units namely:

1. Assets & Liabilities Management: manages the Bank's resources and identifies opportunities in the interest differential business and is under the management of the Asset Management Committee;
2. Fixed Income Desk: monitors the daily movements of corporate bonds and US treasuries for investments and handles the trading of government securities and sovereign bonds;
3. Foreign Exchange Management Desk: oversees all foreign exchange transactions of PBB such as over-the-counter market for trading securities and interbank dealings; and,
4. Financial Market Sales and Distribution Unit: markets government securities and fixed income instruments to clients.

The group offers the following products and services:

- Philippine Domestic Dollar Transfer System – local transfer for US dollar;
- FX forward – hedging tools;
- Renminbi Transfer System - local transfer for Chinese yuan;
- Auto FX services – against USD;
- Telegraphic transfer - international cable transfer;
- Renminbi / CNY deposits;
- All other foreign exchanges, trade or non-trade related, and over-the-counter (OTC) whether against USD or PHP; and,
- Euro deposit (currently in the pipeline).

As the Bank continues to grow its balance sheet, available liquid capital, as well as its customer base, Treasury continues to be opportunistic in contributing to the Bank's profitability. This will be achieved through a combination of client flows as well as proprietary trading using the Bank's available liquidity.

### Trust and Investment Center

PBB's Trust and Investment Group (TIG) has consistently delivered strong performance over the past five years, expanding its trust and fiduciary operations in the post-pandemic period. Through its traditional product suite and broadening distribution channels, TIG provides investment solutions that help clients achieve their financial goals.

In 2025, TIG continues to demonstrate solid attainment in its Investment Management Accounts (IMA), which comprise 85% of its Assets Under Management (AUM). The portfolio remains risk-optimized to withstand market volatility. TIG's client base is 90% retail, underscoring its personalized, client-driven approach, while small and medium enterprises account for 10%, primarily through retirement fund management and other trust products such as escrow, facility agency, and security trusteeship.

Following reorganization and rationalization in the second half of 2025, TIG is building its cornerstone strategy around:

- **Reorganization and Talent Acquisition:** Strategic restructuring supported by a strong pool of trust professionals.
- **Operations and Governance:** Enhanced frameworks and reinforced regulatory compliance.
- **Products and Distribution:** Standardized delivery of trust products and services across 160 channels.
- **Product Development:** Bold innovation leveraging technology and client empowerment.

### **Products and Services Offered**

PBB is a thrift bank that offers a range of commercial and consumer or retail banking products, trust services, and other related financial services such as mail and telegraphic transfers, safety deposit facilities, payment services, among others.

The corporate and commercial banking services include project financing, capital financing, term loans, working capital facilities, trade financing, export negotiations, discounting lines, and bills

purchase facilities. We are the first savings bank to be allowed by the BSP to issue foreign currency-denominated letters of credit. We boast of our derivative license that allows us to assist our clients to hedge their short-term foreign exchange exposure. We also offer specialized loans for agriculture.

Consumer banking loans include brand new auto financing, home financing, group salary or personal loans, and teacher's loan.

As part of its commercial and consumer banking activities, PBB offers various deposit products to both its commercial and individual clients. These products include Peso denominated current and savings accounts, foreign currency denominated savings accounts and both Peso and foreign currency time deposits.

The Bank's treasury manages the liquidity of PBB and is a key component in revenue and income generation through its investment and trading activities.

Products and services offered by PBB's trust operations offers a full – suite of trust and fiduciary products and services to that address each client's financial goals and aspirations. The re – launched unit investment trust fund (UITF), the “PBB Peso Bond Fund,” is targeted to retail clients seeking to grow its fund through participation in collective investment scheme. Investment management arrangements, through its IMA, offers investment outlets that generate income for both individual and commercial clients. Corporate clients can also establish their own employee benefit trusts through TIG's retirement fund management service. In addition, TIG also offers escrow agency, security trusteeship, safekeeping and depository arrangements, pre-need plans, among other standard trust products and services.

### **Reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.**

In April 2008, the Bank entered into a purchase agreement with the shareholders of Kabalikat Rural Bank, Inc. (“KRBI”) under which the Bank purchased 100 per cent of the stock, assets, and goodwill of KRBI. Through this transaction, PBB acquired the five (5) existing branches of KRBI and converted these into thrift bank branches. As an incentive, the BSP granted PBB the right to establish three (3) branches in Restricted Areas and 10 branches in non-restricted areas of the country. In October 2008 and March 2010, the BSP and the SEC respectively approved the merger.

In June 2015, the Bank entered into a purchase agreement with the shareholders of Insular Savers Bank, Inc. (A Rural Bank) (“ISB”) under which the Bank will purchase 100 percent of the stock, assets, and goodwill of ISB. This will help PBB establish a foothold in consumer loans and accelerate the Bank's strategy of expanding client coverage. The BSP approved the merger of PBB and ISB on December 2018, with PBB as the surviving bank and by the Securities and Exchange Commission on June 2019. PBB and ISB commenced operations as a merged entity in July 2019.

In July 2015, the Bank entered into a purchase agreement with the shareholders of Bataan Savings and Loan Bank (“BSLB”) wherein the Bank purchased all of recorded properties, assets, and goodwill of BSLB. In October 2017, PBB consolidated its three (3) existing branches.

### **Distribution methods of the products or services**

The Bank utilizes branches for the distribution of its deposit and loan products. The Bank has

also divided its lending units to Corporate Banking Group, Commercial Banking Group, and Consumer Banking Group, working in partnership with the Retail Banking Segment, to service the banking needs of its clients. In 2016, the Bank also established the Business Development Group, later renamed as Retail Sales Group, to supplement and complement the marketing and sales efforts of Retail Banking Segment. In 2024, the Retail Sales Group and Retail Banking Segment merged to streamline operations, enhance efficiency, and provide a more unified approach to serving the banking needs of retail clients. The Bank's trust products are handled by its Trust and Investment Center while Treasury products are marketed by its Treasury Marketing and Sales Department of the Treasury Services Group.

## **Factors Affecting the Bank's Results of Operations**

Set out below are the most significant factors which have affected the Bank's operating results in the past and which are expected to affect the Bank's results in the future. Factors other than those set forth below may also have a significant impact on the Bank's results of operations and financial condition in the future.

### **Interest Rates**

Fluctuations in the interest rates in the market can have a material impact on the Bank by affecting its interest income, cost of funding as well as the general performance of the Bank's loan portfolio and other assets. The profitability of the Bank depends on its ability to manage its assets and liabilities particularly during periods when interest rates are volatile. An increase in interest rates may adversely affect earnings as it results in a higher cost of funds for the Bank and portfolio value of its assets.

### **Regulatory Environment**

The Philippine banking industry is a highly regulated sector whose operations are under the supervision of the BSP. The BSP formulates and implements regulatory policies and guidelines on capital adequacy, lending limits, anti-money laundering, management, loan loss provisioning and other aspects of a bank's operations and monitors compliance thereon through on-site and off-site examinations of banks.

### **Competition**

The Philippine banking sector is highly competitive and the Bank is subject to significant levels of competition from domestic and foreign banks. These banks may have more capital and other larger financial resources, bigger branch network or stronger brand recognition, among others, than the Bank. Some financial institutions may be able to offer more products and services, have higher lending limits, offer lower lending rates or possess stronger balance sheets. Competition has affected and will continue to affect the Bank's funding costs as well as the ability of the Bank to market its products and services and implement its business plans and adversely impact PBB's results of operations and financial condition.

In May 2012, Republic Act No. 10574 amended the existing Rural Bank Act of 1992 to allow foreign entities to own up to 60% of the equity in rural banks. Also, as a result of this Act, it became possible for foreign nationals without Philippine citizenship to be elected to rural banks' boards of directors. These amendments to rural banking regulations were aimed at attracting foreign capital to the rural banking segment of the banking sector.

The BSP welcomes more foreign players into the local banking system, as the Philippines' financial industry remains a prime destination for international banks. Since the full liberalization of the local banking sector to foreign players in July 2014, foreign banks, particularly those coming from the region, have been coming to the country either to set up branches and/or other distribution channels or as investors in existing local banks.

The industry has also seen the emergence of financial technology companies, including the granting of digital banking licenses by the BSP in 2021. The growing popularity of peer-to-peer lending and the continued roll-out of digital platforms also pose potential competitive pressures.

### **Philippine and global economic environment**

The Bank's business, operations and assets are based in the Philippines and hence, the results of operations and performance and quality and growth of PBB's assets depend, to a large extent, on the performance of the Philippine economy. The Philippine economy, in turn, has also been adversely affected by the downturn in the global financial markets as well as the slowdown in the U.S. economy brought about by the coronavirus disease 2019 pandemic. Monetary policies worldwide formulated in response to the financial crisis resulted in a decline in interest rates. The volatility of the global and domestic market may also affect the Bank's income and margins.

### **Sources and availability of raw materials and the names of principal suppliers**

This is not relevant to the operations of the Bank.

### **Customer concentration**

The Bank has a diversified customer base and there is no concentration of business in major client group. The Bank is not dependent on any single customer whose loss would have a material adverse effect on the Bank.

### **Transactions with and/or dependence on related parties**

Although the Bank deals with related parties subject to existing rules on related party transactions, there is no dependency on any of its related parties.

### **Patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements held**

The Bank has registered with the Intellectual Property Office of the Department of Trade and Industry its New Bank Logo and Business Connect. The Bank has not been involved in any disputes with respect intellectual property rights of other parties.

### **Government approval of principal products or services**

The Bank has no outstanding application subject to government approval.

### **Effect of existing or probable governmental regulations on the business**

The Philippine banking industry is a highly regulated sector whose operations are under the

supervision of the BSP. The BSP formulates and implements regulatory policies and guidelines on capital adequacy, lending limits, anti-money laundering, management, loan loss provisioning and other aspects of a bank's operations and monitors compliance thereon through on-site and off-site examinations of banks.

### **Costs and effects of compliance with environmental laws**

Not applicable.

### **Employees**

As of December 31, 2025, the Bank has a total of 1,927 employees broken down into the following categories:

Executives	95
Managers – Operations and Support	615
Managers – Branch / Marketing	160
Staff	1,057
<b>Total</b>	<b>1,927</b>

For the ensuing twelve (12) months, the Bank anticipates to hire an additional 557 employees broken down as follows:

Senior Officers	9
Junior Officers	292
Staff	256
<b>Total</b>	<b>557</b>

There is no collective bargaining agreement between the Bank and any of its employees. None of the Bank's employees are affiliated with any labor union.

### **Financial Risk Management Objectives and Policies**

Philippine Business Bank (PBB or the Bank), as a financial institution, is in the business of taking risks. Its activities expose the Bank to various risks, which may sometimes be inevitable as the Bank seeks for profitable rewards. However, the ability to manage risks effectively is vital for the Bank to sustain its growth and to continue creating value for its shareholders.

Risk management allows the balance between taking risks and reducing the impact of said risks to PBB's operations. The Bank continually updates and improves on its risk management processes, and integrates them into the overall strategic business objectives to support the growth objectives of the Bank. The Bank aims to achieve a corporate risk culture wherein its processes and structures are directed towards the effective management of potential opportunities and adverse effects to the Bank's business, as well as optimization and protection of its capital base and earnings with all its risk-taking activities.

Risk management fundamentals:

1. Portfolio management by designated and accountable risk personnel
2. Allocation of capital based on associated risks for each business unit
3. Denotation of processes and output into quantifiable measurements
4. Transparency and meritocracy

### **Enterprise Risk Management Framework**

The Bank's Enterprise Risk Management (ERM) Framework is an integrated approach to the identification, measurement, monitoring, control, and disclosure of risks. Capital allocation and preservation, through prudent limits and stringent controls, is an integral part of the Bank's governance structure.

The Board of Directors (Board) formulates the corporate risk policy, and sets risk tolerances and appetite. They also provide risk oversight function through the Risk Oversight Committee (ROC), which in turn supervises the Chief Risk Officer (CRO) / Head of the Enterprise Risk Management Group (ERMG) in the development and implementation of risk policies, processes and guidelines.

The Framework encompasses corporate governance and covers the risk spectrum of strategic, compliance, legal, reputational, IT, operational, market, liquidity, and credit. The ERM process flow is coordinated with all stakeholders of the organization, and deploys three (3) lines of defense to ensure that the risk management objectives are achieved: a) management control, b) risk control & compliance oversight, and c) independent assurance.

### **Risk Management Process**

The Bank envisions to achieve risk and return consciousness among employees, anchored on: a) streamlined processes, b) a reliable Management Information System (MIS), c) competent and responsible risk takers, d) a good internal control, monitoring and escalation system, and e) a reward system based on meritocracy. ERMG is tasked to institutionalize an effective risk management framework that will encompass the foregoing risk management processes:

1. Identify – defining the risk universe and identifying key risk exposures as to their relevance.
2. Measure – quantifying extent of risk exposure on a specific and aggregate basis, and measuring probable impact to earnings, capital, and liquidity.
3. Control – implementing the risk appetite of the Board through risk policies, and categorizing risks as to mitigation plans (e.g. eliminate, minimize, or retain risks).
4. Monitor and report – monitoring effectiveness of risk mitigation controls, and reporting risk exposure levels and actions taken to the appropriate bodies (i.e. Board, ROC, senior management), for better risk governance

The Risk Oversight Committee, supported by ERMG and in constant coordination with executive and other Board-level committees, oversees the risk profile and risk management framework/processes of the Bank. This ensures that risks arising from the Bank's business activities are properly managed, integrated into; and used as basis for overall governance, strategy and planning, decision making, and accountability purposes at all relevant levels of the organization.

ERMG, headed by the Chief Risk Officer, develops and reviews risk policies, and elevates to management the various aspects of risks being faced by the Bank. It also performs oversight and monitors the performance of the different Business Units through various reports and tools.

The Bank's risk philosophy is that responsibility for risk management resides at all levels in the organization. All employees of the Bank are considered risk managers. The Bank's corporate governance aims to achieve corporate culture, processes, and structures that are directed towards the effective management of potential opportunities and adverse effects. ERMG shall continue to improve the framework in support of the Bank's strategic plans in order to achieve its mission, vision and objectives. Every organization's optimal efficiency depends heavily on the effectiveness of its risk management processes. Thus, the Bank's day-to-day activities are undertaken under the integrated risk management approach.

Furthermore, the Bank incorporates the essential components of the Model Risk Management framework as an integral process in risk management.

<b>1st Line of Defense - Model Ownership (Modeler / User)</b>	<b>2nd Line of Defense - Model Control (Model Reviewer / Checker)</b>	<b>3rd Line of Defense - Model Validation (Model Validator)</b>
<p>The role lies with the end user, who is primarily responsible for ensuring that the model is properly used as well as for reporting any errors and inconsistencies. The role specifically includes:</p> <ul style="list-style-type: none"> <li>• more rigorous model testing during implementation phase;</li> <li>• ongoing monitoring of model performance;</li> <li>• post-implementation and testing; and</li> <li>• introducing an IT infrastructure allowing for model user feedback.</li> </ul>	<p>Function that conducts thorough inspection of the model's quality by capturing potential operational errors and lapses. Adverse results should be coordinated with the modeler for correction and improvement, or to the model validator for a more extensive review.</p>	<p>Function that oversees compliance with policies by the other two roles. The role is usually conducted by Compliance and / or Internal Audit Center. The role is:</p> <ul style="list-style-type: none"> <li>• more focused on process and controls rather than model-level content;</li> <li>• focused on assessment of the process for establishing and monitoring limits on model use; and</li> <li>• for the conducting of clear documentation of findings noted, and reported to senior management and the Board.</li> </ul>

## **Risk Management Policies and Objectives**

### ***Credit Risk Management***

Credit risk emanates from exposures to borrowing customers, counterparty risk in trading activities, and contingent credit risks arising from trade finance exposures.

The Bank's Credit Risk Management Framework seeks to fundamentally strengthen credit risk management practices and provides a minimum set of operating standards that are consistent with Bangko Sentral ng Pilipinas (BSP) regulations and Basel standards. The Bank is committed to adopt sound policies and practices, and institutionalize these within the organization:

- Establish an appropriate credit risk environment
- Operate under a sound credit granting process
- Maintain an appropriate credit administration, measurement and monitoring process
- Maintain an appropriate control process

The Bank has instituted improvements on its credit policies, which includes large exposure and credit concentration reports, and credit risk stress testing. Credit process streamlining has also been initiated to ensure that commensurate controls are in place while the Bank continues to device methodologies to improve on its credit process.

The initial recognition of credit risk by individual or by group of related counterparties is done via its Internal Credit Risk Rating System (ICRRS). The ICRRS is tailored to consider various categories of counterparties. The rating system is further supplemented with external data, such as credit rating agencies' information on individual borrowers' characteristics.

The ICRRS is created by the Bank with reference to the credit risk rating methodology utilized by an established rating agency to evaluate the creditworthiness of an individual borrower, regardless of the borrower's circumstances. The Bank reviews and updates its risk ratings for its loan and receivables portfolio on a regular basis; taking into account changes in the economy, business environment, industry, and borrower's circumstances. This periodic assessment of credit quality may result in a borrower's rating being improved or downgraded over time.

The credit risk ratings in ICRRS are designed to increase the risk of default exponentially as the risk rating increases, as indicated by differences in the Probability of Default (PD). Past due accounts, accounts identified for phase-out, and those that share characteristics with classified loans are all included in the ICRRS, and their loan loss provisions are based on the Loss Given Default (LGD).

Management considers additional information for each type of loan portfolio held by the Bank:

**(i) Retail or Consumer Loans**

Subsequent to initial recognition, the payment behavior of the borrower is monitored on a periodic basis to update its credit risk profile. At the initial adoption of the Philippine Financial Reporting Standards 9 (PFRS 9), the Expected Credit Loss (ECL) parameters were applied on a collective basis, considering shared credit risk characteristics and product repayment schemes. As part of ongoing refinements, specific provisioning was implemented to address individual exposures with higher risk profiles that deviate from the collective pool. Additionally, seasonality factors were incorporated for accounts in current status that were initially categorized as Stage 3, to account for cyclical fluctuations in consumer repayment capacity.

**(ii) Corporate and Commercial Loans**

For corporate and commercial loans, the internal credit rating is determined at the borrower level, with relationship managers incorporating updated credit assessments into the review system on an ongoing basis. This annual review of financial statements and creditworthiness determines the PD. To ensure valuation accuracy, the Bank utilizes specific provisioning for

borrowers exhibiting unique signs of impairment. Furthermore, seasonality is inherently embedded within the internal credit rating, as the assessment accounts for industry-specific cycles and cash flow timing that influence the borrower's overall risk grade.

As part of recent methodological refinements, the counterparty-level assessment at the borrower level was enhanced. This approach promotes a unified view of risk for borrowers holding both consumer and commercial loans, aligning the credit risk profile and staging across all facilities held by the same counterparty to achieve consistency in risk measurement.

**(iii) Debt Securities at Amortized Cost and at FVOCI**

For the Bank's debt securities, credit ratings published by a reputable external rating agency (such as Standard & Poor's) are used. These ratings are continuously monitored and updated. The PD associated with each rating is determined based on realized default rates over the previous 12 months, as published by the rating agency.

In the process of applying the Bank's ICRRS in determining indications of impairment on individually significant items of financial assets at amortized cost and debt securities at Fair Value through Other Comprehensive Income (FVOCI), the Bank analyzes the credit quality of the borrowers and counterparties through a set of criteria and rating scale classified into the following:

Risk Rating	Rating Description/Criteria
Excellent	Borrowers have very strong debt service capacity and have conservative balance sheet leverage.
Strong	Borrower normally has a comfortable degree of stability, substance and diversity.
Good	Borrowers have low probability of going into default and bear characteristics of some degree of stability and substance though susceptible to cyclical changes and higher degree of concentration of business risk either by product or by market.
Satisfactory	Borrowers where clear risk elements exist and the probability of default is somewhat greater.
Acceptable	Borrower where the nature of the exposure represents a higher risk because of extraordinary developments but for which a decreasing risk within acceptable period can be expected.
Watchlist	Borrowers for which unfavorable industry or company-specific risk factors represent a concern.

Classified accounts or accounts already in default, as defined, are further mapped into BSP's classification of non-performing accounts as follows:

Classified	Has potential weaknesses that deserve management's close attention and if left uncorrected, these weaknesses may affect the repayment of the loan.
Substandard	Have well-defined weakness/(es), that may jeopardize repayment/liquidation in full, either in respect of the business, cash flow or financial position, which may include adverse trends or developments that affect willingness or repayment ability of the borrower.
Doubtful	Loans and credit accommodations that exhibit more severe weaknesses than those classified as "Substandard", whose characteristics on the basis of currently known facts, conditions and values make collection or liquidation highly improbable.
Loss	Loans considered absolutely uncollectible or worthless.

Credit exposures shall be regularly assessed, and loan loss provisions be recognized in a timely manner to ensure that capital is adequate to support such risk exposure. To ensure that this is rationally implemented, the Bank developed and adopted an internal expected credit loss methodology described herein.

#### **a. Loan Loss Methodology (LLM)**

This is a methodology for calculating the Expected Credit Loss (ECL) of each exposure. The internal LLM consists broadly of three (3) major components: a) PD, which emanates from the ICCRS, b) LGD, which are estimated losses based on historical recovery rates on credit facilities, and c) Exposure at Default (EAD), which is the credit exposure at any given time. The PD depends on the result of the flow-rates analysis based on the Bank's monthly loan portfolio for the period of 5 years.

There are three stages of impairment recognition pursuant to International Financial Reporting Standards 9 (IFRS 9)/PFRS 9, as follows:

Stage 1 – origination /all current accounts except current restructured loans

Stage 2 – performing but there is an occurrence of a loss event

Stage 3 – financial assets that are considered credit impaired.

To calculate the Expected Credit Loss (ECL), the Bank primarily incorporates forward-looking information by evaluating key macroeconomic indicators. These include employment and unemployment rates, inflation, the purchasing power of the Peso, the core inflation rate, Gross Domestic Product (GDP), and other relevant variables sourced from the Philippine Statistics Authority (PSA) and BSP that may influence the Bank's Past Due Ratio. The Bank employs an iterative method to identify and validate potential correlations between these macroeconomic variables and credit risk to establish the most statistically significant drivers for use in the ECL model.

#### ***Market and Liquidity Risk Management***

Market risks are risk to earnings and capital arising from market-making, dealing, and position taking in interest rate and foreign exchange markets (both for on and off-balance sheet). Liquidity risk, on the other hand, is the inability of the Bank to fund increases in assets (funding liquidity risk), or the inability of the Bank to liquidate assets and meet obligations as they fall due (market liquidity risk).

To measure market and liquidity risk exposure, the Bank utilizes the following metrics:

<i>Metrics</i>	<i>Risk Area</i>	<i>Description</i>
Value at Risk (VaR)	Market risk	Expected loss on a position from an adverse movement in identified market risk parameter(s) with a specified probability over a nominated period of time.
Earnings at Risk (EaR)	IRRBB (Interest Rate Risk in the Banking Book)	Measures the amount of potential loss to net interest income as a result of projected change in interest rates over the next 12 months. This involves balance sheet items that are classified according to their repricing characteristic/behavior as bucketed in the Interest Rate Gap report.
Economic Value of Equity (EVE)	IRRBB	Gauges the potential impact of change in interest rate on the fair value of the Bank's asset and liabilities.
Maximum Cumulative Outflow (MCO)	Liquidity risk	Measures the amount of prospective funding that the Bank would require at assumed future movements of on and off-balance sheet assets and liabilities, taking into consideration the behavior of accounts as to roll-over, pre-termination, as well as the core deposits. This metric is prepared separately for the Peso, Dollar, and Consolidated Books.
Stress testing	All risk areas	Measures the impact of abnormal and extreme events on the Bank's market risk exposures. It also includes statutory requirements for Universal Banks in terms of liquidity (i.e. Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR))

Starting January 1, 2018, the Bank has adapted PFRS 9 (as replacement for PAS 39). Pursuant to PFRS 9 in managing financial assets, the Bank adopts the following business model:

Of the total funds allotted to Treasury, the following would be the distribution:

- a. Resources for its trading activities will be allocated and classified as Financial Assets measured at Fair Value through Profit and Loss (FVPL).
- b. Resources for interest income generating activity, that will include interbank call loans and reserve eligible financial instruments, will be allocated and classified as Financial Assets measured at Amortized Cost (HTC).
- c. The primary purpose of FVOCI securities is to collect contractual cash flow pending sale at a future date, or residual investments, as necessitated by rebalancing of fund allocation for yield optimization and / or liquidity purposes.

<b>Business Model</b>	<b>Key Features</b>	<b>Measurement Category</b>
<b>Hold to Collect (HTC)</b>	The objective of the business model is to hold the assets to collect contractual cash flows.	Amortized Cost
<b>Fair Value Through Other Comprehensive Income (FVOCI)</b>	The objective of the business model is achieved both by collecting contractual cash flows and selling financial assets; and the asset's contractual cash flows represent Strictly Payment of Principal plus interest (SPPI).	Fair Value with Unrealized Gain / Loss as Other Comprehensive Income (Capital Account)
<b>Fair Value through Profit and Loss (FVPL)</b>	This is the residual category. Financial assets should be classified as FVPL if they do not meet the criteria of FVOCI or amortized cost (HTC).	Fair Value

### ***Operational Risk Management***

Operational risk at PBB is managed through a resilience-driven framework that addresses failures of people, processes, systems, technology, and external events. In line with BSP Circular No. 1203 (Operational Resilience), Circular No. 808 (IT Risk), and Circular No. 989 (Risk Governance), the Bank integrates operational risk management with business continuity and resilience practices to ensure uninterrupted delivery of critical services.

#### **a. Governance and Oversight**

Operational risk governance is embedded in the three lines of defense model, with clear accountability across all levels:

- **Board of Directors / ROC:** Provides strategic direction, approves ORM/BCM frameworks, ensures compliance, and receives transparent reporting on resilience readiness.
- **Crisis Management Committee:** Led by the President, integrates resilience into corporate strategy, allocates resources, and provides tactical leadership during crises.
- **CRO & Resilience Officer:** Endorse BIAs and recovery plans, monitor resilience metrics, coordinate scenario testing, and report program status to the Board.
- **Operational Risk Management Center (2nd Line):** Delivers enterprise-wide oversight, maintains resilience tools and documentation, monitors exposures, and facilitates training.
- **Business Units / Department Heads (1st Line):** Identify critical functions, maintain BCPs, ensure staff readiness, and act as first responders during disruptions.
- **Internal Audit (3rd Line):** Independently validates program design, testing results, and compliance, providing assurance to the Board.
- **All Employees:** Understand roles in resilience plans, participate in training, and follow procedures during disruptions.

## **b. Risk Coordinators' Program – Execution Link**

Risk Coordinators are embedded across all groups and major business units, serving as the operational bridge between governance oversight and frontline execution. They facilitate RCSA, validate controls, report incidents within 24 hours, submit and recalibrate KRIs monthly, and lead quarterly awareness sessions and resilience drills. The program shifts accountability to unit-level ownership, ensuring that governance directives are consistently executed and that a resilience culture is embedded across the Bank.

## **c. Framework Enhancements**

- **RCSA:** Enhanced to capture residual risk and operational impact metrics.
- **KRIs:** Reported monthly, expanded to include resilience metrics (RTO, RPO, attrition thresholds).
- **ORM Assistant System:** Houses RCSA, KRI, and Incident/Loss Event Reporting modules.
- **BIA:** Complements BCP and DRP, mapping interdependencies of the Core Banking System.
- **Scenario-Based Testing:** Expanded drills covering cyberattacks, vendor outages, and systemic disruptions.
- **Emergency Preparedness:** Quarterly call tree tests, Emergency-Go-Bag protocols, and coordinated security drills.

PBB's Operational Risk and Resilience Framework is fully embedded in governance and execution. With board-level accountability, executive leadership, and frontline ownership through the Risk Coordinators' Program, the Bank sustains critical operations under stress while maintaining compliance with BSP Circulars 1203, 808, and 989.

## ***Information Security Risk Management***

Information Security Risk refers to the risk that the confidentiality, integrity, and availability of information assets are compromised due to internal or external threats, resulting in financial loss, regulatory sanctions, reputational damage, and operational disruption. The development of the Information Security Management System (ISMS) has become the cornerstone in addressing the growing threats to information assets of the Bank. The system is supported by Board-approved policies, standards, and governance structures aligned with recognized international standards and applicable regulatory requirements. These serve as guidance in the identification, assessment, mitigation, and monitoring of cybersecurity and technology-related risks across the Bank.

A multi-year Information Security Strategic Plan drives the Bank's cybersecurity investments and initiatives, including the implementation of a Managed Security Operations Center (SOC), a more advanced Endpoint Detection and Response (EDR) tool, and Fraud Monitoring System (FMS). These tools provide continuous, real-time security monitoring, threat detection, and incident response capabilities; and enhances the Bank's ability to proactively detect cyber threats, to rapidly respond to security incidents, and to strengthen overall cyber resilience - thereby reducing operational, financial, and reputational risks.

To further strengthen its security posture, the Bank conducts regular Vulnerability Assessment and Penetration Testing (VAPT) across critical systems, networks, applications, and digital channels. These assessments provide independent validation of control effectiveness, identify security weaknesses, and support the timely remediation of vulnerabilities and form a key component of

the Bank's continuous risk assessment and improvement process.

The Bank maintains an Information Security Program that integrates preventive, detective, and corrective controls across people, processes, and technology. Continuous monitoring, vulnerability management, incident response, and recovery mechanisms ensure effective protection of sensitive information and continuity of critical business operations.

Over the years, ERMG has implemented several risk monitoring activities in the areas of Information Security Governance and Monitoring in support to the Bank's corporate strategy. These include:

- enhancement of Information Security Policies, to align with ISO 27001 standard, as well as guidelines and procedures to support its implementation;
- enhancement of Information Security Program (ISP);
- conduct of Information Security Awareness orientation to new and regular employees;
- bi-monthly release of information security advisories;
- monitoring of Vulnerability Assessment and Penetration Testing (VAPT) activity and remediation of noted observations;
- facilitated the annual reporting of SWIFT CSP Attestation in compliance with SWIFT requirements;
- enhancement of information security reporting to the Risk Oversight Committee, to include major KRIs;
- increased monitoring of IT activities in relation to information security (e.g., malware detection, remote access, critical systems, unauthorized use of USB, obsolete systems, incident report, 3<sup>rd</sup> party monitoring); and
- updating of the Information Security and Cyber security Assessment and Information Asset Register.

### ***Capital Adequacy Management***

The Bank's ability to sustain operations and engage in various risk-taking activities within the capital adequacy framework is the foremost risk management objective. The Bank aims to sustain capital adequacy beyond what is prescribed by the BSP and the Basel standards. Towards this goal, capital charge allocation is part of the risk and reward metrics. The risk weighted assets must be supported by ample risk capital at all times.

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## Item 2. Properties

The Bank owns the land and building on which its head office is located. The head office is a four-story building located on a 1,300 square meter property along Rizal Avenue, Grace Park, and Caloocan City. The Bank also owns the land and premises on which nine (9) of its branches are located, specifically, PBB's branches in Paso de Blas in Valenzuela, Imus and Kawit in Cavite, Muzon in San Jose del Monte Bulacan, Limay in Bataan, Subic in Zambales, General Tinio in Nueva Ecija, Bajada in Davao City, and the main office branch in Caloocan City.

The land and premises where PBB's other branches are located are leased from various property owners. Such lease agreements are typically long term in nature, with durations of five (5) years or more. The Bank has entered into lease agreements with the following parties:

	<b>REGION</b>	<b>LESSOR</b>	<b>EXPIRY DATE</b>	<b>PRESENT BASIC RENTAL</b>	<b>ESCALATION CLAUSE</b>
	<b>Caloocan Region</b>				
1.	Main Office Branch	Bank's Property			
2.	Grace Park	SMI Development Corporation	August 17, 2028	174,856.53	5% annually
3.	A. Mabini C-3	Marea Ventures Corp.	May 31, 2029	108,157.20	5% annually
4.	Camarin	Luwell Realty & Development Corporation	May 31, 2030	58,526.63	5% on 3rd year & every yr thereafter
5.	Edsa-Caloocan Business Center	Solmac Marketing Inc.	March 31, 2027	77,399.14	7% on 3rd, 5th, 7th, & 9 <sup>th</sup>
6.	Caloocan-MacArthur Highway	Color Group Inc.	July 15, 2026	81,033.75	5% on 3 <sup>rd</sup> yr. & every yr thereafter
7.	Kaybiga	Guilmar Marble Corporation	October 20, 2030	69,036.46	5% annually
8.	Samson Road	Oscar F. Tirona	September 30, 2029	98,879.24	5% annually
9.	North Caloocan-Quirino Highway	Threehorse Realty and Development Corporation	April 25, 2026	64,827.00	5% on 3rd year & every yr thereafter
	<b>Manila Region</b>				
1.	Binondo Corporate Center	Philippine-Chinese Charitable Association, Inc.	September 30, 2029	173,310.06	5% annually
2.	Carmen Planas	Zaldra Realty Development Corporation	December 31, 2029	96,034.61	5% on the 4th year

	<b>REGION</b>	<b>LESSOR</b>	<b>EXPIRY DATE</b>	<b>PRESENT BASIC RENTAL</b>	<b>ESCALATION CLAUSE</b>
3.	Elcano	Benethan Corporation	July 31, 2028	141,750.00	5% on 3rd year & every yr thereafter
4.	Jose Abad Santos	West Central Realty Ventures, Inc.	December 15, 2028	104,186.25	5% on 3rd year & every yr thereafter
5.	Quintin Paredes	Downtown Realty Investment Corporation	June 30, 2030	316,866.24	5% annually
6.	Remedios	Bengar Industrial Corporation	January 31, 2029	136,782.40	6% on the 3rd year & every yr after
7.	Pasay	Mayson Realty Corporation	August 14, 2028	73,705.26	5% annually
8.	Pasay-Malibay	M. Ainsley Realty Corporation	December 31, 2028	104,500.00	5% annually
9.	Paterno-Quiapo	LYCP Property Leasing	June 30, 2028	161,627.08	5% annually
10.	Pedro Gil-Paco	Stephen, John, David, Luther, Grace all surnamed TIU	July 26, 2027	143,668.51	5% annually
11.	Tomas Mapua	Hong Realty Corporation	August 31, 2028	181,912.50	5% on 3rd year & every yr thereafter
	<b>Northern Metro Manila Region</b>				
1.	Malinta	Cesar L. Flores & Marciana M. Flores	July 15, 2026	79,007.91	5% annually
2.	Malabon	J2NS Property Development, Inc.	July 31, 2028	145,780.12	7% on 3 <sup>rd</sup> year & every year thereafter
3.	Malabon-Rizal Avenue	Flaviano G. Felizardo III	August 18, 2026	40,000.00	Fixed
4.	Navotas	Megarite Development Corporation	December 31, 2029	75,600.00	5% annually
5.	Paso de Blas	Bank's Property			
6.	Valenzuela	PSL Prime Realty Corporation	July 31, 2028	148,732.45	5% annually
7.	Baliuag	Danilo S. Santos	December 31, 2027	84,854.22	5% on 3 <sup>rd</sup> yr. & every yr thereafter
8.	Bocaue	Joel G. Castillo and Cynthia G. Castillo	December 31, 2026	62,053.12	5% annually
9.	Malolos	DJ Paradise Resort Inc.	December 31, 2026	53,688.21	5% annually
10.	Meycauayan	I.S. Properties, Inc.	December 31, 2030	90,000.00	5% annually

	<b>REGION</b>	<b>LESSOR</b>	<b>EXPIRY DATE</b>	<b>PRESENT BASIC RENTAL</b>	<b>ESCALATION CLAUSE</b>
11.	Muzon	Bank's Property			
12.	Sta. Maria	Angelica Halili Cruz	September 30, 2027	57,366.83	5% on 3 <sup>rd</sup> yr. & every yr thereafter
13.	Angeles	AJV Investment Holdings, Inc.	June 30, 2028	93,945.21	5% on 3 <sup>rd</sup> yr. & every yr thereafter
14.	Cabanatuan	Sps. Leonardo Toh Callueng & Maria Cristina Lao Callueng	January 15, 2027	95,697.54	5% annually
15.	Gapan	Veronica, Albino, Digna, Gregorio, Elizabeth(all surnamed Del Fonso)	October 31, 2028	79,800.00	8% on the 3rd year
16.	Gen. Tinio	Bank's Property			
17.	Olongapo City	Hazel Ian Chieng	December 31, 2027	124,031.25	5% annually
18.	San Fernando	JTG Sears Realty Corporation	April 30, 2027	102,540.17	5% annually
19.	Balanga	Melencio A. Unciano, Jr.	October 31, 2029	80,000.00	5% on 3 <sup>rd</sup> yr. & every yr thereafter
20.	SBMA-Subic	Subic Creative Center, Inc.	May 31, 2026	131,001.00	134.36sq.m. First Year (2023-2024)Php 851 Second Year (2024-2025) Php 911 Third Year (2025-2026)Php 975
21.	Limay	Bank's Property			
22.	SBMA – Subic	Bank's Property			
23.	Dinalupihan	Julieta Lintag Reyes (Attorney-In-Fact)	September 30, 2028	55,000.00	5% on 3 <sup>rd</sup> yr. & every yr thereafter
24.	San Fernando-San Agustin	HP Tanglao Realty and Development Corporation	November 30, 2033	134,400.00	5% ON 3RD 4TH 5TH 6TH NO ESCALATION 10% on 7th 8th 9th 10th
25.	Guagua	Casa Nueve Realty Development Corporation	September 30, 2026	98,398.13	5% on 3 <sup>rd</sup> yr. & every yr thereafter

	<b>REGION</b>	<b>LESSOR</b>	<b>EXPIRY DATE</b>	<b>PRESENT BASIC RENTAL</b>	<b>ESCALATION CLAUSE</b>
26.	Valenzuela-Gen. T. De Leon	CrystalSpace Development Corporation	July 15, 2028	89,600.18	5% on 3 <sup>rd</sup> yr. & every yr thereafter
<b>Eastern Metro Manila Region</b>					
1.	Greenhills	LGI Group Corporation	May 31, 2027	117,249.00	None, straight 5 years
2.	Mandaluyong	Antonio H. Yap	December 31, 2026	110,397.21	fixed for 3 years
3.	Ortigas	CW Marketing and Development Corporation	June 30, 2030	100,992.36	5% annually
4.	Pasig Blvd.-Kapitolyo	Dhondup Holdings Inc.	April 14, 2027	75,094.89	5% annually
5.	Antipolo	Megathon Properties, Inc.	August 14, 2028	108,935.28	5% annually
6.	Cainta	Molks Realty Development Corp.	September 14, 2028	106,041.03	5% annually
7.	Marikina	Profitto Ventures OPC	September 30, 2026	133,402.50	5% on the 4 <sup>th</sup> year
8.	Concepcion-Marikina	Mark William Pua Uy	August 14, 2028	76,576.50	5% on the 3 <sup>rd</sup> year only
9.	Antipolo-Masinag	Rikland Property Leasing	December 20, 2026	101,323.23	5% first 3 years; 10% every year after
10.	Taytay	Estelita M. Felix	October 31, 2029	118,839.69	5% annually
11.	Ortigas Ave. Ext.-Cainta	Decoro General Construction and Trading Corporation	January 31, 2026	71,695.11	5% on 3 <sup>rd</sup> yr. & every yr thereafter
12.	Gil Fernando Ave.- Marikina	UPA WRC development Company	October 15, 2026	96,486.89	5% annually
<b>Central Metro Manila Region</b>					
1.	Commonwealth-Fairview	Frederick C. Ibay	November 30, 2026	113,138.95	5% annually
2.	Cubao	RSAG Building Management Services	August 15, 2030	180,000.00	5% annually
3.	Novaliches	Luwell Realty & Development Corporation	September 30, 2029	135,130.35	5% annually

	<b>REGION</b>	<b>LESSOR</b>	<b>EXPIRY DATE</b>	<b>PRESENT BASIC RENTAL</b>	<b>ESCALATION CLAUSE</b>
4.	Timog-Rotonda	A.A. Tanco, Inc.	November 30, 2026	118,196.44	none
5.	Banawe	Solmac Marketing Inc.	April 30, 2030	212,075.41	5% annually
6.	Quezon Avenue- D. Tuazon	Lotteworld Import & Export, Inc.	July 31, 2031	104,186.25	5% on 3 <sup>rd</sup> yr. & every yr thereafter
7.	Congressional Avenue-Quezon City	Avli Enterprises	March 16, 2030	109,218.94	3% on 3 <sup>rd</sup> yr. only then 5%
8.	Del Monte	SMI Development Corporation	December 31, 2026	153,346.72	5% annually
9.	Retiro	Doña Ignacia Development Corporation	May 21, 2026	87,829.60	5% annually
10.	Roosevelt	Henry Tan Villasi	November 14, 2026	44,409.41	None
11.	West Avenue	Fiorino Development Corporation	June 22, 2027	72,949.36	5% on 3 <sup>rd</sup> yr. & every yr thereafter
12.	Kamias-Anonas	Citi Property Management and Realty Corporation	August 15, 2026	122,865.21	5% annually
13.	Quezon Avenue	Comworks, Inc.	May 18, 2026	213,496.77	none
	<b>Southern Metro Manila Region</b>				
1.	Legaspi Village-Makati	Andrea L.Dulalia	January 14, 2028	112,584.57	5% annually
2.	Makati	AMY Leasing Company	December 31, 2028	197,993.17	5% annually
3.	Salcedo Village-Makati	Frontier Realty/Lacelli International Corporation	July 31, 2027	185,693.97	5% on 3 <sup>rd</sup> yr. & every yr thereafter
4.	Sucac-Parañaque	Jaka Investments Corporation	February 14, 2026	103,226.51	None
5.	The Fort	Megaworld Corporation/Bonifacio West Dev't Corp.	April 30, 2030	405,510.37	escalation per sq. m.
6.	Dasmariñas-Cavite	Jica Land Developers Inc.	September 30, 2028	71,362.38	5% on 3 <sup>rd</sup> yr. & every yr thereafter
7.	Imus	Bank's Property			

	<b>REGION</b>	<b>LESSOR</b>	<b>EXPIRY DATE</b>	<b>PRESENT BASIC RENTAL</b>	<b>ESCALATION CLAUSE</b>
8.	Las Piñas	Omni Investment Bldg Corporation	February 26, 2031	87,240.23	3% on the 3rd year
9.	Madrigal Business Park	Solid Gold Realty Corporation	August 25, 2026	97,896.54	3% annually
10.	Muntinlupa	Sps. Sturnino L. Baccay & Katherine C. Baccay	October 1, 2028	98,456.00	5% annually
11.	Molino-Bacoor	Trimar Residences	June 30, 2029	79,296.60	5% annually
12.	Trece Martires-Cavite	Virginia P. De Guzman	June 15, 2026	46,903.34	None
13.	Carmona-Cavite	Best Century Real Estate Business, Inc.	February 28, 2030	94,931.04	5% annually
14.	Kawit	Bank's Property			
15.	Binakayan	Philippine National Railways	July 31, 2026	49,459.20	10% annually
16.	Bonifacio Global City	MC Home Depot (Fort Bonifacio), Inc.	December 31, 2024	134,674.04	Yearly renewal
17.	Aseana City-Paranaque	Ri-Rance Realty Corporation	May 14, 2024	153,695.88	5% on the 3 <sup>rd</sup> year
18.	Bonifacio Global City- Net Plaza	14-678 Property Holdings, Inc.	March 14, 2024	242,219.25	5% annually
19.	Makati- Aguirre	St. Francis Square Development Corporation	April 1, 2026	462,478.20	per square meter
<b>Northern Luzon Region</b>					
1.	Cauayan	Victorino R. Dy and Alvin P. Dy	September 30, 2030	75,000.00	5% on 3 <sup>rd</sup> yr. & every yr thereafter
2.	Laoag City	Laoag Allied Realty and Development	September 30, 2026	102,803.74	Fixed
3.	Tuguegarao	Lorita C. Corral	September 16, 2026	106,477.16	5% annually
4.	Santiago	Sps. Manuel Salvador N. De Vera and Bonalet M. De Vera	June 30, 2029	91,162.97	5% on 3 <sup>rd</sup> yr. & every yr thereafter

	<b>REGION</b>	<b>LESSOR</b>	<b>EXPIRY DATE</b>	<b>PRESENT BASIC RENTAL</b>	<b>ESCALATION CLAUSE</b>
5.	Vigan	Juvencio L. Pe Benito	June 30, 2027	60,500.00	fixed
6.	Baguio	Atty. Ernesto Ll. De los Santos	August 24, 2029	110,677.60	5% on the 2nd and 3rd year, 7% on 4th and 5th year
7.	Dagupan	Wilson Dy	May 14, 2027	123,822.60	5% on the 3rd year
8.	La Union	Gateluck Corporation	February 14, 2026	104,500.00	10%
9.	Tarlac	Edward Allan H. Que	July 31, 2027	76,576.90	5% on 3 <sup>rd</sup> yr. & every yr thereafter
10.	Urdaneta	Gold and Chimes Realty Corporation	January 31, 2032	98,667.37	5% every 2 years
11.	Tarlac-Paniqui	Green Field Miracle Realty Development Corporation	January 15, 2030	57,564.62	fixed
12.	Benguet-La Trinidad	Jerrison Ang Tiong and Janesa Ang Tiong	February 15, 2026	79,439.25	Fixed for 3 years
13.	Pangasinan-Lingayen	Carmen E. Dyliacco, Piedad E. Dyliacco & Montserrat S. Escano	October 31, 2030	78,306.25	Fixed
14.	Candon-Ilocos Sur	Bienvenido Gabayan	October 31, 2030	90,000.00	Fixed for 5 years
15.	Solano	Antonio, Jacinto, William and Ramon, all surnamed Uy Lim	May 31, 2028	70,355.02	5% annually
16.	Calasiao-Pangasinan	Bonbryan D. Velasco	March 31, 2029	63,000.00	5% annually
	<b>Southern Luzon Region</b>				
1.	Batangas	H.C. Tomson Development Corporation	February 28, 2031	104,186.25	5% annually
2.	Lipa City	Reynato D. Goce	August 15, 2027	132,680.16	7% annually
3.	Tanauan	RNT Enterprises, Inc.	August 15, 2028	111,695.62	5% annually

	<b>REGION</b>	<b>LESSOR</b>	<b>EXPIRY DATE</b>	<b>PRESENT BASIC RENTAL</b>	<b>ESCALATION CLAUSE</b>
4.	Calapan	Syriacuss Integrated Corporation	November 30, 2029	93,457.94	5% on 4 <sup>th</sup> yr and every yr thereafter
5.	Calamba	Nelson Lu & Josie T. Lu	December 31, 2030	102,620.39	5% annually
6.	Lucena City	Amalia Garana-Italia	November 2, 2028	77,215.05	5% on 3 <sup>rd</sup> yr. & every yr thereafter
7.	San Pablo	Albrighton Corporation	October 15, 2028	83,468.82	5% on 4 <sup>th</sup> yr and every yr thereafter
8.	Sta. Rosa	Sta. Rosa Town Center Development and Leasing Inc.	September 30, 2029	93,600.00	5% on 3 <sup>rd</sup> yr. & every yr thereafter
9.	San Pedro	Lily Tsang Ngo	March 31, 2027	115,169.80	fixed
10.	Legazpi City	Natividad M. Sison	August 14, 2027	73,872.77	5% on 3 <sup>rd</sup> yr. & every yr thereafter
11.	Naga	Peterson Resources and Holding Inc.	February 28, 2030	105,000.00	5% on 3 <sup>rd</sup> yr. & every yr thereafter
12.	Sorsogon	Sorsogon Chang Kai Shek School	September 30, 2026	81,075.79	Fixed for 3 years
13.	Puerto Princesa Palawan	Sps. Allan and Dawn Carlos	June 30, 2027	98,456.01	5% annually
14.	Iriga-Camarines Sur	Arnel H. Tan	March 31, 2030	81,260.05	5% annually
15.	Biñan-Laguna	Abbie Lane M. Perez	May 30, 2030	73,872.76	5% annually
16.	Balayan	Mafel Cayabyab Alvez	June 30, 2034	97,578.95	3% annually
	<b>Visayas Region</b>				
1.	Bacolod	T.U. Realty & Development Co., Inc.	June 30, 2029	122,741.82	5% annually
2.	Iloilo	Muzon San luis Property, Inc.	January 31, 2029	121,050.20	5% annually
3.	Iloilo- Donato Pison	Greenzone Realty and Development Corporation	November 30, 2028	120,224.45	5% annually

	<b>REGION</b>	<b>LESSOR</b>	<b>EXPIRY DATE</b>	<b>PRESENT BASIC RENTAL</b>	<b>ESCALATION CLAUSE</b>
4.	Kalibo	Lawrence Ti Lu	September 5, 2029	119,848.32	7% on the 3rd year
5.	Downtown-Cebu	P2P Property Ventures, Inc.	May 14, 2029	100,655.02	5% on 3 <sup>rd</sup> yr. & every yr thereafter
6.	Lapu-Lapu City	Antonio M. Amistad	February 14, 2027	113,492.49	5% annually
7.	Mandaue	Lester & Lesley To Chip	March 31, 2029	85,516.97	5% on 3 <sup>rd</sup> yr. & every yr thereafter
8.	Tacloban	Tacloban Buddhist Temple, Inc.	May 30, 2028	93,806.70	5% annually
9.	Tagbilaran	EB Gallares Properties Associates, Inc.	December 31, 2027	113,838.02	5% on 3 <sup>rd</sup> yr. & every yr thereafter
10.	Consolacion-Cebu	1028 Realty Corporation	November 30, 2029	95,151.88	5% annually
11.	Cebu-Talisay	Dynasty Management and Development Corporation	September 30, 2030	71,697.63	5% annually
12.	Cebu-Escario	Nicris Dev., Corp.	June 18, 2030	91,946.97	3% annually
13.	Cebu-Banilad	SmartGlobal Holdings Inc.	June 30, 2030	103,309.27	3% annually
14.	Roxas City	Maria Rosario Susan J. Sanson	November 15, 2030	85,903.45	5% annually
15.	Ormoc	Raquel Codilla Abucay and Lydia Codilla Abastillas represent as the Trustees of Narcisa Codilla Enterprises Inc.,	June 1, 2028	76,230.00	5% every other 2 yrs
16.	Catbalogan	Ramon L. Rosales	July 30, 2028	68,355.00	5% annually
17.	Iloilo-Jaro	Rosman Iloilo, Inc.	September 15, 2026	83,581.76	5% annually
	<b>Mindanao Region</b>				

	<b>REGION</b>	<b>LESSOR</b>	<b>EXPIRY DATE</b>	<b>PRESENT BASIC RENTAL</b>	<b>ESCALATION CLAUSE</b>
1.	Davao-Bajada	Bank's Property			
2.	Sales-Davao	JM Agro Industrial Trading Corporation	March 31, 2026	175,450.00	10% every 2 years
3.	General Santos	Firenzo Property Dev't/GSC Suncity Suites	September 16, 2029	92,658.04	5% every 2 years
4.	Davao-Lanang	Binansel Inc.	May 31, 2029	90,000.00	Additional P5,000 on the 3rd year only
5.	Davao-Toril	Far East Noble House, Inc.	July 31, 2026	65,995.70	10% annually
6.	Tagum City-Davao	Albert L. Ng	December 15, 2029	73,684.21	Fixed for 5 years
7.	General Santos-Santiago Blvd.	Asaje Realty Corporation	December 15, 2025	95,261.35	month to month until relocation
8.	Butuan	FG Ever, Inc.	December 25, 2026	97,978.61	5% annually
9.	Cagayan de Oro	Leo Boyd Casiño and Bernard M. Casiño	May 31, 2029	71,505.00	5% annually
10.	Cagayan de Oro- Cogon	Alice LL. Andrada, Inc.	December 31, 2027	73,687.47	3% on 3 <sup>rd</sup> yr. & every yr thereafter
11.	Iligan City	Glesa Marie Kristine D. Enriquez	March 31, 2026	57,500.00	5%
12.	Zamboanga	Wee Agro Industrial, Inc.	September 5, 2028	97,733.70	5% annually
13.	Ozamis	The Insular Life Assurance Company, LTD	July 15, 2027	65,068.64	rate per sq.m.
14.	Dipolog	Johnny A. Lim	September 30, 2026	90,000.00	Fixed
15.	Dumaguete	Bank's Property			
16.	Davao-Panabo	Asaje Realty Corporation	January 15, 2030	88,519.27	5% on 3 <sup>rd</sup> yr. & every yr thereafter
17.	Surigao City	Engr. Leonel A. Santos	July 31, 2030	61,226.00	5% on 2nd year only
18.	Davao-C.M. Recto	JR Lacuesta Properties Development Corp.	August 31, 2030	85,980.53	3% annually
19.	Davao-Buhangin	Renato R. Castañeda	May 31, 2028	151,200.00	rate per sq.m.

For 2026, PBB has the following branches lined up for relocation:

1. Cauayan Branch (already relocated last February 13, 2026)
2. General Santos – Santiago Blvd. Branch
3. Makati Aguirre Branch
4. Sucat
5. La Union
6. Quezon Avenue
7. Iriga Branch
8. Cagayan De Oro – Cogon
9. Meycauayan
10. Roosevelt
11. Timog – Rotonda
12. Benguet – La Trinidad
13. Marikina
14. Taguig Branch Lite Unit

Common factors that affects management's decision in relocating the affected branches includes:

- Lessor issues
- Sale of the property to new owners / Re-purpose of the space being leased by the bank when the Contract expires
- Need for bigger and better location
- Non-income generation
- Site opportunities from the consolidation of branches of competitive banks
- Exorbitant rental rates compared to available options in the market
- Road widening which affected the branch parking
- Implementation of 1 meter pedestrian walkway which affected the branch parking
- LGU has started to disallow street parking for branch without parking spaces
- Presence of a better site in the area

As part of the bank's strategic direction and rationalization efforts, certain branches facing operational challenges and business constraints will be relocated to more suitable and sustainable sites. Relocation has been identified as the most effective solution to address these concerns and strengthen the overall performance of the affected branches. This initiative reflects the bank's commitment to enhancing client experience by ensuring that branches are easily accessible, highly visible, and conveniently located, with ample parking and improved facilities. By moving to better locations, we aim to provide our clients with worry-free access and a more seamless banking experience. Client convenience is always the top priority

While the bank strives to retain its existing branch locations, particularly those that are well-established, we also recognize the value of becoming a landmark within our communities. Remaining in familiar sites strengthens client recall and conveys stability. However, certain operational challenges at specific branches necessitate relocation to ensure long-term viability. Most PBB branches operate under long-term lease agreements, with provisions for contract pre-termination to safeguard against uncertainties. At the same time, the bank remains proactive and aggressive in exploring opportunities, and is prepared to invest in prime sites when

they become available. This approach balances cost efficiency with strategic growth, ensuring that our branch network continues to serve clients effectively while

PBB is also planning to add new branches in the following areas in 2026-2027:

1. Valenzuela City
2. Las Pinas City
3. Concepcion, Tarlac
4. San Jose City, Nueva Ecija
5. Sta Cruz, Laguna
6. Rosario, Batangas
7. City of Koronadal, South Cotabato

The cost of relocation for each branch depends on the size of the floor area and present per sq.m cost, but ranges from ₱5.0 to ₱7.0 million per branch, and the cost to set up a new branch is ₱7.0 to ₱9.0 million per branch. The Bank believes all its facilities and properties are currently in good condition.

### Item 3. Legal Proceedings

The Bank has no proceedings that involves a claim for damages that exceed 10% of the current assets of the Bank.

### Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to vote security holders, through the solicitation of proxies or otherwise.

## PART II - OPERATIONAL AND FINANCIAL INFORMATION

### Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

#### Market Information

The Bank is listed on the Philippine Stock Exchange (the “PSE”) with a market capitalization of ₱5.94 billion as of April 7, 2026. The high and low prices of the Registrant’s shares as of April 6, 2026 were at ₱7.25 and ₱7.24 and closed at ₱7.25. The high and low sales prices for each quarter within the last two fiscal years are as follows:

	2024		2025		2026	
	Low	High	Low	High	Low	High
1Q	8.50	8.90	8.01	10.00	7.07	8.20
2Q	8.20	9.50	7.90	9.10	7.24	7.25
3Q	7.53	9.19	7.02	9.10		
4Q	8.30	10.00	7.00	7.50		

## Holders

As of December 31, 2025, the following are the holders of record of the Bank's common shares as set forth in the table:

Name	No. of Shares	Percentage
1. Alfredo M. Yao	295,641,381	36.11%
2. PCD Nominee Corporation – Filipino	242,395,182	29.61%
3. Zest-O Corporation	222,262,822	27.15%
4. Armando M. Yao	14,767,039	1.80%
5. Mary Grace S. Yao	9,479,537	1.16%
6. PCD Nominee Corporation – Non Filipino	8,817,154	1.08%
7. Jeffrey S. Yao	8,304,538	1.01%
8. Erlinda M. Yao	4,847,506	0.59%
9. Leticia M. Yao	4,847,510	0.59%
10. Carolyn S. Yao	4,517,037	0.55%
11. Peter Y. See	375,000	0.05%
12. Johnny Chan	187,500	0.02%
13. Jimmy Wai Piu Ng	187,500	0.02%
14. Eusebio S. Go	187,500	0.02%
15. Antonio D. Tan &/Or Caridad Tan	187,500	0.02%
16. Reynato Keh Lim & / or Susana Dy Lim	187,500	0.02%
17. Xiaohan Wu	177,937	0.02%
18. Joaquin Sy Chua	140,624	0.02%
19. Manuel Arellano Santiago or Ella Capalad Santiago	127,627	0.02%
20. Roberto Lee Obiedo	112,500	0.01%
Others	999,200	0.12%
<b>Total</b>	<b>818,750,094</b>	<b>100.00%</b>

On November 16, 2012, the SEC approved PBB's application for the amendment of its articles of incorporation to increase its authorized capital stock from ₱3.0 billion to ₱10.0 billion and for a decrease in par value from ₱100.0 to ₱10.0.

On April 20, 2022, the Board of Directors approved the increase of PBB's authorized capital stock to ₱15.0 billion from ₱10.0 billion, approved by the BSP on November 28, 2022 and SEC on January 19, 2023. PBB is increasing its authorized capital stock with the intention of raising capital via stock rights offering which will greatly expand the Bank's capability to develop more businesses and harness opportunities in the financial services space. The increase will enable PBB to meet the growing demands of the banking business.

In support of the increase in authorized capital stock, the principal shareholders of PBB subscribed to ₱1.25 billion of common stock, equivalent to 25% of the ₱5.0 billion increase in authorized capital stock. On January 10, 2023, the principal shareholders fully paid the balance of their subscription in the increase in authorized capital stock. PBB also raised ₱500.00 million, priced at ₱10.00, from its stock rights offering; the SRO shares were listed on the PSE on March 31, 2023. The private placement and the stock rights offer collectively resulted in a capital raise of ₱1.75 billion.

## Dividends

PBB is authorized under Philippine laws to declare dividends, subject to certain requirements. The Board is authorized to declare dividends only from its unrestricted retained earnings and these dividends may be payable in cash, shares or property, or a combination thereof as may be determined by the Board. A cash dividend declaration does not require any further approval from shareholders. The declaration of stock dividends is subject to the approval of shareholders holding at least two-thirds of PBB's outstanding capital stock. The Board may not declare dividends which will impair its capital.

Pursuant to Republic Act 8791 and as provided for in the Manual of Regulations Banks, PBB cannot declare dividends greater than its accumulated net profits then on hand, deducting therefrom its losses and bad debts. PBB cannot likewise declare dividends, if at the time of its declaration it has not complied with the following:

- a) Its clearing account with BSP is not overdrawn;
- b) BSP's liquidity floor requirement for government funds;
- c) BSP's minimum capitalization requirement and risk-based capital ratio;
- d) Prescribed EFCDU/FCDU cover consisting of 30 per cent liquidity cover and 100 percent asset cover
- e) Statutory and liquidity reserves requirement;
- f) It has no past due loans or accommodation with BSP or any institutions;
- g) It has no net losses from operations in any one or two fiscal years immediately preceding the date of dividend declaration;
- h) It has not committed any of the major violations enumerated in the Manual.

The Manual provides that banks whose shares are listed in the Philippine Stock Exchange may give immediate notice of such dividend declaration to SEC and PSE; provided that no record date shall be fixed for such dividend declaration pending verification by the appropriate department of the BSP.

As of this date the Bank has not adopted a specific dividend policy which defines a minimum percentage of net earnings to be distributed to its common shareholders.

On July 16, 2012, the Bank's shareholders and Board of Directors approved the declaration of stock dividends amounting to ₱2.0 billion from its unrestricted retained earnings. In the same meeting, the Board also approved the payment of cash dividends to the preferred shareholders in the total amount of ₱100.35 million. Payment of these dividends were approved by BSP and SEC. On November 16, 2012, the Bank obtained approval for the issuance of 200,000,000 new common shares each at a par value of ₱10.00, in relation to this stock dividend declaration and the payment of cash dividends to the preferred stockholders.

On May 5, 2014, the BOD approved the declaration of cash dividends amounting to ₱62.3 million for all issued and outstanding preferred shares and stock dividends totaling 85.8 million common shares amounting to ₱858.3 million for all issued and outstanding common shares to stockholders on record for the year ended December 31, 2013. The dividend distribution was approved by the stockholders representing at least two-thirds of the issued and outstanding capital stock and the BSP on May 30, 2014 and June 26, 2014, respectively.

On August 19, 2015, the BOD approved the declaration of stock dividends amounting to ₱1.1

billion for all issued and outstanding common shares totaling 107.3 million common shares to stockholders on record for the year ended December 31, 2014. The dividend distribution was approved by the stockholders representing at least two-thirds of the issued and outstanding capital stock and the BSP on May 29, 2015 and August 4, 2015, respectively.

On March 15, 2017, the BOD approved the declaration of 20% stock dividends amounting to ₱1.1 billion for the Bank's 536.5 million common shares.

On May 22, 2019, the Bank's BOD approved the declaration of cash dividend on preferred shares amounting to ₱198.0 million, which was fully paid on July 12, 2019. The dividend was based on the cumulative balance of the outstanding preferred shares for the years 2014 to 2018.

The Bank's BOD approved the declaration of cash dividends amounting to ₱118.8 million (₱1.92 per share) in favor of all holders of the Bank's unlisted preferred shares for years 2019 to 2021 on April 20, 2022, which was fully paid on May 4, 2022.

On July 19, 2023, The Board of Directors of Philippine Business Bank, during the regular board meeting, approved the declaration of cash dividends amounting to ₱286,562,533.00, or ₱0.35 per share, to common stockholders and fixing the Record Date of August 02, 2023 and Payment Date of August 15, 2023.

The Board of Directors of Philippine Business Bank, during the regular board meeting held on May 15, 2024, approved the declaration of cash dividends amounting to Php 368,437,542, or Php 0.45 per share, to common stockholders and fixing the Record Date of May 29, 2024 and Payment Date of June 10, 2024.

The Board of Directors of Philippine Business Bank, during the regular board meeting held on June 18, 2025, approved the declaration of cash dividends amounting to Php 368,437,542, or Php 0.45 per share, to common stockholders and fixing the Record Date of July 11, 2025 and Payment Date of June 23, 2025.

There had been no stock options offered by the Bank.

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

### A. Financial Performance

For the calendar year ended December 31, 2025 and 2024:

	For the calendar period ended		Variance	% change
	12/31/2025	12/31/2024		
Interest income	₱ 11,439,632,444	₱ 10,632,123,938	₱ 807,508,506	7.6
Interest expense	(4,187,831,634)	(3,967,661,249)	(220,170,385)	5.5
<b>Net interest income</b>	<b>₱ 7,251,800,810</b>	<b>₱ 6,664,462,689</b>	<b>₱ 587,338,121</b>	<b>8.8</b>

Overall interest income as of year-end 2025 reached ₱11,439.6 million from ₱10,632.1 million in 2024 driven by the increase in interest income on loans and other receivables and investment and trading securities of 7.0% and 11.0%, respectively. Interest expense on deposit liabilities expanded to ₱3,943.0 million in 2025 from ₱3,646.9 million in 2024.

As a result, net interest income grew by 8.8% from ₱6,664.5 million last year to ₱7,251.8 million as of December 2025. Net interest margin was at 4.51% in December 2025.

	For the calendar period ended		Variance	% change
	12/31/2025	12/31/2024		
Net interest income	₱ 7,251,800,810	₱ 6,664,462,689	₱ 587,338,121	8.8
Service charges, fees, and commissions	508,303,049	307,411,761	200,891,288	65.3
Miscellaneous	407,779,888	541,745,762	(133,965,874)	(24.7)
	8,167,883,747	7,513,620,212	654,263,535	8.7
Non-interest expenses	(4,707,137,357)	(4,071,552,269)	(635,585,088)	15.6
<b>Core income</b>	<b>₱ 3,460,746,390</b>	<b>₱ 3,442,067,943</b>	<b>₱ 18,678,447</b>	<b>0.5</b>

Other income increased by 7.9% from ₱849.2 million in 2024 to ₱916.1 million in 2025. The increase in other income is primarily driven by gains in services charges, fees, and commissions.

Non-interest expenses as of December 2025 stood at ₱4,707.1 million, 15.6% higher than the ₱4,071.6 million operating expenses recorded last year. The Bank's salaries and other benefits had a year-on-year (YoY) growth of 13.7% primarily driven by costs associated with hiring and the merit increases provided to the Bank's current employees.

As a result, core income as of end 2025 increased to ₱3,460.7 million.

	For the calendar period ended		Variance	% change
	12/31/2025	12/31/2024		
Core income	₱ 3,460,746,390	₱ 3,442,067,943	₱ 18,678,447	0.5
Trading gains	83,993,312	(87,575,241)	171,568,553	195.9
Pre-tax pre-provision profit	3,544,739,702	3,354,492,702	190,247,000	5.7
Loan loss provisions	(1,029,476,042)	(958,395,769)	(71,080,273)	7.4
Tax expense	(618,954,590)	(614,026,312)	(4,928,278)	0.8
<b>Net income</b>	<b>₱ 1,896,309,070</b>	<b>₱ 1,782,070,621</b>	<b>₱ 114,238,449</b>	<b>6.4</b>

The volatile trading environment in the fourth quarter of 2025 pushed PBB for trading opportunities, which resulted to an ₱84.0 million gain for the Bank's trading activities for the year from the trading gain of ₱87.6 million posted in 2024, up 195.9%. This brought the pre-tax pre-provision profit up by 5.7% to ₱3,544.7 million from ₱3,354.5 million in the same period last year.

PBB set aside a total of ₱1,029.5 million in provision for loan losses. As a result, net income for full year 2025 amounted to ₱1,896.3 million, up 6.4%.

For the calendar year ended December 31, 2024 and 2023:

	For the calendar period ended		Variance	% change
	12/31/2024	12/31/2023		
Interest income	₱ 10,632,123,938	₱ 9,295,600,820	₱ 1,336,523,118	14.4
Interest expense	(3,967,661,249)	(2,874,207,094)	(1,093,454,155)	38.0
<b>Net interest income</b>	<b>₱ 6,664,462,689</b>	<b>₱ 6,421,393,726</b>	<b>₱ 243,068,963</b>	<b>3.8</b>

Overall interest income as of year-end 2024 reached ₱10,632.1 million from ₱9,295.6 million in 2023 driven by the increase in interest income on loans and other receivables and investment and trading securities of 13.4% and 48.1%, respectively. Interest expense on deposit liabilities expanded to ₱3,646.9 million in 2024 from ₱2,739.8 million in 2023.

As a result, net interest income grew by 3.8% from ₱6,421.4 million last year to ₱6,664.5 million as of December 2024. Net interest margin was at 4.31% in December 2024.

	For the calendar period ended		Variance	% change
	12/31/2024	12/31/2023		
Net interest income	₱ 6,664,462,689	₱ 6,421,393,726	₱ 243,068,963	3.8
Service charges, fees, and commissions	307,411,761	260,798,581	46,613,180	17.9
Miscellaneous	541,745,762	431,988,496	109,757,266	25.4
	7,513,620,212	7,114,180,803	399,439,409	5.6
Non-interest expenses	(4,071,552,269)	(4,009,151,465)	(62,400,804)	1.6
<b>Core income</b>	<b>₱ 3,442,067,943</b>	<b>₱ 3,105,029,338</b>	<b>₱ 337,038,605</b>	<b>10.9</b>

Other income increased by 22.6% from ₱692.8 million in 2023 to ₱849.2 million in 2024. The increase in other income is primarily driven by gains in miscellaneous income.

Non-interest expenses as of December 2024 stood at ₱4,071.6 million, 1.6% higher than the ₱4,009.2 million operating expenses recorded last year. The Bank's occupancy expenses had the highest year-on-year (YoY) growth of 17.1% primarily driven by costs associated with outsourced services. Salaries and other employee benefits, however, had decreased by 1.0% YoY.

As a result, core income as of end 2024 increased by 10.9% to ₱3,442.1 million, from ₱3,105.0 million in 2023.

	For the calendar period ended		Variance	% change
	12/31/2024	12/31/2023		
Core income	₱ 3,442,067,943	₱ 3,105,029,338	₱ 337,038,605	10.9
Trading gains	(87,575,241)	287,760,989	(375,336,230)	(130.4)
Pre-tax pre-provision profit	3,354,492,702	3,392,790,327	(38,297,625)	(1.1)
Loan loss provisions	(958,395,769)	(1,053,438,713)	95,042,944	(9.0)
Tax expense	(614,026,312)	(515,334,634)	(98,691,678)	19.2
<b>Net income</b>	<b>₱ 1,782,070,621</b>	<b>₱ 1,824,016,980</b>	<b>(₱ 41,946,359)</b>	<b>(2.3)</b>

The volatile trading environment in the fourth quarter of 2024 pushed yields higher for both peso and dollar denominated securities, which resulted to an ₱87.6 million loss for the Bank's trading activities for the year from the trading gain of ₱287.8 million posted in 2023. This brought the pre-tax pre-provision profit down by 1.1% to ₱3,354.5 million from ₱3,392.8 million in the same period last year.

PBB set aside a total of ₱958.4 million in provision for loan losses. As a result, net income for full year 2024 amounted to ₱1,782.1 million, down 2.3%.

For the calendar year ended December 31, 2023 and 2022:

	For the calendar period ended		Variance	% change
	12/31/2023	12/31/2022		
Interest income	₱ 9,295,600,820	₱ 6,579,550,025	₱ 2,716,050,795	41.3
Interest expense	(2,874,207,094)	(1,032,179,450)	(1,842,027,644)	178.5
<b>Net interest income</b>	<b>₱ 6,421,393,726</b>	<b>₱ 5,547,370,575</b>	<b>₱ 874,023,151</b>	<b>15.8</b>

Overall interest income as of year-end 2023 reached ₱9,295.6 million from ₱6,579.6 million in 2022 driven by the increase in interest income on loans and other receivables and investment and trading securities of 13.5% and 55.6%, respectively. Total interest expense was 2.8x higher than last year following the rate hikes imposed by the BSP during the year. Interest expense on deposit liabilities expanded to ₱2,739.8 million in 2023 from ₱976.0 million in 2022.

As a result, net interest income grew by 15.8% from ₱5,547.4 million last year to ₱6,421.4 million as of December 2023. Net interest margin rose by 30 basis points from 4.33% in December 2022 to 4.63% in the same period in 2023.

	For the calendar period ended		Variance	% change
	12/31/2023	12/31/2022		
Net interest income	₱ 6,421,393,726	₱ 5,547,370,575	₱ 874,023,151	15.8
Service charges, fees, and commissions	260,798,581	727,958,296	(467,159,715)	(64.2)
Miscellaneous	431,988,496	218,226,956	213,761,540	98.0
	7,114,180,803	6,493,555,827	620,624,976	9.6
Non-interest expenses	(4,009,151,465)	(3,408,209,317)	(600,942,148)	17.6
<b>Core income</b>	<b>₱ 3,105,029,338</b>	<b>₱ 3,085,346,510</b>	<b>₱ 19,682,828</b>	<b>0.6</b>

Other income declined by 26.8% from ₱946.2 million in 2022 to ₱692.8 million in 2023. The Bank had a one-time income from loan prepayment in 2022.

Non-interest expenses as of December 2023 stood at ₱4,009.2 million, 17.6% higher than the ₱3,408.2 million operating expenses recorded last year. The Bank's taxes and licenses had the highest YoY growth of 44.3% owing to the Bank's income growth and higher documentary stamp

tax from deposits. Salaries and other employee benefits had the rose by 14.8% YoY.

As a result, core income as of end 2023 reached ₱3,105.0 million.

	For the calendar period ended		Variance	% change
	<u>12/31/2023</u>	<u>12/31/2022</u>		
Core income	₱ 3,105,029,338	₱ 3,085,346,510	₱ 19,682,828	0.6
Trading gains	287,760,989	(402,252,951)	690,013,940	171.5
Pre-tax pre-provision profit	3,392,790,327	2,683,093,559	709,696,768	26.5
Loan loss provisions	(1,053,438,713)	(820,614,023)	(232,824,690)	28.4
Tax expense	(515,334,634)	(551,030,042)	35,695,408	(6.5)
<b>Net income</b>	<b>₱ 1,824,016,980</b>	<b>₱ 1,311,449,494</b>	<b>₱ 512,567,486</b>	<b>39.1</b>

Amidst the market condition faced by the country, the Bank was able to recover from its trading activities and generated a gain of ₱287.8 million in December 2023 from the trading loss of ₱402.3 million in December 2022. This brought the pre-tax pre-provision profit to ₱3,392.8 million from ₱2,683.1 million in the same period last year.

PBB set aside a total of ₱1,053.4 million in provision for loan losses. As a result, net income for full year 2023 amounted to ₱1,824.0 million, up 39.1%.

## B. Financial position

### December 31, 2025 vs December 31, 2024

PBB's total assets stood at ₱168.9 billion as of year-end 2025 due to the increases in loans and other receivables and investment properties.

Cash and other cash items increased by 20.8% from ₱1.1 billion to ₱1.4 billion. Due from BSP remained flat while due from other banks were grew by 42.0%.

Total trading and other investment securities went down to ₱24.2 billion from ₱25.8 billion in 2024 as FVOCI decreased by 10.8% and HTM by 27.0%. However, FVTPL grew by 2.9% YoY.

Net loans and other receivables remained flat as economic volatility continue to weigh in on the local operating environment and the deliberate tightened credit view. As a result, PBB reached ₱127.7 billion net loan portfolio as of end 2025.

Bank premises, furniture, fixture, and equipment also remained flat YoY. Investment properties grew from ₱2,027.4 million last year to ₱2,910.2 million in 2025 due to higher ROPA this year.

Deferred tax assets increased to ₱2.0 billion from ₱1.8 billion last year. Other resources decreased YoY.

Deposit liabilities declined by ₱4.1 billion from ₱139.1 billion in 2024 to ₱134.9 billion owing to the decrease in demand deposits.

The Bank grew bills payable by ₱3.4 billion during the year, ending 2025 at ₱8.0 billion.

Accrued expenses and other liabilities decreased by 4.6% from ₱5.0 billion to ₱4.7 billion in 2025.

Equity amounted to ₱21.2 billion as of end 2025, 9.3% higher than last year's figure of ₱19.4 billion. Surplus contributed to the capital growth by ₱1.49 billion, or 15.4%, on account of the recognized appropriation of retained earnings. Book value per share ended at ₱25.10, up 9.7% from ₱22.89 in 2024. 5-year CAGR book value per share, net of preferred shares, stood at 9.2% from ₱16.19 in 2020.

### December 31, 2024 vs December 31, 2023

PBB's total assets stood at ₱168.0 billion as of year-end 2024 due to the increases in loans and other receivables and investment properties.

Cash and other cash items decreased by 10.6% from ₱1.3 billion to ₱1.2 billion. Both due from BSP and due from other banks were lower by 36.0% and 2.7% respectively in 2024 as resources were used to fund the Bank's loans and securities requirements.

Total trading and other investment securities went up to ₱25.7 billion from ₱22.0 billion in 2023 as FVPL increased by 50.0% and FVOCI by 4.1%.

Net loans and other receivables expanded by 9.1% or ₱10.7 billion amid sustained market demand

for financing. As a result, PBB reached ₱128.3 billion net loan portfolio as of end 2024 from ₱117.6 billion last year.

Bank premises, furniture, fixture, and equipment went up by 12.3% as additional right-of-use assets were recorded during the year. Investment properties grew from ₱1,415.4 million last year to ₱2,027.4 million in 2024 due to higher ROPA this year.

Deferred tax assets increased to ₱1.77 billion from ₱1.61 billion last year. Other resources increased by 15.9% YoY.

Deposit liabilities expanded by ₱12.4 billion from ₱126.7 billion in 2023 to ₱139.1 billion owing to the increase in both demand and time deposits.

The Bank settled ₱187.5 million of bills payable during the year, ending 2024 at ₱4.56 billion.

Accrued expenses and other liabilities increased by 0.9% from ₱4.97 billion to ₱4.93 billion in 2024.

Equity amounted to ₱19.4 billion as of end 2024, 7.5% higher than last year's figure of ₱18.0 billion. Surplus contributed to the capital growth by ₱1.37 billion, or 16.5%, on account of the recognized appropriation of retained earnings. Book value per share ended at ₱22.89, up 7.5% from ₱21.25 in 2023.

#### December 31, 2023 vs December 31, 2022

PBB's total assets stood at ₱154.4 billion as of year-end 2023 due to the increases in loans and other receivables and investment properties.

Cash and other cash items increased by 5.5% from ₱1.2 billion to ₱1.3 billion. Both due from BSP and due from other banks were lower in 2023 as resources were used to fund the Bank's loans and securities requirements.

Total trading and other investment securities went up to ₱22.0 billion from ₱14.2 billion in 2022 as FVPL grew 3.1x and FVOCI by 27.2%.

Net loans and other receivables expanded by 13.5% or ₱14.0 billion, as the increase in credit activities gained momentum with the continued economic recovery which resulted in an uptick in market demand for financing. As a result, PBB reached ₱117.6 billion net loan portfolio as of end 2023 from ₱103.5 billion last year.

Bank premises, furniture, fixture, and equipment went up by 23.5% as additional right-of-use assets were recorded during the year. Investment properties grew from ₱1,257.3 million last year to ₱1,415.4 million in 2023 due to higher ROPA this year.

Other resources grew 9.4% YoY following the increase in deferred tax assets of ₱256.0 million.

Deposit liabilities expanded by ₱12.2 billion from ₱114.5 billion in 2022 to ₱126.7 billion owing to the increase in both demand and time deposits.

The Bank availed ₱3.25 billion bills payable during the year, ending 2023 at ₱4.75 billion.

Equity ended at ₱18.0 billion as of December 2023 from ₱14.6 billion in December 2022, up 23.6%. In support of the increase in authorized capital stock, the principal shareholders of PBB subscribed to ₱1.25 billion of common stock, equivalent to 25% of the ₱5.0 billion increase in authorized capital stock. On January 10, 2023, the principal shareholders fully paid the balance of their subscription in the increase in authorized capital stock. PBB also raised ₱500.00 million, priced at ₱10.00, from its stock rights offering; the SRO shares were listed on the PSE on March 31, 2023. The private placement and the stock rights offer collectively resulted in a capital raise of ₱1.75 billion.

### C. Key Performance Indicators

CAR: Capital Adequacy Ratio was at 13.40%, higher than BSP's minimum requirement of 10.0%.

Asset Quality: The Bank's non-performing loans ratio reached 4.27% this year lower than last year's 5.67%.

Profitability: Return on Average Equity (ROAE) decreased from 9.54% in 2024 to 9.36% as of December 2025.

Liquidity: The Bank's loans-to-deposits ratio (BSP formula) as of December 31, 2025 was 94.60%.

Asset efficiency: Return on Average Assets (ROAA) rose to 1.13% in December 2025.

Book value per share as of December 31, 2025 was at ₱25.10 from ₱22.89 in the same period in 2024. The Bank's book value per share, net of preferred shares, achieved a 5-year CAGR of 9.2% from ₱16.19 in 2020.

The following table shows the key performance indicators for the past three (3) calendar years ending December 31, 2025 (in %):

<b>Performance Indicators, in Php mn</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Return on assets (%)</b>	<b>1.18</b>	<b>1.06</b>	<b>1.12</b>
Net income	1,825	1,782	1,896
Total assets	154,414	168,863	168,863
<b>Return on equity (%)</b>	<b>10.13</b>	<b>9.20</b>	<b>8.96</b>
Net income	1,824	1,782	1,896
Total equity	18,014	19,360	21,169
<b>Capital adequacy ratio (%)</b>	<b>13.15</b>	<b>12.66</b>	<b>13.10</b>
Total qualifying capital	16,701	18,099	19,590
Risk weighted assets	127,032	142,929	150,250

<b>Performance Indicators, in Php mn</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Loans-to-deposit ratio (%)</b>	<b>92.78</b>	<b>92.22</b>	<b>94.60</b>
Loans and other receivables – net	117,564	128,272	127,663
Deposit liabilities	126,719	139,094	134,946
<b>NPL ratio (%)</b>	<b>5.68</b>	<b>5.67</b>	<b>4.21</b>
Non-performing loans	6,674	7,475	5,542
Gross loans	117,509	132,469	131,652
<b>Book value per share</b>	<b>21.25</b>	<b>22.89</b>	<b>25.10</b>
Equity – net of preferred shares	17,395	18,740	20,549
Number of shares	819	819	819

### Critical Accounting Policies

For information on the Bank's significant accounting judgments and estimates, please refer to Notes 2 and 3 of the Bank's financial statements included as attachment of SEC 17-A.

### Description of Comprehensive Statement of Income

#### Revenues

**Interest Income.** Interest income is interest generated from PBB's loans and receivables. The Bank also generates interest income from amounts due from other banks, investment securities, and securities purchased under resale agreements.

**Interest Expense.** Interest expense refers to interest paid or accrued on deposits, bills payable, and other fund borrowings.

**Net Interest Income.** Net interest income is equal to interest income after deducting interest expense.

**Impairment Losses.** Impairment losses refer to estimated losses in the Bank's loan portfolio, investment securities, investment properties, and other risk assets.

#### Other Income

**Trading gains – net.** This line item comprises results arising from trading activities which include gains and losses from changes in fair value of financial assets held for trading as well as gains from the sale of trading and investment securities.

**Services charges, fees, and commissions.** The Bank earns service charges, fees and commissions from various financial services it provides to its customers. These fees include investment fund fees, custodian fees, commission income, credit related fees, asset management fees, portfolio and advisory fees.

**Miscellaneous Income.** Miscellaneous income also comprises foreign exchange gain, gain on asset

foreclosures and dacion transactions, trust fees, gain on sale of assets, and miscellaneous items.

### **Other Expenses**

Other expenses are the Bank's general and administrative expenses composed primarily of salaries and employee benefits, taxes and licenses, rent and fees, depreciation and amortization and other operating costs.

### **Tax Expense**

Tax expense relates mainly to the corporate income tax payable by the Bank which is composed of a 2% minimum corporate income tax (MCIT) and a regular income tax of 30%. By virtue of the CREATE Act, the corporate income tax rate was reduced from 30% to 25% beginning July 1, 2020 and the MCIT on the gross income to be imposed is at a reduced rate of 1%. The Bank is also subject to final taxes of 7.5% (on the Bank's FCDU deposits with other institutions), 10% (on onshore income from FCDU transactions), and 20% (final withholding tax on tax-paid income).

### **Discussions on Key Variable and Other Qualitative and Quantitative Factors**

#### **Vertical and Horizontal Analysis**

##### Financial Condition as of December 2025 vs December 2024:

The Bank's total balance sheet size as of 2025 stood at ₱168.9 billion. Significant changes (more than 5%) in assets were registered in the following accounts:

- Total trading and other investment securities went down by 6.2% to ₱24.2 billion driven by decreases in FVOCI and HTM.
- Cash and other cash items increased by 20.8% or ₱246.0 million in 2025.
- Due from BSP remained flat while due from other banks increased by 42.0%.
- Investment properties grew by 43.3% or ₱882.7 million due to higher ROPA this year.

PBB's total liabilities closed at ₱147.7 billion.

- Deposit liabilities closed at ₱134.9 billion.
- Accrued expenses and other liabilities declined by 4.6% or ₱226.7 million this year.

Equity amounted to ₱21.2 billion as of end 2025, 9.3% higher than last year's figure of ₱19.4 billion. Surplus contributed to the capital growth by P1.49 billion, or 15.4%, on account of the recognized appropriation of retained earnings.

##### Financial Condition as of December 2024 vs December 2023:

The Bank's total balance sheet size as of 2024 stood at ₱168.0 billion, up 8.8% versus 2023's

₱154.4 billion. Significant changes (more than 5%) in assets were registered in the following accounts:

- Total trading and other investment securities went up by 16.9% to ₱25.7 billion from ₱22.0 billion in 2023 driven by increases in FVPL and FVOCI.
- Cash and other cash items decreased by 10.6% or ₱139.0 million in 2024.
- Due from BSP and due from other banks also declined by 36.0% and 2.7%, or ₱1.6 billion and ₱113.8 million, respectively.
- Net loans and other receivables expanded by 9.1% or ₱10.7 billion due to the increased lending activities during the year.
- BPPFE went up by 12.3% as additional right-of-use assets were recorded during the year.
- Investment properties grew by 43.2% or ₱612.0 million due to higher ROPA this year.

PBB's total liabilities also increased to ₱148.6 billion or 9.0% from ₱136.4 billion last year.

- Deposit liabilities expanded by 9.8% or ₱12.4 billion owing to the increase in both demand and time deposits.
- Accrued expenses and other liabilities declined by 0.9% or ₱346.2 million this year.

Equity amounted to ₱19.4 billion as of end 2024, 7.5% higher than last year's figure of ₱18.0 billion. Surplus contributed to the capital growth by ₱1.37 billion, or 16.5%, on account of the recognized appropriation of retained earnings.

#### Financial Condition as of December 2023 vs December 2022:

The Bank's total balance sheet size as of 2023 stood at ₱154.4 billion, up 14.8% versus 2022's ₱134.6 billion. Significant changes (more than 5%) in assets were registered in the following accounts:

- Trading and investment securities rose by 55.6% as FVPL and FVOCI portfolios increased by ₱4.6 billion and ₱2.9 billion, respectively
- Loans and other receivables grew by 13.5%, or ₱14.0 billion, due to the increase in lending activities during the year

PBB's total liabilities also increased to ₱136.4 billion or 13.7% from ₱120.0 billion in 2022.

- Deposit liabilities expanded by 10.6% as demand and time deposits increased to ₱52.7 billion and ₱58.4 billion, respectively.

Shareholder's equity ended at ₱18.0 billion as of December 2023 from ₱14.6 billion in December 2022, up 23.6%. In support of the increase in authorized capital stock, the principal shareholders of PBB subscribed to ₱1.25 billion of common stock, equivalent to 25% of the ₱5.0 billion increase in authorized capital stock. On January 10, 2023, the principal shareholders fully paid the balance of their subscription in the increase in authorized capital stock. PBB also raised ₱500.00 million, priced at ₱10.00, from its stock rights offering; the SRO shares were listed on the PSE on March 31, 2023. The private placement and the stock rights offer collectively resulted in a capital raise of ₱1.75 billion.

As a result, book value per share increased to ₱21.25 in 2023 from ₱17.05 in 2022.

## Results of Operations

### For the year ended December 31, 2025 vs. December 31, 2024

- Total interest income was 7.6% higher in 2025 versus 2024 due to the increases in interest income on loans and other receivables and trading and investment securities of ₱649.8 million and ₱132.8 million, respectively.
- Overall interest expense also increased by 5.5% driven by the growth of interest expense on deposit liabilities. This increase brought net interest income to ₱7,251.8 million, up 8.8% YoY.
- Non-interest income increased by 7.9% from year end 2025 due to higher fee-based income. Non-interest expense also grew from ₱4,071.6 million to ₱4,707.1 million owing to the increases in salaries and other employee benefits and miscellaneous expenses.
- The Bank's core income, composed of net interest income, fee-based income, and non-interest expenses, exclusive of trading gains, grew to ₱3,460.7 million.
- PBB booked ₱84.0 million trading gains which brought pre-tax pre-provision profit up to ₱3,544.7 million by year end 2025 from ₱3,354.5 last year.
- PBB continued to set aside a portion of its income for impairment losses amounting to ₱1,029.5 million, up 7.4% versus last year.
- As a result, net income for the period stood at ₱1,896.3 million from ₱1,782.1 million in 2024, up 6.4%.

### For the year ended December 31, 2024 vs. December 31, 2023

- Total interest income was 14.4% higher in 2024 versus 2023 due to the increases in interest income on loans and other receivables and trading and investment securities of ₱1,090.7 million and ₱390.9 million, respectively.
- Overall interest expense also increased by 38.0% driven by the growth of interest expense on deposit liabilities. This increase brought net interest income to ₱6,664.5 million, up 3.8% YoY.

- Non-interest income increased by 22.6% from year end 2024 due to gains on revaluation from foreign currency holdings. Non-interest expense also grew from ₱4,009.2 million to ₱4,071.6 million owing to the increases in salaries and other employee benefits and taxes and licenses.
- The Bank's core income, composed of net interest income, fee-based income, and non-interest expenses, exclusive of trading gains, grew to ₱3,442.1 million.
- However, PBB accrued a ₱87.6 million trading loss which brought pre-tax pre-provision profit down to ₱3,354.5 million by year end 2024 from ₱3,392.8 last year.
- PBB continued to set aside a portion of its income for impairment losses amounting to ₱958.4 million, down 9.4% versus last year.
- As a result, net income for the period stood at ₱1,782.1 million from ₱1,824.0 million in 2023, down 2.3%.

For the year ended December 31, 2023 vs. December 31, 2022

- Total interest income was 41.3% higher in 2023 versus 2022 due to the increases in interest income on loans and other receivables and trading and investment securities of ₱2,437.7 million and ₱174.7 million, respectively.
- Overall interest expense also increased by 2.8x driven by the growth of interest expense on deposit liabilities. This increase brought net interest income to ₱6,421.4 million, up 15.8% YoY.
- Non-interest income decreased by 26.8% from year end 2022 due to the one-time gain on loan pre-payment in 2022. Non-interest expense also grew from ₱3,408.2 million to ₱4,009.2 million owing to the increases in salaries and other employee benefits and taxes and licenses.
- The Bank's core income, composed of net interest income, fee-based income, and non-interest expenses, exclusive of trading gains, grew to ₱3,105.0 million.
- PBB earned ₱287.8 million trading gain which brought pre-tax pre-provision profit to ₱3,392.8 million by year end 2023.
- PBB continued to set aside a portion of its income for impairment losses amounting to ₱1,053.4 million, up 28.4% versus last year.
- As a result, net income stood at ₱1,824.9 million from ₱1,311.4 million in 2022, up 39.2%.

For the year ended December 31, 2022 vs. December 31, 2021

- Total interest income was 3.9% higher in 2022 versus 2021 due to the increases in interest income on loans and other receivables and trading and investment securities of ₱137.9 million and ₱93.9 million, respectively.

- Overall interest expense also increased by 23.1% driven by the growth of interest expense on deposit liabilities. This increase brought net interest income to ₱5,547.4 million, up 0.9% YoY.
- Non-interest income increased by 67.2% from year end 2021 due to the increases in processing fee and service charges on outward clearing collected during the year. Non-interest expense also grew from ₱3,268.1 million to ₱3,408.2 million owing to the increases in salaries and other employee benefits and taxes and licenses.
- The Bank's core income, composed of net interest income, fee-based income, and non-interest expenses, exclusive of trading gains, grew by 10.4% to ₱3,085.3 million.
- PBB incurred a ₱402.3 million trading loss which brought pre-tax pre-provision profit to ₱2,683.1 million by year end 2022.
- PBB continued to set aside a portion of its income for impairment losses amounting to ₱820.6 million, up 9.8% versus last year.
- As a result, net income stood at ₱1,311.4 million from ₱1,168.2 million in 2021, up 12.3%.

## Cash Flows

The following table sets forth selected information from PBB's statements of cash flows for the periods indicated:

	For period ended December 31		
	2023	2024	2025
Cash and cash equivalents, beginning of the year	15,076.19	15,047.08	9,313.41
Net cash provided by (used in) operating activities	(1,283.41)	(4,532.67)	(2,089.62)
Net cash provided by (used in) investing activities	(2,941.09)	(429.85)	2,204.99
Net cash provided by (used in) financing activities	4,195.39	(771.15)	2,811.70
Net increase (decrease) in cash and cash equivalents	(29.11)	(5,733.67)	2,927.08
Cash and cash equivalents, end of the year	15,047.08	9,313.41	12,240.49

### Net Cash Flow Provided By (Used In) Operating Activities

Net cash flow provided by operating activities is composed of deposits generated, loans and receivables, and interest income. As of December 31, 2025, net cash used in operating activities amounted to a negative ₱2,089.62 million. During this time, the Bank's its loans and other receivables had a positive impact on cash of ₱1,881 million while deposits declined by ₱4,09.3 million. Impairment losses for the year stood at ₱1,029 million. As of the years ended December 31, 2024 and 2023, cash flow from (used in) operating activities was negative ₱4,533 million and ₱1,283 million, respectively.

### Net Cash Flow Provided By (Used In) Investing Activities

Net cash flow provided by or used in investing activities involves the acquisition of investment securities at amortized cost and at FVOCI, bank premises, furniture and fixtures, and software licenses. As of December 31, 2025, net cash used in investing activities amounted to positive ₱2,205 million. Net cash used in investing activities for 2024 and 2023 were negative ₱430 million and ₱2,941 million, respectively.

### Net Cash Flow Provided By (Used In) Financing Activities

Net cash flow provided by financing activities is composed of the availments and settlement of bills payable, corporate notes, cash dividends, and payment of lease liabilities. As of December 31, 2025, PBB recorded a use of cash flow from financing activities of positive ₱2,812 million from negative ₱771 million in 2024.

### Capital Resources

The Bank is required to comply with the capital adequacy requirements based on the requirements for stand-alone thrift banks under BSP's Circular No. 688 issued in May 26, 2010.

The following table sets out details of the Bank's capital resources and capital adequacy ratios (as reported to the BSP).

	As of the years ended December 31		
₱ millions	2023	2024	2025
Net Tier 1 capital	15,557	16,827	<b>18,280</b>
Tier 2 capital	1,144	1,272	<b>1,310</b>
Total qualifying capital	16,701	18,099	<b>19,590</b>
Risk weighted assets	127,032	142,929	<b>150,250</b>
Tier 1 capital ratio	12.25%	11.8%	<b>12.17%</b>
Total capital ratio	13.15%	12.7%	<b>13.04%</b>

### Known trends, demands, commitments, events or uncertainties

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

### Events that will trigger direct or contingent financial obligation

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

### Material off-balance sheet transactions, arrangements or obligations

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

## Significant Elements of Income or Loss

Significant elements of the consolidated net income for the period ended December 31, 2025 and 2024 came from its continuing operations.

## Seasonal Aspects

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

## Commitments and Contingent Liabilities

The following is a summary of the Banks commitments and contingent accounts as of December 31, 2025:

Amounts in ₱	2024	2025
Trust and other fiduciary accounts	9,970,400,202	8,354,766,982
Outstanding letters of credit	667,520,632	714,397,989
Late payment/deposits received	4,678,643	796,112
Items held for safekeeping	82,893	59,873
Items held as collateral	106,443	106,256
Outward bills for collection	3,305,997	-
Other contingent accounts	2,365,909,581	1,442,251,478

Among the Bank's contingent accounts are the following trust arrangements:

1. Trust and Other Fiduciary Accounts (TOFA) include: Living trust, a trust created during the trustors' lifetime and involves the transfer of funds and other assets to a trustee for management and eventual distribution to intended beneficiaries; employee benefit trust, a trust established by a company for the benefit of its employees in addition to salaries or wages; escrow, a three party arrangement whereby the escrow agent is appointed as a disinterested or neutral party to protect the interest of the two parties to the contract; and other fiduciary arrangements;

The Bank has ₱11.0 billion in contingent accounts of which, ₱8.0 billion or 79.5% are in trust and other fiduciary accounts.

## Selected information disclosed in the Audited Financial Statements

### Classifying Financial Assets at HTM Investments

In classifying non-derivative financial assets with fixed or determinable payments and fixed maturity, such as bonds, as HTM investments, the Bank evaluates its intention and ability to hold such investments up to maturity. Management has confirmed its intention and determined its ability to hold the investments up to maturity.

If the Bank fails to keep these investments at maturity other than for the allowed specific

circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class to AFS securities. The investments would therefore be measured at fair value and not at amortized cost. However, the tainting provision will not apply if the sales or reclassifications of HTM investments are so close to maturity or the financial asset’s call date that changes in the market rate of interest would not have a significant effect on the financial asset’s fair value; occur after the Bank has collected substantially all of the financial asset’s original principal through scheduled payments or prepayments; or are attributable to an isolated event that is beyond the control of the Bank, is nonrecurring and could not have been reasonably anticipated by the Bank. Please see Note 2.5 for the summary of significant accounting policies related to financial instruments.

### **Management of Liquidity Risks through MCO Limits**

Liquidity risk is the risk to income and capital as a result of the Bank's inability to meet its obligations when they come due without incurring unacceptable losses. The Bank manages its liquidity risk through the monitoring of various liquidity ratios, Treasury’s weekly and regular assessment of liquidity gaps, and the maturity ladder. A maturity ladder relates the inflows to outflows of funds at selected maturity dates and is constructed to measure liquidity exposure. The ladder shows the Bank's statement of financial position distributed into tenor buckets on the basis of the term to final maturity or cash flow dates, including contingent commitments. The amount of net inflows which equals the difference between the amounts of contractually maturing assets (inflows) and liabilities (outflows) is computed per tenor bucket and on a cumulative basis, incorporating certain behavioral and hypothetical assumptions. The calculated periodic and cumulative gaps constitute the Bank’s run off schedule, which indicate the Bank’s net funding requirements in local and foreign currency.

To control liquidity gap risks, a quantitative ceiling to the net outflow of funds of the Bank called Maximum Cumulative Outflow (MCO) limit is observed per currency, the assumptions of which are reviewed by the Risk Oversight Committee (ROC) prior to the confirmation by the BOD.

### **DOSRI Loans under Related Party Transactions**

Total outstanding DOSRI loans as of December 31, 2025 and 2024 pertain to loan transactions with its officers and employees and related parties amounting to ₱886.6 million and ₱706.1 million.

### **Earnings per Share**

The Bank’s earnings per share (EPS) as of December 31, 2025, 2024, and 2023 were at ₱2.27, ₱2.13, and ₱2.23 respectively. This is computed by dividing the net income (net of preferred dividends) of ₱1,896.3 million, ₱1,782.1 million, and ₱1,824.0 million, by the weighted average number of outstanding common shares.

### **Item 7. Financial Statements**

The audited financial statements of the Bank are filed as part of this for SEC 17-A as “Annex A”.

### **Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

Punongbayan & Araullo (P&A), a member firm of Grant Thornton International Limited, has been the bank's independent accountant since 2006 and is again recommended for appointment at the scheduled stockholders meeting.

In compliance with SEC Memorandum Circular No. 8, Series of 2003, and Amendments to the SRC Rule 68 on the rotation of external auditors or signing partners of a firm every after five (5) years of engagement, Ms. Jonavell B. Santiago was assigned in 2025 as an independent reviewer and partner in charge for the bank replacing Ms. Maria Isabel E. Comedia.

The Bank has paid the following fees (inclusive of out-of-pocket expenses) to P&A relative to the regular and special engagements rendered by the latter that are reasonably related to the performance of the audit review of the Bank's financial statement:

<b>Audit Fees For</b>	<b>In ₱</b>
December 31, 2016	2,599,735.16
December 31, 2017	2,864,643.60
December 31, 2018	5,124,565.44
December 31, 2019	6,851,630.40
December 31, 2020	10,377,360.00
December 31, 2021	8,196,832.00
December 31, 2022	9,556,736.00
December 31, 2023	13,285,236.14
December 31, 2024	7,227,184.26
December 31, 2025	9,013,200.00

Other than fees related to the audit and review of the Bank's financial statements, the bank has also paid ₱515 thousands to P&A relative to the special audit on FX trading transactions occurred in 2025. In addition, there were no disagreements with P&A on the accounting and financial disclosures.

### **For PART III - CONTROL AND COMPENSATION INFORMATION**

#### **Item 9. Directors and Executive Officers of the Issuer**

##### **Directors and Executive Officers**

The following are the names of the incumbent Directors of the Bank:

Incumbent	Age	Nationality	Position with the Bank	Year of election
Alfredo M. Yao	82	Filipino	Chairman Emeritus	2010
Jeffrey S. Yao	57	Filipino	Chairman	2019
Rolando R. Avante	67	Filipino	Vice Chairman and President / CEO	2019
Leticia M. Yao	72	Filipino	Director	2009
Roberto A. Atendido	78	Filipino	Director	2012
Honorio O. Reyes- Lao	81	Filipino	Director	2010
Benjamin R. Sta. Catalina, Jr.	78	Filipino	Director	2012
Narciso D.L. Eraña	73	Filipino	Independent Director	2018

Atty. Roberto C. Uyquiengco	77	Filipino	Independent Director	2018
Benel D. Laguna	69	Filipino	Independent Director	2021
Asterio L. Favis, Jr.	73	Filipino	Independent Director	2021
Diosdado M. Peralta	74	Filipino	Independent Director	2022

## **BUSINESS EXPERIENCE**

The following is a brief description of the business experience of each of the Directors of the Bank:

### **Alfredo M. Yao (Filipino, 82 years old)**

Mr. Alfredo M. Yao is the Chairman Emeritus of PBB. He is concurrently the Chairman of Zest-O Corporation, Semexco Marketing Corp., Macay Holdings Inc., and Asiawide Refreshments Corp. He is the President of Solmac Marketing Inc., Harman Foods (Phil.) Inc., and Amchem Marketing, Inc. Mr. Yao has participated in the following seminars: Corporate Governance; AML and Risk Management, all conducted by the Pacific Management Forum and PBB; CISA for the Credit Bureau; SME Related Issues; and other CTB Related seminars. He has also attended several Philippine Chambers of Commerce & Industry (PCCI) Business Fora given by PCCI, the International Trade Organization, and the Department of Trade and Industry.

### **Jeffrey S. Yao (Filipino, 57 years old)**

Mr. Jeffrey S. Yao was appointed as the Chairman of the Board in November 2019.

He is currently the Chief Executive Officer of Zest-O Corporation, Vice President of Macay Holdings Inc., Corporate Secretary of Mega Asia Bottling Corp, and the President of Bev-Pack Inc. He is also a Director at Zemar Development Inc., Onnea Holdings Inc., Mazy's Capital Inc., ARC Refreshments Corp., AMY Holdings Inc., Semexco Marketing Corp., Asiawide Refreshments Corp., and ARC Holdings Inc. Mr. Yao started his career in the food and beverage industry when he was appointed as Plant Manager at Harman Food Philippines from 1990 to 1995. He has attended the following training programs: Basics of Trust at the Trust Institute of the Philippines in 2002; Corporate Governance & Risk Management for Bank's Board of Directors at the Development Finance Institute in 2002; Anti Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas in 2014; Distinguished Corporate Governance Speaker Series on August 24, 2015; AMLA Seminar by BSP and PBB in 2016; IFRS 9 by Punongbayan and Araullo in 2017; Data Privacy Act in 2017; Best Practices Guide to Compliance with the Anti-Money laundering Law and its IRR in 2018; and Corporate Governance Seminar in November 2018.

Mr. Yao graduated from the Ateneo De Manila University with Bachelor of Science in Management Engineering degree.

Committee(s): Executive Committee

### **Rolando R. Avante (Filipino, 67 years old)**

Mr. Rolando R. Avante was appointed as Vice Chairman, President, and Chief Executive Officer on November 2019.

His banking career includes stints as Vice President for Local Currency Desk at City Trust Banking Corp. from 1988 to 1994; Senior Vice President & Treasurer at Urban Bank from 1994 to 1995; First Vice President for Domestic Fund Management at Philippine Commercial International Bank from 1995 to 1999; Executive Vice President & Treasurer at China Trust (Philippines) from 1999 to 2009; Executive Vice President & Treasurer at Sterling Bank of Asia from 2009 to 2011. He was elected President and Director at the Money Market Association of the Phil. (MART) in 1999. He was elected the same position at ACI Philippines in 2011.

His training includes Money Market at the Inter Forex Corp. in 1983; Treasury Management in Times of Crisis in 1984, Bourse Game in 1987 both conducted by FINEX; Rate Risk Game in 1989, Investment Banking Fundamental in 1990, Managing People in 1991 at the Citibank APBI; Capital Market Instruments in Asia in 1992, Asset & Liability Management in 1995 both conducted by Euro money; Asian Bond Fund II Workshop in 2004 at the Asian Bank; Securitization Law in 2006 at FINEX & SEC; ACI World Congress in 2011 at ACI Phil.; Economic Outlook 2012 in 2012 at the ANZ Private Bank Exclusive; Annual Global Markets Outlook in 2012 at Deutsche Bank; Entrepreneurs Forum in 2012 conducted by Business World; AMLA Seminar in 2012 at the Bangko Sentral ng Pilipinas; CEO Business Forum in 2012 at Punongbayan & Araullo; Cross-Border RMB Business in 2012 at Bank of China; Eco Forum in 2012 at Security Bank; Phil. Business Conference in 2012 at the Philippine Chamber of Commerce & Industry; Annual Investment Outlook 2013 in 2013 at ANZ Private Bank; Philippine Investment Summit 2013 in 2013 at the Investment Banking Group; IPO Annual Asia Pacific in 2013 at CIMB; Corporate Governance Seminar for Board of Directors on December 10, 2015; AMLA for Board of Directors and Senior Officers in 2016; SEC-PSE Corporate Governance Forum in 2016; IFRS 9 in 2017; Seminar on Data Privacy Act in 2017; Best Practices Guide to Compliance with the Anti-Money Laundering Law and Its IRR by Center for Global Best Practices in 2018; and Corporate Governance Seminar for Directors and Senior Officers in 2018.

Mr. Avante graduated from the De La Salle University with the degree of Bachelor of Science in Commerce major in Marketing Management and has taken MBA units from DLSU.

Committee(s): Anti-Money Laundering, Asset and Liability Management, Capital Planning, Credit, Executive, Management, Remedial and Special Assets Management, and Trust

**Leticia M. Yao (Filipino, 72 years old)**

Dra. Leticia M. Yao was appointed to the Board in 1998 and last re-elected as Director on July 27, 2022.

A well-respected figure in the healthcare industry, Dra. Yao was appointed at the United Doctors Medical Center (UDMC) and Providence Hospital Inc. as a Consultant at the Department of Medicine since 1991 and 2014. She is currently a Director at Mega Asia Bottling Corporation, Zest-O Corporation, Uni-Ipel Industries Inc., Harman Foods Phils Inc., and Solmac Marketing Inc.

She participated in training sessions for Corporate Governance & Risk Management for Banks' Board of Directors by Development Finance Institute in 2002 and further taken the Risk Awareness Seminar by Pacific Management Forum in 2009. In 2014, she attended the AMLA Seminar by the Bangko Sentral ng Pilipinas and Corporate Governance Seminar by the Ateneo de Manila University. She also attended the Distinguished Corporate Governance Speaker Series and Corporate Governance Seminar for Directors and Senior Officers by ROAM Inc. in 2015; AMLA

Seminar by BSP and PBB in 2016; Corporate Governance: Fraud Awareness by Center for Training and Development Inc. in 2016; IFRS 9 by Punongbayan and Araullo in 2017; Data Privacy Act Seminar in 2017; and Guide to Compliance with the Anti-Money Laundering Law and its IRR by Center for Global Best Practices and Corporate Governance Seminary by ROAM Inc. in 2018.

Dra. Yao graduated from the University of Sto. Tomas with a Bachelor of Science degree in Medical Technology then pursued her post graduate degree in Medicine in the same university.

Committee(s): IT Steering and Trust

**Roberto A. Atendido (Filipino, 78 years old)**

Mr. Roberto A. Atendido was appointed to the Board in 2006 and was last re-elected as Director on July 27, 2022.

He is a seasoned investment banker and a recognized expert in the field with over 40 years of investment banking and consulting experience in the Philippines and in the ASEAN region. Mr. Atendido started his career in consulting with the management services group of Sycip, Gorres & Velayo, the largest accounting and consulting group in the Philippines. He began his investment banking career in Bancom Development Corporation, the leading investment house in the Philippines during the late 60's and 70's. He was later posted as Vice President of Bancom International Ltd in HK from 1980 to 1982. He then moved to PCI Capital Asia, Ltd. (HK) as Vice President from 1982 to 1983. The PCI Group posted him in Indonesia as Managing Director of PT Duta Perkasa Chandra Inti Leasing, a joint venture between the PCI Group of the Philippines and Bank Duta and Gunung Agung Group of Indonesia, from 1983 to 1988. Mr. Atendido moved back to the Philippines in 1988 as President of Asian Oceanic Investment House, Inc., a fully owned subsidiary of the Asian Oceanic Group of HK. The company was later bought by the Insular Life Group and renamed Insular Investment & Trust Corporation. In 1996, Mr. Atendido together with several investors organized Asian Alliance Holdings & Development Corporation (AAHDC) and later established Asian Alliance Investment Corp. (AAIC) as a wholly owned investment banking subsidiary. He is currently President and Director of AAHDC and Vice Chairman and Director of AAIC.

Currently, Mr. Atendido is a member of the Board of Directors of Paxys Inc., Pharmarex, Inc., Macay Holdings Inc., and Gyant Food Corporation. He is also the Vice Chairman and Director of Sinag Energy Philippines, Inc. since 2008, and Chairman and President of Myka Advisory and Consulting Services Inc. since 2010. He has also held directorships in the Philippine Stock Exchange from 2005 to 2009, Securities Clearing Corporation from 2006 to 2010, Marcventures Holdings, Inc. from 2010 to 2013, Carac-An Development Corp. as Chairman from 2010 to 2013, and Beneficial Life Insurance Corp. from 2008 to 2014. Apart from his business activities, Mr. Atendido is also active in the Brotherhood of Christian Businessmen and Professionals, a nationwide Christian community where he served as Chairman from 2009 to 2011.

He has attended trainings in Corporate Governance & Risk Management for the Bank's Board of Directors at the Development Finance Institute in 2003; Basel 2 and Risk Management Course by Export & Industry Bank in 2007. In 2014, he attended the Anti-Money Laundering Act Seminar at the Bangko Sentral ng Pilipinas, Distinguished Corporate Governance Speaker Series in 2015. He also attended AMLA for Board of Directors and Senior Officers by PBB and the 3<sup>rd</sup> Annual

SEC-PSE Corporate Governance Forum in 2016; IFRS 9 by Punongbayan and Araullo in 2017; and Guide to Compliance with the Anti-Money Laundering Law and its IRR by Center for Global Best Practices and Corporate Governance Seminary by ROAM Inc. in 2018.

Mr. Atendido is a graduate of the Asian Institute of Management with a Masters Degree in Business Management in 1973. He completed his Bachelor of Science in Management Engineering from the Ateneo de Manila University.

Committee(s): Corporate Governance and Trust

**Honorio O. Reyes- Lao (Filipino, 81 years old)**

Mr. Honorio O. Reyes-Lao was appointed as Director of the Bank in 2010.

A seasoned banker, he has more than 40 years of experience in corporate and investment banking, branch banking, and credit management. Mr. Reyes-Lao started his banking career at China Banking Corporation in 1973 to 2004. He served as Senior Management Consultant from 2005 to 2006 at East West Banking Corporation. He was a consultant at Antel Group of Companies from 2007 to 2009 and was appointed President at Gold Venture Lease and Management Services, Inc. from 2008 to 2009. Currently, he is an independent director at the DMCI Holdings Corporation, DMCI Project Development Inc., Semirara Mining and Power Corporation, Sem-Calaca Power Corporation, and Southwest Luzon Power Generation Corporation and is the Chairman of Space 2 Place Inc. He is also a Member of the Society of Institute of Corporate Directors (ICD) Fellows since 2004.

His background and trainings include Overall Banking Operations by Philippine Institute of Banking in 1971 to 1972; Director Certification Program at the Institute of Corporate Directors (ICD) in 2004; Trust and Governance Rating Systems by BAIPHIL in 2013; AMLA Seminar by BSP and Corporate Governance Seminar by Ateneo de Manila University in 2014; Corporate Governance Forum by SEC in 2016; IFRS 9 by Punongbayan and Araullo in 2017; Data Privacy Act Seminar in 2017; Guide to Compliance with Anti-Money Laundering Law and its IRR by Center for Global Practices and Corporate Governance Seminar by ROAM Inc. in 2018; and ASEAN Corporate Governance Conferences and Awards 2016 and Distinguished Corporate Governance Speaker Series since 2015.

Mr. Lao holds a post-graduate degree, Masters in Business Management, from the Asian Institute of Management and graduated with a double degree in Bachelor of Science in Business Administration major in Economics and Bachelor of Science in Commerce major in Accountancy from the De La Salle University.

Committee(s): Audit, Executive, and Risk Oversight

**Benjamin R. Sta. Catalina, Jr. (Filipino, 78 years old)**

Mr. Benjamin R. Sta. Catalina, Jr. was appointed Independent Director to the Board on 2012 and last re-elected as Director on July 27, 2022. He first assumed his independent directorship at PBB from 2003 to 2005.

During his early professional years, Mr. Sta. Catalina was the Senior Vice President of the Asset

Based Finance Group of FNCB Finance Co. from 1980 to 1981. He later joined Citibank N.A. from 1981 to 1995 where he has served as Asst. Vice President & Division Head for the Public Sector Division, then became the Vice President and Asst. Director of the Asia Pacific Training Center. He later handled the Middle East Africa Division Training Center as Vice President and Associate Director, and handled the World Corporation Group for Middle East Africa, Division Training Center as Regional Administrator. He was appointed as General Manager from 1988 to 1992 handling the Center for International Banking Studies. In 1993 to 1994, Mr. Sta. Catalina was appointed Vice President and Chief of Staff of the Global Finance Marketing, then rose to Group Head where he handled the Pan Asian Corporate Team in 1994 to 1995.

In the academic sphere, he was the Executive Director of the Center for Banking and Financial Management of the Asian Institute of Management in 1996.

In addition to holding a number of executive positions, he attended training seminars such as the Makati CAD in 1974, Philippine Core Credit in 1976, Intermediate Credit Seminar in 1977, Exceptional Sales Performance in 1978, Bourse Game in 1979, Asset Based Finance Seminar in 1980, Electronic Banking Seminar in 1981, Selling Skills Train the Trainer Program in 1982, Advanced Lending Strategy in 1982, Technology for Senior Management in 1983 from the Asia Pacific Training Center. He attended Multinational Business Course in 1980 at Citibank New York, Face to Face Selling Skills in 1986 by the Boston Consulting Group. In 1987, he attended the MAC Approach Course and Alcar Valuation Seminar at MEAD Training Center in Greece. He attended the Corporate Finance II in 1988 by the Asia Pacific Banking Institute. At MEAD Training Center in London, he attended the Risk Management Seminar and the Risk Management III – Corporate Finance in 1991. From 1993 to 1995, Mr. Sta. Catalina attended the Strengthening Organizational Capabilities, Service Quality Management, Technology Solutions for the Business, Marketing Derivatives Ideas, Standards Workshop, and Marketing Financing Ideas to Issuers at Citibank Training Center.

He attended the Corporate Governance & Risk Management for Bank's Board of Directors by the Development Finance Institute in 2003, Anti Money Laundering Act Seminar in 2014, Distinguished Corporate Governance Speaker Series in 2015, Corporate Governance Forum in 2016, IFRS 9 by Punongbayan and Araullo and Data Privacy Act Seminary in 2017, and Guide to Compliance with the Anti-Money Laundering Law and its IRR by Center for Global Best Practices and Corporate Governance Seminar by ROAM Inc. in 2018.

Mr. Sta. Catalina is a graduate of the Asian Institute of Management with a post graduate degree of Masters in Business Management. He finished his Bachelor of Science in Management Engineering from the Ateneo De Manila University.

Committee(s): Audit, Related Party Transactions, and Risk Oversight

**Narciso DL. Eraña (Filipino, 72 years old)**

Mr. Narciso DL. Eraña was appointed Independent Director to the Board in 2018.

Mr. Eraña has an extensive career spanning over 30 years, about 23 of which were spent in the Philippine finance industry. This included about 16 years in various banks, and seven (7) years as President of a multinational brokering company. He also spent many years as an entrepreneur in the family business.

He started his career with Bank of America-Manila handling credit and trade finance for the mining industry, pharmaceuticals, and small medium scale businesses. He moved into the bank's Treasury Department and eventually became Bank of America's youngest Country Treasurer, handling the overall Treasury Trading and Management functions. This served as the foundation for the rest of his Finance career which focused on Treasury management in multinational and local institutions, from savings banks and unibanks.

His banking experience involved managing the banks' liquidity in all currencies, and FX and Government Securities trading as well as investments in Structured Products and derivatives.

His last position was President of ICAP Philippines for seven (7) years, a subsidiary of ICAP Plc., a London based FTSE company and the world's largest Interdealer broker, with average volumes in excess of USD 1 trillion daily.

Active in financial market associations, Mr. Eraña was a Director of the Money Market Association of the Philippines for four (4) years and a Director of the ACI Financial Markets Association for another four (4) years. Activities included the formulation of policies and procedures for the operation of the Banking as well as brokering industries. These activities entailed frequent interaction with associations and regulators, including the Bangko Sentral ng Pilipinas, Securities and Exchange Commission, and the Banker's Association of the Philippines. During this time, he was also a member of Financial Executive Institute of the Philippines (FINEX).

Mr. Eraña is a graduate of Business Management at Schiller College in Heidelberg, Germany and obtained his MBA from the Thunderbird School of Global Management in Glendale, Arizona.

Committee(s): Corporate Governance, Related Party Transactions, Risk Oversight, and Trust

**Roberto C. Uyquiengco (Filipino, 77 years old)**

Mr. Roberto C. Uyquiengco was appointed to the Board as Independent Director in 2018.

He has been in the banking and finance industry for almost 50 years. He started with Sycip Gorres Velayo & Co. (SGV) from 1970 to 1974 and later with North Negros Loggers Corporation until 1976. His stint in the banking industry started with Allied Banking Corporation from 1977 to 1980 and later with State Investment House (Bacolod Branch) from 1980 to 1984. He was last connected with China Banking Corporation as First Vice President and Region Head for North Luzon from 1984 until his retirement in 2011. He took up and passed the Trust Officers' Training Program (TOTP) given by the Philippine Trust Institute in 1991. Further, Mr. Uyquiengco attended some international and local conferences related to the banking and finance industry, among of which is the Bankers' of America Institute Conference in November 2007, held in Las Vegas, Nevada, USA and the Asian Bankers Conference in 1996 which was held in Singapore.

Currently, he is affiliated with the following private institutions: (a) Emmanuel Multi-purpose Cooperative, Inc., in Cuenca, Batangas as Director since 2011; (b) Green Leaf Foreign Exchange Corporation as its Chairman and CEO since its incorporation in 2012; and (c) Manulife as a Financial Adviser since 2017.

Mr. Uyquiengco is also a known advocate of education, being a part-time faculty of the College of Business and Accountancy of National University since 2012 and as a part-time training consultant of the Chinabank Academy since 2013.

Mr. Uyquiengco is both a lawyer and a Certified Public Accountant by profession. He obtained his undergraduate degree from La Salle College, Bacolod City in 1970 with a degree in BS in Commerce Major in Accounting (graduating cum laude) and passed the CPA board in the same year. Thereafter, in 1975, he took up his Bachelor of Laws degree from the University of Negros Occidental-Recoletos, Bacolod City, graduating in 1980 and passing the bar examinations also in the same year. He also took up the advance Bank Management Program of the Asian Institute of Management from August to October 1993 and was awarded with the Highest Honor for superior performance among the forty (40) participants from various international banks.

Committee(s): Audit, Corporate Governance, and Risk Oversight

**Benel D. Laguna (Filipino, 67 years old)**

Mr. “Benel” D. Laguna is a seasoned professional in the banking and finance industry for the last thirty-two (32) years, having been with both government and private financial institutions. He was last connected with the Development Bank of the Philippines (DBP) from March 2013 until February 2020, where he assumed roles such as Executive Vice President and Chief Development Officer (2013-2017) and Executive Vice President and Head of Corporate Services Sector (2018-2020). While with DBP, he was seconded as a Director of the following: DBP Data Center Inc. (DCI) from June 2017 to August 2018, Small Business Corporation (SBC) from 2013 to 2020, and LGU Guarantee Corporation (LGUCC) from 2013 to 2020. He was also the concurrent CEO of the Industrial Guarantee Loan Fund which was being managed by the DBP for the national government until its full transition to Philippine Guarantee Corporation in 2019. Prior to this, he had extensive career from various companies in the banking, finance and consumer industry, as well as being a Consultant of the Economic Research Group in Malacañan in 1982.

He is a graduate of Management Engineering at the Ateneo de Manila University (Dean’s lister). He also holds a Master in Business Management from the Asian Institute of Management, completed the course requirements for Doctor in Business Administration at the University of the Philippines, a Master in Public Administration from the Harvard University’s John F. Kennedy School of Government, and further completing the course requirements for Doctor in Business Administration at the De la Salle University in Manila. He also took up the Career Executive Service Development Program XXI at the Development Academy of the Philippines. As an expert in the field of management and finance, Director Laguna teaches part-time at the Ateneo de Manila University and the De La Salle University in Manila.

Mr. Laguna is also affiliated with the Philippine Institute of Pure and Applied Chemistry (PIPAC) as a member of its Board of Directors. He is presently an Independent Director of Bangko ng Kabuhayan Inc. (A Rural Bank) (formerly Rodriguez Rural Bank, Inc.) and a known columnist for The Manila Times, Manila Bulletin, and Business World. He is a Fellow of the Institute of Corporate Directors (ICD).

Committee(s): Audit, Corporate Governance, and Risk Oversight

**Asterio L. Favis, Jr. (Filipino, 73 years old)**

Mr. Asterio “Boy” L. Favis, Jr. has been in the finance industry for about thirty (30) years, particularly in treasury banking.

Presently, he is an Independent Director of Makati Finance Corporation, as a Consultant of Amalgamated Investment Bancorporation and the Ateneo-BAP Institute of Banking and a Director/Vice President of Aspirations International, Inc. (a Toby's Sports franchise). He started his treasury banking career with PCI Bank, first as Assistant Vice President and Head of Foreign Exchange, then as Vice President and Head of Domestic Money Market (from 1986 to 1989), and lastly as Vice President under the Office of the President (seconded to PCI Capital in charge of fixed income securities, from 1989 to 1990). From 1990 to 1999, he headed the Treasury Division of Asianbank Corporation then moved to AB Capital & Investment Corporation from 1999 to 2002, leading the Financial Markets Division as Senior Vice President. Later on, he headed the Treasury Division of Philippine National Bank as Executive Vice President, from 2002 to 2007. His last stint with the banking industry was with Sterling Bank of Asia as Executive Vice President & Head of Treasury Group from 2007 to 2009 and lastly as Executive Vice President under the Office of the President from 2009 to 2013 (including one-year as OIC of Consumer Lending Group).

Director Favis, Jr. is a true-blue eagle from elementary to college. He was Salutatorian in elementary, Salutatorian in High School (with awards in Math, Sciences and Latin) and cum laude in College, graduating with a degree of Bachelor of Science in Management Engineering.

He is presently a member of the Institute of Corporate Directors (ICD), past member of the Chamber of Thrift Banks (2007-2009), with Money Market Association of the Philippines (from being Secretary, Vice-President and lastly as President, 1988-2004), past President of the Foreign Exchange Association of the Philippines (1988-1989), past member of the Bankers Association of the Philippines – Open Market Committee (1991-1999) and as past Captain of the Ateneo NCAA High School Basketball Team (1970-1971).

Committee(s): Audit, Related Party Transaction, and Risk Oversight

**Diosdado M. Peralta (Filipino, 74 years old)**

Mr. Peralta was appointed as the 26th Chief Justice of the Supreme Court of the Philippines from October 23, 2019 until his retirement on March 27, 2021.

Mr. Peralta started his career in government service in 1987 when he was appointed Third Assistant Fiscal of Laoag City. In 1988, he was assigned to the Prosecutor's Office in the City of Manila. He later became the assistant chief of the Investigation Division of the Office of the City Prosecutor in the first months of 1994.

In September 1994, Chief Justice Peralta was appointed as Presiding Judge of Branch 95 of the Regional Trial Court (RTC) of Quezon City, which was designated as a Special Criminal Court on Heinous Crimes and, later, Drugs Cases. He was promoted to the Sandiganbayan in 2002 and became its Presiding Justice in 2008. On January 13, 2009, he was named as the 162nd Associate Justice of the Supreme Court. He was the third Presiding Justice of the anti-graft court to be appointed to the High Court. On October 23, 2019, he was then appointed as the 26th Chief Justice of the Philippines.

He is an alumnus of the University of Santo Tomas Faculty of Civil Law where he was as a working student and graduated in 1979. He obtained his undergraduate degree in Economics from the Colegio de San Juan de Letran in October 1974, and started working at the age of twenty (20) on November 2, 1974 as a production analyst of Cosmos Bottling Corporation (CBC). In January

1975, he became the operating supervisor of CBC's sister company, Wisdom Management, Inc., a management firm. He later became a general manager of Ace Agro Development Corp. and vice president of Cypress Agricultural Development Corp, both sister companies of CBC.

During his corporate stint and while taking up law from 1975 to 1979, he supervised the operation of three fish pens owned by the said three companies, and would join Bountee Fishery Corp. 's (a sister company of CBC) fishing vessels in the high seas to oversee its operations during summer time. In January 1980, while waiting for the results of the Bar exams, he returned to the mother company, CBC, as assistant personnel manager. When he passed the Bar that year, he was appointed as head of personnel department of CBC, while maintaining his positions as general manager of Ace Agro Development Corp. and vice president of Cypress Corp., and handling labor, criminal and civil cases of the company. At the same time, he was elected Barangay Councilman of Fairview, Quezon City, and served as barangay officer until the end of 1986. He only resigned from CBC when he accepted the invitation to become a prosecutor in Laoag City in January 1987.

Prior to becoming a member of the Supreme Court, he was a professor, lecturer, resource person, and Bar reviewer in Criminal Law, Criminal Procedure, Remedial Law, and Trial Techniques at the UST Faculty of Civil Law, the Ateneo de Manila University, San Beda College of Law, the University of the East, and the University of the Philippines Law Center, among others. He has been a member of the Corps of Professors under the Department of Criminal Law of the PhilJA and remains to be an active lecturer thereof on its Orientation Program for Newly appointed Judges, Pre-judicature Program and other training seminars.

Committee(s): Corporate Governance and Related Party Transaction

#### **b. Executive Officers**

The following are the Executive Officers of the Bank, and their respective age, citizenship, and position as of March 2024:

##### **Rolando R. Avante (Filipino, 67 years old)**

(Please refer to the previous section for Mr. Avante's professional experience).

##### **Joseph Edwin S. Cabalde (Filipino, 56 years old)**

Mr. Joseph Edwin S. Cabalde is the PBB's Treasurer and Head of the Treasury Services Group with the rank of Executive Vice President. His work experiences include: Accounting Assistant of China Banking Corporation from 1991 to 1994; Treasury Officer of Urban Bank Inc. from 1994 to 1995; Manager and Chief Dealer of Bangkok Bank Manila from 1995 to 2000; Manager at Mondex Philippines Inc. from 2000 to 2001; Manager and Chief Dealer at Bank of Tokyo Mitsubishi from 2001 to 2005; Treasury Head of Oilink International from 2005 to 2007; and Assistant Vice President and Treasurer of EEI Corporation from 2007 to 2008. Mr. Cabalde attended the Corporate Good Governance and AML Seminars sponsored by PBB.

Mr. Cabalde graduated from the University of Sto. Tomas and holds a Bachelor of Science Major in Accountancy degree.

Committee(s): Asset and Liability Management, Capital Planning, and Management

**Arlon B. Reyes (Filipino, 52 years old)**

Mr. Reyes is Head of Commercial Banking Group. He has over 20 years of professional experience gained from international and local financial institutions. He is proficient in global capital financing, mergers and acquisitions, loan syndication, structured finance, derivatives and treasury products, trade finance, credit & lending, and traditional commercial banking products. He is adept at financial crime management and anti-money laundering having attended intensive training and workshops on this field in an international bank setting.

His employment background includes a stint as Global Relationship Banker for Global Banking & Markets, with the rank of Senior Vice President with The Hongkong and Shanghai Banking Corporation Limited; Head of Rizal Commercial Banking Corporation's (RCBC) National Corporate Banking Group's Large Corporate Segment. He was the Head for China Desk and Foreign Branches Business Development serving concurrently as Team Leader and Relationship Manager for the Conglomerates Division of the Metropolitan Bank and Trust Co. Aside from banking, Mr. Reyes worked for the Philippine Stock Exchange's Business Development Group where he was instrumental in the creation and establishment of the Small and Medium Enterprise (SME) Capital Market or SME Board.

Mr. Reyes graduated from the University of the Philippines – Diliman in 1994 with a degree in BS Economics. He secured his Masters of Business Administration from the same university in 2001.

Committee(s): Asset and Liability Management, Capital Planning, Employee Discipline, and Management

**Jenice D. Chua (Filipino, 46 years old)**

Ms. Jenice D. Chua joined PBB in August 2025, assuming the role of Head of the Human Resources Group with the distinction of First Vice President.

With over two decades of experience in human resources, she has built a diverse and impressive career that began in 2001 as a Corporate HR Specialist at CTSI Logistics Philippines, Inc., where she gained foundational expertise in HR practices and employee relations.

In 2004, Ms. Chua transitioned to EPLDT Ventus as an HRIS Officer. During her six-year tenure there, she played a pivotal role in implementing and maintaining HR information systems, enhancing the efficiency of HR operations. Her commitment to excellence led her to become the HR Head of Magellan Solutions, Inc. in 2010, where she focused on talent acquisition and organizational development.

In 2011, Ms. Chua began sharing her knowledge as a faculty member at De La Salle University – College of St. Benilde, where she taught HR management courses until 2013. Concurrently, she excelled as the HR Operations Head at East West Banking Corporation for six years, streamlining HR processes and improving employee engagement.

In 2017, she took on a new challenge as the MIS Director for Intellismart Technology, Inc., where she led the development of management information systems for two years, further enhancing her technical proficiency. Returning to her roots in human resources in 2019, she served as the HR Head of The Philippine Stock Exchange, Inc., where she developed strategies to foster a high-performance culture.

Ms. Chua's journey continued in 2023 when she joined BPI Banko, a subsidiary of the Bank of the Philippine Islands, as the head of the human resources group, where she implemented innovative HR practices to support the bank's growth and employee development initiatives.

A proud graduate of De La Salle University – College of St. Benilde, Ms. Chua earned her Bachelor of Arts majoring in Human Resources Management, equipping her with a solid academic foundation to complement her extensive professional experience.

Committee(s): Employee Discipline and Management

**Maria Lourdes G. Trinidad (Filipino, 58 years old)**

Ms. Malou was appointed as Chief Risk Officer and Head of Enterprise Risk Management Group with the rank of Senior Vice President.

She has her 30 years of banking experience handling various functions such as Credit Review, Treasury Trading and Liquidity and Reserve Management, Correspondent Banking, Corporate Planning, Investor Relations, and Special Projects under Strategic Planning. She started her banking career with RCBC Unibank and was seconded to RCBC Savings as CRO in September 2007 up to 2019 when the merger of the savings and unibank happened. Her last post is as Head of Special Initiatives under the unibank's ERMG.

As the CRO, and together with the bank's Risk Oversight Committee of the Board, she built RCBC Savings' risk and control infrastructure. She was the overall lead in identifying and measuring risks inherent in the bank's portfolio, and made sure that provisioning is kept to a minimum level by proactively working on the portfolio credit review, credit scoring and other initiatives to manage the bank's portfolio quality. She defined and disseminated the bank's risk philosophy and policies, and assisted risk-taking business and operating units in understanding, measuring and mitigating risk points. She put in place the bank's Risk Management Framework and Manual, Treasury Manual, Liquidity Contingency Funding Plan, and various risk operating policies and procedures. She also developed the strategic and operational framework for Business Continuity, including the enterprise Business Continuity Plan, Business Impact Analysis, Crisis Communication Plan, Pandemic Plan, Call Tree Testing, Table Top Discussion, and Disaster Recovery Plan testing.

Ms. Malou has a Bachelor of Science degree in Mathematics from University of the Philippines – Diliman in 1988. She also earned academic credits for a Master of Science degree in Mathematics from the same school.

Committee(s): Capital Planning and Management

**Liza Jane T. Yao (Filipino, 55 years old)**

Ms. Liza Jane Yao is the Bank's General Services Head with a rank of Senior Vice President.

She has attended various trainings/seminars which include: Seminar on Data Privacy Act, International Financing Reporting Standards 9 (IFRS 9), Corporate Governance Seminar, AMLA Seminar for Board of Directors and Senior Officers, Corporate Governance Seminar for Directors and Senior Officers, Credit Analysis and Writing Seminar, Thinking Strategically in Business Game

Theory for Managers, Market Reading Seminar, Risk Awareness Seminar, Basic Financial Math Seminar, Loans Packaging and Processing Seminar, and Diploma Program in Banking.

Ms. Yao finished her BS Accountancy degree at De La Salle University.

Committee(s): Asset and Liability Management, Bid, Credit, and Management

**Amalia Q. Belarmino (Filipino, 53 years old)**

Ms. Amalia Q. Belarmino joined PBB in June 2025, taking on the prestigious role of Head of the Trust and Investment Center as First Vice President. With a career spanning several decades, Ms. Belarmino has established herself as a knowledgeable and influential figure in the banking and investment sectors.

Her banking journey began in 1996 at Prime Bank, where she started as a frontliner responsible for managing new account openings. Shortly after, she transitioned to the International Exchange Bank, serving as a Sales Associate until 1997, where she honed her skills in customer engagement and service.

In 1997, Ms. Belarmino took a significant step in her career by moving to State Investment Trust, Inc., a leading investment company dedicated to helping individuals and businesses unlock their financial potential. During her nine-year tenure there, she progressed from an acting assistant to an acting trust officer, gaining invaluable experience and expertise in the trust operations and investment management field.

In 2006, Ms. Belarmino returned to the banking industry, assuming the role of Trust Head at Citystate Savings Bank. Two years later, she accepted a position as an Investment Officer with Maybank Phils. Her journey continued at Malayan Savings Bank from 2009 to 2012, where she once again led as Trust Head, further solidifying her reputation in the industry.

In 2012, she joined Paradigm Global Investment, a fiduciary-led investment advisory platform known for its tailored capital solutions for institutions, where she held the position of chief business officer for four months. However, Ms. Belarmino's commitment to the banking sector led her to return that same year as a Sales Relationship Officer at United Coconut Planters Bank, where she held the rank of Assistant Vice President. In this role, she was pivotal in soliciting and managing trust accounts.

Her next career chapter unfolded at Bank of Commerce, where she served from 2014 to 2016 as Head of Investments and concurrently of Business Development and Account Management, demonstrating her adept leadership and strategic oversight. She was later promoted to Trust (OIC) Head from 2016 to 2018, ultimately rising to lead the Trust Services Group. In 2023, as First Vice President, Ms. Belarmino leads the division's mandates, overseeing investments and portfolio management, guiding trading and execution, asset sourcing, and ensuring effective credit management and budget attainment. Her vast experience and visionary leadership mark her as a key player in the financial landscape.

Ms. Belarmino is a graduate of De La Salle University – College of St. Benilde, where she earned her Bachelor of Science in Business Administration with a major in Marketing Management, laying the foundation for her successful career in finance and investment.

Committee(s): Management and Trust

**Atty. Sergio M. Ceniza (Filipino, 59 years old)**

Atty. Serge joined PBB as Chief Compliance Officer with the rank of First Vice President. He has over 30 years of experience from the financial industry where he worked with insurance companies and banks, starting with Great Pacific Life Assurance Corporation, Philam Plans Inc, and then with BDO Universal Bank where he was also seconded to BDO Leasing & Finance Inc. as Head of Legal, Compliance & AML Compliance with the rank of Assistant Vice President.

Atty. Serge moved to First Metro Investment Corporation (part of Metrobank Group) in September 2012 as Deputy Chief Compliance Officer with the rank of Assistant Vice President. In June 2016, he was promoted to Vice President and was designated as Chief Compliance Officer, Chief AML Officer, and Data Privacy Officer. As CCO, he was over-all in-charge of formulating and implementing policies and procedures for the general operations of the company's Compliance Program, including those in subsidiary units. He regularly reported to the Board, through the Corporate Governance Committee, the level of regulatory compliance of the organization and its subsidiaries. He also monitored and coordinated compliance activities of other companies within the group.

Atty. Serge is a Law professor at De La Salle University, Far Eastern University, University of the East, and Manila Law College. He is a regular lecturer in the Mandatory Continuing Legal Education (MCLE) of Chan Robles, Access MCLE and UP Institute of Judicial Administration. He is also a bar reviewer on Commercial Law. He is an active member of Association of Bank Compliance Officers (ABCOM) and is well-regarded in the industry.

He has a Bachelor's degree in Political Science and Bachelor of Laws degree from Far Eastern University. He is a candidate in Master of Laws from San Beda College-Graduate School of Law.

Committee(s): Anti-Money Laundering, Employee Discipline, and Management

**Carlos Oliver L. Leytte (Filipino, 49 years old)**

Mr. Carlos Oliver L. Leytte was appointed as the Retail Banking Segment Head in 2023 holding the rank of Senior Vice President.

He started his banking career in 1999 at Chinabank as a senior trader; 2002 at Standard Chartered Bank under investment relations. He continued his career at BDO under the Business Development Dept. in 2003. In 2006 he was promoted to Head of the Trust Marketing Dept. at RCBC. He shifted to private banking of Export Bank in 2007 as its Group Head. In 2010, Carlos transferred to PNB as a Branch Head with an AVP rank; Area Head/SAVP; Region Head/FVP; and eventually became the Deputy Head of the International Banking and Remittance Group with an FVP rank in 2023.

He obtained his degree in Business Management & Entrepreneurship from San Beda University in 1998 and pursued his Masters in Business Administration at the Ateneo Graduate School of Business. In 2022 – 2023, he finished his Management Development Program at the Asian Institute of Management.

Committee(s): Anti-Money Laundering, Asset and Liability Management, Bid, Capital Planning, Credit, IT Steering, Management, Related Party Transaction, and Employee Discipline

**Rodel P. Geneblazo (Filipino, 54 years old)**

Mr. Rodel P. Geneblazo is the First Vice President and Consumer Banking Group Head of PBB. He was appointed to this position in January 2018.

A seasoned banker, he has more than 20 years of experience in consumer finance and credit cycle management. He started his banking career at PCI Bank from 1996 to 2000 as Management Development Program Trainee and rose to Head the Consumer Finance Unit in General Santos City. He joined Chinatrust Bank from 2000 to 2008 and held the positions of Head of Mortgage Loans, Head of Product Development, and Head of Credit Policy & MIS. He went to East West Bank in 2008 to 2010 as Head of Credit Services.

In 2010, Mr. Geneblazo joined Sterling Bank of Asia as Head of Credit Services up to 2012. He then became the Managing Director of Knowledge Transfer Financial Consulting Services where he provided trainings, seminars, and consultancy works in the area of consumer and microfinance loans, credit cycle management, Collections, MIS & Analytics, product development and management, both for the private and public institutions from 2012 to 2014. He went back to the banking industry in 2014 and joined Philippine Veterans Bank as Head of MIS & Analytics, and later, as its Risk Officer.

He joined Philippine Business Bank in 2015 initially as a Consultant and later became the Head of PBB's Acquired Banks. He was appointed as President of Insular Savers Bank, Inc. (A Rural Bank), a rural bank that was acquired by PBB in 2015. He moved back to PBB in the beginning of 2018 and now serves as the Bank's Consumer Banking Group Head.

Mr. Geneblazo is a graduate of the Polytechnic University of the Philippines with a degree in Bachelor of Science in Mechanical Engineering in 1992 where he was also a scholar of the Hasegawa Universal Lab Corporation. He took his Masters in Business Administration degree in 1996 from the University of the Philippines and was a National Economic and Development Authority (NEDA) scholar.

Committee(s): Asset and Liability Management, Capital Planning, and Management

**Miami V. Torres (Filipino, 63 years old)**

Ms. Miami V. Torres is the Head of the Credit Management Group and holds the rank of First Vice President.

She has with her over 35 years of banking experience which started at United Coconut Planters Bank where she worked through all areas of branch operations from staff position, Branch Operations Officer, Branch Marketing Officer to Branch Head. Ms. Torres joined PBB in June 2002 as a Branch Head and was later on tasked to create and set up the Remedial and Special Assets Management Group. In 2010, she was assigned to head the Credit Services Group where she introduced significant changes in the credit processes. In 2016, her area of responsibility was expanded to include seven (7) different divisions namely: Credit Services, Credit Underwriting, Portfolio Management, Credit Administration, Remedial & Special Assets Management, Credit Policy & Technical Support, and the Insurance Desk. In her almost 18-year stay with the Bank,

she had consistently introduced quite a number of very relevant changes and innovations, the benefits of which ran across the entire Bank.

She is a double-degree holder – AB Behavioral Science and BSC Accounting from the University of Santo Tomas and is a Certified Public Accountant.

Committee(s): Credit, Management, and Remedial and Special Assets Management

**Benley B. Uy (Filipino, 46 years old)**

Mr. Benley B. Uy joined PBB in September 2024 as Head of Information Technology Group with the rank of First Vice President.

He develops and drives transformation efforts in modernizing the technology landscape through innovation, streamlining processes, and instituting a data-driven customer-centric culture across the bank.

With more than two decades of IT experience, he was the IT Director of Golden ABC, Inc. from 2023 to 2024 where he led IT transformation and IT Governance initiatives of the company. Prior to this, he was Head of IT at Motortrade Nationwide Corporation from 2018 to 2023 where he spearheaded the execution of IT strategies where various business goals were enabled through implementation of key IT projects using best practices and cloud technology.

From 2014 to 2017, Mr. Uy was the Implementation and Account Manager at H2 Software Consulting Services Inc., where he established relationships and managed regular service reviews in attaining SLA and the highest service standard for IT operations covering various banks such as PNB Savings Bank, Maybank Philippines, and EastWest Bank. Before his stint in consulting services, he held various IT lead roles in the financial services industry, including East West Bank Corp as Assistant Vice President and Head, System Development Division from 2011 to 2014; JP Morgan Corporation as Assistant Vice President and Head, UDT Application Support Team from June 2011 to December 2011; Bank of Commerce as Senior Manager, Head of Application Development and Maintenance Division and main support officer of the Treasury Sector from 2005 to 2011.

He started his career as a software developer assigned to Standard Chartered Bank from 2001 to 2003, then transferred to Asian Terminals, Inc. from 2003 to 2005, where he worked as one of the team leaders in the IT Department.

He attained a certification on the Leadership and Management Development Program (LMDP) from the De La Salle – Graduate School of Business in July 2006 and a certification on the CIO Leadership Program (CIOLP) from the Asian Institute of Management in May 2022. Mr. Uy holds a Bachelor of Science in Computer and Information with specialization in System Software Engineering from the Far Eastern University – Institute of Technology.

Committee(s): IT Steering and Management

**Joseph Jeeben Segui (Filipino, 38 years old)**

Mr. Joseph Jeeben R. Segui joined PBB in 2024 as Head of Corporate Planning, Corporate Finance, and the Bank's Investor Relations Officer with the rank of First Vice President.

He is an investment professional with over ten years of investment banking, mergers and acquisitions, and business development experience.

Mr. Segui previously worked as the first vice president for corporate finance in Premiere Horizon Alliance Corporation, a PSE-listed investment holding company, from 2015 to 2024. During that time, he was concurrently the Director for Financial Advisory of Grow Capital Partners Inc., a boutique financial and investment advisory firm. He also concurrently was a financial consultant to a firm that is involved in infrastructure and real estate development and acted as a financial adviser to several real estate companies, infrastructure projects and a food manufacturing company.

From 2012 to 2014, he was a deal manager at Asian Alliance Investment Corporation, a licensed investment house. Before entering the investments, finance, and business development track, he was in management consulting, working at Mitchell Madison Group, a US-headquartered management consulting firm from 2009 to 2011.

Mr. Segui holds a Bachelor of Science degree in Mathematics from the University of the Philippines – Diliman where he graduated Summa Cum Laude and valedictorian of class 2009.

Committee(s): IT Steering, Management, Asset Management and Liability

#### **Marily M. Cabuco (Filipino, 58 years old)**

Ms. Marily Cabuco is PBB's Chief Internal Auditor. She brings with her over 30 years of experience in audit. Ms. Cabuco was previously connected with Toyota Financial Services Philippines Corporation (TFSPH) as Chief Audit Executive with the rank of Vice President since June 2015. Prior to TFSPH, she was with Metrobank for 17 years (August 1998 – May 2015) where she handled head office, branch and subsidiaries & associates audit as Division Head.

Before her stint with MBTC, she was with Security Bank & Trust Co. for 10 years as Department Head of Branch Lending Center, Department Head / Audit Officer of Head Office and Branch and as Branch Cashier. She also had a short stint with Sycip, Gorres & Velayo (SGV) as Staff Auditor.

She is a Certified Public Accountant (1988), Certified Internal Auditor (2008), Certified Financial Services Auditor (2009). She also passed the Civil Service Eligibility (1988).

Committees: Bid, Employee Discipline, and Management

#### **Atty. Roberto S. Santos (Filipino, 76 years old)**

Atty. Roberto S. Santos is the Corporate Secretary and Head of the Legal Services Group and holds the position of Vice President.

In his over 35 years of experience in banking and finance, he was a Manager at Traders Royal Bank since 1980, held various executive positions with Security Bank from 1982 to 1999, General Manager of Security Finance Corporation from 1997 to 2001, and was the Head of the Legal Department of Metrobank Card Corporation from 2002 to 2004. Atty. Santos later joined PBB as Assistant Vice-President in 2008. He attended various seminars on Anti-Money Laundering, Corporate Governance, update on relevant tax laws, corporate rehabilitation, PSE and SEC regulations, Letters of Credit transactions, credit and collections, and other pertinent banking laws

and regulations.

Atty. Santos received his law degree from the University of the East and is a graduate of Bachelor of Arts from the same university.

Committee(s): Anti-Money Laundering, Management, and Remedial and Special Assets Management

**Judith C. Songlingco (Filipino, 54 years old)**

Ms. Judith Songlingco is PBB's Head of Corporate Communications and Corporate Affairs, acting as the link of the company to the external stakeholders, she has worked across sectors in communication including advertising, corporate communications, marketing communications, public relations, events, and business development. With over 25 years of a wealth of experience and creative mind, she puts her imprint on the Bank's communications and events. She joined PBB in 2011 with a rank of Assistant Vice President.

Ms. Songlingco began her career with Far East Bank & Trust Co. in December 1992 as a credit analyst under the Retail Banking Group before moving to the Branch Banking Group as a marketing trader. She later pursued her career in the academe where she taught sophomore, junior and senior college students Marketing Management, Product Development and Advertising & Promotions subjects at the De La Salle University –Dasmarias, where she also was appointed the Junior Marketing Association (JMA) coordinator of the university. In 1999, she shifted back to the banking industry as a Product Development Officer at Maybank Phil. Inc. under the Consumer Banking Division developing the deposit and loan products, promotional campaigns and was tasked to handle the Customer Service Department and the Consumer Sales Department as a lecturer and speaker. She joined East West Bank in 2004 as the Head of Marketing where she handled product development, had the opportunity to launch promotional campaigns, host events and implement advertising and promotions. In 2008, she moved to Robinsons Bank as the Marketing Support Services Group Head. Ms. Songlingco managed communications for the bank, including public relations, speech writing, advertising and promotions. She also handled corporate events and new product development and enhancement.

Prior to joining PBB, she was the Marketing Head of the University Physicians Medical Center - a private multispecialty outpatient diagnostic and surgical center situated within the University of the Philippines Manila – Philippine General Hospital (UPM-PGH). She has created and implemented various PR campaigns, planned events with high-level government officials and directed media logistics for a national conference. She also headed the Customer Service Department of UPMC and handled media relations.

Ms. Songlingco is an active Bank Marketing Association of the Philippines (BMAP) member. This is her third term as a BMAP Director and is the association's Auditor. She was elected Director of Membership in 2019 and Director for Programs and Ways and Means in 2018.

She obtained her Bachelor of Science in Commerce major in Marketing Management degree from St. Scholastica's College and holds a Master's Degree in Business Administration - Dean's List Inclusion, from the De La Salle University.

Committee(s): Management

**Rosemarie T. Due (Filipino, 51 years old)**

In June 2025, Ms. Rosemarie T. Due assumed the crucial position of Head of the Branch Operations and Control Group at PBB, earning the esteemed rank of Assistant Vice President.

With a rich tapestry of over thirty years in the banking sector, Ms. Due's journey began in 1995 at Rizal Commercial Banking Corporation (RCBC), where she swiftly distinguished herself as a committed and passionate professional.

Her remarkable performance led to her promotion to Operations Manager in 2010, a role through which she showcased her exceptional leadership skills and deep industry knowledge. Throughout her nearly three-decade tenure at RCBC, Ms. Due consistently garnered outstanding audit ratings, a testament to her unwavering dedication to operational efficiency, strict regulatory compliance, and effective fraud prevention measures. Her strategic initiatives not only refined the bank's operational framework but also introduced significant cost-saving measures that positively impacted its financial well-being.

Ms. Due is equipped with a bachelor's degree in Computer Engineering from Adamson University, a foundation that has significantly enhanced her analytical prowess and technical expertise throughout her distinguished career. With an eye for innovation and a commitment to excellence, she continues to drive meaningful change in the banking industry.

Committee(s): Asset Management and Liability, Corporate Governance, and Audit Com

**Vanessa A. Chua (Filipino, 40 years old)**

Ms. Vanessa A. Chua was appointed Officer-in-Charge (OIC) as Head of the Corporate Banking Group (Makati and Caloocan desks) in 2024, holding the rank of Assistant Vice President.

She has extensive experience handling large corporate banking transactions, project loans, developmental loans, and loan syndication transactions. She started her career in banking in 2006 as a New Accounts Sales Representative at Allied Banking Corp., and was promoted to Marketing Assistant in 2009.

In 2013, Ms. Chua began her career at PBB as a Relationship Manager with the level of Junior Assistant Manager. She received two promotions in 2017: first to Senior Assistant Manager in January, and then to Manager in October. In 2020, she was promoted to Senior Manager, and in 2022, she advanced to Assistant Vice President.

Ms. Chua earned a Bachelor of Science in Commerce, major in Financial Managerial Accounting, from San Sebastian College – Recoletos in Manila.

Committee(s): Asset and Liability Management and Management

**Camela S. Villanueva (Filipino, 54 years old)**

Ms. Camela S. Villanueva began her professional journey at PBB in December 2021, where she served as Deputy Head within the Operations and Control Group. Her tenure in this role spanned until January 2024, during which she played a key role in strengthening internal controls and

ensuring adherence to regulatory standards. In February 2025, Ms. Villanueva rejoined PBB as Head of the Operations and Control Group, with the rank of Assistant Vice President, taking on broader leadership responsibilities. She was promoted to Senior Assistant Vice President in September 2025 in recognition of her contributions.

Before her roles at PBB, Ms. Villanueva built a solid foundation in banking and finance. She began her career in 1992 as a senior audit staff member at SGV & Co., one of the leading professional services firms in the Philippines. In 1995, she joined Bangkok Bank, Manila Branch, as Operations Manager, where she oversaw daily banking operations. In 1998, Ms. Villanueva joined Chinatrust Bank as Internal Audit Manager, was promoted to Senior Manager, and subsequently transitioned to Treasury Operations, where she applied her audit expertise to enhance controls and support operational risk management.

From 2007 to 2010, Ms. Villanueva served as the Assistant Vice President in the Operations Department of Mizuho Bank, Manila Branch, where she oversaw core banking operations and implemented improvements that reduced errors and enhanced service quality.

In addition to her banking experience, she has gained cross-industry exposure in logistics, importation, distribution, retail, and fintech. She has also been involved in investment-related due diligence and business process reviews.

Ms. Villanueva is a Certified Public Accountant, having earned her certification in 1992. She holds a Bachelor's degree in Commerce with a major in Accounting from De La Salle University. Her extensive experience and proven leadership in operations and financial management have established her as a highly respected professional in the industry.

Committee(s): Employee Discipline, IT Steering, Bid

### **Rolando G. Alvendia (Filipino, 61 years old)**

Mr. Rolando Alvendia serves as the Chief Accountant and Head of the General Accounting Center at PBB, holding the title of First Vice President.

With over three decades of experience in the banking sector, Mr. Alvendia commenced his career at United Coconut Planters Bank, where he served as an Accounting Supervisor from 1986 until 1995. He subsequently worked as an Administrative Assistant at International Exchange Bank from 1995 to 1998. In 1998, he began his tenure at PBB's General Accounting Center and progressed from the position of Assistant Manager to Vice President.

In his current role, Mr. Alvendia is responsible for ensuring the financial integrity of PBB. His responsibilities encompass traditional accounting oversight as well as regulatory compliance, ensuring adherence to banking laws, financial regulations, and accounting standards.

Mr. Alvendia is a graduate of the Bachelor of Accountancy program at the Polytechnic University of the Philippines and is a Certified Public Accountant.

Committee(s): Corporate Governance, Related Party Transaction, and Audit Committee

### **Identify Significant Employees**

Although PBB has relied on and will continue to rely on the individual and collective contributions of each of its executive officers, senior operational personnel and non-executive employees, PBB believes that it does not depend on the services of a particular employee and that there is no

employee that the resignation or loss of whom would have a material adverse impact on its business.

### Family Relationships

Ambassador Alfredo M. Yao and Leticia M. Yao are siblings.

Jeffrey S. Yao is the son of Ambassador Alfredo M. Yao.

Liza Jane T. Yao and Jeffrey S. Yao are spouses.

Other than the foregoing, there are no family relationships either by consanguinity or affinity up to the fourth civil degree among directors, executive officers, and nominees for election as directors.

### Involvement in Certain Legal Proceedings

None of the directors, nominees for election as director, executive officers or control persons of the Bank have been involved in any legal proceedings during the past five (5) years, including without limitation being the subject of any:

1. Bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time;
2. Conviction by a final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Order, judgment or decree not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities commodities or banking activities; and
4. Order or judgment of a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization finding him/her to have violated a securities or commodities law or regulation.

### Item 10. Executive Compensation

The following table sets forth the aggregate compensation received by its key management officers:

In ₱ millions		Aggregate Compensation Paid as a Group		
NAME	POSITION	2023	2024	2025

CEO and the four (4) most highly compensated officers (for the year 2024) of the Bank namely:  Rolando R. Avante Joseph Edwin S. Cabalde Arlon B. Reyes  Benley B. Uy Candy R. Salud	Vice Chairman / President & CEO EVP - Treasurer EVP - Head of Commercial Banking Group FVP - Head of Information Technology Group SVP- Head of Financial Sales & Distribution Center	37.34	35.55	35.00
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Total Aggregate Compensation of Directors and Officers of the Bank as a group:	Salary	Other Compensation	Bonus	Total
2023	578.24	37.4	129.5	745.14
2024	609.80	42.21	135.67	787.68
<b>2025</b>	<b>649.30</b>	<b>44.58</b>	<b>145</b>	<b>838.88</b>

### Compensation of Directors

Each director of the Bank receives a per diem allowance of ₱40,000.00 determined by the Board of Directors for attendance in a Board meeting and a ₱10,000.00 allowance for attendance in a committee meeting. The Directors are also entitled to a monthly gasoline allowance of ₱5,000.00. Except as disclosed above, none of these Directors receive any additional compensation for any special assignments.

Except for each of the individual Directors' participation in the Board, no Director of the Bank enjoys other arrangements such as consulting contracts or similar arrangements.

### Employment Contracts and Termination of Employment and Change-in-Control Arrangements.

PBB has executed pro-forma employment contracts with its staff and officers. These contracts basically specify the scope of services expected from these individuals and the compensation that they shall receive.

There are no arrangements for compensation to be received by these named executive officers from the Bank in the event of a change in control of the Bank.

### Item 11. Security Ownership of Certain Beneficial Owners and Management

#### Security Ownership of Certain Record and Beneficial Owners

The following persons own at least five per cent (5%) of the Bank's outstanding common shares as of December 31, 2025:

Title of Class	Name, Address of	Name of	Citizenship	No. of	Per cent
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	Record Owners and relationship with the issuer	Beneficial Owner and relationship with record owner		shares held	of class
Common	Alfredo M. Yao 84 Dapitan St. corner Banawe St. Sta. Mesa Heights, Quezon City Stockholder	The record owner is the beneficial owner of the shares indicated	Filipino	295,641,381	36.10%
Common	Zest-O Corporation 574 EDSA Caloocan City Stockholder	The record owner is the beneficial owner of the shares indicated	Filipino	222,262,822	27.15%
Total Common Shares				517,904,203	63.25%

On November 16, 2012, the SEC approved PBB's application for the amendment of its articles of incorporation to increase its authorized capital stock from ₱3.0 billion to ₱10.0 billion and for a decrease in par value from ₱100.0 to ₱10.0.

On April 20, 2022, the Board of Directors approved the increase of PBB's authorized capital stock to ₱15.0 billion from ₱10.0 billion, approved by the BSP on November 28, 2022 and the SEC on January 19, 2023. PBB is increasing its authorized capital stock with the intention of raising capital via stock rights offering which will greatly expand the Bank's capability to develop more businesses and harness opportunities in the financial services space. The increase will enable PBB to meet the growing demands of the banking business.

In support of the increase in authorized capital stock, the principal shareholders of PBB subscribed to ₱1.25 billion of common stock, equivalent to 25% of the ₱5.0 billion increase in authorized capital stock. On January 10, 2023, the principal shareholders fully paid the balance of their subscription in the increase in authorized capital stock. PBB also raised ₱500.00 million, priced at ₱10.00, from its stock rights offering; the SRO shares were listed on the PSE on March 31, 2023. The private placement and the stock rights offer collectively resulted in a capital raise of ₱1.75 billion.

### Security Ownership of Management

The following directors and executive officers of the Company own Company's issued and outstanding common stock as of December 31, 2025 as follows:

Name of Director	Nationality	Present Position	No. of Shares	Class
Jeffrey S. Yao	Filipino	Chairman	8,304,538	Common
Rolando R. Avante	Filipino	Vice Chairman and President / CEO	6,198,222	Common
Honorio O. Reyes-Lao	Filipino	Director	254,998	Common

Leticia M. Yao	Filipino	Director	4,847,505	Common
Roberto A. Atendido	Filipino	Director	18,750	Common
Benjamin R. Sta. Catalina	Filipino	Independent Director	56,359	Common
Narciso D.L. Eraña	Filipino	Independent Director	100	Common
Atty. Roberto C. Uyquiengco	Filipino	Independent Director	1,000	Common
Asterio L. Favis, Jr.	Filipino	Independent Director	100	Common
Benel D. Laguna	Filipino	Independent Director	5,100	Common
Diosdado M. Peralta	Filipino	Independent Director	63,121	Common
Rolando G. Alvendia	Filipino	General Accounting Center Head	251,352	Common
Miami V. Torres	Filipino	Credit Management Group Head	7,500	Common
Judith C. Songlingco	Filipino	Corporate Affairs Head	2,000	Common
Joseph Edwin S. Cabalde	Filipino	Treasurer	14	Common
Atty. Roberto Santos	Filipino	Corporate Secretary	71,625	Common
Joseph Jeeben R. Segui	Filipino	Corporate Planning Group Head	100,000	Common

The aggregate shareholdings of the Bank's Directors and Officers as a group is 2.46% with a total of 20,182,284 number of shares.

#### **Voting Trust Holders of 5% Or More**

The Bank is unaware of any person holding more than five per cent (5%) of shares under a voting trust or similar agreement.

#### **Changes in Control**

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

#### **Item 12. Certain Relationships and Related Transactions**

The Bank's related parties include entities under common ownership, key management and others as described below.

	2024		2025	
	Transaction	Balance	Transaction	Balance
<b>Key management personnel</b>				
Compensation	204,492,348	-	<b>214,421,310</b>	-
Deposit liabilities	(19,159,023)	32,137,546	<b>1,465,304</b>	<b>33,602,850</b>
Loans	(790,498)	50,158,509	<b>2,200,872</b>	<b>52,359,381</b>
Interest expense	1,120,021	-	<b>1,147,449</b>	-
Interest income	-	-	-	-
<b>Other related parties:</b>				
Deposit liabilities	1,436,234,668	1,543,748,425	<b>(308,487,781)</b>	<b>1,235,260,644</b>

Loans	722,434,223	-	<b>(35,688,583)</b>	-
Interest expense	24,020,317	218,958,614	<b>18,283,526</b>	<b>183,270,032</b>
Interest income	4,019,239	-	<b>2,846,963</b>	-
<b>Retirement Fund</b>				
Contribution	46,743,054	-	<b>50,853,669</b>	-
Plan Assets	36,191,672	365,111,519	<b>39,675,977</b>	<b>410,287,496</b>

*i. DOSRI Deposits*

The total balance of DOSRI deposits is inclusive of the corresponding related accrued interest included in the financial statements as of December 31, 2024 and 2025.

Deposit liabilities transactions with related parties have similar terms with other counterparties (see Note 16).

*ii. DOSRI Loans*

The Bank has loan transactions with its officers and employees. Under existing policies of the Bank, these loans are made substantially on the same terms as loans to other individuals and businesses of comparable risks.

The General Banking Act of the BSP provides that in aggregate, loans to DOSRI generally should not exceed the Bank's total equity or 15% of the Bank's total loan portfolio, whichever is lower. In addition, the amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of their deposits and the book value of their investments in the Bank. However, non-risk loans are excluded in both individual and aggregate ceiling computation. As of December 31, 2023 and 2022, the Bank has satisfactorily complied with the BSP requirement on DOSRI limits.

The following table shows the other information relating to the loans, other credit accommodations and guarantees granted to DOSRI as of December 31 in accordance with BSP reporting guidelines:

	December 31, 2024	December 31, 2025
Total outstanding DOSRI loans	₱ 706,125	₱ 886,629
% of loans to total loan portfolio	0.53%	0.67%
% of unsecured loans to total DOSRI/related party loans	6.60%	5.61%
% of past due loans to total DOSRI/related party loans	0.0%	0.3%
% of non-performing loans to total DOSRI/related party loans	0.0%	0.0%

The Bank leases the following properties from affiliated parties:

<b>Property</b>	<b>Owner</b>
Banawe Branch	Solmac Marketing Inc.
Edsa-Calookan	Solmac Marketing Inc.
Quintin Paredes	Downtown Realty Investment Corporation
Grace Park	SMI Development Corporation
Z-Square Mall (5 <sup>th</sup> Floor Roof Deck)	SMI Development Corporation
Makati	AMY Leasing Company
Taguig City Branch-Lite Unit	SMI Development Corporation
Z-Square Mall (Del Monte Branch ATM Off-site)	SMI Development Corporation

**iii. Transactions with Retirement Fund**

The retirement fund neither provides any guarantee or surety for any obligation of the Bank nor its investments by any restrictions or liens.

**iv. Key Management Personnel Compensation**

Salaries and short-term benefits received by key management personnel are summarized below.

	2023	2024	2025
Short-term benefits	₱ 196,702,715	₱ 190,173,730	₱ 200,050,585
Post-employment benefits	4,454,508	14,318,618	14,370,725
Total	₱ 200,030,540	₱ 204,492,348	₱ 214,421,310

The composition of the Bank's short-term benefits are as follows:

	2023	2024	2025
Salaries and wages	₱ 152,489,625	₱ 145,218,961	₱ 152,681,543
Bonuses	36,617,816	35,075,101	37,375,161
Social security costs	3,761,083	4,409,090	5,470,842
Other short-term benefits	3,834,191	5,470,578	4,523,039
Total	₱ 196,702,715	₱ 190,173,730	₱ 200,050,585

**PART IV – CORPORATE GOVERNANCE**

**Item 13. Corporate Governance**

The Board of Directors, management, staff, and shareholders of Philippine Business Bank believe that corporate governance is an indispensable component of what constitutes sound strategic business management and commit to the best practices contained in the Board-approved Manual on Corporate Governance, which institutionalizes the principles of good corporate governance in the entire organization. The Bank's Manual on Corporate Governance has been amended in

December 2025 to reflect updated regulatory requirements.

PBB is committed to conform to the highest standards of ethics and corporate governance and to comply with all governing laws, rules, and regulations and with established corporate policies and procedures, thereby maintaining excellence in all aspects of its operations.

The Bank, as a publicly listed institution, is being regulated and supervised by the Bangko Sentral ng Pilipinas and Securities and Exchange Commission. Hence, activities of the Bank are subject to the following relevant laws and regulations, including but not limited to: General Banking Law of 2000 (RA No.8791), Manual of Regulations for Banks, Revised Corporation Code of the Philippines, and Anti-Money Laundering Law, rules and regulations.

The Bank, as an Operator of Payment System (OPS), also adheres to the BSP Corporate Governance Framework for OPS. Further, the Bank also adheres to the Sustainability Finance Framework implemented by SEC and BSP. Details of which are shown separately in the Sustainability Report of the Bank.

As a testament to the Bank's success in its untiring quest to institutionalize good corporate governance practices, it was awarded two (2) **Golden Arrow Awards** at the Institute of Corporate Directors' (ICD) ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Awards 2025.

Responsibilities of the Bank's Board of Directors:

- Define the Bank's corporate culture and values
- Responsible for approving the Bank's objectives and strategies and in overseeing management's implementation thereof
- Responsible for the appointment/selection of key members of senior management and heads of control functions and for the approval of a sound remuneration and other incentives policy for personnel
- Responsible for approving and overseeing implementation of the Bank's corporate governance framework and risk governance framework

*Major role and contribution of the Chairman of the Board*

The Chairman of the Board shall provide leadership and ensure effective functioning of the Board of Directors, including maintaining a relationship of trust with the members. He shall:

1. Ensure that the meeting agenda focuses on strategic matters, including discussion on risk appetites and key governance concerns;
2. Ensure a sound decision-making process;
3. Encourage and promote critical discussion;
4. Ensure that views can be expressed and discussed within the decision-making process;
5. Ensure that members of the Board of Directors receive accurate, timely, and relevant information;
6. Ensure the conduct of proper orientation for first-time directors and provide training opportunities for all directors; and
7. Ensure the conduct of performance evaluation of the board of directors at least once a year.

In 2025, the Board convened 12 times, with an overall attendance rate of 89%. The attendance of

each director in Board and Committee meetings is as follows:

Name of Directors	Board Committee	
	Attended	%
Jeffrey S. Yao (Chairperson)	11	92%
Rolando R. Avante	12	100%
Dr. Leticia M. Yao	7	58%
Honorio O. Reyes-Lao	10	83%
Roberto A. Atendido	12	100%
Benjamin R. Sta. Catalina, Jr.	11	92%
Narciso DL. Eraña	9	75%
Roberto C. Uyquiengco	10	83%
Benel D. Laguna	12	100%
Asterio L. Favis, Jr.	12	100%
Diosdado M. Peralta	12	100%
Total number of meetings held during the year 2025	12	89%

Name of Directors	Executive Committee	
	Attended	%
Jeffrey S. Yao (Chairperson)	12	100%
Rolando R. Avante	11	92%
Honorio O. Reyes-Lao	6	50%
Benjamin R. Sta. Catalina, Jr.	1	8%
Roberto A. Atendido	6	50%
Narciso DL. Eraña	10	80%
Roberto C. Uyquiengco	9	75%
Asterio L. Favis, Jr.	11	83%
Benel D. Laguna	11	92%
Total number of meetings held during the year 2025	12	70%

Name of Directors	Corporate Governance	
	Attended	%
Roberto C. Uyquiengco (Chairperson)	12	100%
Roberto A. Atendido	12	100%
Narciso DL. Eraña	11	92%
Benel D. Laguna	12	100%
Diosdado M. Peralta	11	92%
Total number of meetings held during the year 2025	12	97%

Name of Directors	Related Party Transactions	
	Attended	%
Narciso DL. Eraña (Chairperson)	11	92%
Benjamin R. Sta. Catalina, Jr.	11	92%
Benel D. Laguna	12	100%

Asterio L. Favis, Jr.	12	100%
Diosdado M. Peralta	11	92%
Total number of meetings held during the year 2025	12	95%

Name of Directors	Risk Oversight Committee	
	Attended	%
Asterio L. Favis, Jr. (Chairperson)	12	100%
Roberto C. Uyquiengco	12	100%
Benel D. Laguna	12	100%
Roberto A. Atendido	11	92%
Honorio O. Reyes-Lao	12	100%
Benjamin R. Sta. Catalina, Jr.	11	92%
Narciso DL. Eraña	10	83%
Total number of meetings held during the year 2025	12	95%

Name of Directors	Audit Committee	
	Attended	%
Benel D. Laguna (Chairperson)	13	100%
Roberto C. Uyquiengco	11	85%
Asterio L. Favis, Jr.	13	100%
Honorio O. Reyes-Lao	13	100%
Benjamin R. Sta. Catalina, Jr.	11	85%
Total number of meetings held during the year 2025	13	94%

Name of Directors	Trust Committee	
	Attended	%
Roberto A. Atendido (Chairperson)	5	83%
Rolando R. Avante	6	100%
Narciso DL. Eraña	6	100%
Dr. Leticia M. Yao	5	83%
Trust Officers		
Arturo I. Lipio, Jr. <sup>1</sup>	2	33%
Amalia Q. Belarmino <sup>2</sup>	3	50%
Total number of meetings held during the year 2025	6	75%

#### *Non-Executive Directors' Meeting*

PBB also held a Non-Executive Directors' Meeting on December 19, 2025 with Punongbayan and Araullo.

*Review process by the Board to Ensure Effectiveness and Adequacy of Internal Control System.*

<sup>1</sup> Served as Trust Officer during the January and March Trust Committee Meetings

<sup>2</sup> Served as Trust Officer during the July, September, and November Trust Committee Meetings

To ensure that the Board is properly and timely apprised of all material corporate governance concerns as well as matters requiring immediate Board action, a review process was adopted to ensure effectiveness and adequacy of internal control system.

The oversight/control units of the Bank, namely: Internal Audit, Compliance Center and Enterprise Risk Management Group held (12) twelve monthly reporting discussions and meetings with their respective board level committees to discuss relevant and pressing control issues. The respective committees then had free and unhampered discussions on effectiveness and adequacy of the bank's internal control system. These matters were raised by the Committee Chairmen to the Board for information and immediate action.

In addition, the Chairman of the Corporate Governance Committee held a separate meeting with the Bank's management to discuss items which need immediate action as well as issues that may pose significant corporate governance concerns in the future.

#### *Related Party Transactions*

The Board of Directors has the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of depositors, creditors, and other stakeholders. The Board is responsible for approving all material RPTs, those that cross material threshold, and write-off of material exposures to related parties, and submits these for confirmation by majority vote of the stockholder in the annual stockholders' meeting. Any renewal or material changes in the terms and conditions of RPTs shall be approved by the Board of Directors. The Board of Directors delegated to appropriate management committee the approval of RPTs that are below the materiality threshold, subject to confirmation by the Board of Directors. This excludes DOSRI transactions, which are required to be approved by the Board.

The Board of Directors constituted an RPT Committee which shall:

1. Evaluate on an on-going basis the existing relationship between and among businesses and counterparties to ensure that all related parties are continuously identified, monitored, and subsequent relationships with counterparties are captured;
2. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Bank are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions;
3. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Bank's RPT exposures and policies on conflict of interest or potential conflict of interest;
4. Report to the Board of Directors on a regular basis the status and aggregate exposure to each related party;
5. Ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review; and

6. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting the RPTs including the periodic review of RPT policies and procedures.

The senior management shall implement appropriate controls to effectively manage and monitor RPTs.

PBB's RPT shall be allowed provided that these comply with applicable regulatory/internal limits/requirements and dealings are conducted on an arm's length basis. Said transactions shall only be made and entered into substantially on terms and conditions not less favorable than those with other customers of comparable risks.

RPTs shall not require the approval of the Board of Directors, except on the following:

1. Transactions with DOSRI which presently require prior approval from the BOD under existing policy of the Bank and in accordance with the MORB; and
2. RPTs that exceed the material threshold amounts, as approved by the Board.

Approval of the RPT with non-DOSRI and those that do not exceed the material threshold amounts shall be in accordance with the revised policy on levels of signing authority, as approved by the Board. All RPTs that cross the threshold amounts shall be considered as material RPTs and shall be subject to pre-board approval evaluation by the RPT Committee before the same are endorsed to the Board for approval. All approved RPTs shall be reported by the booking/contracting units to the Operations and Control Group (OCG) upon approval of the transaction/signing and notarization of the contract for MIS disclosure and regulatory reporting purposes.

If an actual or potential conflict of interest arises on the part of the director, officer or employee, he is mandated to fully and immediately disclose the same and should not participate in the decision-making process related to the transactions. Any member of the Board who has an interest in the transaction under evaluation shall not participate therein and shall abstain from voting on the approval of transaction.

Transactions that were entered into with unrelated party that subsequently becomes a related party may be excluded from the limits and approval process required in the policy. However, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a related party shall subject the RPT to the requirements of the RPT Policy.

To ensure that RPTs are done at arm's length, all transactions with related parties shall undergo the normal/regular transaction processing and approval. Interest on loans and other credit accommodations and deposit/deposit substitute shall be consistent with the price discovery mechanism/standards of the bank as posted in its website. Other economic terms of RPTs shall likewise be based on existing policy of the bank. All RPTs with deviation shall be subject to evaluation and endorsement by the RPT Committee to the Board of Directors for approval, regardless of amount, and shall be supported by written justifications. Price discovery mechanism for ROPA and selection of service providers and supplier are also provided for in the RPT Policy of the Bank.

Materiality thresholds for each type of transactions with each related party or group of related parties are specified in the RPT Policy. Internal limits for individual and aggregate exposures are

also defined in the RPT Policy to ensure that RPTs are within prudent levels.

As a publicly listed company that is regulated by the Securities and Exchange Commission, the Bank also adheres and complies with SEC rules and regulations for related party transactions such as but not limited to SEC Memorandum Circular No. 010 Series of 2019 (Rules on Material Related Party Transactions).

The Bank's RPT Policy Manual has been amended in July 2024 to enhance governance policies.

#### *Self-Assessment Function*

The control environment of the Bank consists of:

- a. Board of Directors - ensures that PBB is properly and effectively managed and supervised;
- b. Management - manages and operates the Bank in a sound and prudent manner;
- c. Organizational and procedural controls supported by effective management information and risk management reporting system; and
- d. An independent audit mechanism to monitor the adequacy and effectiveness of the Bank's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations, and contracts.

#### *Annual Performance Assessment*

The Bank maintains a structured and comprehensive evaluation system to assess the effectiveness of its Board of Directors, Board Committees, Key Officers, and individual directors. In line with its commitment to continuously enhance governance standards and as disclosed in the previous reporting period, the Bank engaged an independent external evaluator in 2025 to conduct a third-party Board performance assessment.

The Good Governance Advocates and Practitioners of the Philippines (GGAPP) was formally engaged to facilitate the 2024 Annual Board Evaluation, the results of which were finalized and submitted in June 2025

The engagement covered:

- Collective Board Assessment
- Board Committee Assessment
- Individual Director Self-Rating
- Key Officer Ratings

The evaluation utilized a structured methodology combining scaled (Likert) ratings and qualitative commentary. The accomplished evaluation forms were analyzed independently by GGAPP to ensure objectivity, confidentiality, and adherence to prevailing corporate governance best practices.

#### **Key Results of the Independent Evaluation**

1. The evaluation confirmed that the Board is composed of qualified and experienced directors who contribute relevant knowledge, independent judgment, and diverse perspectives. The Board demonstrated strong performance in governance oversight, strategy discussions, risk

management, and regulatory compliance. Meeting frequency, agenda management, and directors' participation received high ratings, reflecting an effective and engaged Board.

2. Board Committees were assessed as appropriately structured and aligned with their respective mandates. Committee charters are publicly available and periodically reviewed. The evaluation noted that committees meet regularly and provide sufficient reporting to the Board. Overall committee effectiveness received consistently high ratings.
3. Directors rated themselves highly in terms of independence, participation, fiduciary duty, expertise, and integrity. The evaluation confirmed that directors actively contribute to discussions and exercise objective judgment consistent with their fiduciary responsibilities.
4. The Chairman of the Board, President/Chief Executive Officer, Chief Compliance Officer, Chief Risk Officer, and Chief Audit Executive received strong ratings for leadership, governance stewardship, risk oversight, compliance management, and internal control effectiveness.

### **Recommendations and Continuous Improvement**

While the overall results reflect a high level of governance effectiveness, the external evaluator provided forward-looking recommendations to further strengthen governance practices, including:

- Enhancing board diversity initiatives and succession planning mechanisms;
- Formalizing or strengthening a Board-specific Code of Ethics;
- Expanding structured continuing education programs for directors and committee members;
- Enhancing director onboarding processes; and
- Increasing public disclosures relating to board and committee meetings.

The Corporate Governance Committee reviewed the findings and recommendations and presented the results to the Board of Directors. The Board acknowledged the assessment outcomes and directed Management and the relevant committees to incorporate appropriate enhancements into the Bank's governance framework.

Through the engagement of an independent external evaluator, the Bank has strengthened the transparency, objectivity, and credibility of its performance assessment process. The Board remains committed to continuous improvement and to upholding the highest standards of corporate governance, consistent with regulatory requirements and global best practices.

#### *Corporate Measures*

The Bank is committed to maintaining and continuously improving its corporate governance framework. Key initiatives undertaken to reinforce governance integrity include:

#### *Annual Corporate Governance Training*

Directors undergo annual corporate governance training, equipping them with the latest industry best practices and regulatory updates. On September 12, 2025, training was conducted via videoconferencing by the Good Governance Advocates and Practitioners of the Philippines (GGAPP). The seminar covered the following topics: (1) Sustainability Risk Driven Strategy; (2)

Corporate Governance in a Digital Environment; and (3) Empowering Compliance Through AML/CTF Training Refresher and Updates.

#### *Board Diversity*

The Board is composed of directors from diverse professional backgrounds, ensuring well-rounded leadership. Among the 11 board members, five are independent directors, and one is a female director, reflecting the Bank's commitment to inclusivity.

#### *Independent Oversight and Risk Management*

To ensure robust oversight, most Board-level committees are chaired or significantly composed of Independent Directors. The Non-Executive Directors also convene regular meetings with the Heads of Compliance, Risk, and Audit, alongside external auditors, to discuss critical governance issues and ensure risk management strategies remain effective.

#### *Whistleblower Protection and Transparency*

A whistleblower policy is in place, publicly accessible via the Bank's website, fostering an open and accountable culture by allowing stakeholders to report unethical conduct.

#### *Deviations from the Manual of Corporate Governance*

In line with its commitment to upholding governance excellence, the Bank affirms that no known deviations from the Manual of Corporate Governance have been identified during the reporting period.

The Board of Directors continues to maintain strong attendance and active participation in meetings, ensuring that governance obligations are met in full.

Furthermore, no reported violations or sanctions have been imposed on any director or executive during the period under review.

#### *Plans to Improve Corporate Governance*

Recognizing that corporate governance is an evolving discipline, the Bank remains proactive in strengthening its governance framework. Future initiatives include:

#### *Engagement of an Independent External Evaluator*

To enhance the rigor of its Board performance assessment, the Bank will engage an independent external party to conduct an objective review of the Board's effectiveness and governance practices.

#### *Integration of ESG (Environmental, Social, and Governance) Principles*

Governance sustainability remains a key priority, with the Bank aligning its policies with global ESG standards to promote responsible banking and ethical business practices.

#### *Other Initiatives*

- Annual review of the Corporate Governance Manual, with expanded Board duties incorporated in 2024.
- Succession Plan, Approved and amended in 2024.
- HR & Compliance Training, Conducted bank-wide retooling sessions in 2024.

With a strong foundation in corporate governance, the Bank continues to enhance its governance practices, ensuring transparency, ethical leadership, and regulatory compliance. Through continuous evaluation, stakeholder engagement, and adherence to best practices, the Bank remains dedicated to fostering a governance culture that builds trust and long-term value for all stakeholders.

### *Consumer Protection Practices*

#### A. Board and Senior Management Oversight Function

##### a. Board of Directors

The Board shall be primarily responsible for approving and overseeing the implementation of policies governing major areas of the Bank's consumer protection program, including the mechanism to ensure compliance with the set policies.

The roles of the Board shall include the following:

- Approve the consumer protection policies;
- Approve risk assessment strategies relating to effective recourse by the consumer;
- Provide adequate resources devoted to consumer protection; and
- Review the applicable policies periodically.

##### b. Senior Management

The senior management shall be responsible for the proper implementation of the consumer protection policies and procedures duly approved by the Board. Also, its role shall focus on ensuring effective management of day-to-day consumer protection activities.

#### B. Consumer Protection Risk Management System

The Bank's Consumer Protection Risk Management System (CPRMS) shall form part of the Corporate-wide Risk Management System. It is a means to identify, measure, monitor and control consumer protection risks. Risk Management Strategies shall include appropriate management controls and reasonable steps to ensure that:

- it identifies and remedies any recurring or systematic problems; and
- identifies weaknesses in internal control procedures or process.

This may be done by:

- analyzing complaint/requests data;
- analyzing causes for complaints/requests;
- consideration whether such identified weaknesses may also affect other processes or products, including those not directly complained of/requested; and

- d. correcting whether reasonable to do so, such causes taking into consideration the concomitant costs and other resources.

C. Consumer Assistance Management System

The Consumer Assistance Management System (CAMS) is a mechanism that records all complaints filed by customers either through the BSP or directly to the concerned branch. The system also monitors the status of the complaints’ processing and resolution.

The general process of handling customer complaints is as follows:

- a. The client may lodge his/her complaint through any of the following means:
  - i. By personally visiting the concerned branch/head office unit (where he/she shall be asked to fill out the Customer Complaint Form [CCF]);
  - ii. Through telephone via the following contact numbers: or

Telephone Numbers	Available Time
Branch/H.O. unit	9:00 AM – 4:00 PM (Monday to Friday)
Consumer Protection Direct Line <ul style="list-style-type: none"> <li>• (02) 8363-4357</li> <li>• (02) 8244-9176</li> </ul> Domestic Toll Free Hotline <ul style="list-style-type: none"> <li>• 1-800-1-888-4357</li> </ul>	9:00 AM – 4:00 PM (Monday to Friday)
Card-related Concerns Hotline/PBB Helpdesk <ul style="list-style-type: none"> <li>• (02) 8363-3000</li> </ul> Domestic Toll Free Hotline <ul style="list-style-type: none"> <li>• 1-800-10-363-3000</li> </ul>	24 hrs. (Monday to Sunday)

- iii. Via e-mail at [consumerprotection@pbb.com.ph](mailto:consumerprotection@pbb.com.ph)
- iv. Scanning the QR Code posted in Philippine Business Bank website

- b. The concerned branch/HO Consumer Assistance Officer (CAO) shall validate the complaint received from the customer. If the complaint can be resolved immediately/upfront, he/she shall explain to the client the resolution of the complaint. If the complaint cannot be resolved immediately, he/she shall explain to the client the following timeline (which are reckoned from the date of receipt of the complaint):

	If the complaint is classified as “Simple”	If the complaint is classified as “Complex”
Acknowledgment	Within 2 days	Within 2 days
Processing and resolution (assess, investigate, and resolve)	Within 7 days	Within 45 days
Communication of resolution	Within 9 days	Within 47 days

The Consumer Assistance Officer (CAO) shall transmit the CCF to the Consumer Protection Unit via e-mail.

- c. The complaint shall pass through the Consumer Protection Officer (CPO) or the PBB Helpdesk (if the complaint is lodged via telephone), who shall acknowledge receipt of the same and shall obtain/record the details of the complaint in the CAMS. The CPO (or PBB Helpdesk) shall then assign the complaint to the concerned support group.
- d. The support group retrieves the complaint received through the CAMS or e-mail (whichever is applicable) and performs the necessary corrective actions based on the nature of the complaint. The resolution made on the complaint shall then be recorded accordingly in the CAMS or reply via e-mail (whichever is applicable).
- e. Once the complaint has been resolved by the Support Group, the CPO shall tag it as closed in the CAMS. The CPO (or the PBB Helpdesk) shall also be the one to generate and submit the Customer Complaint Summary Report monthly to the Consumer Protection Head.
- f. The Consumer Protection Head shall perform the following tasks:
  - i. Monitor and evaluate customer complaints handling process;
  - ii. Analyze the nature of the complaints and recommends solutions to avoid recurrence;
  - iii. Extract generated complaints report monthly except when it is urgently needed to be submitted to and reviewed by the HR Head;
  - iv. Recommend the resolution of the case or if needed to be elevated to proper authorities or needed to be taken up in the Committee on Employee Discipline (CED), if applicable;
  - v. Report to senior management on a quarterly basis the complaints received and the resolutions applied;
  - vi. Report periodically to the Board all complaints received within the period as stated; and
  - vii. Make recommendation and assessment on the cases filed to avoid recurrence in the future.
- g. To assess if the complaints have been resolved at the highest degree of satisfaction, the Bank also asks feedback through its Complaint Handling Feedback Form. This is sent via email to the concerned client after a complaint's resolution. In addition, and to ensure consistency in the level of service rendered after the complaint filing, the Bank monitors the implementation of the resolution after 30, 60, and 90 days through Service Recovery Strategy (SRS) Tracking System.

## **PART V - EXHIBITS AND SCHEDULES**

### **Item 14. Exhibits and Reports on SEC Form 17-C**

#### **(a) Exhibits**

Annex A..... Audited Financial Statements

#### **(b) Reports on SEC Form 17-C**

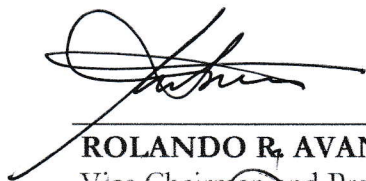
State whether any reports on SEC Form 17-C, as amended were filed during the last six-month period covered by this report, listing the items reported, any financial statements filed and the dates of such.

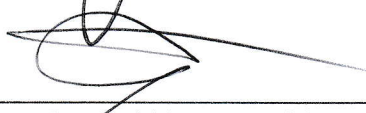
**SIGNATURES**

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Caloocan City on APR 08 2026

By:

  
\_\_\_\_\_  
**JEFFREY S. YAO**  
Chairman

  
\_\_\_\_\_  
**ROLANDO R. AVANTE**  
Vice Chairman and President/CEO

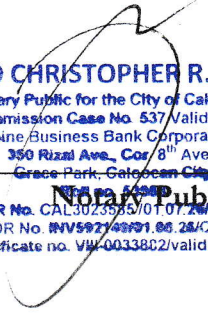
  
\_\_\_\_\_  
**ATTY. ROBERTO S. SANTOS**  
Corporate Secretary

  
\_\_\_\_\_  
**ROLANDO G. ALVENDIA**  
Chief Accountant

**SUBSCRIBED AND SWORN** to before me this APR 08 2026 day of \_\_\_\_\_ 20\_\_\_\_  
affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAMES	TIN NO.
JEFFREY S. YAO	121-076-085
ROLANDO R. AVANTE	106-968-623
ROLANDO G. ALVENDIA	107-182-307
ROBERTO S. SANTOS	123-467-623

Doc No. 121  
Page No. 26  
Book No. 5  
Series of 20 26

  
**NIÑO CHRISTOPHER R. PURA**  
Notary Public for the City of Caloocan  
Notarial Commission Case No. 537/Valid Until Dec 2026  
Philippine Business Bank Corporate Center  
350 Rizal Ave., Cor 8<sup>th</sup> Ave.,  
Grace Park, Caloocan City  
**Notary Public**  
PTR OR No. CAL3023555/01.07.20/Caloocan  
IBP OR No. INV592/43701.06.28/Calmana  
MCLE Certificate no. VM-0033802/valid until 04.14.28

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The management of **Philippine Business Bank, Inc.** (the Bank), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 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 Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative to do so.

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

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

Punongbayan & Araullo, the independent auditors appointed by the Board of Directors, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

---

**Jeffrey S. Yao**  
Chairman of the Board  
TIN#121-076-085

---

**Rolando R. Avante**  
Vice Chairman, President and CEO  
TIN#106-968-623

---

**Rolando G. Alvendia**  
First Vice President/Controller  
TIN#107-182-307

Signed 10<sup>th</sup> day of April, 2026

APR 10 2026

SUBSCRIBED and SWORN to me before this \_\_\_\_\_ day of \_\_\_\_\_, 2026 affiants exhibiting to me their Competent Evidence of Identity (CEI), as follows:

Doc. No. 170  
Page No. 35  
Book No. 5  
Series of 2026

**NIÑO CHRISTOPHER R. PURA**  
Notary Public for the City of Calocan  
Notarial Commission Case No. 837 Valid Until Dec 2026  
Philippine Business Bank Corporate Center  
308 Plaza Ave., Cor. 8<sup>th</sup> Ave.,  
Grace Park, Calocan City  
Roll no. 8388  
PTR OR No. CAL3023585/01/07/20 Calocan  
IBP OR No. 899821489/04/26/Calmana  
MCLE Certificate no. VM-0033602/valid until 04.14.28

FW: Your BIR AFS eSubmission uploads were received



Rolando G. Alvendia <rolando.alvendia@pbb.com.ph>  
To Johanna Erika Sian Chua

[Reply](#) [Reply All](#) [Forward](#) [...](#)

Tue 4/14/2026 4:06 PM

**From:** [eafs@bir.gov.ph](mailto:eafs@bir.gov.ph) <[eafs@bir.gov.ph](mailto:eafs@bir.gov.ph)>

**Sent:** Tuesday, 14 April 2026 4:03 pm

**To:** [EAFS@PBB.COM.PH](mailto:EAFS@PBB.COM.PH)

**Cc:** [ALVENDIA\\_RG@PBB.COM.PH](mailto:ALVENDIA_RG@PBB.COM.PH)

**Subject:** Your BIR AFS eSubmission uploads were received

Hi PHILIPPINE BUSINESS BANK INC,

**Valid files**

- EAFS005469606AFSTY122025.pdf
- EAFS005469606ITRTY122025.pdf
- EAFS005469606OTHTY122025.pdf
- EAFS005469606RPTY122025.pdf

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- <None>

Transaction Code: **AFS-0-QPVVWT3N0MW1WVTYQX2S3YST0CALE7KEH**

Submission Date/Time: **Apr 14, 2026 04:02 PM**

Company TIN: **005-469-606**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.



**P&A**  
**Grant Thornton**

**FOR SEC FILING**

Financial Statements and  
Independent Auditors' Report

**Philippine Business Bank, Inc., A Savings Bank**

December 31, 2025, 2024 and 2023

## Report of Independent Auditors

**The Board of Directors and Stockholders**  
**Philippine Business Bank, Inc., A Savings Bank**  
350 Rizal Avenue Extension corner 8<sup>th</sup> Avenue  
Grace Park, Caloocan City

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Philippine Business Bank, Inc., A Savings Bank (the Bank), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2025, and the notes to financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2025 and 2024, and its financial performance and its cash flows for each of the three years in the period 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 (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Philippines. We have also 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the key audit matters identified in our audit of the financial statements of the Bank:

#### **(a) Expected Credit Losses for Loans and other Receivables**

##### *Description of the Matter*

As at December 31, 2025, the Bank's expected credit losses (ECL) allowance for loans and receivables amounted to P7.3 billion while the carrying value of loans and other receivables amounted to P127.7 billion. We have determined that the Bank's ECL model is significant to our audit as this:

- requires significant management judgment on the interpretation and implementation of the requirements of PFRS 9, *Financial Instruments*, in assessing impairment losses based on an ECL model that involves segmenting credit risk exposures, defining when default occurs and what constitutes a significant increase in the credit risk (SICR) of different exposures;
- involves a high degree of estimation uncertainty related to management's use of various inputs and assumptions applied in the ECL model such as credit risk rating and flow rates of corporate and consumer loans, expected amount and timing of cash flows, including recovery of collaterals for defaulted accounts, and forward-looking macroeconomic information which may be affected by management's estimation bias; and,
- requires complex estimation process that entails implementation of internal controls and use of information system in ensuring the completeness and accuracy of data used in the ECL calculation and in the preparation of required disclosures in the financial statements.

In accordance with its policy, the Bank regularly conducts a review of its ECL model to validate the assumptions used for each parameter, and to determine accuracy and effectiveness of the ECL methodology in place. In 2025, the Bank implemented a counterparty-based rule where all loans and credit exposures granted to the same borrower are assessed at the counterparty level. Under this rule, the maximum impairment stage determined for any loan of a borrower is consistently applied to all other loans of the same borrower. This ensures that deterioration in the credit risk of a borrower is appropriately reflected across the borrower's entire exposure to the Bank.

The summary of material accounting policy information and the significant judgment, including estimation applied by management, such as those related to the credit risk assessment process of the Bank are disclosed in Notes 2, 3 and 4 to the financial statements. The other disclosures related to this matter are presented in Notes 11 and 26.

*How the Matter was Addressed in the Audit*

We obtained an understanding of the Bank's accounting policies and methodologies applied and we evaluated whether these: (a) are established and implemented consistent with the underlying principles of PFRS 9; (b) are appropriate in the context of the Bank's lending activities and asset portfolio that takes into consideration the different segments of credit exposures and the relevant regulatory framework; and, (c) are supported by pertinent processes and controls, including documentations of the accounting policies that capture in sufficient detail the judgment, including estimates, applied in the development of the ECL model.

With respect to the use of significant judgment, including those involving estimation of inputs and assumptions used in the ECL model, we performed the following:

- assessed the Bank's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics based on portfolio flow rates, and evaluated the appropriateness of the model applied for each loan portfolio;
- evaluated both the quantitative and qualitative criteria applied in the definition of default against historical analysis for each segment of the loan portfolio and in accordance with credit risk management practices, and tested the criteria in the determination of the SICR, including assignment of a loan or group of loans into different stages of impairment;
- tested loss given default LGD information across various types of loan by inspecting records of historical recoveries and relevant costs, including valuation and cash flows from collateral and write-offs, and further segmented the LGD depending on the stage of the loan and the type of collateral;
- reconciled and tested exposure at default for all outstanding loans against the relevant loan databases; and,
- assessed the appropriateness of the identification of forward-looking information (overlays) used in the ECL model and validated their reasonableness against publicly available information and our understanding of the Bank's loan portfolios and industry where it operates, including review of accuracy of application or formula used for ECL calculation and evaluation of management's selection of macroeconomic factors, scenarios and probability weightings.

As part of our audit of the ECL methodology, we tested the completeness and accuracy of the data used in the ECL model through reconciliation of loan data subjected to the ECL calculations, which were prepared by management outside its general ledger system, against the relevant financial reporting applications and other accounting records. Moreover, we tested the stratification of loan data that were disaggregated into various portfolio segments for purposes of ECL calculations. In connection with the Bank's 2025 enhancement to assess impairment staging at the counterparty level, we evaluated whether exposures continue to be measured and maintained at the individual promissory note (PN) level, while verifying that the maximum impairment stage determined for any exposure of the same borrower was consistently applied across all related PNs. Furthermore, we tested the mathematical formula and the computation applied in the calculation of the different inputs in the ECL model and the estimation of the credit losses for all loans and other receivables subjected to impairment assessment.

We also evaluated the completeness and appropriateness of the disclosures in the financial statements based on the requirements of the relevant financial reporting standards.

**(b) Assessment of Goodwill and Branch Licenses Impairment***Description of the Matter*

Under Philippine Accounting Standard 36, *Impairment of Assets*, the Bank is required to annually test the carrying amounts of its goodwill and branch licenses for impairment. As at December 31, 2025, goodwill amounted to P121.9 million, while the branch licenses amounted to P250.8 million. We identified this area as a key audit matter because the annual impairment test requires significant judgment and is based on assumptions, which are internally developed or projected by management. This includes identification of cash-generating units (CGUs) where the goodwill and branch licenses are allocated and the future cash flows of the identified CGUs, which are significantly affected by higher level of estimation uncertainty. The significant assumptions include the determination of the discount rate, growth rate and cash flow projections used in determining the value-in-use and the CGUs over which the goodwill and branch licenses were allocated. Management's significant assumptions include:

- the CGU will have sufficient financial resources to finance its working capital requirements to achieve its forecast and to support the business needs; and,
- the CGU's performance forecast for the next five years.

The Bank's accounting policy on impairment of and disclosures about goodwill and branch licenses are included in Notes 2 and 14, respectively, to the financial statements.

*How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of material misstatement relating to the goodwill and branch licenses included, among others, the following:

- evaluated the appropriateness and reasonableness of the methodology and assumptions used in determining the value-in-use of CGUs attributable to the branch licenses and goodwill, which include the discount rate, growth rate and the cash flow projections, by comparing them to external and historical data, with assistance from our Firm's valuation specialists;
- tested the calculation of valuation model for mathematical accuracy and validated the appropriateness and reliability of inputs and amounts used;
- compared the discount rate and long-term growth rate used against the industry and market outlook and other relevant consensus data; and,
- evaluated the adequacy of the financial statement disclosures relating to goodwill, branch licenses and impairment, including disclosure of key assumptions and judgments.

***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Bank's Securities and Exchange Commission (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 financial statements and our auditors' report thereon. The SEC Form 20-IS, 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 auditors' report.

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

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

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

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the years ended December 31, 2025 and 2024 required by the Bangko Sentral ng Pilipinas, and for the year ended December 31, 2025 required by the Bureau of Internal Revenue as disclosed in Notes 29 and 30 to the financial statements, respectively, are presented for purposes of additional analysis and are not required parts of the basic financial statements prepared in accordance with PFRS Accounting Standards; it is neither a required disclosure under the Revised Securities Regulations Code Rule 68. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the 2025 audit resulting in this independent auditors' report is Jonavell B. Santiago.

### PUNONGBAYAN & ARAULLO

By:   
Jonavell B. Santiago  
Partner

CPA Reg. No. 0154806  
TIN 443-050-313  
PTR No. 10770775, January 6, 2026, Makati City  
SEC Group A Accreditation  
Partner - No. 154806-SEC (until financial period 2029)  
Firm - No. 0002 (until financial period 2030)  
BIR AN 08-002551-049-2023 (until November 14, 2026)  
BOA/PRC Cert. of Reg. No. 0002/P-023 (until August 12, 2027)

April 10, 2026

**PHILIPPINE BUSINESS BANK, INC., A SAVINGS BANK**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2025 AND 2024**  
*(Amounts in Philippine Pesos)*

	Notes	2025	2024
<b><u>RESOURCES</u></b>			
CASH AND OTHER CASH ITEMS	9	P 1,423,301,148	P 1,177,794,637
DUE FROM BANGKO SENTRAL NG PILIPINAS	9	2,867,088,151	2,881,093,706
DUE FROM OTHER BANKS	9	5,758,453,680	4,056,453,936
TRADING AND INVESTMENT SECURITIES - Net	10		
At fair value through profit or loss		10,468,124,416	10,173,768,625
At fair value through other comprehensive income		12,779,371,965	14,326,399,293
At amortized cost - net		927,815,214	1,270,349,150
LOANS AND OTHER RECEIVABLES - Net	11	127,662,619,705	128,272,138,050
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	12	983,362,408	982,155,540
INVESTMENT PROPERTIES - Net	13	2,910,155,598	2,027,410,429
DEFERRED TAX ASSETS - Net	23	2,032,941,731	1,766,272,966
OTHER RESOURCES - Net	14	<u>1,049,419,696</u>	<u>1,057,829,169</u>
<b>TOTAL RESOURCES</b>		<b><u>P 168,862,653,712</u></b>	<b><u>P 167,991,665,501</u></b>
<b><u>LIABILITIES AND EQUITY</u></b>			
DEPOSIT LIABILITIES	15		
Demand		P 48,307,983,362	P 53,996,093,517
Savings		16,053,222,105	15,048,843,349
Time		<u>70,584,352,647</u>	<u>70,049,342,004</u>
		134,945,558,114	139,094,278,870
BILLS PAYABLE	16	8,000,000,000	4,562,500,000
ACCRUED EXPENSES AND OTHER LIABILITIES	17	<u>4,748,070,789</u>	<u>4,974,394,742</u>
Total Liabilities		<u>147,693,628,903</u>	<u>148,631,173,612</u>
EQUITY	19		
Capital stock		8,807,500,940	8,807,500,940
Additional paid-in capital		1,998,396,816	1,998,396,816
Surplus		11,172,386,025	9,684,114,497
Revaluation reserves		( 809,258,972 )	( 1,129,520,364 )
Total Equity		<u>21,169,024,809</u>	<u>19,360,491,889</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>P 168,862,653,712</u></b>	<b><u>P 167,991,665,501</u></b>

*See Notes to Financial Statements.*

**PHILIPPINE BUSINESS BANK, INC., A SAVINGS BANK**  
**STATEMENTS OF PROFIT OR LOSS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

	Notes	2025	2024	2023
<b>INTEREST INCOME</b>				
Loans and other receivables	11	<b>P 9,902,474,682</b>	P 9,252,636,712	P 8,161,932,274
Trading and investment securities	10	<b>1,335,693,932</b>	1,202,930,338	812,008,890
Due from Bangko Sentral ng Pilipinas and other banks	9	<b>201,463,830</b>	176,556,888	321,659,656
		<b><u>11,439,632,444</u></b>	<u>10,632,123,938</u>	<u>9,295,600,820</u>
<b>INTEREST EXPENSE</b>				
Deposit liabilities	15	<b>3,943,042,674</b>	3,646,924,317	2,739,792,966
Bills payable	16	<b>203,733,851</b>	283,600,733	108,993,662
Others - net	17, 21	<b>41,055,109</b>	37,136,199	25,420,466
		<b><u>4,187,831,634</u></b>	<u>3,967,661,249</u>	<u>2,874,207,094</u>
<b>NET INTEREST INCOME</b>		<b>7,251,800,810</b>	6,664,462,689	6,421,393,726
<b>IMPAIRMENT LOSSES - Net</b>	26	<b>1,029,476,042</b>	958,395,769	1,053,438,713
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES</b>		<b><u>6,222,324,768</u></b>	<u>5,706,066,920</u>	<u>5,367,955,013</u>
<b>OTHER INCOME</b>				
Service charges, fees and commissions	20	<b>508,303,049</b>	307,411,761	260,798,581
Trading gains - net	10	<b>83,993,312</b>	-	287,760,989
Miscellaneous - net	20	<b>407,779,888</b>	541,745,762	431,988,496
		<b><u>1,000,076,249</u></b>	<u>849,157,523</u>	<u>980,548,066</u>
<b>OTHER EXPENSES</b>				
Salaries and other employee benefits	21	<b>1,529,104,301</b>	1,345,186,350	1,359,006,364
Taxes and licenses		<b>1,071,452,878</b>	1,004,330,612	933,663,221
Depreciation and amortization	12, 13, 14	<b>438,655,246</b>	374,786,645	356,278,872
Insurance		<b>347,696,980</b>	315,863,791	289,856,031
Occupancy	17	<b>331,691,391</b>	308,400,315	263,276,118
Management and other professional fees	22	<b>282,539,039</b>	180,908,469	241,031,012
Representation and entertainment		<b>81,440,520</b>	65,042,602	61,859,614
Trading losses - net	10	<b>-</b>	87,575,241	-
Miscellaneous - net	20	<b>624,557,002</b>	477,033,485	504,180,233
		<b><u>4,707,137,357</u></b>	<u>4,159,127,510</u>	<u>4,009,151,465</u>
<b>PROFIT BEFORE TAX</b>		<b>2,515,263,660</b>	2,396,096,933	2,339,351,614
<b>TAX EXPENSE</b>	23	<b>618,954,590</b>	614,026,312	515,334,634
<b>NET PROFIT</b>		<b><u>P 1,896,309,070</u></b>	<u>P 1,782,070,621</u>	<u>P 1,824,016,980</u>
<b>EARNINGS PER SHARE</b>				
Basic and Diluted	27	<b><u>P 2.27</u></b>	<u>P 2.13</u>	<u>P 2.23</u>

*See Notes to Financial Statements.*

**PHILIPPINE BUSINESS BANK, INC., A SAVINGS BANK**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

	Notes	2025	2024	2023
<b>NET PROFIT</b>		<b>P 1,896,309,070</b>	<b>P 1,782,070,621</b>	<b>P 1,824,016,980</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<b>Item that will not be reclassified subsequently to profit or loss</b>				
Gain (loss) on remeasurements of post-employment defined benefit plan	21	1,541,218	( 6,715,998 )	( 39,540,266 )
Tax income (expense)	23	( 385,305 )	1,679,000	9,885,067
		1,155,913	( 5,036,998 )	( 29,655,199 )
<b>Items that will be reclassified subsequently to profit or loss</b>				
Fair value gains (losses) on investment securities at FVOCI during the year - net	10, 19	319,105,479	( 6,099,697 )	539,514,930
Expected credit losses for FVOCI securities	10, 19	-	( 16,867,787 )	( 6,074,143 )
Fair value gains reclassified to profit or loss during the year - net	10, 19	-	-	( 1,009,332 )
		319,105,479	( 22,967,484 )	532,431,455
<b>Total Other Comprehensive Income (Loss)</b>		<b>320,261,392</b>	<b>( 28,004,482 )</b>	<b>502,776,256</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>P 2,216,570,462</b>	<b>P 1,754,066,139</b>	<b>P 2,326,793,236</b>

*See Notes to Financial Statements.*

**PHILIPPINE BUSINESS BANK, INC., A SAVINGS BANK**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

	Capital Stock (see Note 19)			Additional Paid-in Capital (see Note 19)	Deposit on Future Stock Subscription (see Note 19)	Surplus (see Note 19)			Revaluation Reserves (see Note 19)			Total Equity
	Preferred Stock	Common Stock	Total			Appropriated	Unappropriated	Total	Fair Value Gains (Losses) on Investment		Total	
									Securities at FVOCI	Accumulated Actuarial Losses		
Balance as at January 1, 2025	P 620,000,000	P 8,187,500,940	P 8,807,500,940	P 1,998,396,816	P -	P 1,005,207,459	P 8,678,907,038	P 9,684,114,497	(P 1,026,549,237)	(P 102,971,127)	(P 1,129,520,364)	P 19,360,491,889
Cash dividends declared during the year	-	-	-	-	-	-	( 408,037,542)	( 408,037,542)	-	-	-	( 408,037,542)
Reversal of appropriation during the year	-	-	-	-	-	( 132,394,788)	132,394,788	-	-	-	-	-
Total comprehensive income during the year	-	-	-	-	-	-	1,896,309,070	1,896,309,070	319,105,479	1,155,913	320,261,392	2,216,570,462
<b>Balance as at December 31, 2025</b>	<b>P 620,000,000</b>	<b>P 8,187,500,940</b>	<b>P 8,807,500,940</b>	<b>P 1,998,396,816</b>	<b>P -</b>	<b>P 872,812,671</b>	<b>P 10,299,573,354</b>	<b>P 11,172,386,025</b>	<b>(P 707,443,758)</b>	<b>(P 101,815,214)</b>	<b>(P 809,258,972)</b>	<b>P 21,169,024,809</b>
Balance as at January 1, 2024	P 620,000,000	P 8,187,500,940	P 8,807,500,940	P 1,998,396,816	P -	P 829,350,345	P 7,480,731,073	P 8,310,081,418	(P 1,003,581,753)	(P 97,934,129)	(P 1,101,515,882)	P 18,014,463,292
Cash dividends declared during the year	-	-	-	-	-	-	( 408,037,542)	( 408,037,542)	-	-	-	( 408,037,542)
Appropriation during the year	-	-	-	-	-	175,857,114	( 175,857,114)	-	-	-	-	-
Total comprehensive income (loss) during the year	-	-	-	-	-	-	1,782,070,621	1,782,070,621	( 22,967,484)	( 5,036,998)	( 28,004,482)	1,754,066,139
<b>Balance as at December 31, 2024</b>	<b>P 620,000,000</b>	<b>P 8,187,500,940</b>	<b>P 8,807,500,940</b>	<b>P 1,998,396,816</b>	<b>P -</b>	<b>P 1,005,207,459</b>	<b>P 8,678,907,038</b>	<b>P 9,684,114,497</b>	<b>(P 1,026,549,237)</b>	<b>(P 102,971,127)</b>	<b>(P 1,129,520,364)</b>	<b>P 19,360,491,889</b>
Balance as at January 1, 2023	P 620,000,000	P 6,437,500,940	P 7,057,500,940	P 1,998,396,816	P 312,500,000	P 733,615,810	P 6,078,611,161	P 6,812,226,971	(P 1,536,013,208)	(P 68,278,930)	(P 1,604,292,138)	P 14,576,332,589
Deposit on future stock subscription	-	1,750,000,000	1,750,000,000	-	( 312,500,000)	-	-	-	-	-	-	1,437,500,000
Dividends during the year	-	-	-	-	-	-	( 326,162,533)	( 326,162,533)	-	-	-	( 326,162,533)
Appropriation during the year	-	-	-	-	-	95,734,535	( 95,734,535)	-	-	-	-	-
Total comprehensive income (loss) during the year	-	-	-	-	-	-	1,824,016,980	1,824,016,980	532,431,455	( 29,655,199)	502,776,256	2,326,793,236
<b>Balance as at December 31, 2023</b>	<b>P 620,000,000</b>	<b>P 8,187,500,940</b>	<b>P 8,807,500,940</b>	<b>P 1,998,396,816</b>	<b>P -</b>	<b>P 829,350,345</b>	<b>P 7,480,731,073</b>	<b>P 8,310,081,418</b>	<b>(P 1,003,581,753)</b>	<b>(P 97,934,129)</b>	<b>(P 1,101,515,882)</b>	<b>P 18,014,463,292</b>

*See Notes to Financial Statements.*

**PHILIPPINE BUSINESS BANK, INC., A SAVINGS BANK**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

	Notes	2025	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		P 2,515,263,660	P 2,396,096,933	P 2,339,351,614
Adjustments for:				
Interest income	9, 10, 11	( 11,439,632,444 )	( 10,632,123,938 )	( 9,295,600,820 )
Interest received		11,294,996,928	10,529,515,895	9,418,420,640
Interest paid		( 4,191,164,676 )	( 3,960,489,507 )	( 2,653,757,330 )
Interest expense	15, 16, 17, 21	4,187,831,634	3,967,661,249	2,874,207,094
Impairment losses - net	26	1,029,476,042	958,395,769	1,053,438,713
Depreciation and amortization	12, 13, 14	438,655,246	374,786,645	356,278,872
Unrealized foreign currency revaluation on investment securities at fair value through other comprehensive income (FVOCI)	10	( 42,853,235 )	( 93,231,689 )	33,093,390
Gain on sale of properties - net	13, 14, 20	( 7,817,729 )	( 5,672,122 )	( 84,609,969 )
Gain on redemptions of investment securities at FVOCI	10	-	-	( 1,009,332 )
Operating profit before working capital changes		3,784,755,426	3,534,939,235	4,039,812,872
Increase in financial assets at fair value through profit or loss		( 294,355,791 )	( 3,391,431,507 )	( 4,560,316,079 )
Decrease (increase) in loans and other receivables		1,881,633,121	( 16,211,038,997 )	( 13,053,861,232 )
Decrease (increase) in investment properties		( 2,211,728,129 )	18,335,900	310,288,098
Decrease (increase) in other resources		3,146,085	( 33,063,134 )	( 90,297,326 )
Increase (decrease) in deposit liabilities		( 4,091,284,659 )	12,368,391,111	11,975,375,979
Increase (decrease) in accrued expenses and other liabilities		( 313,063,936 )	( 18,648,763 )	714,425,421
Cash used in operations		( 1,240,897,883 )	( 3,732,516,155 )	( 664,572,267 )
Cash paid for income taxes		( 848,720,141 )	( 800,154,754 )	( 618,833,051 )
Net Cash Used in Operating Activities		( 2,089,618,024 )	( 4,532,670,909 )	( 1,283,405,318 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale, redemptions, and maturities of investment securities at FVOCI	10	3,428,386,732	1,031,380,000	325,000,000
Acquisitions of investment securities at FVOCI	10	( 1,526,693,365 )	( 1,555,351,731 )	( 2,795,028,683 )
Proceeds from maturities of investment securities at amortized cost	10	596,127,688	503,687,237	547,450,082
Acquisitions of investment securities at amortized cost	10	( 210,446,829 )	( 230,974,346 )	( 869,329,792 )
Acquisitions of bank premises, furniture, fixtures and equipment	12	( 80,427,554 )	( 115,047,247 )	( 150,345,608 )
Acquisition of software licenses	14	( 18,578,423 )	( 71,545,866 )	( 21,833,298 )
Proceeds from sale of bank premises, furniture, fixtures and equipment	12	16,625,490	8,006,521	22,992,917
Net Cash From (Used in) Investing Activities		2,204,993,739	( 429,845,432 )	( 2,941,094,382 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from bills payable	16, 28	43,973,000,000	25,862,500,000	4,500,000,000
Repayments of bills payable	16, 28	( 40,535,500,000 )	( 26,050,000,000 )	( 1,250,000,000 )
Payment of cash dividends	19	( 408,037,542 )	( 408,037,542 )	( 326,162,533 )
Payment of lease liabilities	17, 28	( 217,757,655 )	( 175,615,511 )	( 165,946,559 )
Proceeds from issuance of capital stock	19	-	-	1,437,500,000
Net Cash From (Used in) Financing Activities		2,811,704,803	( 771,153,053 )	4,195,390,908
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>2,927,080,518</b>	<b>( 5,733,669,394 )</b>	<b>( 29,108,792 )</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>				
Cash and other cash items	9	1,177,794,637	1,316,780,680	1,247,987,230
Due from Bangko Sentral ng Pilipinas (BSP)	9	2,881,093,706	4,498,604,149	6,102,228,578
Due from other banks	9	4,056,453,936	4,170,280,397	5,215,663,162
Interbank loans receivable	9, 11	615,690,000	-	-
Securities under reverse repurchase agreement	9, 11	500,000,000	4,992,596,914	2,394,635,343
Foreign currency notes and coins on hand	9, 14	82,379,182	68,818,715	115,675,334
		<u>9,313,411,461</u>	<u>15,047,080,855</u>	<u>15,076,189,647</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>				
Cash and other cash items	9	1,423,301,148	1,177,794,637	1,316,780,680
Due from BSP	9	2,867,088,151	2,881,093,706	4,498,604,149
Due from other banks	9	5,758,453,680	4,056,453,936	4,170,280,397
Interbank loans receivable	9, 11	2,117,580,000	615,690,000	-
Securities purchased under reverse repurchase agreement	9, 11	-	500,000,000	4,992,596,914
Foreign currency notes and coins on hand	9, 14	74,069,000	82,379,182	68,818,715
		<u>P 12,240,491,979</u>	<u>P 9,313,411,461</u>	<u>P 15,047,080,855</u>

Supplemental note details of non-cash transactions are presented in Note 28.

*See Notes to Financial Statements.*

**PHILIPPINE BUSINESS BANK, INC., A SAVINGS BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025, 2024 AND 2023**  
*(Amounts in Philippine Pesos or As Otherwise Indicated)*

**1. CORPORATE MATTERS**

***1.1 Incorporation and Operations***

Philippine Business Bank, Inc., A Savings Bank (the Bank or PBB) was incorporated in the Philippines on January 28, 1997 to engage in the business of thrift banking. It was authorized to engage in foreign currency deposit operations on August 27, 1997, and in trust operations on November 13, 2003. The Bank is a publicly listed entity in the Philippine Stock Exchange (PSE). It had its initial public offering (IPO) of shares on February 19, 2013 (see Note 19.1).

As a banking institution, the Bank's operations are regulated and supervised by the Bangko Sentral ng Pilipinas (BSP). In this regard, the Bank is required to comply with rules and regulations of the BSP such as those relating to maintenance of reserve requirements on deposit liabilities, and those relating to adoption and use of safe and sound banking practices, among others, as promulgated by the BSP. Its activities are subject to the provisions of the General Banking Law of 2000 [Republic Act (RA) No. 8791] and other relevant laws.

PBB is the first savings bank in the Philippines that obtained the BSP approval to issue foreign letters of credit and to pay, accept, and negotiate import or export drafts or bills of exchange under RA Nos. 8791 and 7906 and the Manual of Regulations for Banks. It was granted in April 2010.

The Bank operates in the Philippines, and as of December 31, 2025 and 2024, it has 158 branches located nationwide.

The Bank's registered office address, which is also the address of its principal place of business is 350 Rizal Avenue Extension corner 8<sup>th</sup> Avenue, Grace Park, Caloocan City.

***1.2 Middle East War and Flood Control Issues***

The escalation of geopolitical tensions in the Middle East in 2025, particularly the conflict involving Israel and Iran and the broader risk of United States (US) involvement, has contributed to volatility in the markets and uncertainty in business sentiment. Prompted by this, the Bank heightened its monitoring of potential effects on inflation, interest rates, foreign exchange, liquidity, and credit quality, given the potential inflationary impact of this event. The Bank maintained its vigilant and cautious stance in managing exposures, intensified oversight of vulnerable sectors and watchlist accounts, and maintained a highly conservative stress testing and business continuity plan, supported by existing liquidity, market, and reverse stress scenarios, as well as a geopolitical risk dashboard prepared as part of its Business Continuity Plan (BCP) exercise.

As of the date of release of the financial statements, the Bank has not seen any material financial impact from the geopolitical tensions in the Middle East, but continues to closely monitor potential effects on inflation, interest rates, foreign exchange, liquidity, and credit quality.

In 2025, news over the irregularities in public flood-control projects weighed heavily on investor confidence and business sentiment, adding to the challenges in the domestic operating environment. In the following months since this was put to light, the stock market experienced a significant decline in market capitalization, the Philippine peso experienced significant pressure from weakened foreign direct investments and foreign capital flight, and government infrastructure spending sharply slowed. All these eroded both consumer and business sentiment, resulting to the slowest quarterly growth in 15 years, outside the COVID-19 lockdowns. For the banking sector, these events underscored the importance of prudent credit evaluation and close monitoring of borrower performance, sectoral exposures, and collateral coverage, given the potential implications for asset quality. The challenging economic and business environment that was a consequence of this issue fundamentally changed the behavior of businesses, putting pressure on lending and deposit-taking businesses.

Despite the challenging domestic operating environment and heightened market volatility arising from these developments, management assessed that there was no material impact on the Bank's financial position, financial performance, or cash flows.

### ***1.3 Approval of the Financial Statements***

The financial statements of the Bank as of and for the year ended December 31, 2025 (including the comparative financial statements as of December 31, 2024 and for the years ended December 31, 2024 and 2023) were authorized for issue by the Bank's Board of Directors (BOD) on April 10, 2026.

## **2. MATERIAL ACCOUNTING POLICY INFORMATION**

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

### ***2.1 Basis of Preparation of Financial Statements***

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

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

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

(b) *Presentation of Financial Statements*

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

The Bank presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

The 2024 statement of cash flows was restated in 2025 to correct the classification of interest paid and changes in deposit liabilities amounting to P723.85 million. The restatement had no effect on the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity and net cash flows from operating activities of the statement of cash flows as of and for the year ended December 31, 2024, including previously reported basic and diluted earnings per share. The 2023 financial statements were also not affected.

(c) *Functional and Presentation Currency*

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

Items included in the financial statements of the Bank are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Bank operates. The financial statements of the Bank's foreign currency deposit unit (FCDU), which is reported in US dollar, are translated to Philippine peso based on Bankers Association of the Philippine (BAP) closing rate prevailing at the end of reporting period for the statement of financial position accounts and at BAP weighted average rate for the period for the profit and loss.

## **2.2 Adoption of New and Amended PFRS Accounting Standards**

(a) *Effective in 2025 that are Relevant to the Bank*

The Bank adopted for the first time the following amendments to *PAS 21, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*, which are mandatorily effective for annual periods beginning on or after January 1, 2025. The amendments require entities to assess whether a currency is exchangeable and to determine a spot exchange rate when exchangeability is lacking. These amendments also mandate the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments had no significant impact on the Bank's financial statements.

(b) *Effective Subsequent to 2025 but not Adopted Early*

There are new standards and amendments to existing standards effective for annual periods subsequent to 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have a significant impact on the Bank's financial statements:

- (i) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026). These amendments clarify and refine the classification and measurement guidance in PFRS 9, particularly when to derecognize financial liabilities (generally on settlement date) and introduce an accounting policy option to derecognize certain liabilities earlier when settled via electronic payment systems if specified conditions are met. These also clarify contractual cash flow assessments for financial assets with contingent [including Environmental, Social and Governance (ESG) goal-linked] features and provide guidance on non-recourse assets and contractually linked instruments. Correspondingly, PFRS 7 adds enhanced disclosures for instruments with contingent/ESG-linked terms and for equity instruments designated at fair value through other comprehensive income (FVOCI).
- (ii) PFRS 18, *Presentation and Disclosures in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statement and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

### **2.3 Financial Instruments**

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized on their settlement date (i.e., the date that the Bank commits to purchase or sell the asset).

(a) *Financial Assets*

- (i) *Classification, Measurement and Reclassification of Financial Assets*

The Bank's financial assets include financial assets at amortized cost, at FVOCI and at fair value through profit or loss (FVTPL).

Financial Assets at Amortized Cost

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

The Bank's financial assets at amortized cost are presented in the statement of financial position as Cash and Other Cash Items, Due from BSP, Due from Other Banks, Investment Securities at Amortized Cost, Loans and Other Receivables (including Interbank Loans Receivables), and Other Resources in respect of security deposits and foreign currency notes and coins on hand which are included in the account.

For purposes of cash flows reporting and presentation, cash and cash equivalents include cash and other cash items, due from BSP and other banks, foreign currency notes and coins on hand and securities under reverse repurchase agreement (SPURRA) with maturities of three months or less from placement date.

Financial Assets at Fair Value Through Other Comprehensive Income

At initial recognition, the Bank can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Bank for trading or as mandatorily required to be classified as FVTPL. The Bank does not hold any equity securities as of December 31, 2025 and 2024.

Financial Assets at Fair Value Through Profit or Loss

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. The Bank's financial assets at FVTPL include debt securities which are held for trading purposes or designated as at FVTPL.

The fair values of these financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

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

Interest income on financial assets measured at amortized cost and all interest-bearing debt financial assets classified as at FVTPL, or at FVOCI, is recognized using the effective interest rate method. The effective interest rate is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of an effective interest rate. The Bank recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the instrument; hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

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

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

(iii) *Impairment of Financial Assets*

The Bank assesses its expected credit loss (ECL) on a forward-looking basis associated with its financial assets carried at amortized cost and debt instruments measured at FVOCI and other contingent accounts. The Bank considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following financial instruments which are measured as 12-month ECL:

- all current loan accounts, except restructured loans;
- debt securities that are identified to have 'low credit risk' at the reporting date; and,
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

For these financial instruments, the allowance for credit losses is based on 12-month ECL associated with the probability of default of a financial instrument in the next 12 months (referred to as 'Stage 1' financial instruments). Should there be a significant increase in credit risk subsequent to the initial recognition of the financial asset, a lifetime ECL (which are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial asset) will be recognized (referred to as 'Stage 2' financial instruments).

'Stage 2' financial instruments also include the following characteristics:

- performing accounts but with occurrence of loss event;
- accounts with missed payments but not yet classified as defaulted;
- current restructured loans; and,
- current loans that are rated as Watchlist based on the Internal Credit Risk Rating System (ICRRS) of the Bank.

A lifetime ECL shall be recognized for 'Stage 3' financial instruments, which include financial assets considered as credit-impaired, purchased or originated credit-impaired assets, and those classified as Past Due, and Items in Litigation based on the ECL methodology of the Bank.

The Bank's definition of credit risk and information on how credit risk is mitigated by the Bank are disclosed in Note 4.3.

#### Measurement of ECL

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

The Bank applies a simplified ECL approach for other receivables wherein the Bank uses a provision matrix that considers historical changes in the behavior of the portfolio of credit exposures based on internally collected data to predict conditions over the span of a given observation period. These receivables include claims from various counterparties, which do not originate through the Bank's lending activities. For these instruments, the Bank measures the loss allowance at an amount equal to lifetime ECL.

Where a financial instrument includes a drawn and undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn commitment; the Bank presents a combined ECL for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as provisions.

(iv) *Derecognition of Financial Assets – Modification of Loans*

When the Bank renegotiates or otherwise modifies the contractual cash flows of loans to customers, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank considers, among others:

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

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

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

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

(b) *Financial Liabilities*

Financial liabilities include deposit liabilities, bills payable, and accrued expenses and other liabilities (excluding tax-related payables and post-employment benefit obligation).

## **2.4 Derivative Financial Instruments**

The Bank uses derivative financial instruments, particularly plain vanilla foreign exchange forwards, to manage its risks associated with fluctuations in foreign currency. Such derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive (recognized as part of Investment securities at FVTPL under the Trading and Investment Securities account) and as liabilities (recognized under the Accrued Expenses and Other Liabilities account) when the fair value is negative.

The Bank's derivative instruments provide economic hedges under the Bank's policies but are not designated as accounting hedges.

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

Land is stated at cost less impairment losses, if any. Bank premises, furniture, fixtures and equipment are carried at acquisition cost less accumulated depreciation and amortization and any impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Building	50 years
Furniture, fixtures and equipment	5 to 7 years
Transportation equipment	5 years

Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives, ranging from 1 to 13 years, or the remaining term of the related lease.

## **2.6 Investment Properties**

Investment properties pertain to land, buildings or condominium units acquired by the Bank, in settlement of loans from defaulting borrowers through foreclosure or dacion in payment. These properties are neither held by the Bank for sale in the next 12 months nor used in the rendering of services or for administrative purposes.

Investment properties are stated at cost, less accumulated depreciation, and any impairment losses (see Note 2.12).

Investment properties, except land, are depreciated over a period of 5 to 10 years. Depreciation and impairment loss are recognized in the same manner as in bank premises, furniture, fixtures and equipment (see Note 2.5).

## **2.7 Intangible Assets**

Intangible assets include goodwill, branch licenses, club shares and computer software, which are included as part of Other Resources account and are accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given to acquire an asset at the time of its acquisition.

Goodwill represents the excess of the cost of acquisition over the fair value of the net assets and branch licenses acquired at the date of acquisition. Branch licenses represent the rights given by the BSP to the Bank to establish a certain number of branches in various areas in the country.

Goodwill, branch licenses and club shares are classified as intangible assets with indefinite useful life, and thus, not subject to amortization but to an annual test for impairment (see Note 2.12). For purposes of impairment testing, goodwill is allocated to cash-generating units and is subsequently carried at cost less any allowance for impairment losses while branch licenses are tested for impairment individually based on recoverable amount (see Notes 14.2 and 14.3). For club shares, impairment loss is recognized when the fair value of the shares as of the reporting period is lower than the carrying amount.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Capitalized costs are amortized on a straight-line basis over the estimated useful lives of five years. In addition, intangible assets are subject to impairment testing when indications exist, as described in Note 2.12. Costs associated with maintaining computer software and those costs associated with research activities are recognized as expense in profit or loss as incurred.

### ***2.8 Other Acquired Assets***

Other acquired assets pertain to chattel properties acquired through repossession or dacion in payment from defaulting borrowers. These are stated at cost less accumulated depreciation and any impairment in value. Depreciation of other acquired assets is computed on a straight-line basis over the estimated useful life of three years. The carrying value of other acquired assets is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.12).

### ***2.9 Deposits on Future Stock Subscriptions***

Deposits on future stock subscription represent the amount of money received from the principal shareholders as deposits on the subscriptions relative to the Bank's application for increase in Authorized Capital Stock (ACS). Based on the requirements of the Securities and Exchange Commission (SEC), the Bank recognizes deposits for future stock subscriptions as part of equity if all of the following criteria are met as at the end of the reporting period:

- (a) lack or insufficiency of authorized unissued shares of stock to cover for the deposit;
- (b) approval by the Bank's BOD and stockholders for the increase in ACS to cover the shares corresponding to the amount of the deposit; and,
- (c) application for the approval of the increase in ACS has been filed with the SEC.
- (d) If any of the foregoing criteria is not met at the end of the reporting period, the deposit for future stock subscription is recognized as a liability.

## ***2.10 Other Income and Expense Recognition***

A contract with a customer that results in a recognized financial instrument in the Bank's financial statements may be partially within the scope of PFRS 9 and partially within the scope of PFRS 15, *Revenue from Contracts with Customers*. In such a case, the Bank applies PFRS 9 first to separate and measure the part of the contract that is covered by PFRS 9, and then applies PFRS 15 to the residual part of the contract. Expenses and costs, if any, are recognized in profit or loss upon utilization of the assets or services or at the date these are incurred. All finance costs are reported in profit or loss on accrual basis.

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

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

- a. *Service charges, fees, and commissions* – Service charges, fees and commissions are generally recognized when the service has been provided or after fulfilling the corresponding criteria. These include the commissions, deposit-related fees and other credit-related fees (see Note 20.3).
- b. *Asset management services* – The Bank provides asset management services, which include trust and fiduciary activities. Related fees are recognized in profit or loss as follows:
  - (i) *Asset management and trust fees* – These are service fees calculated based on a fixed percentage of the value of assets managed and deducted from the customer's account balance on the scheduled collection date. Revenue from asset management services is recognized over time as the services are provided.
  - (ii) *Non-refundable upfront fees* – These are charged to customers when opening certain types of trust account with the Bank. These fees give rise to material rights for future services and are recognized as revenue over the period for which a customer is expected to continue receiving asset management services.

For other income outside the scope of PFRS 15, the following provides information about the nature and the related revenue recognition policies:

- a. *Trading and securities gains (losses)* – These are recognized when the ownership of the securities is transferred to the buyer and is computed as the difference between the selling price and the carrying amount of the securities disposed of. These also include trading gains and losses as a result of the mark-to-market valuation of investment securities classified as FVTPL.
- b. *Gain or loss from assets sold or exchanged* – Income or loss from assets sold or exchanged is recognized when the title to the properties is transferred to the buyer or when the collectability of the entire sales price is reasonably assured. This is included in profit or loss as part of Miscellaneous Income or Miscellaneous Expenses in the statement of profit or loss.

- c. *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. This is included in the statement profit or loss as part of Miscellaneous Income.

### **2.11 Leases – Bank as a Lessee**

Subsequent to the initial recognition, the Bank amortizes the right-of-use asset on a straight-line basis from the lease commencement date over the useful life of the right-of-use asset or the term of the lease, whichever is shorter. The Bank also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.12).

The Bank has elected to account for any short-term leases (less than 12 months) using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the lease payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

The corresponding right-of-use assets and lease liabilities are presented as part of Bank Premises, Furniture, Fixtures and Equipment, and Accrued Expenses and Other Liabilities, respectively, in the statement of financial position.

### **2.12 Impairment of Non-financial Assets**

The Bank's premises, furniture, fixtures, and equipment (including right-of-use assets), investment properties, and other resources (including branch licenses, goodwill, club shares, computer software and other acquired assets) and other non-financial assets are subject to impairment testing.

Intangible assets with an indefinite useful life, such as goodwill and branch licenses or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

### **2.13 Employee Benefits**

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

The Bank's defined benefit post-employment plan covers all regular full-time employees. The post-employment plan is tax-qualified, non-contributory, and administered by a trustee. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

A defined contribution plan is a post-employment plan under which the Bank pays fixed contributions into an independent entity (e.g., Social Security System and PhilHealth). The Bank has no legal or constructive obligation to pay further contributions after payment of the fixed contribution.

Short-term employee benefits include salaries, wages, bonuses, and non-monetary benefits provided to current employees, which are expected to be settled before twelve months after the end of the reporting period during which an employee services are rendered but does not include termination benefits.

Termination benefits are payable when employment is terminated by the Bank before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Bank recognizes a liability and an expense for employee bonuses, based on a formula that is fixed regardless of the Bank's income after certain adjustments and does not take into consideration the profit attributable to the Bank's shareholders. The Bank recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in the Accrued Expenses and Other Liabilities account in the statements of financial position at the undiscounted amount that the Bank expects to pay as a result of the unused entitlement.

### **3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

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

#### ***3.1 Critical Management Judgments in Applying Accounting Policies***

In the process of applying the Bank's accounting policies, management has made the judgments presented below and in the succeeding pages, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

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

The Bank uses external benchmarking and historical loss rates to calculate ECL for all debt instruments carried at FVOCI and amortized cost. For loans to customers and loan commitments, ECLs are determined using internal credit risk assessments and historical loss rate information. The allowance for impairment is based on the ECLs associated with the probability of default (PD) of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized. This is where significant management judgment is required.

The Bank has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has significantly increased since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument (see Note 4.3).

(b) *Evaluation of Business Model Applied and Testing the Cash Flow Characteristics of Financial Assets in Managing Financial Instruments*

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

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

In determining the classification of a financial instrument, the Bank evaluates in which business model a financial instrument, or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Bank (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Bank's investment, trading, and lending strategies. Furthermore, the Bank assesses whether the contractual terms of the financial assets give rise to cash flows on specified dates that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding.

The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Bank assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion.

The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Bank considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

If more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, the Bank assesses whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, it considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Bank can explain the reasons for those sales and why those sales do not reflect a change in the Bank's investment objective for the business model. There is no disposal of financial assets at amortized cost in 2025 and 2024.

(c) *Distinction Between Investment Properties or Other Acquired Assets and Owner-occupied Properties*

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

The Bank classifies its acquired properties (foreclosed properties) as Bank Premises, Furniture, Fixtures and Equipment if used in operations, as other acquired assets presented under Other Resources, if the Bank expects that the properties, which are other than land and building, will be recovered through sale rather than use, and as Investment Properties if the Bank intends to hold the properties, which could be land and/or building, to earn rental or for capital appreciation.

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

(d) *Determination of Branch Licenses Having Indefinite Useful Lives*

The Bank's branch licenses were regarded as having an indefinite useful life considering there is no foreseeable limit to the period over which such assets are expected to generate net cash inflows for the Bank. The assessment of having indefinite useful lives is reviewed periodically and is updated whether events and circumstances such as the period of control over these assets and legal or similar limits on the use of these assets continue to support such assessment.

(e) *Determination of Lease Term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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

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

(f) *Recognition of Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources, and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. Similarly, possible outflows of economic benefits to the Bank that do not meet the recognition criteria of a liability are considered contingent liabilities, hence, are not recognized in the financial statements.

Judgment is exercised by management to distinguish the difference between provisions and contingencies. Relevant disclosures are presented in Note 24. In dealing with the Bank's various legal proceedings, its estimate of the probable costs that may arise from claims and contingencies has been developed in consultation and coordination with the Bank's internal and outside counsels acting in defense for the Bank's legal cases and are based upon the analysis of probable results.

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

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

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

*(a) Estimation of Allowance for ECL*

The measurement of the allowance for ECL on debt financial assets at amortized cost and at FVOCI is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 4.3.

The carrying value of investments in debt securities at amortized cost and at FVOCI, and loans and other receivables together with the analysis of the allowance for impairment on such financial assets, are shown in Notes 10 and 11, respectively.

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

The Bank carries certain financial assets at fair value which requires judgment and extensive use of accounting estimates. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another financial instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument or other more appropriated valuation techniques (see Note 7.2).

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

The fair value of derivative financial instruments that are not quoted in an active market is determined through valuation techniques using the net present value computation (see Note 7.2). The outstanding derivative asset as of December 31, 2025 is disclosed in Note 10.1. There was no similar transaction in 2024.

The carrying values of the Bank's trading and investment securities and the amounts of fair value changes recognized on those financial assets are disclosed in Note 10.

(c) *Estimation of Useful Lives of Bank Premises, Furniture, Fixtures and Equipment, Right-of-use Assets, Investment Properties, Computer Software, Club Shares, Other Acquired Assets, Goodwill, and Branch Licenses*

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

The Bank's goodwill, branch licenses and club shares are regarded as having an indefinite useful life considering there is no foreseeable limit to the period over which such assets are expected to generate net cash inflows for the Bank. The assessment of having indefinite useful lives is reviewed periodically and is updated whether events and circumstances such as the period of control over these assets and legal or similar limits on the use of these assets continue to support such assessment. The carrying amounts of goodwill, branch licenses and club shares are analyzed in Note 14.

The carrying amounts of bank premises, furniture, fixtures and equipment (including right-of-use assets), investment properties, computer software and other acquired assets are analyzed in Notes 12, 13 and 14, respectively. Based on management's assessment as of December 31, 2025 and 2024, there are no changes in the useful lives of these assets.

Actual results, however, may vary due to changes in estimates brought about by changes in the factors mentioned above.

(d) *Determination of Timing of Satisfaction of Performance Obligation*

The Bank determines that its revenues from services for loan administration and account management shall be recognized over time while all other revenue streams are recognized at point in time. In making its judgment, the Bank considers the timing of receipt and consumption of benefits provided to the customers. As the work is performed, the Bank becomes entitled to payments. This demonstrates that the customers simultaneously receive and consume the benefits of rendering of these retail and corporate banking services as it performs.

In determining the best method of measuring the progress of the Bank's rendering of aforementioned services, the management considers the output method, which uses direct measurements of the value to the customer of the services transferred to date relative to the remaining services promised as basis in recognizing revenues. Such measurements include results of performance completed to date and time elapsed.

(e) *Determination of Realizable Amount of Deferred Tax Assets*

The Bank reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The carrying value of deferred tax assets, which management has assessed to be fully recoverable as of December 31, 2025 and 2024 is disclosed in Note 23.

(f) *Determination of Fair Value of Investment Properties*

The Bank's investment properties are composed of parcels of land, buildings, condominium units and improvements, which are held for capital appreciation and are measured using the cost model. The estimated fair value of investment properties disclosed in Note 7.4 is determined based on the appraisals conducted by professional appraisers applying the relevant valuation methodologies as discussed therein.

At initial recognition, the Bank determines the fair value of the acquired properties based on valuations performed by both internal and external appraisers. The appraised value is determined based on the current economic and market conditions as well as the physical condition of the property. For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties. A significant change in key inputs and sources of information used in the determination of the fair value disclosed for those assets may result in adjustment in the carrying amount of the assets reported in the financial statements if their fair value will indicate evidence of impairment.

The Bank's methodology in determining the fair value of acquired properties is further discussed in Note 7.

(g) *Impairment of Non-financial Assets*

Except for intangible assets with indefinite useful lives (i.e. goodwill, branch licenses, and club shares), which are annually tested for impairment, PFRS Accounting Standards requires that an impairment review be performed when certain impairment indications are present. The Bank's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.12. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Key assumptions used by the Bank in determining the recoverable amount of cash generating units (CGUs) include the discount rate, growth rate, cash flow projections used in determining Value-in-Use (VIU), the CGUs over which goodwill and branch licenses are allocated, the availability of sufficient financial resources to meet working capital requirements, and the achievability of the CGUs' five-year performance forecasts.

Allowance for impairment recognized on investment properties and other properties held for sale are discussed in Notes 13 and 14. There are no impairment losses recognized in goodwill, branch licenses, bank premises, furniture, fixtures, and equipment, and right-of-use assets.

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

The Bank measures its lease liabilities at the present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Bank's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment.

Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(i) *Valuation of Post-employment Benefits*

The determination of the Bank's obligation and cost of post-employment benefit plan is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 21 and include, among others, discount rates, expected rate of salary increases and employee turnover. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of defined benefit obligation, as well as the significant assumptions used in estimating such obligation, are presented in Note 21.

#### **4. RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Bank's activities are exposed to credit, market and liquidity, and operational risks. Credit risk emanates from exposures to borrowing customers, counterparty risk in trading activities, and contingent credit risks arising from trade finance exposures. Market risk covers price, liquidity, and interest rate risks in the Bank's investment portfolio. Liquidity risk may arise from shortage in funding and/or lack of market for sale of its assets. Operational risk covers potential losses other than market and credit risk arising from failures of people, process, systems, information technology and external events.

The ability to manage risks effectively is vital for the Bank to sustain its growth and continue to create value for its shareholders.

##### ***4.1 Risk Management***

The Bank continually advances its risk management techniques and integrates this into the overall strategic business objectives to support the growth objectives of the Bank.

The Bank has automated the front office, back office, and middle office operations as far as market risk is concerned. This includes the integration of pre-deal limit checking, on-demand position monitoring, automated limit reporting and breach approval, and automated value-at-risk (VaR) calculations. In addition to the automation, the Bank continues to review its limits system to ensure that it only enters into transactions allowed under its existing policies and that adequate capital is available to cover market risk exposures.

On the credit side, the Bank safeguards its financial health by diligently assessing and managing the risks associated with lending. It involves evaluation of borrower creditworthiness by conducting thorough analyses of financial statements, historical performance, and other pertinent information to gauge the likelihood of repayment with each loan application and renewal. It also monitors borrower performance throughout the lifecycle of each loan by promptly identifying any signs of financial distress by implementing the automated credit risk downgrading. Additionally, it oversees the broader risk profile of the bank's loan portfolio by collaborating with colleagues across various departments to develop and refine credit policies and procedures in alignment with regulatory requirements and industry standards. Regular stress testing is also conducted to assess the portfolio's resilience under different economic conditions.

The allowance for credit losses, a significant component of the Bank's financial provisioning, is calculated using complex models and procedures that forecast the projected credit losses in the loan portfolio. This entails studying historical data, economic indicators, and other pertinent elements to anticipate potential impairments. Senior management and regulatory authorities receive regular reports and updates, which provide transparency into the Bank's credit risk exposure and performance.

The Bank has completed the bank-wide operational risk and control self-assessment in support of the enterprise risk management framework and has continued to use other operational risk management tools such as loss events monitoring and key risk indicators.

There is also an enterprise-wide training on risk awareness to ensure appreciation of the risk management objectives of the Bank, and how these relate to the overall objective and strategies of the Bank, resulting in appropriate identification and measurement of the key risks of all business and support units. Policies on business continuity and information security were further strengthened, strictly implemented, and continuously disseminated across all units of the Bank.

#### ***4.2 Enterprise Risk Management Framework***

The Bank adopts an Enterprise Risk Management framework as its integrated approach to the identification, measurement, control, and disclosure of risks, subject to prudent limits and stringent controls as established in its risk management framework and governance structure. The Bank has an integrated process of planning, organizing, leading, and controlling its activities to minimize the effects of risk on its capital and earnings. The Bank's BOD formulates the corporate risk policy, sets risk tolerances and appetite, and provides risk oversight function through the Risk Oversight Committee (ROC), which in turn supervises the Chief Risk Officer and Head of the Enterprise Risk Management Group (ERMG) in the development and implementation of risk policies, processes, and guidelines. The framework covers operational, market and liquidity, credit and counterparty, and other downside risks within the context of the supervisory risk guidelines of the BSP and aligned with best practices on risk management.

### **4.3 Credit Risk**

Credit risk pertains to the risk to income or capital due to failure by borrowers or counterparties to pay their obligations, either in full or partially as they fall due, deterioration in the credit quality of a borrower, issuer or counterparty, and the reduced recovery from a credit facility in the event of default. This is inherent in the Bank's lending, investing, and trading activities and is managed in accordance with the Bank's credit risk framework of risk identification, measurement, control, and monitoring.

Credit risk is managed through a continuing review of credit policies, systems, and procedures. It starts with the definition of business goals and setting of risk policies by the BOD. Account officers and credit officers directly handle credit risk as guided by policies and limits approved by the BOD. ERMG, as guided by the ROC, performs an independent portfolio oversight of credit risks, and reports regularly to the BOD and the ROC.

On the transactional level, exposure to credit risk is managed through a credit review process wherein a regular analysis of the ability of the obligors and potential obligors to meet interest and capital repayment obligations is performed. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees. Moreover, in accordance with best practices, the Bank also adopts ICRRS for the purpose of measuring credit risk for every exposure in a consistent manner as accurately as possible and uses this information as a tool for business and financial decision-making.

Management considers the following changes in 2025 to adopted ECL methodology:

- enhancements to the forward-looking information (FLI) overlay methodology, including expansion of the data set used in computing overlays consistent with the requirements of Central Limit Theorem, and the performance of multicollinearity diagnostics to identify macroeconomic variables that should not be used together within a single ECL model; and,
- implementation of a counterparty-based impairment staging rule, under which the highest impairment stage identified for a borrower is applied consistently to all related loan exposures, while ECL measurement continues at the individual promissory note (PN) level.

The following enhancements to the ECL methodology were introduced in 2024 and continue to be applied in the current reporting period:

- changes in loss given default (LGD) rates through consideration of cost to sell and change in haircut according to collateral types, and recalibration of recovery rates to reflect average LGD among current and performing loans only;
- changes to past due (PD) rates to incorporate enhancements for max bucketing, seasonality, final staging and overrides;
- changes in exposure at default (EAD) to reflect the impact of full subsequent collections with allocation to general loan loss provision (GLLP); and,
- specific provisioning policy to identify significant credit exposures that warrant individual assessments for loan loss provisioning.

#### **4.3.1 Credit Risk Measurement**

Loans and receivables, extended or renewed in subsequent year or period, are subjected to evaluation for possible losses. The Bank's estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows, and the passage of time. The assessment of credit risk of a portfolio of assets requires further estimations as to the PDs occurring, of the associated loss ratios, and of default correlations between counterparties; accordingly, such credit risk is measured using PD, EAD, and LGD, for purposes of measuring ECL as required by PFRS 9.

The initial recognition of credit risk by an individual or group of related counterparties is done through its ICRRS. The ICRRS is tailored to consider various categories of counterparty. The Rating system is further supplemented with external data to provide accurate ratings enabling adaptability to changes.

The ICRRS was created by the Bank with reference to the credit risk rating methodology utilized by an established rating agency to evaluate the creditworthiness of an individual borrower, regardless of the borrowing's status. The Bank reviews and updates its risk ratings for its loan and receivables portfolio on a regular basis, taking into account changes in the economy, business environment, industry, and borrower's circumstances. This periodic assessment of credit quality may result in a borrower's rating being improved or downgraded over time. The credit risk ratings in ICRRS are designed to increase the risk of default exponentially as the risk rating increases, as indicated by differences in the PD.

Management considers additional information for each type of loan portfolio held by the Bank:

*(i) Retail or Consumer, Corporate, and Commercial Loans*

Subsequent to initial recognition, the credit quality and payment behavior of the borrower is monitored on an ongoing basis.

Individually significant loans are assessed on an individual basis, with credit ratings determined at the per promissory note (PN) and per borrower level. Relationship managers incorporate updated or new information and credit assessments into the credit review system on a continuing basis, including annual updates using publicly available financial statements and other relevant information, these assessments determine the internal credit rating and the corresponding PD.

Loans that are not individually significant, as well as individually significant loans that are not credit-impaired, are grouped based on shared credit risk characteristics, including borrower profile, repayment behavior, and product payment schemes, and are assessed collectively. The ECL parameters were carried out on a collective basis using historical experience and relevant forward-looking information.

*(ii) Debt Securities at Amortized Cost and at FVOCI*

For the Bank's debt securities, PD coming from Bloomberg are used. These default rates are continuously monitored and updated. The one-year PD is an estimate of the probability of a default, bankruptcy, government intervention or distressed exchange occurring in the next 12 months.

In the process of applying the Bank’s ICRRS in determining indications of impairment on individually significant items of financial assets at amortized cost and debt securities at FVOCI, the Bank analyzes the credit quality of the corporate borrowers and counterparties through a set of criteria and rating scale classified into the following:

Risk Rating	Rating Description/Criteria
Excellent	Borrowers have very strong debt service capacity and have conservative balance sheet leverage.
Strong	Borrower normally has a comfortable degree of stability, substance and diversity.
Good	Borrowers have low probability of going into default and bear characteristics of some degree of stability and substance though susceptible to cyclical changes and higher degree of concentration of business risk either by product or by market.
Satisfactory	Borrowers where clear risk elements exist, and the probability of default is somewhat greater.
Acceptable	Borrower where the nature of the exposure represents a higher risk because of extraordinary developments but for which a decreasing risk within acceptable period can be expected.

Accounts with significant increase in credit risk are classified as “Watchlist”.

Risk Rating	Rating Description/Criteria
Watch list	Borrowers for which unfavorable industry or company-specific risk factors represent a concern.

Accounts already in default as defined are further mapped into BSP classification of non-performing accounts as follows:

Classified	Has potential weaknesses that deserve management’s close attention and if left uncorrected, these weaknesses may affect the repayment of the loan.
Substandard	Have well-defined weakness/(es), that may jeopardize repayment/liquidation in full, either in respect of the business, cash flow or financial position, which may include adverse trends or developments that affect willingness or repayment ability of the borrower.
Risk Rating	Rating Description/Criteria
Doubtful	Loans and credit accommodations that exhibit more severe weaknesses than those classified as “Substandard”, whose characteristics on the basis of currently known facts, conditions and values make collection or liquidation highly improbable.
Loss	Loans considered absolutely uncollectible or worthless.

The Bank determines the stage of corporate and consumer loans based on the above risk ratings as well as the loan bucketing based on days past due. These are consistent with the manner applied under the Bank's internal credit risk assessment and regulatory reporting as follows:

Classification	Stage	Bucket
Excellent Strong Good Satisfactory Acceptable	1	Current One to 30 days
Watchlist	2	31 to 60 days 61 to 90 days
Classified Substandard Doubtful Loss	3	91 to 120 days 121 to 150 days 151 to 180 days More than 180 days

The Bank assigns corporate and consumer loans according to the loan bucketing based on days past due which are classified as follows:

Classification	Stage	Bucket
Performing	1	Current One to 30 days
Underperforming	2	31 to 60 days 61 to 90 days
Non-performing	3	91 to 120 days 120 to 150 days 151 to 180 days More than 180 days

The groupings of financial instruments into a pool of shared credit quality are subject to the regular review in order to ensure that credit exposures within a particular group remain appropriately homogenous.

Credit exposures shall be regularly assessed, and the loan loss provision be recognized in a timely manner to ensure that capital is adequate to support such risk exposure. Further, to ensure that this is rationally implemented, the Bank developed and adopted an internal loan loss methodology.

### 4.3.2 Credit Quality Analysis

The following table sets out information about the credit quality of loans and other receivables, financial assets measured at amortized cost, and FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts for loan commitments and other contingent accounts, the amounts in the table represent the amounts committed. As of December 31, 2025 and 2024, there are no purchased or originated credit-impaired financial assets in the Bank's financial statements.

The following table shows the exposure (gross of unamortized charges and unearned discount) to credit risk for each internal risk grade and the related allowance for impairment:

<i>(Amounts in PHP)</i>	2025			Total
	Stage 1	Stage 2	Stage 3	
<b>Receivables from customers – corporate</b>				
Excellent	2,295,611,198	-	-	2,295,611,198
Strong	57,969,285	-	-	57,969,285
Good	1,931,612,459	-	-	1,931,612,459
Satisfactory	31,732,311,247	-	-	31,732,311,247
Acceptable	47,599,146,586	-	-	47,599,146,586
Watchlist	-	22,707,069,853	377,449,637	23,084,519,490
Classified	-	-	3,796,577,278	3,796,577,278
Substandard	-	-	8,174,280,567	8,174,280,567
Doubtful	-	-	33,183,994	33,183,994
Loss	-	-	105,665,992	105,665,992
Gross amount	83,616,650,775	22,707,069,853	12,487,157,468	118,810,878,096
ECL allowance	(65,893,179)	(834,605,373)	(5,729,493,228)	(6,629,991,780)
Carrying amount	<b>83,550,757,596</b>	<b>21,872,464,480</b>	<b>6,757,664,240</b>	<b>112,180,886,316</b>
<b>Receivables from customers – consumers</b>				
Housing Loans				
Performing	4,335,578,372	-	-	4,335,578,372
Underperforming	-	365,778,812	-	365,778,812
Non-performing	-	-	169,038,288	169,038,288
Gross amount	4,335,578,372	365,778,812	169,038,288	4,870,395,472
ECL allowance	(541,326)	(835,637)	(39,113,840)	(40,490,803)
Carrying amount	4,335,037,046	364,943,175	129,924,448	4,829,904,669
Auto Loans				
Performing	1,277,916,131	-	-	1,277,916,131
Underperforming	-	125,046,077	-	125,046,077
Non-performing	-	-	113,972,163	113,972,163
Gross amount	1,277,916,131	125,046,077	113,972,163	1,516,934,371
ECL allowance	(650,041)	(214,126)	(84,637,770)	(85,501,937)
Carrying amount	1,277,266,090	124,831,951	29,334,393	1,431,432,434
Salary Loans				
Performing	6,033,269,722	-	-	6,033,269,722
Underperforming	-	122,334,775	-	122,334,775
Non-performing	-	-	297,904,177	297,904,177
Gross amount	6,033,269,722	122,334,775	297,904,177	6,453,508,674
ECL allowance	(33,180,286)	(23,578,413)	(293,664,118)	(350,422,817)
Carrying amount	6,000,089,436	98,756,362	4,240,059	6,103,085,857
Total gross amount	11,646,764,225	613,159,664	580,914,628	12,840,838,517
Total ECL allowance	(34,371,653)	(24,628,176)	(417,415,728)	(476,415,557)
Total Carrying amount	<b>11,612,392,572</b>	<b>588,531,488</b>	<b>163,498,900</b>	<b>12,364,422,960</b>



(Amounts in PHP)	2024			
	Stage 1	Stage 2	Stage 3	Total
<b>Receivables from customers – consumers</b>				
Housing Loans				
Performing	5,068,482,400	-	-	5,068,482,400
Underperforming	-	114,642,524	-	114,642,524
Non-performing	-	-	245,878,211	245,878,211
Gross amount	5,068,482,400	114,642,524	245,878,211	5,429,003,135
ECL allowance	(1,781,020)	(641,123)	(76,279,264)	(78,701,407)
Carrying amount	5,066,701,380	114,001,401	169,598,947	5,350,301,728
Auto Loans				
Performing	1,490,312,036	-	-	1,490,312,036
Underperforming	-	15,081,418	-	15,081,418
Non-performing	-	-	125,886,959	125,886,959
Gross amount	1,490,312,036	15,081,418	125,886,959	1,631,280,413
ECL allowance	(1,447,914)	(257,962)	(110,970,210)	(112,676,086)
Carrying amount	1,488,864,122	14,823,456	14,916,749	1,518,604,327
Salary Loans				
Performing	3,215,755,052	-	-	3,215,755,052
Underperforming	-	89,085,453	-	89,085,453
Non-performing	-	-	191,513,753	191,513,753
Gross amount	3,215,755,052	89,085,453	191,513,753	3,496,354,258
ECL allowance	(19,721,190)	(24,560,810)	(183,951,887)	(228,233,887)
Carrying amount	3,196,033,862	64,524,643	7,561,866	3,268,120,371
Total gross amount	9,774,549,488	218,809,395	563,278,923	10,556,637,806
Total ECL allowance	(22,950,124)	(25,459,895)	(371,201,361)	(419,611,380)
Total Carrying amount	9,751,599,364	193,349,500	192,077,562	10,137,026,426
<b>Other receivables</b>				
Excellent	503,522,097	-	-	503,522,097
Strong	615,750,289	-	-	615,750,289
Good	23,895,832	-	-	23,895,832
Satisfactory	68,742,050	-	-	68,742,050
Acceptable	131,372,700	-	-	131,372,700
Watchlist	-	51,469,534	963,110	52,432,644
Classified	-	-	8,776,087	8,776,087
Substandard	-	-	71,411,611	71,411,611
Doubtful	-	-	24,750	24,750
Unrated	800,676,253	39,826,857	125,946,914	966,450,024
Gross amount	2,143,959,221	91,296,391	207,122,472	2,442,378,084
ECL allowance	(5,447,743)	(6,137,676)	(153,518,018)	(165,103,437)
Carrying amount	2,138,511,478	85,158,715	53,604,454	2,277,274,647
<b>Debt investment securities at FVOCI</b>				
Gross amount – Excellent				
Gross amount – Excellent	14,343,267,080	-	-	14,343,267,080
ECL allowance*	(16,867,787)	-	-	(16,867,787)
Carrying amount	14,326,399,293	-	-	14,326,399,293
* Reported as part of unrealized fair value gains (losses) (NUG L).				
<b>Debt investment securities at amortized cost</b>				
Gross amount – Excellent				
Gross amount – Excellent	1,286,126,848	-	-	1,286,126,848
ECL allowance	(15,777,698)	-	-	(15,777,698)
Carrying amount	1,270,349,150	-	-	1,270,349,150

Certain loan accounts under watchlist internal credit risk ratings are classified as Stage 3 when the borrower has at least one exposure that meets the criteria for Stage 3 classification, including delinquency exceeding 90 days, or where borrower-level credit assessments indicate credit impairment. In such cases, the highest impairment stage assigned to any exposure of the borrower is applied consistently across all related loan accounts for expected credit loss measurement purposes.

As of December 31, 2025 and 2024, the Bank held Cash and Other Cash Items, Due from Other Banks and Due from BSP totaling to P10,048.8 and P8,115.3 million, respectively, (see Note 9). The financial assets are held with the BSP and financial institution counterparties that are rated at least BBB to AAA+, based on Standard and Poor's (S&P) ratings.

### 4.3.3 Concentrations of Credit Risk

The Bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk (gross of allowance) at the reporting date is shown below.

	2025			2024		
	Cash and Cash Equivalents*	Receivables from Customers**	Trading and Investment Securities	Cash and Cash Equivalents*	Receivables from Customers**	Trading and Investment Securities
<i>(Amounts in thousands PHP)</i>						
Finance and insurance	12,240,492	6,298,908	23,400,764	9,313,411	7,195,245	23,168,936
Wholesale and trade	-	49,308,132	-	-	49,602,164	-
Manufacturing	-	17,318,620	821,881	-	15,528,996	1,891,048
Construction	-	12,586,132	-	-	17,851,404	-
Real estate activities	-	12,477,718	-	-	13,468,754	300,529
Consumption	-	7,954,791	-	-	3,481,168	-
Accommodation and food service activities	-	7,292,315	-	-	5,686,901	-
Electricity, gas, steam and air-conditioning supply	-	6,094,671	-	-	4,374,963	126,889
Transportation and Storage	-	4,928,103	-	-	5,242,346	-
Water supply, sewerage waste management and remediation activities	-	1,963,664	-	-	2,311,234	298,993
Agriculture, forestry and fishing	-	1,521,567	-	-	1,404,575	-
Mining and quarrying	-	947,348	-	-	916,599	-
Professional, scientific, and technical activities	-	903,788	-	-	559,154	-
Administrative and support services	-	644,241	-	-	1,178,146	-
Information and communication	-	624,623	-	-	994,694	-
Education	-	231,924	-	-	314,602	-
Arts, entertainment and recreation	-	25,900	-	-	46,210	-
Human health and social services activities	-	21,055	-	-	29,024	-
Household as employers and undifferentiated goods and services and producing activities of households for own use	-	3,331	-	-	3,331	-
Other service activities	-	504,886	-	-	2,279,532	-
	<b>12,240,492</b>	<b>131,651,717</b>	<b>24,222,645</b>	<b>9,313,411</b>	<b>132,469,042</b>	<b>25,786,395</b>

\*Cash and cash equivalents include cash and other cash items, due from BSP and other banks, SPURRA, interbank loans and foreign currency notes on hand (see Note 2.3)

\*\* Receivables from customers are reported gross of unearned interests or discounts and excluding unamortized charges from capitalized commission.

#### ***4.3.4 Amounts Arising from ECL***

At each reporting period, the Bank assesses whether financial assets carried at amortized cost and debt securities carried at FVOCI have significant increase in credit risk (referred to as Stages 2 and 3 financial assets). A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using PD, LGD and EAD.

##### *(a) Significant Increase in Credit Risk (SICR)*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank assesses the change in the risk of a default occurring over the remaining life of the financial instrument. In making this assessment, the Bank assesses on a periodic basis both the quantitative and qualitative information that is reasonable and supportable, including historical experience as appropriate. For corporate and commercial loans, these may include macroeconomic conditions, economic sector and geographical region relevant to the corporate counterparty or borrower and other factors that are counterparty specific. As the Bank holds various types of financial instruments, the extent of assessment may depend on the materiality of the financial instrument, or the complexity of the portfolio being assessed.

##### *Retail or Consumer Loans*

The Bank ECL model follows a three-stage impairment approach in determining the loss allowance to be recognized in the financial statements:

- Stage 1 – comprises all credit exposures that are considered ‘performing’ and with no observed SICR since initial recognition. These include those financial instruments with low credit risk. For these financial instruments, the loss allowance is determined based on a 12-month ECL. PFRS 9 provides a rebuttable presumption that credit risk is considered to have significantly increased since initial recognition if the contractual payment is more than 30 days past due. The rebuttal must be in consideration of a reasonable and supportable information that is available without undue cost or effort.
- Stage 2 – comprises all financial instruments assessed to have SICR since initial recognition based on the Bank’s quantitative and qualitative criteria, though not yet deemed to be credit-impaired. Stage 2 includes credit exposures that are considered ‘under-performing’ in which credit risk assessment falls under the Especially Mentioned classification. Stage 2 financial instruments may also include those facilities where the credit risk has improved and have been reclassified from Stage 3 subject to the Bank’s observation period on the creditworthiness of the counterparty. A lifetime ECL is recognized for these financial instruments.

- Stage 3 – comprises credit exposures which are assessed as ‘credit-impaired’, thus considered by the Bank as ‘non-performing’, which is assessed consistently with the Bank’s definition of default. Generally, this includes accounts categorized as Substandard, Doubtful and Loss. The Bank recognizes a lifetime ECL for all credit-impaired financial assets.

#### Corporate and Commercial Loans

As outlined in PFRS 9, a ‘3-stage’ impairment model was adopted by the Bank based on changes in credit quality since initial recognition of the financial asset. As discussed in Note 2.3(a)(iii), a financial asset that is not credit-impaired on initial recognition is classified as ‘Stage 1’, with credit risk continuously monitored by the Bank as its ECL is measured at an amount equal to the portion of lifetime ECL that results from possible default events within the next 12 months. If an SICR since initial recognition is identified, the classification will be moved to ‘Stage 2’ but is not yet deemed to be credit impaired. Such assessment is based on certain qualitative criteria as follows:

- borrowers with past due accounts over the cure period of 30 days at the effectivity of the cure period policy shall be downgraded to Watchlist Rating.
- borrowers can be upgraded upon completion of the observation period which shall be 12 months from the time of downgrading provided an updated ICRRS has been conducted. The seasoning means that there is no incident of past due even within the cure period.

Generally, watchlist accounts shall be considered as Stage 2 accounts for purposes of provisioning while Classified accounts shall be Stage 3.

#### Debt Securities at Amortized Cost and at FVOCI

The Bank considers low credit risk for government debt securities and listed corporate debt securities when its credit risk rating is equivalent to a globally understood definition of ‘investment grade’ (which should be from at least one major rating agency); other debt securities are considered to be low credit risk when they have a low risk of default, and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

#### (b) Definition of Default and Credit-impaired Assets

##### Loans and Other Receivables

Credit-impaired loans and other receivables are those classified as both past due and under Stage 3. The total credit impaired assets under corporate, consumer, and other receivables amounted to P12,498.5 million, P580.9 million, and P342.8 million as of December 31, 2025, and P10,369.3 million, P563.3 million, and P207.1 million, respectively, as of December 31, 2024 (see Note 4.3.8).

The Bank defines a financial asset as in default, which is aligned with the definition of credit-impaired asset, when it meets one or more of the following criteria:

- *Quantitative* – in this criterion, the borrower is more than 30 days past due on its contractual payments.
- *Qualitative* – this includes instances where the borrower is unlikely to pay its obligations and is deemed to be in significant financial difficulty, which include cases of long-term forbearance, borrower’s death, insolvency, breach of financial covenant/s, disappearance of active market for that financial instrument because of financial difficulties, and bankruptcy.

These criteria have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. Such definition has been consistently applied in determining PD, EAD, and LGD throughout the ECL calculations of the Bank.

An instrument is considered to have cured when it no longer meets any of the default criteria for six consecutive months. The cure period sets the tolerance period wherein the borrowers are allowed to update the payments. This period was determined based on an analysis which considers the likelihood of a financial instrument returning to default status. The Bank considers verifiable collection experience and reasonable judgment that support the likelihood.

In 2025 and 2024, unsecured and secured loans qualify for write-off when they remained unpaid and outstanding for more than 750 days and 915 days, respectively, and upon BOD approval.

#### Debt Securities

Debt securities are assessed as credit-impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of an event that occurred after the initial recognition of the security (a “loss event”) and that loss event has impact on the estimated future cash flows of the securities. Losses expected as a result of future events, shall also be considered in estimating the ECL. Objective evidence that the security is impaired includes observable data that comes to the attention of the holder of the security about the following loss events:

- significant financial difficulty of the issuer or obligor;
- breach of contract, such as a default or delinquency in interest or principal payments;
- the financial institution, for economic or legal reasons relating to the issuer’s financial difficulty, granting to the issuer a concession that the financial institution would not otherwise consider;
- it becoming probable that the issuer will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that security because of financial difficulties; or,

- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of securities since the initial recognition of those assets, although the decrease cannot yet be identified with the individual securities in the portfolio, including adverse change in the payment status of issuers in the portfolio; or national or local economic conditions that correlate with defaults on the securities in the portfolio.

The disappearance of an active market because a financial institution's held securities are no longer publicly traded is not evidence of impairment. A downgrade of an issuer's credit rating is not, by itself, evidence of impairment, although it may be evidence of impairment when considered with other available information. A decline in the fair value of a security below its cost or amortized cost is not necessarily evidence of impairment (e.g., a decline in fair value of an investment in debt security that results from an increase in the risk-free interest rate).

In making an assessment of whether an investment in government debt securities is credit-impaired, the Bank considers the following factors:

- the market's assessment of creditworthiness as reflected in the bond yields;
- the rating agencies' assessment of creditworthiness;
- the country's ability to access the capital markets for new debt issuance;
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; or,
- the internal support mechanism in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

(c) *Key Inputs, Assumptions and Estimation Techniques Used in Measurement of ECL*

The ECL is measured on either a 12-month or lifetime basis depending on whether an SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the discounted product of the PD, LGD, and EAD, which are defined in Note 2.3(a)(iii). The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival i.e., the exposure has not been prepaid or defaulted in an earlier month. This effectively calculates an ECL for each future month, which is then discounted back to and summed up at the reporting date. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. Such profile is supported by a historical analysis (usually, an observation period of five years).

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. For loans with periodic amortization and one-time full payment at end of the term, EAD is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment or refinancing assumptions are also incorporated into the calculation.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default and may vary by product type. For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market or book values due to forced sales, time to repossession and recovery costs observed.

For unsecured loan portfolios, LGD is typically set at portfolio level due to the limited differentiation in recoveries achieved across different borrowers. The LGD is influenced by collection strategies.

The determination of the 12-month and lifetime PD, LGD, and EAD includes the overlay of forward-looking economic information [see Note 4.3.4(d)]. Further, the assumptions underlying the calculation of the ECL, such as how the maturity profile of the PDs and how collateral values change, are monitored and reviewed by the Bank on a quarterly basis.

(d) *Overlay of Forward-looking Information in the Measurement of ECL*

The Bank incorporates forward-looking information (FLI) in its assessment of SICR and calculation of ECL. The Bank has performed historical analysis and has identified the key macroeconomic variables (MEVs) impacting credit risk associated with its borrowers and/or counterparties and the ECL for each portfolio of debt instruments.

The MEVs and their associated impact on the PD, EAD and LGD vary by financial instrument. The Bank formulates forecasts of MEVs (one base economic scenario, and two less likely scenarios – one upside and one downside) and are performed by the Bank's ERMG on a quarterly basis and provide the best estimate view of the economy over the next five years. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of EAD and LGD.

The base scenario is aligned with information used by the Bank for strategic planning and budgeting. The MEVs considered by the Bank include economic data and forecasts published by government bodies (e.g., BSP and Philippine Statistics Authority), international organizations (e.g., International Monetary Fund), and certain reputable private and academic organizations involved in forecasting.

Accordingly, the Bank has identified key drivers for credit risk for its corporate loans portfolio which include gross domestic product, interest rate, consumer price index, general wholesale price index, money supply, and inflation rate. The analysis of these scenarios takes into account the range of possible outcomes that each chosen scenario is representative of. The assessment of SICR is performed using the lifetime PD under each scenario, multiplied by the associated scenario weight, along with qualitative and backstop indicators. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3, hence, whether a 12-month or lifetime ECL should be recorded.

Following this assessment, the Bank measures ECL as either a probability-weighted 12-month ECL (Stage 1), or a probability-weighted lifetime ECL (Stages 2 and 3). These probability weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weights. As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore, the actual outcomes may be significantly different to those projections. The Bank considers these forecasts to represent its best estimate of the possible outcomes and has analyzed the non-linearities and asymmetries within the Bank's different product types to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Management has also considered other FLI not incorporated within the above economic scenarios, such as any regulatory, legislative, or political changes, but are not deemed to have a significant impact on the calculation of ECL.

(e) *Collective Basis of Measurement of ECL*

For modelling ECL parameters which were carried out on a collective basis, the financial instruments are grouped on the basis of shared credit risk characteristics, such as instrument, product type (auto loans, housing loans, etc.), repayment scheme, industry type, remaining life to maturity, and geographical locations of the borrowers and/or counterparties.

The groups are subject to regular review by the Bank's ERMG in order to ensure that credit exposures within a particular group remain appropriately homogenous.

#### **4.3.5 Modifications of Financial Assets**

(a) *Financial Reliefs Provided by the Bank*

In certain cases, the Bank modifies the terms of the loans provided to the borrowers due to commercial renegotiations, or for distressed loans, with a view of maximizing recovery of the contractual amount of obligation that the Bank is owed to. Restructuring policies and practices are based on indicators or criteria which, in the management's judgment, indicate that payment will most likely continue. Such policies are continuously reviewed and updated as necessary. Restructuring is most commonly applied to term or corporate loans.

Previously, in addition to the government-mandated reliefs, the Bank has also offered financial relief in response to the COVID-19 situation. The following relief measures were granted to eligible customers:

- payment of amortization relief including extension of contractual terms;
- principal and interest relief including lower amortization on extended terms; and,
- change from loan line to term loan (i.e., consolidation of amounts due).

The remaining outstanding balance of restructured loans from these relief measures amounted to P4,692.2 million and P5,216.9 million as of December 31, 2025 and 2024, respectively. The related allowance for credit loss of such loans amounted to P577.1 million and P628.7 million as of the same dates, respectively. Of the total outstanding restructured loans as of December 31, 2025, and 2024, P909.4 million and P1,450.8 million, respectively, are due to impact of COVID-19 situation.

(b) *Assessment of SICR*

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Bank monitors the performance of the financial asset subsequent to its modification. The Bank may determine that the credit risk has significantly improved after restructuring (in accordance with the new terms for six consecutive months or more), so that the assets are moved from Stage 3 or Stage 2.

The Bank continues to monitor if there is a subsequent SICR in relation to such modified assets through the use of specific models for modified assets.

**4.3.6 Credit Risk Exposures**

The Bank's maximum exposure to credit risk is equal to the carrying value of its financial assets, except for certain secured loans and receivables from customers, as shown below.

<i>(Amounts in PHP)</i>	<b>Gross Maximum Exposure</b>	<b>Fair Value of Collaterals</b>	<b>Net Exposure</b>	<b>Financial Effect of Collaterals</b>
<b>2025</b>				
Loans and discounts				
Corporate	118,810,878,096	135,190,052,443	-	118,810,878,096
Consumer	12,840,838,517	33,308,994,966	-	12,840,838,517
Other receivables	3,546,176,504	68,489,906	3,477,686,598	68,489,906
	<b><u>135,197,893,117</u></b>	<b><u>168,567,537,315</u></b>	<b><u>3,477,686,598</u></b>	<b><u>131,720,206,519</u></b>
<b>2024</b>				
Loans and discounts				
Corporate	121,912,404,298	135,889,970,539	-	121,912,404,298
Consumer	10,556,637,806	17,646,080,077	-	10,556,637,806
Other receivables	2,442,378,084	53,919,219	2,388,458,865	53,919,219
	<b><u>134,911,420,188</u></b>	<b><u>153,589,969,835</u></b>	<b><u>2,388,458,865</u></b>	<b><u>132,522,961,323</u></b>

An analysis of the maximum credit risk exposure relating to Stage 3 financial assets as of December 31, 2025 and 2024 is shown below.

<i>(Amounts in PHP)</i>	<b>Gross Maximum Exposure</b>	<b>Fair Value of Collaterals</b>	<b>Net Exposure</b>	<b>Financial Effect of Collaterals</b>
<b>2025</b>				
Loans and discounts				
Corporate	12,487,157,468	13,579,559,867	-	12,487,157,468
Consumer	580,914,628	5,615,386,578	-	580,914,628
Other receivables	342,819,792	3,659,906	339,159,886	3,659,906
	<b><u>13,410,891,888</u></b>	<b><u>19,198,606,351</u></b>	<b><u>339,159,886</u></b>	<b><u>13,071,732,002</u></b>
<b>2024</b>				
Loans and discounts				
Corporate	10,369,294,750	11,325,896,959	-	10,369,294,750
Consumer	563,278,923	4,113,225,638	-	563,278,923
Other receivables	207,122,472	8,679,219	198,443,253	8,679,219
	<b><u>11,139,696,145</u></b>	<b><u>15,447,801,816</u></b>	<b><u>198,443,253</u></b>	<b><u>10,941,252,892</u></b>

The following table sets out the gross carrying amounts of the exposures to credit risk on financial assets with low credit risk measured at amortized cost and debt securities at FVOCI as of December 31:

<i>(Amounts in PHP)</i>	Notes	2025	2024
Cash and cash equivalents	9, 11, 14	<u>12,240,491,979</u>	<u>9,313,411,461</u>
Debt securities:			
At FVOCI	10.2	<u>12,779,371,965</u>	14,326,399,293
At amortized cost	10.3	<u>943,592,912</u>	<u>1,286,126,848</u>
		<u>13,722,964,877</u>	<u>15,612,526,141</u>
		<u>25,963,456,856</u>	<u>24,925,937,602</u>

Cash and cash equivalents include loans and advances to banks (i.e., Due from BSP, Due from Other Banks, SPURRA, Interbank Loans and Foreign currency coins and notes on hand).

Debt securities includes government and corporate bonds. These are held by the BSP, financial institutions and other counterparties that are reputable and with low credit risk. Corresponding allowance for ECL is shown in Note 4.3.7.

#### ***4.3.7 Allowance for Expected Credit Loss***

The following tables show the reconciliation of the loss allowance for ECL by class of financial instruments at the beginning and end of 2025 and 2024:

<i>(Amounts in PHP)</i>	2025			
	Stage 1	Stage 2	Stage 3	Total
<b>Receivables from customers – corporate</b>				
Balance at January 1	73,264,606	696,437,050	5,081,022,205	5,850,723,861
Transfers to:				
Stage 1	158,883,062	(146,808,847)	(12,074,215)	-
Stage 2	(7,287,847)	20,382,428	(13,094,581)	-
Stage 3	(2,650,322)	(100,968,942)	103,619,264	-
Net remeasurement of loss allowance	34,130	310,431,330	1,106,171,877	1,416,637,337
New financial assets originated	40,382,829	315,003,869	1,028,099,676	1,383,486,374
Derecognition of financial assets	(196,733,279)	(259,871,515)	(1,538,440,730)	(1,995,045,524)
Write-offs	-	-	(25,810,268)	(25,810,268)
Balance at December 31	<u>65,893,179</u>	<u>834,605,373</u>	<u>5,729,493,228</u>	<u>6,629,991,780</u>
<b>Receivables from customers – consumer</b>				
Balance at January 1	22,950,124	25,459,895	371,201,361	419,611,380
Transfers to:				
Stage 1	10,872,486	(6,203,380)	(4,669,106)	-
Stage 2	(738,276)	12,565,054	(11,826,778)	-
Stage 3	(1,801,211)	(8,916,661)	10,717,872	-
Net remeasurement of loss allowance	(1,039,821)	(1,000,478)	110,785,699	108,745,400
New financial assets originated	25,573,164	18,338,445	67,236,161	111,147,770
Derecognition of financial assets	(21,444,813)	(15,614,699)	(108,110,820)	(145,170,332)
Write-offs	-	-	(17,918,661)	(17,918,661)
Balance at December 31	<u>34,371,653</u>	<u>24,628,176</u>	<u>417,415,728</u>	<u>476,415,557</u>

	2025			
	Stage 1	Stage 2	Stage 3	Total
<i>(Amounts in PHP)</i>				
<b>Other receivables</b>				
Balance at January 1	5,447,743	6,137,676	153,518,018	165,103,437
Transfers to:				
Stage 1	879,463	(847,758)	(31,705)	-
Stage 2	(56,711)	164,429	(107,718)	-
Stage 3	(27,809)	(189,958)	217,767	-
Net remeasurement of loss allowance	342,862	4,599,026	17,402,753	22,344,641
New financial assets originated	261,281	1,734,603	15,949,492	17,945,376
Derecognition of financial assets	(1,012,686)	(3,518,615)	-	(4,531,301)
Balance at December 31	<b>5,834,143</b>	<b>8,079,403</b>	<b>186,948,607</b>	<b>200,862,153</b>
<b>Debt investment securities at FVOCI</b>				
Balance at January 1	16,867,787	-	-	16,867,787
Net remeasurement of loss allowance	-	-	-	-
Balance at December 31	<b>16,867,787</b>	<b>-</b>	<b>-</b>	<b>16,867,787</b>
<b>Debt investment securities at amortized cost</b>				
Balance at January 1	15,777,698	-	-	15,777,698
Net remeasurement of loss allowance	-	-	-	-
Balance at December 31	<b>15,777,698</b>	<b>-</b>	<b>-</b>	<b>15,777,698</b>
	2024			
	Stage 1	Stage 2	Stage 3	Total
<i>(Amounts in PHP)</i>				
Receivables from customers – corporate				
Balance at January 1	155,584,539	122,974,833	5,281,524,740	5,560,084,112
Transfers to:				
Stage 1	2,567,912	(455,652)	(2,112,260)	-
Stage 2	(8,517,308)	30,616,448	(22,099,140)	-
Stage 3	(13,969,128)	(12,851,094)	26,820,222	-
Net remeasurement of loss allowance	(47,957,620)	90,286,255	12,417,418	54,746,053
New financial assets originated	49,718,424	606,926,218	591,706,530	1,248,351,172
Derecognition of financial assets	(64,162,213)	(141,059,958)	(404,111,177)	(609,333,348)
Write-offs	-	-	(403,124,128)	(403,124,128)
Balance at December 31	<b>73,264,606</b>	<b>696,437,050</b>	<b>5,081,022,205</b>	<b>5,850,723,861</b>
Receivables from customers – consumer				
Balance at January 1	12,804,705	12,094,434	149,923,850	174,822,989
Transfers to:				
Stage 1	1,652,864	(1,327,385)	(325,479)	-
Stage 2	(492,869)	1,800,108	(1,307,239)	-
Stage 3	(1,587,009)	(5,349,543)	6,936,552	-
Net remeasurement of loss allowance	700,251	4,707,622	337,310,510	342,718,383
New financial assets originated	17,132,252	17,457,767	39,803,863	74,393,882
Derecognition of financial assets	(7,260,070)	(3,923,108)	(46,289,295)	(57,472,473)
Write-offs	-	-	(114,851,401)	(114,851,401)
Balance at December 31	<b>22,950,124</b>	<b>25,459,895</b>	<b>371,201,361</b>	<b>419,611,380</b>
Other receivables				
Balance at January 1	1,073,360	667,533	187,520,127	189,261,020
Transfers to:				
Stage 1	30,234	(21,334)	(8,900)	-
Stage 2	(36,611)	372,401	(335,790)	-
Stage 3	(160,810)	(119,430)	280,240	-
Net remeasurement of loss allowance	(1,921,121)	1,868,703	(20,109,778)	(20,162,196)
New financial assets originated	6,991,351	4,694,684	1,105,693	12,791,728
Derecognition of financial assets	(528,660)	(1,324,881)	(12,850,007)	(14,703,548)
Write-offs	-	-	(2,083,567)	(2,083,567)
Balance at December 31	<b>5,447,743</b>	<b>6,137,676</b>	<b>153,518,018</b>	<b>165,103,437</b>
Debt investment securities at FVOCI				
Balance at January 1	16,867,787	-	-	16,867,787
Net remeasurement of loss allowance	-	-	-	-
Balance at December 31	<b>16,867,787</b>	<b>-</b>	<b>-</b>	<b>16,867,787</b>

(Amounts in PHP)	2024			
	Stage 1	Stage 2	Stage 3	Total
Debt investment securities at amortized cost				
Balance at January 1	15,777,698	-	-	15,777,698
Net remeasurement of loss allowance	-	-	-	-
Balance at December 31	<u>15,777,698</u>	<u>-</u>	<u>-</u>	<u>15,777,698</u>

#### 4.3.8 Significant Changes in Gross Carrying Amount Affecting Allowance for ECL

The table below and in the succeeding page provides information on how the significant changes in the gross carrying amounts (i.e., gross of unamortized charges and unearned discount) of financial instruments in 2025 and 2024 contributed to the changes in the allowance for ECL.

(Amounts in PHP)	2025			
	Stage 1	Stage 2	Stage 3	Total
<b>Receivables from customers – corporate</b>				
Balance at January 1	92,093,604,649	19,449,504,899	10,369,294,750	121,912,404,298
Transfers to:				
Stage 1	3,649,983,171	(3,457,992,087)	(191,991,084)	-
Stage 2	(7,343,610,775)	7,376,006,126	(32,395,351)	-
Stage 3	(1,974,331,343)	(1,973,272,907)	3,947,604,250	-
New financial assets originated	57,144,210,578	8,570,295,694	1,560,088,249	67,274,594,521
Derecognition of financial assets	(59,953,205,505)	(7,257,471,872)	(3,139,633,078)	(70,350,310,455)
Write-offs	-	-	(25,810,268)	(25,810,268)
Balance at December 31	<u>83,616,650,775</u>	<u>22,707,069,853</u>	<u>12,487,157,468</u>	<u>118,810,878,096</u>
<b>Receivables from customers – consumer</b>				
Balance at January 1	9,774,549,488	218,809,395	563,278,923	10,556,637,806
Transfers to:				
Stage 1	55,063,031	(39,944,266)	(15,118,765)	-
Stage 2	(339,812,632)	420,993,752	(81,181,120)	-
Stage 3	(163,490,599)	(55,605,121)	219,095,720	-
New financial assets originated	5,979,952,226	219,511,794	88,371,364	6,287,835,384
Derecognition of financial assets	(3,659,497,289)	(150,605,890)	(175,612,833)	(3,985,716,012)
Write-offs	-	-	(17,918,661)	(17,918,661)
Balance at December 31	<u>11,646,764,225</u>	<u>613,159,664</u>	<u>580,914,628</u>	<u>12,840,838,517</u>
<b>Other receivables</b>				
Balance at January 1	2,143,959,221	91,296,391	207,122,472	2,442,378,084
Transfers to:				
Stage 1	18,959,350	(18,821,812)	(137,538)	-
Stage 2	(45,070,337)	45,515,680	(445,343)	-
Stage 3	(15,100,847)	(3,810,448)	18,911,295	-
New financial assets originated	1,604,023,523	32,363,700	117,368,905	1,753,756,128
Derecognition of financial assets	(642,153,208)	(7,804,500)	-	(649,957,708)
Balance at December 31	<u>3,064,617,702</u>	<u>138,739,011</u>	<u>342,819,791</u>	<u>3,546,176,504</u>
<b>Debt investment securities at FVOCI</b>				
Balance at January 1	14,326,399,293	-	-	14,326,399,293
New financial assets purchased	1,526,693,365	-	-	1,526,693,365
Fair value gains	319,105,479	-	-	319,105,479
Disposals, maturities, and redemptions	(3,428,386,732)	-	-	(3,428,386,732)
Foreign currency revaluation	42,853,235	-	-	42,853,235
Amortization of premium	(7,292,675)	-	-	(7,292,675)
Balance at December 31	<u>12,779,371,965</u>	<u>-</u>	<u>-</u>	<u>12,779,371,965</u>
<b>Debt investment securities at amortized cost</b>				
Balance at January 1	1,286,126,848	-	-	1,286,126,848
New financial assets purchased	210,446,829	-	-	210,446,829
Maturities	(596,127,688)	-	-	(596,127,688)
Amortization of discount	43,146,923	-	-	43,146,923
Balance at December 31	<u>943,592,912</u>	<u>-</u>	<u>-</u>	<u>943,592,912</u>

(Amounts in PHP)	2024			
	Stage 1	Stage 2	Stage 3	Total
Receivables from customers – corporate				
Balance at January 1	90,782,056,677	8,822,842,167	9,774,671,862	109,379,570,706
Transfers to:				
Stage 1	81,078,704	(68,377,256)	(12,701,448)	-
Stage 2	(7,777,524,090)	7,910,410,705	(132,886,615)	-
Stage 3	(1,283,135,231)	(636,770,804)	1,919,906,035	-
New financial assets originated	65,519,805,104	9,017,408,272	2,270,254,819	76,807,468,195
Derecognition of financial assets	(55,228,676,515)	(5,596,008,185)	(3,046,825,775)	(63,871,510,475)
Write-offs	-	-	(403,124,128)	(403,124,128)
Balance at December 31	<u>92,093,604,649</u>	<u>19,449,504,899</u>	<u>10,369,294,750</u>	<u>121,912,404,298</u>
Receivables from customers – consumer				
Balance at January 1	7,416,945,178	222,927,368	488,750,026	8,128,622,572
Transfers to:				
Stage 1	35,569,829	(32,321,287)	(3,248,542)	-
Stage 2	(107,704,721)	109,328,265	(1,623,544)	-
Stage 3	(151,382,981)	(83,482,706)	234,865,687	-
New financial assets originated	5,175,537,746	78,670,263	52,088,868	5,306,296,877
Derecognition of financial assets	(2,594,415,563)	(76,312,508)	(92,702,171)	(2,763,430,242)
Write-offs	-	-	(114,851,401)	(114,851,401)
Balance at December 31	<u>9,774,549,488</u>	<u>218,809,395</u>	<u>563,278,923</u>	<u>10,556,637,806</u>
Other receivables				
Balance at January 1	5,839,035,139	23,900,644	318,592,592	6,181,528,375
Transfers to:				
Stage 1	606,027	(507,842)	(98,185)	-
Stage 2	(28,903,865)	30,831,561	(1,927,696)	-
Stage 3	(9,617,024)	(2,470,995)	12,088,019	-
New financial assets originated	777,850,401	54,850,825	3,923,119	836,624,345
Derecognition of financial assets	(4,435,011,457)	(15,307,802)	(123,371,810)	(4,573,691,069)
Write-offs	-	-	(2,083,567)	(2,083,567)
Balance at December 31	<u>2,143,959,221</u>	<u>91,296,391</u>	<u>207,122,472</u>	<u>2,442,378,084</u>
Debt investment securities at FVOCI				
Balance at January 1	13,765,424,913	-	-	13,765,424,913
New financial assets purchased	1,555,351,731	-	-	1,555,351,731
Fair value gains	(6,099,697)	-	-	(6,099,697)
Disposals, maturities, and redemptions	(1,031,380,000)	-	-	(1,031,380,000)
Foreign currency revaluation	93,231,689	-	-	93,231,689
Amortization of premium	(50,129,343)	-	-	(50,129,343)
Balance at December 31	<u>14,326,399,293</u>	<u>-</u>	<u>-</u>	<u>14,326,399,293</u>
Debt investment securities at amortized cost				
Balance at January 1	1,517,034,052	-	-	1,517,034,052
New financial assets purchased	230,974,346	-	-	230,974,346
Maturities	(503,687,237)	-	-	(503,687,237)
Amortization of discount	41,805,687	-	-	41,805,687
Balance at December 31	<u>1,286,126,848</u>	<u>-</u>	<u>-</u>	<u>1,286,126,848</u>

#### 4.3.9 Collateral Held as Security and Other Credit Enhancements

The Bank holds collateral against loans and advances to customers in the form of hold-out deposits, real estate mortgage, standby letters of credit or bank guaranty, government guaranty, chattel mortgage, assignment of receivables, pledge of equity securities, personal and corporate guaranty and other forms of security. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are generally updated annually.

Generally, collateral is not held over loans and advances to other banks, except when securities are held as part of repurchase and securities borrowing arrangements. Collateral is not usually held against trading and investment securities, and no such collateral was held as of December 31, 2025 and 2024.

The estimated fair value of collateral and other security enhancements held against the loan portfolio as of December 31, 2025 and 2024 are presented below.

<i>(Amounts in PHP)</i>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
<b><u>2025</u></b>				
Real properties	98,730,104,847	21,981,179,211	13,351,516,429	134,062,800,487
Chattel	20,893,191,472	4,706,022,819	5,722,038,673	31,321,252,964
Hold-out deposits	<u>3,011,163,490</u>	<u>47,269,125</u>	<u>125,051,249</u>	<u>3,183,483,864</u>
	<b><u>122,634,459,809</u></b>	<b><u>26,734,471,155</u></b>	<b><u>19,198,606,351</u></b>	<b><u>168,567,537,315</u></b>
<b><u>2024</u></b>				
Real properties	98,632,466,804	20,848,593,637	12,831,144,009	132,312,204,450
Chattel	6,614,012,263	3,059,536,607	2,468,467,769	12,142,016,639
Hold-out deposits	<u>8,844,482,264</u>	<u>143,076,444</u>	<u>148,190,038</u>	<u>9,135,748,746</u>
	<b><u>114,090,961,331</u></b>	<b><u>24,051,206,688</u></b>	<b><u>15,447,801,816</u></b>	<b><u>153,589,969,835</u></b>

As of December 31, 2025 and 2024, the Bank has recognized certain properties arising from foreclosures in settlement of loan account amounting to P1,144.9 million and P607.8 million, respectively (see Note 13).

The Bank's manner of disposing of the collateral for impaired loans and receivables is normally through the sale of these assets after foreclosure proceedings have taken place. The Bank does not generally use the non-cash collateral for its own operations.

There were no changes in the Bank's collateral policies in 2025 and 2024.

#### 4.3.10 Write-Offs

The Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery of the financial asset. Indicators that there is no reasonable expectation of recovery include: cessation of enforcement activity; and, where the Bank's recovery method is through foreclosure of collateral and the value of the collateral is less than the outstanding contractual amounts of the financial assets to be written-off.

The Bank may write-off financial assets that are still subject to enforcement activity. The total financial assets written-off in 2025 and 2024 amounted to P43.7 million and P520.1 million, respectively (see Note 26). The Bank still seeks to recover amounts legally owed in full, but which have been partially written-off due to lack of reasonable expectation of full recovery.

#### ***4.3.11 Maximum Exposure to Credit Risk of Financial Instruments not Subject to Impairment***

The following table contains analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e., FVTPL):

<i>(Amounts in thousand PHP)</i>	<u>2025</u>	<u>2024</u>
Government securities	<b>6,421,784,054</b>	9,303,123,574
Corporate debt securities	<b>4,044,766,366</b>	870,645,051
	<b><u>10,466,550,420</u></b>	<b><u>10,173,768,625</u></b>

#### ***4.3.12 Sensitivity Analysis on ECL Measurement***

Set out below are the changes in the Bank's ECL as of December 31, 2025 and 2024 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Bank's economic variable assumptions.

<i>(Amounts in PHP)</i>	<u>Impact on ECL Allowance</u>		
	<u>Change in MEV assumption +/-1%</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
<b><u>2025</u></b>			
Corporate Loans	CPI rate	8,571,148	(8,571,148)
Housing Loans	Money Supply	13,879	(13,879)
Auto Loans	Money Supply	8,702	(8,702)
Salary Loans	Money Supply	572,885	(572,885)
<b><u>2024</u></b>			
Corporate Loans	PPP rate, CPI rate, Money supply, GWPI rate and Inflation rate	7,296,161	(7,296,161)
Housing Loans	CPI rate and Money supply	24,028	(24,028)
Auto Loans	Inflation rate and CPI rate	17,106	(17,106)
Salary Loans	PPP, CPI rate and Inflation rate	412,679	(412,679)

#### 4.4 Market Risk

The Bank's market risk exposure arises from adverse movements in interest rates and prices of assets that are either carried in the banking book or held as positions in the trading book (financial instruments), mismatches in the contractual maturity of its resources and liabilities, embedded optionality in the loans and deposits due to pre-terminations, and potential cash run offs arising from changes in the overall liquidity and funding conditions in the market.

Market risk related to the Bank's financial instruments includes foreign currency, interest rate and price risks.

##### (a) Foreign Currency Risk

The Bank manages its exposure to effects of fluctuations in the foreign currency exchange rates by maintaining foreign currency exposure within the existing regulatory guidelines and at a level that it believes to be relatively conservative for a financial institution engaged in that type of business.

The Bank's foreign currency exposure is primarily limited to the foreign currency deposits, which are sourced within the Philippines or generated from remittances by Filipino expatriates and overseas Filipino workers. Also, foreign currency trading with corporate accounts and other financial institutions is a source of foreign currency exposure for the Bank. At the end of each month, the Bank reports to the BSP on its acquisition and disposition of foreign currency resulting from its daily transactions.

The breakdown of the financial assets and financial liabilities as to foreign currency (translated into Philippine pesos) and Philippine peso-denominated balances as of December 31, 2025 and 2024 are presented below and in the succeeding page.

<i>(Amounts in thousands PHP)</i>	<b>2025</b>		
	<b>Foreign Currency</b>	<b>Philippine Peso</b>	<b>Total</b>
<i>Financial Assets:</i>			
Cash and other cash items	-	1,423,301	1,423,301
Due from BSP	-	2,867,088	2,867,088
Due from other banks	2,985,567	2,772,887	5,758,454
Trading and investment securities at:			
FVTPL	2,311,981	8,156,143	10,468,124
FVOCI	1,992,901	10,786,471	12,779,372
Amortized cost	504,527	423,288	927,815
Loans and other receivables - net	2,759,856	124,902,764	127,662,620
Other resources	74,069	71,068	145,137
	<b><u>10,628,901</u></b>	<b><u>151,403,010</u></b>	<b><u>162,031,911</u></b>
<i>Financial Liabilities:</i>			
Deposit liabilities	7,655,681	127,289,877	134,945,558
Bills payable	-	8,000,000	8,000,000
Accrued expenses and other liabilities	4,066	3,928,418	3,932,484
	<b><u>7,659,747</u></b>	<b><u>139,218,295</u></b>	<b><u>146,878,042</u></b>

(Amounts in thousands PHP)	2024		
	Foreign Currency	Philippine Peso	Total
<i>Financial Assets:</i>			
Cash and other cash items	-	1,177,795	1,177,795
Due from BSP	-	2,881,094	2,881,094
Due from other banks	1,697,389	2,359,065	4,056,454
Trading and investment securities at:			
FVTPL	2,059,598	8,114,171	10,173,769
FVOCI	1,865,287	12,461,112	14,326,399
Amortized cost	728,847	541,502	1,270,349
Loans and other receivables – net	1,217,521	127,054,617	128,272,138
Other resources	82,379	112,951	195,330
	<u>7,651,021</u>	<u>154,702,307</u>	<u>162,353,328</u>
<i>Financial Liabilities:</i>			
Deposit liabilities	7,273,090	131,821,189	139,094,279
Bills payable	-	4,562,500	4,562,500
Accrued expenses and other liabilities	152,349	3,872,638	4,024,987
	<u>7,425,439</u>	<u>140,256,327</u>	<u>147,681,766</u>

(b) *Interest Rate Risk*

Interest rate risk is the probability of decline in net interest earnings as a result of an adverse movement of interest rates.

In measuring interest rate exposure from an earnings perspective, the Bank calculates the Earnings at Risk (EAR) to determine the impact of interest rate changes on the Bank's accrual portfolio. The EAR is the potential decline in net interest income due to the adverse movement in interest rates. To quantify interest rate exposure, the statement of financial position is first classified into interest rate sensitive and non-interest rate sensitive asset and liability accounts and then divided into pre-defined interest rate sensitivity gap tenor buckets with corresponding amounts slotted therein based on the term to next re-pricing date (the re-pricing maturity for floating rate accounts) and remaining term to maturity (the equivalent re-pricing maturity for fixed rate accounts). The rate sensitivity gaps are calculated for each time band and on a cumulative basis. The gap amount for each bucket is multiplied by an assumed change in interest rate to determine EAR.

The rate sensitivity gaps are calculated for each time band and on a cumulative basis. The gap amount for each bucket is multiplied by an assumed change in interest rate to determine EAR. A negative interest rate sensitivity gap position implies that EAR increases with a rise in interest rates, while a positive interest rate sensitivity gap results in a potential decline in net interest rate income as interest rates fall. To supplement the EAR, the Bank regularly employs sensitivity analysis on the Bank's interest rate exposure.

To mitigate interest rate risk, the Bank follows a prudent policy on managing resources and liabilities so as to ensure that exposure to interest rate risk is kept within acceptable levels.

The BOD has also approved the EAR Limit which is reviewed regularly.

The analyses of the groupings of resources, liabilities, capital funds and off-book financial position items as of December 31, 2025 and 2024 based on the expected interest realization or recognition are as follows:

<i>(Amounts in thousands PHP)</i>	2025					Total
	Less than One Month	One to Three Months	Three Months to One Year	More than One Year	Non-rate Sensitive	
<b>Resources</b>						
Cash and other cash items	-	-	-	-	1,423,301	1,423,301
Due from BSP	2,750,000	-	-	-	117,088	2,867,088
Due from other banks	1,983,013	-	-	-	3,775,441	5,758,454
Trading and investment securities	75	1,405	163,235	13,560,092	10,450,505	24,175,312
Loans and other						
Receivables - net	78,987,310	20,651,588	6,664,118	21,359,604	-	127,662,620
Other resources*	-	-	-	-	6,975,879	6,975,879
<b>Total Resources</b>	<b>83,720,398</b>	<b>20,652,993</b>	<b>6,827,353</b>	<b>34,919,696</b>	<b>22,742,214</b>	<b>168,862,654</b>
<b>Liabilities and Equity:</b>						
Deposit liabilities	56,480,215	18,137,630	2,893,572	2,721,630	54,712,511	134,945,558
Bills payable	8,000,000	-	-	-	-	8,000,000
Accrued expenses and other liabilities	38,629	-	-	-	4,709,442	4,748,071
Total Liabilities	64,518,844	18,137,630	2,893,572	2,721,630	59,421,953	147,693,629
Equity	-	-	-	-	21,169,025	21,169,025
<b>Total Liabilities and Equity</b>	<b>64,518,844</b>	<b>18,137,630</b>	<b>2,893,572</b>	<b>2,721,630</b>	<b>80,590,978</b>	<b>168,862,654</b>
On-books Gap	19,201,554	2,515,363	3,933,781	32,198,066	(57,848,764)	-
Cumulative On-books Gap	19,201,554	21,716,917	25,650,698	57,848,764	-	-
Contingent Resources	-	-	-	-	-	-
Contingent Liabilities	-	-	-	-	-	-
Off-books Gap	-	-	-	-	-	-
Net Periodic Gap	19,201,554	2,515,363	3,933,781	32,198,066	(57,848,764)	-
<b>Cumulative Total Gap</b>	<b>19,201,554</b>	<b>21,716,917</b>	<b>25,650,698</b>	<b>57,848,764</b>	<b>-</b>	<b>-</b>

\* Other resources include Premises, Furniture, Fixtures and Equipment, Investment Properties, Deferred Tax Assets, and Other Resources.

(Amounts in thousands PHP)	2024					Total
	Less than One Month	One to Three Months	Three Months to One Year	More than One Year	Non-rate Sensitive	
<b>Resources</b>						
Cash and other cash items	-	-	-	-	1,177,795	1,177,795
Due from BSP	2,250,000	-	-	-	631,094	2,881,094
Due from other banks	313,834	-	-	-	3,742,620	4,056,454
Trading and investment securities	-	215	1,154,388	14,459,894	10,156,020	25,770,517
Loans and other Receivables - net	84,254,505	13,942,762	7,556,133	22,518,738	-	128,272,138
Other resources*	-	-	-	-	5,833,668	5,833,668
<b>Total Resources</b>	<b>86,818,339</b>	<b>13,942,977</b>	<b>8,710,521</b>	<b>36,978,632</b>	<b>21,541,197</b>	<b>167,991,666</b>
<b>Liabilities and Equity:</b>						
Deposit liabilities	54,966,930	20,514,481	7,673,455	2,631,275	53,308,138	139,094,279
Bills payable	4,500,000	62,500	-	-	-	4,562,500
Accrued expenses and other liabilities	35,144	34,969	124,223	-	4,780,059	4,974,395
<b>Total Liabilities</b>	<b>59,502,074</b>	<b>20,611,950</b>	<b>7,797,678</b>	<b>2,631,275</b>	<b>58,088,197</b>	<b>148,631,174</b>
Equity	-	-	-	-	19,360,492	19,360,492
<b>Total Liabilities and Equity</b>	<b>59,502,074</b>	<b>20,611,950</b>	<b>7,797,678</b>	<b>2,631,275</b>	<b>77,448,689</b>	<b>167,991,666</b>
On-books Gap	27,316,265	(6,668,973)	912,843	34,347,357	(55,907,492)	-
Cumulative On-books Gap	27,316,265	20,647,292	21,560,135	55,907,492	-	-
Contingent Resources	-	-	-	-	-	-
Contingent Liabilities	-	-	-	-	-	-
Off-books Gap	-	-	-	-	-	-
Net Periodic Gap	27,316,265	(6,668,973)	912,843	34,347,357	(55,907,492)	-
Cumulative Total Gap	27,316,265	20,647,292	21,560,135	55,907,492	-	-

\* Other resources include Premises, Furniture, Fixtures and Equipment, Investment Properties, Deferred Tax Assets, and Other Resources.

(c) *Price Risk*

In measuring the magnitude of exposures related to the Bank's trading portfolio arising from holding of government and other debt securities, the Bank employs VaR methodology. VaR is an estimate of the amount of loss that a given risk exposure is unlikely to exceed during a given time period, at a given level of statistical confidence. Analytically, VaR is the product of: (a) the sensitivity of the market value of the position to movement of the relevant market risk factors, and (b) the volatility of the market risk factor for the given time horizon at a specified level of statistical confidence. Typically, the Bank uses a 99% confidence level for this measurement, i.e., losses could exceed the VaR in one out of 100 trading days.

In calculating the severity of the market risk exposure for fixed income securities, the Bank takes into account the cash flow weighted term or modified duration of the securities comprising the portfolio, the yield to maturity, and mark-to-market value of the component securities position in the trading book. As the VaR methodology requires a minimum historical period of reckoning with market movements from a transparent discovery platform, the Bank uses yield and price data from Bloomberg in the calculation of the volatility of rates of return and security prices, consistent with BSP valuation guidelines.

In assessing market risk, the Bank scales the calculated VaR based on assumed defeasance or holding periods that range from one day and ten days consistent with best practices and BSP standards.

As a prudent market risk control and compliance practice, the BOD has approved a market risk limit system which includes: (i) VaR limit on a per instrument and portfolio; (ii) loss limit on per investment portfolio, (iii) off-market rate limits on per instrument type; and (iv) holding period for investment securities.

In recognition of the limitations of VaR related to the assumptions on which the model is based, the Bank supplements the VaR with a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual trading portfolios and the Bank's overall position.

The following table shows the VaR position and ranges of the Bank's financial assets at FVTPL and at FVOCI portfolios as of December 31:

<i>(Amounts in thousands PHP)</i>	<u>2025</u>	<u>2024</u>
<b><u>VaR Position:</u></b>		
Financial assets at FVTPL	<b>10,468,124</b>	10,173,769
Financial assets at FVOCI	<b>12,779,372</b>	14,326,399
<b><u>VaR Position:</u></b>		
Minimum	<b>102,471</b>	126,983
Maximum	<b>167,968</b>	192,037
Average	<b>131,503</b>	160,141

Stress test on the December 31, 2025 and 2024 portfolio shows the potential impact on profit and capital funds of parallel increase in interest rates of financial assets at FVTPL and at FVOCI as follows:

<i>(Amounts in thousands PHP)</i>		<u>2025</u>		
<u>Currency</u>	<u>Current Market Value</u>	<u>Sensitivities</u>		
		<u>+100 bps</u>	<u>+300 bps</u>	<u>+500 bps</u>
Philippine peso	18,942,614	(1,177,918)	(3,533,754)	(5,889,591)
US dollar	4,304,882	(570,246)	(1,710,739)	(2,851,232)
<b>Total</b>	<b><u>23,247,496</u></b>	<b><u>(1,748,164)</u></b>	<b><u>(5,244,493)</u></b>	<b><u>(8,740,823)</u></b>
		<u>2024</u>		
<u>Currency</u>	<u>Current Market Value</u>	<u>Sensitivities</u>		
		<u>+100 bps</u>	<u>+300 bps</u>	<u>+500 bps</u>
Philippine peso	20,575,283	(986,045)	(2,958,134)	(4,930,224)
US dollar	3,924,885	(430,626)	(1,291,878)	(2,153,131)
<b>Total</b>	<b><u>24,500,168</u></b>	<b><u>(1,416,671)</u></b>	<b><u>(4,250,012)</u></b>	<b><u>(7,083,355)</u></b>

(d) *Liquidity Risk*

Liquidity risk is the risk to income and capital as a result of the Bank failing its commitment for funds as they fall due. The Bank manages its liquidity risk through the management's monitoring of various liquidity ratios, Treasury's weekly and regular assessment of liquidity gaps, and the maturity ladder.

A maturity ladder relates the inflows to outflows of funds at selected maturity dates and is constructed to measure liquidity exposure. The ladder shows the Bank's statement of financial position distributed into tenor buckets across the term structure on the basis of the term to final maturity or cash flow dates. The amount of net inflows which equals the difference between the amounts of contractually maturing assets (inflows) and liabilities (outflows) is computed per tenor bucket and on a cumulative basis incorporating certain behavioral and hypothetical assumptions regarding the flows from assets and liabilities including contingent commitments over time. The calculated periodic and cumulative gaps constitute the Bank's run off schedule, which indicate the Bank's net funding requirements in local and foreign currency.

To control liquidity gap risks, a quantitative ceiling to the net outflow of funds of the Bank called Maximum Cumulative Outflow (MCO) limit is observed per currency based on the recommendation of management, which model and assumptions are reviewed by the Asset and Liability Committee (ALCO) and the ROC prior to the confirmation by the BOD.

The analysis of the cash flow gap analysis of resources, liabilities, capital funds and off-book financial position items as of December 31, 2025 and 2024 are presented below and in the succeeding page.

<i>(Amounts in thousands PHP)</i>	2025				
	<u>Less than One Month</u>	<u>One to Three Months</u>	<u>Three Months to One Year</u>	<u>More than One Year</u>	<u>Total</u>
Resources					
Cash and other cash items	1,423,301	-	-	-	<b>1,423,301</b>
Due from BSP	2,750,000	-	-	117,088	<b>2,867,088</b>
Due from other banks	5,758,454	-	-	-	<b>5,758,454</b>
Trading and investment securities	10,468,199	1,405	164,641	13,541,067	<b>24,175,312</b>
Loans and other receivables – net	4,126,666	5,724,676	16,076,759	101,734,519	<b>127,662,620</b>
Other resources*	<u>3,971,765</u>	<u>2,609</u>	<u>6,174</u>	<u>2,995,331</u>	<u><b>6,975,879</b></u>
Total Resources	<u>28,498,385</u>	<u>5,728,690</u>	<u>16,247,574</u>	<u>118,388,005</u>	<u><b>168,862,654</b></u>
Liabilities and Equity:					
Deposit liabilities	11,875,712	3,432,137	1,589,287	118,048,422	<b>134,945,558</b>
Bills payable	8,000,000	-	-	-	<b>8,000,000</b>
Accrued expenses and other liabilities	<u>3,222,042</u>	<u>1,327,585</u>	<u>72,446</u>	<u>125,998</u>	<u><b>4,748,071</b></u>
Total Liabilities	23,097,754	4,759,722	1,661,733	118,174,420	<b>147,693,629</b>
Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,169,025</u>	<u><b>21,169,025</b></u>
Total Liabilities and Equity	<u>23,097,754</u>	<u>4,759,722</u>	<u>1,661,733</u>	<u>139,343,445</u>	<u><b>168,862,654</b></u>
On-books Gap	<u>5,400,631</u>	<u>968,968</u>	<u>14,585,841</u>	<u>(20,955,440)</u>	<u>-</u>
Cumulative On-books Gap	<u>5,400,631</u>	<u>6,369,599</u>	<u>20,955,440</u>	<u>-</u>	<u>-</u>
Contingent Liabilities	<u>43,422</u>	<u>22,859</u>	<u>-</u>	<u>-</u>	<u><b>66,281</b></u>
Off-books Gap	<u>(43,422)</u>	<u>(22,859)</u>	<u>-</u>	<u>-</u>	<u><b>(66,281)</b></u>
Net Periodic Gap	<u>5,357,209</u>	<u>946,109</u>	<u>14,585,841</u>	<u>(20,955,440)</u>	<u>-</u>
Cumulative Total Gap	<u>5,357,209</u>	<u>6,303,318</u>	<u>20,889,159</u>	<u>(66,281)</u>	<u>-</u>

\* Other resources include Premises, Furniture, Fixtures and Equipment, Investment Properties, Deferred Tax Assets, and Other Resources.

<i>(Amounts in thousands PHP)</i>	2024				Total
	Less than One Month	One to Three Months	Three Months to One Year	More than One Year	
<b>Resources</b>					
Cash and other cash items	1,177,795	-	-	-	1,177,795
Due from BSP	2,250,000	-	-	631,094	2,881,094
Due from other banks	4,056,454	-	-	-	4,056,454
Trading and investment securities	10,174,032	215	1,154,388	14,441,882	25,770,517
Loans and other Receivables - net	4,725,168	6,052,119	16,841,290	100,653,561	128,272,138
Other resources*	<u>3,512,817</u>	<u>825</u>	<u>3,572</u>	<u>2,316,454</u>	<u>5,833,668</u>
<b>Total Resources</b>	<u>25,896,266</u>	<u>6,053,159</u>	<u>17,999,250</u>	<u>118,042,991</u>	<u>167,991,666</u>
<b>Liabilities and Equity:</b>					
Deposit liabilities	13,987,179	3,635,835	5,860,108	115,611,157	139,094,279
Bills payable	4,500,000	62,500	-	-	4,562,500
Accrued expenses and other liabilities	<u>2,977,942</u>	<u>1,414,009</u>	<u>582,444</u>	<u>-</u>	<u>4,974,395</u>
<b>Total Liabilities</b>	21,465,121	5,112,344	6,442,552	115,611,157	148,631,174
Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,360,492</u>	<u>19,360,492</u>
<b>Total Liabilities and Equity</b>	<u>21,465,121</u>	<u>5,112,344</u>	<u>6,442,552</u>	<u>134,971,649</u>	<u>167,991,666</u>
On-books Gap	<u>4,431,145</u>	<u>940,815</u>	<u>11,556,698</u>	<u>(16,928,658)</u>	<u>-</u>
Cumulative On-books Gap	<u>4,431,145</u>	<u>5,371,960</u>	<u>16,928,658</u>	<u>-</u>	<u>-</u>
Contingent Resources	-	-	-	-	-
Contingent Liabilities	<u>198,690</u>	<u>11,442</u>	<u>-</u>	<u>-</u>	<u>210,132</u>
Off-books Gap	<u>(198,690)</u>	<u>(11,442)</u>	<u>-</u>	<u>-</u>	<u>(210,132)</u>
Net Periodic Gap	<u>4,232,455</u>	<u>929,373</u>	<u>11,556,698</u>	<u>(16,928,658)</u>	<u>(210,132)</u>
Cumulative Total Gap	<u><b>4,232,455</b></u>	<u><b>5,161,828</b></u>	<u><b>16,718,526</b></u>	<u><b>(210,132)</b></u>	<u><b>-</b></u>

\* Other resources include Premises, Furniture, Fixtures and Equipment, Investment Properties, Deferred Tax Assets, and Other Resources.

The MCO measures the maximum funding requirement the Bank may need to support its maturing obligations. To ensure that the Bank maintains a prudent and manageable level of cumulative negative gap, the Bank maintains a pool of highly liquid assets in the form of tradable investment securities. Moreover, the BOD has approved the MCO Limits which reflect the Bank's overall appetite for liquidity risk exposure. This limit is reviewed every year. Compliance with MCO Limits is monitored and reported to the BOD and senior management. In case of breach in the MCO Limit, the Risk Management Center elevates the concern to the BOD through the ROC for corrective action.

Additional measures to mitigate liquidity risks include reporting of funding concentration, short-term liquidity reporting, available funding sources, and liquid assets analysis.

More frequent analysis of projected funding sources and requirements as well as pricing strategies is discussed thoroughly during the weekly ALCO meetings.

Pursuant to applicable BSP regulations, the Bank is required to maintain reserves against deposit liabilities which are based on certain percentages of deposits. The required reserves against deposit liabilities shall be kept in the form of deposits placed in the Bank's demand deposit accounts with the BSP. The BSP also requires the Bank to maintain asset cover of 100% for foreign currency-denominated liabilities of its FCDO.

#### **4.4.1 Foreign Currency Liquidity Management**

The liquidity risk management policies and objectives described also apply to the management of any foreign currency to which the Bank maintains significant exposure. Specifically, the Bank ensures that its measurement, monitoring, and control systems account for these exposures as well. The Bank sets and regularly reviews limits on the size of the cash flow mismatches for each significant individual currency and in aggregate over appropriate time horizons. The Bank also assesses its access to foreign exchange markets when setting up its risk limits.

#### **4.4.2 Liquidity Risk Stress**

To augment the effectiveness of the Group's gap analysis, the Group regularly assesses liquidity risk based on behavioral and hypothetical assumptions under stress conditions. Survivability and resilience of the Bank are assessed for a minimum stress period of 30 days for all crisis scenarios enumerated in BSP Circular No. 981, *Guidelines on Liquidity Risk Management*. The results of these liquidity stress simulations are reported monthly to ALCO and ROC.

#### **4.5 Operational Risk**

Operational risks are risks arising from the potential inadequate information systems and systems, operations, or transactional problems (relating to service or product delivery), breaches in internal controls, fraud, or unforeseen catastrophes that may result in unexpected loss.

Operational risks include the risk of loss arising from various types of human or technical error, settlement or payments failures, business interruption, administrative and legal risks, and the risk arising from systems not performing adequately.

The ROC of the Bank assists management in meeting its responsibility to understand and manage operational risk exposures.

The ROC applies a number of techniques to efficiently manage operational risks. Among these are enumerated as follows:

- each major business line has an embedded operational risk management officer who acts as a point person for the implementation of various operational risk tools. The operational risk officers attend annual risk briefings conducted by the ROC to keep them up to date with different operational risk issues, challenges and initiatives.
- with ROC's bottom-up self-assessment process, which is conducted at least annually, areas with high-risk potential are highlighted and reported, and control measures are identified. The results of said self-assessment exercise also serve as one of the inputs in identifying specific key risk indicators (KRIs).
- KRIs are used to monitor the operational risk profile of the Bank and of each business unit and alert the management of impending problems in a timely fashion.
- internal loss information is collected, reported, and utilized to model operational risk.
- the ROC reviews product and operating manuals, policies, procedures, and circulars, thus allowing the embedding of desired operational risk management practices in all business units.

(a) *Reputational Risk*

Reputation risk is the risk to earnings or capital arising from negative public opinion. This affects the Bank's ability to establish new relationships or services, or to continue servicing existing relationships. This risk can expose the Bank to litigation, financial loss, or damage to its reputation. Reputation risk arises whenever technology-based banking products, services, delivery channels or processes may generate adverse public opinion such that it seriously affects the Bank's earnings or impairs its capital. This risk is present in activities such as asset management and regulatory compliance.

The Bank adopted a reputation risk monitoring and reporting framework to manage public perception.

(b) *Legal Risk and Regulatory Risk Management*

Changes in laws and regulations and fiscal policies could adversely affect the Bank's operations and financial reporting. In addition, the Bank faces legal risks in enforcing its rights under its loan agreements, such as foreclosing of collateral. Legal risk is higher in new areas of business where the law remains untested by the courts. The Bank uses a legal review process as the primary control mechanism for legal risk. Such a legal review aims to verify and validate the existence, genuineness, and due execution of legal documents, and verify the capacity and authority of counterparties and customers to enter into transactions.

In addition, the Bank seeks to minimize its legal risk by using stringent legal documentation, imposing certain requirements designed to ensure that transactions are properly authorized, and consulting internal and external legal advisors.

Regulatory risk refers to the potential for the Bank to suffer financial loss due to changes in the laws or monetary, tax or other governmental regulations of the country. The Bank's Compliance Program, the design and implementation of which is overseen and coordinated by the Compliance Officer, is the primary control process for regulatory risk issues. The Compliance Office is committed to safeguarding the integrity of the Bank by maintaining a high level of regulatory compliance.

The Compliance Office is responsible for communicating and disseminating new rules and regulations to all units, assessing and addressing identified compliance issues, performing periodic compliance testing on branches and head office units, and reporting compliance findings to the Corporate Governance and the BOD.

#### **4.6 *Anti-Money Laundering Controls***

The Anti-Money Laundering Act (AMLA) or RA No. 9160 was passed in September 2001 and was amended by RA No. 9194, RA No. 10167, RA No. 10365, RA No. 10927 and RA No. 11521, in March 2003, June 2012, February 2013, June 2016 and July 2020 (which effected in February 2021), respectively. Under the AMLA, as amended, the Bank is required to submit "Covered Transaction Reports" to the Anti-Money Laundering Council (AMLC) involving single transactions in cash or other equivalent monetary instruments in excess of P0.5 million within one banking day, exceeding P1.0 million for transactions (in cash or other equivalent monetary instrument) with or involving jewelry dealers, dealers in precious metals/precious stones; exceeding P5.0 million for casino cash transactions; and exceeding P7.5 million for cash transaction with or involving real estate developers or brokers.

The Bank is also required to submit “Suspicious Transaction Reports” to the AMLC in the event that circumstances exist and there are reasonable grounds to believe that the transaction is suspicious. Furthermore, terrorist financing was criminalized in RA No. 10168. In addition, the AMLA requires that the Bank safe keeps, as long as the account exists, all the Know Your Customer (KYC) documents involving its clients, including documents that establish and record the true and full identity of its clients. Likewise, transactional documents must be maintained and stored for five years from the date of the transaction.

In cases involving closed accounts, the KYC documents must be kept for five years after their closure. Meanwhile, all records of accounts with court cases must be safe kept until there is a final resolution.

On January 27, 2011, BSP Circular No. 706 was implemented superseding all policies on AMLA. The Circular requires the Bank to adopt a comprehensive and risk-based Money Laundering and Terrorist Financing Prevention Program (MTPP) designed according to the covered institution’s corporate structure and risk profile.

In an effort to further prevent money laundering activities, the Bank revised its KYC policies and guidelines in order to comply with the aforementioned Circular. Under the guidelines, each business unit is required to validate the true identity of a customer based on official or other reliable identifying documents or records before an account may be opened. Likewise, the Bank is required to conduct watchlist screening and risk profile its clients to Low, Normal or High with its corresponding due diligence of Reduced, Average or Enhanced, in compliance with the risk-based approach mandated by the Circular. Decisions to enter into a business relationship with a high-risk customer require senior management approval.

The Bank’s procedures for compliance with the AMLA are set out in its MTPP. The Bank’s Chief Compliance Officer, through the Anti-Money Laundering Unit and Compliance Testing Unit, monitors AMLA compliance and conducts regular compliance testing of business units.

All banking units are required to submit to the Compliance Office certificates of compliance with the applicable banking laws, rules, regulations and standards including the Anti-Money Laundering Rules and Regulations on a quarterly basis.

The Chief Compliance Officer regularly reports to the Board through the Corporate Governance Committee the results of their monitoring of AMLA compliance.

On September 18, 2025, BSP Circular No. 1218 prescribed enhanced controls and due diligence requirements for large value cash transactions to mitigate money laundering, terrorism financing, and proliferation financing risks. The Circular imposes a P500,000 per-customer, per-day threshold for cash withdrawals and payouts, beyond which banks must conduct enhanced due diligence and process such transactions only through controlled channels such as direct credit to deposit accounts or digital payment platforms.

Consistent with the requirements of BSP Circular No. 1218, the Bank strengthened its internal policies and monitoring systems governing large cash transactions. These measures include enhanced customer due diligence procedures, updated transaction-monitoring thresholds, and stricter validation requirements for withdrawals and cash payouts approaching or exceeding regulatory limits.

## 5. CAPITAL MANAGEMENT AND BSP REPORTING COMPLIANCE

### 5.1 Capital Management and Regulatory Capital

The Bank's lead regulator, the BSP, sets and monitors capital requirements for the Bank. In implementing current capital requirements, the BSP requires the Bank to maintain a prescribed ratio of qualifying capital to risk-weighted assets. PBB, being a stand-alone thrift bank, is required under BSP regulations to comply with Basel 1.5. Under this regulation, the qualifying capital account of the Bank should not be less than an amount equal to 10% of its risk weighted assets.

The qualifying capital of the Bank for purposes of determining the capital-to-risk assets ratio consists of Tier 1 capital plus Tier 2 capital elements net of the required deductions from capital such as:

- (a) unbooked valuation reserves and other capital adjustments as may be required by the BSP;
- (b) total outstanding unsecured credit accommodations to directors, officers, stockholders and related interests (DOSRI);
- (c) deferred tax asset net of deferred tax liability;
- (d) goodwill;
- (e) sinking fund for redemption of redeemable preferred shares; and,
- (f) other regulatory deductions.

Risk weighted assets is the sum of the Bank's credit risk weighted assets, operational risk weighted assets, and market risk weighted assets. The latter was due to the Bank's authority to engage in derivatives as end-user under a Type 3 Limited End-User Authority. Risk weighted assets are computed using the standardized approach for credit and market risks while basic indicator approach with modification was used for operational risk.

The following are the risk-based capital adequacy of the Bank as of December 31, 2025, 2024 and 2023 as reported to the BSP:

<i>(Amounts in millions PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Net Tier 1 Capital	<b>18,280</b>	16,827	15,557
Tier 2 Capital	<b>1,310</b>	1,272	1,144
Total Qualifying Capital	<b><u>19,590</u></b>	<u>18,099</u>	<u>16,701</u>
Net Tier 1 Capital	<b>18,280</b>	16,827	15,557
Preferred Shares	<b>(620)</b>	(620)	(620)
Common Equity Tier 1 Capital	<b><u>17,660</u></b>	<u>16,207</u>	<u>14,937</u>
Risk Weighted Assets:			
Credit Risk Weighted Assets	<b>133,191</b>	126,680	113,928
Operational Risk Weighted Assets	<b>10,492</b>	9,634	9,162
Market Risk Weighted Assets	<b><u>6,567</u></b>	<u>6,615</u>	<u>3,942</u>
Total Risk-Weighted Assets	<b><u>150,250</u></b>	<u>142,929</u>	<u>127,032</u>

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Capital ratios:			
Total qualifying capital expressed as percentage of total risk-weighted assets	<b>13.0%</b>	12.7%	13.1%
Common Equity Tier 1 capital expressed as percentage of total risk-weighted assets	<b>11.8%</b>	11.3%	11.8%
Capital Conservation Buffer expressed as Common Equity Tier 1 capital minus 6	<b>5.8%</b>	5.3%	5.8%
Net Tier 1 capital expressed as percentage of total risk-weighted assets	<b>12.2%</b>	11.8%	12.2%

The amount of surplus funds available for dividend declaration is determined also on the basis of regulatory net worth after considering certain adjustments.

The Bank's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholder's return is also recognized and the Bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

A bank's regulatory capital is analyzed into two tiers, which are Tier 1 Capital plus Tier 2 Capital less deductions from the total of Tier 1 and Tier 2 capital equivalent to 50% of the following:

- (a) Investments in equity of unconsolidated subsidiary banks and other financial allied undertakings, but excluding insurance companies;
- (b) Investments in debt capital instruments of unconsolidated subsidiary banks;
- (c) Investments in equity of subsidiary insurance companies and non-financial allied undertakings;
- (d) Reciprocal investments in equity of other banks/enterprises; and,
- (e) Reciprocal investments in unsecured subordinated term debt instruments of other banks/quasi-banks qualifying as Hybrid Tier 1, Upper Tier 2 and Lower Tier 2, in excess of the lower of (i) an aggregate ceiling of 5% of total Tier 1 capital of the bank excluding Hybrid Tier 1; or (ii) 10% of the total outstanding unsecured subordinated term debt issuance of the other bank/quasi-banks.

Provided, that any asset deducted from the qualifying capital in computing the numerator of the risk-based capital ratio shall not be included in the risk-weighted assets in computing the denominator of the ratio.

As of December 31, 2025 and 2024, the Bank has no exposure in item (a) to item (e) above. There were no material changes in the Bank's management of capital during the current year.

As of December 31, 2025 and 2024, the Bank has satisfactorily complied with the capital-to-risk assets ratio.

Under existing BSP regulations, the determination of the Bank’s compliance with regulatory requirements and ratios is based on the amount of the Bank’s “unimpaired capital” (regular net worth) reported to the BSP, determined on the basis of regulatory accounting policies, which differ from PFRS Accounting Standards in some aspects (mainly in the recognition of deferred tax assets). Thrift banks with head offices in the National Capital Region and having more than 50 branches are required to comply with the minimum capital requirement of P2.0 billion. The Bank has complied with the minimum capital requirement at the end of each reporting period.

## 5.2 Minimum Liquidity Ratio

On February 8, 2018, the BSP issued Circular No. 996, *Amendments to the Liquidity Coverage Ratio Framework for Stand-Alone Thrift Banks, Rural Banks, Cooperative Banks, and Quasi-Banks*, which provide guidance on and prescribes the prudential requirement for covered institutions to maintain eligible stock of liquid assets proportionate to the level of total qualifying liabilities (i.e., both on and off-balance sheet liabilities). Eligible liquid assets shall include cash and other liquid assets that are immediately liquefiable and free from encumbrances.

The minimum liquidity ratio (MLR) of 20% shall be complied with on an ongoing basis absent a period of financial stress effective January 1, 2019. However, the Bank was only able to comply with the MLR requirement starting June 2019.

On April 7, 2020, the BSP issued Memorandum No. M-2020-020, *Reduction in the Minimum Liquidity Ratio in Response to Covid-19*, which reduced the MLR for stand-alone thrift banks, rural banks and cooperative banks from 20% to 16% until December 31, 2020. On December 1, 2020, the BSP issued an extension on the effectivity of the temporary reduction of MLR thru Memorandum No. M-2020-085 until December 31, 2021. Furthermore, Memorandum No. M-2022-004, *Extension of BSP Prudential Relief Measures*, further extended the reduction of MLR to 16% for stand-alone thrift banks, rural banks and cooperative banks until December 31, 2022.

The Bank’s MLR are analyzed below (amounts in millions PHP except MLR figure).

	<u>2025</u>	<u>2024</u>
Eligible stock liquid assets	<b>35,099</b>	32,698
Total qualifying liabilities	<b>145,788</b>	142,438
MLR	<b>24.08%</b>	22.96%

## 5.3 Leverage Ratio

On June 9, 2015, the BSP issued Circular No. 881, *Implementing Guidelines on the Based III Leverage Ratio Framework*, which provides the implementing guidelines on the leverage ratio framework designed to act as a supplementary measure to the risk-based capital requirements. It sets out a minimum leverage ratio of 5.00% and shall be complied with at all times. The Basel III leverage ratio is defined as the ratio of capital measure (Tier 1 Capital) and the exposure measure which includes on-balance sheet and securities financing transactions exposures and off-balance sheet items.

Details of leverage ratio computation, which is consistent with the requirements of BSP, are presented below.

<i>(Amounts in millions PHP)</i>	<u>2025</u>	<u>2024</u>
Tier 1 Capital	<b>18,280</b>	16,827
Exposure measure	<u>169,698</u>	<u>168,949</u>
Leverage ratio	<u>10.77%</u>	<u>9.96%</u>

## 6. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### 6.1 Carrying Amounts and Fair Values by Category

The following table summarizes the carrying values and fair values of the financial assets and financial liabilities in the statements of financial position:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>Carrying Values</u>	<u>Fair Values</u>
<b><u>December 31, 2025:</u></b>			
<i>Financial Assets</i>			
At amortized cost:			
Cash and other cash items	9	1,423,301,148	1,423,301,148
Due from BSP	9	2,867,088,151	2,867,088,151
Due from other banks	9	5,758,453,680	5,758,453,680
Investment securities - net	10.3	927,815,214	927,712,502
Loans and other			
Receivables - net	11	127,662,619,705	118,225,766,950
Other resources	14	145,136,734	145,136,734
At fair value:			
FVTPL securities	10.1	10,468,124,416	10,468,124,416
FVOCI securities	10.2	<u>12,779,371,965</u>	<u>12,779,371,965</u>
		<b><u>162,031,911,013</u></b>	<b><u>152,594,955,546</u></b>
<i>Financial Liabilities</i>			
At amortized cost:			
Deposit liabilities	15	134,945,558,114	134,578,478,338
Bills payable	16	8,000,000,000	8,000,000,000
Accrued expenses and other liabilities	17	<u>3,932,483,668</u>	<u>3,932,483,668</u>
		<b><u>146,878,041,782</u></b>	<b><u>146,510,962,006</u></b>

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>Carrying Values</u>	<u>Fair Values</u>
<b>December 31, 2024:</b>			
<u><i>Financial Assets</i></u>			
At amortized cost:			
Cash and other cash items	9	1,177,794,637	1,177,794,637
Due from BSP	9	2,881,093,706	2,881,093,706
Due from other banks	9	4,056,453,936	4,056,453,936
Investment securities - net	10.3	1,270,349,150	1,269,982,358
Loans and other			
Receivables - net	11	128,272,138,050	118,743,875,450
Other resources	14	195,330,490	195,330,490
At fair value:			
FVTPL securities	10.1	10,173,768,625	10,173,768,625
FVOCI securities	10.2	14,326,399,293	14,326,399,293
		<u>162,353,327,887</u>	<u>152,824,698,495</u>
<u><i>Financial Liabilities</i></u>			
At amortized cost:			
Deposit liabilities	15	139,094,278,870	138,404,045,657
Bills payable	16	4,562,500,000	4,562,500,000
Accrued expenses and other liabilities	17	<u>4,024,986,680</u>	<u>4,024,986,680</u>
		<u>147,681,765,550</u>	<u>146,991,532,337</u>

The Bank concluded that the carrying amounts of foregoing financial assets and financial liabilities, other than loans and other receivables and deposit liabilities, which are measured at amortized cost, approximate the fair values either because those instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is not material. The fair value information disclosed for the Bank's debt securities is determined based on the procedures and methodologies discussed in Note 7.2.

## **6.2 Offsetting of Financial Assets and Financial Liabilities**

The following financial assets, presented in the statements of financial position at gross amounts, are covered by enforceable master netting arrangements and similar agreements:

<i>(Amounts in PHP)</i>	<u>Gross amounts recognized in the statements of financial position</u>	<u>Financial instruments not set-off in the statement of financial position</u>	<u>Net amount</u>
<b>December 31, 2025</b>			
Trading and investment securities – at FVOCI	12,779,371,965	(5,740,680,000)	7,038,691,965
Loans and receivables - net	127,662,619,705	(3,183,483,864)	124,479,135,841
<b>December 31, 2024</b>			
Trading and investment securities – at FVOCI	14,326,399,293	(4,054,700,000)	10,271,699,293
Loans and receivables - net	128,272,138,050	(9,135,748,746)	119,136,389,304

The following financial liabilities, presented in the statements of financial position at gross amounts, are covered by enforceable master netting arrangements and similar agreements:

<i>(Amounts in PHP)</i>	<b>Gross amounts recognized in the statements of financial position</b>	<b>Financial instruments not set-off in the statement of financial position</b>	<b>Net amount</b>
<b><u>December 31, 2025</u></b>			
Deposit liabilities	134,945,558,114	(3,183,483,864)	131,762,074,250
Bills payable	8,000,000,000	(5,740,680,000)	2,259,320,000
<b><u>December 31, 2024</u></b>			
Deposit liabilities	139,094,278,870	(9,135,748,746)	129,958,530,124
Bills payable	4,562,500,000	(4,054,700,000)	507,800,000

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Bank and counterparties allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis; however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

## 7. FAIR VALUE MEASUREMENT AND DISCLOSURES

### 7.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument, which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Bank uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

## 7.2 Financial Instruments Measured at Fair Value

The table below shows the fair value hierarchy of the Bank's classes of financial assets and financial liabilities measured at fair value in the statements of financial position on a recurring basis as of December 31, 2025 and 2024.

<i>(Amounts in millions PHP)</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<b><u>December 31, 2025</u></b>			
Financial assets at FVTPL			
Government securities	4,305	2,117	6,422
Corporate debt securities	-	4,045	4,045
Derivative assets	1	-	1
	<u>4,306</u>	<u>6,162</u>	<u>10,468</u>
Financial assets at FVOCI			
Government securities	4,149	8,114	12,263
Corporate debt securities	-	517	517
	<u>4,149</u>	<u>8,631</u>	<u>12,780</u>
<b><u>December 31, 2024</u></b>			
Financial assets at FVTPL			
Government securities	4,467	4,836	9,303
Corporate debt securities	226	645	871
	<u>4,693</u>	<u>5,481</u>	<u>10,174</u>
Financial assets at FVOCI			
Government securities	2,215	11,253	13,468
Corporate debt securities	-	858	858
	<u>2,215</u>	<u>12,111</u>	<u>14,326</u>

Derivative financial assets are categorized within Level 2 and are determined through valuation techniques using the net present value computation. There are no financial instruments measured at fair value that are classified as Level 3.

The fair value of the debt securities of the Bank is determined as follows:

- (a) Fair values of peso-denominated government debt securities issued by the Philippine government, are determined based on the reference price per Bloomberg which used BVAL. These BVAL reference rates are computed based on the weighted price derived using an approach based on a combined sequence of proprietary BVAL algorithms of direct observations or observed comparables; hence, categorized as Level 1 or 2.
- (b) Fair values of actively traded corporate debt securities are determined based on their market prices quoted in the Philippine Dealing Holdings System or based on the direct reference price per Bloomberg or observed comparables at the end of each reporting period; hence, categorized within Level 1 or Level 2.

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in both years.

### ***7.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed***

The table below and in the succeeding page summarizes the fair value hierarchy of the Bank's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed.

<i>(Amounts in millions PHP)</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b><u>December 31, 2025</u></b>				
<i>Financial Assets</i>				
Cash and other cash items	1,423	-	-	1,423
Due from BSP	2,867	-	-	2,867
Due from other banks	5,758	-	-	5,758
Investment securities - net	-	928	-	928
Loans and other receivables - net	-	-	118,226	118,226
Other financial assets	74	-	71	145
	<u>10,122</u>	<u>928</u>	<u>118,297</u>	<u>129,347</u>
<i>Financial Liabilities</i>				
Deposit liabilities	-	-	134,578	134,578
Bills payable	8,000	-	-	8,000
Accrued expenses and other liabilities	-	-	3,932	3,932
	<u>8,000</u>	<u>-</u>	<u>138,510</u>	<u>146,510</u>

<i>(Amounts in millions PHP)</i>	Level 1	Level 2	Level 3	Total
<u>December 31, 2024</u>				
<u><i>Financial Assets</i></u>				
Cash and other cash items	1,178	-	-	1,178
Due from BSP	2,881	-	-	2,881
Due from other banks	4,056	-	-	4,056
Investment securities - net	-	1,270	-	1,270
Loans and other receivables - net	500	-	118,244	118,744
Other financial assets	82	-	113	195
	<u>8,697</u>	<u>1,270</u>	<u>118,357</u>	<u>128,324</u>
<u><i>Financial Liabilities</i></u>				
Deposit liabilities	-	-	138,404	138,404
Bills payable	4,563	-	-	4,563
Accrued expenses and other liabilities	-	-	4,025	4,025
	<u>4,563</u>	<u>-</u>	<u>142,429</u>	<u>146,992</u>

The fair values of financial assets and financial liabilities not presented at fair value in the statements of financial position are determined as follows:

(a) *Cash and Other Cash Items*

Cash consists primarily of funds in the form of Philippine currency notes and coins in the Bank's vault and those in the possession of tellers, including automated teller machines (see Note 9). Other cash items include cash items other than currency and coins on hand (see Note 14) such as checks drawn on the other banks or other branches that were received after the Bank's clearing cut-off time until the close of the regular banking hours. Carrying amounts approximate fair values in view of the relatively short-term maturities of these instruments.

(b) *Due from BSP and Other Banks and SPURRA*

Due from BSP pertains to deposits made by the Bank to BSP for clearing and reserve requirements while SPURRA pertains to loans and receivables from BSP arising from overnight lending from excess liquidity. Due from other banks includes interbank deposits and items in the course of collection. The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity, which for short-term deposits approximate the nominal value.

(c) *Investment Securities at Amortized Cost*

The fair value of investment securities at amortized cost consisting of government securities and corporate debt securities is determined based on reference prices appearing in Bloomberg and PDS. The fair value of these securities is categorized within Level 2 of the fair value hierarchy using BVAL and PDS reference rates, which are derived using an approach based on a combined sequence of algorithms of direct observations and/or observed comparables, hence, categorized as Level 2.

(d) *Loans and Other Receivables, except SPURRA*

Loans and other receivables are net of impairment losses. The estimated fair value of loans and other receivables represents the discounted amount of estimated future cash flows expected to be received. Long-term interest-bearing loans are periodically repriced at interest rates equivalent to the current market rates, to determine fair value.

(e) *Other Financial Assets*

Other financial assets pertain to foreign currency notes and coins, security deposits and petty cash fund which are included in the Other Resources account. Due to their short duration, the carrying amounts of these items in the statements of financial position are considered to be reasonable approximation of their fair values.

(f) *Deposits Liabilities and Borrowings*

The estimated fair value of deposits with no stated maturity, which includes noninterest-bearing deposits, is the amount repayable on demand. The estimated fair value of long-term fixed interest-bearing deposits and other borrowings without a quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The carrying amount of short-term bills payable approximate their fair values.

(g) *Accrued Expenses and Other Liabilities*

Accrued expenses and other liabilities classified as financial liabilities are recognized initially at their fair value and subsequently measured at amounts to which they are to be paid. Due to their short duration, management ascertained that the fair values of these short-term liabilities approximate their carrying values.

**7.4 Fair Value Measurement of Investment Properties Carried at Cost**

The total estimated fair values of the Bank's investment properties, categorized under Level 3 of the fair value hierarchy amount to P4,003.8 million and P3,039.7 million as of December 31, 2025 and 2024, respectively (see Note 13).

The fair value of these investment properties was determined based on the following approaches:

(a) *Fair Value Measurement for Land*

The Level 3 fair value of land was derived using observable recent prices of the reference properties adjusted for differences in key attributes such as property size, zoning, and accessibility. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value. On the other hand, if fair value of the land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations, fair value is included in Level 2. Under this approach, when sales prices of comparable land in close proximity are used in the valuation of the subject property, minor adjustments on the price are made to consider peculiarities of the property with that of the benchmark property.

(b) *Fair Value Measurement for Buildings and Improvements*

The Level 3 fair value of the buildings and improvements included in Investment Properties was determined using the replacement cost approach that reflects the cost to a market participant to construct an asset of comparable usage, constructions standards, design and lay-out, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance, and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties. There has been no change to the valuation techniques used by the Bank during the year for its non-financial assets. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2025 and 2024.

## 8. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Bank's chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing the performance of the operating segments.

In identifying its operating segments, management generally follows the Bank's products and services. The Bank's main operating businesses are organized and managed separately according to the nature of services and products provided and the different markets served, with each segment representing a strategic business unit as each of these services requires different technologies and resources as well as marketing approaches. These are also the basis of the Bank in reporting to its chief operating decision-maker for its strategic decision-making activities.

Management currently identifies the Bank's three service lines as primary operating segments.

- (a) *Consumer Banking* – includes auto financing, home financing, and salary or personal loans;
- (b) *Corporate Banking* – includes term loans, working capital credit lines, bills purchase and discounting lines; and,
- (c) *Treasury Operations* – manages liquidity of the Bank and is a key component in revenue and income generation through its trading and investment activities.

The measurement policies of the Bank used for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its financial statements. In addition, corporate resources which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

These segments are the basis on which the Bank reports its segment information. Transactions between the segments are on normal commercial terms and conditions.

Segment revenues and expenses that are directly attributable to primary operating segment and the relevant portions of the Bank's revenues and expenses that can be allocated to that operating segment are accordingly reflected as revenues and expenses of that operating segment.

Revenue sharing agreements are used to allocate external customer revenues to a segment on a reasonable basis. In addition, corporate resources which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There were no changes in the Bank's operating segments in 2025 and 2024.

### **8.1 Analysis of Primary Segment Information**

The contribution of these various business activities to the Bank's revenues and income for the years 2025, 2024 and 2023 are as presented below and in the succeeding page:

<i>(Amounts in millions PHP)</i>	<u>Consumer</u>	<u>Corporate</u>	<u>Treasury</u>	<u>Total</u>
<b><u>2025</u></b>				
Net interest and other income				
From external customers				
Interest income	808	9,148	1,484	11,440
Interest expense	(296)	(3,348)	(544)	(4,188)
Net interest income	<u>512</u>	<u>5,800</u>	<u>940</u>	<u>7,252</u>
Non-interest income	-	370	550	920
	<u><b>512</b></u>	<u><b>6,170</b></u>	<u><b>1,490</b></u>	<u><b>8,172</b></u>
Expenses				
Operating expenses excluding depreciation and amortization	330	3,057	881	4,268
Impairment losses	83	946	-	1,029
Depreciation and amortization	34	314	91	439
	<u>447</u>	<u>4,317</u>	<u>972</u>	<u>5,736</u>
Segment operating income	<u><b>65</b></u>	<u><b>1,853</b></u>	<u><b>518</b></u>	<u><b>2,436</b></u>
Total resources and liabilities				
Total resources	<u><b>12,824</b></u>	<u><b>118,828</b></u>	<u><b>34,224</b></u>	<u><b>165,876</b></u>
Total liabilities	<u><b>11,383</b></u>	<u><b>105,475</b></u>	<u><b>30,378</b></u>	<u><b>147,236</b></u>

	Consumer	Corporate	Treasury	Total
<u>2024</u>				
Net interest and other income				
From external customers				
Interest income	751	8,502	1,379	10,632
Interest expense	(280)	(3,173)	(515)	(3,968)
Net interest income	471	5,329	864	6,664
Non-interest income	-	268	398	666
	471	5,597	1,262	7,330
Expenses				
Operating expenses excluding depreciation and amortization	193	3,079	460	3,732
Impairment losses	77	882	-	959
Depreciation and amortization	24	271	80	375
	294	4,232	540	5,066
Segment operating income	177	1,365	722	2,264
Total resources and liabilities				
Total resources	10,723	120,449	35,372	166,544
Total liabilities	9,484	107,154	31,604	148,242
<u>2023</u>				
Net interest and other income				
From external customers				
Interest income	588	7,574	1,134	9,296
Interest expense	(182)	(2,341)	(351)	(2,874)
Net interest income	406	5,233	783	6,422
Non-interest income	37	477	250	764
	443	5,710	1,033	7,186
Expenses				
Operating expenses excluding depreciation and amortization	195	2,655	768	3,618
Impairment losses	76	977	-	1,053
Depreciation and amortization	19	251	86	356
	290	3,883	854	5,027
Segment operating income	153	1,827	179	2,159
Total resources and liabilities				
Total resources	8,216	112,054	32,409	152,679
Total liabilities	7,075	96,489	32,836	136,400

## 8.2 Reconciliation

Presented below is a reconciliation of the Bank's segment information to the key financial information presented in its financial statements.

<i>(Amounts in millions PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
<b>Net interest and other income</b>			
Total segment revenues	8,172	7,330	7,186
Unallocated income	<u>80</u>	<u>184</u>	<u>216</u>
Net interest and other income as reported in profit or loss	<u>8,252</u>	<u>7,514</u>	<u>7,402</u>
<b>Profit or loss</b>			
Total segment operating income	2,436	2,264	2,159
Unallocated profit	<u>79</u>	<u>132</u>	<u>180</u>
Profit before tax as reported in profit or loss	<u>2,515</u>	<u>2,396</u>	<u>2,339</u>
<b>Resources</b>			
Total segment resources	165,876	166,544	152,679
Unallocated assets	<u>2,987</u>	<u>1,448</u>	<u>1,735</u>
Total resources	<u>168,863</u>	<u>167,992</u>	<u>154,414</u>
<b>Liabilities</b>			
Total segment liabilities	147,236	148,242	136,400
Unallocated liabilities	<u>458</u>	<u>389</u>	<u>-</u>
Total liabilities	<u>147,694</u>	<u>148,631</u>	<u>136,400</u>

The Bank has no intersegment revenues during 2025, 2024 and 2023.

## 9. CASH AND CASH EQUIVALENTS

This account is composed of the following:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Cash and other cash items		<b>1,423,301,148</b>	1,177,794,637
Due from BSP:			
Mandatory reserves		<b>116,088,051</b>	631,093,606
Other than mandatory reserves		<b>2,751,000,100</b>	2,250,000,100
		<b>2,867,088,151</b>	2,881,093,706
Due from other banks:			
Local banks		<b>3,929,842,661</b>	2,746,158,008
Foreign banks		<b>1,828,611,019</b>	1,310,295,928
		<b>5,758,453,680</b>	4,056,453,936
Interbank loans receivables	11	<b>2,117,580,000</b>	615,690,000
Foreign currency notes and coins on hand	14	<b>74,069,000</b>	82,379,182
SPURRA	11	-	500,000,000
		<b>12,240,491,979</b>	9,313,411,461

Cash consists primarily of funds in the form of Philippine currency notes and coins in the Bank's vault and those in the possession of tellers, including automated teller machines. Other cash items include cash items other than currency and coins on hand such as checks drawn on the other banks or other branches that were received after the Bank's clearing cut-off time until the close of the regular banking hours.

Mandatory reserves represent the balance of the deposit account maintained with the BSP to meet reserve requirements and to serve as clearing account for interbank claims (see Note 15).

Due from BSP, other than mandatory reserves which has no interest and Deposits in other banks bears annual effective interest rates as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Due from BSP	<b>4.00%</b>	5.25% – 5.75%	3.75% – 4.25%
Due from other banks	<b>1.00% – 4.53%</b>	1.62% – 5.00%	1.70% – 5.40%

The total interest income earned on Due from BSP account in 2025, 2024 and 2023 amounting to P111.8 million, P142.7 million and P216.9 million, respectively, is presented as part of Interest Income on Due from BSP and Other Banks in the statements of profit or loss.

The total interest income earned on Due from other banks in 2025, 2024 and 2023 amounting to P89.7 million, P33.9 million and P104.8 million, respectively, is presented as part of Interest Income on Due from BSP and Other Banks in the statements of profit or loss.

**10. TRADING AND INVESTMENT SECURITIES - Net**

The components of this account are presented below.

<i>(Amounts in PHP)</i>	Note	<u>2025</u>	<u>2024</u>
Financial assets at FVOCI	10.2	<b>12,779,371,965</b>	14,326,399,293
Financial assets at FVTPL	10.1	<b>10,468,124,416</b>	10,173,768,625
Financial assets at amortized cost - net	10.3	<u><b>927,815,214</b></u>	<u>1,270,349,150</u>
		<u><b>24,175,311,595</b></u>	<u>25,770,517,068</u>

Interest income on trading and investment securities consists of:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Financial assets at FVTPL:			
Government securities	<b>533,760,999</b>	416,176,286	174,351,678
Corporate bonds	<b>34,171,400</b>	54,353,595	76,095,573
Financial assets at FVOCI:			
Government securities	<b>677,332,690</b>	622,764,536	460,042,698
Corporate bonds	<b>18,897,579</b>	19,767,715	32,527,603
Financial assets at amortized cost:			
Government securities	<b>57,924,213</b>	55,779,484	36,801,831
Corporate bonds	<b>13,607,051</b>	34,088,722	32,189,507
	<u><b>1,335,693,932</b></u>	<u>1,202,930,338</u>	<u>812,008,890</u>

Trading gains or losses, which is presented in the statements of profit or loss, consists of the following:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Financial assets at FVTPL:			
Unrealized	<b>(93,532,458)</b>	(173,767,502)	152,878,896
Realized	<u><b>177,525,770</b></u>	<u>86,192,261</u>	<u>133,872,761</u>
	<b>83,993,312</b>	(87,575,241)	286,751,657
Financial assets at FVOCI:			
Realized	-	-	1,009,332
	<u><b>83,993,312</b></u>	<u>(87,575,241)</u>	<u>287,760,989</u>

### 10.1 Financial assets at FVTPL

The account is composed of the following:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Government securities	<b>6,421,784,055</b>	9,303,123,574
Corporate bonds	<b>4,044,766,365</b>	870,645,051
Derivative assets	<b>1,573,996</b>	-
	<b><u>10,468,124,416</u></b>	<b><u>10,173,768,625</u></b>

Effective interest rates of financial assets at FVTPL range from:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Government securities	<b>2.7% – 8.0%</b>	4.5% – 6.1%	2.1% – 6.1%
Corporate bonds	<b>3.9% – 5.5%</b>	3.3% – 5.4%	3.1% – 7.7%

### 10.2 Financial assets at FVOCI

The account is composed of the following:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Government securities	<b>12,262,705,816</b>	13,468,034,106
Corporate bonds	<b>516,666,149</b>	858,365,187
	<b><u>12,779,371,965</u></b>	<b><u>14,326,399,293</u></b>

Effective interest rates of investment securities at FVOCI range from:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Government securities	<b>2.9% – 6.8%</b>	3.2% – 7.3%	5.8% – 7.1%
Corporate bonds	<b>4.1% – 4.4%</b>	3.0% – 7.2%	3.0% – 7.1%

In compliance with current banking regulations relative to the Bank's trust functions, certain securities of the Bank, with a face value of P417.0 million and P375.0 million as of December 31, 2025 and 2024, respectively, are deposited with the BSP (see Note 25).

In 2025 and 2024, certain government securities at FVOCI with a total carrying value of P5,740.7 million and P4,054.7 million, respectively, were assigned as collateral to secure borrowings under credit line agreement with Development Bank of the Philippines (see Notes 6.2 and 16). These investment securities have an interest rate ranging from 3.0% to 8.6%, and from 3.4% to 8.6% in 2025 and 2024, respectively, and will mature sometime in 2026 with interest rate ranging from 2.9% to 6.00%.

Changes in the investment securities at FVOCI are summarized below.

<i>(Amounts in PHP)</i>	Note	<u>2025</u>	<u>2024</u>
Balance at beginning of year		<b>14,326,399,293</b>	13,765,424,913
Maturities		<b>(3,428,386,732)</b>	(1,031,380,000)
Additions		<b>1,526,693,365</b>	1,555,351,731
Fair value gains (losses) - net	19.5	<b>319,105,479</b>	(6,099,697)
Foreign currency revaluation		<b>42,853,235</b>	93,231,689
Amortization of premium		<b>(7,292,675)</b>	(50,129,343)
Balance at end of year		<b><u>12,779,371,965</u></b>	<u>14,326,399,293</u>

### 10.3 Financial Assets at Amortized Cost

This account is composed of the following:

<i>(Amounts in PHP)</i>	Notes	<u>2025</u>	<u>2024</u>
Government securities		<b>943,592,912</b>	973,655,247
Corporate bonds		<b>-</b>	312,471,601
		<b>943,592,912</b>	1,286,126,848
Allowance for impairment	4.3.2, 26	<b>(15,777,698)</b>	(15,777,698)
		<b><u>927,815,214</u></b>	<u>1,270,349,150</u>

The reconciliation of the carrying amounts of investment securities at amortized cost are presented below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	<b>1,270,349,150</b>	1,501,256,354
Maturities and redemptions	<b>(596,127,688)</b>	(503,687,237)
Additions	<b>210,446,829</b>	230,974,346
Amortization of discount	<b>43,146,923</b>	41,805,687
Balance at end of year	<b><u>927,815,214</u></b>	<u>1,270,349,150</u>

Effective interest rates of investment securities at amortized cost range from:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Government securities	<b>3.4% – 8.1%</b>	3.8% – 6.2%	3.8% – 6.3%
Corporate bonds	<b>*</b>	4.0%	4.0% – 7.2%

*\*The Bank has no investments in corporate bonds as of December 31, 2025.*

**11. LOANS AND OTHER RECEIVABLES - Net**

This account consists of the following:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Receivable from customers:			
Loans and discounts		<b>131,228,101,212</b>	131,902,297,185
Unearned discount		<b>(228,003,922)</b>	(203,843,460)
		<b>131,000,097,290</b>	131,698,453,725
Bills purchased		<b>378,155,948</b>	354,315,616
Customers' liabilities on acceptances, letters of credit and trust receipts		<b>45,459,453</b>	212,429,303
		<b>131,423,712,691</b>	132,265,198,644
Other receivables			
Interbank loans receivables	9	<b>2,117,580,000</b>	615,690,000
Accrued interest receivable		<b>1,151,684,354</b>	1,067,063,548
Accounts receivable		<b>177,172,297</b>	182,448,237
Deficiency claims receivable		<b>58,623,568</b>	58,623,568
Sales contract receivable		<b>41,116,285</b>	18,552,731
SPURRA	9	-	500,000,000
		<b>3,546,176,504</b>	2,442,378,084
Allowance for ECL	4.3.2 4.3.2, 26	<b>134,969,889,195</b> <b>(7,307,269,490)</b>	134,707,576,728 (6,435,438,678)
		<b>127,662,619,705</b>	128,272,138,050

SPURRA are secured by certain treasury bills of the BSP. SPURRA, which represent loans and receivables from BSP as of December 31, 2025 and 2024, arise from overnight lending of excess liquidity.

Of the total loans and discounts of the Bank as of December 31, 2025 and 2024, 84.2% and 86.6%, respectively, are subject to periodic interest repricing.

Annual effective interest rates range from:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Loans and discounts	<b>0.0% – 62.8%</b>	0.0% – 57.9%	0.0% – 189.7%
Other receivables	<b>5.0% – 12.0%</b>	5.1% – 12.0%	5.1% – 12.7%

The total interest income earned amounted to:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Loans and discounts	<b>9,876,853,985</b>	9,152,459,962	7,983,954,362
Other receivables	<b>25,620,697</b>	100,176,750	177,977,912
	<b><u>9,902,474,682</u></b>	<u>9,252,636,712</u>	<u>8,161,932,274</u>

Interest income recognized on impaired loans and other receivables amounted to P605.7 million, P498.6 million, and P388.4 million in 2025, 2024, and 2023, respectively.

As of December 31, 2024, certain loan receivables amounting to P297.0 million are assigned as collateral to secure borrowings under rediscounting privileges. These loan receivables have an interest rate of 6.70% and matured on March 24, 2025.

Certain qualified micro, small and medium enterprises (MSME) loans with outstanding balance of P847.3 million (gross of allowance for impairment) as of December 31, 2024 were used as alternative compliance with the BSP reserve requirement (see Note 15). Effective 2025, the BSP reduced the reserve requirement to 0%.

## 12. BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net

The gross carrying amounts and accumulated depreciation and amortization of bank premises, furniture, fixtures and equipment at the beginning and end of 2025 and 2024 are shown below.

<i>(Amounts in PHP)</i>	<u>Land</u>	<u>Building</u>	<u>Furniture Fixtures and Equipment</u>	<u>Transportation Equipment</u>	<u>Leasehold Improvements</u>	<u>Right-of-Use Assets</u>	<u>Total</u>
December 31, 2025							
Cost	90,802,205	189,716,467	795,836,123	169,325,862	782,059,799	929,853,522	2,957,593,978
Accumulated depreciation and amortization	-	(94,910,895)	(645,331,588)	(115,862,108)	(719,811,658)	(398,315,321)	(1,974,231,570)
Net Carrying Amount	<b><u>90,802,205</u></b>	<b><u>94,805,572</u></b>	<b><u>150,504,535</u></b>	<b><u>53,463,754</u></b>	<b><u>62,248,141</u></b>	<b><u>531,538,201</u></b>	<b><u>983,362,408</u></b>
December 31, 2024							
Cost	90,802,205	189,716,467	764,301,260	168,599,495	768,123,710	866,380,205	2,847,923,342
Accumulated depreciation and amortization	-	(91,713,449)	(601,877,754)	(112,547,291)	(700,856,377)	(358,772,931)	(1,865,767,802)
Net Carrying Amount	<b><u>90,802,205</u></b>	<b><u>98,003,018</u></b>	<b><u>162,423,506</u></b>	<b><u>56,052,204</u></b>	<b><u>67,267,333</u></b>	<b><u>507,607,274</u></b>	<b><u>982,155,540</u></b>
December 31, 2023							
Cost	90,802,205	98,677,127	132,221,520	46,715,722	52,883,431	287,018,074	708,318,079
Accumulated depreciation and amortization	-	(88,426,536)	(555,863,724)	(111,312,823)	(680,644,135)	(342,274,555)	(1,778,521,773)
Net Carrying Amount	<b><u>90,802,205</u></b>	<b><u>100,531,931</u></b>	<b><u>147,774,271</u></b>	<b><u>57,672,431</u></b>	<b><u>59,186,312</u></b>	<b><u>418,771,564</u></b>	<b><u>874,738,714</u></b>

A reconciliation of the carrying amounts at the beginning and end of 2025 and 2024 is shown below.

<i>(Amounts in PHP)</i>	<b>Land</b>	<b>Building</b>	<b>Furniture Fixtures and Equipment</b>	<b>Transportation Equipment</b>	<b>Leasehold Improvements</b>	<b>Right-of-Use Assets</b>	<b>Total</b>
Balance at January 1, 2025 net of accumulated depreciation and amortization	90,802,205	98,003,018	162,423,506	56,052,204	67,267,333	507,607,274	982,155,540
Additions	-	-	32,974,702	21,106,763	26,346,089	213,106,064	293,533,618
Disposals	-	-	(240,204)	(5,078,247)	(11,307,039)	-	(16,625,490)
Depreciation and amortization charges for the year	-	(3,197,446)	(44,653,469)	(18,616,966)	(20,058,242)	(189,175,137)	(275,701,260)
<b>Balance at December 31, 2025 net of accumulated depreciation and amortization</b>	<b>90,802,205</b>	<b>94,805,572</b>	<b>150,504,535</b>	<b>53,463,754</b>	<b>62,248,141</b>	<b>531,538,201</b>	<b>983,362,408</b>
Balance at January 1, 2024 net of accumulated depreciation and amortization	90,802,205	100,531,931	147,774,271	57,672,431	59,186,312	418,771,564	874,738,714
Additions	-	758,000	62,682,256	23,109,470	28,497,521	271,660,369	386,707,616
Disposals	-	-	(507,126)	(7,295,136)	(204,259)	-	(8,006,521)
Depreciation and amortization charges for the year	-	(3,286,913)	(47,525,895)	(17,434,561)	(20,212,241)	(182,824,659)	(271,284,269)
<b>Balance at December 31, 2024 net of accumulated depreciation and amortization</b>	<b>90,802,205</b>	<b>98,003,018</b>	<b>162,423,506</b>	<b>56,052,204</b>	<b>67,267,333</b>	<b>507,607,274</b>	<b>982,155,540</b>
Balance at January 1, 2023 net of accumulated depreciation and amortization	90,802,205	98,677,127	132,221,520	46,715,722	52,883,431	287,018,074	708,318,079
Additions	-	7,469,414	60,427,240	48,609,695	33,839,259	289,375,168	439,720,776
Disposals	-	(324,036)	(492,055)	(21,228,953)	(947,873)	-	(22,992,917)
Depreciation and amortization charges for the year	-	(5,290,574)	(44,382,434)	(16,424,033)	(26,588,505)	(157,621,678)	(250,307,224)
<b>Balance at December 31, 2023 net of accumulated depreciation and amortization</b>	<b>90,802,205</b>	<b>100,531,931</b>	<b>147,774,271</b>	<b>57,672,431</b>	<b>59,186,312</b>	<b>418,771,564</b>	<b>874,738,714</b>

As of December 31, 2025 and 2024, the cost of the Bank's fully depreciated bank premises, furniture, fixtures, and equipment that are still used in operations amounted to P385.7 million and P350.4 million, respectively.

The BSP requires that investment in bank premises, furniture, fixtures, and equipment does not exceed 50% of the Bank's unimpaired capital. As of December 31, 2025 and 2024, the Bank has satisfactorily complied with this requirement.

The Bank leases office premises classified as land and buildings, consisting primarily of leased spaces located within commercial buildings, for its branches. The leases have terms ranging from one to 15 years, with renewal options and annual escalation rates ranging from 3.00% to 10.00% in 2025 and from 2.50% to 10.00% in 2024. As of December 31, 2025, the Bank has a total of 151 long-term active lease contracts covering its main office and 150 branches. In comparison, as of December 31, 2024, the Bank had 158 long-term active lease contracts, comprising leased spaces for its main office and 157 branches. The average remaining lease term as of December 31, 2025 and 2024 is two years.

Each lease imposes a restriction that the right-of-use assets can only be used by the Bank. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Bank is prohibited from selling or pledging the underlying leased assets as security. The Bank must keep those premises in a good state of repair and return the properties to their original condition at the end of the lease. Further, the Bank must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The use of extension and termination options gives the Bank added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Bank's business expansion unit's strategy and the economic benefit of exercising the option exceeds the expected overall cost.

### 13. INVESTMENT PROPERTIES - Net

Investment properties consist of various land and buildings and improvements acquired through foreclosure or dacion as payment of outstanding loans by the borrowers.

The gross carrying amounts and accumulated depreciation and allowance for impairment of investment properties at the beginning and end of 2025 and 2024 are shown below.

<i>(Amounts in PHP)</i>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Total</u>
<b>December 31, 2025</b>			
Cost	2,222,688,001	1,348,880,171	3,571,568,172
Accumulated amortization	-	(309,963,915)	(309,963,915)
Allowance for impairment	<u>(276,465,490)</u>	<u>(74,983,169)</u>	<u>(351,448,659)</u>
Net carrying amount	<u><b>1,946,222,511</b></u>	<u><b>963,933,087</b></u>	<u><b>2,910,155,598</b></u>
<b>December 31, 2024</b>			
Cost	1,691,273,479	808,920,204	2,500,193,683
Accumulated amortization	-	(212,649,590)	(212,649,590)
Allowance for impairment	<u>(183,463,428)</u>	<u>(76,670,236)</u>	<u>(260,133,664)</u>
Net carrying amount	<u><b>1,507,810,051</b></u>	<u><b>519,600,378</b></u>	<u><b>2,027,410,429</b></u>
<b>January 1, 2023</b>			
Cost	1,314,038,438	601,709,577	1,915,748,015
Accumulated amortization	-	(154,852,726)	(154,852,726)
Allowance for impairment	<u>(207,800,296)</u>	<u>(137,661,036)</u>	<u>(345,461,332)</u>
Net carrying amount	<u><b>1,106,238,142</b></u>	<u><b>309,195,815</b></u>	<u><b>1,415,433,957</b></u>

A reconciliation of the carrying amounts of investment properties at the beginning and end of 2025 and 2024 are shown below and in the succeeding page.

<i>(Amounts in PHP)</i>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Total</u>
Balance at January 1, 2025, net of accumulated depreciation and impairment	1,507,810,051	519,600,378	2,027,410,429
Additions	584,633,814	560,275,672	1,144,909,486
Disposals	(53,153,115)	(14,157,484)	(67,310,599)
Impairment loss - net	(93,068,239)	(1,962,706)	(95,030,945)
Depreciation for the year	<u>-</u>	<u>(99,822,773)</u>	<u>(99,822,773)</u>
Balance at December 31, 2025, net of accumulated depreciation and impairment	<u><b>1,946,222,511</b></u>	<u><b>963,933,087</b></u>	<u><b>2,910,155,598</b></u>

<i>(Amounts in PHP)</i>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Total</u>
Balance at January 1, 2024, net of accumulated depreciation and impairment	1,106,238,142	309,195,815	1,415,433,957
Additions	394,850,455	212,980,430	607,830,885
Disposals	(17,615,414)	(4,613,448)	(22,228,862)
Impairment reversal	24,336,868	60,990,800	85,327,668
Depreciation for the year	<u>-</u>	<u>(58,953,219)</u>	<u>(58,953,219)</u>
Balance at December 31, 2024, net of accumulated depreciation and impairment	<u>1,507,810,051</u>	<u>519,600,378</u>	<u>2,027,410,429</u>
Balance at January 1, 2023, net of accumulated depreciation and impairment	953,827,658	303,443,411	1,257,271,069
Additions	293,572,236	134,005,374	427,577,610
Disposals	(196,709,832)	(17,581,813)	(214,291,645)
Impairment reversal (loss)	55,548,080	(65,794,044)	(10,245,964)
Depreciation for the year	<u>-</u>	<u>(44,877,113)</u>	<u>(44,877,113)</u>
Balance at December 31, 2023, net of accumulated depreciation and impairment	<u>1,106,238,142</u>	<u>309,195,815</u>	<u>1,415,433,957</u>

The investment properties still subject to redemption by the borrowers based on the prescribed redemption period by the relevant law amounted to P356.8 million and P213.5 million, respectively.

Gain on disposal of investment properties amounted to P11.6 million, P9.8 million, P96.0 million in 2025, 2024 and 2023, respectively, which were presented as part of Gain on sale of properties - net under Miscellaneous Income (Expense) in the statements of profit or loss (see Note 20.1).

In 2025 and 2023, the Bank recognized additional impairment losses resulting from change in fair values of the investment properties due to factors such as the continuing impact of the pandemic and changes in the property market. In 2024, the Bank recognized reversal of impairment losses resulting from improvement in the fair value of the investment properties.

Expenses incurred on investment properties include real property taxes and depreciation. Real property taxes incurred on these investment properties amounted to P96.9 million, P51.0 million, P49.1 million in 2025, 2024 and 2023, respectively, and are presented as part of Miscellaneous expenses as Litigation on asset acquired, under Other Expenses in the statements of profit or loss (see Note 20.2). Depreciation recognized is included in Depreciation and amortization under Other Expenses in profit or loss.

**14. OTHER RESOURCES - Net**

This account consists of the following as of December 31:

<i>(Amounts in PHP)</i>	Notes	2025	2024
Branch licenses	14.2	<b>250,800,000</b>	250,800,000
Prepaid expenses		<b>213,393,639</b>	136,004,387
Goodwill	14.3	<b>121,890,408</b>	121,890,408
Computer software - net	14.1	<b>91,929,173</b>	105,060,619
Other acquired assets - net	14.4	<b>74,224,274</b>	86,193,416
Foreign currency notes and coins on hand	9	<b>74,069,000</b>	82,379,182
Security deposits		<b>71,067,734</b>	112,951,308
Stationery and supplies		<b>56,342,630</b>	42,031,594
Deferred charges		<b>41,207,331</b>	41,234,456
Club share		<b>38,000,000</b>	38,000,000
Due from head office or branches		-	11,569
Miscellaneous	14.5	<b>49,976,811</b>	56,657,732
		<b>1,082,901,000</b>	1,073,214,671
Allowance for impairment:			
Prepaid expense		<b>(1,654,737)</b>	(1,654,737)
Other acquired assets - net	14.4	<b>(31,826,567)</b>	(13,730,765)
		<b>(33,481,304)</b>	(15,385,502)
		<b>1,049,419,696</b>	1,057,829,169

**14.1 Computer Software**

The movements in computer software are shown below.

<i>(Amounts in PHP)</i>	2025	2024
Balance at beginning of year	<b>105,060,619</b>	67,896,633
Additions	<b>18,578,423</b>	71,545,866
Amortization	<b>(31,709,869)</b>	(34,381,880)
Balance at end of year	<b>91,929,173</b>	105,060,619

Amortization of computer software amounting to P31.7 million, P34.4 million and P38.8 million in 2025, 2024 and 2023, respectively, are presented as part of Depreciation and Amortization in the statements of profit and loss.

## **14.2 Branch Licenses**

In 2019 and 2016, the Bank opened branches in Metro Manila, Southern Luzon, Vis-Min, CAMANAVA, and Central Luzon. The total cost of branch licenses amounted to P0.3 million in 2019 and P1.8 million in 2016.

On February 27, 2014, the Bank received approval from the BSP of its application for new licenses. This is in line with the Bank's branch expansion program for which it has allocated a portion of its IPO proceeds to cover the cost of new licenses in the following areas plus processing fees, which amounted to P2.2 million: CAMANAVA, Vis-Min Area, Central Luzon and Southern Luzon. In November 2011, the Monetary Board of BSP approved the request of the Bank to establish 15 branches in selected restricted cities in Metro Manila for a total consideration of P226.5 million which was paid by the Bank to the BSP in January 2012.

In December 2011, the Bank acquired four licenses from Prime Savings Bank, Inc. for a total consideration of P20.0 million.

As indicated in Notes 2.7, 2.12 and 3.2(g), branch licenses are tested for impairment annually. The recoverable amount of the CGU has been based on VIU calculation using the excess projected net income from forecasts approved by the Bank's management covering a five-year period and a terminal growth rate. The key assumptions used in the estimation of the VIU in 2025 and 2024 include using a discount rate of 9.3% and 10.4%, respectively, and terminal value growth rate of 5.6% and 5.8%, respectively.

Key assumptions in VIU calculation of CGUs are most sensitive to discount rates and growth rates used to project excess net income. Future net income and growth rates were based on experience, strategies developed, and prospects. The discount rate used for the computation of the discounted excess earnings is the weighted average cost of capital and was determined by reference to the BVAL rate of treasury bond, adjusted for a risk premium. The terminal growth rate was determined based on the average annual GDP growth rate.

The recoverable amount has been based on fair value reflecting market conditions, less costs to sell. The Bank used the prevailing price of the special licensing fees as required by the BSP before acceptance of branch application. As of December 31, 2025 and 2024, the Bank has assessed that the recoverable amount of these branch licenses is the same as the carrying value; hence, no impairment loss is required to be recognized in the statements of profit or loss.

## **14.3 Goodwill**

Goodwill arose from the following acquisitions (amounts in PHP):

Rural Bank of Kawit (RBK)	59,513,648
Kabalikat Rural Bank, Inc. (KRBI)	49,878,393
Bataan Savings and Loan Bank, Inc. (BLSB)	<u>12,498,367</u>
	<u><b>121,890,408</b></u>

In September 2014, as part of the Bank's expansion strategy, the BOD approved the acquisition of all the assets and assumption of all the obligation of RBK in exchange for P15.0 million. Upon approval by the BSP on February 1, 2016, the Bank recognized the assets and liabilities of RBK at their fair values, resulting in the recognition of P59.5 million goodwill.

KRBI, which is located in Sta. Maria Bulacan, Philippines, was acquired in 2010, which also resulted in the recognition of goodwill amounting to P49.9 million.

In July 2015, the Bank entered into a Sale and Purchase Agreement with BLSB, whereby the Bank acquired all the assets of BLSB and assumed the payment of all its obligations. The agreed purchase price was P68.8 million, which has been fully paid by the Bank in 2015. On July 12, 2017, the BSP approved the acquisition; hence, the Bank recognized the assets and liabilities of BLSB at their approximate fair values resulting in the recognition of P12.5 million goodwill.

The Bank acquired the foregoing smaller banks with the objective of availing the branch incentives under the Strengthening Program for Rural Bank Plus; and its expected future economic benefits and synergies that will result from incorporating the operations of these acquired rural banks with that of the Bank which expands its presence in the small and medium enterprise market. Accordingly, the Bank acquired them at a premium resulting in the recognition of goodwill.

As indicated in Notes 2.12 and 3.2(g), goodwill is tested for impairment annually. In 2025, management performed the impairment test using internally developed valuation models. In 2024, an independent third-party valuation specialist was engaged to assist in performing the annual impairment test. In both years, recoverable amount of the CGU has been based on VIU calculation using the cash flow projections from financial budgets approved by the Bank's senior management covering a five-year period. Key assumptions in VIU calculation of CGUs are most sensitive to discount rates and growth rates used to project cash flows. Future cash flows and growth rates were based on experience, strategies developed, and prospects. The discount rate used for the computation of the net present value is the cost of equity and was determined by reference to comparable entities within the industry.

In 2025 and 2024, the discount rates applied to cash flow projections are 9.3% and 10.4%, respectively, while the growth rate used to extrapolate cash flows for the five-year period are 5.6% and 5.8%, respectively. The growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

As of December 31, 2025 and 2024, the Bank has assessed that the carrying amount of the goodwill is fully recoverable. Accordingly, no impairment loss is required to be recognized in the statements of profit or loss in both years.

#### 14.4 Other Acquired Assets - net

This account pertains to chattel properties acquired by the Bank from defaulting borrowers. The movements of other acquired assets is shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Cost		
Balance at beginning of year	131,713,885	95,366,144
Additions	67,906,236	110,428,773
Disposals	<u>(53,727,843)</u>	<u>(74,081,032)</u>
Balance at end of year	145,892,278	131,713,885
Accumulated depreciation		
Balance at beginning of year	(45,520,469)	(52,216,285)
Depreciation	(31,421,344)	(10,167,276)
Disposals	<u>5,273,809</u>	<u>16,863,092</u>
Balance at end of year	(71,668,004)	(45,520,469)
Other acquired assets – net of accumulated depreciation	74,224,274	86,193,416
Allowance for impairment	<u>(31,826,567)</u>	<u>(13,730,765)</u>
	<u>42,397,707</u>	<u>72,462,651</u>

As of December 31, 2025 and 2024, additional repossessed chattel properties amount to P67.9 million and P110.4 million, respectively.

Depreciation of chattel properties amounting to P31.4 million, P10.2 million and P22.3 million in 2025, 2024 and 2023, respectively, are presented as part of Depreciation and Amortization in the statements of profit and loss.

Loss on disposal of the assets amounted to P3.8 million, P4.2 million and P11.4 million in 2025, 2024 and 2023, respectively were presented in the statements of profit or loss as part of Gain on sale of properties - net under Miscellaneous Income (see Note 20.1).

Impairment losses on other resources amounted to P18.1 million, P13.7 million, and nil in 2025, 2024, and 2023, respectively, and were presented in the statements of profit or loss under Impairment losses (see Note 26).

#### 14.5 Miscellaneous

Miscellaneous includes various deposits, petty cash fund, creditable withholding taxes and other assets.

## 15. DEPOSIT LIABILITIES

The classification of the Bank's deposit liabilities as to currency follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Philippine peso	<b>127,289,876,647</b>	131,821,188,540
Foreign currencies	<b>7,655,681,467</b>	7,273,090,330
	<b><u>134,945,558,114</u></b>	<b><u>139,094,278,870</u></b>

Annual interest rates on deposit liabilities range from:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Philippine peso	<b>0.1% – 6.3%</b>	0.1% – 6.5%	1.8% – 7.3%
Foreign currencies	<b>0.1% – 4.8%</b>	0.1% – 5.1%	1.4% – 5.0%

The total interest expense amounted to:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Time	<b>3,887,916,517</b>	3,586,339,516	2,683,610,059
Savings	<b>40,848,535</b>	44,165,010	40,395,765
Demand	<b>14,277,622</b>	16,419,791	15,787,142
	<b><u>3,943,042,674</u></b>	<b><u>3,646,924,317</u></b>	<b><u>2,739,792,966</u></b>

Deposit liabilities as of December 31, 2025 and 2024 include those that are from DOSRI (see Note 22.1).

Under existing BSP regulations, the reserve requirement for Thrift Banks has been reduced to 0%, effective for the reserve week beginning March 28, 2025, pursuant to BSP Circular No. 1211 issued on March 11, 2025. Prior to this, the Monetary Board, through Resolution No. 1027 dated September 5, 2024, approved the reduction of the reserve requirement from 2.0% to 1% of non-FCDU deposit liabilities. Before these amendments, the Bank complied with the previous 2.0% reserve requirement on non-FCDU deposit liabilities. On April 6, 2012, the BSP also issued amendments to the regulations on eligible reserve assets, under which cash on hand and other cash items ceased to qualify as eligible reserves. Under these rules, only balances maintained with the BSP are considered eligible reserves.

Pursuant to BSP Circular No. 1087, *Alternative Compliance with the Reserve Requirements of Banks and Non-bank Financial Institutions with Quasi-banking Functions*, the Bank used qualified MSME loans as allowable alternative compliance with the reserve requirement in 2024 (see Note 11).

The Bank's available reserves as of December 31, 2024 amount to P1,351.1 million and are compliant with these BSP regulations (see Notes 9 and 11). Effective 2025, the BSP reduced the reserve requirement to 0%.

## 16. BILLS PAYABLE

The changes in bills payable are shown below.

<i>(Amounts in PHP)</i>	<u>Date</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Annual Interest Rate</u>	<u>Maturity Date</u>
<b><u>2025</u></b>					
LandBank of the Philippines	12/10/2025	1,000,000,000	1,000,000,000	4.50%	1/9/2026
	11/11/2025	1,500,000,000	1,500,000,000	4.75%	1/12/2026
	12/17/2025	500,000,000	500,000,000	4.25%	1/16/2026
		<u>3,000,000,000</u>	<u>3,000,000,000</u>		
Development Bank of the Philippines	12/11/2025	1,000,000,000	1,000,000,000	4.50%	1/12/2026
	12/18/2025	1,000,000,000	1,000,000,000	4.50%	1/19/2026
	12/22/2025	1,000,000,000	1,000,000,000	4.50%	1/21/2026
	12/26/2025	2,000,000,000	2,000,000,000	4.50%	1/26/2026
		<u>5,000,000,000</u>	<u>5,000,000,000</u>		
		<u>8,000,000,000</u>	<u>8,000,000,000</u>		
<b><u>2024</u></b>					
LandBank of the Philippines	11/13/2024	1,500,000,000	1,500,000,000	5.91%	1/13/2025
	3/22/2024	62,500,000	62,500,000	6.70%	3/24/2025
		<u>1,562,500,000</u>	<u>1,562,500,000</u>		
Development Bank of the Philippines	11/27/2024	2,100,000,000	2,100,000,000	6.11%	1/27/2025
	11/20/2024	900,000,000	900,000,000	6.15%	1/20/2025
		<u>3,000,000,000</u>	<u>3,000,000,000</u>		
		<u>4,562,500,000</u>	<u>4,562,500,000</u>		

All promissory notes are unsecured and repayable on a lump-sum basis at maturity. In the event of default, the Bank is subject to a penalty interest rate of 24% per annum, which is imposed immediately and without any grace period, in accordance with the respective loan agreements (see Notes 6.2 and 10). Loans obtained from the LandBank of the Philippines are subject to monthly repricing. The loan agreements do not contain any affirmative or negative financial covenants.

The total interest expense in 2025, 2024, and 2023 amounted to P203.7 million, P283.6 million, P109.0 million, respectively, and is recognized as part of Interest Expense in the statements of profit or loss.

Accrued interest payable amounted to P14.3 million and P1.2 million as of December 31, 2025, and 2024, respectively, and this is reported as part of Accrued Expenses under Accrued Expenses and Other Liabilities in the statements of financial position (see Note 17).

## 17. ACCRUED EXPENSES AND OTHER LIABILITIES

### 17.1 Accrued Expenses and Other Liabilities

The breakdown of this account follows:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Accounts payable		<b>1,223,437,220</b>	1,366,890,133
Accrued expenses	16	<b>793,419,009</b>	626,851,298
Sundry credits		<b>607,956,374</b>	640,936,235
Lease liabilities	17.2	<b>583,585,003</b>	552,557,746
Manager's checks		<b>504,247,455</b>	680,842,434
Bills purchased		<b>378,155,948</b>	354,315,616
Withholding taxes payable		<b>168,528,458</b>	168,673,998
Income tax payable		<b>130,727,658</b>	93,783,621
Unclaimed Balances		<b>92,624,082</b>	62,935,559
Post-employment defined benefit obligation	21.2	<b>90,148,922</b>	101,460,210
Due to BSP		<b>72,446,150</b>	68,906,600
Outstanding acceptances		<b>38,629,020</b>	194,335,850
Payment orders payable		<b>16,344,394</b>	13,021,889
Statutory and regulatory obligations		<b>12,276,814</b>	10,826,747
Others		<b>35,544,282</b>	38,056,806
		<b><u>4,748,070,789</u></b>	<b><u>4,974,394,742</u></b>

Accounts payable consist mainly of unapplied loan collections, statutory obligations such as documentary stamp taxes, advance customer payments, and unpaid supplier and processing-related fees pending posting or reconciliation.

Accrued expenses include primarily accruals on interest on bills payable, Agriculture, Fisheries and Rural Development Financing Act of 2022 (RA 11901) penalty, performance bonus, other employee benefits, utilities, janitorial and security services fees.

Sundry credits consist mainly of temporary credit balances arising from clearing and settlement transactions, including inward clearing, ATM and electronic fund transfer receipts, loan and time deposit-related collections, and conversion-related balances pending posting and reconciliation.

Bills purchased represent the checks presented for encashment pending the clearing process of the Bank to allow its clients to meet their needs for liquidity.

Unclaimed balances represent amounts due to customers or counterparties that remain unclaimed or inactive, including dormant credit accounts pending verification or disposition.

Outstanding acceptances pertain to obligations recognized by the Bank in its undertaking arising from letters of credit extended to its borrowers.

Payment orders payable represents the amount transmitted by the Bank to a beneficiary's bank, which is issued upon its receipt of the payment order as instructed by the sender.

Statutory and regulatory obligations consist of mandatory government-related payables such as Social Security System (SSS), PhilHealth and Pag-IBIG premiums and loans, amounts due to the Treasurer of the Philippines, and other compliance-related remittances.

Others primarily include clearing items, safe-deposit-related deposits and rentals, deferred credits, and various miscellaneous payables.

## 17.2 Lease Liabilities

The movements in the lease liabilities are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	<b>552,557,746</b>	456,512,888
Payments of lease liability	<b>(217,757,655)</b>	(175,615,511)
Additions	<b>213,106,064</b>	271,660,369
Accretion of interest	<b>35,678,848</b>	-
Balance at end of year	<b><u>583,585,003</u></b>	<u>552,557,746</u>

The total interest expense incurred on the lease liability amounted to P35.7 million, P32.2 million and P22.1 million in 2025, 2024 and 2023, respectively, and is presented as part of Others under the Interest Expense section of statements of profit or loss.

The Bank has elected not to recognize lease liabilities for short-term leases. Payments made under such leases are expensed on a straight-line basis. The expenses relating to short-term leases amounted to P48.1 million, P21.2 million and P27.0 million in 2025, 2024 and 2023, respectively, and is presented as part of Occupancy under Other Expenses in the statements of profit or loss.

As of December 31, 2025 and 2024, the Bank is not committed to short-term leases.

The maturity analysis of lease liabilities as of December 31, 2025 and 2024 is as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>			<u>2024</u>		
	Lease Payments	Finance Charges	Net Present Value	Lease Payments	Finance Charges	Net Present Value
First year	203,112,596	30,295,965	172,816,631	183,863,576	28,746,872	155,116,704
Second year	172,849,564	20,340,055	152,509,509	153,568,290	20,390,814	133,177,476
Third year	144,411,365	11,412,443	132,998,922	125,259,421	12,790,912	112,468,509
Fourth year	81,544,238	5,060,911	76,483,327	97,186,895	6,255,435	90,931,460
Fifth year	31,452,010	1,797,121	29,654,889	33,824,964	2,471,475	31,353,489
Beyond fifth year	20,652,290	1,530,565	19,121,725	32,485,369	2,975,261	29,510,108
	<b><u>654,022,063</u></b>	<b><u>70,437,060</u></b>	<b><u>583,585,003</u></b>	<b><u>626,188,515</u></b>	<b><u>73,630,769</u></b>	<b><u>552,557,746</u></b>

## 18. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

(Amounts in PHP)	Notes	2025			2024		
		Within One Year	Beyond One Year	Total	Within One Year	Beyond One Year	Total
<b>Resources</b>							
Cash and other cash items	9	1,423,301,148	-	1,423,301,148	1,177,794,637	-	1,177,794,637
Due from BSP	9	2,867,088,151	-	2,867,088,151	2,881,093,706	-	2,881,093,706
Due from other banks	9	5,758,453,680	-	5,758,453,680	4,056,453,936	-	4,056,453,936
Loans and other receivables	11	66,587,710,556	61,074,909,149	127,662,619,705	65,179,697,433	63,092,440,617	128,272,138,050
Financial assets at FVTPL	10.1	10,468,124,416	-	10,468,124,416	10,173,768,625	-	10,173,768,625
Financial assets at FVOCI	10.2	-	12,779,371,965	12,779,371,965	661,307,630	13,665,091,663	14,326,399,293
Investments at amortized cost	10.3	-	927,815,214	927,815,214	493,697,155	776,651,995	1,270,349,150
Bank premises, furniture, fixtures and equipment - net	12	-	983,362,408	983,362,408	-	982,155,540	982,155,540
Investment properties - net	13	-	2,910,155,598	2,910,155,598	-	2,027,410,429	2,027,410,429
Deferred tax assets - net	23	-	2,032,941,731	2,032,941,731	-	1,766,272,966	1,766,272,966
Other resources	14	343,805,266	705,614,430	1,049,419,696	248,030,972	809,798,197	1,057,829,169
		<b>87,448,483,217</b>	<b>81,414,170,495</b>	<b>168,862,653,712</b>	<b>84,871,844,094</b>	<b>83,119,821,407</b>	<b>167,991,665,501</b>
<b>Liabilities</b>							
Deposit liabilities	15	130,796,413,663	4,149,144,451	134,945,558,114	135,802,303,158	3,291,975,712	139,094,278,870
Bills payable	16	8,000,000,000	-	8,000,000,000	4,562,500,000	-	4,562,500,000
Accrued expenses and other liabilities	17	4,253,187,396	494,883,393	4,748,070,789	4,510,538,606	463,856,136	4,974,394,742
		<b>143,049,601,059</b>	<b>4,644,027,844</b>	<b>147,693,628,903</b>	<b>144,875,341,764</b>	<b>3,755,831,848</b>	<b>148,631,173,612</b>

## 19. EQUITY

### 19.1 Capital Stock

Capital stock consists of:

	Shares	Amounts in PHP
<u>Preferred shares – P10 par value</u>		
Authorized		
Balance at end of year	130,000,000	1,300,000,000
Issued and outstanding		
Balance at beginning and end of year	62,000,000	620,000,000
<u>Common shares – P10 par value</u>		
Authorized		
Balance at end of year	1,370,000,000	13,700,000,000
Issued and outstanding		
Balance at beginning and end of year	818,750,094	8,187,500,940

The Bank's preferred shares are nonvoting, convertible, and are redeemable at the option of the Bank. These shares are entitled to dividend of noncumulative 8.0% per annum for Tranche 1 and 6% for both Tranches 2 and 3.

On February 17, 2017, the BOD approved the redemption of all the issued and outstanding preferred shares of the Bank at par value of P620.0 million through staggered redemption. However, as of December 31, 2025 and 2024, none of the preferred shares have been redeemed yet and the Bank has considered conversion of the preferred shares to common shares instead.

On January 9, 2013, the PSE approved the Bank's application for the listing of its common shares. The approval covered the IPO of 101,333,400 unissued common shares of the Bank at P31.50 per share and the listing of those shares in the PSE's main board on February 19, 2013, its day of listing. The Bank offered its 101,333,400 unissued common to the public at the approved P31.50 per share resulting in the recognition of additional paid-in capital of P1,998.4 million, net of transaction costs (see Note 19.4).

On May 21, 2021 and June 25, 2021, during the regular BOD meeting and annual stockholder's meeting, respectively, the BOD and stockholders approved the change of the preferred shares features from nonconvertible to convertible to common shares and from nonredeemable to redeemable. However, it did not materialize due to the complexities in the requirements. Hence, on April 20, 2022 and July 27, 2022, during the regular BOD meeting and annual stockholder's meeting, respectively, the BOD and stockholders re-approved the change of the preferred shares feature from nonconvertible to convertible to common shares.

During the regular BOD meeting of the Bank on April 20, 2022, the BOD re-approved the increase in the Bank's ACS in line with the continuing expansion of the Bank's core deposit-and-lending business since the application for increase of capital, as provided in the Revised Corporation Code, must be made within six months from approval of the BOD and shareholders. On July 27, 2022, during the annual stockholders' meeting, the stockholders also re-approved such increase in authorized capital stock. On September 26, 2022, the Bank filed the application for the increase in ACS with the SEC from P10,000.0 million to P15,000.0 million. On November 28, 2022, the Bank received the certificate of authority from the BSP for the increase in ACS, and subsequently, on January 19, 2023, the Bank obtained the necessary approval from the SEC.

On August 17, 2022, during the regular BOD meeting of the Bank, the BOD approved the offer consisting of P1,750,000,000 worth of shares, which (a) P1,250,000,000 shall consist of advance subscriptions by the Principal Shareholders out of the P5,000,000,000 increase in ACS of the Bank, by way of private placement; and (b) up to P500,000,000 SRO to eligible shareholders as of record date equivalent to 50,000,000 common shares at P10.00 per share, for the purpose of increasing capital and for general corporate requirements.

Relative to the increase in ACS as discussed above, the Bank's principal shareholders have subscribed to P1,250.0 million, equivalent to 25% of the P5,000.0 million increase in ACS, through a private placement transaction. On September 21, 2022, the principal shareholders paid P312.5 million or 25% of the minimum paid-up capital increase requirement and is presented as Deposit on Future Stock Subscription in the 2022 statement of financial position. On January 10, 2023, the Bank received P937.5 million from the Principal Shareholders as full payment. Subsequently, on January 20, 2023, the Bank issued the 125,000,000 shares to the Principal Shareholders following the receipt of SEC approval on the P5,000 million increase in ACS on January 19, 2023.

On February 13, 2023, the Bank received the Notice of Confirmation of Exempt Transaction from the SEC with respect to the Bank's stock rights offering. Subsequently, on February 22, 2023, the PSE approved the Bank's application to list up to 50,000,000 common shares subject to its SRO which is offered to its eligible shareholders as of March 10, 2023, the record date. The offer period started on March 17, 2023, and ended on March 23, 2023, with the listing date on March 31, 2023.

Accordingly, after the private placement and the SRO, the Bank's total outstanding and issued common shares is 818,750,094.

As of December 31, 2025 and 2024, the Bank has 67 holders of its listed common stock. The Bank has 818,750,094 common shares traded in the PSE as of December 31, 2025 and 2024, respectively, and its share price closed at P9.70 and P8.70, respectively, as at the same dates.

### **19.2 Dividends**

The Bank's BOD approved the declaration of cash dividends as follows:

	<u>Types of Shares</u>	<u>Date of Declaration</u>	<u>Date of Record</u>	<u>Date of Payment</u>	<u>Tranche</u>	<u>No. of Shares</u>	<u>Amount Per Share</u>	<u>Total Amount in PHP</u>
<b>2025</b>	Common	July 18, 2025	July 11, 2025	July 23, 2025	-	818,750,094	0.45	368,437,542
	Preferred	July 18, 2025	July 11, 2025	July 23, 2025	1	12,000,000	0.80	9,600,000
					2	12,500,000	0.60	7,500,000
					3	37,500,000	0.60	22,500,000
								<u><b>408,037,542</b></u>
<b>2024</b>	Common	May 15, 2024	May 10, 2024	June 10, 2024	-	818,750,094	0.45	368,437,542
	Preferred	May 15, 2024	May 10, 2024	June 10, 2024	1	12,000,000	0.80	9,600,000
					2	12,500,000	0.60	7,500,000
					3	37,500,000	0.60	22,500,000
								<u><b>408,037,542</b></u>

The Bank has no dividends in arrears on its preferred shares.

### **19.3 Appropriated Surplus**

Appropriated surplus consists of:

- (a) General loan loss reserve, which pertains to the accumulated amount of appropriation from Surplus made by the Bank arising from the excess of the one-percent GLLP for outstanding loans as required by the BSP under Circular No. 1011, *Guidelines on the Adoption of PFRS 9*, over the computed allowance for ECL for Stage 1 accounts; and
- (b) Reserve for trust business representing the accumulated amount set aside by the Bank under existing regulations requiring the Bank to appropriate and transfer to surplus 10% of its net profits accruing from their trust business until the surplus shall amount to 20% of the regulatory capital. The reserve shall not be paid out in dividends, but losses accruing in the course of the trust business may be charged against this account.

Reconciliation of appropriated surplus is as follows:

<i>(Amounts in PHP)</i>	<u>Trust Reserves</u>	<u>General Loan Loss Reserves</u>	<u>Total</u>
Balance at January 1, 2025	30,567,143	974,640,316	1,005,207,459
Appropriation (reversal) during the year	<u>3,884,128</u>	<u>(136,278,916)</u>	<u>(132,394,788)</u>
Balance at December 31, 2025	<u><b>34,451,271</b></u>	<u><b>838,361,400</b></u>	<u><b>872,812,671</b></u>
Balance at January 1, 2024	26,352,271	802,998,074	829,350,345
Appropriation during the year	<u>4,214,872</u>	<u>171,642,242</u>	<u>175,857,114</u>
Balance at December 31, 2024	<u>30,567,143</u>	<u>974,640,316</u>	<u>1,005,207,459</u>
Balance at January 1, 2023	22,227,698	711,388,112	733,615,810
Appropriation during the year	<u>4,124,573</u>	<u>91,609,962</u>	<u>95,734,535</u>
Balance at December 31, 2023	<u>26,352,271</u>	<u>802,998,074</u>	<u>829,350,345</u>

Trust reserves representing a portion of the Bank's income from trust operations were made in compliance with BSP regulations (see Note 25).

On August 16, 2003, the BOD approved the establishment of a sinking fund for the exclusive purpose of the redemption of redeemable preferred shares should the Bank opt to redeem the shares. However, as of December 31, 2025 and 2024, the sinking fund for the redemption of redeemable preferred shares is yet to be established.

#### ***19.4 Paid-in Capital from IPO***

As mentioned in Note 19.1, the Bank's common shares were listed at the PSE in February 2013. The total proceeds received from the IPO amounted to P3,191.9 million, which exceeded par value by P1,998.4 million, net of share issuance cost of P180.2 million. The excess over par value is presented as Additional Paid-in Capital in the statements of financial position.

#### ***19.5 Revaluation Reserves***

Revaluation reserves pertain to the accumulated actuarial losses of post-employment defined benefit plan and unrealized fair value gains and losses on FVOCI securities. Details of this account are presented below and in the succeeding page.

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>NUGL on Securities at FVOCI</u>	<u>Accumulated Actuarial Gains (Losses)</u>	<u>Total</u>
Balance at January 1, 2025		<u>(1,026,549,237)</u>	<u>(102,971,127)</u>	<u>(1,129,520,364)</u>
Fair value gain on FVOCI securities during the year	10.2	319,105,479	-	319,105,479
Remeasurements of post-employment defined benefit plan	21.2	-	1,541,218	1,541,218
Other comprehensive gain		<u>319,105,479</u>	<u>1,541,218</u>	<u>320,646,697</u>
Tax expense	23	-	(385,305)	(385,305)
		<u>319,105,479</u>	<u>1,155,913</u>	<u>320,261,392</u>
Balance at December 31, 2025		<u><b>(707,443,758)</b></u>	<u><b>(101,815,214)</b></u>	<u><b>(809,258,972)</b></u>

<i>(Amounts in PHP)</i>	Notes	NUGL on Securities at FVOCI	Accumulated Actuarial Losses	Total
Balance at January 1, 2024		<u>(1,003,581,753)</u>	<u>(97,934,129)</u>	<u>(1,101,515,882)</u>
Fair value gains on FVOCI securities during the year	10.2	(6,099,697)	-	(6,099,697)
Expected credit loss for FVOCI securities	10.2	(16,867,787)	-	(16,867,787)
Remeasurements of post-employment defined benefit plan	21.2	-	<u>(6,715,998)</u>	<u>(6,715,998)</u>
Other comprehensive loss		<u>(22,967,484)</u>	<u>(6,715,998)</u>	<u>(29,683,482)</u>
Tax income	23	-	<u>1,679,000</u>	<u>1,679,000</u>
		<u>(22,967,484)</u>	<u>(5,036,998)</u>	<u>(28,004,482)</u>
Balance at December 31, 2024		<u>(1,026,549,237)</u>	<u>(102,971,127)</u>	<u>(1,129,520,364)</u>
Balance at January 1, 2023		<u>(1,536,013,208)</u>	<u>(68,278,930)</u>	<u>(1,604,292,138)</u>
Fair value gains on FVOCI securities during the year	10.2	539,514,930	-	539,514,930
Expected credit loss for FVOCI securities	10.2	(6,074,143)	-	(6,074,143)
Fair value gains reclassified to profit or loss	10.2	(1,009,332)	-	(1,009,332)
Remeasurements of post-employment defined benefit plan	21.2	-	<u>(39,540,266)</u>	<u>(39,540,266)</u>
Other comprehensive income (loss)		532,431,455	<u>(39,540,266)</u>	492,891,189
Tax income	23	-	<u>9,885,067</u>	<u>9,885,067</u>
		<u>532,431,455</u>	<u>(29,655,199)</u>	<u>502,776,256</u>
Balance at December 31, 2023		<u>(1,003,581,753)</u>	<u>(97,934,129)</u>	<u>(1,101,515,882)</u>

## 20. MISCELLANEOUS INCOME AND EXPENSES

### 20.1 Miscellaneous Income

This includes the following:

<i>(Amounts in PHP)</i>	Notes	2025	2024	2023
Foreign currency gains - net		<b>167,465,289</b>	252,831,148	89,960,119
Handling and notarial fees		<b>121,803,029</b>	133,954,469	104,896,189
Trade finance charges		<b>51,613,887</b>	64,029,040	67,305,945
Trust fees	25	<b>38,841,277</b>	42,148,722	41,245,731
Gain on sale of				
Properties - net	13, 14.4	<b>7,817,729</b>	5,672,122	84,609,969
Others		<b>20,238,677</b>	43,110,261	43,970,543
		<u><b>407,779,888</b></u>	<u>541,745,762</u>	<u>431,988,496</u>

Others include rental of safe/night deposit box and dividend income.

## 20.2 Miscellaneous Expenses

This includes the following:

<i>(Amounts in PHP)</i>	Note	<u>2025</u>	<u>2024</u>	<u>2023</u>
Transportation and travel		<b>183,076,633</b>	151,221,283	146,583,910
Litigation on asset acquired	13	<b>96,911,300</b>	51,044,233	49,073,008
Information technology		<b>86,655,283</b>	69,370,467	62,085,275
Brokerage and exchange fees		<b>71,755,645</b>	44,542,963	33,322,255
Communication		<b>67,964,267</b>	70,336,053	78,178,526
Banking fees		<b>53,012,506</b>	53,430,877	50,745,856
Fines, penalties and other chargers		<b>19,227,124</b>	-	35,026,427
Office supplies		<b>8,582,293</b>	11,762,117	9,204,776
Freight		<b>5,594,847</b>	-	4,093,733
Membership dues		<b>3,975,585</b>	11,363,096	10,965,202
Advertising and publicity		<b>2,041,464</b>	2,843,237	2,697,059
Donations and contributions		<b>19,340</b>	14,368	-
Amortization of deferred charges		-	1,292,540	-
Others		<b>25,740,715</b>	9,812,251	22,204,206
		<b><u>624,557,002</u></b>	<u>477,033,485</u>	<u>504,180,233</u>

Others include commissions, appraisal and processing fees incurred by the Bank.

## 20.3 Service Charges and Fees

This includes the following:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Penalty fees	<b>192,465,844</b>	114,897,565	95,837,497
Processing fees	<b>173,979,909</b>	56,941,290	32,230,755
Deposit account service fee	<b>34,255,309</b>	31,228,246	38,388,839
Commission fees	<b>31,344,073</b>	25,958,914	20,007,644
ATM fees	<b>19,179,439</b>	18,930,666	16,537,977
Appraisal fees	<b>8,866,482</b>	8,356,342	9,379,853
Others	<b>48,211,993</b>	51,098,738	48,416,016
	<b><u>508,303,049</u></b>	<u>307,411,761</u>	<u>260,798,581</u>

Deposit account service fees include charges for dormant or inactive accounts, balances falling below the required maintaining balance, returned checks and other cash items, outward clearing services, and other transaction-based deposit services.

Others include atm service charges, telegraphic transfer fees and appraisal fees.

## 21. EMPLOYEE BENEFITS

### 21.1 Salaries and Other Employee Benefits Expense

Expenses recognized for salaries and other employee benefits are broken down below.

<i>(Amounts in PHP)</i>	Note	2025	2024	2023
Salaries and wages		<b>862,926,095</b>	802,126,125	751,383,058
Bonuses		<b>442,422,659</b>	344,618,102	429,064,044
Social security costs		<b>83,422,560</b>	70,466,667	60,382,321
Post-employment defined benefit plan	21.2	<b>50,853,669</b>	46,743,054	41,323,158
Leave benefits		<b>40,540,987</b>	38,205,037	36,015,937
Other short-term benefits		<b>48,938,331</b>	43,027,365	40,837,846
		<b><u>1,529,104,301</u></b>	<u>1,345,186,350</u>	<u>1,359,006,364</u>

### 21.2 Post-employment Benefit

#### (a) Characteristics of the Defined Benefit Plan

The Bank maintains a funded, tax-qualified, non-contributory post-employment benefit plan that is being administered by the Bank's trust department that is legally separated from the Bank. The Bank's Retirement Plan Committee, in coordination with the Bank's trust department, acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60. Normal retirement benefit is an amount equivalent to 100% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

#### (b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below are based on the actuarial valuation report obtained from an independent actuary in 2025 and 2024.

The amounts of post-employment defined benefit obligation recognized as part of Accrued Expenses and Other Liabilities (see Note 17) in the statements of financial position are determined as follows:

<i>(Amounts in PHP)</i>	2025	2024
Present value of the defined benefit obligation	<b>500,436,418</b>	466,571,729
Fair value of plan assets	<b>(410,287,496)</b>	(365,111,519)
	<b><u>90,148,922</u></b>	<u>101,460,210</u>

The movements in the present value of the post-employment defined benefit obligation are as follows:

<i>(Amounts in PHP)</i>	2025	2024
Balance at beginning of year	466,571,729	423,969,708
Current service cost	50,853,669	46,743,054
Interest expense	28,600,847	25,946,946
Benefits paid	(32,987,754)	(23,815,539)
Remeasurements:		
Actuarial losses (gains) arising from:		
Experience adjustments	(11,569,577)	(6,252,894)
Changes in financial assumptions	(658,351)	(208,605)
Changes in demographic assumptions	(374,145)	189,059
Balance at end of year	500,436,418	466,571,729

The movements in the fair value of plan assets are presented below.

<i>(Amounts in PHP)</i>	2025	2024
Balance at beginning of year	365,111,519	328,437,384
Contributions to the plan	66,000,000	52,500,000
Interest income	23,224,586	20,978,112
Return on plan assets (excluding amounts included in net interest)	(11,060,855)	(12,988,438)
Benefits paid	(32,987,754)	(23,815,539)
Balance at end of year	410,287,496	365,111,519

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below.

<i>(Amounts in PHP)</i>	2025	2024
Cash and cash equivalents	46,772,775	72,730,215
Corporate bonds	279,569,900	211,290,036
Equity securities	50,383,305	52,612,570
Unit investment trust funds (UITFs)	31,263,907	28,478,698
Accrued interest income	2,297,609	-
	410,287,496	365,111,519

The fair values of the above equity securities, unit investment trust fund, government and corporate bonds are determined based on quoted market prices in active markets.

The fair value of the plan assets is at Level 1 in the fair value hierarchy except for UITFs which are at Level 2.

The plan assets earned an actual return of P12.2 million and incurred a loss of P8.0 million in 2025 and 2024, respectively.

Plan assets include certain financial instruments of the Bank (see Note 22).

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
<i>Reported in profit or loss:</i>			
Current service cost	<b>50,853,669</b>	46,743,054	41,323,158
Net interest expense	<b>5,376,261</b>	4,968,834	3,269,458
	<b><u>56,229,930</u></b>	<u>51,711,888</u>	<u>44,592,616</u>
<i>Reported in other comprehensive income:</i>			
Actuarial losses (gains) arising from:			
Changes in financial assumptions	<b>(658,351)</b>	(208,605)	19,464,467
Experience adjustments	<b>(11,569,577)</b>	(6,252,894)	(4,821,437)
Changes in demographic assumptions	<b>(374,145)</b>	189,059	(2,963,787)
Return on plan assets (excluding amounts included in net interest expense)	<b>11,060,855</b>	12,988,438	27,861,023
	<b><u>(1,541,218)</u></b>	<u>6,715,998</u>	<u>39,540,266</u>

Current service cost is presented as part of Salaries and Other Employee Benefits (see Note 21.1) under the caption Other Expenses while net interest expense is presented as Interest Expense in the statements of profit or loss.

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Discount rates	<b>6.16%</b>	6.13%	6.12%
Expected rate of salary increases	<b>6.00%</b>	6.00%	6.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 26 years for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero-coupon government bonds with terms to maturity approximating the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Bank to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan.

Currently, the plan has relatively balanced investment in cash and cash equivalents and debt and equity securities. Due to the long-term nature of the plan obligation, a level of continuing debt and equity investments is an appropriate element of the Bank's long-term strategy to manage the plan efficiently.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Bank's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding pages.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31, 2025 and 2024:

<i>(Amounts in PHP)</i>	<b>Impact on Post-employment Benefit Obligation</b>		
	<b>Change in Assumption</b>	<b>Increase in Assumption</b>	<b>Decrease in Assumption</b>
<b>December 31, 2025</b>			
Discount rate	+4.6%/-4.2%	(21,025,715)	22,877,582
Salary rate	+4.5%/-4.2%	22,690,172	(21,248,383)
Increase in DBO if no attrition rate	+19.4%	97,105,840	-
<b>December 31, 2024</b>			
Discount rate	+4.7%/-4.3%	(20,004,502)	21,775,990
Salary rate	+4.6%/-4.3%	21,591,262	(20,210,809)
Increase in DBO if no attrition rate	+20.1%	93,769,008	-

The foregoing sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(ii) *Asset-liability Matching Strategies*

To efficiently manage the retirement plan, the Bank through its Retirement Plan Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve those long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency.

The Bank actively monitors how the duration, and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

As of December 31, 2025 and 2024, the plan is heavily invested in cash and cash equivalents and debt and equity securities. The Bank believes that cash and cash equivalents and debt and equity securities offer the best returns over the long term with an acceptable level of risk.

There has been no change in the Bank's strategies to manage its risks from previous periods.

(iii) *Funding Arrangements and Expected Contributions*

The plan currently is underfunded by P90.1 million based on the latest actuarial valuation. While there is no minimum funding requirement in the country, the Bank is funding its plan assets to manage the cash flow risk in about five years' time when a significant number of employees is expected to retire.

The Bank expects to contribute P66.0 million to retirement benefit plan in 2026.

The maturity profile of undiscounted expected benefit payments from the plan for the next 10 years follows:

<i>(Amounts in PHP)</i>	2025	2024
Within one year	<b>153,863,813</b>	147,985,197
More than one year to five years	<b>342,124,774</b>	283,018,712
More than five years to 10 years	<b>377,681,107</b>	338,711,421
	<b>873,669,694</b>	<b>769,715,330</b>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 4.4 years.

## 22. RELATED PARTY TRANSACTIONS

For purposes of reporting to the SEC in accordance with SEC Memorandum Circular No. 10-2019, *Rules on Material Related Party Transactions for Publicly Listed Companies*, transaction amounting to 10% or more of the total assets that were entered into with related parties are considered material. All individual material related party transactions shall be approved by at least two-thirds vote of the board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors; vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Bank's total assets, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

A summary of the Bank's transactions with related parties is presented below.

Related Party Category	Note	Amount of Transaction			Outstanding Balance	
		2025	2024	2023	2025	2024
<i>(Amount in PHP)</i>						
<b>Shareholders:</b>						
Deposit liabilities	22.1	<b>1,309,584,559</b>	(347,444,176)	1,553,475,429	<b>4,279,696,925</b>	2,970,112,366
Interest expense	22.1	<b>67,010,379</b>	31,122,731	46,252,377	-	-
Loans	22.2	-	1,000,000	-	<b>651,000,000</b>	651,000,000
Interest income	22.2	<b>16,887,586</b>	16,932,814	8,265,217	-	-
<b>Related parties under common ownership:</b>						
Deposit liabilities	22.1	<b>1,393,960,786</b>	(652,196,925)	87,667,362	<b>7,438,701,626</b>	6,044,740,840
Interest expense	22.1	<b>169,825,882</b>	106,137,352	101,366,654	-	-
Loans	22.2	<b>4,113,888</b>	364,224	3,602,586	<b>9,080,698</b>	4,966,810
Interest income	22.2	<b>667,008</b>	532,157	34,168	-	-
<b>Key management personnel:</b>						
Deposit liabilities	22.1	<b>1,465,304</b>	(19,159,023)	19,223,919	<b>33,602,850</b>	32,137,546
Interest expense	22.1	<b>1,147,449</b>	1,120,021	940,530	-	-
Loans	22.2	<b>2,200,872</b>	(790,498)	2,228,034	<b>52,359,381</b>	50,158,509
Interest income	22.2	-	-	22,452	-	-
Compensation	22.4	<b>214,421,310</b>	204,492,348	201,157,223	-	-
Directors' fee	22.5	<b>52,620,000</b>	48,282,500	45,640,000	-	-
<b>Other related interests:</b>						
Deposit liabilities	22.1	<b>(308,487,781)</b>	1,436,234,668	9,191,632	<b>1,235,260,644</b>	1,543,748,425
Interest expense	22.1	<b>18,283,526</b>	24,020,317	3,377,262	-	-
Loans	22.2	<b>(35,688,583)</b>	722,434,223	200,184,178	<b>183,270,032</b>	218,958,614
Interest income	22.2	<b>2,846,963</b>	4,019,239	8,265,217	-	-
<b>Retirement fund:</b>						
Contribution	22.3	<b>50,853,669</b>	46,743,054	47,094,485	-	-
Plan assets	22.3	<b>39,675,977</b>	36,191,672	22,145,491	<b>410,287,496</b>	365,111,519

Details of the foregoing transactions are as follows:

### ***22.1 Deposits***

The total balance of deposits is inclusive of the corresponding accrued interest as of December 31, 2025 and 2024.

Deposit liabilities transactions with related parties have similar terms with other counterparties (see Note 15). Annual interest rates on deposit liabilities range from 0.1% to 6.3% in 2025, 1.4% to 6.0% in 2024, and from 1.4% to 6.3% in 2023.

### ***22.2 Loans***

Under existing policies of the Bank, loan transactions with related parties are made substantially on the same terms as loans to other individuals and businesses of comparable risks and are normally settled in cash. Based on management's assessment as of December 31, 2025 and 2024, allowance for impairment of P8.5 million and P9.6 million, respectively, is recognized on the Bank's loans to its related parties.

Other information relating to the loans, other credit accommodations and guarantees granted to key management personnel and other related parties are presented in Note 29(f).

As of December 31, 2025 and 2024, the Bank has an approved line of credit to certain related parties totaling P1,078.0 million and P1,006.7 million, respectively, and all were used to guarantee the obligation of the respective related parties to other creditors up to the extent of the unused line of credit.

### ***22.3 Transactions with Retirement Fund***

The Bank's transactions with its retirement fund as of December 31, 2025 and 2024 relate only to its contributions to the plan and certain placements made by the plan to the Bank.

The retirement plan assets are placed with the Bank, as administered by the Bank's trust department, comprise cash in bank, short-term placements, corporate bonds, and equity securities amounting to P410.3 million and P365.1 million in 2025 and 2024, respectively, as disclosed in Note 21.2.

Cash and cash equivalents include time deposits issued by the Bank amounting to P46.7 million and P72.7 million as of December 31, 2025 and 2024, respectively.

Equity securities include shares issued by the Bank with fair value of P50.4 million and P52.6 million as of December 31, 2025 and 2024, respectively.

The retirement fund neither provides any guarantee or surety for any obligation of the Bank nor its investments by any restrictions or liens.

## 22.4 Key Management Personnel Compensation

Salaries and short-term benefits received by key management personnel are summarized below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Short-term benefits	<b>200,050,585</b>	190,173,730	196,702,715
Post-employment benefits	<b>14,370,725</b>	14,318,618	4,454,508
	<b><u>214,421,310</u></b>	<u>204,492,348</u>	<u>201,157,223</u>

The composition of the Bank's short-term benefits are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Salaries and wages	<b>152,681,543</b>	145,218,961	152,489,625
Bonuses	<b>37,375,161</b>	35,075,101	36,617,816
Social security costs	<b>5,470,842</b>	4,409,090	3,761,083
Other short-term benefits	<b>4,523,039</b>	5,470,578	3,834,191
	<b><u>200,050,585</u></b>	<u>190,173,730</u>	<u>196,702,715</u>

## 22.5 Directors' Fee

In 2025, 2024, 2023, the Bank paid fees to directors amounting to P52.6 million, P48.3 million, and P45.6 million, respectively, which represents the charges for services rendered to the Bank. These are presented as part of Management and other professional fees under Other Expenses in the statements of profit or loss.

## 23. TAXES

The components of tax expense for the years ended December 31 are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
<i>Reported in profit or loss</i>			
Current tax expense:			
Regular corporate income tax (RCIT) at 25%:			
Regular banking unit (RBU)	<b>590,831,992</b>	514,656,066	531,074,234
FCDU	<b>5,847,363</b>	4,946,362	8,692,025
Final tax at 20% and 10%	<b>289,329,305</b>	246,275,477	221,645,541
	<b><u>886,008,660</u></b>	<u>765,877,905</u>	<u>761,411,800</u>
Deferred tax expense relating to:			
Origination and reversal of temporary differences	<b>(267,054,070)</b>	(151,851,593)	(246,077,166)
	<b><u>618,954,590</u></b>	<u>614,026,312</u>	<u>515,334,634</u>
<i>Reported in other comprehensive income</i>			
Deferred tax expense (income) relating to:			
Origination and reversal of temporary differences	<b>385,305</b>	(1,679,000)	(9,885,067)

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the statements of profit or loss is presented below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Tax on pretax profit at 25%	<b>628,815,916</b>	599,024,233	584,837,904
Adjustment for income subjected to lower tax rate	<b>(83,717,621)</b>	(67,735,731)	(34,589,791)
Tax effects of:			
Non-taxable income	<b>(78,878,893)</b>	(91,344,232)	(159,759,230)
Non-deductible expenses	<b>152,735,188</b>	174,082,042	124,845,751
	<b><u>618,954,590</u></b>	<u>614,026,312</u>	<u>515,334,634</u>

In 2025 and 2024, the Bank is subject to minimum corporate income tax (MCIT) computed at 2.00% and 1.50% of gross income, net of allowable deductions, respectively, as defined under the tax regulations or to RCIT, whichever is higher. No MCIT was reported in 2025 and 2024 as the RCIT was higher than MCIT in those years.

The net deferred tax assets as of December 31, 2025 and 2024 relate to the following:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Deferred tax assets:		
Allowance for impairment	<b>1,919,382,129</b>	1,678,251,195
Lease liabilities	<b>145,896,251</b>	138,139,437
Accumulated depreciation of investment properties	<b>95,407,980</b>	64,542,514
Provision for bonus and accrued leave conversion	<b>31,978,357</b>	21,221,309
Post-employment benefit	<b>16,958,274</b>	19,303,485
Unamortized past service cost	<b>6,953,957</b>	6,061,569
Provision for self-insurance act	<b>2,725,500</b>	-
	<b><u>2,219,302,448</u></b>	<u>1,927,519,509</u>
Deferred tax liabilities:		
Right-of-use assets	<b>(132,884,550)</b>	(126,901,818)
Unamortized payments on documentary stamp tax	<b>(32,976,644)</b>	(13,845,202)
Accrued interest receivable	<b>(20,499,523)</b>	(20,499,523)
	<b><u>(186,360,717)</u></b>	<u>(161,246,543)</u>
Net deferred tax assets	<b><u>2,032,941,731</u></b>	<u>1,766,272,966</u>

The movements in net deferred tax assets for the years ended December 31 follow:

<i>(Amounts in PHP)</i>	Statements of Profit or Loss			Statements of Comprehensive Income		
	2025	2024	2023	2025	2024	2023
Impairment losses	<b>(241,130,934)</b>	(110,816,918)	(236,356,650)	-	-	-
Depreciation expense of investment properties	<b>(30,865,466)</b>	(12,775,261)	(13,664,407)	-	-	-
Unamortized payments on documentary stamp tax	<b>19,131,442</b>	(1,257,284)	7,928,723	-	-	-
Provision for director's bonus	<b>(10,757,048)</b>	(8,836,858)	7,364,236	-	-	-
Lease liabilities	<b>(7,756,814)</b>	(24,011,215)	(30,857,152)	-	-	-
Amortization of right-of-use assets	<b>5,982,732</b>	22,208,928	32,938,372	-	-	-
Provision for self insurance act	<b>(2,725,500)</b>	-	-	-	-	-
Post-employment benefit Unamortized past service cost	<b>1,959,906</b>	6,258,597	(5,777,113)	<b>385,305</b>	(1,679,000)	(9,885,067)
Accrued interest income	<b>(892,388)</b>	147,887	625,467	-	-	-
Gain on bargain purchase	-	(22,769,469)	(6,835,810)	-	-	-
	-	-	(1,442,832)	-	-	-
Deferred tax expense (income)	<b><u>(267,054,070)</u></b>	<b><u>(151,851,593)</u></b>	<b><u>(246,077,166)</u></b>	<b><u>385,305</u></b>	<b><u>(1,679,000)</u></b>	<b><u>(9,885,067)</u></b>

As of December 31, 2025 and 2024, the Bank has unrecognized deferred tax assets amounting to P6.7 million in both years, relating to certain allowance for impairment.

The management believes that the related unrecognized deferred tax assets will not be utilized in the subsequent periods. For the years ended December 31, 2025 and 2024, the Bank opted to claim itemized deductions. The Bank is also subject to percentage and other taxes, which consist principally of gross receipts tax or GRT, presented as part of Taxes and licenses in the Statements of profit or loss.

## 24. COMMITMENTS AND CONTINGENT LIABILITIES

The following are the commitment contingent liabilities of the Bank:

- (a) In the normal course of the Bank's operations, the Bank has various outstanding commitments and contingent liabilities such as guarantees, commitments to extend credit, and others, which are not reflected in the financial statements.
- (b) There are other commitments, guarantees and contingent liabilities that arise in the normal course of the Bank's operations that are not reflected in the financial statements. The Bank recognizes in its books any losses and liabilities incurred in the course of its operations as soon as these become determinable and quantifiable.

As of December 31, 2025 and 2024, management is of the opinion that losses, if any, from the foregoing items will not have a material effect on the Bank's financial statements.

## 25. TRUST OPERATIONS

The Bank acts as a trustee and in other fiduciary capacity that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and their income arising thereon are excluded from these financial statements, as these are neither resources nor income of the Bank.

As of December 31, 2025 and 2024, the following securities and other properties held by the Bank in fiduciary or agency capacity (for a fee) for its customers are not included in the statements of financial position since these are not resources of the Bank [(see Note 29(h))]:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Loans and other receivables	<b>358,480,042</b>	527,386,263
Due from banks	<b>3,400,130,301</b>	4,244,912,371
Investment securities	<b>4,596,156,639</b>	5,198,101,568
	<b><u>8,354,766,982</u></b>	<b><u>9,970,400,202</u></b>

In compliance with the requirements of the General Banking Act relative to the Bank's trust functions:

- (a) Government securities owned by the Bank with face value of P417.0 million and P375.0 million as of December 31, 2025 and 2024 are deposited with the BSP (see Note 10.2); and,
- (b) Ten percent of the trust income is transferred to the appropriated surplus. This transfer is required until the surplus reserve for trust function is equivalent to 20% of the Bank's authorized capital stock (see Note 19.3). Additional reserve for trust functions amounted to P3.9 million, P4.2 million and P4.1 million in 2025, 2024 and 2023, respectively, and are presented as part of Appropriated Surplus in the Bank's statements of changes in equity.

Income from trust operations, shown as part of Miscellaneous Income in the statements of profit or loss, amounted to P38.8 million, P42.1 million and P41.2 million in 2025, 2024 and 2023, respectively (see Note 20.1).

## 26. ALLOWANCE FOR IMPAIRMENT

A reconciliation of allowance for impairment at the beginning and end of 2025 and 2024 is summarized below.

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Balance at beginning of year:			
Loans and other receivables	11	<b>6,435,438,678</b>	5,925,505,102
Investment properties	13	<b>260,133,664</b>	345,461,332
Investment securities at amortized cost	10.3	<b>15,777,698</b>	15,777,698
Other resources	14	<b>15,385,502</b>	1,654,737
		<b><u>6,726,735,542</u></b>	<u>6,288,398,869</u>
Impairment losses (reversals) - net			
Loans and other receivables	11	<b>915,559,741</b>	1,029,992,672
Investment properties	13	<b>95,820,499</b>	(85,327,668)
Other resources	14	<b>18,095,802</b>	13,730,765
		<b><u>1,029,476,042</u></b>	<u>958,395,769</u>
Write-offs/disposal			
Loans and other receivables	11	<b>(43,728,929)</b>	(520,059,096)
Investment properties	13	<b>(4,505,504)</b>	-
		<b><u>(48,234,433)</u></b>	<u>(520,059,096)</u>
Balance at end of year:			
Loans and other receivables	11	<b>7,307,269,490</b>	6,435,438,678
Investment properties	13	<b>351,448,659</b>	260,133,664
Investment securities at amortized cost	10.3	<b>15,777,698</b>	15,777,698
Other resources	14	<b>33,481,304</b>	15,385,502
		<b><u>7,707,977,151</u></b>	<u>6,726,735,542</u>

## 27. EARNINGS PER SHARE

Basic and diluted earnings per share are computed as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Net profit	<b>1,896,309,070</b>	1,782,070,621	1,824,016,980
Dividends on preferred shares	<b>(39,600,000)</b>	(39,600,000)	(39,600,000)
Net profit attributable to common shareholders	<b>1,856,709,070</b>	1,742,470,621	1,784,416,980
Divided by the weighted average number of outstanding common shares	<b><u>818,750,094</u></b>	<u>818,750,094</u>	<u>799,572,012</u>
Basic earnings per share	<b><u>2.27</u></b>	<u>2.13</u>	<u>2.23</u>

As of December 31, 2025, 2024 and 2023, the Bank has no outstanding potentially dilutive securities; hence, basic earnings per share is equal to diluted earnings per share.

## 28. SUPPLEMENTARY INFORMATION TO STATEMENTS OF CASH FLOWS

### *28.1 Significant Non-cash Transactions*

Significant non-cash transaction in 2025 is as follows:

- The Bank has recognized additional right-of-use assets and lease liabilities amounting to P213.1 million (see Notes 12 and 17) relating to renewal of leases.

Significant non-cash transaction in 2024 is as follows:

- The Bank has recognized additional right-of-use assets and lease liabilities amounting to P271.7 million (see Notes 12 and 17) relating to renewal of leases.

Significant non-cash transactions in 2023 are as follows:

- The Bank has recognized additional right-of-use assets and lease liabilities amounting to P289.4 million (see Notes 12 and 17) relating to renewal of leases.
- The Bank has foreclosed and repossessed (or through dacion in payment) certain real and chattel properties amounting to P427.6 million and P35.3 million, respectively (see Notes 13 and 14.4).
- The Bank reclassified its DFFS balance of P312.5 million to paid-in capital on January 20, 2023 (see Note 19.1).

## 28.2 Reconciliation of Liabilities Arising from Financing Activities

Presented below is the reconciliation of the Bank's liabilities arising from financing activities, which includes both cash and non-cash changes.

<i>(Amounts in PHP)</i>	<b>Bills Payable</b> (see Note 16)	<b>Lease Liabilities</b> (see Note 17)	<b>Total Financing Activities</b>
Balance at January 1, 2025	4,562,500,000	552,557,746	5,115,057,746
Cash flow from financing activities:			
Availment	43,973,000,000	-	43,973,000,000
Payments/redemption	(40,535,500,000)	(217,757,655)	(40,753,257,655)
Non-cash financing activities:			
Additions to lease liabilities	-	213,106,064	213,106,064
Accretion of interest expense	-	35,678,848	35,678,848
Balance at December 31, 2025	<b>8,000,000,000</b>	<b>583,585,003</b>	<b>8,583,585,003</b>
Balance at January 1, 2024	4,750,000,000	456,512,888	5,206,512,888
Cash flow from financing activities:			
Availment	25,862,500,000	-	25,862,500,000
Payments/redemption	(26,050,000,000)	(175,615,511)	(26,225,615,511)
Non-cash financing activities:			
Additions to lease liabilities	-	271,660,369	271,660,369
Balance at December 31, 2024	4,562,500,000	552,557,746	5,115,057,746
Balance at January 1, 2023	1,500,000,000	333,084,279	1,833,084,279
Cash flow from financing activities:			
Availment	4,500,000,000	-	4,500,000,000
Payments/redemption	(1,250,000,000)	(165,946,559)	(1,415,946,559)
Non-cash financing activities:			
Additions to lease liabilities	-	289,375,168	289,375,168
Balance at December 31, 2023	4,750,000,000	456,512,888	5,206,512,888

## 29. SUPPLEMENTARY INFORMATION REQUIRED BY THE BSP

Presented below and in the succeeding pages are the supplementary information required by the BSP under Section 174 (Appendix 55) of the BSP Manual of Regulations for Banks (MORB) to be disclosed as part of the notes to financial statements based on BSP Circular No. 1074, *Amendments to Regulations on Financial Audit of Banks*.

### (a) Selected Financial Performance Indicators

The following are some indicators of the Bank's financial performance.

	2025	2024	2023
Return on average capital			
$\frac{\text{Net profit}}{\text{Average total capital accounts}}$	9.4%	9.5%	11.2%
Return on average resources			
$\frac{\text{Net profit}}{\text{Average total resources}}$	1.1%	1.1%	1.3%
Net interest margin			
$\frac{\text{Net interest income}}{\text{Average interest earning resources}}$	4.7%	4.3%	4.6%

### (b) Capital Instruments Issued

As of December 31, 2025 and 2024, the Bank has no capital instruments considered in the computation of the Bank's regulatory and qualifying capital in accordance with Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which may include, instruments recorded as part of equity or a financial liability qualifying as Tier 2 capital.

### (c) Significant Credit Exposures for Loans

The Bank's concentration of credit as to industry for its receivables from customers, gross of unamortized charges, unearned discount, and allowance for ECL, follows:

<i>(Amounts in thousands PHP)</i>	2025		2024	
	Amount	Percentage	Amount*	Percentage
Wholesale and retail trade	49,308,132	37.5%	49,602,164	37.5%
Manufacturing	17,318,620	13.2%	15,528,996	11.7%
Construction	12,586,132	9.6%	17,851,404	13.5%
Real estate activities	12,477,718	9.5%	13,468,754	10.2%
Consumption	7,954,791	6.0%	3,481,168	2.6%
Accommodation and food service				
Activities	7,292,315	5.5%	5,686,901	4.3%
Financial and insurance activities	6,298,908	4.8%	7,195,245	5.4%
Electricity, gas, steam and				
air-conditioning supply	6,094,671	4.5%	4,374,963	3.3%
Transportation and storage	4,928,103	3.7%	5,242,346	4.0%
<i>Balance carried forward</i>	124,259,390	94.3%	122,431,941	92.5%

\* Excludes unamortized charges from capitalized commission amounting to nil and P0.3 million in 2025 and 2024, respectively.

<i>(Amounts in thousands PHP)</i>	2025		2024	
	Amount	Percentage	Amount*	Percentage
<i>Balance brought forward</i>	<b>124,259,390</b>	<b>94.3%</b>	122,431,941	92.5%
Water supply, sewerage, waste management and remediation activities	<b>1,963,664</b>	<b>1.5%</b>	2,311,234	1.7%
Agriculture, forestry and fishing	<b>1,521,567</b>	<b>1.2%</b>	1,404,575	1.1%
Administrative and support services	<b>644,241</b>	<b>0.5%</b>	1,178,146	0.9%
Information and communication	<b>624,623</b>	<b>0.5%</b>	994,694	0.8%
Mining and quarrying	<b>947,348</b>	<b>0.7%</b>	916,599	0.7%
Professional, scientific, and technical activities	<b>903,788</b>	<b>0.7%</b>	559,154	0.4%
Education	<b>231,924</b>	<b>0.2%</b>	314,602	0.2%
Arts, entertainment and recreation	<b>25,900</b>	<b>0.0%</b>	46,210	0.0%
Human health and social service activities	<b>21,055</b>	<b>0.0%</b>	29,024	0.0%
Activities of private household as employers and undifferentiated goods and services and producing activities of households for own use	<b>3,331</b>	<b>0.0%</b>	3,331	0.0%
Other service activities	<b>504,886</b>	<b>0.4%</b>	2,279,532	1.7%
	<b>131,651,717</b>	<b>100%</b>	132,469,042	100%

\* Excludes unamortized charges from capitalized commission amounting to nil and P0.3 million in 2025 and 2024, respectively.

The BSP considers that loan concentration exists when the total loan exposure to a particular industry exceeds 30% of the total loan portfolio plus the outstanding interbank loans receivable or 10% of Tier 1 capital.

As of December 31, 2025 and 2024, 10% of Tier 1 capital amounted to P1.9 billion and P1.7 billion, respectively, and the table below shows the industry groups exceeding this level.

<i>(Amounts in thousands PHP)</i>	2025	2024
Wholesale and retail trade	<b>49,308,132</b>	49,602,164
Manufacturing	<b>17,318,620</b>	15,528,996
Construction	<b>12,586,132</b>	17,851,404
Real estate activities	<b>12,477,718</b>	13,468,754
Consumption	<b>7,954,791</b>	3,481,168
Accommodation and food service activities	<b>7,292,315</b>	5,686,901
Financial and insurance activities	<b>6,298,908</b>	7,195,245
Electricity, gas, steam and air-conditioning supply	<b>6,094,671</b>	4,374,963
Transportation and storage	<b>4,928,103</b>	5,242,346
Water supply, sewerage, waste management and remediation activities	<b>1,963,664</b>	2,311,234

(d) *Credit Status of Loans*

The breakdown of receivable from customers as to status is shown below.

<i>(Amounts in thousands PHP)</i>	2025		
	Performing	Non-performing	Total Loan Portfolio
Gross carrying amount:			
Corporate	113,712,390	5,098,488	118,810,878
Consumer	12,397,519	443,319	12,840,838
	<u>126,109,909</u>	<u>5,541,807</u>	<u>131,651,716</u>
Allowance for ECL	<u>(3,466,703)</u>	<u>(3,639,704)</u>	<u>(7,106,407)</u>
Net carrying amount	<u><u>122,643,206</u></u>	<u><u>1,902,103</u></u>	<u><u>124,545,309</u></u>
	2024		
	Performing	Non-performing	Total Loan Portfolio
Gross carrying amount:			
Corporate	115,098,590	6,813,814	121,912,404
Consumer	9,895,841	660,797	10,556,638
	<u>124,994,431</u>	<u>7,474,611</u>	<u>132,469,042</u>
Allowance for ECL	<u>(2,155,654)</u>	<u>(4,114,681)</u>	<u>(6,270,335)</u>
Net carrying amount	<u><u>122,838,777</u></u>	<u><u>3,359,930</u></u>	<u><u>126,198,707</u></u>

As of December 31, 2025 and 2024, the non-performing loans (NPLs) not fully covered by allowance for credit losses follow:

<i>(Amounts in thousands PHP)</i>	2025	2024
Gross NPLs	5,541,807	7,474,611
NPLs fully covered by allowance for impairment	<u>(3,639,704)</u>	<u>(4,114,681)</u>
	<u><u>1,902,103</u></u>	<u><u>3,359,930</u></u>

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 90 days from contractual due date, or accrued interests for more than 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 6 months; or (b) written off.

Restructured loans amount to P4,692.2 million and P5,216.9 million as of December 31, 2025 and 2024, respectively. The related allowance for credit loss of such loans amounted to P577.1 million and P628.7 million as of December 31, 2025 and 2024, respectively.

Interest income recognized on impaired loans and other receivables amounted to P605.7 million, P498.6 million, and P388.4 million in 2025, 2024, and 2023, respectively.

(e) *Analysis of Loan Portfolio as to Type of Security*

As to security, receivable from customers (excluding unamortized charges from capitalized commission), gross of allowance and unearned discount, are classified into the following:

<i>(Amounts in thousands PHP)</i>	<b>2025</b>	2024
Secured:		
Real estate mortgage	<b>55,665,703</b>	64,010,388
Chattel mortgage	<b>7,879,892</b>	7,940,182
Deposit hold-out	<b>3,183,969</b>	7,328,578
	<b>66,729,564</b>	79,279,148
Unsecured	<b>64,498,537</b>	52,623,149
	<b>131,228,101</b>	131,902,297

(f) *Information on Related Party Loans*

In the ordinary course of business, the Bank has loan transactions with their other affiliates, and with certain DOSRI. Under existing policies of the Bank, these loans are made substantially on the same terms as loans to other individuals and businesses of comparable risks.

Under the current BSP regulations, the amount of individual loans to a DOSRI, 70% of which must be secured, should not exceed the amount of the encumbered deposit and book value of the investment in the Bank and/or any of its lending and nonbank financial subsidiaries. In the aggregate, loans to DOSRIs, generally, should not exceed the total equity or 15% of the total loan portfolio of the Bank. However, non-risk loans are excluded in both individual and aggregate ceiling computation.

The following table shows the information relating to the loans, other credit accommodations and guarantees granted to DOSRI as of December 31, 2025 and 2024 in accordance with BSP reporting guidelines:

<i>(Amounts in thousands PHP)</i>	<b>DOSRI Loans</b>		<b>Related Party Loans (inclusive of DOSRI)</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Total outstanding loans	<b>886,629</b>	706,125	<b>895,710</b>	925,084
% of loans to total loan portfolio	<b>0.67%</b>	0.53%	<b>0.68%</b>	0.70%
% of unsecured loans to total DOSRI/related party loans	<b>5.61%</b>	6.60%	<b>5.55%</b>	5.04%
% of past due loans to total DOSRI / related party loans	<b>0.03%</b>	0.0%	<b>0.03%</b>	2.83%
% of non-performing loans to total DOSRI/related party loans	<b>0.0%</b>	0.0%	<b>0.0%</b>	2.83%

Secured DOSRI loans are collateralized by hold-out on deposits and are payable within one month to five years.

As of December 31, 2025 and 2024, the Bank is in compliance with these regulatory requirements.

*(g) Secured Liabilities and Assets Pledged as Security*

As of December 31, 2024, certain loan and other receivables amounting to P297.0 million, were used to secure a P62.5 million short-term bills payable.

As of December 31, 2025 and December 31, 2024, certain government securities at FVOCI with a total amount of P5,740.7 million and P4,054.7 million are assigned as collateral to secure borrowings under credit line agreement amounting to P3,000.0 million.

*(h) Contingencies and Commitments Arising from Off-balance Sheet Items*

The summary of the Bank's commitments and contingent accounts arising from transactions not given recognition in the statements of financial position, expressed at their equivalent peso contractual amounts as of December 31, 2025 and 2024 are as follows:

<i>(Amounts in PHP)</i>	<b>2025</b>	<b>2024</b>
Trust and other fiduciary accounts	<b>8,354,766,982</b>	9,970,400,202
Outstanding letters of credit	<b>714,397,989</b>	667,520,632
Late payment/deposits received	<b>796,112</b>	4,678,643
Items held as collateral	<b>106,256</b>	106,443
Items held for safekeeping	<b>59,873</b>	82,893
Outward bills for collection	-	3,305,997
Other contingent accounts	<b>1,442,251,478</b>	2,365,909,581

**30. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE**

The following is the supplementary information on taxes, duties and license fees paid or accrued during the taxable year which is required by the Bureau of Internal Revenue (BIR) under Revenue Regulations No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

*(a) Gross Receipts Tax*

In lieu of the value-added tax, the Bank is subject to the Gross Receipts Tax (GRT), pursuant to Sections 121 and 122 of the Tax Code, which is imposed on banks, non-banks financial intermediaries and finance companies.

In 2025, the Bank reported total GRT amounting to P536,998,780.

GRT is levied on the Bank's lending income, which includes interest, commission and discounts arising from instruments with a maturity of five years or less and other income. The tax is computed at the prescribed rates of either 5% or 1% of the related income.

*(b) Documentary Stamp Tax*

The Bank is enrolled under the Electronic Documentary Stamp Tax (e-DST) System starting July 2010. In 2025, DST remittance through e-DST amounted to P1,073,474,234, while DST on deposits for remittance amounted to P485,962,815. In general, the Bank's DST transactions arise from the execution of debt instruments, lease contracts and deposit liabilities.

DST on loan documents and letters of credit in 2025 amounting to P585,623,557 were charged to borrowers and these were properly remitted by the Bank.

DST accruing to the Bank amounted to P500,887,449 and is presented as part of the Taxes and Licenses in the 2025 statement of profit or loss.

*(c) Taxes and Licenses*

Details of taxes and licenses for the year ended December 31, 2025 are as follows:

*(Amounts in PHP)*

Gross receipts tax	536,998,780
DST	500,887,449
Business tax	30,863,370
Miscellaneous	2,703,279
	<hr/>
	<b>1,071,452,878</b>
	<hr/> <hr/>

DST includes an unamortized amount of P81.9 million recognized as deductible in full for income tax purposes.

(d) *Withholding Taxes*

Details of total withholding taxes for the year ended December 31, 2025 are shown below.

*(Amounts in PHP)*

Final	773,414,192
Compensation and benefits	96,219,635
Expanded	<u>48,418,180</u>
	<u><b>918,052,007</b></u>

(e) *Deficiency Tax Assessments and Tax Cases*

As of December 31, 2025, the Bank does not have any outstanding final deficiency tax assessments from the BIR nor does it have tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR in any open taxable year.

(f) *Other Required Tax Information*

The Bank did not have any transactions in 2025, which are subject to excise tax, customs duties, and tariff fees.



**Report of Independent Auditors  
to Accompany Supplementary  
Information Required by the  
Securities and Exchange Commission  
Filed Separately from the  
Basic Financial Statements**

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**Philippine Business Bank, Inc., A Savings Bank**  
350 Rizal Avenue Extension corner 8<sup>th</sup> Avenue  
Grace Park, Calocan City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Philippine Business Bank, Inc., A Savings Bank (the Bank) for the year ended December 31, 2025, on which we have rendered our report dated April 10, 2026. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). Such supplementary information is the responsibility of the Bank's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**PUNONGBAYAN & ARAULLO**

By:   
Jonavell B. Santiago  
Partner

CPA Reg. No. 0154806  
TIN 443-050-313  
PTR No. 10770775, January 6, 2026, Makati City  
SEC Group A Accreditation  
Partner - No. 154806-SEC (until financial period 2029)  
Firm - No. 0002 (until financial period 2030)  
BIR AN 08-002551-049-2023 (until November 14, 2026)  
BOA/PRC Cert. of Reg. No. 0002/P-023 (until August 12, 2027)

April 10, 2026

**PHILIPPINE BUSINESS BANK, INC., A SAVINGS BANK**  
**List of Supplementary Information**  
**December 31, 2025**

<b>Schedule</b>	<b>Content</b>	<b>Page N</b>
<b>Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68</b>		
A	Financial Assets Financial assets at fair value through other comprehensive income Financial assets at fair value through profit or loss Financial assets at held to collect	2
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	3
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	*
D	Long-term Debt	4
E	Indebtedness to Related Parties	*
F	Guarantees of Securities of Other Issuers	*
G	Capital Stock	5
<b>Others Required Information</b>		
	Reconciliation of Retained Earnings Available for Dividend Declaration	6
	Map Showing the Relationship Between the Company and its Related Entities	*

*\* These schedules and supplementary information are not included as these are not applicable to the Bank.*

PHILIPPINE BUSINESS BANK, INC., A SAVINGS BANK  
Schedule A - Financial Assets  
December 31, 2025  
(Amounts in Philippine Pesos)

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount	Amount Shown in the Statement Financial Position	Value Based on Market Quotation at Statement of Condition Date	Income Received and Accrued
<b>1. FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)</b>				
Bureau of the Treasury	P 11,088,040,000	P 10,786,471,281	P 10,786,471,281	P 88,722,073
A. Debt Securities				
Aboitiz Equiry Ventures	123,459,000	121,473,777	121,473,777	2,376,586
First Pacific Co Ltd.	282,133,210	116,977,990	116,977,990	1,571,816
JG Summit Holdings Inc	282,133,210	278,214,380	278,214,380	5,560,375
Republic of the Philippines	1,763,700,000	1,476,234,537	1,476,234,537	21,752,300
	<u>2,169,292,210</u>	<u>1,992,900,684</u>	<u>1,992,900,684</u>	<u>31,261,077</u>
	<b>P 13,257,332,210</b>	<b>P 12,779,371,965</b>	<b>P 12,779,371,965</b>	<b>P 119,984,050</b>
<b>2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)</b>				
Bureau of the Treasury	P 7,850,010,000	P 8,154,568,942	P 8,154,568,942	P 63,373,773
A. Debt Securities				
Republic of the Philippines	1,763,700,000	1,728,552,399	1,728,552,399	32,320,209
Ayala Corporation	135,217,000	89,245,924	89,245,924	1,435,554
San Miguel Corporation	499,715,000	494,183,155	494,183,155	1,664,328
	<u>2,398,632,000</u>	<u>2,311,981,478</u>	<u>2,311,981,478</u>	<u>35,420,091</u>
B. Derivative Financial Asset	<u>1,573,996</u>	<u>1,573,996</u>	<u>1,573,996</u>	<u>-</u>
	<b>P 10,250,215,996</b>	<b>P 10,468,124,416</b>	<b>P 10,468,124,416</b>	<b>P 98,793,864</b>
<b>3. HELD TO COLLECT (HTC)</b>				
Bureau of the Treasury	P 892,381,796	P 897,737,218	P 897,737,218	P 9,366,912
A. Debt Securities				
Republic of the Philippines	11,758,000	11,757,048	11,757,048	131,709
Land Bank of the Philippines	35,962,553	34,098,646	34,098,646	426,674
Total	<u>47,720,553</u>	<u>45,855,694</u>	<u>45,855,694</u>	<u>558,383</u>
	<b>P 940,102,349</b>	<b>P 943,592,912</b>	<b>P 943,592,912</b>	<b>P 9,925,295</b>
<b>GRAND TOTAL</b>	<b>P 24,447,650,555</b>	<b>P 24,191,089,293</b>	<b>P 24,191,089,293</b>	<b>P 228,703,209</b>

**PHILIPPINE BUSINESS BANK, INC., A SAVINGS BANK**  
**Schedule B - Amounts Receivable from Directors, Officers Employees, Related Parties and Principal Stockholders (Other than Related Parties)**  
**December 31, 2025**

Name and Designation of debtor	Balance at beginning of the period	Additions	Deductions		Current	Non Current	Balance at end of period
			Amounts collected	Amounts written off			
<b>RECEIVABLES FROM CUSTOMER</b>							
Advances to Officers and Employees	P 50,158,509	P 31,656,086	( P 29,455,214)	P -	P 52,359,381	P -	P 52,359,381
Alberto peligrino dbu albert trucking service	6,133,341	-	-	(6,133,341)	-	-	-
Atracivo, Rosalie dbu EDSA Enterprise	1,157,000	-	-	(1,157,000)	-	-	-
Avante, Leah Rivera	1,197,856	-	( 1,197,856)	-	-	-	-
Chua Alex DBU A Five transport	17,894,239	-	-	(17,894,239)	-	-	-
Elbert O. Ricohermoso dbu Roelka Trading	981,117	-	-	(981,117)	-	-	-
Empire Material Solutions	10,031,379	-	( 10,031,379)	-	-	-	-
First Global Packaging corporation	13,695,905	25,370,032	( 13,695,905)	-	25,370,032	-	25,370,032
Scheriman Construction Consolidated, Inc.	167,357,321	157,900,000	( 167,357,321)	-	157,900,000	-	157,900,000
Alfredo M. Yao	650,000,000	-	-	-	650,000,000	-	650,000,000
Subtotal	918,606,667	214,926,118	( 221,737,675)	( 26,165,697)	885,629,413	-	885,629,413
<b>CONTINGENT ACCOUNTS</b>							
Zest-O Corporation	1,000,000	-	-	-	1,000,000	-	1,000,000
Subtotal	1,000,000	-	-	-	1,000,000	-	1,000,000
<b>TOTAL</b>	<b>P 919,606,667</b>	<b>P 214,926,118</b>	<b>( P 221,737,675)</b>	<b>P -</b>	<b>P 886,629,413</b>	<b>P -</b>	<b>P 886,629,413</b>

**PHILIPPINE BUSINESS BANK, INC., A SAVINGS BANK**  
**Schedule D - Long-Term Debt**  
**December 31, 2025**  
*(Amounts in Philippine Pesos)*

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Statement of Financial Position	Amount Shown Under Caption "Long-Term Debt" in Related Statement of Financial Position
Bills payable	P 8,000,000,000	P 8,000,000,000	P -

**PHILIPPINE BUSINESS BANK, INC., A SAVINGS BANK**  
**Schedule G - Capital Stock**  
**December 31, 2025**

Title of Issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of Shares Held by		
				Related parties	Directors, officers and employees	Others
Common Stock	1,370,000,000	818,750,094	-	551,515,322	20,182,289	247,052,483
Preferred Stock	<u>130,000,000</u>	<u>62,000,000</u>	-	<u>55,537,500</u>	<u>6,462,500</u>	-
<b>Total</b>	<b><u><u>1,500,000,000</u></u></b>	<b><u><u>880,750,094</u></u></b>	<b>-</b>	<b><u><u>607,052,822</u></u></b>	<b><u><u>26,644,789</u></u></b>	<b><u><u>247,052,483</u></u></b>

**PHILIPPINE BUSINESS BANK, INC., A SAVINGS BANK**  
**350 Rizal Ave. Ext., 8th Avenue Grace Park, Caloocan City**  
**Reconciliation of Retained Earnings Available for Dividend Declaration**  
**For the Year Ended December 31, 2025**

<b>Unappropriated Retained Earnings at Beginning of Year</b>	P	6,654,080,738
<b>Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings</b>		
Reversal of Retained Earning Appropriation	132,394,788	
Effect of restatements or prior-period adjustments	-	
Others	-	132,394,788
	<hr/>	
<b>Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings</b>		
Dividend declaration during the reporting period	( 408,037,542 )	
Retained Earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	-	
Others	-	( 408,037,542 )
	<hr/>	
<b>Unappropriated Retained Earnings at Beginning of Year, as adjusted</b>		<hr/> 6,378,437,984
<b>Add: Net Income for the Current Year</b>		1,896,309,070
<b>Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	( 42,853,235 )	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	( 93,532,458 )	
Unrealized fair value gain of investment property	-	
Other unrealized gains or adjustments to the retained earnings as result of certain transactions accounted for under the PFRS	-	
	<hr/>	
Sub-total		( 136,385,693 )
<b>Add: <u>Category C.2:</u> Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b>		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	93,231,689	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	173,767,502	
Realized fair value gain of investment property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards	-	
	<hr/>	
Sub-total		<hr/> 266,999,191
<b>Add: <u>Category C.3:</u> Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting (net of tax)</b>		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instrument at FVTPL	-	
Reversal of previously recorded fair value gain of investment property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards, previously recorded	-	
	<hr/>	
Sub-total		<hr/> -
<b>Adjusted Net Income</b>		<hr/> 2,026,922,568

*Balance brought forward*  
**Adjusted Net Income**

P 2,026,922,568

**Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)**

Depreciation on revaluation increment (after tax)  
Sub-total

-

-

**Add/ Less: Category E: Adjustments related to relief granted by the SEC and BSP**

Amortization of the effect of reporting relief  
Total amount of reporting relief granted during the year  
Others  
Sub-total

-  
-  
-

-

**Add/ Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution**

Net movement of treasury shares (except for reacquisition of redeemable shares)  
Net movement of deferred tax asset not considered in the reconciling items under the previous categories  
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable  
Adjustment due to deviation from PFRS/GAAP - gain (loss)  
Others  
Sub-total

-  
( 292,168,243 )  
-  
-  
-

( 292,168,243 )

**Unappropriated Retained Earnings Available for Dividend Distribution at End of Year**

**P 8,113,192,309**

# Report of Independent Auditors on Components of Financial Soundness Indicators

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**Punongbayan & Arullo**  
20<sup>th</sup> Floor, Tower 1  
The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

T +63 2 8988 2288

**The Board of Directors and Stockholders**  
**Philippine Business Bank, Inc., A Savings Bank**  
350 Rizal Avenue Extension corner 8<sup>th</sup> Avenue  
Grace Park, Caloocan City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Philippine Business Bank, Inc., A Savings Bank (the Bank), as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, on which we have rendered our report dated April 10, 2026. Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation and their appropriateness or usefulness to the intended users, are the responsibility of the Bank's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS Accounting Standards) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Bank's financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

## **PUNONGBAYAN & ARAULLO**

By:   
**Jonavell B. Santiago**  
Partner

CPA Reg. No. 0154806  
TIN 443-050-313  
PTR No. 10770775, January 6, 2026, Makati City  
SEC Group A Accreditation  
Partner - No. 154806-SEC (until financial period 2029)  
Firm - No. 0002 (until financial period 2030)  
BIR AN 08-002551-049-2023 (until November 14, 2026)  
BOA/PRC Cert. of Reg. No. 0002/P-023 (until August 12, 2027)

April 10, 2026

**PHILIPPINE BUSINESS BANK, INC.**  
**Supplemental Schedule of Financial Soundness Indicators**  
**December 31, 2025 and 2024**

Ratio	Formula	Ratio			
		2025	2024		
<b>Current ratio</b>	Total Current Resources	<b>P 87,448,483,217</b>	P 84,871,844,094	0.61	0.59
	Total Current Liabilities	<b>143,049,601,059</b>	144,875,341,764		
<b>Acid test ratio</b>	Cash and Cash Equivalents + Financial Assets at Fair Value through Profit or Loss	<b>22,708,616,393</b>	19,487,180,086	0.16	0.13
	Total Current Liabilities	<b>143,049,601,059</b>	144,875,341,764		
<b>Solvency ratio</b>	Total Liabilities	<b>147,693,628,902</b>	148,631,173,612	0.87	0.88
	Total Resources	<b>168,862,653,712</b>	167,991,665,501		
<b>Debt-to-equity ratio</b>	Total Liabilities	<b>147,693,628,902</b>	148,631,173,612	6.98	7.68
	Total Equity	<b>21,169,024,810</b>	19,360,491,889		
<b>Assets-to-equity ratio</b>	Total Resources	<b>168,862,653,712</b>	167,991,665,501	7.98	8.68
	Total Equity	<b>21,169,024,810</b>	19,360,491,889		
<b>Interest rate coverage ratio</b>	Earnings before Interest and Taxes	<b>6,703,095,294</b>	6,363,758,182	1.60	1.60
	Interest Expense	<b>4,187,831,634</b>	3,967,661,249		
<b>Return on equity</b>	Net Profit	<b>1,896,309,070</b>	1,782,070,621	0.09	0.10
	Average Total Equity	<b>20,264,758,350</b>	18,687,477,591		
<b>Return on assets</b>	Net Profit	<b>1,896,309,070</b>	1,782,070,621	0.01	0.01
	Average Total Resources	<b>168,427,159,607</b>	161,203,060,153		
<b>Net profit margin</b>	Net Profit	<b>1,896,309,070</b>	1,782,070,621	0.17	0.17
	Interest Income	<b>11,439,632,444</b>	10,632,123,938		
<b>Other Ratios:</b>					
<b>Net Interest Margin</b>	Net Interest Income	<b>7,251,800,810</b>	6,664,462,689	0.045	0.043
	Average Interest Earning Resources	<b>162,022,385,838</b>	155,878,308,401		
<b>Capital to risk assets ratio</b>	Total capital	<b>21,169,024,810</b>	19,360,491,889	0.16	0.15
	Risk resources	<b>131,163,270,647</b>	127,162,149,340		

**PHILIPPINE BUSINESS BANK, INC., A SAVINGS BANK**  
**Supplementary Schedule of External Auditor Fee-Related Information**  
**For the Years Ended December 31, 2025 and 2024**

	2025		2024
<b>Total Audit Fees</b>	<b>P 6,550,000</b>	P	5,850,000
<b>Non-audit service fees:</b>			
Agreed-upon procedures	400,000		-
<b>Total Audit and Non-audit Fees</b>	<b>P 6,950,000</b>	P	5,850,000



# Philippine Business Bank, Inc., A Savings Bank Sustainability Report 2025

April 2025

# ABOUT THE REPORT

This document represents the seventh Sustainability Report of Philippine Business Bank, detailing the institution's environmental, social, and governance (ESG) performance for the period spanning from January to December 2025. It is recommended that this report be examined alongside the PBB Annual Report 2025 and additional disclosures available on the PBB website at [www.pbb.com.ph](http://www.pbb.com.ph).

The PBB Sustainability Report 2025 has been developed in accordance with the Global Reporting Initiative (GRI) Standards 2021. It aligns with the Securities and Exchange Commission's Memorandum Circular No. 4 Series of 2019, which outlines the Sustainability Reporting Guidelines for Publicly Listed Companies.

Data pertaining to ESG performance was collected from our corporate units and branches, based on our sustainability framework focusing on "Economic Viability, People, and Planet," covering the entirety of the year 2025.

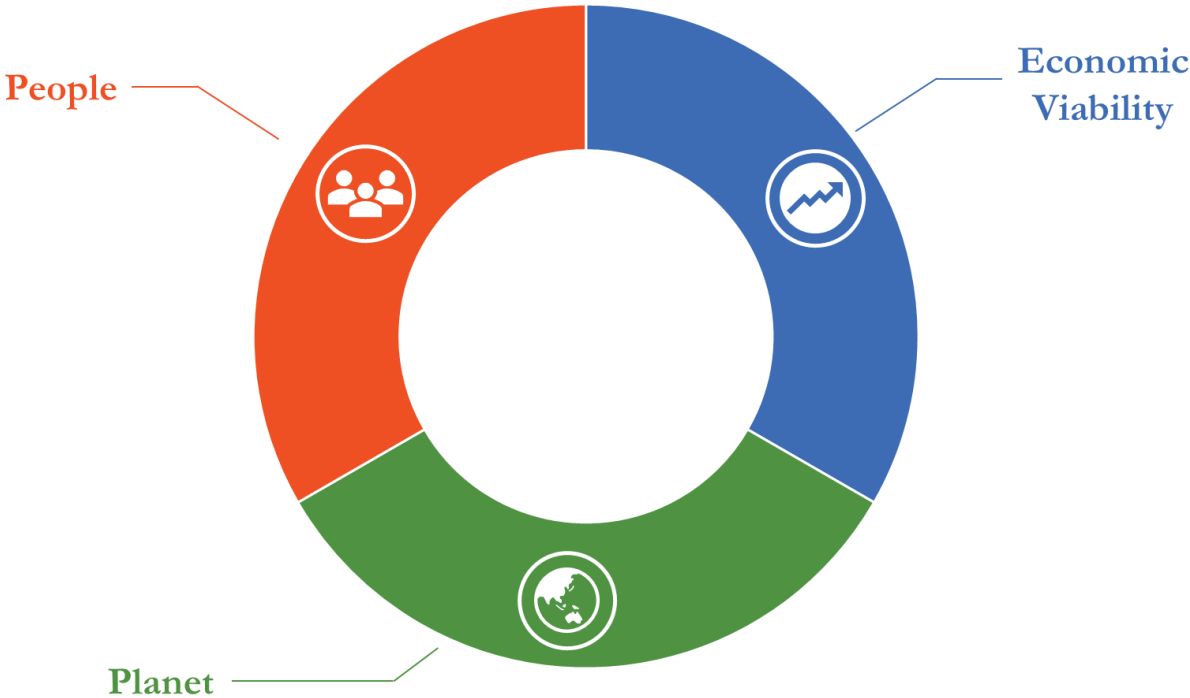
The GRI Content Index included in this report adheres to the criteria established for reporting in accordance with GRI's revised 2021 standards. This index is presented in a clear manner, ensuring accessibility for the Bank's stakeholders.

Moreover, the Bank highlights its principal initiatives that engage with society and the environment, particularly within the communities where it operates. Emphasis is placed on the relationships cultivated with partner schools and universities under the AMY Foundation.

Philippine Business Bank is pleased to present its achievements in the domains of cultural engagement, responsible banking, and sustainable development. The 2025 Sustainability Report outlines the Bank's significant actions and commitments in these areas and their relevance to its primary stakeholders.

# PBB SUSTAINABILITY FRAMEWORK

The Bank's sustainability framework defines the strategies that serve as guideposts in its journey toward sustainability. It is anchored on the three pillars of Economic Viability, People, and Planet.



For the purpose of defining report content, the following reporting principles were adhered to:



**Stakeholder Inclusiveness –**

identified stakeholders and response to their expectations



**Sustainability Context –**

identified performance measures in the wider context of sustainability



**Materiality –**

identified economic, social and environmental issues that impact our business growth and of utmost importance to our stakeholders



**Completeness –**

identified material topics which are covered within identified boundaries were ensured to provide sufficient information that reflects the significant economic, social and environmental in within the reporting period.

Sustainability performance indicators of PBB that pertain to corporate social responsibility demonstrate the Bank’s pledge to support education, people’s welfare, and partnering for organizational success.

Banking data contained in the PBB Annual Report is the source of all collected information, as verified by Grant Thornton Philippines (Punongbayan & Araullo), an independent firm that has also audited PBB’s annual financial statements for the year 2025.

Data and contents of this report aim to provide complete, accurate, reliable, and timely information to PBB’s stakeholders, especially about the risks that affect the Bank and its environment. The actions that management implements to ensure that the identified risks are mitigated have also been provided as disclosures.

# ESG STAKEHOLDERS



For PBB, its key ESG stakeholders include shareholders, employees, clients, and regulators, each with varying priorities and expectations regarding ESG issues. With increasing attention on corporate social responsibility, the concept has been extended to include suppliers, communities, NGOs, and the environment itself.

- **Shareholders/Investors:** For the PBB owners, ESG performance is becoming more increasingly important for attracting and retaining investment, with more investors demanding transparency and responsible practices. They are also increasingly using ESG criteria to assess borrowing companies and make lending / investment decisions, seeking long-term value creation and sustainable practices.
- **Employees:** PBB must ensure fair labor practices, overall health and welfare, social diversity, inclusion and non-discrimination for all its employees, whether on contractual or regular basis. With ESG awareness as part of its training module, PBB expects to be ethical and socially responsible, as ESG practices can enhance employee engagement and retention.
- **Management:** PBB Senior Management is responsible for integrating ESG into the Bank's budget, forecasts, strategic plans, policies and procedures, and daily operations.
- **Regulators:** PBB is closely monitoring ESG regulatory requirements since regulators are actively developing ESG regulations and reporting requirements for banks. The regulatory bodies play a crucial role in setting standards and enforcing ESG regulations, and this impacts how PBB will be operating to comply with the regulatory requirements.
- **Clients:** PBB Clients are becoming increasingly interested in the ESG performance of the Bank, looking for transparency and more ethical practices. Customers are more conscious of ESG performance and may choose banks that align with their values and expectations.
- **Suppliers:** PBB ensures that its suppliers adhere to ethical and sustainable standards, including fair labor practices and environmental responsibility. As part of the regulatory requirement, PBB need to ensure that its supply chains are sustainable and ethical, requiring engagement with suppliers on ESG issues.
- **Communities:** PBB has a responsibility to consider the social and environmental impact of its operations on the communities where it operates.
- **NGOs:** Most of these trade organizations play a role in monitoring and advocating ESG improvements in the banking sector. NGOs often act as watchdogs, holding banks accountable for their ESG performance.

## Contextual Information

<b>Company Details</b>	
<b>Name of Organization</b>	Philippine Business Bank Inc., A Savings Bank
<b>Location of Headquarters</b>	350 Rizal Avenue corner 8 <sup>th</sup> Avenue, Grace Park, Caloocan City
<b>Report Boundary: Legal entities included in this report</b>	-
<b>Primary Activities, Brands, Products, and Services</b>	<p><b>Deposits and investment services:</b> regular savings account, regular checking account, CA Flexi (checking &amp; passbook savings in one account), ATM account, CA/SA (auto-transfer), Campus Savers, peso time deposit, Hi-5 time deposit, FCDU savings, FCDU time deposit, Hi-Green deposit</p> <p><b>Commercial, industrial, and developmental loans:</b> agri-agra loans, bills purchase, bus and taxi loan, contract to sell financing, discounting line, fleet financing, loan line, omnibus line, specialized lending facilities for SMEs (DBP, IGLF, ISSEP, SSS developmental loans), term loan, trade finance</p> <p><b>Consumer loans:</b> auto, housing, salary</p> <p><b>Trust products and services:</b> employee benefit plans under trust, escrow agency, individual FCDU trust, insurance trust, investment management account (personal or corporate), mortgage trust indenture, unit investment trust funds (UITFs), personal management trust, safekeeping, trustee of pre-need plans</p> <p><b>Other services:</b> advisory services, SSS and Philhealth payments, bills payment/collection services, group payroll services, local payment orders, mail and telegraphic transfers, night depository box, PBB gold sale, safety deposit box facilities</p>
<b>Highest Ranking Person responsible for this report</b>	Judith C. Songlingco Senior Assistant Vice President – Corporate Affairs Unit

## Economic Disclosures

### Revenue Generated and Distributed

Disclosure	Amount in Php
Direct profit/revenue generated	8,251,877,059
Direct profit/revenue distributed	2,561,723,932
<b>Operating costs (wages)</b>	
- Employee wages and benefits	1,529,104,301
- Payments to suppliers, other operating costs	616,309,124
- Dividends given to stockholders and interest payments to loan providers	347,756,140
- Taxes given to government	160,119,495
- Investments to communities (CSR)	-
<b>Revenue/Economic value retained</b>	<b>3,036,864,067</b>

### Management Approach Disclosure

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Revenue retained	Investors/Stockholders, clients, suppliers, regulators, society	<p>An existing Board approved policy, procedures and guidelines is in place for planning, setting strategic goals/targets and measuring the Bank's performance.</p> <p>Metrics and regular performance monitoring are in place to regularly check the bank's status.</p> <p>The Bank also adheres to the regulatory policies that allow the bank to set limits and aims to ensure capital preservation.</p>

What are the risks identified?	Which stakeholders are affected?	Management Approach
<p>Operational losses (such as loss of clients and financial losses) arising from reputational risks (issues of fraud/corruption)</p> <p>(Identified as Low Risk)</p>	<p>Clients, Investors, Stockholders, employees</p>	<p>Revenues that the Bank generates dividends and other monetary advantages to our investors, stockholders, employees as well as our clients.</p> <p>The Bank ensures that the economic metrics to measure and monitor the Bank's performance are in place.</p> <p>To preserve our economic value generated, the Bank has existing policies and procedures to avoid exposure to various risks such as but not limited to operational and reputational losses.</p> <p>As part of sound corporate governance, the Bank's Board of Directors is responsible for setting up the risk governance framework and ensuring proper implementation thereof. As such, Board-approved policies are in place for the mitigation of risks that are identified by the Bank.</p> <p>A system of managing risks is also in place for revenue preservation. All employees are required to adhere to the Bank's Code of Conduct to avoid certain reputational risks as well as to adhere to certain policies that ensure that corruption issues are avoided.</p> <p>Rules from regulators are also adhered to that minimize the Bank's exposure to losses.</p> <p>The Bank also has auditors as well as compliance personnel who conduct checks of the adherence of the employees to rules and regulations.</p>

What are the opportunities identified?	Which stakeholders are affected?	Management approach
Development of new products and services that aims to increase the Bank's economic value and increase the profit to be distributed to its investors, employees and to the society	Investor/Stockholders, clients, employees, society	<p>The Bank has an existing Project Management Group that is in charge of digital products and services that aim to capture additional clients and to increase the Bank's profitability.</p> <p>Our organization, particularly the branches, handles the sales and marketing so these products and services are available to its targeted clients.</p> <p>The performance of the branch head is quantitatively measured to ensure that goals are achieved.</p>

**Climate related risks and opportunities**

Governance	Strategy	Risk Management	Metrics and Targets
<b>Recommended Disclosures</b>			
Describe Board oversight of climate related risks and opportunities	<p>Climate related risks are considered in the bank-wide assessment of risks as documented in the Bank's Risk and Control Self-Assessment. These climate-related risks are also required to be reported thru the Bank's internal reporting system.</p> <p>These risks are regularly monitored and managed accordingly.</p>	<p>The Bank has an existing Board approved policy for assessing, monitoring, and managing the climate related risks identified.</p> <p>Further, the Bank has an existing Business Continuity Plan to address the risk exposures to climate related risks.</p>	<p>Bank's exposures to climate risks are indicated in the Bank's Risk and Control Self-Assessment.</p> <p>Loss Events Reports are also required to be used in assessing the value and impact of climate related risks.</p> <p>The Bank has a business continuity plan (BCP) that addresses potential losses due to climate related risks.</p>

<b>Governance</b>	<b>Strategy</b>	<b>Risk Management</b>	<b>Metrics and Targets</b>
<b>Recommended Disclosures</b>			
Describe the management’s role in assessing and managing climate related risks and opportunities	<p>Management is assigned to assess, monitor and implement the controls for climate related risks.</p> <p>Management is required to regularly report exposures to climate related risks.</p>	As the Bank’s internal policy on risk management, and business continuity plan, Management should implement the reporting and assessing of the risk exposures of the Bank to climate related risks.	The Bank has a business continuity plan (BCP) that takes into consideration potential climate risk individuals.

**Procurement Practices**

<b>Percentage of procurement budget used for significant locations of operations that is spent on local suppliers</b>	<b>Quantity</b>
	95%

<b>What is the impact and where does it occur? What is the organization’s involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Procurement practice of the Bank affects its suppliers/vendors	Suppliers, vendors, clients	<p>The Bank has an existing Board approved procurement and vendor accreditation policies that provides guidelines to its employees and suppliers.</p> <p>The guidelines also set the bank’s bidding process that opens opportunities to all prospective suppliers/vendors.</p> <p>Regulatory rules from BSP for the Bank’s transactions with Vendors and third-party providers.</p> <p>For the bank’s organization structure, the Bank has a General Services and</p>

		Administration Group that handles the execution of procurement process.  The Bank also has a Bid Committee in charge of processing the accreditation and procurement process.
<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No material risk identified	None	Not applicable
<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Incorporating good Corporate Social Responsibility and Sustainability practices	Suppliers, Vendors, Clients	Board approved policies and procedures are in place on how to deal with suppliers, vendors. Accreditation policies which are followed by the Bank include checking the propriety of the documents of the suppliers (i.e financial capacity, legal existence/registration documents).  The Bank also extends its business to its supplier by offering them the Bank's product and services hereby encouraging sustainability.

**Anti-Corruption  
Training on Anti-Corruption Policies and Procedures**

<b>Disclosure</b>	
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated	100% covered by Orientation under Code of Conduct and AMLA training
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated	100%
Percentage of directors and management that have received anti-corruption training	100% covered by Orientation, AMLA for SOs, and AMLA training
Percentage of employees that have received anti-corruption training	100% covered by Orientation, AMLA training

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Risk exposure to corruption	Stockholders/Investors, Employees, Clients	<p>Board approved policies and procedures against corruption are in place such as but not limited to Code of Conduct, Whistle Blowing Policy, Conflict of Interest Policies, Insider Trading Policy.</p> <p>Compliance review with these policies is conducted by the Bank to protect its stakeholders.</p>
What are the risks identified?	Which stakeholders are affected?	Management Approach
<p>Reputational Risk</p> <p>(Identified as Low Risk)</p>	Stockholders/Investors, Employees, Clients	<p>Board approved policies and procedures against corruption are in place such as but not limited to Code of Conduct, Whistle Blowing Policy, Conflict of Interest Policies, Insider Trading Policy, Social Media Policy.</p> <p>Compliance review with these policies is conducted by the Bank to protect its stakeholders.</p> <p>Internal Audit is conducted regularly.</p> <p>The Bank also has consumer protection policies that aim to address the concerns of its clients, ranging from simple inquiries to complex concerns.</p> <p>Further, the Bank adheres to consumer protection policies that are implemented by its regulator, BSP.</p>

<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Good company image attracts clients/customers that increase the Bank's economic value	Investors/Stockholders, Clients, employees	The Bank's employees are required to adhere to the Board approved policies that are in place to avoid corruption.  The good company image hence attracts prospective clients, business partners and stakeholders.

**Incidents of Corruption**

<b>Number of incidents in which directors were removed or disciplined for corruption</b>	0
<b>Number of incidents in which employees were dismissed or disciplined for corruption</b>	0
<b>Number of incidents when contracts with business partners were terminated due to incidents of corruption</b>	0

In 2025, PBB focused on continuing to build upon its strategy and initiatives with respect to Environmental, Social and Governance (ESG) topics. The Bank recognizes the continuing importance of these matters and will continue to align its business strategies with these goals. PBB understands that a thoughtful, coordinated approach to ESG will support a healthier, more sustainable future for its stakeholders including investors, employees, communities the Bank serves, and customers.

PBB expects to build upon its core values as a community financial institution and its core mission of serving the financial needs of the community. The Bank expects its developing ESG strategy will align with the nature and scale of its business in respecting the environment and the evolution of ESG principles in the banking industry.

**Environmental Disclosures**

Some of PBB's specific efforts and commitments are summarized below.

- Migrated loan documentation (particularly CRECOM documents) to digital only process to eliminate the use of paper as part of the Bank's initiative to implement a digital workstream for the Bank's processes.
- Commitment to expanding digital documentation processes and energy efficiency throughout the organization.
- Responsible waste management and recycling practices including recycling of electronic equipment.

- Updated the Bank’s vendor management program to assess our vendor’s alignment with our ESG strategy.

**Energy Consumption Within the Organization**

<b>Disclosure</b>	<b>Quantity/Unit</b>
Energy consumption (renewable)	None
Energy consumption (LPG)	None
Energy consumption (electricity)	889,627 kwh

**Reduction of Energy Consumption**

<b>Disclosure</b>	<b>Quantity/Unit</b>
Energy consumption (renewable)	None
Energy consumption (LPG)	None
Energy consumption (electricity)	37,795 kwh

<b>What is the impact and where does it occur? What is the organization’s involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Branches and Head Office premises	Employees, clients	The Bank is committed to achieve its energy efficiency goals to decrease operational cost and to reduce the environmental impact of its operations.
<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None	None	Not applicable
<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Reduction in energy consumption increases the Bank’s economic value	Employees, Client, Stockholders/Investors	The Bank will include in its planning the possibility of energy reduction.

### Water Consumption Within the Organization

<b>Disclosure</b>	<b>Quantity/Unit</b>
<b>Water withdrawal</b>	Maynilad and Manila Water
<b>Water consumption</b>	8,573 cubic meters (estimate only)
<b>Water recycled and reused</b>	Amount is not material to the Bank

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Not material to the Bank	Not material to the Bank	Not material to the Bank
<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not material to the Bank	Not material to the Bank	Not material to the Bank
<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Not material to the Bank	Not material to the Bank	Not material to the Bank

### Materials Used by the Organization

Disclosure	Quantity/Unit
<b>Materials used by weight or volume</b>	
Paper	7094 reams
Cartridges/toner	106 pcs
Ballpen	7474 reams
Adding Machine Tape	650 pcs
Blue Binder (short)	none
Blue Binder (long)	none
Brown envelope (short)	10000 pcs
Brown envelope (long)	10000 pcs
Continuous form (long)	none
Continuous form ( short )	none
Epson Ribbon (FX2175)	none
Fastener -	1648 bxs
Folder	4741 pcs
Masking tape	200 pcs
Packaging tape	870 rolls
Paper clip jumbo	1757 bxs
passbook Ribbon -Epson PLQ -20	1746 pcs
Scotch Tape	2810 pcs
Staple wire	2811 pcs
Thermal roll (ATM receipt)	1000 pcs
Windows envelope	300 bxs
<b>Percentage of recycled input materials used to manufacture the organization's primary products and services</b>	<b>Not material to the Bank.</b>

### Management Approach Disclosure

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Not material to the Bank	Not material to the Bank	Not material to the Bank
<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not material to the Bank	Not material to the Bank	Not material to the Bank
<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Not material to the Bank	Not material to the Bank	Not material to the Bank

### Ecosystems and Biodiversity (upland/watershed/coastal or marine) –

**NOTE:** This section is not material to the Bank.

<b>Disclosure</b>	<b>Quantity/Unit</b>
Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected	Not material to the Bank
Habitats protected or restored	Not material to the Bank
IUCN Red List species and national conservation list species with habitats in areas affected by operation	Not material to the Bank

### Management Approach Disclosure

**NOTE:** This section is not material to the Bank

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Not material to the Bank	Not material to the Bank	Not material to the Bank
<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not material to the Bank	Not material to the Bank	Not material to the Bank
<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Not material to the Bank	Not material to the Bank	Not material to the Bank

### Environmental Impact Management

<b>Disclosure</b>	<b>Quantity/Unit</b>
Energy Indirect (Scope 2) Emissions	629 tons CO2e (estimate)

Emissions of ozone depleting substances (ODS)	PBB does not track ODS as this is not material to the Company.
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### Management Approach Disclosure

**Note:** This section is not material to the Bank.

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Data not available for the reporting period. The Bank is currently in the planning phase.	Data not available for the reporting period. The Bank is currently in the planning phase.	Data not available for the reporting period. The Bank is currently in the planning phase.
<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Data not available for the reporting period. The Bank is currently in the planning phase.	Data not available for the reporting period. The Bank is currently in the planning phase.	Data not available for the reporting period. The Bank is currently in the planning phase.
<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Data not available for the reporting period. The Bank is currently in the planning phase.	Data not available for the reporting period. The Bank is currently in the planning phase.	Data not available for the reporting period. The Bank is currently in the planning phase.

### Air Pollutants

**Note:** This section is not material to the Bank

<b>Disclosure</b>	<b>Quantity/Unit</b>
<b>NO<sub>x</sub></b>	PBB does not track NO <sub>x</sub> as this is not material to the Company.
<b>SO<sub>x</sub></b>	PBB does not track SO <sub>x</sub> as this is not material to the Company.
<b>Persistent Organic Pollutants</b>	PBB does not track pollutants as this is not material to the Company.
<b>Volatile organic compounds (VOCs)</b>	PBB does not track VOCs as this is not material to the Company.
<b>Hazardous air pollutants (HAPs)</b>	PBB does not track HAPs as this is not material to the Company.

<b>Particulate matter (PM)</b>	PBB does not track PM as this is not material to the Company.
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### Management Approach Disclosure

**Note:** This section is not material to the Bank

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach&gt;</b>
Not material to the Bank	Not material to the Bank	Not material to the Bank
<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not material to the Bank	Not material to the Bank	Not material to the Bank
<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Not material to the Bank	Not material to the Bank	Not material to the Bank

### Solid and Hazardous Waste

**Note:** Data is not available for the reporting period.

<b>Disclosure</b>	<b>Quantity/Unit</b>
<b>Total solid waste generated</b>	Data not available
<b>Reusable</b>	Data not available
<b>Recyclable</b>	Data not available
<b>Composted</b>	Data not available
<b>Incinerated</b>	Data not available
<b>Residuals/Landfilled</b>	Data not available

### Hazardous Waste:

**Note:** In 2023, PBB had no electronic/hazardous waste collection initiative.

<b>Disclosure</b>	<b>Quantity/Unit</b>
<b>Amount of hazardous waste transported</b>	Data not available
<b>Amount of hazardous waste in storage</b>	Data not available

**Management Approach Disclosure (Non-hazardous and hazardous waste)**

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
None	None	The Bank complies with relevant local policies for solid and hazardous waste management.
<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
None	None	The Bank complies with relevant local policies for solid and hazardous waste management.
<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
None	None	The Bank complies with relevant local policies for solid and hazardous waste management.

**Effluents**

**Note:** This is not material to the Bank

<b>Disclosure</b>	<b>Quantity/Unit</b>
<b>Total volume of water discharges</b>	Not applicable
<b>Percent of wastewater recycled</b>	Not applicable

**Management Disclosure Approach**

**Note:** This is not material to the Bank

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach&gt;</b>
Not applicable	Not applicable	Not applicable
<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not applicable	Not applicable	Not applicable
<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Not applicable	Not applicable	Not applicable

### Environmental Compliance

<b>Disclosure</b>	
<b>Total amount of monetary fines for non-compliance with environmental laws and/or regulations</b>	0
<b>No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations</b>	0
<b>No. of cases resolved through dispute resolution mechanism</b>	0

### Management Approach:

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
None	None	The Bank adheres to the rules and regulations set by the DENR and other relevant regulatory agencies.
<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
None	None	The Bank adheres to the rules and regulations set by the DENR and other relevant regulatory agencies.
<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
None	None	The Bank adheres to the rules and regulations set by the DENR and other relevant regulatory agencies.

## Social Disclosures

### Employee Management, Employee Hiring and Benefits, Employee Data

Disclosure	Quantity/Unit
Total number of employees	1,927
Female Employees	1,253
Male Employees	674
Attrition rate	14.01%
Monthly salary of the lowest-paid employee	16,000.00

### Provide list of benefits:

Benefit	% of employees who availed for the year
SSS	22%
PhilHealth	4%
Pag-Ibig	18%
Parental leaves	1.09%
Vacation Leaves	90.64%
Sick Leaves	85.65%
Medical benefits aside from PhilHealth	N/A
Housing assistance aside from Pag-Ibig	0.00%
Retirement fund (aside from SSS)	41 employees
Further education support	N/A
Company stock options	N/A
Telecommunicating	37%
Flexible working hours	5%

## Management Approach Disclosure

<p><b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b></p>	<p><b>Which stakeholders are affected?</b></p>	<p><b>Management approach</b></p>
<p>Talent acquisition, development and retention</p>	<p>Employees</p>	<p>The Bank has Board-approved policies and procedures that set the guidelines to be followed for talent acquisition, development and employee retention.</p> <p>The Bank also offers competitive Board-approved compensation and employee benefit packages to ensure employee engagement and retention.</p> <p>An employee is also entitled to benefit packages to assist them during calamities or personal emergencies such as sickness and death.</p>
<p><b>What are the risks identified?</b></p>	<p><b>Which stakeholders are affected?</b></p>	<p><b>Management Approach</b></p>
<p>Employees needing refresher trainings for the emerging requirements/competencies needed for work</p>	<p>Employees</p>	<p>The Bank supports the continuing education and learning of employees by providing internal and external training programs, as well as development programs to train high potential employees for higher positions in the organization.</p>
<p><b>What are the opportunities identified?</b></p>	<p><b>Which stakeholders are affected?</b></p>	<p><b>Management approach</b></p>
<p>Enhancing the skills and potential of the employees increase the economic value of the company</p>	<p>Employees</p>	<p>The Bank provides Board-approved performance-based rewards and recognition to further engage the employees. This includes the distribution of performance-based bonus on top of guaranteed bonuses, and yearly merit increases.</p> <p>The Bank provides for opportunities for employees to move up the corporate ladder through regular promotions of deserving employees.</p>

		The Bank believes that engaged employees lead to higher employee morale and productivity; employee pride and loyalty, excellent customer service, thereby attracting more clients and ensuring client retention.
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### Employee Training and Development

<b>Disclosure</b>	
<b>Total training hours provided to employees in 2025</b>	<b>55,638</b>
Female employees	36,309
Male employees	19,329
<b>Average training hours provided to employees</b>	<b>29.38</b>
Female employees	29.38
Male employees	29.38

### Management Approach Disclosure

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Learning and Development programs of the Bank	Employees	The Bank is offering internal and external trainings and development programs for employee development and growth.
<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Lack of training may cause poor service quality to clients and poor performance of job functions thereby decreasing the company's economic value	Employees, clients	The Bank has existing training programs for its employees especially for customer service.  The Performance Appraisal of an employee includes trainings attended or facilitated, and customer service ratings.

<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Improved performance and service quality to clients	Employees, Clients	<p>Board approved performance evaluation is established to measure and monitor the performance of its employees.</p> <p>Customer helplines, surveys and feedbacks are also in place to monitor the clients' concerns. The Consumer Protection of the bank provides for many venues for clients to give feedback or to lodge concerns and complaints.</p>

**Labor Management Relations**

<b>Disclosure</b>	
% of employees covered by collective bargaining agreements	0%, the Bank has no union
Number of consultations conducted with employees concerning employee-related policies	0% as related to union issues

**Management Approach Disclosure**

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Not material to the Bank	Employees	<p>The Bank always maintains an open communication policy with employees. There are existing venues to bring forth employee concerns and issues such as with supervisors, with HR or with the Committee on Employee Discipline. The President conducts on-line consultations (Kapihan) with selected employees, and the participants are given the opportunity to bring concerns to the President's attention.</p>

<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Not material to the Bank	Employees	The Bank has existing Health, Safety and Welfare Program for its employees.
<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Higher productivity and employee well-being and morale because of health and safety program for employees	Employees, clients	The Bank always maintains an open communication policy with employees. There are existing venues to bring forth employee concerns and issues such as with supervisors, with HR or with the Committee on Employee Discipline. The President conducts on-line consultations (Kapihan) with selected employees, and the participants are given the opportunity to bring concerns to the President's attention.

## Diversity & Equal Opportunity

Disclosure	
Percent of female workers in the workforce in 2025	1,253
Percent of male workers in the workforce 2025	674
Ratio of male to female employees 2025	1.9:1
Number of employees from indigenous communities and/or vulnerable sectors 2025	40 (Senior Citizens)

## Management Approach Disclosure

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Talent acquisition, management, development and retention	Employees	The Bank does not discriminate its employees on the basis of gender, age, sex, indigenous communities, and vulnerable sectors. The Bank has existing policies that require its employees to adhere to labor laws and regulations.
What are the risks identified?	Which stakeholders are affected?	Management approach
Reputational Risk that may arise from labor issues due to discrimination	Employees, Stockholders/Investors	The Bank does not discriminate its employees of the basis of gender, age, sex, indigenous communities, and vulnerable sectors. The Bank has existing policies that require its employees to adhere to labor laws and regulations.
What are the opportunities identified?	Which stakeholders are affected?	Management approach
Acquisition of talented and motivated employees which can increase the economic value of the company	Employees	The Bank uses various talent acquisition channels wherein every applicant has equal opportunity to apply and be taken in, depending on the requirements of the position, and the value that the candidate brings to the bank.

### Workplace Conditions Labor Standards, and Human Rights

<b>Safe Man-Hours in 2025</b>	4,463,100
No. of work-related injuries in 2025	1
No of work-related fatalities in 2025	0
No. of work-related ill health in 2025	0
Number of safety drills in 2025	All drills were sent as an Information Graphic to all employees (a total of 5 were sent)

### Management Approach Disclosure

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Across all units of the Bank	Employees, Clients	<p>The Bank has an existing Board-approved Health, Safety and Welfare Program for its employees.</p> <p>Safety and Security Drills are also conducted to ensure that employees as well as its clients will be protected in case of peril.</p> <p>The Bank also adheres to the work and safety guidelines that are implemented by the government authorities.</p>
<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Safety risks	Employees	<p>The Bank has an existing Board approved Health, Safety and Welfare Program for its employees.</p> <p>Safety and Security Drills are also conducted to ensure that employees as well as its clients will be protected in case of peril.</p> <p>The Bank also adheres to the work and safety guidelines that</p>

		are implemented by the government authorities.
<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Improve the safety and security of the employees	Employees, Clients	<p>The Bank has an existing Corporate Security Group which is in charge of conducting the safety drills to be conducted within the Bank.</p> <p>The Security Group also monitors the conduct of safety and security drills.</p> <p>The Bank also adheres to the work and safety guidelines by the government authorities.</p>

#### Labor Laws and Human Rights

Topic	Quantity	Unit
No. of legal actions or employee grievances involving forced or child labor	0	0

Are there policies that explicitly disallows violations to labor laws and human rights (e.g. harassment, bullying) in the workplace

Topic	Y	N
Forced labor	✓	
Child labor	✓	
Human Rights	✓	
Environmental performance	✓	
Bribery and corruption	✓	

### Management Approach

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Across all units	Employees	The Bank adheres to the rules and regulations implemented by DOLE and other regulatory agencies.
<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
None	None	The Bank adheres to the rules and regulations implemented by DOLE and other regulatory agencies.
<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
None	None	The Bank adheres to the rules and regulations implemented by DOLE and other regulatory agencies.

### Supply Chain Management

Do you have a supplier accreditation policy? If yes, provide a link to the policy or attach the policy. (attached: **General Services Center Manual for Accreditation of Suppliers**)

<b>Topic</b>	<b>Y/N</b>	<b>If yes, cite reference in the supplier policy</b>
<b>Environmental performance</b>	General Requirement for the Satisfactory Rating on Supplier's Stakeholders	Page 1 – SELECTION OF SUPPLIERS/CONTRACTORS PORTION
<b>Forced Labor</b>		
<b>Child Labor</b>		
<b>Human Rights</b>		
<b>Bribery and corruption</b>		

**Relationship with Community**  
**Significant Impacts on Local Communities**

<b>List/Identify operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)</b>	<b>Location</b>	<b>Vulnerable groups (if applicable)</b>	<b>Does the particular operation have impacts on indigenous peoples? (Y/N)</b>	<b>Collective or individual rights that have been identified as particular concerns for the community</b>	<b>Mitigating measures (if negative impact)/ Enhancement measures (if positive)</b>
Blood letting	PBB Z-Square building	N/A	N/A	Collective	N/A

**Customer Management**

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
All Business Generation Units (Branches, Lending, Trust, Treasury)	Clients	<p>The Bank ensures that the Client's welfare is of utmost importance. As such, the Bank ensures that all employees are equipped with training to provide good customer service quality.</p> <p>Service Quality is also included in the performance assessment of the Bank's employees.</p> <p>Further, postings of information needed by the clients are also provided to help them with their concerns.</p> <p>Customer helplines, feedback and complaints are also in place to ensure that the needs and concerns of clients are addressed.</p> <p>The Bank adheres to the regulatory requirements for handling and management of customer concerns.</p>
<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	
None	None	
<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	
None	None	

## Health and Safety

<b>Topic</b>	
<b>Number of substantiated complaints on product or service health &amp; safety</b>	109
<b>Number of complaints addressed</b>	99

*Substantiated complaints include customer complaints that went through the organization's formal communication channels and grievance mechanisms, as well as complaints that were lodged with or acted upon by government agencies.*

## Management Approach

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
Not material to the Bank	Not material to the Bank	<p>The Bank has an existing Board approved Health, Safety and Welfare Program for its employees.</p> <p>Likewise, the Bank has a Board approved Consumer Protection Framework for protecting its clients.</p> <p>The Bank commits to resolve the concerns filed to the Bank within the required turnaround time per its internal policy and per BSP requirement.</p> <p>Further, the Bank implements a monitoring system to address the concerns of the clients and its employees.</p>
<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	
Not material to the Bank	Not material to the Bank	
<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	
To improve the standard of service provided to the clients.	Employees, Clients	

## Marketing and Labelling

<b>Topic</b>	
<b>Number of substantiated complaints on marketing and labelling?</b>	0
<b>Number of complaints addressed</b>	0

*Substantiated complaints include customer complaints that went through the organization's formal communication channels and grievance mechanisms, as well as complaints that were lodged with or acted upon by government agencies.*

### Management Approach

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
None reported for the reference period	None reported for the reference period	None reported for the reference period
<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
None reported for the reference period	None reported for the reference period	None reported for the reference period
<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
None identified for the reference period	None identified for the reference period	None identified for the reference period

### Customer Privacy

<b>Topic</b>	<b>Number</b>
Number of substantiated complaints on customer privacy	0
Number of complaints addressed	0
No. of customers, users, and account holders whose information is used for secondary purposes	0

### Management Approach

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management approach</b>
None reported for the reference period	None reported for the reference period	The Bank has existing Board approved Data Privacy Protection Framework which implements the protection guidelines for the clients and employees.  The Bank also has an existing Data Privacy Unit that monitors the
<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	
None reported for the reference period	None reported for the reference period	
<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	

Company which protects data privacy of its employees and clients attracts prospective clients as well as retain existing clients	Employees, clients	Bank's compliance with Data Privacy Regulations.  Trainings were also provided to employees for Data Privacy.
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### Data Security

Topic	Number
Number of data breaches, including leaks, thefts and losses of data	0

### Management Approach

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
None reported for the reference period	None reported for the reference period	The Bank has existing Board approved Data Privacy Protection Framework which implements the protection guidelines for the clients and employees.  The Bank also has an existing Data Privacy Unit that monitors the Bank's compliance with Data Privacy Regulations.  Trainings were also provided to employees for Data Privacy.
<b>What are the risks identified?</b>	<b>Which stakeholders are affected?</b>	
None reported for the reference period	None reported for the reference period	
<b>What are the opportunities identified?</b>	<b>Which stakeholders are affected?</b>	
Company which protects data privacy of its employees and clients attracts prospective clients as well as retain existing clients	Clients, employees	

## **2025 Sustainability Highlights**

### **PBB's Sustainable Operations**

At PBB, we're not just banking; we're leading the way in sustainability. Since 2012, all our branches have proudly embraced LED lighting and state-of-the-art air-conditioning inverter systems. This commitment exemplifies our dedication to reducing our carbon footprint and promoting resource conservation across all our banking operations.

With energy-efficient LED lights illuminating 100% of our branch locations nationwide, we're significantly cutting down on electricity consumption and making a real impact on reducing carbon emissions. Our innovative inverter air conditioning units enhance energy performance by intelligently adjusting cooling capacity to match demand, resulting in lower power usage and operational costs for our bank.

Situated in the heart of the Makati Central Business District, our Corporate Headquarters boasts a prestigious LEED certification from the US Green Building Council. This accolade recognizes our building's top-tier sustainability performance and reflects our unwavering commitment to design spaces that prioritize energy efficiency, water conservation, and exceptional indoor environmental quality.

By integrating advanced technologies and operating from a LEED-certified facility, PBB plays a pivotal role in the Philippines' transition to a low-carbon economy. Our initiatives resonate with our adherence to ESG principles, showcasing our determination to minimize our environmental impact and foster responsible business practices within the banking sector. Plus, by aligning our efforts with international standards like the Global Reporting Initiative (GRI), we are committed to transparency and accountability in all our sustainability endeavors.

### **Commercial Lending for Sustainable Growth**

In line with the Philippine banking sector's commitment to sustainability, PBB's commercial lending operations have focused on the following sectors: micro, small, and medium-sized enterprises (MSMEs); renewable energy (RE); and infrastructure.

Lending to MSMEs is consistent with the Bank's Environmental, Social, and Governance (ESG) objectives, aimed at mitigating climate change, promoting social inclusion, supporting economic development in underserved regions, and adhering to responsible governance practices.

Funding for renewable energy projects, including solar, wind, hydro, and bioenergy initiatives, directly contributes to environmental sustainability by decreasing greenhouse gas emissions and facilitating the transition from fossil fuels to cleaner energy sources.

Loans directed toward infrastructure projects are classified as sustainable finance, particularly for green infrastructure systems in the domains of public transportation, waste management, affordable housing, and flood control.

## **JE Hydro & Bio-energy Corporation | Davao de Oro**

JE Hydro & Bio-energy Corporation is making significant progress in implementing Level-3 Potable Water Supply Projects in the Visayas and Mindanao regions. Our flagship initiative, launched in Compostela, Davao de Oro, has already begun to benefit thousands of residents, providing them with access to safe, clean, and affordable drinking water within just six months of groundbreaking.

The Level-3 water supply projects developed by JE Hydro deliver 24/7 potable water directly to households at a competitive rate of ₱0.05 per liter, or ₱1.00 per container. This pricing is considerably lower than the current market rate of ₱20.00 per container. Currently, JE Hydro successfully operates a Level-3 Potable Water Supply serving 10,000 households in Cagayan de Oro and has also initiated projects in Iligan City and the Province of Leyte.

Our mission focuses on enhancing the accessibility of safe drinking water for all, significantly reducing costs from ₱1.00 to ₱0.05 per liter, in line with our commitment to advocating for water as a fundamental human right. We express our gratitude for the support from PBB in furthering this vital mission.

### **Rio Verde Water Consortium Inc. | Cagayan de Oro City**

Rio Verde Water Consortium Inc., in collaboration with Cagayan de Oro Bulk Water Inc. (COBI), provides 80 million liters per day (MLD) of treated water to the Cagayan de Oro City Water District. The consortium emphasizes sustainability by integrating energy efficiency and disaster risk management into its design processes.

Supported by the Performance-Based Budgeting (PBB), Rio Verde has implemented a ₱400 million Energy Savings Project that includes several key features:

- A gravity-fed pipeline that significantly cuts pumping energy requirements by 80%
- The installation of inline hydro turbines that generate renewable energy
- Annual savings of 23 million kilowatt-hours (kWh) in grid electricity
- A reduction of approximately 13,800 metric tons of CO<sub>2</sub> emissions per year

This comprehensive approach illustrates infrastructure-level decarbonization and is aligned with the Climate Change Action Plan (CCAP) Subprogram 2, as well as the Philippines' Nationally Determined Contribution to global climate goals.

Among the notable achievements of this initiative are the avoidance of 690,000 metric tons of CO<sub>2</sub> emissions over the projected 50-year lifespan of the project. This reduction equates to the impact of replacing 390 diesel vehicles with electric vehicles.

Overall, Rio Verde's initiative serves as a replicable model for sustainable water management and reflects its commitment to environmental responsibility. The collaboration with PBB underscores the organization's dedication to environmental stewardship.

### **Ormin Power, Inc. | Inabasan, Oriental Mindoro**

Our partnership with Philippine Business Bank has been instrumental in strengthening the resilience and sustainability of our hydropower operations. From the very beginning, when our relationship started with a simple credit line, PBB demonstrated a clear understanding of our business model and

risk profile. What initially appeared to be a standby facility became, at a critical moment, a true lifeline. During a period of unexpected business interruption in our hydro operations, we were able to draw on the line swiftly and decisively, ensuring continuity of operations and stability for our stakeholders. In circumstances where others might have hesitated, the Bank showed confidence in our long-term viability and in the essential role of renewable energy infrastructure. That trust made a tangible difference, allowing management to focus on restoring plant performance rather than addressing liquidity concerns. Their approach reflects not just financial support, but a genuine partnership mindset anchored in shared goals. By standing with us during a challenging period, they demonstrated that their commitment to sustainable financing is reflected in action, not merely in principle. For us, consistency, reliability, and confidence are as valuable as the capital itself.

Equally impressive is the speed and flexibility with which PBB responds to our evolving needs. Compared with larger commercial banks with whom we have explored loan-term financing, their team has shown a deeper appreciation of the operational realities of hydropower generation. They recognize that renewable energy assets are long-term investments that require tailored solutions rather than rigid structures. Their decision-making process is efficient, practical, and grounded in mutual trust, enabling us to act quickly when circumstances demand it. This agility is especially critical in an industry where weather patterns, regulatory developments, and technical conditions can change rapidly. Philippine Business Bank combines disciplined risk management with responsiveness, creating a balance that supports both prudence and progress. That balance has allowed us to pursue sustainable growth with confidence. As we continue to expand and optimize our operations, we deeply value Philippine Business Bank as a financial partner that not only provides capital, but also believes in our mission to deliver clean and reliable energy. Their support exemplifies how sustainable financing can empower renewable energy developers to navigate volatility while remaining focused on long-term environmental and economic impact.

### **OneManoagSolar Corporation | Sta. Barbara, Pangasinan**

OneManoagSolar Corporation (OMSC), with investment support from Philippine Business Bank (PBB), is advancing sustainability through its 20 MW Sta. Barbara Solar Power Plant. More than just an energy facility, the project has become a catalyst for economic growth, environmental stewardship, and meaningful social development in the community. Economically, the impact is both immediate and long-term. The 20MW plant generates approximately 31,000 MWh of clean electricity annually, enough to power around 25,000 to 30,000 households each year. By delivering reliable energy during peak daytime demand, the facility strengthens grid stability and reduces dependence on imported fossil fuels. During its construction phase, the project created employment for around 500 individuals from host and neighboring barangays, injecting income and opportunity into local households. As operations began, 14 permanent employees continued this momentum, ensuring stable jobs within the community. Further, in compliance with the Department of Energy's ER 1-94 program, the project will fund key local development projects such as the construction of a waiting shed, the development of a deep well water system, and improvements to the wet market, directly benefiting approximately 500 residents. In this way, the power plant does not only generate electricity; it generates opportunity, infrastructure, and inclusive growth.

Environmentally, the Sta. Barbara Solar Power Plant stands as a clear demonstration of sustainable innovation. With an estimated annual output of 31,383 MWh, the facility avoids approximately 21,453 metric tons of CO<sub>2</sub> emissions each year, significantly contributing to climate change mitigation.

Beyond clean energy generation, OMSC has introduced goat grazing within the plant premises as an eco-friendly vegetation management strategy. This initiative saves around 840 liters of fuel annually and prevents 501.75 kilograms of CO<sub>2</sub> emissions compared to conventional mowing methods. Complementing these efforts, OMSC planted and replanted 4,600 seedlings across 1.5 hectares between 2022 and 2024 in coordination with government partners, reinforcing biodiversity and environmental compliance. Together, these initiatives reflect a commitment not only to producing renewable energy, but to protecting and restoring the natural environment in which the plant operates.

The Social impact of the project is felt most deeply in the lives it touches. Through the “Climb to Read” literacy initiative, implemented in partnership with CleanTech Foundation and PHINMA University of Pangasinan, 128 students from Daroy Elementary School improved their reading skills through guided sessions supported by 16 volunteers and college tutors. OMSC further strengthened its educational outreach through Brigada Eskwela and Oplan Balik Eskwela, distributing school supplies to hundreds of students and rehabilitating classrooms to create safer learning spaces. In times of crisis, the company stood alongside the community, deploying relief operations within 24 hours after severe flooding to assist 180 households, and opening a charging station that supported about 250 households when typhoons disrupted power lines. These efforts illustrate that the project’s true power lies not only in megawatts generated, but in resilience built, futures supported, and communities uplifted.

Through funding support of Philippine Business Bank, OMSC’s Sta. Barbara Solar Power Plant has become a story of shared progress, where clean energy fuels economic vitality, environmental responsibility, and lasting social impact.

### **Green Steel Plant in Batangas**

On April 22, 2024, PBB entered into a loan agreement with SteelAsia Lemery Works Inc. for a project financing transaction amounting to ₱11.45 billion. This project received co-financing from the Government Service Insurance System (GSIS) and the Development Bank of the Philippines (DBP).

The proceeds from this loan are allocated for the construction of an environmentally sustainable steel plant located in Lemery, Batangas, with a total investment cost of ₱19.3 billion. This initiative represents the Philippines' inaugural steel production line project, employing 600 personnel sourced from the local municipality and surrounding regions.

Benjamin O. Yao, Chairman and CEO of SteelAsia, articulated the necessity for enhanced local steel manufacturing to meet the increasing demand for steel products. He noted the rising consumption related to infrastructure projects and private developments, reaffirming his commitment to supporting national objectives concerning infrastructure enhancement.

PBB Vice Chairman, President, and CEO Rolando R. Avante remarked, "This loan has facilitated the establishment of a new, environmentally friendly steel plant, thereby augmenting the steel-making capacity within the Philippines and contributing to the reduction of greenhouse gas emissions in the steel industry." He further detailed that the project encompasses the greenfield design, construction,

and commissioning of the Philippines' first state-of-the-art hot-rolling production line, featuring an upstream integrated recycling-based steelmaking process, thereby aiding in the realization of sustainable development goals.

The strategy of SteelAsia's project focuses on import substitution, targeting the rapidly expanding domestic market for the output of the mill. The plant will utilize electric arc furnace (EAF) technology to refine steel for the production of hot-rolled steel sections including H-beams, I-beams, I-channels, and unequal leg angle bars.

## **Sustainable Finance**

In line with the Sustainable Finance Framework of the Bangko Sentral ng Pilipinas (BSP), PBB seeks to comply with the BSP Monetary Board's Resolution No. 415 dated 19 March 2020 that sets out the BSP's expectations on the integration of sustainability principles, including those covering social and environmental risk areas in the corporate governance and risk management frameworks as well as in the strategic objectives and operations of risks.

PBB has supported many of the Bank's clients that have been impacted by climate change. Most of them are in the wholesale and retail trade, belonging to various industries. Below are testimonials of these clients regarding the effects of climate change on their businesses and how PBB's corporate units and branches were able to offer solutions to them.

### **SteelAsia Manufacturing Corporation | Lemery, Batangas**

SteelAsia has made a commitment to build the domestic steel industry, which we believe is the foundation of a country's growth and development. For our business to have its place in society, we ensure that our products perform as they are meant to – to provide strength to structures used by people. This is because we believe that the safety of Filipino lives is paramount.

Embedded into every steel bar that SteelAsia delivers are the technological investments that reduce its environmental impact, putting us at the forefront of global steel industry decarbonization. Our medium-term goal includes the avoidance of 6-7 million tons of CO<sub>2</sub> per year starting in 2028.

We engage our partners in reducing carbon footprint, alleviating waste management, and other activities to improve the ecological condition of the country. We are committed to aggressively minimizing greenhouse gas emissions across our steel production processes and pioneering the development and delivery of green steel products.

SteelAsia's mills are part of the communities in which they are located. Working together with customers, domestic businesses, local government units, suppliers, and its immediate neighborhood, SteelAsia aims to create a positive impact in the communities it operates.

PBB has been our key partner since 2008, particularly in the provision of working capital and term facilities. In 2024, PBB and two other lenders played a crucial role in providing a project finance loan for our expansion project in Lemery, Batangas. Specifically, PBB provided ₱2.8 billion for the construction of a 500,000-ton-per-year medium sections mini-mill. This will operate as a green steel manufacturing plant utilizing domestic scrap and renewable energy sources. The Lemery project is designed to have one of the lowest CO2 emissions globally – similar to SteelAsia’s Calaca Works.

Undertaking a significant expansion to build the Philippine steel industry, SteelAsia’s projects are strategically designed to supplant imports, thereby fostering self-sufficiency in steel production within the country. Beyond our current rebar capacity, we will pioneer the local manufacturing of steel sections, sheet piles, narrow plates, and wire rods. This expansion will dramatically increase SteelAsia’s green steel capacity from 0.5 million tons per year to 3.5 million tons annually by 2028 – a development recognized by the International Finance Corporation as one of the largest green steel initiatives in Asia.

### **Taft Solar Project | Eastern Samar**

Our company is focused on building our purely renewable energy projects to help support the country's energy growing demand without adding to the pressing problem of carbon emissions worldwide. Additionally, maintaining our solar power project contributes to economic growth within the region through direct employment and electrification of neighboring localities, which consequently spurs economic activity and trade.

PBB was very accommodating in extending much-needed capital to complete our project. PBB's insurance desk also provided the support needed to secure our project against perils beyond our control.

Intrinsically, the maintenance and operations of our solar power plant already contribute positively to the battle against climate change, as it helps reduce reliance on fossil fuels for energy needs. In the medium term, we commit to proper maintenance of our facilities to support the preservation of surrounding forest areas.

### **Angena Trading | Albay and Camarines Sur**

Angena Trading is a dynamic retail chain and online seller based in the Philippines, with a strong presence in the vibrant regions of Camarines Sur and Albay. Our physical stores are strategically concentrated in these areas, offering residents convenient access to a wide variety of products. Our flagship branch, located in the bustling ALDP Plaza Mall in Naga City, serves as a central hub for customers seeking general merchandise, household goods, and daily essentials.

In recent years, our flagship location in Naga City has faced significant challenges, particularly due to severe flooding caused by the heavy rains associated with Tropical Storm Kristine. This natural disaster had a profound impact on our operations, highlighting the urgent need for robust disaster

preparedness. In light of this, PBB has emphasized the critical importance of obtaining insurance to safeguard against flood damage and facilitate recovery efforts. Furthermore, they have recommended that we assess the potential relocation of our stores and warehouses to safer areas, thereby reducing the risk of future flood-related disruptions to our business.

### **Libertad Consumers Corporation | Camarines Sur**

Libertad Consumers Corporation (LCC), proudly based in the vibrant city of Tabaco in Albay, Philippines, is a prominent retail and wholesale entity known for its trusted “LCC Market Plus” brand. Since its inception in 2001, LCC has blossomed into one of the region’s leading grocery and supermarket chains, boasting impressive annual sales that surpass USD 45 million. With a dedicated team of approximately 64 to 71 employees, the company has established a strong presence, offering a wide range of products to meet the diverse needs of its customers.

LCC operates multiple store branches across Camarines Sur, where it has become a go-to destination for grocery shopping. However, in October 2024, many of these stores faced significant challenges due to the devastating impact of tropical storm Trami, known locally as Kristine. In response to environmental challenges, LCC is committed to combating climate change by strategizing on energy management, minimizing waste, and adopting sustainable practices across its operations.

### **Albay Computer & Electronics Supplies | Legazpi City**

Albay Computer & Electronics Supplies and Repair (ACES) stands as a reputable cornerstone for technology enthusiasts and everyday users alike in Legazpi City, Albay. Our store specializes in the sale of a wide range of products, including high-performance laptops, reliable desktops, essential components, and a variety of accessories to meet all your computing needs. In addition to our retail offerings, we provide expert repair services, ensuring that your devices are up and running smoothly.

Conveniently situated on the ground floor of the V & O Building along Quezon Avenue, our location is easily accessible to both residential and business clients. Recently, our community faced the challenges brought on by Typhoon Kristine, which unleashed intense and torrential rainfall, resulting in significant flooding in our area. Despite these adversities, we received guidance from PBB regarding available insurance for fire and flood damage, allowing us a path to recovery and reassurance in the face of calamity.

### **Goldrich Poultry Farm | Pagbilao, Quezon**

Goldrich Poultry Farm is a quaint, corporate-managed poultry operation nestled in the heart of Barangay Pagbilao, Quezon Province, within the vibrant Calabarzon region. Known for its high standards and dedication to quality, the farm boasts an impressive local rating of 5.0 based on customer reviews, making it a reputable player in the local agricultural and agribusiness landscape of Quezon.

In May 2024, the farm faced a significant challenge when Typhoon Aghon, internationally known as Ewiniar, swept through the area, causing partial damage to our tunnel ventilation building. The aftermath of this natural disaster served as a crucial reminder of the unpredictable nature of climate change. Following the incident, we received invaluable advice from PBB, emphasizing the critical importance of having calamity insurance to safeguard our operations against future unforeseen events.

**TCL Merchandise Brokerage Inc. | Camarines Sur**

Our business operates in the retail sector, providing products through a variety of department stores. Recently, many of these stores located in Naga City and the surrounding region of CamSur faced an unprecedented crisis, as floodwaters surged to levels never seen before, reaching the second floor of some buildings. This alarming event highlighted a crucial point for us: the importance of having comprehensive insurance. Through our experiences with the PBB program, we’ve come to understand that insuring our properties and inventory is vital for safeguarding our financial wellbeing against potential losses and damages. Additionally, should the need arise, we must be prepared to relocate our warehouses and stores to ensure continuity of business operations in the face of such natural disasters.

**GRI Content Index**

**Statement of Use:** PBB has reported the information cited in this GRI Content Index for the period of 1 January 2025 to 31 December 2025 with reference to the GRI Standards.

**GRI 1 Used:** GR1: Foundation

GRI STANDARD	DISCLOSURE	LOCATION
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	Philippine Business Bank (A Savings Bank)
	2-2 Entities included in the organization’s sustainability reporting	PBB and AMY Foundation
	2-3 Reporting period, frequency and contact point	1 Jan 2025 to 31 Dec 2025, annual, PBB Corplan
	2-4 Restatements of information	N/A
	2-5 External assurance	Annual Report (Report of Independent Auditors)
	2-6 Activities, value chain and other business relationships	Annual Report (Related Party Transaction)
	2-7 Employees	Social disclosure of the sustainability report
	2-8 Workers who are not employees	N/A
	2-9 Governance structure and composition	Corporate Governance section of the annual report
	2-10 Nomination and selection of the highest governance body	Corporate Governance section of the annual report
	2-11 Chair of the highest governance body	Corporate Governance section of the annual report

GRI STANDARD	DISCLOSURE	LOCATION
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance section of the annual report
	2-13 Delegation of responsibility for managing impacts	Corporate Governance section of the annual report
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance section of the annual report
	2-15 Conflicts of interest	Sustainability report: Board approved policies and procedures against corruption are in place such as but not limited to Code of Conduct, Whistle Blowing Policy, Conflict of Interest Policies, Insider Trading Policy. Compliance review with these policies is conducted by the Bank to protect its stakeholders.
	2-16 Communication of critical concerns	Available in the Bank's Communication Manual
	2-17 Collective knowledge of the highest governance body	Corporate Governance section of the annual report
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance section of the annual report
	2-19 Remuneration policies	Available in the Bank' Fringe Benefit Program
	2-20 Process to determine remuneration	Available in the Bank' Fringe Benefit Program
	2-21 Annual total compensation ratio	Annual report compensation and benefits
	2-22 Statement on sustainable development strategy	Sustainability Report
	2-23 Policy commitments	N/A
	2-24 Embedding policy commitments	N/A
	2-25 Processes to remediate negative impacts	N/A
	2-26 Mechanisms for seeking advice and raising concerns	Available in the Bank's Whistle-Blowing Program and Complaint Policy
	2-27 Compliance with laws and regulations	Corporate Governance section of the annual report
	2-28 Membership associations	N/A
	2-29 Approach to stakeholder engagement	N/A
	2-30 Collective bargaining agreements	None
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	Annual report (Material accounting policy information)
	3-2 List of material topics	Annual report (Material accounting policy information)
	3-3 Management of material topics	Annual report (Material accounting policy information)
	101-1 Policies to halt and reverse biodiversity loss	N/A

GRI STANDARD	DISCLOSURE	LOCATION
<b>GRI 101: Biodiversity 2024</b>	101-2 Management of biodiversity impacts	N/A
	101-3 Access and benefit-sharing	N/A
	101-4 Identification of biodiversity impacts	N/A
	101-5 Locations with biodiversity impacts	N/A
	101-6 Direct drivers of biodiversity loss	N/A
	101-7 Changes to the state of biodiversity	N/A
	101-8 Ecosystem services	N/A
<b>GRI 304: Biodiversity 2016</b>	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A
	304-2 Significant impacts of activities, products and services on biodiversity	N/A
	304-3 Habitats protected or restored	N/A
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	Sustainability report: Revenue Generated and Distributed
	201-2 Financial implications and other risks and opportunities due to climate change	Sustainability Report
	201-3 Defined benefit plan obligations and other retirement plans	Employee benefits section of the annual report
	201-4 Financial assistance received from government	N/A
<b>GRI 202: Market Presence 2016</b>	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	N/A
	202-2 Proportion of senior management hired from the local community	100%
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1 Infrastructure investments and services supported	Annual report item 32-c
	203-2 Significant indirect economic impacts	Sustainability Report: Environmental Impact Management
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	100%

GRI STANDARD	DISCLOSURE	LOCATION
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	<p>Sustainability report: Revenues that the Bank generates dividends and other monetary advantages to our investors, stockholders, employees as well as our clients.</p> <p>The Bank ensures that the economic metrics to measure and monitor the Bank’s performance are in place.</p> <p>To preserve our economic value generated, the Bank has existing policies and procedures to avoid exposure to various risks such as but not limited to operational and reputational losses.</p> <p>As part of sound corporate governance, the Bank’s Board of Directors is responsible for setting up the risk governance framework and ensuring proper implementation thereof. As such, Board approved policies are in place for mitigation of risks that are identified by the Bank.</p> <p>A system of managing risks is also in place for revenue preservation. All employees are required to adhere to the Bank’s Code of Conduct to avoid certain reputational risks as well as to adhere to certain policies that ensures that corruption issues are avoided.</p> <p>Rules from regulators are also adhered that minimize the Bank’s exposure to losses.</p> <p>The Bank also has auditors as well as compliance personnel who conduct checking of the adherence of the employees to rules and regulations.</p>
	205-2 Communication and training about anti-corruption policies and procedures	Sustainability report: Training on Anti-Corruption Policies and Procedures
	205-3 Confirmed incidents of corruption and actions taken	Sustainability report: Training on Anti-Corruption Policies and Procedures
<b>GRI 206: Anti-competitive Behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A
<b>GRI 207: Tax 2019</b>	207-1 Approach to tax	Annual report notes on Taxes
	207-2 Tax governance, control, and risk management	Annual report notes on Taxes
	207-3 Stakeholder engagement and management of concerns related to tax	Annual report notes on Taxes
	207-4 Country-by-country reporting	N/A
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	Environmental disclosure of the sustainability report
	301-2 Recycled input materials used	Environmental disclosure of the sustainability report

GRI STANDARD	DISCLOSURE	LOCATION
	301-3 Reclaimed products and their packaging materials	N/A
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	Environmental disclosure of the sustainability report
	302-2 Energy consumption outside of the organization	N/A
	302-3 Energy intensity	Environmental disclosure of the sustainability report
	302-4 Reduction of energy consumption	Environmental disclosure of the sustainability report
	302-5 Reductions in energy requirements of products and services	N/A
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	N/A
	303-2 Management of water discharge-related impacts	N/A
	303-3 Water withdrawal	Environmental disclosure of the sustainability report
	303-4 Water discharge	Environmental disclosure of the sustainability report
	303-5 Water consumption	Environmental disclosure of the sustainability report
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	n/a
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental disclosure of the sustainability report
	305-3 Other indirect (Scope 3) GHG emissions	N/A
	305-4 GHG emissions intensity	N/A
	305-5 Reduction of GHG emissions	N/A
	305-6 Emissions of ozone-depleting substances (ODS)	Environmental disclosure of the sustainability report
<b>GRI 306: Effluents and Waste 2016</b>	306-3 Significant spills	N/A
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	Environmental disclosure of the sustainability report
	306-2 Management of significant waste-related impacts	Environmental disclosure of the sustainability report
	306-3 Waste generated	Environmental disclosure of the sustainability report
	306-4 Waste diverted from disposal	Environmental disclosure of the sustainability report
	306-5 Waste directed to disposal	Environmental disclosure of the sustainability report
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	N/A
	308-2 Negative environmental impacts in the supply chain and actions taken	N/A
	401-1 New employee hires and employee turnover	Social disclosure of the sustainability report

GRI STANDARD	DISCLOSURE	LOCATION
<b>GRI 401: Employment 2016</b>	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social disclosure of the sustainability report
	401-3 Parental leave	Social disclosure of the sustainability report
<b>GRI 402: Labor/Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes	N/A
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	N/A
	403-2 Hazard identification, risk assessment, and incident investigation	Available in the Bank's Incident Reporting Guidelines
	403-3 Occupational health services	N/A
	403-4 Worker participation, consultation, and communication on occupational health and safety	N/A
	403-5 Worker training on occupational health and safety	N/A
	403-6 Promotion of worker health	Available in the Bank's Policy on Annual Physical Exam and Executive Check up Policy on Drug-Free Work Place Policy on Mental Health
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	N/A
	403-8 Workers covered by an occupational health and safety management system	N/A
	403-9 Work-related injuries	Workplace Conditions Labor Standards, and Human Rights disclosure of the sustainability report
	403-10 Work-related ill health	Workplace Conditions Labor Standards, and Human Rights disclosure of the sustainability report
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	Employee Training and Development disclosure of the sustainability report
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Training and Development disclosure of the sustainability report
	404-3 Percentage of employees receiving regular performance and career development reviews	N/A
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	Diversity and Equality disclosure of the sustainability report
	405-2 Ratio of basic salary and remuneration of women to men	N/A
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	N/A

<b>GRI STANDARD</b>	<b>DISCLOSURE</b>	<b>LOCATION</b>
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Labor Management Relations disclosure of the sustainability report
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	Labor Management Relations disclosure of the sustainability report
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Labor Management Relations disclosure of the sustainability report
<b>GRI 410: Security Practices 2016</b>	410-1 Security personnel trained in human rights policies or procedures	N/A
<b>GRI 411: Rights of Indigenous Peoples 2016</b>	411-1 Incidents of violations involving rights of indigenous peoples	N/A
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	Relationship with Community of the sustainability report
	413-2 Operations with significant actual and potential negative impacts on local communities	Relationship with Community of the sustainability report
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	N/A
	414-2 Negative social impacts in the supply chain and actions taken	N/A
<b>GRI 415: Public Policy 2016</b>	415-1 Political contributions	N/A
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	Health and Safety disclosure of the sustainability report
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Health and Safety disclosure of the sustainability report
<b>GRI 417: Marketing and Labeling 2016</b>	417-1 Requirements for product and service information and labeling	Health and Safety disclosure of the sustainability report
	417-2 Incidents of non-compliance concerning product and service information and labeling	Health and Safety disclosure of the sustainability report
	417-3 Incidents of non-compliance concerning marketing communications	Health and Safety disclosure of the sustainability report
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy disclosure of the sustainability report

**End of Report.**