



Notes to Financial Statements

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1. Corporate Information

China Banking Corporation (the Parent Company) is a publicly listed universal bank incorporated in the Philippines. The Parent Company acquired its universal banking license in 1991. It provides expanded commercial banking products and services such as deposit products, loans and trade finance, domestic and foreign fund transfers, treasury products, trust products, foreign exchange, corporate finance and other investment banking services through a network of 478 and 480 local branches as of December 31, 2025 and 2024, respectively.

The Parent Company acquired its original Certification of Incorporation issued by the Securities and Exchange Commission (SEC) on July 20, 1920. By virtue of Section 11 of Republic Act No. 11232 also known as the “Revised Corporation Code of the Philippines,” which took effect on February 23, 2019, the Parent Company has a perpetual existence.

The Parent Company has the following subsidiaries:

Subsidiary	Effective Percentages of Ownership		Country of Incorporation and Place of Business	Principal Activities
	2025	2024		
Chinabank Insurance Brokers, Inc. (CIBI)	100.00%	100.00%	Philippines	Insurance brokerage
CBC Properties and Computer Center, Inc. (CBC-PCCI)	100.00%	100.00%	Philippines	Computer services
China Bank Savings, Inc. (CBSI)	99.67%	99.64%	Philippines	Retail and consumer banking
China Bank Capital Corporation (CBCC)	100.00%	100.00%	Philippines	Investment house
CBC Assets One (SPC) Inc.	100.00%	100.00%	Philippines	Special purpose corporation
China Bank Securities Corporation (CBCSec)	100.00%	100.00%	Philippines	Stock brokerage
Resurgent Capital (FIST-AMC) Inc,	100.00%	100.00%	Philippines	FIST Corporation

The Parent Company has no ultimate parent company. SM Investments Corporation, its significant investor, has effective ownership in the Parent Company of 22.51% as of December 31, 2025 and 2024.

The Parent Company’s principal place of business is at 8745 Paseo de Roxas cor. Villar St., Makati City.

2. Summary of Material Accounting Policy Information

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

Basis of Preparation

The accompanying consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (collectively referred to as “the Group”).

The accompanying financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVTPL), derivative contracts designated as hedges, derivative liabilities, and financial assets at fair value through other comprehensive income (FVOCI). The financial statements are presented in Philippine Peso, and all values are rounded to the nearest thousand except when otherwise indicated.

The financial statements of the Parent Company reflect the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The financial statements of these units are combined after eliminating inter-unit accounts.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Parent Company and each of the subsidiaries is the Philippine Peso, except for the FCDU of the Parent Company and CBSI whose functional currency is USD.

Statement of Compliance

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

Presentation of Financial Statements

The balance sheets of the Group and of the Parent Company are presented in order of liquidity. An analysis regarding recovery of assets or settlement of liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 23.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheets only when:

- there is a legally enforceable right to offset the recognized amounts; and
- there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Group and the Parent Company assess that they have currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group, the Parent Company, and all of the counterparties.

Income and expenses are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group and the Parent Company.

Basis of Consolidation and Investments in Subsidiaries

The consolidated financial statements of the Group are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All significant intra-group balances, transactions and income and expenses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date on which control is obtained by the Parent Company.

The Group controls an investee if and only if the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Non-Controlling Interest

Non-controlling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Parent Company.

Non-controlling interest is presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Any losses applicable to the non-controlling interest are allocated against the interests of the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments effective in January 1, 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these amendments did not have an impact on the consolidated financial statements of the Group:

Amendments to PAS 21, Lack of Exchangeability

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Material Accounting Policy Information

Foreign Currency Translation

The consolidated financial statements are presented in Philippine Peso.

Transactions and balances

The books of accounts of the RBU are maintained in Philippine Peso, the RBU's functional currency, while those of the FCDU are maintained in United States (US) dollars (USD), the FCDU's functional currency.

RBU

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

FCDU

As at the reporting date, the assets and liabilities of the FCDU are translated into the Parent Company's presentation currency (the Philippine Peso) at the BAP closing rate at the reporting date, and its income and expenses at the exchange rates on transaction dates. Exchange differences arising on translation are taken directly to the statement of comprehensive income under 'Cumulative translation adjustment'. Upon actual remittance or transfer of the FCDU income to RBU, the related exchange difference arising from translation lodged under 'Cumulative translation adjustment' is recognized in the statement of income of the RBU books.

Fair Value Measurement

The Group measures financial instruments such as financial assets at FVTPL, derivative contracts designated as hedges, derivative liabilities, and financial assets at FVOCI at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 5.

The methods and assumptions used by the Group and Parent Company in estimating fair values are disclosed in Note 5.

SPURA

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

Financial Instruments - Initial Recognition

Date of recognition

Purchases or sales of financial assets, except for derivative instruments, that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the Group, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that such asset is delivered by the Group. Any change in fair value of a financial asset is recognized in the statement of income for assets classified as financial assets at FVTPL, and in equity for assets classified as financial assets at FVOCI. Derivatives are recognized on a trade date basis. Deposits, amounts due from banks, and loans and receivables are recognized when cash is received by the Group or advanced to the borrowers.

Initial recognition of financial instruments

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

Classification and Measurement

Under PFRS 9, the classification and measurement of financial assets is driven by the contractual cash flow characteristics of the financial assets and the entity's business model for managing the financial assets.

As part of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the 'solely payments of principal and interest' (SPPI) test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (e.g., if there are repayments of principal or amortization of the premium or discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

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

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

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- the expected frequency, value, and timing of sales are also important aspects of the Group's assessment.

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

The Group's measurement categories are described below:

Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment in value. The amortization is included in 'Interest income' in the statement of income. The expected credit losses (ECL) are recognized in the statement of income under 'Provision for impairment and credit losses'. The effects of revaluation of foreign currency-denominated investments are recognized in the statement of income. Gains or losses arising from disposals, if any, and redemptions of these instruments are included in 'Gain (loss) on redemption of investment securities at amortized cost' in the statements of income.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

The Group's financial assets at amortized cost are presented in the balance sheet as Due from BSP, Due from other banks, Interbank loans receivable and SPURA, Investment securities at amortized cost, Loans and receivables, Accrued interest receivables, and certain financial assets under Other assets.

Financial Assets at FVTPL

Debt instruments that neither meet the amortized cost nor the FVOCI criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are classified as financial assets at FVTPL. Equity investments are classified as financial assets at FVTPL, unless the Group irrevocably designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVTPL include government securities, corporate bonds, derivatives, and equity securities which are held for trading purposes.

A financial asset is considered as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or financial guarantee.

Gains and losses arising from changes in the fair value (mark-to-market) of the financial assets at FVTPL are included in 'Trading and securities gain (loss) - net' account in the statement of income.

Interest recognized based on the contractual interest rate of these investments is reported in the statement of income under 'Interest income' account while dividend income is reported in the statement of income under 'Miscellaneous income' account when the right of payment has been established.

Derivative instruments

The Parent Company is a party to derivative instruments, particularly, forward exchange contracts, interest rate swaps (IRS), cross currency swaps (CCS), futures, and warrants. These contracts are entered into as a service to customers as well as a means of reducing and managing the Parent Company's foreign exchange risk and interest rate risk, and for trading purposes. Such derivative financial instruments, which are not designated as accounting hedges, are carried at fair value through profit or loss.

Any gains or losses arising from changes in fair value of derivative instruments that are not designated as accounting hedges are taken directly to the statement of income under 'Foreign exchange gain (loss) - net' for forward exchange contracts and 'Trading and securities gain (loss) - net' for IRS, CCS, futures, and warrants.

Financial Assets at FVOCI - Equity Investments

At initial recognition, the Group 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 Group for trading. The Group has designated certain equity instruments as at FVOCI.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in 'Net unrealized gain (loss) on financial assets at FVOCI' in the balance sheet. When the asset is disposed of, the cumulative gain or loss previously recognized in the 'Net unrealized gain (loss) on financial assets at FVOCI' account is not reclassified to profit or loss, but is reclassified directly to Surplus account. Any dividends earned on holding these equity instruments are recognized in profit or loss under 'Miscellaneous income' account.

Financial Assets at FVOCI - Debt Investments

The Group applies the category of debt instruments measured at FVOCI when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value being recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss. Provision for credit and impairment losses is recognized in the statements of income with the corresponding allowance for ECL recognized in OCI and accumulated in 'Net unrealized gain (loss) on financial assets at FVOCI' in the balance sheets.

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

Impairment of Financial assets

ECL represents credit losses that reflect an unbiased and probability-weighted measure of expected cash shortfalls, discounted at the EIR, which is determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions. The credit risk and impairment assessment policy of the Group and Parent Company are disclosed in Note 6.

Hedge Accounting

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when the risk being hedged is the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;
- Cash flow hedges when the risk being hedged is the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; and

- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Parent Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the Parent Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI as cash flow hedge reserve (Note 26) presented under 'Hedge-related reserve' in the balance sheet, while any ineffective portion is recognized immediately in the statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

For cash flow hedges, to calculate the change in fair value of the hedged item attributable to the hedged risk, the Parent Company uses the hypothetical derivative method. The hypothetical derivative method involves establishing a notional derivative that would be the ideal hedging instrument for the hedged exposure (normally an interest rate swap with no unusual terms and a zero fair value at inception of the hedge relationship). The fair value of the hypothetical derivative is then used as a proxy for the net present value of the hedged future cash flows against which changes in value of the actual hedging instrument are compared to assess effectiveness and measure ineffectiveness.

When foreign exchange forward contracts are used in hedging relationships, the Parent Company can designate the instrument in its entirety or exclude the forward element by designating the spot element only. The forward element in a foreign exchange forward contract is the difference between the spot and forward prices. When only the spot element is designated, the Parent Company has a choice to apply the cost of hedging accounting to the excluded forward element. In applying the cost of hedging accounting to the forward element of the foreign exchange forward contract, the change in the fair value of the forward element is recognized in OCI and accumulated in a separate component of equity. In case of a time period-related hedged item, the forward element that exists at inception is amortized from OCI to profit or loss in a systematic and rational manner. The unamortized portion of the cost of hedging is presented under 'Hedge-related reserve' in the balance sheet. The amortization of the forward element is presented under 'Foreign exchange gain (loss) - net' in the statements of income.

When the Parent Company discontinues hedge accounting for a cash flow hedge, it must account for the amount that has been accumulated in the cash flow hedge reserve as follows: (a) the amount remains in accumulated other comprehensive income if the hedged future cash flows are still expected to occur or (b) the amount is immediately reclassified to profit or loss as a reclassification adjustment if the hedged future cash flows are no longer expected to occur. Any amount immediately reclassified to profit or loss as a reclassification adjustment is presented under 'Trading and securities gain (loss) - net' or 'Foreign exchange gain (loss) - net' in the statements of income, as applicable.

As of December 31, 2025 and 2024, the Parent Company has interest rate swaps and foreign exchange forward contracts that have been designated as hedging instruments in cash flow hedges (Note 26).

Financial Liabilities

Financial liabilities which include deposit liabilities, bills payable, derivative liabilities, and other liabilities (except tax-related payables, pre-need reserves, and post-employment defined benefit obligation) are recognized when the Group becomes a party to the contractual terms of the instrument.

Financial liabilities, except derivative liabilities, are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method. All interest-related charges incurred on financial liabilities are recognized as an expense in the statements of income under 'Interest expense'.

Deposit liabilities are stated at amounts in which they are to be paid. Interest is accrued periodically and recognized in a separate liability account before recognizing as part of deposit liabilities.

'Bills payable' and 'Bonds payable' are recognized initially at fair value, which is the issue proceeds (fair value of consideration received) less any issuance costs. These are subsequently measured at amortized cost, any difference between the proceeds net of transaction costs and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest method.

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

Derivative liabilities are recognized initially and subsequently measured at fair value with changes in fair value recognized in the statement of income, unless designated as an accounting hedge.

Derecognition of Financial Assets and Liabilities

Financial assets

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

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

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Modification of financial assets

In certain circumstances, the Group modifies the original terms and conditions of a financial asset or credit exposure to form a new loan agreement or payment schedule. The modifications can be given depending on the borrower's or counterparty's current or expected financial difficulty. The

modifications may include, but are not limited to, change in interest rate and terms, principal amount, maturity date, date and amount of periodic payments, and accrual of interest and charges.

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

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income. A modified financial asset that does not result in derecognition is classified as Stage 3 if there are indicators of impairment or unlikeliness to pay. Otherwise, the modified financial asset is classified as Stage 1 or Stage 2, depending on whether the asset exhibits significant increase in credit risk (Note 6).

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

Financial liabilities

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

Financial Guarantees and Undrawn Loan Commitments

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

Write-offs

Financial assets are written off either partially or in their entirety when the Group no longer expects collections or recoveries within a foreseeable future. If the amount to be written off is greater than

the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount.

Investment in Associates

Associates pertain to all entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20.00% and 50.00% of the voting rights. In the consolidated and parent company financial statements, investments in associates are accounted for under the equity method of accounting.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Profits or losses resulting from transactions between the Group and an associate are eliminated to the extent of the interest in the associate.

Dividends earned on this investment are recognized as a reduction from the carrying value of the investment.

The financial statements of the associate are prepared for the same reporting period as the Parent Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

Investment in Subsidiaries

In the parent company financial statements, investment in subsidiaries is accounted for under the equity method of accounting similar to the investment in associates.

Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of fair value of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as gain on bargain purchase under 'Miscellaneous income'.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment identified for segment reporting purposes.

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount

of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Cash Dividend Distribution to Equity Holders of the Parent Company

The Group recognizes a liability to make cash distributions to equity holders of the Parent Company when the distribution is authorized and the distribution is no longer at the discretion of the Group. A corresponding amount is recognized directly in equity.

Bank Premises, Furniture, Fixtures and Equipment

Land is stated at cost less any impairment in value while depreciable properties such as buildings, leasehold improvements, and furniture, fixtures and equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Such cost includes the cost of replacing part of the bank premises, furniture, fixtures and equipment when that cost is incurred and if the recognition criteria are met, but excluding repairs and maintenance costs. Construction-in-progress is stated at cost less any impairment in value. The initial cost comprises its construction cost and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs. Construction-in-progress is not depreciated until such time that the relevant assets are completed and put into operational use.

Depreciation and amortization is calculated using the straight-line method over the estimated useful life (EUL) of the depreciable assets as follows:

	EUL
Buildings	50 years
Furniture, fixtures and equipment	3 to 5 years
Leasehold improvements	Shorter of 6 years or the related lease terms

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of bank premises, furniture, fixtures and equipment, and leasehold improvements.

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

Investment Properties

Investment properties include real properties acquired in settlement of loans and receivables or from recovery on charged-off assets which are measured initially at cost, including transaction costs. Investment properties acquired through a nonmonetary asset exchange is measured initially at fair value unless (a) the exchange lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable. The difference between the fair value of the investment property upon foreclosure and the carrying value of the loan (which is nil in the case of recovery on charged-off assets) is recognized under 'Gain on asset foreclosure and dacion transactions' for foreclosure and dacion transactions and under 'Miscellaneous income' for recovery on previously charged-off assets in the statements of income. Subsequent to initial recognition, depreciable investment properties are stated at cost less accumulated depreciation and any accumulated impairment in value, except for land which is stated at cost less impairment in value.

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

Depreciation is calculated on a straight-line basis using the remaining EUL of the building and improvement components of investment properties which range from 10 to 30 years from the time of acquisition of the investment properties.

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

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

Intangible Assets

Intangible assets include exchange trading right for the Group and software costs and branch licenses resulting from the Parent Company's acquisition of CBSI, Unity Bank, and PDB (Notes 11 and 14).

Software costs

Costs related to software purchased by the Group for use in operations are amortized on a straight-line basis over 3 to 10 years. The amortization method and useful life are reviewed periodically to ensure that the method and period of amortization are consistent with the expected pattern of economic benefits embodied in the asset.

Branch licenses

The branch licenses are initially measured at cost as of the date of acquisition (at fair value if part of assets acquired in a business combination) and are deemed to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group.

Such intangible assets are not amortized, instead they are tested for impairment annually at the CGU level. Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the intangible asset relates. Recoverable amount represents the CGU's value in use. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized.

Exchange trading right

Exchange trading right is a result of the Philippine Stock Exchange (PSE) conversion plan, as discussed in Note 14, to preserve access of CBCSec to the trading facilities and continue transacting business in the PSE. Exchange trading right is carried at original cost less any allowance for impairment loss. CBCSec does not intend to sell the exchange trading right in the near future.

The exchange trading right is an intangible asset that is regarded as having an indefinite useful life as there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows for the Group but is tested annually for any impairment in realizable value.

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

Impairment of Non-financial Assets

At each reporting date, the Group assesses whether there is any indication that its non-financial assets (e.g., investment in associates, investment properties, bank premises, furniture, fixtures and equipment, goodwill, and intangible assets) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount.

Recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset (or CGU) is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU).

An impairment loss is charged to operations in the year in which it arises.

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

Accounting Policy on Leases

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

Group as a lessee

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

i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized adjusted by lease payments made at or before the commencement date and lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of

the depreciable assets. The depreciation expense is presented under 'Depreciation and amortization' in the statement of income.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies on Impairment of Non-financial Assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments), or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of branch sites (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of ATM sites that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Capital Stock

Capital stocks are recorded at par. Proceeds in excess of par value are recognized under equity as 'Capital paid in excess of par value' in the balance sheet. Incremental costs incurred which are directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Revenue Recognition

Revenues within the scope of PFRS 15, Revenue from Contracts with Customers

Revenue from contract with customers is recognized upon transfer of promised goods or services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group and the Parent Company exercise judgment, taking into consideration all of the relevant facts and circumstances, when applying each step of the five-step model to contracts with customers.

The following specific recognition criteria must be met before revenue is recognized for contracts within the scope of PFRS 15:

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

- a. *Fee income earned from services that are provided over a certain period of time*
Fees earned for the provision of services over a period of time are accrued over that period. These fees include bancassurance fees, investment fund fees, custodian fees, fiduciary fees, credit-related fees, asset management fees, portfolio and other management fees, and advisory fees.
- b. *Fee income from providing transactions services*
Fees arising from negotiating or participating in the negotiation of a transaction for a third party - such as commission income, underwriting fees, corporate finance fees, and brokerage fees for the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses - are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

Loan syndication fees are recognized in the statement of income when the syndication has been completed and the Group retains no part of the loans for itself or retains part at the same EIR as for the other participants.

Service charges and penalties

Service charges and penalties are recognized only upon collection or accrued where there is a reasonable degree of certainty as to their collectability.

Other income

Income from sale of service is recognized upon rendition of the service. Income from sale of properties is recognized when control has been transferred to the counterparty and when the collectability of the sales price is reasonably assured.

Revenues outside the scope of PFRS 15

Interest income

For all interest-bearing financial assets, interest income is recorded either (i) at EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability, or (ii) at rate stated in the contract. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options), includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, as applicable, but not future credit losses. The adjusted carrying amount is calculated based on the

original EIR. The change in carrying amount is recorded as 'Interest income'. Loan commitment fees for loans that are likely to be drawn down are deferred (together with any incremental costs) and recognized as an adjustment to the EIR on the loan. If the commitment expires without the Group making the loan, the commitment fees are recognized as other income on expiry.

Once the recorded value of a financial asset or group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the original EIR applied to the new carrying amount.

Dividend income

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

Gain on asset foreclosure and dacion transactions

Income arising from real properties acquired in settlement of loans and receivables are recognized in the year of foreclosure or dacion in payment.

Recovery on charged-off asset

Income arising from collections on accounts or recoveries from impairment of assets previously written off are recognized in the year of recovery. Any recoveries are credited to the 'Miscellaneous income' account in the statement of income.

Expense Recognition

Interest expense

Interest expense for all interest-bearing financial liabilities are recognized in 'Interest expense' in the statement of income using the EIR of the financial liabilities to which they relate.

Operating expenses

Operating expenses constitute costs which arise in the normal business operation and are recognized when incurred.

Taxes and licenses

This includes all other taxes, local and national, including gross receipts taxes (GRT), documentary stamp taxes, real estate taxes, licenses, and permit fees. Taxes and licenses are recognized when incurred.

Retirement Benefits

Defined benefit plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets and adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The defined benefit obligation is calculated annually by an independent actuary. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on government bonds that have terms to maturity approximating the terms of the related retirement liability. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Defined benefit costs and remeasurements comprise the following:

- (a) service cost;
- (b) net interest on the net defined benefit liability or asset; and
- (c) remeasurements of net defined benefit liability or asset.

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

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

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

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

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when, and only when, reimbursement is virtually certain. If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Provisions and Contingencies

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

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

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the reporting date. Management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences and carry forward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

Earnings per Share

Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock splits, stock dividends declared and stock rights exercised during the year, if any.

The Parent Company computes diluted EPS when there are outstanding dilutive potential common shares. Diluted EPS is computed by adjusting both the net income for the year and the weighted average number of common shares outstanding during the year with the impact of the dilutive potential common stock issuance transaction.

Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Parent Company and its subsidiaries. Dividends declared during the year that are approved after the reporting date are dealt with as an event after the reporting date.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 32. The Group's revenue-producing assets are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Fiduciary Activities

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

Events after the Reporting Period

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

Standards Issued but Not Yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2026

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

Effective beginning on or after January 1, 2027

- *PFRS 17, Insurance Contracts*

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

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

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

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

The Group's investment in associate (Manulife-China Bank Life Assurance Corp. "MCB Life") is currently assessing the impact of the standard. As the Group accounts for its investment in the associate using the equity method, the adoption of PFRS 17 by the associate is expected to affect the Group's 'Investments in Associate' and its 'Share in Net Income of an Associate' due to changes in the timing of profit recognition and the measurement of insurance liabilities. The MCB Life intends to adopt the standard on its mandatory effective date of January 1, 2027. The full quantitative impact on the Group's equity and net income is currently being evaluated.

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

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

The requirements also include:

- a. Required totals, subtotals and new categories in the statement of profit or loss
- b. Disclosure of management-defined performance measures
- c. Guidance on aggregation and disaggregation

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

- PFRS 19, *Subsidiaries without Public Accountability*
The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS Accounting Standards.

In 2025, PFRS 19 was amended to provide reduced disclosure requirements for new or amended PFRS Accounting Standards adopted by the FSRSC from the issuances of the IASB between February 2021 and May 2024.

The application of the standard is optional for eligible entities.

- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*
The amendments introduce translation requirements for entities translating their financial statements, or the results and financial position of a foreign operation, from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy.

Deferred effectivity

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

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Significant Accounting Judgments and Estimates

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

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

Judgments

a. Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the balance sheet or disclosed in the notes cannot be derived from active markets, they are determined using discounted cash flow model, incorporating inputs such as current market rates of comparable instruments. The carrying values and corresponding fair values of financial instruments, as well as the manner in which fair values were determined, are discussed in more detail in Note 5.

b. Contingencies

The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material adverse effect on the financial statements (Note 31).

c. Evaluation of business model in managing financial assets

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

The Group developed business models which reflect how it manages its portfolio of financial instruments. In determining the classification of a financial instrument under PFRS 9, the Group evaluates which business model a financial asset or a portfolio of financial assets belong to, taking into consideration the objectives of each business model established by the Group, various risks and key performance indicators being reviewed and monitored by responsible officers, as well as the manner of compensation for them. The Group also considers the frequency, value, reasons, and timing of past sales and expectation of future sales activity in this evaluation.

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

In 2025 and 2024, certain investment securities at amortized cost held by the Parent Company were redeemed by their respective issuers. The redemptions were assessed by the Parent Company as not inconsistent with the portfolios' business models considering the conditions and reasons for which the redemptions were made. Further, the redemptions did not result in a change in business model and the remaining securities in the affected portfolios continue to be accounted for at amortized cost. The details of the redemptions are disclosed in Note 9.

d. Testing the cash flow characteristics of financial assets

In determining the classification of financial assets under PFRS 9, the Group assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal amount 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), i.e., cash flows that are non-SPPI, does not meet the amortized cost and FVOCI criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Group assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Group considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

e. Hedge accounting

In 2020, the Parent Company designated the hedge relationship between its floating rate bond payable and an interest rate swap as a cash flow hedge. In 2021, the Parent Company designated the hedge relationships between (i) the interest rate risk component of its Treasury time deposits and Retail Banking Business (RBB) Segment time deposits and (ii) interest rate swaps as cash flow hedges. In 2022, the Parent Company designated the hedge relationship between (i) the foreign exchange risk component of certain foreign exchange spot transactions and of future interest payments and (ii) and the spot element of certain foreign exchange forward contracts. In 2023, the Parent Company pre-terminated the floating rate bond payable due to existing market conditions. Consequently, this resulted to the discontinuance of the hedge relationship between the floating rate bond payable and the interest rate swap as a cash flow hedge. In 2024, the hedging relationship between the interest rate risk component of the Treasury time deposits and interest rate swap was discontinued due to the maturity of the interest rate swap.

The Parent Company's hedge accounting policies include an element of judgment and estimation, in particular in respect of the existence of highly probable cash flows for inclusion within the cash flow hedge. Estimates of future interest rates and the general economic environment will influence the availability and timing of suitable hedged items, with an impact on the effectiveness of the hedge relationships. Details of the Parent Company's hedging transactions are described in Note 26.

f. *Assessment of the cash generating unit of branch licenses*

Branch licenses are tested for impairment annually at the CGU level. In determining the CGU for non-financial assets, the Group identifies the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The Parent Company identified the Retail Business Banking Segment (RBBS) as a whole as the CGU of the branch licenses.

Estimates

a. *Expected credit losses on financial assets and commitments*

The Group reviews its debt financial assets and commitments at each reporting date to determine the amount of ECL to be recognized in the balance sheet and any changes thereto in the statement of income. In particular, judgments and estimates by management are required in determining:

- whether a financial asset has had a significant increase in credit risk since initial recognition;
- whether a default has taken place and what comprises a default;
- macro-economic factors that are relevant in measuring a financial asset's probability of default as well as the Group's forecast of these macro-economic factors;
- probability weights applied over a range of possible outcomes;
- sufficiency and appropriateness of data used and relationships assumed in building the components of the Group's expected credit loss models; and
- the measurement of the exposure at default for unused commitments on which an expected credit loss should be recognized and the applicable loss rate.

The related allowance for credit losses of financial assets and commitments of the Group are disclosed in Notes 16 and 21, respectively.

b. *Impairment of goodwill and branch licenses*

The Group performs impairment review of goodwill and branch licenses with indefinite useful life annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill and branch licenses by assessing the recoverable amount of the RBBS and CBSI to which the goodwill and branch licenses are attributed. The recoverable amount of the RBBS and CBSI is determined based on a value in use (VIU) calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. For VIU, the Group estimates the discount rate used for the computation of the net present value by reference to the weighted cost of equity of comparable banks. The impairment assessment process requires significant judgment and is based on assumptions, specifically loan and deposit growth rates, discount rate, and the long-term growth rates.

Where the recoverable amount is less than the carrying amount of the RBBS to which goodwill and branch licenses have been allocated, an impairment loss is recognized immediately in the statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent

increases in its recoverable amount in future periods. The carrying values of the Group's goodwill and branch licenses are disclosed in Note 14.

c. Present value of defined benefit obligation and retirement expense

The determination of the Group's net present value of defined benefit obligation and annual retirement expense is determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These assumptions include, among others, discount rates and salary rates.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of the reporting date. The salary increase rates were based on the Group's expectations of future salary increases, which take into account the inflation, seniority, and promotion.

The present value of the defined benefit obligation, including the details of the assumptions used in the calculation, are disclosed in Note 25.

d. Recognition of deferred income taxes

Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on the forecasted level of future taxable profits and the related future tax planning strategies. Key assumptions used in forecast of future taxable income include loan portfolio and deposit growth rates.

The Group believes it will be able to generate sufficient taxable income in the future to utilize its recorded deferred tax assets. Taxable income is sourced mainly from interest income from lending activities and earnings from fees, commissions and other income, and trust activities that are taxable.

The recognized and unrecognized deferred tax assets are disclosed in Note 28.

e. Impairment on other non-financial assets

The Group assesses impairment on its non-financial assets (e.g., investment properties and bank premises, furniture, fixtures and equipment) and considers the following impairment indicators:

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

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

The carrying values of the Group's non-financial assets are disclosed in Notes 12, 13 and 14.

4. Financial Instrument Categories

The following table presents the total carrying amount of the Group's and the Parent Company's financial instruments per category:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Financial assets				
Cash and other cash items	₱21,768,445	₱18,260,927	₱17,965,862	₱13,230,415
Financial assets at FVTPL	8,192,102	11,302,754	7,558,427	10,251,971
Derivative contracts designated as hedges	3,590,656	2,766,372	3,590,656	2,766,372
Financial assets at FVOCI	168,657,545	134,105,832	139,153,770	121,634,407
Financial assets at amortized cost				
Due from BSP	62,122,674	82,639,923	55,880,687	61,109,605
Due from other banks	12,481,324	12,540,230	10,030,718	11,365,807
Interbank loans receivables and SPURA	12,964,006	20,326,149	7,364,006	20,326,149
Investment securities at amortized cost	381,738,294	394,519,620	372,572,485	386,688,846
Loans and receivables	1,038,027,468	915,229,756	887,660,943	782,913,377
Accrued interest receivable	13,301,431	13,444,829	12,023,893	12,218,823
Other assets (Note 15)	5,561,687	5,171,276	2,735,739	2,419,445
	1,526,196,884	1,443,871,783	1,348,268,471	1,277,042,052
Total financial assets	₱1,728,405,632	₱1,610,307,668	₱1,516,537,186	₱1,424,925,217

	Consolidated		Parent Company	
	2025	2024	2025	2024
Financial liabilities				
Other financial liabilities				
Deposit liabilities	₱1,444,596,720	₱1,331,146,678	₱1,254,152,184	₱1,165,727,988
Bills payable	118,784,445	112,133,138	118,784,445	112,133,138
Accrued interest and other expenses*	7,021,750	8,648,040	5,882,949	7,526,483
Manager's check	1,521,506	1,688,304	1,297,692	1,484,625
Other liabilities (Note 21)	15,038,124	14,145,764	12,181,263	11,027,685
	₱1,586,962,545	1,467,761,924	₱1,392,298,533	1,297,899,919
Financial liabilities at FVTPL				
Derivative liabilities	1,066,556	1,406,274	1,066,556	1,406,274
Derivative contracts designated as hedges	255,117	6,241,405	255,117	6,241,405
Total financial liabilities	₱1,588,284,218	₱1,475,409,603	₱1,393,620,206	₱1,305,547,598

*Accrued interest and other expenses excludes accrued taxes and other licenses (Note 20).

5. Fair Value Measurement

The Group has assets and liabilities in the Group and Parent Company balance sheets that are measured at fair value on a recurring and non-recurring basis after initial recognition. Recurring fair value measurements are those that another PFRS requires or permits to be recognized in the balance sheet at the end of each financial reporting period. These include financial assets and liabilities at FVTPL and financial assets at FVOCI.

As of December 31, 2025 and 2024, except for the following financial instruments, the carrying values of the Group's and the Parent Company's financial assets and liabilities as reflected in the balance sheets and related notes approximate their respective fair values:

	2025			
	Consolidated		Parent Company	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Investment securities at amortized cost (Note 9)				
Government bonds	₱264,698,965	₱267,047,679	₱255,857,213	₱258,270,528
Private bonds	117,039,329	114,187,666	116,715,272	113,865,939
	381,738,294	381,235,345	372,572,485	372,136,467
Loans and receivables (Note 10)				
Corporate and commercial lending	775,625,252	737,981,287	758,798,462	722,175,795
Consumer lending	251,678,915	210,589,483	118,564,872	101,639,733
Trade-related lending	10,605,309	10,613,268	10,266,959	10,274,656
Others	117,991	154,890	30,650	34,452
	1,038,027,467	959,338,928	887,660,943	834,124,636
Sales contracts receivable (Note 15)	1,593,558	1,276,129	150,006	151,310
	1,039,621,025	960,615,057	887,810,949	834,275,946
	1,421,359,319	1,341,850,402	1,260,383,434	1,206,412,413
Non-financial Assets				
Investment properties (Note 13)				
Land	16,660,514	22,209,200	15,329,245	19,970,859
Buildings and improvements	4,254,770	5,578,265	3,378,309	3,865,043
	20,915,284	27,787,465	18,707,554	23,835,902
Financial Liabilities				
Time deposit liabilities (Note 17)	752,017,078	738,545,906	612,491,424	599,063,838
Bills payable (Note 19)	118,784,445	118,050,759	118,784,445	118,050,759
	₱870,801,523	₱856,596,665	₱731,275,869	₱717,114,597
2024				
	Consolidated		Parent Company	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Financial Assets			
Investment securities at amortized cost (Note 9)				
Government bonds	₱266,498,640	₱264,618,780	₱258,995,499	₱257,309,393
Private bonds	128,020,980	123,202,034	127,693,347	122,903,579
	394,519,620	387,820,814	386,688,846	380,212,972
Loans and receivables (Note 10)				
Corporate and commercial lending	690,202,983	648,032,473	676,625,640	632,611,315
Consumer lending	213,739,081	213,148,031	95,475,272	80,390,854
Trade-related lending	11,143,671	11,121,241	10,793,133	10,750,960
Others	144,021	197,636	19,332	20,687
	915,229,756	872,499,381	782,913,377	723,773,816
Sales contracts receivable (Note 15)	1,637,122	1,757,255	230,291	232,309
	916,866,878	874,256,636	783,143,668	724,006,125
	₱1,311,386,498	₱1,262,077,450	₱1,169,832,514	₱1,104,219,097
Non-financial Assets				
Investment properties (Note 13)				
Land	₱4,641,053	₱8,171,852	₱3,246,285	₱5,885,293
Buildings and improvements	2,321,381	3,433,997	1,587,181	1,835,821
	₱6,962,434	₱11,605,849	₱4,833,466	₱7,721,114
Financial Liabilities				
Time deposit liabilities (Note 17)	₱737,518,251	₱720,552,896	₱620,429,470	₱603,521,643
Bills payable (Note 19)	112,133,138	112,125,646	112,133,138	112,125,646
	₱849,651,389	₱832,678,542	₱732,562,608	₱715,647,289

The methods and assumptions used by the Group and Parent Company in estimating the fair values of the financial instruments follow:

Cash and other cash items, due from BSP and other banks, interbank loans receivable and SPURA and accrued interest receivable – The carrying amounts approximate their fair values in view of the relatively short-term maturities of these instruments.

Debt securities – Fair values are generally based on quoted market prices. If the market prices are not readily available, fair values are estimated using directly or indirectly either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

Equity securities – For publicly traded equity securities, fair values are based on quoted prices. For unquoted equity securities, remeasurement to their fair values is not material to the financial statements.

Loans and receivables and sales contracts receivable (SCR) included in other assets – Fair values of loans and receivables and SCR are estimated using the discounted cash flow methodology, where future cash flows are discounted using the Group's current incremental lending rates for similar types of loans and receivables.

Accounts receivable, returned checks and other cash items (RCOCI) and other financial assets included in other assets – Quoted market prices are not readily available for these assets. These are reported at cost and are not significant in relation to the Group's total portfolio of financial assets.

Derivative instruments (included under FVTPL and designated as hedges) – Fair values are estimated based on discounted cash flows, using prevailing interest rate differential and spot exchange rates.

Deposit liabilities (time, demand, and savings deposits) – Fair values of time deposits are estimated using the discounted cash flow methodology, where future cash flows are discounted using the Group's current incremental borrowing rates for similar borrowings and with maturities consistent with those remaining for the liability being valued. For demand and savings deposits, carrying amounts approximate fair values considering that these are currently due and demandable.

Bills payable – Unless quoted market prices are readily available, fair values are estimated using the discounted cash flow methodology, where future cash flows are discounted using the current incremental borrowing rates for similar borrowings and with maturities consistent with those remaining for the liability being valued.

Manager's checks and accrued interest and other expenses – Carrying amounts approximate fair values due to the short-term nature of the accounts.

Other liabilities – Carrying amounts approximate fair values due to the short-term nature of the accounts.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: inputs that are not based on observable market data or unobservable inputs.

As of December 31, 2025 and 2024, the fair value hierarchy of the Group's and the Parent Company's assets and liabilities are presented below:

	Consolidated			
	2025			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at FVTPL				
Held-for-trading				
Government bonds	₱302,600	₱2,225,732	₱–	₱2,528,332
Treasury notes	–	1,279,328	–	1,279,328
Treasury bills	–	2,124,621	–	2,124,621
Private bonds	189,314	–	–	189,314
Quoted equity shares	246,057	–	–	246,057
Financial assets designated at FVTPL				
Derivative contracts not designated as hedges	–	1,487,639	–	1,487,639
Derivative contracts designated as hedges	–	3,590,656	–	3,590,656
Financial assets at FVOCI				
Government bonds	31,222,115	111,226,042	–	142,448,157
Quoted private bonds	14,352,206	–	–	14,352,206
Quoted equity shares	11,841,575	–	–	11,841,575
	₱58,313,152	₱122,111,544	₱–	₱180,424,696
Derivative liabilities				
Derivative contracts designated as hedges	₱–	₱1,066,556	₱–	₱1,066,556
	–	255,117	–	255,117
	₱–	₱1,321,673	₱–	₱1,321,673
Fair values of financial assets carried at amortized cost				
Investment securities at amortized cost				
Government bonds	₱262,294,881	₱4,752,799	₱–	₱267,047,680
Private bonds	60,673,407	–	53,514,258	114,187,665
Loans and receivables				
Corporate and commercial loans	–	–	737,981,286	737,981,286
Consumer loans	–	–	210,589,482	210,589,482
Trade-related loans	–	–	10,613,269	10,613,269
Others	–	–	154,890	154,890
Sales contracts receivable	–	–	1,276,128	1,276,128
Fair values of non-financial assets carried at cost				
Investment properties				
Land	–	–	22,209,200	22,209,200
Buildings and improvements	–	–	5,578,265	5,578,265
	₱322,968,288	₱4,752,799	₱1,041,916,778	₱1,369,637,865
Fair values of liabilities carried at amortized cost				
Time deposit liabilities				
Bills payable	₱–	₱–	₱738,545,906	₱738,545,906
	–	–	118,050,759	118,050,759
	₱–	₱–	₱856,596,665	₱856,596,665

	Consolidated			
	2024			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at FVTPL				
Held-for-trading				
Government bonds	₱144,753	₱2,618,061	₱–	₱2,762,814
Treasury notes	–	2,784,527	–	2,784,527
Treasury bills	–	2,412,869	–	2,412,869
Private bonds	512,170	–	–	512,170
Quoted equity shares	286,048	–	–	286,048
Financial assets designated at FVTPL				
Derivative contracts not designated as hedges	494,422	169,878	–	664,300
Derivative contracts designated as hedges	–	1,880,026	–	1,880,026
Financial assets at FVOCI				
Government bonds	29,481,028	79,466,595	–	108,947,623
Quoted private bonds	20,587,385	–	–	20,587,385
Quoted equity shares	4,549,299	–	–	4,549,299
	₱56,055,105	₱92,098,328	₱–	₱148,153,433
Derivative liabilities				
Derivative contracts designated as hedges	₱–	₱1,406,274	₱–	₱1,406,274
	–	6,241,405	–	6,241,405
	₱–	₱7,647,679	₱–	₱7,647,679
Fair values of financial assets carried at amortized cost				
Investment securities at amortized cost				
Government bonds	₱264,618,780	₱–	₱–	₱264,618,780
Private bonds	68,874,117	–	54,327,917	123,202,034
Loans and receivables				
Corporate and commercial loans	–	–	648,032,473	648,032,473
Consumer loans	–	–	213,148,031	213,148,031
Trade-related loans	–	–	11,121,241	11,121,241
Others	–	–	197,636	197,636
Sales contracts receivable	–	–	1,757,255	1,757,255
Fair values of non-financial assets carried at cost				
Investment properties				
Land	–	–	8,171,852	8,171,852
Buildings and improvements	–	–	3,433,997	3,433,997
	₱333,492,897	₱–	₱940,190,402	₱1,273,683,299
Fair values of liabilities carried at amortized cost				
Time deposit liabilities	₱–	₱–	₱720,552,896	₱720,552,896
Bills payable	–	–	112,125,646	112,125,646
	₱–	₱–	₱832,678,542	₱832,678,542

	Parent Company			
	2025			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at FVTPL				
Held-for-trading				
Government bonds	251,793	2,225,732	–	2,477,525
Treasury notes	–	1,279,328	–	1,279,328
Treasury bills	–	2,124,621	–	2,124,621
Private bonds	189,314	–	–	189,314
Derivative contracts not designated as hedges	–	1,487,639	–	1,487,639
Derivative contracts designated as hedges	–	3,590,656	–	3,590,656

(Forward)

	Parent Company			
	2025			
	Level 1	Level 2	Level 3	Total
Financial assets at FVOCI				
Government bonds	₱17,520,801	₱95,727,055	₱–	₱113,247,856
Quoted private bonds	14,255,939	–	–	14,255,939
Quoted equity shares	11,642,351	–	–	11,642,351
	₱43,860,198	₱106,435,032	₱–	₱150,295,229
Derivative liabilities	₱–	₱1,066,556	₱–	₱1,066,556
Derivative contracts designated as hedges	–	255,117	–	255,117
	₱–	₱1,321,673	₱–	₱1,321,673

Fair values of financial assets carried at amortized cost

Investment securities at amortized cost				
Government bonds	₱258,270,528	₱–	₱–	₱258,270,528
Private bonds	60,351,681	–	53,514,258	113,865,939
Loans and receivables				
Corporate and commercial loans	–	–	722,175,795	722,175,795
Consumer loans	–	–	101,639,733	101,639,733
Trade-related loans	–	–	10,274,656	10,274,656
Others	–	–	34,452	34,452
Sales contracts receivable	–	–	151,310	151,310

Fair values of non-financial assets carried at cost

Investment properties				
Land	–	–	19,970,859	19,970,859
Buildings and improvements	–	–	3,865,043	3,865,043
	318,622,209	–	911,626,106	1,230,248,315

Fair values of liabilities carried at amortized cost

Time deposit liabilities	–	–	599,063,838	599,063,838
Bills payable	–	–	118,050,759	118,050,759
	–	–	717,114,597	717,114,597

	Parent Company			
	2024			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at FVTPL				
Held-for-trading				
Government bonds	₱44,318	₱2,618,061	₱–	₱2,662,379
Treasury notes	–	2,784,527	–	2,784,527
Treasury bills	–	2,412,869	–	2,412,869
Private bonds	512,170	–	–	512,170
Derivative contracts not designated as hedges	–	1,880,026	–	1,880,026
Derivative contracts designated as hedges	–	2,766,372	–	2,766,372
Financial assets at FVOCI				
Government bonds	17,314,679	79,466,595	–	96,781,274
Quoted private bonds	20,492,318	–	–	20,492,318
Quoted equity shares	4,347,274	–	–	4,347,274
	₱42,710,759	₱91,928,450	₱–	₱134,639,209
Derivative liabilities	₱–	₱1,406,274	₱–	₱1,406,274
Derivative contracts designated as hedges	–	6,241,405	–	6,241,405
	₱–	₱7,647,679	₱–	₱7,647,679

(Forward)

	Parent Company			
	2024			
	Level 1	Level 2	Level 3	Total
Fair values of financial assets carried at amortized cost				
Investment securities at amortized cost				
Government bonds	₱257,309,393	₱–	₱–	₱257,309,393
Private bonds	68,575,662	–	54,327,917	122,903,579
Loans and receivables				
Corporate and commercial loans	–	–	632,611,315	632,611,315
Consumer loans	–	–	80,390,854	80,390,854
Trade-related loans	–	–	10,750,960	10,750,960
Others	–	–	20,687	20,687
Sales contracts receivable	–	–	232,309	232,309
Fair values of non-financial assets carried at cost				
Investment properties				
Land	–	–	5,885,293	5,885,293
Buildings and improvements	–	–	1,835,821	1,835,821
	₱325,885,055	₱–	₱786,055,156	₱1,111,940,211
Fair values of liabilities carried at amortized cost				
Time deposit liabilities	₱–	₱–	₱603,521,643	₱603,521,643
Bills payable	–	–	112,125,646	112,125,646
	₱–	₱–	₱715,647,289	₱715,647,289

There were no transfers into and out of Level 3 fair value measurements in 2025 and 2024.

The inputs used in the fair value measurement based on Level 2 are as follows:

Government securities – interpolated rates based on market rates of benchmark securities

Derivative assets and liabilities – fair values are calculated by reference to the prevailing interest differential and spot exchange rate as of the reporting date, taking into account the remaining term to maturity of the derivative assets and liabilities.

Inputs used in estimating fair values of financial instruments carried at amortized cost and categorized under Level 3 include risk-free rates and applicable risk premium.

The fair values of the Group's and Parent Company's investment properties have been determined by the appraisal method by independent external and in-house appraisers based on highest and best use of the property being appraised. Valuations were derived on the basis of recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued.

The table below summarizes the valuation techniques used and the significant unobservable inputs used in the valuation for each type of investment properties held by the Group and the Parent Company:

	Valuation Techniques	Significant Unobservable Inputs
Land	Market Data Approach	Price per square meter, size, location, shape, time element, and corner influence
Land and Building	Market Data Approach and Cost Approach	Reproduction Cost New

Descriptions of the valuation techniques and significant unobservable inputs used in the valuation of the Group and the Parent Company's investment properties are as follows:

Valuation Techniques

Market Data Approach A process of comparing the subject property being appraised to similar comparable properties recently sold or being offered for sale.

Cost Approach It is an estimate of the investment required to duplicate the property in its present condition. It is reached by estimating the value of the building "as if new" and then deducting the depreciated cost. Fundamental to the Cost Approach is the estimate of "Reproduction Cost New" of the improvements.

Significant unobservable inputs

Reproduction Cost New The cost to create a virtual replica of the existing structure, employing the same design and similar building materials.

Size Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of lot size differences on land value.

Shape Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.

Location Location of comparative properties whether on a main road or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.

Time Element An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investors' perceptions of the market over time. In which case, the current data is superior to historic data.

Discount Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

Corner influence Bounded by two (2) roads.

6. Financial Risk Management Objectives and Policies

The Group's activities are principally related to the profitable use of financial instruments. Risks are inherent in these activities but are managed by the Group through a rigorous, comprehensive, and continuous process of identification, measurement, monitoring and mitigation of these risks, partly through the effective use of risk and authority limits and thresholds, process controls and monitoring, and independent controls. As reflected in its corporate actions and organizational improvements, the Group has placed due importance on expanding and strengthening its risk management process and considers it as a vital component to the Group's continuing profitability and financial stability. Central to the Group's risk management process is its adoption of a risk management program intended to avoid unnecessary risks, manage and mitigate inherent risks, and maximize returns from taking acceptable risks necessary to sustain its business viability and good financial position in the market.

The key financial risks that the Group faces are: credit risk, market risk, and liquidity risk. The Group's risk management objective is primarily focused on controlling and mitigating these risks. The Parent Company and its subsidiaries manage their respective financial risks separately. The subsidiaries, particularly CBSI, have their own risk management processes but are structured similar to that of the Parent Company. To a large extent, the respective risk management programs and objectives are the same across the Group. The severity of risk, materiality, and regulations are primary considerations in determining the scope and extent of the risk management processes put in place for the subsidiaries.

Risk Management Structure

The BOD of the Parent Company is ultimately responsible for the oversight of the Parent Company's risk management processes. On the other hand, the risk management processes of the subsidiaries are the separate responsibilities of their respective BODs. The BOD of the Parent Company created a separate board-level independent committee with explicit authority and responsibility for managing and monitoring risks.

The BOD has delegated to the Risk Oversight Committee (ROC) the formulation and supervision of the risk management process which includes, among others, determining the appropriate risk mitigating strategies and operating principles, adoption of industry standards, development of risk metrics, monitoring of key risk indicators, and the imposition of risk parameters. The ROC is composed of three members of the BOD, all of whom are independent directors.

The Risk Management Group (RMG) is the operating unit of the ROC primarily responsible for the implementation of the risk management strategies approved by the Board of Directors. The implementation cuts across all departments of the Parent Company and involves all of the Parent Company's financial instruments, whether "on-books" or "off-books". The RMG is likewise responsible for monitoring the implementation of specific risk control procedures and enforcing compliance thereto. The RMG is also directly involved in the day-to-day monitoring of material risks ensuring that the Parent Company, in its transactions and dealings, engages only in risk-taking activities duly approved by the ROC. The RMG also ensures that relevant information is accurately and completely captured on a timely basis in the management reporting system of the Parent Company. The RMG is headed by the Chief Risk Officer (CRO) who reports the results of risk measurements to the ROC.

Apart from RMG, each business unit has created and put in place various process controls which ensure that all the external and internal transactions and dealings of the unit are in compliance with the unit's risk management objectives. The Internal Audit Group also plays a crucial role in risk management primarily because it is independent of the business units and reports exclusively to the Audit Committee which, in turn, is comprised of independent directors.

The Internal Audit Group focuses on ensuring that adequate controls are in place and on monitoring compliance to controls. The regular audit covers all processes and controls, including those under the risk management framework handled by the RMG. The audit of these processes and controls is undertaken regularly. The audit results and exceptions, including recommendations for their resolution or improvement, are discussed initially with the business units concerned before these are presented to the Audit Committee.

Risk Management Reporting

The CRO reports to the ROC, is a member of the Sustainability Oversight Committee (SOC), and is a resource of the Credit Committee (CreCom), Asset-Liability Committee (ALCO), and Information Technology Steering Committee (ITSC). The CRO reports on key risk indicators and specific risk management issues that would need resolution from top management. This is undertaken after the risk issues and key risk indicators have been discussed with the business units concerned. The RMG's function, particularly, that of the CRO, as well as the Board's risk oversight responsibilities are articulated in the risk management manual based on the requirements of BSP Circular No. 971, *Guidelines on Risk Governance*.

The key risk indicators were formulated on the basis of the financial risks faced by the Parent Company. These indicators contain information from all business units that provide measurements on the level of the risks taken by the Parent Company in its products, transactions, and financial structure. Among others, the report on key risk indicators includes information on the Parent Company's aggregate credit exposure, Value-at-Risk (VaR), utilization of market and credit limits and thresholds, liquidity risk limits and ratios, earnings-based and economic value-based measures with thresholds, overall loan loss provisioning, and risk profile changes. Loan loss provisioning and credit limit utilization are, however, discussed in more detail in the Credit Committee. On a monthly basis, detailed reporting of industry, customer, and geographic risks is included in the discussion with the ROC. A comprehensive risk report is presented to the BOD on a periodic basis for an overall assessment of the level of risks taken by the Parent Company. On the other hand, the Chief Audit Executive reports to the Audit Committee on a monthly basis on the results of branch or business unit audits and for the resolution of pending but important internal audit issues.

Risk Mitigation

The Parent Company uses derivatives to manage exposures to financial instruments resulting from changes in interest rates and foreign currencies exposures. However, the nature and extent of use of these financial instruments to mitigate risks are limited to those allowed by the BSP for the Parent Company and its subsidiaries.

To further mitigate risks throughout its different business units, the Parent Company formulates risk management policies and continues to improve its existing policies. These policies further serve as the framework and set of guidelines in the creation or revisions of operating policies and manuals for each business unit. In the process design and implementation, preventive controls are preferred over detection controls. Clear delineation of responsibilities and separation of incompatible duties among officers and staff, as well as among business units are reiterated in these policies. To the extent possible, reporting and accounting responsibilities are segregated from units directly involved in operations and frontline activities (i.e., players must not be scorers). This is to improve the credibility

and accuracy of management information. Any inconsistencies in the operating policies and manuals with the risk framework created by the RMG are taken up and resolved in the ROC.

The Group maintains operational risk and IT risk management frameworks aligned with global standards, embedding risk awareness into governance and decision-making while strengthening controls and transparency. Through risk and control self-assessments, key risk indicators, incident and event management, and root cause analyses, the Group proactively safeguards customer trust, supports investor confidence, upholds regulatory expectations, and reinforces the stability of the Group and the financial system.

Monitoring and controlling risks are primarily performed based on various limits and thresholds established by the top management covering the Group's transactions and dealings. These limits and thresholds reflect the Group's business strategies and market environment, as well as the levels of risks that the Group is willing to tolerate, with additional emphasis on selected industries. In addition, the Group monitors and measures the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Liquidity risk, interest rate risk, and market risk exposures are measured and monitored through the reports generated by a cloud-based automated system.

As part of monitoring and controlling risks, the Bank conducts the Internal Capital Adequacy Assessment Process (ICAAP) to determine its minimum required capital relative to its business risk exposures. This assessment is performed annually.

Similar to prior years' submission, the Bank used the Pillar 1 Plus approach, with the Pillar 1 capital as the baseline. The process of allocating capital for all types of risks above the Pillar 1 capital levels includes quantification of capital buffer for Pillar 2 risks under normal business cycle/condition. In addition, the document included the quantification based on the results of the Integrated Stress Test (IST). The adoption of the IST allows the Group to quantify its overall vulnerability to market shocks and operational losses on the aggregate rather than in silo referring to a range of plausible events. The capital assessment in the document discloses that the Group and the Parent Company has appropriate and sufficient level of internal capital.

The Parent Company submitted to the BSP its annually-updated ICAAP document, on March 31, 2025.

Complementing its capital adequacy assessment exercise, the Bank maintains robust, forward-looking recovery, and resilience measures. As a Domestic Systemically Important Bank (D-SIB), it is subject to existing regulations requiring high loss absorbency and effective risk management to mitigate the risk of failure. Its Recovery Plan, aligned with the ICAAP, supports BSP's intensified supervision of D-SIBS and underscores the Bank's commitment to resilience as a fundamental aspect of risk management, extending beyond prevention.

The latest Recovery Plan document was presented and approved in the Joint Meeting of the ROC and Excom on June 16, 2025, confirmed by the Board of Directors on July 2, 2025, and submitted to the BSP on June 30, 2025.

Business Continuity Management

The Group operates in increasingly complex ecosystems of digital platforms, supply chains, and third-party providers. This interconnectedness provides efficiency and scale but exposes systemic vulnerabilities. Volatile, uncertain, complex, and ambiguous circumstances can cascade and ripple across business functions, halting operations and eroding customer trust. Hidden dependencies on third- and fourth-party relationships leave blind spots that increase exposure to external shocks.

Interconnected environments result in downtime not isolated – it affects customers, regulators, and partners simultaneously, raising reputational and compliance risks. The Group embed operational resilience by conducting business impact analyses, applying affinity analyses, and driving recovery planning so the Group can withstand shocks and adapt dynamically to the volatile, brittle, and nonlinear realities of modern interconnected operations.

Credit Risk

Credit risk is the risk the Group faces when an obligor (borrower or counterparty) fails to meet its financial obligations according to agreed terms. This may include the inability to repay a loan or honor any other forms of credit extended by the Group.

Credit risk is a major type of risk for all banks, as it permeates a wide range of exposures, products, and services. The Group faces potential credit risks whenever it extends loans to borrowers, commits funds to counterparties, guarantees the paying performance of its clients, invests funds in various private or sovereign entities, or enters into either market-traded or over-the-counter derivatives. In essence, credit risk arises in all contractual commitments where fulfillment depends on the borrower's or counterparty's ability to perform.

The Group has established credit risk limits and thresholds, which are approved by the Board of Directors and reflect its risk appetite and strategic direction. These limits and thresholds are regularly monitored to ensure the risks remain within the Bank's defined risk appetite. Furthermore, the Group continuously monitors and measures its overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Credit Risk Rating and Scoring Models

The Parent Company employs four credit risk rating models for diverse segments, covering corporate borrowers, retail small and medium entities and individual accounts (non-consumer), financial institutions, and sovereign counterparties. Additionally, it utilizes bureau credit scores for consumer loan products, including housing loans, auto loans, Contract-to-Sell (CTS) without recourse, and credit cards, to assess credit risk comprehensively.

The assessment of credit risk for corporate borrowers with total assets, total facilities, or total credit exposures amounting to at least ₱15 million is conducted using the Internal Credit Risk Rating System (ICRRS). This model adheres to the technical specifications outlined in BSP MORB 143, *Credit Risk Management*. The ICRRS comprises two components, namely: a) Borrower Risk Rating (BRR), providing an evaluation of the creditworthiness of the borrower, without considering the proposed facility and security arrangements, and b) Loan Exposure Rating, offering an assessment of the proposed facilities as mitigated or enhanced by security/collateral arrangements.

For retail small and medium entities and individual non-consumer loan accounts, credit risk is evaluated through the Borrower Credit Score (BCS). In addition, the Parent Company has implemented a risk rating system designed to specifically assess Philippine universal, commercial, thrift, digital, rural, and cooperative banks as well as foreign financial institutions. Furthermore, it has introduced a Sovereign Risk Rating scorecard to gauge a country's strength, considering factors such as economic fundamentals, fiscal policy, institutional strength, and vulnerability to extreme events.

For consumer loans, the Parent Company is using Transunion (TU) credit score as the primary scorecard for assessing applications for credit cards, auto loans, housing loans, and CTS without recourse. Additionally, a secondary model complementing the TU credit score for housing loan applications has been implemented, specifically for applications with no TU footprint.

The Group regularly monitors the performance of its rating models and scorecards to ensure their continued effectiveness in the credit evaluation process. Over the years, it has partnered with reputable third-party consultants, such as Moody’s Analytics, for model validation, recalibration, and knowledge transfer projects. Internally, a comprehensive review of the performance of the models is conducted, subjecting them to a range of statistical metrics, to verify the reliability and robustness of these models. The outcomes of the validation activities are reported to the Risk Oversight Committee. Any identified weaknesses in the models are addressed through targeted enhancements aimed at improving their discriminatory power and predictive accuracy. Furthermore, the models undergo independent validation, with Internal Audit acting as the primary resource for ensuring the integrity and independence of the process.

To manage model risks effectively, the Group has crafted a Model Risk Policy for Credit Risk. This policy closely aligns with the principles laid out in the “Supervisory Guidance on Model Risk Management” issued by the Office of the Comptroller of the Currency (OCC), an independent bureau of the U.S. Department of the Treasury, and satisfies the validation requirements set by the BSP for internal rating systems outlined in BSP Circular 855. The framework is designed to manage risks associated with the use of models within the organization, promoting confidence and reliability of model outputs, and supporting effective risk management practices. It serves as a guiding document to ensure models are developed, validated, implemented, and monitored in a consistent, transparent, and controlled manner. Moreover, it establishes a governance framework that clearly defines the roles, responsibilities, and accountabilities of the stakeholders involved in the model life cycle.

Concentration of Assets and Liabilities and Off-Balance Sheet Items

Concentration risk refers to the risk resulting from having a high level of exposures to a single borrower, sector, geographic region, or group of borrowers or counterparties which are legally or economically connected, or whose default probabilities depend on the same risk factors. Credit concentration risk typically arises when groups of counterparties with similar characteristics – such as belonging to the same industry, having similar sizes, operating in the same geographical location, or connected due to direct or indirect control – default or fail to meet their obligations. A highly concentrated portfolio increases the likelihood of large-scale losses if the specific area, sector, or group experiences a downturn. Without diversification, it can lead to higher volatility in the Group’s earnings and capital, making its financial performance more unpredictable and the associated risk exposures harder to manage.

In order to avoid excessive concentrations of risk, the Parent Company’s policies and procedures include specific guidelines focusing on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The distribution of the Group’s and Parent Company’s financial instruments by geographic region as of December 31, 2025 and 2024 (in millions) follows:

Geographic Region	Consolidated					
	2025			2024		
	Assets*	Liabilities	Commitments**	Assets*	Liabilities	Commitments**
Philippines	₱1,698,709	₱1,506,091	₱104,866	₱1,531,076	₱1,422,634	₱58,977
Asia	11,911	58,335	5,883	20,949	28,466	5,646
Europe	8,156	3,029	1,272	38,827	23,391	1,147
United States	9,555	9,869	235	19,438	919	106
Others	75	10,960	70	18	–	63
	₱1,728,406	₱1,588,284	₱112,326	₱1,610,308	₱1,475,410	₱65,939

*Amounts are net of related allowance for credit losses

**Consists of Committed credit lines, Unused commercial letters of credit, Credit card lines, Outstanding guarantees issued, and Standby credit commitments (Note 31)

	Parent Company					
	2025			2024		
	Assets*	Liabilities	Commitments**	Assets*	Liabilities	Commitments**
Geographic Region						
Philippines	₱1,486,840	₱1,311,427	₱102,303	₱1,345,693	₱1,252,772	₱56,644
Asia	11,911	58,335	5,883	20,949	28,466	5,646
Europe	8,156	3,029	1,272	38,827	23,391	1,147
United States	9,555	9,869	235	19,438	919	106
Others	75	10,960	70	18	–	63
	₱1,516,537	₱1,393,620	₱109,763	₱1,424,925	₱1,305,548	₱63,606

*Amounts are net of related allowance for credit losses

**Consists of Committed credit lines, Unused commercial letters of credit, Credit card lines, Outstanding guarantees issued, and Standby credit commitments (Note 31)

Information on credit concentration as to industry of financial assets (gross of unearned discount and allowance for credit losses) is presented below:

	Consolidated				
	2025				
	Loans and Receivables	Financial Investments*	Loans and Advances to Banks**	Commitments (Note 31)	Total
Financial intermediaries	₱133,416,953	₱435,588,814	₱87,568,004	₱3,992,463	₱660,566,234
Real estate, renting and business services	279,161,310	35,983,146	–	1,908,930	317,053,386
Electricity, gas and water	117,543,717	42,651,034	–	22,389,878	182,584,629
Transportation, storage and communication	86,881,253	3,508,859	–	7,095,826	97,485,938
Manufacturing	85,062,169	8,788,859	–	1,958,051	95,809,079
Arts, entertainment and recreation	76,164,910	34,350	–	117,952	76,317,212
Wholesale and retail trade	68,268,770	244,546	–	7,326,063	75,839,379
Accommodation and food service activities	20,924,027	2,488,343	–	3,388,980	26,801,350
Construction	12,688,911	1,035	–	8,501,793	21,191,739
Professional, scientific and technical activities	2,132,826	10,334,885	–	787,025	13,254,736
Mining and quarrying	12,503,831	9,335	–	55,118	12,568,284
Agriculture	11,848,098	–	–	335,124	12,183,222
Education	4,306,182	450,000	–	429,692	5,185,874
Public administration and defense	281,738	–	–	397,875	679,613
Others***	147,681,143	17,859,886	–	53,641,190	219,182,217
	₱1,058,865,838	₱557,943,092	₱87,568,004	₱112,325,958	₱1,816,702,892

* Includes financial assets at FVTPL, FVOCI and AC

** Includes Due from BSP, Due from other banks and Interbank loans receivables and SPURA

*** Others consist of administrative and support service, health, household, and other activities

	Consolidated				
	2024				
	Loans and Receivables	Financial Investments*	Loans and Advances to Banks**	Commitments (Note 31)	Total
Financial intermediaries	₱130,270,720	₱407,562,178	₱115,506,302	₱616,860	₱653,956,060
Real estate, renting and business services	242,363,048	62,107,488	–	4,371,192	308,841,728
Electricity, gas and water	104,305,696	25,531,086	–	8,495,599	138,332,381
Wholesale and retail trade	57,044,333	–	–	38,131,403	95,175,736
Arts, entertainment and recreation	81,706,197	2,638,331	–	58,455	84,402,983
Manufacturing	81,513,606	984,371	–	582,386	83,080,363
Transportation, storage and communication	67,213,834	4,507,796	–	7,228,197	78,949,827
Accommodation and food service activities	15,015,108	5,332,485	–	268,997	20,616,590
Mining and quarrying	12,416,050	–	–	1,070,989	13,487,039
Professional, scientific and technical activities	2,633,548	10,192,095	–	362,023	13,187,666
Construction	12,446,023	–	–	55,421	12,501,444
Agriculture	11,475,821	–	–	136,731	11,612,552
Education	4,054,507	450,000	–	406,571	4,911,078
Public administration and defense	205,322	–	–	236,309	441,631
Others***	110,410,287	19,180,248	–	3,917,827	133,508,362
	₱933,074,100	₱538,486,078	₱115,506,302	₱65,938,960	₱1,653,005,440

* Includes financial assets at FVTPL, FVOCI and AC

** Includes Due from BSP, Due from other banks and Interbank loans receivables and SPURA

*** Others consist of administrative and support service, health, household, and other activities

Parent Company					
2025					
	Loans and Receivables	Financial Investments*	Loans and Advances to Banks**	Commitments (Note 31)	Total
Financial intermediaries	₱133,379,266	₱397,146,920	₱73,275,412	₱3,991,503	₱607,793,101
Real estate, renting and business services	242,584,807	35,425,494	–	1,667,849	279,678,150
Electricity, gas and water	116,245,452	42,577,046	–	22,386,378	181,208,876
Transportation, storage and communication	85,514,119	8,788,859	–	1,929,851	96,232,829
Manufacturing	83,363,594	243,006	–	7,075,327	90,681,927
Arts, entertainment and recreation	76,142,331	–	–	117,952	76,260,283
Wholesale and retail trade	64,811,602	3,325,000	–	6,792,394	74,928,996
Accommodation and food service activities	20,370,636	2,488,343	–	3,388,980	26,247,959
Construction	11,647,981	–	–	8,434,493	20,082,474
Professional, scientific and technical activities	2,063,088	10,334,885	–	787,025	13,184,998
Mining and quarrying	12,499,820	–	–	55,118	12,554,938
Agriculture	7,411,414	–	–	193,176	7,604,590
Education	3,765,764	450,000	–	347,230	4,562,994
Public administration and defense	281,738	–	–	397,875	679,613
Others***	43,658,048	17,855,515	–	52,197,861	113,711,424
	₱903,739,660	₱518,635,068	₱73,275,412	₱109,763,012	₱1,605,413,152

* Includes financial assets at FVTPL, FVOCI and AC

** Includes Due from BSP, Due from other banks and Interbank loans receivables and SPURA

***Others consist of administrative and support service, health, household, and other activities

Parent Company					
2024					
	Loans and Receivables	Financial Investments*	Loans and Advances to Banks**	Commitments (Note 31)	Total
Financial intermediaries	₱130,068,284	₱388,052,886	₱92,801,561	₱377,830	₱611,300,561
Real estate, renting and business services	207,431,806	61,678,395	–	4,366,192	273,476,393
Electricity, gas and water	102,823,187	25,369,131	–	38,130,355	166,322,673
Manufacturing	79,463,275	984,371	–	8,329,483	88,777,129
Arts, entertainment and recreation	81,669,821	2,600,631	–	58,455	84,328,907
Transportation, storage and communication	65,969,078	4,499,332	–	7,058,149	77,526,559
Wholesale and retail trade	54,488,997	–	–	578,382	55,067,379
Accommodation and food service activities	14,435,122	5,327,142	–	268,997	20,031,261
Mining and quarrying	12,411,896	–	–	1,014,306	13,426,202
Professional, scientific and technical activities	2,553,742	10,192,095	–	354,023	13,099,860
Construction	11,792,173	–	–	55,421	11,847,594
Agriculture	7,968,860	–	–	406,571	8,375,431
Education	3,562,977	450,000	–	136,281	4,149,258
Public administration and defense	205,322	–	–	236,309	441,631
Others***	21,277,644	17,966,859	–	2,235,718	41,480,221
	₱796,122,184	₱517,120,842	₱92,801,561	₱63,606,472	₱1,469,651,059

* Includes financial assets at FVTPL, FVOCI and AC

** Includes Due from BSP, Due from other banks and Interbank loans receivables and SPURA

***Others consist of administrative and support service, health, household, and other activities

Maximum exposure to credit risk

The tables below provide the analysis of the maximum exposure to credit risk of the Group's and the Parent Company's financial instruments, excluding those where the carrying values as reflected in the balance sheets and related notes already represent the financial instrument's maximum exposure to credit risk, before and after taking into account collateral held or other credit enhancements:

	Consolidated		
	2025		
	Gross maximum exposure	Net exposure	Financial effect of collateral or credit enhancement
Credit risk exposure relating to on-balance sheet items are as follows:			
Loans and receivables	P1,038,027,468	P681,962,251	P356,065,217
Interbank loans receivable and SPURA	12,964,006	7,364,006	5,600,000
Sales contracts receivable	1,593,558	-	1,593,558
	P1,052,585,032	P689,326,257	P363,258,775

	Consolidated		
	2024		
	Gross maximum exposure	Net exposure	Financial effect of collateral or credit enhancement
Credit risk exposure relating to on-balance sheet items are as follows:			
Loans and receivables	P915,229,756	P579,917,074	P335,312,682
Interbank loans receivable and SPURA	20,326,149	20,326,149	-
Sales contracts receivable	1,637,122	-	1,637,122
	P937,193,027	P600,243,223	P336,949,804

	Parent Company		
	2025		
	Gross maximum exposure	Net exposure	Financial effect of collateral or credit enhancement
Credit risk exposure relating to on-balance sheet items are as follows:			
Loans and receivables	P887,660,943	P593,926,201	P293,734,742
Interbank loans receivable and SPURA	7,364,006	7,364,006	-
Sales contracts receivable	150,006	-	150,006
	P895,174,955	P601,290,207	P293,884,748

	Parent Company		
	2024		
	Gross maximum exposure	Net exposure	Financial effect of collateral or credit enhancement
Credit risk exposure relating to on-balance sheet items are as follows:			
Loans and receivables	P782,913,377	P502,753,982	P280,159,395
Interbank loans receivable and SPURA	20,326,149	20,326,149	-
Sales contracts receivable	230,291	-	230,291
	P803,469,817	P523,080,131	P280,389,686

For the Group, the fair values of collateral held for loans and receivables and sales contracts receivable amounted to ₱492.36 billion and ₱3.23 billion, respectively, as of December 31, 2025 and ₱483.22 billion and ₱3.47 billion, respectively, as of December 31, 2024.

For the Parent Company, the fair values of collateral held for loans and receivables and sales contracts receivable amounted to ₱430.03 billion and ₱0.52 billion, respectively, as of December 31, 2025 and 428.07 billion and ₱0.76 billion, respectively, as of December 31, 2024.

The fair values of the financial collaterals held for SPURA are disclosed in Note 35.

Credit risk, in respect of derivative financial products, is limited to those with positive fair values, which are included under financial assets at FVTPL (Note 9). As a result, the maximum credit risk, without taking into account the fair value of any collateral and netting agreements, is limited to the amounts on the balance sheet plus commitments to customers such as unused commercial letters of credit, outstanding guarantees and others as disclosed in Note 31.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented with regards to the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For securities lending and reverse repurchase transactions – cash or securities
- For consumer lending – real estate and chattel over vehicle
- For corporate lending and commercial lending – real estate, chattel over properties, assignment of deposits, shares of stocks, bonds, and guarantees

Management requests additional collateral in accordance with the underlying agreement and takes into consideration the market value of collateral during its review of the adequacy of allowance for credit losses.

It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In most cases, the Group does not occupy repossessed properties for business use.

Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's balance sheet. However, the fair value of collateral affects the calculation of loss allowances. It is generally assessed, at a minimum, at inception and re-assessed on an annual basis. To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by internal or external appraisers.

Credit quality per class of financial assets

Loans and Receivables

The credit quality of financial assets is managed by the Group using an internal credit rating system for the purpose of measuring credit risk in a consistent manner as accurately as possible. The model on risk ratings is assessed regularly because the Group uses this information as a tool for business and financial decision making.

It is the Parent Company's policy to apply the appropriate risk rating model across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions, and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Parent Company's rating policy. The attributable risk ratings are assessed and monitored regularly.

The rating categories are further described below, where the overall credit scores are translated into the BRR, which is a 14-notch rating system.

High Grade

This includes all borrowers whose ratings are considered as Low Risk, indicating a very low probability of going into default in the coming year. In terms of borrower credit ratings, these include the following:

ICRRS and BCS-Covered

- BRR 1 (Exceptional)
- BRR 2 (Excellent)
- BRR 3 (Strong)
- BRR 4 (Good)

Generally, a Low Risk (High Grade) rating is indicative of a high capacity to fulfill its debt obligations supported by robust financials (i.e., highly profitable, with returns considerably higher than the industry, sufficient liquidity, adequate cash flow, elevated capacities to service its liabilities), gainful positioning in growing industries (i.e., participation in industries where conditions are very favorable and in which they are able to get a good share of the market), and very strong leadership providing clear strategic direction, effective business strategies, clear organizational structure, clear succession plan, and/or good labor relations.

Standard Grade

This includes all borrowers whose ratings are considered as Moderate Risk and are seen to withstand typical swings in the economic cycle without going into default. However, any prolonged unfavorable economic period would create deterioration that may already be beyond acceptable levels. In terms of borrower credit ratings, these include the following:

ICRRS and BCS-Covered

- BRR 5 (Satisfactory)
- BRR 6 (Acceptable)
- BRR 7 (Fair)

Generally, a Moderate Risk (Standard Grade) rating signifies a borrower whose financial performance is sufficient to service obligations and is at par with competitors in the industry. In terms of management, it is run by executives with adequate personal and professional qualifications, along with and sufficient experience in similar companies, supported by a sound management structure and reasonable business strategies. In terms of growth potential, it operates in an industry with stable outlook, supportive of continuing operations.

Sub-Standard Grade

In terms of borrower credit ratings, this includes the following:

Unclassified (ICRRS and BCS-Covered)

- BRR 8 (Watchlist)
- BRR 9 (Speculative)
- BRR 10 (Highly Speculative)

Adversely Classified (ICRRS and BCS-Covered)

- BRR 11 (Especially Mentioned)
- BRR 12 (Substandard)

For accounts that are Unclassified, a High Risk (Sub-Standard Grade) rating is indicative of borrowers where there are unfavorable industry or company-specific factors. This may be financial in nature (i.e., marginal operating performance, returns that are lower than those of the industry, and/or diminished capacity to pay off obligations that are due), related to management quality (including negative information regarding the company or specific executives) and/or unfavorable industry conditions. The borrower might find it difficult to cope with any significant economic downturn and a default in such a case is more than a possibility. These accounts require a closer monitoring for any signs of further deterioration that can trigger review for possible downgrade to adverse classification.

Adversely Classified accounts are automatically considered as High Risk and generally includes past due accounts. However, in some cases, even accounts that are neither past due nor impaired qualifies for adverse classification. Reasons for this include among others the following: consecutive net losses, emerging weaknesses in terms of cash flow, negative equity, and/or breach in the covenants per term loan agreement.

Impaired

This includes borrowers that are Adversely Classified (refer to the description in the preceding paragraph) and whose ratings are either BRR 13 (Doubtful) or BRR 14 (Loss), which generally pertain to accounts in default or those demonstrating objective evidence of impairment. In addition, this includes accounts which are considered impaired or stage 3 under the applicable accounting standards, regardless of the risk rating or past due status.

For the Parent Company's consumer lending exposures rated using the ICRRS and BCS models, the BRR classification described in the preceding paragraphs serves as the basis for determining credit quality. In contrast, for consumer lending exposures assessed via the application scorecard, credit quality is determined by considering factors such as account status and ECL stage classification, which adheres to the BSP credit classification rules for collectively assessed loans. Exposures classified as stage 3 for ECL purposes are categorized as Impaired, while those classified as stage 2 are categorized as Sub-Standard Grade. Accounts that are neither stage 2 nor stage 3 are categorized as Standard Grade. For the Group, the consumer loans of CBSI covered by application scorecard with score ranks of 1-4, and which are Current and Unclassified, are classified as High Grade while the remaining consumer loans are classified consistent with the Parent Company's.

The financial assets are also grouped according to stage whose description is explained as follows:

Stage 1 – those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 – those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 – those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The following tables illustrate the Group's and the Parent Company's credit exposures (amounts in millions):

Consolidated	2025			Total
	ECL Staging			
Corporate and commercial lending	Stage 1	Stage 2	Stage 3	
Neither past due nor impaired				
High grade	₱59,001	₱2,880	₱–	₱61,881
Standard grade	522,960	2,955	–	525,915
Sub-Standard	169,266	30,573	–	199,839
Unrated	574	38	–	612
Past due but not impaired	–	453	–	453
Impaired	–	–	10,300	10,300
Gross carrying amount	₱751,801	₱36,899	₱10,300	₱799,000

Consolidated	2025			Total
	ECL Staging			
Consumer Lending	Stage 1	Stage 2	Stage 3	
Neither past due nor impaired				
High grade	₱36,827	₱–	₱–	₱36,827
Standard grade	185,203	468	–	185,671
Sub-Standard	4,114	7,067	–	11,181
Unrated	1,221	1,747	–	2,968
Past due but not impaired	–	5,240	–	5,240
Impaired	–	–	7,104	7,104
Gross carrying amount	₱227,365	₱14,522	₱7,104	₱248,991

Consolidated	2025			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
Trade-related Lending				
Neither past due nor impaired				
High grade	₱30	₱–	₱–	₱30
Standard grade	6,340	–	–	6,340
Sub-Standard	3,778	516	–	4,294
Unrated	–	–	–	–
Past due but not impaired	–	44	–	44
Impaired	–	–	25	25
Gross carrying amount	₱10,148	₱560	₱25	₱10,733

Consolidated	2025			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
Others				
Neither past due nor impaired				
High grade	₱87	₱–	₱–	₱87
Standard grade	9	–	–	9
Sub-Standard	–	5	–	5
Unrated	30	–	–	30
Past due but not impaired	–	6	–	6
Impaired	–	–	5	5
Gross carrying amount	₱126	₱11	₱5	₱142

Consolidated	2025			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
Loans and receivables – total				
Neither past due nor impaired				
High grade	₱95,945	₱2,880	₱–	₱98,825
Standard grade	714,512	3,423	–	717,935
Sub-Standard	177,158	38,161	–	215,319
Unrated	1,825	1,785	–	3,610
Past due but not impaired	–	5,743	–	5,743
Impaired	–	–	17,434	17,434
Gross carrying amount	₱989,440	₱51,992	₱17,434	₱1,058,866

Consolidated	2024			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
Corporate and commercial lending				
Neither past due nor impaired				
High grade	₱56,829	₱89	₱–	₱56,918
Standard grade	416,456	3,125	–	419,581
Sub-Standard	178,236	43,905	–	222,141
Unrated	367	41	–	408
Past due but not impaired	–	469	–	469
Impaired	–	–	9,671	9,671
Gross carrying amount	₱651,888	₱47,629	₱9,671	₱709,188

Consolidated	2024			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
Consumer Lending				
Neither past due nor impaired				
High grade	₱33,573	₱–	₱–	₱33,573
Standard grade	156,093	337	–	156,430
Sub-Standard	10,381	668	–	11,049
Unrated	779	1,648	–	2,427
Past due but not impaired	–	3,100	–	3,100
Impaired	–	–	5,864	5,864
Gross carrying amount	₱200,826	₱5,753	₱5,864	₱212,443

Consolidated	2024			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
Trade-related Lending				
Neither past due nor impaired				
High grade	₱320	₱–	₱–	₱320
Standard grade	5,378	–	–	5,378
Sub-Standard	5,452	105	–	5,557
Unrated	–	–	–	–
Past due but not impaired	–	3	–	3
Impaired	–	–	–	–
Gross carrying amount	₱11,150	₱108	₱–	₱11,258

Consolidated	2024			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
Others				
Neither past due nor impaired				
High grade	₱133	₱–	₱–	₱133
Standard grade	27	–	–	27
Sub-Standard	–	1	–	1
Unrated	20	–	–	20
Past due but not impaired	–	1	–	1
Impaired	–	–	3	3
Gross carrying amount	₱180	₱2	₱3	₱185

Consolidated	2024			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
Loans and receivables – total				
Neither past due nor impaired				
High grade	₱90,855	₱89	₱–	₱90,944
Standard grade	577,954	3,462	–	581,416
Sub-Standard	194,069	44,679	–	238,748
Unrated	1,166	1,689	–	2,855
Past due but not impaired	–	3,573	–	3,573
Impaired	–	–	15,538	15,538
Gross carrying amount	₱864,044	₱53,492	₱15,538	₱933,074

Parent Company	2025			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
Corporate and commercial lending				
Neither past due nor impaired				
High grade	₱57,892	₱2,880	₱–	₱60,772
Standard grade	510,459	2,955	–	513,414
Sub-Standard	169,267	28,130	–	197,397
Unrated	574	38	–	612
Past due but not impaired	–	101	–	101
Impaired	–	–	9,281	9,281
Gross carrying amount	₱738,192	₱34,104	₱9,281	₱781,577

Parent Company	2025			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
Consumer Lending				
Neither past due nor impaired				
High grade	₱169	₱–	₱–	₱169
Standard grade	92,184	468	–	92,652
Sub-Standard	4,114	7,067	–	11,181
Unrated	1,221	1,747	–	2,968
Past due but not impaired	–	1,024	–	1,024
Impaired	–	–	3,744	3,744
Gross carrying amount	₱97,688	₱10,306	₱3,744	₱111,738

Parent Company	2025			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
Trade-related Lending				
Neither past due nor impaired				
High grade	₱25	₱–	₱–	₱25
Standard grade	6,005	–	–	6,005
Sub-Standard	3,778	516	–	4,294
Unrated	–	–	–	–
Past due but not impaired	–	44	–	44
Impaired	–	–	25	25
Gross carrying amount	₱9,808	₱560	₱25	₱10,393

Parent Company	2025			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
Others				
Neither past due nor impaired				
High grade	₱–	₱–	₱–	₱–
Standard grade	–	–	–	–
Sub-Standard	–	–	–	–
Unrated	30	–	–	30
Past due but not impaired	–	–	–	–
Impaired	–	–	1	1
Gross carrying amount	₱30	₱–	₱1	₱31

Parent Company	2025			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
Loans and receivables – total				
Neither past due nor impaired				
High grade	₱58,086	₱2,880	₱–	₱60,966
Standard grade	608,648	3,423	–	612,071
Sub-Standard	177,159	35,713	–	212,872
Unrated	1,825	1,785	–	3,610
Past due but not impaired	–	1,169	–	1,169
Impaired	–	–	13,051	13,051
Gross carrying amount	₱845,718	₱44,970	₱13,051	₱903,739

Parent Company	2024			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
Corporate and commercial lending				
Neither past due nor impaired				
High grade	₱56,063	₱88	₱–	₱56,151
Standard grade	406,184	3,125	–	409,309
Sub-Standard	178,236	42,835	–	221,071
Unrated	366	41	–	407
Past due but not impaired	–	164	–	164
Impaired	–	–	7,539	7,539
Gross carrying amount	₱640,849	₱46,253	₱7,539	₱694,641

Parent Company	2024			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
Consumer Lending				
Neither past due nor impaired				
High grade	₱114	₱–	₱–	₱114
Standard grade	72,757	337	–	73,094
Sub-Standard	10,381	668	–	11,049
Unrated	779	1,648	–	2,427
Past due but not impaired	–	549	–	549
Impaired	–	–	3,322	3,322
Gross carrying amount	₱84,031	₱3,202	₱3,322	₱90,555

Parent Company	2024			
	ECL Staging			Total
Trade-related Lending	Stage 1	Stage 2	Stage 3	
Neither past due nor impaired				
High grade	₱320	₱–	₱–	₱320
Standard grade	5,026	–	–	5,026
Sub-Standard	5,452	105	–	5,557
Unrated	–	–	–	–
Past due but not impaired	–	3	–	3
Impaired	–	–	–	–
Gross carrying amount	₱10,798	₱108	₱–	₱10,906

Parent Company	2024			
	ECL Staging			Total
Others	Stage 1	Stage 2	Stage 3	
Neither past due nor impaired				
High grade	₱–	₱–	₱–	₱–
Standard grade	–	–	–	–
Sub-Standard	–	–	–	–
Unrated	20	–	–	20
Past due but not impaired	–	–	–	–
Impaired	–	–	–	–
Gross carrying amount	₱20	₱–	₱–	₱20

Parent Company	2024			
	ECL Staging			Total
Loans and receivables – total	Stage 1	Stage 2	Stage 3	
Neither past due nor impaired				
High grade	₱56,497	₱88	₱–	₱56,585
Standard grade	483,967	3,462	–	487,429
Sub-Standard	194,069	43,608	–	237,677
Unrated	1,165	1,689	–	2,854
Past due but not impaired	–	716	–	716
Impaired	–	–	10,861	10,861
Gross carrying amount	₱735,698	₱49,563	₱10,861	₱796,122

Depository accounts with the BSP and counterparty banks, Trading and Investment Securities

For these financial assets, the outstanding exposure is rated primarily based on credit ratings from internationally recognized external credit rating agencies, accessed through the Group's Bloomberg terminal or other publicly available sources. In cases where such external ratings are unavailable, the exposures are rated using credit rating risk grades from PhilRatings. Additionally, Philippine Peso (PHP)-denominated exposures to the Philippine National Government and the Bangko Sentral ng Pilipinas are automatically classified as High Grade, in line with the treatment in the Capital Adequacy Ratio (CAR) Report, where these exposures are assigned a 0% risk weight.

For counterparties without an external rating, the credit quality is assessed using the Group's internal risk rating system. Exposures with neither external nor internal ratings are categorized as "Unrated."

The external risk rating of the Group’s depository accounts with the BSP and counterparty banks, and trading and investment securities, is grouped as follows:

Credit Quality Rating	Credit Rating Agency		
	Moody’s	S&P	Fitch
High Grade	Aaa Aa1/Aa2/Aa3	AAA AA+/AA /AA-	AAA AA+/AA /AA-
Standard Grade	A1/A2/A3 Baa1/Baa2/Baa3	A+/A/A- BBB+/BBB/BBB-	A+/A/A- BBB+/BBB/BBB-
Substandard Grade	Ba1/Ba2/Ba3 B1/B2/B3 Caa1/Caa2/Caa3	BB+/BB/BB- B+/B/B- CCC+/CCC /CCC- CC	BB+/BB/BB- B+/B/B- CCC+/CCC /CCC- CC
Impaired	Ca/C	C/D	C/RD/D

Rating Description

High Grade

AAA – An obligor has exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events. This denotes the lowest expectation of default risk.

AA – An obligor has very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events. It differs from the highest-rated obligors at a minimal degree. This denotes expectation of very low default risk.

Standard Grade

A – An obligor has strong capacity for payment of financial commitments. It is more likely to fulfill its debt obligations but carries a slightly higher risk compared to higher ratings. Its capacity may be more vulnerable to adverse business or economic conditions than obligors in higher ratings. This denotes expectation of low default risk.

BBB – An obligor has adequate capacity for payment of financial commitments, but adverse business or economic conditions are more likely to impair this capacity.

Sub-Standard Grade

BB – An obligor exhibits elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists that supports the servicing of financial commitments.

B – An obligor has the capacity to meet its current financial commitments; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment. This indicates that material default risk is present, but a limited margin of safety remains.

CCC – An obligor is currently vulnerable and its capacity to meet its financial commitments relies on favorable business, financial and economic conditions. This indicates that default is a real possibility with very low margin for safety.

CC – An obligor is highly vulnerable to defaulting on its debt obligations. Although default has not yet occurred, it is anticipated and considered probable (or extremely likely to happen). This denotes expectation of greater likelihood of default risk.

Impaired

C – An obligor has started experiencing default or is at high risk of facing nonpayment and is nearing default, with little prospect for recovery of principal and interest.

RD (Restrictive Default) – An obligor is experiencing financial difficulties and has failed to meet some of its debt payments, but has also taken certain actions to prevent a more severe default situation. It has not entered into bankruptcy filings, administration, receivership, liquidation, or other formal winding-up procedure, and has not otherwise ceased operating. This signifies an elevated level of risk and uncertainty related to the obligor’s ability to fulfill its financial commitments.

D (Default) – An obligor is experiencing financial distress and has defaulted on its debt, which means that it has failed to make timely payments or has not fulfilled its financial commitments as agreed upon. It has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure or that has otherwise ceased business and debt is still outstanding.

For PHP-denominated securities that are not rated by S&P, Moody’s, or Fitch, but have an external rating from PhilRatings, the following credit quality classification applies.

Credit Quality Rating	External Credit Risk Rating
High Grade	PRSAaa, PRSAa+, PRSAa, PRSAa-
Standard Grade	PRSA+, PRSA, PRSA-, PRSBaa+, PRSBaa, PRSBaa-
Sub-Standard Grade	PRSBa+, PRSBa, PRSBa-, PRSB+, PRSB, PRSB-, PRSCaa+, PRSCaa, PRSCaa-, PRSCa+, PRSCa, PRSCa-, PRSC
Impaired	

Rating Description

High Grade

PRSAaa – Obligations are of the highest quality with minimal credit risk. The obligor’s capacity to meet its financial commitment on the obligation is Extremely Strong. It is the highest rating assigned by PhilRatings.

PRSAa – Obligations are of high quality and are subject to very low credit risk. The obligor’s capacity to meet its financial commitment on the obligation is Very Strong.

Standard Grade

PRSA – With favorable investment attributes and are considered as upper-medium grade obligations. Although obligations are somewhat more susceptible to the adverse effects of changes in economic conditions, the obligor’s capacity to meet its financial commitments on the obligation is still Strong.

PRSBaa – An obligation exhibits adequate protection parameters. Adverse economic conditions and changing circumstances are more likely to lead to a weakened capacity of the company to meet its financial commitments on the obligation. Issues may possess certain speculative characteristics.

Sub-Standard Grade

PRSBa – An obligation is less vulnerable to nonpayment than other speculative issues. However, it faces ongoing uncertainties or exposure to adverse business, financial or economic conditions, which could lead to the company’s inadequate capacity to meet its financial commitment on the obligation.

PRSB – An obligation is more vulnerable to nonpayment than obligations rated ‘PRS Ba’, but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse economic conditions will likely impair the obligor’s capacity to meet its financial commitment on the obligation. The issue is characterized by high credit risk.

PRSCaa – An obligation is presently vulnerable to nonpayment and is dependent upon favorable business, financial and economic conditions for the obligor to meet its financial commitments on the obligation. In the event of adverse economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation. The issue is considered to be of poor standing and is subject to very high credit risk.

PRSCa – An obligation is presently highly vulnerable to nonpayment. Likely already in and very near default with some prospect for partial recovery of principal or interest.

Impaired

PRSC – An obligation is already in default with very little prospect for any recovery of principal or interest. ‘PRS C’ is the lowest rating assigned by PhilRatings.

For counterparty banks with no external rating but rated under the Bank’ Camelot Rating System, the following grouping was applied:

Credit Quality Rating	Camelot Rating
High Grade	A1, A2, A3, B1, B2, B3
Standard Grade	C1, C2, C3, C4
Sub-Standard Grade	D1, D2, D3, D4, E1, E2
Impaired	E3, E4

Rating Description

High Grade

A – Exceptional Bank with strong business franchise, financials and prospects

B – Bank with good fundamentals; some minor weaknesses may exist but should be resolved in due course

Standard Grade

C – Bank with adequate fundamentals; some aspects raise concerns that prevent it from achieving a higher rating

Sub-Standard Grade

D – Bank with weaknesses; capability / ability to resolve such weaknesses is put into question

Impaired

E – Bank with very serious problems / negative fundamentals

For corporate issuers with no external rating but are rated under the Bank’s ICRRS, the grouping used for corporate borrowers will apply.

The succeeding tables show the credit exposures of the Group and the Parent Company related to these financial assets (amounts in millions):

Consolidated	2025				2024			
	ECL Staging				ECL Staging			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment securities at amortized cost								
Neither past due nor impaired								
High grade	₱252,904	₱13,503	₱-	₱266,407	₱268,488	₱-	₱-	₱268,488
Standard grade	113,932	-	-	113,932	118,472	1,505	-	119,977
Sub-Standard	294	-	-	294	4,281	-	-	4,281
Unrated	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Impaired	-	-	-	-	-	-	-	-
Gross carrying amount	₱367,130	₱13,503	₱-	₱380,633	₱391,241	₱1,505	₱-	₱392,746

Consolidated	2025				2024			
	ECL Staging				ECL Staging			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets at FVOCI (debt securities)								
Neither past due nor impaired								
High grade	₱117,688	₱552	₱-	₱118,240	₱96,471	₱-	₱-	₱96,471
Standard grade	38,560	-	-	38,560	32,496	-	-	32,496
Sub-Standard	-	-	-	-	568	-	-	568
Unrated	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Impaired	-	-	-	-	-	-	-	-
Gross carrying amount	₱156,248	₱552	₱-	₱156,800	₱129,535	₱-	₱-	₱129,535

Parent Company	2025				2024			
	ECL Staging				ECL Staging			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment securities at amortized cost								
Neither past due nor impaired								
High grade	₱244,352	₱13,503	₱-	₱257,855	₱261,213	₱-	₱-	₱261,213
Standard grade	113,608	-	-	113,608	118,144	1,505	-	119,649
Sub-Standard	294	-	-	294	4,281	-	-	4,281
Unrated	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Impaired	-	-	-	-	-	-	-	-
Gross carrying amount	₱358,254	₱13,503	₱-	₱371,757	₱383,638	₱1,505	₱-	₱385,143

Parent Company	2025				2024			
	ECL Staging				ECL Staging			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets at FVOCI (debt securities)								
Neither past due nor impaired								
High grade	₱97,130	₱552	₱-	₱97,682	₱85,399	₱-	₱-	₱85,399
Standard grade	29,822	-	-	29,822	31,307	-	-	31,307
Sub-Standard	-	-	-	-	568	-	-	568
Unrated	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Impaired	-	-	-	-	-	-	-	-
Gross carrying amount	₱126,952	₱552	₱-	₱127,504	₱117,274	₱-	₱-	₱117,274

Consolidated	2025				
	High Grade	Standard Grade	Sub-Standard Grade	Unrated	Total
Due from BSP*	₱62,123	₱-	₱-	₱-	₱62,123
Due from other banks*	4,318	8,152	-	11	12,481
Interbank loans receivable and SPURA*	7,364	5,600	-	-	12,964
Financial assets at FVTPL	6,428	1,574	190	-	8,192
	₱80,233	₱15,326	₱190	₱11	₱95,760

* These financial assets are classified as Stage 1.

Parent Company	2025				
	High Grade	Standard Grade	Sub-Standard Grade	Unrated	Total
Due from BSP*	₱55,881	₱–	₱–	₱–	₱55,881
Due from other banks*	3,533	6,498	–	–	10,031
Interbank loans receivable and SPURA*	7,364	–	–	–	7,364
Financial assets at FVTPL	5,845	1,523	190	–	7,558
	₱72,623	₱8,021	₱190	₱–	₱80,834

*These financial assets are classified as Stage 1.

Consolidated	2024				
	High Grade	Standard Grade	Sub-Standard Grade	Unrated	Total
Due from BSP*	₱82,640	₱–	₱–	₱–	₱82,640
Due from other banks*	1,691	10,840	–	9	12,540
Interbank loans receivable and SPURA*	9,468	10,858	–	–	20,326
Financial assets at FVTPL	9,393	1,418	492	–	11,303
	₱103,192	₱23,116	₱492	₱9	₱126,809

*These financial assets are classified as Stage 1.

Parent Company	2024				
	High Grade	Standard Grade	Sub-Standard Grade	Unrated	Total
Due from BSP*	₱61,110	₱–	₱–	₱–	₱61,110
Due from other banks*	1,159	10,207	–	–	11,366
Interbank loans receivable and SPURA*	9,467	10,859	–	–	20,326
Financial assets at FVTPL	8,443	1,317	492	–	10,252
	₱80,179	₱22,383	₱492	₱–	₱103,054

*These financial assets are classified as Stage 1.

Restructured Loans

The following table presents the carrying amount of restructured loans (gross of allowance for impairment and credit losses) of the Group and Parent Company as of December 31, 2025 and 2024:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Loans and advances to customers				
Corporate and commercial lending	11,996,859	₱18,633,032	10,921,608	₱17,632,573
Consumer lending	377,235	836,401	334,567	788,529
Total restructured loans	12,374,094	₱19,469,433	11,256,175	₱18,421,102

Impairment Assessment

The Group recognizes a credit loss allowance on a financial asset based on whether it has had a significant increase in credit risk since initial recognition. Accordingly, the Group categorizes its financial assets into three categories: stage 1 – financial asset that has not had a significant increase in credit risk; stage 2 – financial asset that has had a significant increase in credit risk; and stage 3 – financial asset in default.

Generally, the Group assesses the presence of a significant increase in credit risk based on the number of notches that a financial asset's credit risk rating has declined since origination. When applicable, the Group also applies a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Group shall revert it to stage 1.

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when (a) the borrower becomes at least 90 days past due on its contractual payments (unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate), (b) it is classified as doubtful or loss under prudential reporting;

(c) it is in litigation; and/or (d) full repayment of principal and interest is unlikely without foreclosure of collateral, if any. As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances or loss events that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of 180 days (i.e., consecutive payments from the borrowers for 180 days).

The Group then measures the credit loss allowance on a financial instrument at an amount equal to 12-month expected credit losses for items categorized as stage 1 and lifetime credit losses for items categorized as stage 2 and stage 3.

The Group modeled the following inputs to the expected credit loss formula separately. The formula is applied to each financial asset, with certain exceptions wherein a collective or other general approach is applied:

Exposure at Default (EAD)

The Group defines EAD as the principal and interests that would not be collected assuming the borrower defaults during a future point in time. The Group computes for a financial asset's EAD using the expected contractual cash flows during the contractual life of the financial instrument. A financial asset's EAD is defined as the sum of EAD from principal and EAD from interest.

Probability of default (PD)

The Group uses forward-looking PD estimates that are unbiased and probability-weighted using a range of possible outcomes. The PD for each individual instrument is modelled based on historical data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Group segmented its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts, and materiality of the segment as compared to the total portfolio. The Group's PDs are mainly categorized into three: (a) corporate; (b) sovereign; and (c) retail.

Loss given default (LGD)

The Group's LGD model considers certain factors such as the historical cash flow recovery and reasonable and supportable information about future economic conditions, where appropriate. Generally, the model utilizes the Group's existing loan exposure rating system which is designed to capture these factors as well as the characteristics of collaterals related to an exposure. In cases wherein this does not apply, the Group looks into the standard characteristics of collaterals (e.g., auto and housing loans) in order to estimate an LGD factor. In the case of exposures without collaterals (e.g., securities), the Group uses internationally-accepted standard LGD factors.

Credit Review

In accordance with BSP Circular 855, credit reviews are conducted on loan accounts to evaluate whether loans are granted in accordance with the Parent Company's policies and to assess loan quality and appropriateness of classification. Results of credit reviews are promptly reported to management to apprise them of any significant findings for proper corrective actions.

Market Risk

Market risk is the risk of loss that may result from changes in the value of a financial product. The Parent Company's market risk originates from its holdings of domestic and foreign-denominated debt securities, foreign exchange instruments, equities, foreign exchange derivatives, and interest rate derivatives.

The RMG of the Parent Company is responsible for assisting the ROC with its responsibility for identifying, measuring, managing, and controlling market risk. Market risk management measures the Parent Company market risk exposures through the use of VaR. VaR is a statistical measure that estimates the maximum potential loss from a portfolio over a holding period, within a given confidence level.

VaR assumptions

The Parent Company calculates the VaR in trading activities. The Parent Company uses the Historical Simulation Full Valuation approach to measure VaR for all treasury traded instruments, using a 99.00% confidence level and a 1-day holding period.

The use of a 99.00% confidence level means that, within a one day horizon, losses exceeding the VaR figure should occur, on average, not more than once every hundred days. The validity of the VaR model is verified through back testing, which examines how frequently actual and hypothetical daily losses exceeds daily VaR. The Parent Company measures and monitors the VaR and profit and loss on a daily basis.

Since VaR is an integral part of the Parent Company's market risk management, VaR limits have been established for all trading positions and exposures are reviewed daily against the limits by management. Further, stress testing is performed for monitoring extreme events.

Limitations of the VaR Methodology

The VaR models are designed to measure market risk in a normal market environment using equally weighted historical data. The use of VaR has limitations because it is based on historical correlations and volatilities in market prices and assumes that future price movements will follow the same distribution. Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, the probability of large market moves may be underestimated if changes in risk factors fail to align with the assumptions. VaR may also be under- or over-estimated due to the assumptions placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99.00% confidence level.

In practice, the actual trading results will differ from the VaR calculation and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR models, actual outcomes are monitored regularly to test the validity of the assumptions and the parameters used in the VaR calculation. Market risk positions are also subject to regular stress tests to ensure that the Group would withstand an extreme market event.

A summary of the VaR position of the trading portfolio of the Parent Company is as follows (in millions):

	Interest Rate ¹	Foreign Exchange ²	Interest Rate ³	Interest Rate ⁵
2025				
31 December	₱9.66	₱9.42	₱7.02	₱1.87
Average daily	46.15	28.50	11.31	6.03
Highest	160.13	153.16	25.96	13.67
Lowest	5.97	5.61	1.72	1.79
2024				
31 December	₱60.69	₱28.15	₱11.18	₱13.75
Average daily	92.01	30.98	14.80	1.99
Highest	188.07	110.61	31.55	14.21
Lowest	24.68	3.77	5.03	0.06

¹ Interest rate VaR for debt securities including futures (Interest rate VaR for foreign currency denominated debt securities are translated to PHP using daily closing rate)

² FX VaR is the bankwide foreign exchange risk

³ Interest rate VaR for FX swaps and FX forwards

⁴ Interest rate VaR for IRS

Interest Rate Risk

The Group's interest rate risk originates from its holdings of interest rate sensitive assets and interest rate sensitive liabilities. The Parent Company follows prudent policies in managing its exposures to interest rate fluctuations, and constantly monitors and discusses its exposure in Asset and Liability Committee (ALCO) meetings held every week.

As of December 31, 2025 and 2024, 66.27% and 62.41% of the Group's total loan portfolio, respectively, comprise of floating rate loans which are repriced periodically by reference to the transfer pool rate which reflects the Group's internal cost of funds. As of December 31, 2025 and 2024, 72.96% and 68.12% of the Parent Company's total loan portfolio, respectively, were subject to interest repricing. In keeping with banking industry practice, the Group aims to achieve stability and lengthen the term structure of its deposit base, while providing adequate liquidity to cover transactional banking requirements of customers.

Savings account interest rates are set by reference to prevailing market rates, while interest rates on time deposits and special savings accounts are usually priced by reference to prevailing rates of short-term government bonds and other money market instruments or, in the case of foreign currency deposits, inter-bank deposit rates and other benchmark deposit rates in international money markets with similar maturities.

The Group is likewise exposed to fair value interest rate risk due to its holdings of fixed rate government bonds as part of its financial assets at FVOCI and FVTPL portfolios. Market values of these investments are sensitive to fluctuations in interest rates. The following table provides for the average effective interest rates of the Group and of the Parent Company as of December 31, 2025 and 2024:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Peso				
Assets				
Due from BSP	1.87%	1.22%	0.78%	0.48%
Due from banks	0.07%	0.08%	0.04%	0.04%
Interbank loans receivable and SPURA	4.02%	4.26%	4.02%	4.26%
Investment securities*	5.79%	5.76%	5.81%	5.74%

	Consolidated		Parent Company	
	2025	2024	2025	2024
Loans and receivables	7.61%	7.63%	7.08%	7.16%
Liabilities				
Deposit liabilities	2.51%	2.53%	2.10%	2.17%
Bills payable	5.65%	7.50%	5.65%	7.50%
USD				
Assets				
Due from banks	3.24%	1.70%	3.39%	1.66%
Interbank loans receivable and SPURA	4.43%	5.21%	4.43%	5.21%
Investment securities*	4.44%	4.36%	4.46%	4.38%
Loans and receivables	6.06%	5.42%	6.06%	5.42%
Liabilities				
Deposit liabilities	0.97%	1.17%	0.97%	1.17%
Bills payable	4.71%	3.99%	4.71%	3.99%

* Consists of financial assets at FVTPL, Financial assets at FVOCI, and Investment securities at amortized cost

The repricing gap analysis method is used by the Group to measure the sensitivity of its assets and liabilities to interest rate fluctuations. This analysis measures the Group's susceptibility to changes in interest rates. The repricing gap is calculated by first distributing the assets and liabilities contained in the Group's balance sheet into tenor buckets according to the time remaining to the next repricing date (or the time remaining to maturity if there is no repricing), and then obtaining the difference between the total of the repricing (interest rate sensitive) assets and the total of repricing (interest rate sensitive) liabilities.

A gap is considered negative when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. A gap is considered positive when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities.

Accordingly, during a period of rising interest rates, a bank with a positive gap would be in a position to invest in higher yielding assets earlier than it would need to refinance its interest rate sensitive liabilities. During a period of falling interest rates, a bank with a positive gap would tend to see its interest rate sensitive assets repricing earlier than its interest rate sensitive liabilities, restraining the growth of its net income or resulting in a decline in net interest income.

The following tables set forth the repricing gap position of the Group and the Parent Company as of December 31, 2025 and 2024 (in millions):

	Consolidated							
	2025				2024			
	Up to 3 Months	>3 to 12 Months	>12 Months	Total	Up to 3 Months	>3 to 12 Months	>12 Months	Total
Financial Assets								
Due from BSP (Note 7)	₱61,420	₱-	₱703	₱62,123	₱80,828	₱-	₱1,812	₱82,640
Due from other banks (Note 7)	12,481	-	-	12,481	12,540	-	-	12,540
Interbank loans receivable and SPURA (Note 8)	12,964	-	-	12,964	20,326	-	-	20,326
Investment securities (Note 9)	27,146	64,017	471,015	562,178	30,668	33,180	478,846	542,694
Loans and receivables (Note 10)	377,742	320,117	340,168	1,038,027	355,548	245,920	313,762	915,230
Total financial assets	491,753	384,134	811,886	1,687,773	499,910	279,100	794,420	1,573,430
Financial Liabilities								
Deposit liabilities	640,886	98,157	705,554	1,444,597	577,992	146,171	606,983	1,331,147
Bills payable (Note 19)	27,083	32,817	58,884	118,784	65,181	46,662	290	112,133
Total financial liabilities	667,969	130,974	764,438	1,563,381	643,173	192,833	607,274	1,443,280
Hedge Receive	360,491	23,779	-	384,270	284,228	69,850	985	355,063
Hedge Pay	322,786	59,222	-	382,008	252,875	73,033	35,777	361,685
Repricing gap	(₱138,511)	₱217,717	₱47,448	₱126,654	(₱111,910)	₱83,084	₱152,356	₱123,528

	Parent							
	2025				2024			
	Up to 3 Months	>3 to 12 Months	>12 Months	Total	Up to 3 Months	>3 to 12 Months	>12 Months	Total
Financial Assets								
Due from BSP (Note 7)	₱55,881	₱–	₱–	₱55,881	₱61,110	₱–	₱–	₱61,110
Due from other banks (Note 7)	10,031	–	–	10,031	11,366	–	–	11,366
Interbank loans receivable and SPURA (Note 8)	7,364	–	–	7,364	20,326	–	–	20,326
Investment securities (Note 9)	17,150	52,961	452,764	522,875	26,987	27,628	466,727	521,342
Loans and receivables (Note 10)	366,323	219,800	301,538	887,661	347,783	168,178	266,952	782,913
Total financial assets	456,749	272,761	754,302	1,483,812	467,572	195,806	733,679	1,397,057
Financial Liabilities								
Deposit liabilities	571,978	39,927	642,247	1,254,152	₱526,057	₱92,514	₱547,157	₱1,165,728
Bills payable (Note 19)	27,083	32,817	58,884	118,784	65,181	46,662	290	112,133
Total financial liabilities	599,061	72,744	701,131	1,372,936	591,238	139,176	547,447	1,277,861
Hedge Receive	360,491	23,779	–	384,270	284,228	69,850	985	355,063
Hedge Pay	322,786	59,222	–	382,008	252,875	73,033	35,777	361,685
Repricing gap	(₱104,607)	₱164,574	₱53,171	₱113,138	(₱92,313)	₱53,447	₱151,440	₱112,574

The Group monitors its exposure to fluctuations in interest rates by using scenario analysis to estimate the impact of interest rate movements on its interest income. This is done by modeling the impact to the Group's interest income and interest expenses to parallel changes in the interest rate curve in a given 12-month period. Interest rate risk exposure is managed through approved limits.

The following tables set forth the estimated change in the Group's and the Parent Company's annualized net interest income due to a parallel change in the interest rate curve as of December 31, 2025 and 2024 (in millions):

	Consolidated			
	2025			
	Change in interest rates (in basis points)			
	100bp rise	50bp rise	50bp fall	100bp fall
Change in annualized net interest income	₱256	₱128	(₱128)	(₱256)
As a percentage of the Group's net interest income for the year ended December 31, 2025	0.35%	0.18%	(0.18%)	(0.35%)
	Consolidated			
	2024			
	Change in interest rates (in basis points)			
	100bp rise	50bp rise	50bp fall	100bp fall
Change in annualized net interest income	(₱497)	(₱248)	₱248	₱497
As a percentage of the Group's net interest income for the year ended December 31, 2024	(0.78%)	(0.39%)	0.39%	0.78%

	Parent Company			
	2025			
	Change in interest rates (in basis points)			
	100bp rise	50bp rise	50bp fall	100bp fall
Change in annualized net interest income	₱197	₱98	(₱98)	(₱197)
As a percentage of the Parent Company's net interest income for the year ended December 31, 2025	0.31%	0.16%	(0.16%)	(0.31%)
	Parent Company			
	2024			
	Change in interest rates (in basis points)			
	100bp rise	50bp rise	50bp fall	100bp fall
Change in annualized net interest income	(₱527)	(₱263)	₱263	₱527
As a percentage of the Parent Company's net interest income for the year ended December 31, 2024	(0.96%)	(0.48%)	0.48%	0.96%

The following tables set forth the estimated change in the Group's and Parent Company's income before tax and equity due to a reasonably possible change in the market prices of quoted bonds classified under financial assets at FVTPL and financial assets at FVOCI, brought about by movement in the interest rate curve as of December 31, 2025 and 2024 (in millions):

	Consolidated			
	2025			
	Change in interest rates (in basis points)			
	25bp rise	10bp rise	10bp fall	25bp fall
Change in income before tax	(₱38)	(₱15)	₱15	₱38
Change in equity	(2,172)	(869)	869	2,172
	Consolidated			
	2024			
	Change in interest rates (in basis points)			
	25bp rise	10bp rise	10bp fall	25bp fall
Change in income before tax	(₱128)	(₱51)	₱51	₱128
Change in equity	(1,953)	(781)	781	1,953
	Parent Company			
	2025			
	Change in interest rates (in basis points)			
	25bp rise	10bp rise	10bp fall	25bp fall
Change in income before tax	(₱38)	(₱15)	₱15	₱38
Change in equity	(2,041)	(816)	816	2,041
	Parent Company			
	2024			
	Change in interest rates (in basis points)			
	25bp rise	10bp rise	10bp fall	25bp fall
Change in income before tax	(₱126)	(₱50)	₱50	₱126
Change in equity	(1,796)	(718)	718	1,796

Foreign Currency Risk

The Group's foreign exchange risk originates from its holdings of foreign currency-denominated assets (foreign exchange assets) and foreign currency-denominated liabilities (foreign exchange liabilities).

Foreign exchange liabilities generally consist of foreign currency-denominated deposits in the Group's FCDU account made in the Philippines or generated from remittances to the Philippines by persons overseas who retain for their own benefit or for the benefit of a third party, foreign currency deposit accounts with the Group.

Foreign currency liabilities are generally used to fund the Group's foreign exchange assets which generally consist of foreign currency-denominated loans and investments in the FCDU. Banks are required by the BSP to match the foreign currency-denominated liabilities with assets held in the FCDU that are denominated in the same foreign currency.

The Group's policy is to maintain foreign currency exposure within existing regulations, and within acceptable risk limits. The Group believes in ensuring its foreign currency is at all times within limits prescribed for financial institutions who are engaged in the same types of businesses in which the Group and its subsidiaries are engaged.

The table below summarizes the Group's and Parent Company's exposure to foreign exchange risk, excluding the US Dollar denominated assets and liabilities under FCDU with functional currency also in US Dollars. Included in the table are the Group's and Parent Company's assets and liabilities at carrying amounts (stated in US Dollars), categorized by currency, with its PHP equivalent:

	Consolidated							
	2025				2024			
	USD	Other Currencies*	Total in USD	PHP	USD	Other Currencies*	Total in USD	PHP
Assets								
Cash and other cash items	\$1,402	\$5,876	\$7,278	₱427,817	\$5,544	\$5,804	\$11,348	₱670,494
Due from other banks	33,268	8,834	42,102	2,475,195	100,264	9,009	109,273	6,320,886
Financial assets at FVTPL	32	39	71	4,208	171	70	241	13,946
Investment securities at amortized cost	–	28,330	28,330	1,665,536	–	25,057	25,057	1,449,424
Loans and receivables	34,834	45,285	80,119	4,710,191	24,995	22,751	47,746	2,761,879
Accrued interest receivable	351	390	741	43,575	314	389	703	40,684
Other assets	2,785	–	2,785	163,740	29	–	29	1,672
	72,672	88,754	161,426	9,490,262	131,317	63,080	194,397	11,258,985
Liabilities								
Deposit liabilities	–	5,886,514	5,886,514	346,068,158	–	35,130	35,130	2,032,104
Bills payables	164,850	156,024	320,874	18,864,185	483,780	7,130	490,910	28,396,680
Accrued interest and other expenses	344	1,950	2,294	134,891	2,058	7	2,065	119,457
Other liabilities	18,029	556	18,585	1,092,570	13,928	522	14,450	835,870
	183,223	6,044,044	6,228,267	366,159,804	499,766	42,789	542,555	31,384,111
Currency spot	105,026	–	105,026	6,174,503	103,550	–	103,550	5,989,850
Currency forwards	421,512	5,957,152	6,378,664	375,001,651	5,710,007	(20,163)	5,689,844	329,129,045
Net Exposure	\$415,987	\$862	\$416,849	₱24,506,612	\$5,445,108	\$128	\$5,445,236	₱314,993,769

*Other currencies include EUR, CNY, JPY, GBP, AUD, SGD, CHF, CAD, NZD, AED, HKD, KRW, INR, TWD, THB, MYR, SAR and BND

	Parent Company							
	2025				2024			
	USD	Other Currencies*	Total in USD	PHP	USD	Other Currencies*	Total in USD	PHP
Assets								
Cash and other cash items	\$326	\$5,876	\$6,202	₱364,604	\$487	\$5,804	\$6,291	₱363,914
Due from other banks	25,620	8,834	34,454	2,025,581	96,954	9,009	105,963	6,129,463
Financial assets at FVTPL	32	39	71	4,208	171	70	241	13,946
Investment securities at amortized cost	–	28,330	28,330	1,665,536	–	25,057	25,057	1,449,424
Loans and receivables	34,834	45,285	80,119	4,710,191	24,995	22,751	47,746	2,761,879
Accrued interest receivable	351	390	741	43,575	314	389	703	40,684
Other assets	2,765	–	2,765	162,583	1	–	1	84
	63,928	88,754	152,682	8,976,278	122,922	63,080	186,002	10,759,394
Liabilities								
Deposit liabilities	–	5,886,514	5,886,514	346,068,158	–	35,130	35,130	2,032,104
Bills payables	164,850	156,024	320,874	18,864,185	483,780	7,130	490,910	28,396,680
Accrued interest and other expenses	344	1,950	2,294	134,891	2,058	7	2,065	119,457
Other liabilities	10,382	55	10,437	643,019	10,619	522	11,141	644,493
	175,576	6,044,543	6,220,119	365,710,253	496,457	42,789	539,246	31,192,734
Currency spot	105,026	–	105,026	6,174,503	103,550	–	103,550	5,989,850
Currency forwards	421,512	5,957,152	6,378,664	375,001,651	5,710,007	(20,163)	5,689,844	329,129,045
Net Exposure	\$414,890	\$1,363	\$416,253	₱24,442,179	\$5,440,022	\$128	\$5,440,150	₱314,685,555

*Other currencies include EUR, CNY, JPY, GBP, AUD, SGD, CHF, CAD, NZD, AED, HKD, KRW, INR, TWD, THB, MYR, SAR and BND

The following table sets forth, for the period indicated, the impact of the range of reasonably possible changes in the US dollars exchange rate and other currencies per Philippine Peso on the pre-tax income and equity (in millions).

Consolidated					
		2025			2024
	Change in Foreign Exchange Rate	Sensitivity of Pretax Income	Sensitivity of Equity	Sensitivity of Pretax Income	Sensitivity of Equity
USD	1%	₱3	₱421	₱2	₱411
Other	1%	-	-	-	-
USD	(1%)	(3)	(421)	(2)	(411)
Other	(1%)	-	-	-	-

Parent Company					
		2025			2024
	Change in Foreign Exchange Rate	Sensitivity of Pretax Income	Sensitivity of Equity	Sensitivity of Pretax Income	Sensitivity of Equity
USD	1%	₱3	₱411	₱2	₱403
Other	1%	-	-	-	-
USD	(1%)	(3)	(411)	(2)	(403)
Other	(1%)	-	-	-	-

The impact in pre-tax income and equity is due to the effect of foreign currency behaviour to Philippine Peso.

Equity Price Risk

Equity price risk is the risk that the fair values of equities change as a result of movements in both the level of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio.

The effect on the Group and Parent Company's equity as a result of a change in the fair value of equity instruments held as at FVOCI due to a reasonably possible change in equity indices, with all other variables held constant, is as follows (in millions):

	Consolidated		Parent Company	
	Change in equity index	Effect on Equity	Change in equity index	Effect on Equity
2025	+10%	₱32.4	+10%	₱33.4
	-10%	(42.5)	-10%	(35.5)
2024	+10%	₱5.8	+10%	₱5.8
	-10%	(0.8)	-10%	(0.8)

Liquidity Risk and Funding Management

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Group's inability to meet its obligations when they become due without incurring unacceptable losses or costs.

The Group's liquidity management involves maintaining funding capacity to accommodate fluctuations in asset and liability levels due to changes in the Group's business operations or unanticipated events created by customer behavior or capital market conditions. The Group seeks to ensure liquidity through a combination of active management of liabilities, a liquid asset portfolio composed of deposits reserves and high quality securities, the securing of money market lines, and the maintenance of repurchase facilities to address any unexpected liquidity situations.

The tables below show the maturity profile of the Group's and the Parent Company's assets and liabilities, based on contractual undiscounted cash flows (in millions):

	Consolidated					Total
	December 31, 2025					
	On demand	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Financial Assets						
Cash and other cash items	₱21,768	₱–	₱–	₱–	₱–	₱21,768
Due from BSP	62,123	–	–	–	–	62,123
Due from other banks	12,481	–	–	–	–	12,481
Interbank loans receivable and SPURA	–	12,964	–	–	–	12,964
Derivative contracts designated as hedges	–	3,869	–	–	–	3,869
Financial assets at FVTPL	–	3,275	713	290	2,982	7,260
Financial assets at FVOCI	–	13,230	14,346	7,822	123,703	159,101
Financial assets at AC	–	39,245	116,803	84,306	194,749	435,103
Loans and receivables	–	371,045	149,461	166,820	587,320	1,274,646
	96,372	443,628	281,323	259,238	908,754	1,989,315
Financial Liabilities						
Deposit liabilities						
Demand	321,081	–	–	–	–	321,081
Savings	371,498	–	–	–	–	371,498
Time	–	744,618	3,010	3,556	5,697	756,881
Bills payable	227	47,200	40,176	9,876	21,806	119,285
Manager's checks	–	1,522	–	–	–	1,522
Accrued interest and other expenses	–	7,577	–	–	–	7,577
Derivative contracts designated as hedges	–	270	–	–	–	270
Derivative liabilities	–	1,067	–	–	–	1,067
Other liabilities:						
Lease payable	–	147	810	790	992	2,739
Accounts payable	–	7,312	–	–	–	7,312
Acceptances payable	–	593	–	–	–	593
Due to PDIC	–	1,249	–	–	–	1,249
Other credits – dormant	–	542	–	–	–	542
Due to the Treasurer of the Philippines	–	1,012	–	–	–	1,012
Miscellaneous	–	844	–	–	–	844
Total liabilities	692,806	813,953	43,996	14,222	28,495	1,593,472
Net Position	(₱596,434)	(₱370,325)	₱237,327	₱245,016	₱880,259	₱395,843

	Consolidated					Total
	December 31, 2024					
	On demand	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Financial Assets						
Cash and other cash items	₱18,261	₱–	₱–	₱–	₱–	₱ 18,261
Due from BSP	82,640	–	–	–	–	82,640
Due from other banks	12,540	–	–	–	–	12,540
Interbank loans receivable and SPURA	–	20,326	–	–	–	20,326
Derivative contracts designated as hedges	–	–	3,524	–	–	3,524
Financial assets at FVTPL	950	8,234	443	388	6,027	16,042
Financial assets at FVOCI	164	14,810	13,436	15,069	116,271	159,750
Financial assets at AC	–	33,111	35,452	105,117	222,981	396,661
Loans and receivables	–	317,291	142,920	132,591	483,046	1,075,848
	114,555	393,772	195,775	253,165	828,325	1,785,592
Financial Liabilities						
Deposit liabilities						
Demand	298,229	–	–	–	–	298,229
Savings	295,399	–	–	–	–	295,399
Time	–	729,873	1,513	2,535	7,644	741,565
Bills payable	5,165	92,995	7,543	3,530	2,900	112,133
Manager's checks	–	1,688	–	–	–	1,688
Accrued interest and other expenses	–	9,173	–	–	–	9,173
Derivative contracts designated as hedges	–	2,764	17	–	–	2,781
Derivative liabilities	–	1,406	–	–	–	1,406
Other liabilities:						
Lease payable	–	61	952	789	1,208	3,010
Accounts payable	–	7,039	–	–	–	7,039
Acceptances payable	–	572	–	–	–	572
Due to PDIC	–	1,164	–	–	–	1,164
Other credits – dormant	–	489	–	–	–	489
Due to the Treasurer of the Philippines	–	844	–	–	–	844
Miscellaneous	–	61	952	789	1,208	3,010
Total liabilities	598,793	848,554	10,025	6,854	11,752	1,475,978
Net Position	(₱484,238)	(₱454,782)	₱185,750	₱246,311	₱816,573	₱309,614

	Parent Company					Total
	December 31, 2025					
	On demand	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Financial Assets						
Cash and other cash items	₱17,966	₱–	₱–	₱–	₱–	₱17,966
Due from BSP	55,881	–	–	–	–	55,881
Due from other banks	10,031	–	–	–	–	10,031
Interbank loans receivable and SPURA	–	7,364	–	–	–	7,364
Derivative contracts designated as hedges	–	3,869	–	–	–	3,869
Financial assets at FVTPL	–	2,690	711	288	2,931	6,620
Financial assets at FVOCI	–	13,230	14,346	7,822	123,420	158,818
Financial assets at AC	–	35,473	105,289	66,600	160,692	368,054
Loans and receivables	–	347,043	129,367	140,810	433,971	1,051,191
	83,878	793,917	249,713	215,520	721,014	2,064,042
Financial Liabilities						
Deposit liabilities						
Demand	292,678	–	–	–	–	292,678
Savings	348,982	–	–	–	–	348,982
Time	–	614,531	132	141	386	615,190
Bills payable	227	47,200	40,176	9,876	21,306	118,785
Manager's checks	–	1,298	–	–	–	1,298
Accrued interest and other expenses	–	6,227	–	–	–	6,227
Derivative contracts designated as hedges	–	270	–	–	–	270
Derivative liabilities	–	1,067	–	–	–	1,067
Other liabilities:						
Lease payable	–	135	511	552	867	2,065
Accounts payable	–	5,369	–	–	–	5,369
Acceptances payable	–	593	–	–	–	593
Due to PDIC	–	1,249	–	–	–	1,249
Other credits – dormant	–	530	–	–	–	530
Due to the Treasurer of the Philippines	–	946	–	–	–	946
Miscellaneous	–	682	–	–	–	682
Total liabilities	641,887	756,253	40,819	10,569	22,559	1,472,087
Net Position	(₱558,009)	₱37,664	₱208,894	₱204,951	₱698,455	₱591,955

Parent Company						
December 31, 2024						
	On demand	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Financial Assets						
Cash and other cash items	₱13,230	₱–	₱–	₱–	₱–	₱13,230
Due from BSP	61,110	–	–	–	–	61,110
Due from other banks	11,366	–	–	–	–	11,366
Interbank loans receivable and SPURA	–	20,326	–	–	–	20,326
Derivative contracts designated as hedges	–	–	3,524	–	–	3,524
Financial assets at FVTPL	–	8,234	443	388	5,926	14,991
Financial assets at FVOCI	–	11,065	13,127	13,749	109,337	147,278
Financial assets at AC	–	30,046	35,160	104,717	219,909	389,832
Loans and receivables	–	284,369	116,296	107,848	435,019	943,532
	85,706	354,040	168,550	226,702	770,191	1,605,189
Financial Liabilities						
Deposit liabilities						
Demand	271,622	–	–	–	–	271,622
Savings	273,676	–	–	–	–	273,676
Time	–	622,906	1,020	128	421	624,475
Bills payable	5,165	92,995	7,543	3,530	2,900	112,133
Manager's checks	–	1,485	–	–	–	1,485
Accrued interest and other expenses	–	7,874	–	–	–	7,874
Derivative contracts designated as hedges	–	2,764	17	–	–	2,781
Derivative liabilities	–	1,406	–	–	–	1,406
Other liabilities:						
Lease payable	–	54	672	513	944	2,183
Accounts payable	–	4,885	–	–	–	4,885
Acceptances payable	–	572	–	–	–	572
Due to PDIC	–	1,164	–	–	–	1,164
Other credits – dormant	–	473	–	–	–	473
Due to the Treasurer of the Philippines	–	801	–	–	–	801
Miscellaneous	–	359	–	–	–	359
Total liabilities	550,463	737,738	9,252	4,171	4,265	1,305,889
Net Position	(₱464,757)	(₱383,698)	₱159,298	₱222,531	₱765,926	₱299,300

Liquidity risk is monitored and controlled primarily by a gap analysis of maturities of relevant assets and liabilities reflected in the MCO report, as well as an analysis of available liquid assets. Instead of relying solely on contractual maturities profile, the Parent Company uses Behavioral MCO to capture a going concern view. Furthermore, internal liquidity ratios and monitoring of large fund providers have been set to determine sufficiency of liquid assets over deposit liabilities. Liquidity is managed by the Parent Company and its subsidiaries on a daily basis, while scenario stress tests and sensitivity analysis are conducted periodically.

7. Due From BSP and Other Banks

Due from BSP

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Demand deposit account (Note 17)	₱43,422,659	₱52,059,908	₱ 42,580,672	₱50,109,590
Special deposit account	18,700,000	30,580,000	13,300,000	11,000,000
Others	15	15	15	15
	₱62,122,674	₱82,639,923	₱55,880,687	₱61,109,605

Due from Other Banks

This consists of deposit accounts with:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Local banks	₱3,839,057	₱6,523,431	₱ 1,837,204	₱5,584,130
Foreign banks	8,642,267	6,016,799	8,193,514	5,781,677
	₱12,481,324	₱12,540,230	₱10,030,718	₱11,365,807

As of December 31, 2025 and 2024, 'Due from other banks' includes margin deposits with various counterparties amounting to ₱1.36 billion and ₱5.34 billion, respectively, to meet the collateral requirements for the Parent Company's derivative transactions.

Interest Income on Due from BSP and Other Banks

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Due from BSP	₱561,758	₱773,284	₱1,400,165	₱333,747	₱303,827	₱607,793
Due from other banks	641,618	298,088	370,832	228,011	176,068	265,178
	₱1,203,376	₱1,071,372	₱1,770,997	₱561,758	₱479,895	₱872,971

The average interest rates on Due from BSP and Other Banks are disclosed in Note 6.

8. Interbank Loans Receivable and Securities Purchased Under Resale Agreements

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Interbank loans receivable	₱7,364,006	₱20,326,149	₱7,364,006	₱20,326,149
SPURA	5,600,000	—	—	—
	₱12,964,006	₱20,326,149	₱7,364,006	₱20,326,149

Interbank Loans Receivable

As of December 31, 2025 and 2024, interbank loans receivable includes short-term foreign currency-denominated loans granted to other banks.

In 2025, 2024, and 2023, the interest rates of foreign currency-denominated interbank loans receivable range from 3.80% to 4.04%, from 4.20 to 4.50%, and from 5.35% to 5.45%, respectively.

Securities Purchased Under Resale Agreement

This account represents overnight placements with the BSP where the underlying securities cannot be sold or pledged to parties other than the BSP.

Interest rates of SPURA for the Group range from 4.49% to 5.75% in 2025, 5.73% to 6.54% in 2024, and from 5.50% to 6.39% in 2023. Interest rates of SPURA for the Parent Company range from nil in 2025, 5.73% to 6.54% in 2024, and from 5.50% to 6.39% in 2023.

Interest Income on Interbank Loans Receivable and SPURA

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Interbank loans receivable	₱16,108	₱13,897	₱8,451	₱16,108	₱13,897	₱8,451
SPURA	1,470,276	1,408,961	1,646,228	1,287,117	1,242,297	1,477,049
	₱1,486,384	₱1,422,858	₱1,654,679	₱1,303,225	₱1,256,194	₱1,485,500

9. Trading and Investment Securities

Financial Assets at FVTPL

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Held for trading				
Government bonds	₱2,528,332	₱2,762,814	2,477,525	₱2,662,379
Treasury notes	1,279,328	2,784,527	1,279,328	2,784,527
Treasury bills	2,124,621	2,412,869	2,124,621	2,412,869
Private bonds	189,314	512,170	189,314	512,170
Quoted equity shares	246,057	286,048	–	–
	6,367,652	8,758,428	6,070,788	8,371,945
Financial assets designated at FVTPL	336,811	664,300	–	–
Derivative contracts not designated as hedges (Note 26)	1,487,639	1,880,026	1,487,639	1,880,026
Total	₱8,192,102	₱11,302,754	₱7,558,427	₱10,251,971

As of December 31, 2025 and 2024, HFT securities include fair value loss of ₱7.85 million and fair value gain of ₱47.55 million, respectively, for the Group. As of December 31, 2025 and 2024, HFT securities include fair value loss of ₱7.81 million and ₱53.83 million, respectively, for the Parent Company.

Effective interest rates for peso-denominated financial assets at FVTPL for both the Group and the Parent Company range from 1.83% to 9.47% in 2025, from 0.23% to 8.64% in 2024, and from 0.32% to 9.08% in 2023. Effective interest rates for foreign currency-denominated financial assets at FVTPL for the Group and Parent Company range from 1.98% to 6.33% in 2025, from 1.65% to 9.40% in 2024, and from 2.10% to 10.16% in 2023.

Financial Assets at FVOCI

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Debt Securities				
Government bonds (Note 29)	₱142,448,158	₱108,947,623	₱113,247,857	₱96,781,274
Private bonds	14,352,206	20,587,385	14,255,939	20,492,318
	156,800,364	129,535,008	127,503,796	117,273,592
Equity Securities				
Quoted equity securities	11,841,575	4,549,299	11,642,351	4,347,274
Unquoted equity securities	15,606	21,525	7,623	13,541
	11,857,181	4,570,824	11,649,974	4,360,815
Total	₱168,657,545	₱134,105,832	₱139,153,770	₱121,634,407

Unquoted equity securities

This account consists of shares of stocks of various unlisted private corporations. The Group has designated these equity securities as at FVOCI as these will not be sold in the foreseeable future.

Net unrealized gains (losses)

As of December 31, 2025 and 2024, financial assets at FVOCI include fair value losses of ₱0.75 billion and ₱2.15 billion, respectively, for the Group and fair value losses of ₱0.58 billion and ₱1.90 billion, respectively, for the Parent Company. The fair value losses are recognized in OCI. As of December 31, 2025 and 2024, the accumulated credit losses on debt financial assets at FVOCI recognized in OCI amounted to ₱29.25 million and ₱95.67 million, respectively, for the Group and ₱29.21 million and ₱95.63 million, respectively, for the Parent Company.

Effective interest rates for peso-denominated financial assets at FVOCI for both the Group and Parent Company range from 1.68% to 5.17% in 2025, from 2.10% to 6.17% in 2024, and from 2.08% to 8.58% in 2023.

Effective interest rates for foreign currency-denominated financial assets at FVOCI for both the Group and Parent Company range from 0.83% to 6.16% in 2025, 1.37% to 9.08% in 2024 and from 1.37% to 7.95% in 2023.

Investment Securities at Amortized Cost

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Government bonds (Note 19)	₱262,194,996	₱263,651,966	₱253,643,824	₱256,376,847
Private bonds	118,437,555	129,093,934	118,113,485	128,766,284
	380,632,551	392,745,900	371,757,309	385,143,131
Unamortized premium – net	1,948,533	2,211,618	1,653,203	1,971,359
Allowance for credit losses (Note 16)	(842,790)	(437,898)	(838,027)	(425,644)
	₱381,738,294	₱394,519,620	₱372,572,485	₱386,688,846

Effective interest rates for peso-denominated investment securities at amortized cost for the Group and the Parent Company range from 3.08% to 11.61% in 2025, from 2.10% to 7.47% in 2024, and from 1.85% to 7.14% in 2023. Effective interest rates for foreign currency-denominated investment securities at amortized cost for the Group and the Parent Company range from 2.10% to 14.22% in 2025, from 0.57% to 10.34% in 2024 and 2023.

Redemption of Investment Securities at Amortized Cost

In 2025, 2024, and 2023, investment securities at amortized cost held by the Parent Company with carrying values prior to redemption of ₱5.94 billion, ₱4.30 billion, and ₱1.65 billion, respectively, were redeemed by their respective counterparty issuers in accordance with the terms and conditions in the bond indentures which resulted in a gain of ₱89.58 million, loss of ₱0.47 million, and a gain of ₱0.08 million, respectively.

These redemptions of investment securities at amortized cost were assessed by the Parent Company as not inconsistent with the portfolios' business models considering the conditions and reasons for which the redemptions were made (see Note 3).

Interest Income on Investment Securities at Amortized Cost and at FVOCI

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Investment securities at amortized cost	₱20,560,185	₱20,864,834	₱19,148,548	₱20,085,733	₱20,540,962	₱18,845,660
Financial assets at FVOCI	8,463,336	7,567,997	4,087,792	7,336,884	6,545,787	3,885,167
	₱29,023,521	₱28,432,831	₱23,236,340	₱27,422,617	₱27,086,749	₱22,730,827

10. Loans and Receivables

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Loans and discounts				
Corporate and commercial lending	₱798,999,985	₱709,187,846	₱781,576,984	₱694,641,267
Consumer lending	248,990,361	212,443,288	111,738,460	90,554,992
Trade-related lending	10,733,279	11,258,013	10,393,254	10,906,396
Others*	142,213	184,953	30,962	19,529
	1,058,865,838	933,074,100	903,739,660	796,122,184
Unearned discounts	(2,002,142)	(2,066,221)	(156,476)	(437,394)
	1,056,863,696	931,007,879	903,583,184	795,684,790
Allowance for impairment and credit losses (Note 16)	(18,836,228)	(15,778,123)	(15,922,241)	(12,771,413)
	₱1,038,027,468	₱915,229,756	₱887,660,943	₱782,913,377

*Others include employee loans and foreign bills purchased

Information on the amounts of secured and unsecured loans and receivables (gross of unearned discounts and allowance for impairment and credit losses) of the Group and Parent Company are as follows:

	Consolidated				Parent Company			
	2025		2024		2025		2024	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Loans secured by								
Real estate	159,151,007	15.03	₱155,808,442	16.70	₱114,985,016	12.72	₱115,604,790	14.52
Chattel mortgage	29,086,868	2.75	28,134,839	3.02	4,945,056	0.55	5,389,225	0.68
Guarantee by the Republic of the Philippines	–	–	55,300	0.01	–	–	55,300	0.01
Deposit hold out	5,869,664	0.55	8,387,597	0.90	5,161,745	0.57	8,072,020	1.01
Shares of stock of other banks	5,976,000	0.56	5,982,000	0.64	5,976,000	0.66	5,982,000	0.75
Others*	162,719,777	15.37	145,127,890	15.54	162,666,925	18.00	145,056,060	18.22
	362,803,316	34.26	343,496,068	36.81	293,734,742	32.50	280,159,395	35.19
Unsecured loans	696,062,522	65.74	589,578,032	63.19	610,004,918	67.50	515,962,789	64.81
	₱1,058,865,838	100.00	₱933,074,100	100.00	₱903,739,660	100.00	₱796,122,184	100.00

*Others includes loans secured by shares of stocks of other firms, deed of assignment of accounts receivable, assignment/pledge of government securities, mortgage trust indenture, and other collaterals.

Interest Income on Loans and Receivables

As of December 31, 2025 and 2024, 66.27% and 62.41%, respectively, of the total receivables from customers of the Group and 72.96% and 68.12%, respectively, of the total receivables from customers of the Parent Company were subject to interest repricing.

Remaining receivables of the Group carry annual fixed interest rates ranging from 1.38% to 37.24% in 2025, from 1.50% to 37.24% in 2024, and from 2.00% to 39.42% in 2023 for peso-denominated receivables, from 2.95% to 7.51% in 2025, from 3.40% to 8.28% in 2024, and from 3.00% to 10.50% in 2023 for foreign currency-denominated receivables.

Remaining receivables of the Parent Company carry annual fixed interest rates ranging from 1.90% to 26.62% in 2025 from 1.50% to 20.52% in 2024, and from 2.00% to 30.00% in 2023 for peso-denominated receivables and from 2.95% to 7.51% in 2025, from 3.40% to 8.28% in 2024, and from 3.00% to 10.50% in 2023 for foreign currency-denominated receivables.

11. Equity Investments

This account consists of investments in:

A. Subsidiaries

	2025	2024
Balance at beginning of the year		
CBSI	₱20,777,767	₱18,553,395
CBCC	4,007,231	3,551,095
CBC-PCCI	60,051	53,746
CIBI	529,524	458,730
	25,374,573	22,616,966
Share in net income (losses)		
CBSI	2,423,988	2,188,027
CBCC	369,779	453,362
CBC-PCCI	1,453	(31)
CIBI	129,842	120,993
	2,925,062	2,762,351
Share in Other Comprehensive Income		
<i>Items that recycle to profit or loss in subsequent periods:</i>		
Net unrealized gain (loss) on debt financial assets FVOCI		
CBSI	102,858	(17,424)
CBCC	4,524	(75,224)
	107,382	(92,648)
Cumulative translation adjustments		
CBSI	25,665	30,306
	25,665	30,306
<i>Items that do not recycle to profit or loss in subsequent periods:</i>		
Net unrealized gain (loss) on equity financial assets at FVOCI		
CBSI	(3,338)	13,162
CBCC	549	82,650
	(2,789)	95,812
Remeasurement gains (losses) on defined benefit assets/obligations		
CBSI	(79,900)	10,301
CBCC	1,274	(4,652)
CBC-PCCI	(19,065)	6,336
CIBI	(1,329)	(199)
	(99,020)	11,786
Additional investments		
CBSI	1,000,000	–
	1,000,000	–

(Forward)

	2025	2024
Cash dividends		
CBCC	(₱2,000,000)	₱–
CBC-PCCI	–	–
CIBI	(110,000)	(50,000)
	(2,110,000)	(50,000)
Balance at end of the year		
CBSI	24,247,040	20,777,767
CBCC	2,383,357	4,007,231
CBC-PCCI	42,439	60,051
CIBI	548,037	529,524
	₱27,220,873	₱25,374,573

B. Associates:

	2025	2024
Balance at beginning of the year	₱1,978,893	₱1,389,952
Share in net income	1,500,741	757,363
Share in OCI:		
<i>Item that recycle to profit or loss in subsequent periods:</i>		
Net unrealized loss on FVOCI	(16,707)	(3,375)
<i>Items that do not recycle to profit or loss in subsequent periods:</i>		
Remeasurement gain (loss) on life insurance reserves	219	(13,596)
Remeasurement gain (loss) on defined benefit plan	(390)	8,549
Cash dividends	(240,000)	(160,000)
Balance at end of the year	₱3,222,756	₱1,978,893

CBSI

Cost of investment includes the original amount incurred by the Parent Company from its acquisition of CBSI in 2007 amounting to ₱1.07 billion.

On August 2, 2023, the BOD of the Parent Company took up and approved, confirmed, and ratified the capital infusion amounting to ₱2.00 billion to CBSI, in order to support CBSI's sustained loan expansion and enhance its ability to cover and serve more segments of the banking and unbanked population. The additional capital is to be infused to CBSI in tranches and is based on certain conditions. On December 22, 2023, the Parent Company infused additional capital to CBSI amounting to ₱1.00 billion. On July 2, 2025, the Parent Company infused additional capital to CBSI amounting to ₱1.00 billion.

Merger of CBSI with PDB

The BOD of both CBSI and PDB, in their meeting held on June 26, 2014, approved the proposed merger of PDB with CBSI, with the latter as the surviving bank. On November 6, 2015, the BSP issued the Certificate of Authority on the Articles of Merger and the Plan of Merger, as amended, of CBSI and PDB. On December 17, 2015, CBSI obtained SEC's approval of its merger with PDB, whereby the entire assets and liabilities of PDB shall be transferred to and absorbed by CBSI.

Acquisition of PDB

In 2014, the Parent Company made tender offers to non-controlling stockholders of PDB. As of December 31, 2014, the Parent Company owns 99.85% and 100.00% of PDB's outstanding common and preferred stocks, respectively.

The consideration transferred for the acquisition of PDB amounted to:

Acquisition of majority of PDB's capital stock	₱1,421,346
Tender offers	255,354
	<hr/>
	₱1,676,700

In 2014 and 2015, the Parent Company made additional capital infusion to PDB amounting to ₱1.30 billion and ₱1.70 billion, respectively.

In 2015, the Monetary Board (MB) of the BSP granted to the Group investment and merger incentives in the form of waiver of special licensing fees for 67 additional branch licenses in restricted areas. This is in addition to the initial investment and merger incentives of 30 new branches in restricted areas and 35 branches to be transferred from unrestricted to restricted areas granted to the Parent Company by the MB in 2014. These branch licenses were granted under the Strengthening Program for Rural Bank (SPRB) Plus Framework.

On April 6, 2016, the Parent Company's BOD approved the allocation of the 67 additional branch licenses in restricted areas as follows: 49 to the Parent Company and 18 to CBSI.

The branch licenses have the following fair values:

114 Commercial Bank branch licenses	₱2,280,000
18 Thrift Bank branch licenses	270,000
	<hr/>
	2,550,000
Deferred tax liability	(765,000)
	<hr/>
	₱1,785,000

Goodwill from acquisition of PDB is computed as follows:

Consideration transferred	₱1,676,700
Less: Fair value of identifiable assets and liabilities acquired	
Net liabilities of PDB*	(₱725,207)
Branch licenses, net of deferred tax liability (Note 14)	1,785,000
	<hr/>
	1,059,793
	<hr/>
	₱616,907

**inclusive of the existing branch licenses of PDB with an aggregate fair value of ₱289.50 million (Note 14)*

CIBI

On February 21, 2023, the BOD of CIBI declared and approved cash dividends amounting to ₱60.00 million for stockholders on record as of declaration date, payable on March 1, 2023.

On February 13, 2024, the BOD of CIBI declared and approved cash dividends amounting to ₱50.00 million for stockholders on record as of declaration date, payable on March 1, 2024.

On January 17, 2025, the BOD of CIBI declared and approved cash dividends amounting to ₱60.00 million for stockholders on record as of December 31, 2024, payable on February 17, 2025.

On November 11, 2025, the BOD of CIBI declared and approved cash dividends amounting to ₱50.00 million for stockholders on record as of September 30, 2025, payable on November 25, 2025.

On February 10, 2026, the BOD of CIBI declared and approved cash dividends amounting to ₱60.00 million for stockholders on record as of December 31, 2025, payable on February 27, 2026.

CBC-PCCI

On June 14, 2023, the BOD of CBC-PCCI declared and approved cash dividends amounting to ₱15.00 million for stockholders on record as of July 31, 2023, payable on August 15, 2023.

CBCC

On April 1, 2015, the BOD approved the investment of the Parent Company in an investment house subsidiary, CBCC, up to the amount of ₱500.00 million. On April 30, 2015, the BSP approved the Parent Company's investment of up to 100% or up to ₱500.00 million common shares in CBCC. On November 27, 2015, the SEC approved the Articles of Incorporation and By-Laws of CBCC and granted CBCC the license to operate as an investment house.

CBCC acquisition of CBCSec (formerly ATC Securities, Inc.)

On May 19, 2016, the BOD of CBCC approved the acquisition of ATC Securities, Inc. (ATC).

On June 29, 2016, CBCC and the shareholders of ATC (the Original Shareholders) entered into an Agreement for the Purchase of Shares whereby CBCC agreed to buy, and the Original Shareholders agreed to sell, 3,800,000 shares representing 100% of the issued and outstanding shares of ATC.

On July 6, 2017, the SEC approved the change of name from ATC Securities, Inc. to China Bank Securities Corporation.

On May 15, 2025, the BOD of CBCC declared and approved cash dividends amounting to ₱2.0 billion for stockholders on record as of April 30, 2025, payable on June 30, 2025.

CBC Assets One (SPC), Inc.

CBC Assets One (SPC), Inc. was incorporated on June 15, 2016 as a wholly-owned special purpose company of CBCC for asset-backed securitization. It has not yet commenced commercial operations.

Resurgent Capital (FIST-AMC), Inc.

Resurgent Capital (FIST-AMC), Inc. was incorporated on September 6, 2021 as a wholly-owned FIST Corporation of CBCC. The primary purpose is to invest in, or acquire, Non-Performing Assets ("NPAs") of any financial institution. It has not yet commenced commercial operations.

Investment in Associates

Investment in associates in the consolidated and the parent company financial statements pertain to investment in MCB Life and CBC-PCCI's investment in Urban Shelters (accounted for by CBC-PCCI in its financial statements as an investment in an associate). Investment in Urban Shelters is carried at nil amount as of December 31, 2025 and 2024.

MCB Life

On January 5, 2007, the Manufacturers Life Insurance Company (Manulife) and the Parent Company entered into the Bancassurance Alliance Agreement. On August 23, 2007, Manulife China Bank Life Assurance Corporation (MCB Life) and the Parent Company entered into the Cooperation Agreement. These agreements (collectively, the 2007 Agreements) set out the initial terms of cooperation between the Parent Company and MCB Life in connection with the promotion and sale of life insurance products for an initial term of 15 years.

The Parent Company acquired 5.00% interest in MCB Life on August 8, 2007. This investment is accounted for as an investment in an associate by virtue of the Bancassurance Alliance Agreement which provides the Parent Company with the right to be represented in MCB Life's BOD and, thus, exercise significant influence over the latter.

On September 12, 2014, the BSP approved the request of the Parent Company to raise its capital investment from 5.00% to 40.00% of MCB Life's authorized capital through purchase of 1.75 million common shares. On September 29, 2014, Manulife, MCB Life and the Parent Company (the Parties) signed the Bancassurance Agreement with an effective start date of July 1, 2014. The term of the Bancassurance Agreement shall be ten (10) years (from July 1, 2014 to June 30, 2024), during which time MCB Life, in exchange for the Parent Company's increase in equity stake in MCB Life and other considerations, will have exclusive rights to the Parent Company's distribution network and customers.

On June 19, 2024, the Parties signed and submitted the first extension letter to the Insurance Commission to extend the Bancassurance Agreement from July 1, 2024 by a period of three (3) months to October 1, 2024. The Parties submitted subsequent extension letters, the most recent of which extends the Bancassurance Agreement until the earlier between March 31, 2025 and the date on which the Insurance Commission approves a new bancassurance agreement.

In April 2025, the Parties agreed to the renewal of the joint venture for another 15 years. The terms of the renewal include the payment by MCB Life of an access fee over the 15-year period to the Parent Company amounting to ₱3.25 billion. Manulife will fund the access fee through a capital infusion into MCB Life in the form of additional paid-in capital. This capital infusion will not result in the issuance of any new shares, allowing the current ownership structure to remain unchanged and preserving existing ownership percentages among shareholders (i.e., Manulife holding 60% and the Parent Company holding 40%). As a result, the Parent Company recognized a one-time gain amounting to ₱1.3 billion representing its share in the increase in net assets of MCB Life, which is included in the 'Share in net income of an associate' in the statements of income.

The Parent Company received cash dividends from MCB Life of ₱240.00 million and ₱160.00 million on December 10, 2025 and November 29, 2024, respectively.

The following tables show the summarized financial information of MCB Life:

	2025	2024
Total assets	₱88,000,329	₱71,449,802
Total liabilities	79,943,446	66,502,576
Equity	8,056,883	4,947,226

	2025	2024
Revenues	₱17,116,411	₱11,744,141
Benefits, claims and operating expenses	15,726,161	9,212,251
Income before income tax	1,390,250	2,531,890
Net income	1,093,838	1,893,407

Commission income earned by the Group from its bancassurance agreement is included under 'Miscellaneous income' in the statements of income (Note 22).

12. Bank Premises, Furniture, Fixtures and Equipment and Right-of-use Assets

The composition of and movements in this account follow:

	Consolidated							Total
	2025							
	Land (Note 24)	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction- in-Progress	Right-of-use Assets Land	Right-of-use Assets Building	
Cost								
Balance at beginning of year	₱4,057,449	₱8,499,870	₱2,553,760	₱2,910,174	₱517,935	₱332,358	₱5,172,060	₱24,043,606
Additions	2,111,111	604,008	44,509	72,827	307,120	130,634	119,690	3,389,899
Disposals/transfers	–	(226,679)	(35,103)	14,415	(62,340)	(121,565)	(42,316)	(473,588)
Balance at end of year	6,168,560	8,877,199	2,563,166	2,997,416	762,715	341,427	5,249,434	26,959,917
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	7,291,112	1,550,358	2,388,405	–	156,041	2,862,584	14,248,500
Depreciation and amortization	–	626,495	121,747	202,666	–	264,678	720,505	1,936,091
Disposals/transfers	–	(195,471)	(35,706)	(69,000)	–	(118,013)	(532,953)	(951,143)
Balance at end of year	–	7,722,136	1,636,399	2,522,071	–	302,706	3,050,136	15,233,448
Net Book Value at End of Year	₱6,168,560	₱1,155,063	₱926,767	₱475,345	₱762,715	₱38,721	₱2,199,298	₱11,726,469

	Consolidated							Total
	2024							
	Land (Note 24)	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction- in-Progress	Right-of-use Assets Land	Right-of-use Assets Building	
Cost								
Balance at beginning of year	₱4,041,755	₱8,413,003	₱2,352,309	₱2,762,452	₱338,174	₱332,358	₱5,043,267	₱23,283,318
Additions	15,694	522,353	56,274	124,188	345,023	–	666,762	1,730,294
Disposals/transfers (Note 14)	–	(435,486)	145,177	23,534	(165,262)	–	(537,969)	(970,006)
Balance at end of year	4,057,449	8,499,870	2,553,760	2,910,174	517,935	332,358	5,172,060	24,043,606
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	7,070,671	1,438,018	2,160,914	–	123,731	2,411,140	13,204,474
Depreciation and amortization	–	546,432	114,330	212,268	–	32,310	979,177	1,884,517
Disposals/transfers (Note 14)	–	(325,991)	(1,990)	15,223	–	–	(527,733)	(840,491)
Balance at end of year	–	7,291,112	1,550,358	2,388,405	–	156,041	2,862,584	14,248,500
Net Book Value at End of Year	₱4,057,449	₱1,208,758	₱1,003,402	₱521,769	₱517,935	₱176,317	₱2,309,476	₱9,795,106

Parent Company								
2025								
	Land (Note 24)	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction- in-Progress	Right-of-use Assets Land	Right-of-use Assets Building	Total
Cost								
Balance at beginning of year	₱3,659,480	₱6,895,346	₱1,752,533	₱1,919,178	₱339,824	₱340,437	₱3,812,040	₱18,718,838
Additions	2,111,111	424,004	35,183	32,737	244,125	–	101,767	2,948,927
Disposals/transfers	–	(170,006)	(35,103)	(47,925)	–	–	(40,170)	(293,204)
Balance at end of year	5,770,591	7,149,344	1,752,613	1,903,990	583,949	340,437	3,873,637	21,374,561
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	6,085,092	998,248	1,583,833	–	156,041	2,193,487	11,016,701
Depreciation and amortization	–	458,202	93,612	106,859	–	28,422	710,237	1,397,332
Disposals/transfers	–	(144,275)	(35,469)	(68,999)	–	–	(532,953)	(781,696)
Balance at end of year	–	6,399,019	1,056,391	1,621,693	–	184,463	2,370,771	11,632,337
Net Book Value at End of Year	₱5,770,591	₱750,325	₱696,222	₱282,297	₱583,949	₱155,974	₱1,502,866	₱9,742,224

Parent Company								
2024								
	Land (Note 24)	Furniture, Fixtures and Equipment	Buildings	Leasehold Improvements	Construction- in-Progress	Right-of-use Assets Land	Right-of-use Assets Building	Total
Cost								
Balance at beginning of year	₱3,643,786	₱6,921,580	₱1,571,541	₱1,853,791	₱215,095	₱340,437	₱3,815,089	₱18,361,319
Additions	15,694	288,617	35,815	41,304	254,566	–	421,919	1,057,915
Disposals/transfers (Note 14)	–	(314,851)	145,177	24,083	(129,837)	–	(424,968)	(700,396)
Balance at end of year	3,659,480	6,895,346	1,752,533	1,919,178	339,824	340,437	3,812,040	18,718,838
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	5,922,163	913,913	1,440,969	–	123,731	1,874,424	10,275,200
Depreciation and amortization	–	398,571	86,088	127,642	–	32,310	736,872	1,381,483
Disposals/transfers (Note 14)	–	(235,642)	(1,753)	15,222	–	–	(417,809)	(639,982)
Balance at end of year	–	6,085,092	998,248	1,583,833	–	156,041	2,193,487	11,016,701
Net Book Value at End of Year	₱3,659,480	₱810,254	₱754,285	₱335,345	₱339,824	₱184,396	₱1,618,553	₱7,702,137

The Group adopted the deemed cost model on January 1, 2004 and considered the carrying value of the land determined under its previous accounting method (revaluation method) as the deemed cost of the asset as of January 1, 2005. Accordingly, revaluation increment amounting to ₱1.28 billion was closed to surplus (Note 24) in 2011.

On July 7, 2025, the Parent Company acquired additional interest in the VGP Condominium at a purchase price amounting to ₱2.10 billion, inclusive of transaction costs. The acquisition brings the Group's total ownership interest in the condominium to 94.47%. The condominium is significantly occupied by the Group's employees.

As of December 31, 2025 and 2024, the gross carrying amount of fully depreciated furniture, fixtures and equipment still in use amounted to ₱3.89 billion and ₱3.83 billion, respectively, for the Group and ₱2.88 billion and ₱2.86 billion, respectively, for the Parent Company.

Gains on sale of furniture, fixtures and equipment amounting to ₱0.2 million, ₱12.32 million, and ₱2.10 million in 2025, 2024, and 2023, respectively, for the Group and ₱0.2 million, ₱7.79 million, and ₱1.50 million in 2025, 2024, and 2023, respectively, for the Parent Company are included in the statements of income under 'Miscellaneous income' account (Note 22).

In 2023, depreciation and amortization amounting to ₱1.70 billion and ₱1.28 billion for the Group and Parent Company, respectively, are included in the statements of income under ‘Depreciation and amortization’ account.

13. Investment Properties

The composition of and movements in this account follow:

	Consolidated		
	2025		
	Land	Buildings and Improvements	Total
Cost			
Balance at beginning of year	₱4,923,290	₱3,513,144	₱8,436,434
Additions	12,277,361	2,392,654	14,670,015
Disposals/write-off/transfers	(319,360)	(248,797)	(568,157)
Balance at end of year	16,881,291	5,657,001	22,538,292
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	1,105,800	1,105,800
Depreciation and amortization	–	312,818	312,818
Disposals/write-off/transfers	–	(113,520)	(113,520)
Balance at end of year	–	1,305,098	1,305,098
Allowance for Impairment Losses (Note 16)			
Balance at beginning of year	282,237	85,963	368,200
Provisions (reversals) during the year	(14,770)	35,166	20,396
Disposals/write-off/transfers	(46,690)	(23,996)	(70,686)
Balance at end of year	220,777	97,133	317,910
Net Book Value at End of Year	₱16,660,514	₱4,254,770	₱20,915,284

	Consolidated		
	2024		
	Land	Buildings and Improvements	Total
Cost			
Balance at beginning of year	₱2,519,617	₱2,910,163	₱5,429,780
Additions	2,854,492	990,085	3,844,577
Disposals/write-off/transfers	(450,819)	(387,104)	(837,923)
Balance at end of year	4,923,290	3,513,144	8,436,434
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	1,069,332	1,069,332
Depreciation and amortization	–	170,381	170,381
Disposals/write-off/transfers	–	(133,913)	(133,913)
Balance at end of year	–	1,105,800	1,105,800
Allowance for Impairment Losses (Note 16)			
Balance at beginning of year	99,896	324,440	424,336
Reversals during the year	(42,026)	26,634	(15,392)
Disposals/write-off/transfers	224,367	(265,111)	(40,744)
Balance at end of year	282,237	85,963	368,200
Net Book Value at End of Year	₱4,641,053	₱2,321,381	₱6,962,434

	Parent Company		
	2025		
	Land	Buildings and Improvements	Total
Cost			
Balance at beginning of year	₱3,474,708	₱2,273,063	₱5,747,771
Additions	12,126,428	2,111,699	14,238,127
Disposals/write-off/transfers	(60,959)	(100,878)	(161,837)
Balance at end of year	15,540,177	4,283,884	19,824,061
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	637,496	637,496
Depreciation and amortization	–	265,491	265,491
Disposals/write-off/transfers	–	(80,958)	(80,958)
Balance at end of year	–	822,029	822,029
Allowance for Impairment Losses (Note 16)			
Balance at beginning of year	228,423	48,386	276,809
Provisions (reversals) during the year	(14,770)	35,167	20,397
Disposals/write-off/transfers	(2,721)	(7)	(2,728)
Balance at end of year	210,932	83,546	294,478
Net Book Value at End of Year	₱15,329,245	₱3,378,309	₱18,707,554

	Parent Company		
	2024		
	Land	Buildings and Improvements	Total
Cost			
Balance at beginning of year	₱958,392	₱1,637,106	₱2,595,498
Additions	2,647,261	799,708	3,446,969
Disposals/write-off/transfers	(130,945)	(163,751)	(294,696)
Balance at end of year	3,474,708	2,273,063	5,747,771
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	599,332	599,332
Depreciation and amortization	–	119,829	119,829
Disposals/write-off/transfers	–	(81,665)	(81,665)
Balance at end of year	–	637,496	637,496
Allowance for Impairment Losses (Note 16)			
Balance at beginning and end of year	248,226	10,370	258,596
Reversals during the year	(11,318)	48,075	36,757
Disposals/write-off/transfers	(8,485)	(10,059)	(18,544)
Balance at end of year	228,423	48,386	276,809
Net Book Value at End of Year	₱3,246,285	₱1,587,181	₱4,833,466

In 2025, in view of the expiration and non-exercise of the repurchase option by the borrower or assignor-lessee, the Parent Company recognized as Investment Properties a real estate property which was subject to an assignment and leaseback transaction with option to repurchase entered into in 2023 as settlement of a loan receivable. The recognition resulted to a gain on asset foreclosure and dacion transactions amounting to ₱6.88 billion.

In 2023, depreciation and amortization amounting to ₱158.48 million and ₱103.59 million for the Group and Parent Company, respectively, are included in the statements of income under 'Depreciation and amortization' account.

Details of rental income earned and direct operating expenses incurred on investment properties follow:

	Consolidated		
	2025	2024	2023
Rent income on investment properties	₱96,219	₱99,138	₱98,876
Direct operating expenses on investment properties generating rent income	1,941	1,338	1,320
Direct operating expenses on investment properties not generating rent income	67,854	73,763	95,856
	Parent Company		
	2025	2024	2023
Rent income on investment properties	₱44,004	₱49,283	₱51,313
Direct operating expenses on investment properties generating rent income	1,035	432	414
Direct operating expenses on investment properties not generating rent income	28,899	23,350	31,909

Rent income earned from leasing out investment properties is included under 'Miscellaneous income' in the statements of income (Note 22).

Direct operating expenses include occupancy cost, repairs and maintenance, and taxes and licenses related to the investment properties.

14. Goodwill and Intangible Assets

Goodwill

Goodwill represents the excess of the acquisition costs over the fair value of the identifiable assets and liabilities of companies acquired by the Group.

The goodwill arising from the acquisitions of CBSI and PDB has been allocated to RBB and CBSI as the CGU, respectively. The goodwill is attributed to the factors such as an increase in geographical presence and customer base due to the branches acquired.

Following the acquisition of CBSI, certain assets and liabilities (including branch licenses) were transferred to the Parent Company. As the economic value of goodwill arising from the CBSI acquisition can be attributed to the branches transferred, such goodwill was transferred to the books of the Parent Company.

As of December 31, 2025 and 2024, the amount of goodwill per CGU follows:

	Consolidated	Parent Company
RBB	₱222,841	₱222,841
CBSI	616,907	–
Total	₱839,748	₱222,841

The recoverable amount of the CGUs has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period, which do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested. Other than loans and deposits growth rates, the significant and most sensitive assumptions used in computing for the recoverable values of the CGUs follow:

	2025		2024	
	RBB	CBSI	RBB	CBSI
Discount rate	11.18%	8.84%	12.99%	15.72%
Long-term growth rate	4.58%	1.00%	1.00%	2.00%

With regard to the assessment of value-in-use of the CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount as of December 31, 2025 and 2024.

Intangible Assets

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Branch licenses	₱3,677,100	₱3,677,100	₱ 455,000	₱455,000
Capitalized software costs	1,672,014	1,010,924	1,612,806	956,898
Exchange trading right	12,000	12,000	–	–
	5,361,114	4,700,024	2,067,806	1,411,898
Allowance for impairment losses (Note 16)	(293,802)	(293,502)	(57,000)	(57,000)
	₱5,067,312	₱4,406,522	₱2,010,806	₱1,354,898

Branch Licenses

Branch licenses of the Group arose from the acquisitions of CBSI, Unity Bank, and PDB. As of December 31, 2025 and 2024, details of branch licenses in the Group's and the Parent Company's financial statements follow:

	Consolidated	Parent Company
Branch license from CBSI acquisition	₱477,600	₱455,000
Branch license from Unity Bank acquisition	360,000	–
Branch license from PDB acquisition*	2,839,500	–
	3,677,100	455,000
Allowance for impairment losses	(289,502)	(57,000)
	₱3,387,598	₱398,000

*mostly attributable to the Parent Company

As of December 31, 2025 and 2024, the carrying amount of branch licenses per CGU follows:

	Consolidated	Parent Company
RBB	₱2,735,000	₱455,000
CBSI	942,100	–
	₱3,667,100	₱455,000

Other than loans and deposits growth rates, the significant and most sensitive assumptions used in computing for the recoverable values of the CGUs follow:

	2025		2024	
	RBB	CBSI	RBB	CBSI
Discount rate	11.18%	8.84%	12.99%	15.72%
Long-term growth rate	4.58%	1.00%	1.00%	2.00%

Capitalized Software Costs

The movements in the account follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Cost				
Balance at beginning of year	₱3,091,354	₱2,247,248	₱3,015,110	₱2,175,475
Additions	1,073,110	857,616	1,052,015	839,658
Disposals/write-off/reclassification (Note 12)	(14,402)	(13,510)	(159)	(23)
Balance at end of year	4,150,062	3,091,354	4,066,966	3,015,110
Accumulated Depreciation and Amortization				
Balance at beginning of year	2,080,430	1,866,197	2,058,212	1,847,158
Depreciation and amortization	397,810	214,736	396,106	211,581
Disposals/write-off/reclassification (Note 12)	(192)	(503)	(159)	(527)
Balance at end of year	2,478,048	2,080,430	2,454,159	2,058,212
Net Book Value at End of Year	₱1,672,014	₱1,010,924	₱1,612,807	₱956,898

Exchange Trading Right

As of December 31, 2025 and 2024, the Group has an exchange trading right with the following carrying values:

	2025	2024
Cost	₱12,000	₱12,000
Allowance for impairment losses	(4,300)	(4,000)
	₱7,700	₱8,000

The trading right has an indefinite useful life and, thus, is not amortized but is subject for impairment at every reporting date. In 2025, 2024, and 2023, the Group recognized an impairment loss amounting to ₱0.30 million, nil, and ₱0.50 million, respectively.

Under the PSE rules, all exchange membership seats are pledged at its full value to the PSE to secure the payment of all debts to other members of the exchange arising out of or in connection with the present or future members' contracts.

15. Other Assets

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Financial assets				
Accounts receivable	₱4,119,587	₱4,117,344	₱2,505,374	₱2,487,095
Sales contract receivable	1,633,451	1,691,896	177,082	262,860
RCOCI	369,596	128,654	336,188	88,068
Others	43,232	41,275	10,874	10,856
	6,165,866	5,979,169	3,029,518	2,848,879
Non-financial assets				
Net plan assets (Note 25)	1,329,327	1,885,859	1,329,327	1,836,058
Prepaid expenses	1,133,996	751,978	951,941	624,542
Sundry debits	428,994	533,790	445,404	498,079
Documentary stamps	426,208	383,071	298,764	272,983
Security deposit	427,880	346,187	350,654	346,114
Creditable withholding taxes	563,352	39,766	531,001	–
Miscellaneous	2,449,240	2,352,626	1,273,541	1,321,818
	6,758,997	6,293,277	5,180,632	4,899,594
	12,924,863	12,272,446	8,210,150	7,748,473
Allowance for impairment losses (Note 16)	(604,179)	(807,893)	(293,779)	(429,434)
	₱12,320,684	₱11,464,553	₱7,916,371	₱7,319,039

Accounts receivable

Accounts receivable includes non-interest-bearing advances to officers and employees, with terms ranging from 1 to 30 days, and receivables of the Parent Company from automated teller machine (ATM) transactions of clients of other banks that transacted through any of the Parent Company's ATM terminals.

Sales contract receivable

This refers to the amortized cost of receivables arising from the subsequent sale of assets acquired in settlement of loans through foreclosure or dation in payment where the sale is on installment basis and the title to the said property is transferred to the buyers only upon full payment of the agreed selling price.

SCR bears fixed interest rates per annum ranging from 6.00% to 18.00% in 2025, from 6.00% to 18.00% in 2024, and from 3.50% to 18.00% in 2023 for the Group and from 6.00% to 9.00% in 2025, from 6.00% to 10.00% in 2024 and 2023 for the Parent Company.

Miscellaneous

Miscellaneous consists mainly of unissued stationery and supplies, inter-office float items, and deposits for various services.

16. Allowance for Impairment and Credit Losses

Changes in the allowance for impairment and credit losses are as follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Balances at beginning of year				
Loans and receivables	₱15,778,123	₱17,380,998	₱12,771,413	₱14,325,851
Investment securities at amortized cost	437,898	541,516	425,644	535,447
Financial assets at FVOCI *	95,673	134,809	95,631	134,776
Investment properties	368,200	424,336	276,809	258,596
Accrued interest receivable	569,010	502,132	179,765	131,270
Intangible assets	293,502	293,502	57,000	57,000
Investment in subsidiaries	–	–	59,902	59,902
Other assets	807,893	968,878	429,434	521,489
Off-balance sheet exposures *	542,135	507,602	542,135	507,602
	18,892,434	20,753,773	14,837,733	16,531,933
Provisions charged to operations	7,034,453	3,314,707	6,107,105	2,531,461
Accounts charged off and others	(3,537,829)	(5,176,046)	(2,359,287)	(4,225,661)
	3,496,624	(1,861,339)	3,747,818	(1,694,200)
Balances at end of year				
Loans and receivables (Note 10)	18,836,228	15,778,123	15,922,241	12,771,413
Investment securities at amortized cost (Note 9)	842,790	437,898	838,027	425,644
Financial assets at FVOCI * (Note 9)	29,254	95,673	29,211	95,631
Investment properties (Note 13)	317,910	368,200	294,478	276,809
Accrued interest receivable	716,457	569,010	342,475	179,765
Intangible assets (Note 14)	293,802	293,502	57,000	57,000
Investment in subsidiaries	–	–	59,902	59,902
Other assets (Note 15)	604,179	807,893	293,779	429,434
Off-balance sheet exposures * (Note 21)	748,438	542,135	748,438	542,135
	₱22,389,058	₱18,892,434	₱18,585,551	₱14,837,733

* The allowance for credit and impairment losses in the above table are presented as contra-asset in determining the carrying amount of the related asset accounts, except for the expected credit losses on "Financial assets at FVOCI" and "Off-balance sheet exposures" which are presented under "Net unrealized gain (loss) on financial assets at FVOCI" (Equity) and "Other Liabilities" (Liability), respectively.

At the current level of allowance for impairment and credit losses, management believes that the Group has sufficient allowance to cover any losses that may be incurred from the non-collection or non-realization of its loans and receivables and other risk assets.

Below is the breakdown of provision for credit losses in 2025, 2024, and 2023.

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Loans and receivables						
Corporate and commercial lending	₱4,531,778	₱2,295,310	₱930,730	₱4,662,910	₱2,403,771	₱679,626
Consumer lending	1,634,897	972,618	744,560	576,126	49,600	(41,352)
Trade-related lending	11,326	83,852	136,317	10,729	94,684	138,415
Others	1,287	(293)	(258)	–	–	–
	6,179,288	3,351,487	1,811,349	5,249,765	2,548,055	776,689
Investment securities at amortized cost	402,204	(111,133)	5,100	409,695	(117,318)	5,080
Financial assets at FVOCI (debt securities)	(67,531)	(36,498)	11,623	(67,531)	(36,507)	11,659
Off-balance sheet exposures	206,303	34,532	(263,419)	206,303	34,532	(263,419)
Other assets	314,189	76,319	(318,650)	308,873	102,699	(321,998)
Provisions charged to operations	₱7,034,453	₱3,314,707	₱1,246,003	₱6,107,105	₱2,531,461	₱208,011

The tables below illustrate the movements of the allowance for impairment and credit losses during 2025 (effect of movements in ECL due to transfers between stages are shown in the total column):

	Consolidated			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Corporate and commercial lending				
Loss allowance at January 1, 2025	₱4,966,396	₱3,512,728	₱4,642,125	₱13,121,249
Transfers:				
Transfer from Stage 1 to Stage 2	(128,744)	157,461	–	28,717
Transfer from Stage 1 to Stage 3	(41,720)	–	2,953,915	2,912,195
Transfer from Stage 2 to Stage 1	18,990	(117,213)	–	(98,223)
Transfer from Stage 2 to Stage 3	–	(2,739,946)	2,808,080	68,134
Transfer from Stage 3 to Stage 1	360	–	(80,554)	(80,194)
Transfer from Stage 3 to Stage 2	–	263,112	(653,748)	(390,636)
New financial assets originated *	3,272,870	514,221	603,312	4,390,403
Changes in PDs / LGDs / EADs	229,270	226,710	910,419	1,366,399
Financial assets derecognized during the period	(1,800,902)	(368,588)	(1,495,527)	(3,665,017)
Provision for credit losses during the period	1,550,124	(2,064,243)	5,045,897	4,531,778
Write-offs, foreclosures, and other movements	10,945	8,462	(2,203,157)	(2,183,750)
Loss allowance at December 31, 2025	₱6,527,465	₱1,456,947	₱7,484,865	₱15,469,277

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Consumer lending				
Loss allowance at January 1, 2025	₱625,008	₱158,653	₱1,816,226	₱2,599,887
Transfers:				
Transfer from Stage 1 to Stage 2	(14,587)	99,002	–	84,415
Transfer from Stage 1 to Stage 3	(5,230)	–	617,859	612,629
Transfer from Stage 2 to Stage 1	2,083	(19,925)	–	(17,842)
Transfer from Stage 2 to Stage 3	–	(20,753)	251,601	230,848
Transfer from Stage 3 to Stage 1	366	–	(48,608)	(48,242)
Transfer from Stage 3 to Stage 2	–	2,585	(41,002)	(38,417)
New financial assets originated *	237,085	101,317	300,024	638,426
Changes in PDs / LGDs / EADs	(117,266)	22,032	995,104	899,870
Financial assets derecognized during the period	(148,095)	(50,009)	(528,686)	(726,790)
Provision for credit losses during the period	(45,644)	134,249	1,546,292	1,634,897
Write-offs, foreclosures, and other movements	(3)	–	(937,490)	(937,493)
Loss allowance at December 31, 2025	₱579,361	₱292,902	₱2,425,028	₱3,297,291

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Trade-related lending				
Loss allowance at January 1, 2025	₱52,114	₱2,983	₱1	₱55,098
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	42,462	6,905	17,792	67,159
Changes in PDs / LGDs / EADs	–	–	–	–
Financial assets derecognized during the period	(52,850)	(2,983)	–	(55,833)
Provision for credit losses during the period	(10,388)	3,922	17,792	11,326
Write-offs, foreclosures, and other movements	60	–	–	60
Loss allowance at December 31, 2025	₱41,786	₱6,905	₱17,793	₱66,484

* Stage classification of new financial assets originated pertains to the stage as of end of year

Others	Consolidated			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Loss allowance at January 1, 2025	₱1	₱–	₱1,888	₱1,889
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	643	643
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	–	575	–	575
Changes in PDs / LGDs / EADs	–	–	69	69
Financial assets derecognized during the period	–	–	–	–
Provision for credit losses during the period	–	575	712	1,287
Write-offs, foreclosures, and other movements	–	–	–	–
Loss allowance at December 31, 2025	₱1	₱575	₱2,600	₱3,176

* Stage classification of new financial assets originated pertains to the stage as of end of year

Loans and receivables – total	Consolidated			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Loss allowance at January 1, 2025	₱5,643,519	₱3,674,364	₱6,460,240	₱15,778,123
Transfers:				
Transfer from Stage 1 to Stage 2	(143,331)	256,463	–	113,132
Transfer from Stage 1 to Stage 3	(46,950)	–	3,572,417	3,525,467
Transfer from Stage 2 to Stage 1	21,073	(137,138)	–	(116,065)
Transfer from Stage 2 to Stage 3	–	(2,760,699)	3,059,681	298,982
Transfer from Stage 3 to Stage 1	726	–	(129,162)	(128,436)
Transfer from Stage 3 to Stage 2	–	265,697	(694,750)	(429,053)
New financial assets originated *	3,552,417	623,018	921,128	5,096,563
Changes in PDs / LGDs / EADs	112,004	248,742	1,905,592	2,266,338
Financial assets derecognized during the period	(2,001,847)	(421,580)	(2,024,213)	(4,447,640)
Provision for credit losses during the period	1,494,092	(1,925,497)	6,610,693	6,179,288
Write-offs, foreclosures, and other movements	11,002	8,462	(3,140,647)	(3,121,183)
Loss allowance at December 31, 2025	₱7,148,613	₱1,757,329	₱9,930,286	₱18,836,228

* Stage classification of new financial assets originated pertains to the stage as of end of year

Investment securities at amortized cost	Consolidated			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Loss allowance at January 1, 2025	₱431,498	₱6,400	₱–	₱437,898
Transfers:				
Transfer from Stage 1 to Stage 2	(78,533)	611,481	–	532,948
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	3,850	(6,400)	–	(2,550)
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	9,770	–	–	9,770
Changes in PDs / LGDs / EADs	(81,169)	–	–	(81,169)
Financial assets derecognized during the period	(56,794)	–	–	(56,794)
Provision for credit losses during the period	(202,876)	605,081	–	402,205
Write-offs, foreclosures, and other movements	2,682	5	–	2,687
Loss allowance at December 31, 2025	₱231,304	₱611,486	₱–	₱842,790

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Financial assets at FVOCI (debt securities)	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2025	₱95,673	₱-	₱-	₱95,673
Transfers:				
Transfer from Stage 1 to Stage 2	(253)	1,610	-	1,357
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated *	2,309	-	-	2,309
Changes in PDs / LGDs / EADs	(19,798)	-	-	(19,798)
Financial assets derecognized during the period	(51,399)	-	-	(51,399)
Provision for credit losses during the period	(69,141)	1,610	-	(67,531)
Write-offs, foreclosures, and other movements	1,101	10	-	1,111
Loss allowance at December 31, 2025	₱27,633	₱1,620	₱-	₱29,253

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Corporate and commercial lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2025	₱4,903,308	₱3,504,060	₱3,746,675	₱12,154,043
Transfers:				
Transfer from Stage 1 to Stage 2	(121,125)	149,059	-	27,934
Transfer from Stage 1 to Stage 3	(41,699)	-	2,952,379	2,910,680
Transfer from Stage 2 to Stage 1	17,876	(115,984)	-	(98,108)
Transfer from Stage 2 to Stage 3	-	(2,739,531)	2,780,410	40,879
Transfer from Stage 3 to Stage 1	35	-	(56,682)	(56,647)
Transfer from Stage 3 to Stage 2	-	258,173	(324,727)	(66,554)
New financial assets originated *	3,241,002	495,948	586,283	4,323,233
Changes in PDs / LGDs / EADs	223,258	143,336	486,631	853,225
Financial assets derecognized during the period	(1,787,450)	(367,124)	(1,117,158)	(3,271,732)
Provision for credit losses during the period	1,531,897	(2,176,123)	5,307,136	4,662,910
Write-offs, foreclosures, and other movements	10,945	8,462	(1,960,391)	(1,940,984)
Loss allowance at December 31, 2025	₱6,446,150	₱1,336,399	₱7,093,420	₱14,875,969

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Consumer lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2025	₱109,445	₱52,508	₱401,398	₱563,351
Transfers:				
Transfer from Stage 1 to Stage 2	(4,861)	7,332	-	2,471
Transfer from Stage 1 to Stage 3	(561)	-	29,319	28,758
Transfer from Stage 2 to Stage 1	171	(1,903)	-	(1,732)
Transfer from Stage 2 to Stage 3	-	(2,252)	4,175	1,923
Transfer from Stage 3 to Stage 1	38	-	(7,348)	(7,310)
Transfer from Stage 3 to Stage 2	-	420	(12,052)	(11,632)
New financial assets originated *	25,806	7,779	12,308	45,893
Changes in PDs / LGDs / EADs	30,476	68,537	441,604	540,617
Financial assets derecognized during the period	(9,138)	(861)	(12,863)	(22,862)
Provision for credit losses during the period	41,931	79,052	455,143	576,126
Write-offs, foreclosures, and other movements	(3)	-	(158,010)	(158,013)
Loss allowance at December 31, 2025	₱151,373	₱131,560	₱698,531	₱981,464

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Trade-related lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2025	₱51,036	₱2,983	₱–	₱54,019
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	40,787	6,905	17,792	65,484
Changes in PDs / LGDs / EADs	–	–	–	–
Financial assets derecognized during the period	(51,772)	(2,983)	–	(54,755)
Provision for credit losses during the period	(10,985)	3,922	17,792	10,729
Write-offs, foreclosures, and other movements	60	–	–	60
Loss allowance at December 31, 2025	₱40,111	₱6,905	₱17,792	₱64,808

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Loans and receivables – total	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2025	₱5,063,789	₱3,559,551	₱4,148,073	₱12,771,413
Transfers:				
Transfer from Stage 1 to Stage 2	(125,986)	156,391	–	30,405
Transfer from Stage 1 to Stage 3	(42,260)	–	2,981,698	2,939,438
Transfer from Stage 2 to Stage 1	18,047	(117,887)	–	(99,840)
Transfer from Stage 2 to Stage 3	–	(2,741,783)	2,784,585	42,802
Transfer from Stage 3 to Stage 1	73	–	(64,030)	(63,957)
Transfer from Stage 3 to Stage 2	–	258,593	(336,779)	(78,186)
New financial assets originated *	3,307,595	510,632	616,383	4,434,610
Changes in PDs / LGDs / EADs	253,734	211,873	928,235	1,393,842
Financial assets derecognized during the period	(1,848,360)	(370,968)	(1,130,021)	(3,349,349)
Provision for credit losses during the period	1,562,843	(2,093,149)	5,780,071	5,249,765
Write-offs, foreclosures, and other movements	11,002	8,462	(2,118,401)	(2,098,937)
Loss allowance at December 31, 2025	₱6,637,634	₱1,474,864	₱7,809,743	₱15,922,241

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Investment securities at amortized cost	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2025	₱419,244	₱6,400	₱–	₱425,644
Transfers:				
Transfer from Stage 1 to Stage 2	(78,533)	611,481	–	532,948
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	3,850	(6,400)	–	(2,550)
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	7,276	–	–	7,276
Changes in PDs / LGDs / EADs	(76,258)	–	–	(76,258)
Financial assets derecognized during the period	(51,720)	–	–	(51,720)
Provision for credit losses during the period	(195,385)	605,081	–	409,696
Write-offs, foreclosures, and other movements	2,682	5	–	2,687
Loss allowance at December 31, 2025	₱226,541	₱611,486	₱–	₱838,027

* Stage classification of new financial assets originated pertains to the stage as of end of year

Financial assets at FVOCI (debt securities)	Parent Company			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Loss allowance at January 1, 2025	₱95,631	₱–	₱–	₱95,631
Transfers:				
Transfer from Stage 1 to Stage 2	(253)	1,610	–	1,357
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	2,309	–	–	2,309
Changes in PDs / LGDs / EADs	(19,798)	–	–	(19,798)
Financial assets derecognized during the period	(51,399)	–	–	(51,399)
Provision for credit losses during the period	(69,141)	1,610	–	(67,531)
Write-offs, foreclosures, and other movements	1,101	10	–	1,111
Loss allowance at December 31, 2025	₱27,591	₱1,620	₱–	₱29,211

* Stage classification of new financial assets originated pertains to the stage as of end of year

Comparative figures for the movement of allowance for credit and impairment losses for 2024 are shown below:

Corporate and commercial lending	Consolidated			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Loss allowance at January 1, 2024	₱5,561,409	₱1,733,757	₱7,390,316	₱14,685,482
Transfers:				
Transfer from Stage 1 to Stage 2	(229,129)	337,439	–	108,310
Transfer from Stage 1 to Stage 3	(2,959)	–	118,481	115,522
Transfer from Stage 2 to Stage 1	181,583	(592,011)	–	(410,428)
Transfer from Stage 2 to Stage 3	–	(68,832)	810,118	741,286
Transfer from Stage 3 to Stage 1	463	–	(22,241)	(21,778)
Transfer from Stage 3 to Stage 2	–	468,047	(620,757)	(152,710)
New financial assets originated *	2,341,232	2,303,606	1,554,173	6,199,011
Changes in PDs / LGDs / EADs	(1,539,806)	(145,324)	1,350,688	(334,442)
Financial assets derecognized during the period	(1,355,430)	(565,101)	(2,028,930)	(3,949,461)
Provision for credit losses during the period	(604,046)	1,737,824	1,161,532	2,295,310
Write-offs, foreclosures, and other movements	9,033	41,147	(3,909,723)	(3,859,543)
Loss allowance at December 31, 2024	₱4,966,396	₱3,512,728	₱4,642,125	₱13,121,249

* Stage classification of new financial assets originated pertains to the stage as of end of year

Consumer lending	Consolidated			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Loss allowance at January 1, 2024	₱925,608	₱216,312	₱1,308,731	₱2,450,651
Transfers:				
Transfer from Stage 1 to Stage 2	(10,624)	52,063	–	41,439
Transfer from Stage 1 to Stage 3	(7,150)	–	420,394	413,244
Transfer from Stage 2 to Stage 1	9,192	(66,088)	–	(56,896)
Transfer from Stage 2 to Stage 3	–	(20,857)	219,299	198,442
Transfer from Stage 3 to Stage 1	784	–	(49,430)	(48,646)
Transfer from Stage 3 to Stage 2	–	2,271	(30,484)	(28,213)
New financial assets originated *	307,972	47,481	234,694	590,147
Changes in PDs / LGDs / EADs	(347,669)	5,866	1,014,342	672,539
Financial assets derecognized during the period	(253,105)	(78,395)	(477,938)	(809,438)
Provision for credit losses during the period	(300,600)	(57,659)	1,330,877	972,618
Write-offs, foreclosures, and other movements	–	–	(823,382)	(823,382)
Loss allowance at December 31, 2024	₱625,008	₱158,653	₱1,816,226	₱2,599,887

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Trade-related lending				
Loss allowance at January 1, 2024	₱38,068	₱11,319	₱193,296	₱242,683
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	(318)	–	318	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	52,097	2,928	–	55,025
Changes in PDs / LGDs / EADs	3	28	129,937	129,968
Financial assets derecognized during the period	(38,161)	(11,292)	(51,688)	(101,141)
Provision for credit losses during the period	13,621	(8,336)	78,567	83,852
Write-offs, foreclosures, and other movements	425	–	(271,862)	(271,437)
Loss allowance at December 31, 2024	₱52,114	₱2,983	₱1	₱55,098

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Others				
Loss allowance at January 1, 2024	₱1	₱–	₱2,181	₱2,182
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	(32)	(32)
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	–	–	–	–
Changes in PDs / LGDs / EADs	–	–	(261)	(261)
Financial assets derecognized during the period	–	–	–	–
Provision for credit losses during the period	–	–	(293)	(293)
Write-offs, foreclosures, and other movements	–	–	–	–
Loss allowance at December 31, 2024	₱1	₱–	₱1,888	₱1,889

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loans and receivables – total				
Loss allowance at January 1, 2024	₱6,525,086	₱1,961,388	₱8,894,524	₱17,380,998
Transfers:				
Transfer from Stage 1 to Stage 2	(239,753)	389,502	–	149,749
Transfer from Stage 1 to Stage 3	(10,427)	–	539,193	528,766
Transfer from Stage 2 to Stage 1	190,775	(658,099)	–	(467,324)
Transfer from Stage 2 to Stage 3	–	(89,689)	1,029,417	939,728
Transfer from Stage 3 to Stage 1	1,247	–	(71,703)	(70,456)
Transfer from Stage 3 to Stage 2	–	470,318	(651,241)	(180,923)
New financial assets originated *	2,701,301	2,354,015	1,788,867	6,844,183
Changes in PDs / LGDs / EADs	(1,887,472)	(139,430)	2,494,706	467,804
Financial assets derecognized during the period	(1,646,696)	(654,788)	(2,558,556)	(4,860,040)
Provision for credit losses during the period	(891,025)	1,671,829	2,570,683	3,351,487
Write-offs, foreclosures, and other movements	9,458	41,147	(5,004,967)	(4,954,362)
Loss allowance at December 31, 2024	₱5,643,519	₱3,674,364	₱6,460,240	₱15,778,123

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Investment securities at amortized cost				
Loss allowance at January 1, 2024	₱484,928	₱56,588	₱-	₱541,516
Transfers:				
Transfer from Stage 1 to Stage 2	(2,049)	4,267	-	2,218
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	15,259	(52,961)	-	(37,702)
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated *	40,660	-	-	40,660
Changes in PDs / LGDs / EADs	(92,498)	(1,465)	-	(97,963)
Financial assets derecognized during the period	(18,346)	-	-	(18,346)
Provision for credit losses during the period	(60,974)	(50,159)	-	(111,133)
Write-offs, foreclosures, and other movements	7,544	(29)	-	7,515
Loss allowance at December 31, 2024	₱431,498	₱6,400	₱-	₱437,898

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Financial assets at FVOCI (debt securities)				
Loss allowance at January 1, 2024	₱132,694	₱2,115	₱-	₱134,809
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	864	(2,093)	-	(1,229)
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated *	24,725	-	-	24,725
Changes in PDs / LGDs / EADs	(40,195)	-	-	(40,195)
Financial assets derecognized during the period	(19,799)	-	-	(19,799)
Provision for credit losses during the period	(34,405)	(2,093)	-	(36,498)
Write-offs, foreclosures, and other movements	(2,616)	(22)	-	(2,638)
Loss allowance at December 31, 2024	₱95,673	₱-	₱-	₱95,673

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Corporate and commercial lending				
Loss allowance at January 1, 2024	₱5,495,186	₱1,697,348	₱6,322,218	₱13,514,752
Transfers:				
Transfer from Stage 1 to Stage 2	(227,519)	335,316	-	107,797
Transfer from Stage 1 to Stage 3	(2,780)	-	109,887	107,107
Transfer from Stage 2 to Stage 1	171,046	(578,115)	-	(407,069)
Transfer from Stage 2 to Stage 3	-	(67,752)	770,829	703,077
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	463,797	(466,078)	(2,281)
New financial assets originated *	2,310,027	2,301,284	1,323,065	5,934,376
Changes in PDs / LGDs / EADs	(1,520,886)	(136,130)	1,241,910	(415,106)
Financial assets derecognized during the period	(1,330,799)	(552,835)	(1,740,496)	(3,624,130)
Provision for credit losses during the period	(600,911)	1,765,565	1,239,117	2,403,771
Write-offs, foreclosures, and other movements	9,033	41,147	(3,814,660)	(3,764,480)
Loss allowance at December 31, 2024	₱4,903,308	₱3,504,060	₱3,746,675	₱12,154,043

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Consumer lending				
Loss allowance at January 1, 2024	₱163,793	₱107,861	₱308,673	₱580,327
Transfers:				
Transfer from Stage 1 to Stage 2	(1,579)	4,590	–	3,011
Transfer from Stage 1 to Stage 3	(440)	–	10,960	10,520
Transfer from Stage 2 to Stage 1	4,425	(41,071)	–	(36,646)
Transfer from Stage 2 to Stage 3	–	(2,908)	10,643	7,735
Transfer from Stage 3 to Stage 1	127	–	(9,318)	(9,191)
Transfer from Stage 3 to Stage 2	–	569	(10,697)	(10,128)
New financial assets originated *	17,846	2,717	3,880	24,443
Changes in PDs / LGDs / EADs	(61,137)	16,174	168,648	123,685
Financial assets derecognized during the period	(13,590)	(35,424)	(14,815)	(63,829)
Provision for credit losses during the period	(54,348)	(55,353)	159,301	49,600
Write-offs, foreclosures, and other movements	–	–	(66,576)	(66,576)
Loss allowance at December 31, 2024	₱109,445	₱52,508	₱401,398	₱563,351

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Trade-related lending				
Loss allowance at January 1, 2024	₱37,015	₱461	₱193,296	₱230,772
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	(318)	–	318	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	51,019	2,928	–	53,947
Changes in PDs / LGDs / EADs	–	28	129,937	129,965
Financial assets derecognized during the period	(37,105)	(435)	(51,688)	(89,228)
Provision for credit losses during the period	13,596	2,521	78,567	94,684
Write-offs, foreclosures, and other movements	425	–	(271,862)	(271,437)
Loss allowance at December 31, 2024	₱51,036	₱2,982	₱1	₱54,019

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loans and receivables – total				
Loss allowance at January 1, 2024	₱5,695,994	₱1,805,670	₱6,824,187	₱14,325,851
Transfers:				
Transfer from Stage 1 to Stage 2	(229,098)	339,906	–	110,808
Transfer from Stage 1 to Stage 3	(3,538)	–	121,165	117,627
Transfer from Stage 2 to Stage 1	175,471	(619,186)	–	(443,715)
Transfer from Stage 2 to Stage 3	–	(70,660)	781,472	710,812
Transfer from Stage 3 to Stage 1	127	–	(9,318)	(9,191)
Transfer from Stage 3 to Stage 2	–	464,366	(476,775)	(12,409)
New financial assets originated *	2,378,892	2,306,929	1,326,945	6,012,766
Changes in PDs / LGDs / EADs	(1,582,023)	(119,927)	1,540,494	(161,456)
Financial assets derecognized during the period	(1,381,494)	(588,694)	(1,806,999)	(3,777,187)
Provision for credit losses during the period	(641,663)	1,712,734	1,476,984	2,548,055
Write-offs, foreclosures, and other movements	9,458	41,147	(4,153,098)	(4,102,493)
Loss allowance at December 31, 2024	₱5,063,789	₱3,559,551	₱4,148,073	₱12,771,413

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Investment securities at amortized cost	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2024	₱478,859	₱56,588	₱–	₱535,447
Transfers:				
Transfer from Stage 1 to Stage 2	(2,049)	4,267	–	2,218
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	15,259	(52,961)	–	(37,702)
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	38,756	–	–	38,756
Changes in PDs / LGDs / EADs	(101,087)	(1,465)	–	(102,552)
Financial assets derecognized during the period	(18,038)	–	–	(18,038)
Provision for credit losses during the period	(67,159)	(50,159)	–	(117,318)
Write-offs, foreclosures, and other movements	7,544	(29)	–	7,515
Loss allowance at December 31, 2024	₱419,244	₱6,400	₱–	₱425,644

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Financial assets at FVOCI (debt securities)	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance at January 1, 2024	₱132,661	₱2,115	₱–	₱134,776
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	864	(2,093)	–	(1,229)
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	24,725	–	–	24,725
Changes in PDs / LGDs / EADs	(40,204)	–	–	(40,204)
Financial assets derecognized during the period	(19,799)	–	–	(19,799)
Provision for credit losses during the period	(34,414)	(2,093)	–	(36,507)
Write-offs, foreclosures, and other movements	(2,616)	(22)	–	(2,638)
Loss allowance at December 31, 2024	₱95,631	₱–	₱–	₱95,631

* Stage classification of new financial assets originated pertains to the stage as of end of year

The corresponding movement of the gross carrying amount of the financial assets during 2025 are shown below:

	Consolidated			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
Corporate and commercial lending	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross carrying amount at January 1, 2025	₱651,887,830	₱47,628,759	₱9,671,257	₱709,187,846
Transfers:				
Transfer from Stage 1 to Stage 2	(7,384,751)	7,384,751	–	–
Transfer from Stage 1 to Stage 3	(3,321,739)	–	3,321,739	–
Transfer from Stage 2 to Stage 1	6,868,286	(6,868,286)	–	–
Transfer from Stage 2 to Stage 3	–	(8,939,997)	8,939,997	–
Transfer from Stage 3 to Stage 1	141,581	–	(141,581)	–
Transfer from Stage 3 to Stage 2	–	2,131,958	(2,131,958)	–
New financial assets originated *	339,060,451	13,532,687	1,322,188	353,915,326
Changes in EADs	(32,441,274)	(2,131,581)	(635,527)	(35,208,382)
Financial assets derecognized during the period	(203,009,756)	(15,839,233)	(1,986,269)	(220,835,258)
Write-offs, foreclosures, and other movements	–	–	(8,059,547)	(8,059,547)
Total movements of carrying amount	99,912,798	(10,729,701)	629,042	89,812,139
Gross carrying amount at December 31, 2025	₱751,800,628	₱36,899,058	₱10,300,299	₱798,999,985

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Consumer lending				
Gross carrying amount at January 1, 2025	₱200,825,670	₱5,753,377	₱5,864,241	₱212,443,288
Transfers:				
Transfer from Stage 1 to Stage 2	(8,109,440)	8,109,440	–	–
Transfer from Stage 1 to Stage 3	(1,685,424)	–	1,685,424	–
Transfer from Stage 2 to Stage 1	1,088,579	(1,088,579)	–	–
Transfer from Stage 2 to Stage 3	–	(670,358)	670,358	–
Transfer from Stage 3 to Stage 1	269,170	–	(269,170)	–
Transfer from Stage 3 to Stage 2	–	432,979	(432,979)	–
New financial assets originated *	103,457,613	4,576,815	708,735	108,743,163
Changes in EADs	(14,836,994)	(1,369,371)	1,179,095	(15,027,270)
Financial assets derecognized during the period	(53,644,529)	(1,222,828)	(1,183,579)	(56,050,936)
Write-offs, foreclosures, and other movements	–	–	(1,117,884)	(1,117,884)
Total movements of carrying amount	26,538,975	8,768,098	1,240,000	36,547,073
Gross carrying amount at December 31, 2025	₱227,364,645	₱14,521,475	₱7,104,241	₱248,990,361

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Trade-related lending				
Gross carrying amount at January 1, 2025	₱11,149,579	₱108,434	₱–	₱11,258,013
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	10,148,605	560,161	24,513	10,733,279
Changes in EADs	–	–	–	–
Financial assets derecognized during the period	(11,149,579)	(108,434)	–	(11,258,013)
Write-offs, foreclosures, and other movements	–	–	–	–
Total movements of carrying amount	(1,000,974)	451,727	24,513	(524,734)
Gross carrying amount at December 31, 2025	₱10,148,605	₱560,161	₱24,513	₱10,733,279

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Others				
Gross carrying amount at January 1, 2025	₱180,160	₱1,498	₱3,295	₱184,953
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	(1,122)	–	1,122	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	78,870	11,072	–	89,942
Changes in EADs	(131,805)	(1,498)	661	(132,642)
Financial assets derecognized during the period	(40)	–	–	(40)
Write-offs, foreclosures, and other movements	–	–	–	–
Total movements of carrying amount	(54,097)	9,574	1,783	(42,740)
Gross carrying amount at December 31, 2025	₱126,063	₱11,072	₱5,078	₱142,213

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loans and receivables – total				
Gross carrying amount at January 1, 2025	₱864,043,239	₱53,492,068	₱15,538,793	₱933,074,100
Transfers:				
Transfer from Stage 1 to Stage 2	(15,494,191)	15,494,191	–	–
Transfer from Stage 1 to Stage 3	(5,008,285)	–	5,008,285	–
Transfer from Stage 2 to Stage 1	7,956,865	(7,956,865)	–	–
Transfer from Stage 2 to Stage 3	–	(9,610,355)	9,610,355	–
Transfer from Stage 3 to Stage 1	410,751	–	(410,751)	–
Transfer from Stage 3 to Stage 2	–	2,564,937	(2,564,937)	–
New financial assets originated *	452,745,539	18,680,735	2,055,436	473,481,710
Changes in EADs	(47,410,073)	(3,502,450)	544,229	(50,368,294)
Financial assets derecognized during the period	(267,803,904)	(17,170,495)	(3,169,848)	(288,144,247)
Write-offs, foreclosures, and other movements	–	–	(9,177,431)	(9,177,431)
Total movements of carrying amount	125,396,702	(1,500,302)	1,895,338	125,791,738
Gross carrying amount at December 31, 2025	₱989,439,941	₱51,991,766	₱17,434,131	₱1,058,865,838

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Investment securities at amortized cost				
Gross carrying amount at January 1, 2025	₱391,240,972	₱1,504,928	₱–	₱392,745,900
Transfers:				
Transfer from Stage 1 to Stage 2	(12,840,677)	12,840,677	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	1,504,928	(1,504,928)	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	11,610,298	–	–	11,610,298
Changes in EADs	(982,787)	662,093	–	(320,694)
Financial assets derecognized during the period	(23,402,953)	–	–	(23,402,953)
Write-offs, foreclosures, and other movements	–	–	–	–
Total movements of carrying amount	(24,111,191)	11,997,842	–	(12,113,349)
Gross carrying amount at December 31, 2025	₱367,129,781	₱13,502,770	₱–	₱380,632,551

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated			Total
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Financial assets at FVOCI (debt securities)				
Gross carrying amount at January 1, 2025	₱129,535,008	₱–	₱–	₱129,535,008
Transfers:				
Transfer from Stage 1 to Stage 2	(516,421)	516,421	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	132,382,813	–	–	132,382,813
Changes in EADs	(5,512,140)	35,622	–	(5,476,518)
Financial assets derecognized during the period	(99,645,446)	–	–	(99,645,446)
Write-offs, foreclosures, and other movements	4,507	–	–	4,507
Total movements of carrying amount	26,713,313	552,043	–	27,265,356
Gross carrying amount at December 31, 2025	₱156,248,321	₱552,043	₱–	₱156,800,364

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Corporate and commercial lending				
Gross carrying amount at January 1, 2025	₱640,849,163	₱46,253,490	₱7,538,614	₱694,641,267
Transfers:				
Transfer from Stage 1 to Stage 2	(6,051,717)	6,051,717	–	–
Transfer from Stage 1 to Stage 3	(3,318,080)	–	3,318,080	–
Transfer from Stage 2 to Stage 1	6,673,281	(6,673,281)	–	–
Transfer from Stage 2 to Stage 3	–	(8,874,095)	8,874,095	–
Transfer from Stage 3 to Stage 1	84,728	–	(84,728)	–
Transfer from Stage 3 to Stage 2	–	1,348,347	(1,348,347)	–
New financial assets originated *	329,787,382	13,053,359	1,244,792	344,085,533
Changes in EADs	(31,178,314)	(1,698,246)	(635,527)	(33,512,087)
Financial assets derecognized during the period	(198,655,127)	(15,357,035)	(1,808,786)	(215,820,948)
Write-offs, foreclosures, and other movements	–	–	(7,816,781)	(7,816,781)
Total movements of carrying amount	97,342,153	(12,149,234)	1,742,798	86,935,717
Gross carrying amount at December 31, 2025	₱738,191,316	₱34,104,256	₱9,281,412	₱781,576,984

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Consumer lending				
Gross carrying amount at January 1, 2025	₱84,031,167	₱3,202,237	₱3,321,588	₱90,554,992
Transfers:				
Transfer from Stage 1 to Stage 2	(5,906,221)	5,906,221	–	–
Transfer from Stage 1 to Stage 3	(627,732)	–	627,732	–
Transfer from Stage 2 to Stage 1	655,448	(655,448)	–	–
Transfer from Stage 2 to Stage 3	–	(225,696)	225,696	–
Transfer from Stage 3 to Stage 1	195,021	–	(195,021)	–
Transfer from Stage 3 to Stage 2	–	380,952	(380,952)	–
New financial assets originated *	34,552,094	3,077,933	163,315	37,793,342
Changes in EADs	47,834	(1,095,577)	499,846	(547,897)
Financial assets derecognized during the period	(15,259,602)	(284,365)	(179,607)	(15,723,574)
Write-offs, foreclosures, and other movements	–	–	(338,403)	(338,403)
Total movements of carrying amount	13,656,842	7,104,020	422,606	21,183,468
Gross carrying amount at December 31, 2025	₱97,688,009	₱10,306,257	₱3,744,194	₱111,738,460

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Trade-related lending				
Gross carrying amount at January 1, 2025	₱10,797,962	₱108,434	₱–	₱10,906,396
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	9,808,580	560,161	24,513	10,393,254
Changes in EADs	–	–	–	–
Financial assets derecognized during the period	(10,797,962)	(108,434)	–	(10,906,396)
Write-offs, foreclosures, and other movements	–	–	–	–
Total movements of carrying amount	(989,382)	451,727	24,513	(513,142)
Gross carrying amount at December 31, 2025	₱9,808,580	₱560,161	₱24,513	₱10,393,254

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company				Total
	ECL Staging			Total	
	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL		
Others					
Gross carrying amount at January 1, 2025	₱19,527	₱-	₱2		₱19,529
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-		-
Transfer from Stage 1 to Stage 3	-	-	-		-
Transfer from Stage 2 to Stage 1	-	-	-		-
Transfer from Stage 2 to Stage 3	-	-	-		-
Transfer from Stage 3 to Stage 1	-	-	-		-
Transfer from Stage 3 to Stage 2	-	-	-		-
New financial assets originated *	-	-	-		-
Changes in EADs	10,684	-	789		11,473
Financial assets derecognized during the period	(40)	-	-		(40)
Write-offs, foreclosures, and other movements	-	-	-		-
Total movements of carrying amount	10,644	-	789		11,433
Gross carrying amount at December 31, 2025	₱30,171	₱-	₱791		₱30,962

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company				Total
	ECL Staging			Total	
	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL		
Loans and receivables – total					
Gross carrying amount at January 1, 2025	₱735,697,819	₱49,564,161	₱10,860,204		₱796,122,184
Transfers:					
Transfer from Stage 1 to Stage 2	(11,957,938)	11,957,938	-		-
Transfer from Stage 1 to Stage 3	(3,945,812)	-	3,945,812		-
Transfer from Stage 2 to Stage 1	7,328,729	(7,328,729)	-		-
Transfer from Stage 2 to Stage 3	-	(9,099,791)	9,099,791		-
Transfer from Stage 3 to Stage 1	279,749	-	(279,749)		-
Transfer from Stage 3 to Stage 2	-	1,729,299	(1,729,299)		-
New financial assets originated *	374,148,056	16,691,453	1,432,620		392,272,129
Changes in EADs	(31,119,796)	(2,793,823)	(134,892)		(34,048,511)
Financial assets derecognized during the period	(224,712,731)	(15,749,834)	(1,988,393)		(242,450,958)
Write-offs, foreclosures, and other movements	-	-	(8,155,184)		(8,155,184)
Total movements of carrying amount	110,020,257	(4,593,487)	2,190,706		107,617,476
Gross carrying amount at December 31, 2025	₱845,718,076	₱44,970,674	₱13,050,910		₱903,739,660

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company				Total
	ECL Staging			Total	
	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL		
Investment securities at amortized cost					
Gross carrying amount at January 1, 2025	₱383,638,203	₱1,504,928	₱-		₱385,143,131
Transfers:					
Transfer from Stage 1 to Stage 2	(12,840,677)	12,840,677	-		-
Transfer from Stage 1 to Stage 3	-	-	-		-
Transfer from Stage 2 to Stage 1	1,504,928	(1,504,928)	-		-
Transfer from Stage 2 to Stage 3	-	-	-		-
Transfer from Stage 3 to Stage 1	-	-	-		-
Transfer from Stage 3 to Stage 2	-	-	-		-
New financial assets originated *	7,246,381	-	-		7,246,381
Changes in EADs	(963,391)	662,093	-		(301,298)
Financial assets derecognized during the period	(20,330,905)	-	-		(20,330,905)
Write-offs, foreclosures, and other movements	-	-	-		-
Total movements of carrying amount	(25,383,664)	11,997,842	-		(13,385,822)
Gross carrying amount at December 31, 2025	₱358,254,539	₱13,502,770	₱-		₱371,757,309

* Stage classification of new financial assets originated pertains to the stage as of end of year

Financial assets at FVOCI (debt securities)	Parent Company			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Gross carrying amount at January 1, 2025	₱117,273,592	₱–	₱–	₱117,273,592
Transfers:				
Transfer from Stage 1 to Stage 2	(516,421)	516,421	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	64,848,732	–	–	64,848,732
Changes in EADs	(3,288,355)	35,623	–	(3,252,732)
Financial assets derecognized during the period	(51,365,796)	–	–	(51,365,796)
Write-offs, foreclosures, and other movements	–	–	–	–
Total movements of carrying amount	9,678,160	552,044	–	10,230,204
Gross carrying amount at December 31, 2025	₱126,951,752	₱552,044	₱–	₱127,503,796

* Stage classification of new financial assets originated pertains to the stage as of end of year

Comparative figures for the movement of gross carrying amount for 2024 are shown below:

Corporate and commercial lending	Consolidated			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Gross carrying amount at January 1, 2024	₱528,065,643	₱54,083,232	₱15,763,340	₱597,912,215
Transfers:				
Transfer from Stage 1 to Stage 2	(11,994,560)	11,994,560	–	–
Transfer from Stage 1 to Stage 3	(897,207)	–	897,207	–
Transfer from Stage 2 to Stage 1	14,079,818	(14,079,818)	–	–
Transfer from Stage 2 to Stage 3	–	(2,296,072)	2,296,072	–
Transfer from Stage 3 to Stage 1	56,927	–	(56,927)	–
Transfer from Stage 3 to Stage 2	–	1,346,504	(1,346,504)	–
New financial assets originated *	297,141,420	25,416,871	4,117,751	326,676,042
Changes in EADs	(28,696,562)	(4,416,322)	12,846	(33,100,038)
Financial assets derecognized during the period	(145,867,649)	(24,420,196)	(6,946,559)	(177,234,404)
Write-offs, foreclosures, and other movements	–	–	(5,065,969)	(5,065,969)
Total movements of carrying amount	123,822,187	(6,454,473)	(6,092,083)	111,275,631
Gross carrying amount at December 31, 2024	₱651,887,830	₱47,628,759	₱9,671,257	₱709,187,846

* Stage classification of new financial assets originated pertains to the stage as of end of year

Consumer lending	Consolidated			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Gross carrying amount at January 1, 2024	₱158,152,686	₱17,426,251	₱5,204,625	₱180,783,562
Transfers:				
Transfer from Stage 1 to Stage 2	(2,282,846)	2,282,846	–	–
Transfer from Stage 1 to Stage 3	(1,245,183)	–	1,245,183	–
Transfer from Stage 2 to Stage 1	8,962,869	(8,962,869)	–	–
Transfer from Stage 2 to Stage 3	–	(870,875)	870,875	–
Transfer from Stage 3 to Stage 1	268,872	–	(268,872)	–
Transfer from Stage 3 to Stage 2	–	240,348	(240,348)	–
New financial assets originated *	87,549,194	1,174,991	657,253	89,381,438
Changes in EADs	(17,104,373)	(693,064)	541,746	(17,255,691)
Financial assets derecognized during the period	(33,475,549)	(4,844,251)	(1,160,892)	(39,480,692)
Write-offs, foreclosures, and other movements	–	–	(985,329)	(985,329)
Total movements of carrying amount	42,672,984	(11,672,874)	659,616	31,659,726
Gross carrying amount at December 31, 2024	₱200,825,670	₱5,753,377	₱5,864,241	₱212,443,288

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
12-month ECL	Lifetime ECL	Lifetime ECL		
Trade-related lending				
Gross carrying amount at January 1, 2024	₱11,797,809	₱139,017	₱260,588	₱12,197,414
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	(75,065)	–	75,065	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	11,149,579	94,580	–	11,244,159
Changes in EADs	690	(10,775)	–	(10,085)
Financial assets derecognized during the period	(11,723,434)	(114,388)	(60,259)	(11,898,081)
Write-offs, foreclosures, and other movements	–	–	(275,394)	(275,394)
Total movements of carrying amount	(648,230)	(30,583)	(260,588)	(939,401)
Gross carrying amount at December 31, 2024	₱11,149,579	₱108,434	₱–	₱11,258,013

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
12-month ECL	Lifetime ECL	Lifetime ECL		
Others				
Gross carrying amount at January 1, 2024	₱80,102	₱4,548	₱17,397	₱102,047
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	1,589	(1,589)	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	254	–	(254)	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	147,417	1,498	–	148,915
Changes in EADs	(49,202)	(2,959)	(13,848)	(66,009)
Financial assets derecognized during the period	–	–	–	–
Write-offs, foreclosures, and other movements	–	–	–	–
Total movements of carrying amount	100,058	(3,050)	(14,102)	82,906
Gross carrying amount at December 31, 2024	₱180,160	₱1,498	₱3,295	₱184,953

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
12-month ECL	Lifetime ECL	Lifetime ECL		
Loans and receivables – total				
Gross carrying amount at January 1, 2024	₱698,096,240	₱71,653,048	₱21,245,950	₱790,995,238
Transfers:				
Transfer from Stage 1 to Stage 2	(14,277,406)	14,277,406	–	–
Transfer from Stage 1 to Stage 3	(2,217,455)	–	2,217,455	–
Transfer from Stage 2 to Stage 1	23,044,276	(23,044,276)	–	–
Transfer from Stage 2 to Stage 3	–	(3,166,947)	3,166,947	–
Transfer from Stage 3 to Stage 1	326,053	–	(326,053)	–
Transfer from Stage 3 to Stage 2	–	1,586,852	(1,586,852)	–
New financial assets originated *	395,987,610	26,687,940	4,775,004	427,450,554
Changes in EADs	(45,849,447)	(5,123,120)	540,744	(50,431,823)
Financial assets derecognized during the period	(191,066,632)	(29,378,835)	(8,167,710)	(228,613,177)
Write-offs, foreclosures, and other movements	–	–	(6,326,692)	(6,326,692)
Total movements of carrying amount	165,946,999	(18,160,980)	(5,707,157)	142,078,862
Gross carrying amount at December 31, 2024	₱864,043,239	₱53,492,068	₱15,538,793	₱933,074,100

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated				Total
	ECL Staging			Total	
	Stage 1	Stage 2	Stage 3		
Investment securities at amortized cost	12-month ECL	Lifetime ECL	Lifetime ECL		
Gross carrying amount at January 1, 2024	₱372,885,088	₱5,274,289	₱–	₱378,159,377	
Transfers:					
Transfer from Stage 1 to Stage 2	(1,039,213)	1,039,213	–	–	
Transfer from Stage 1 to Stage 3	–	–	–	–	
Transfer from Stage 2 to Stage 1	4,754,624	(4,754,624)	–	–	
Transfer from Stage 2 to Stage 3	–	–	–	–	
Transfer from Stage 3 to Stage 1	–	–	–	–	
Transfer from Stage 3 to Stage 2	–	–	–	–	
New financial assets originated *	57,800,161	–	–	57,800,161	
Changes in EADs	404,901	(53,950)	–	350,951	
Financial assets derecognized during the period	(43,564,589)	–	–	(43,564,589)	
Write-offs, foreclosures, and other movements	–	–	–	–	
Total movements of carrying amount	18,355,884	(3,769,361)	–	14,586,523	
Gross carrying amount at December 31, 2024	₱391,240,972	₱1,504,928	₱–	₱392,745,900	

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Consolidated				Total
	ECL Staging			Total	
	Stage 1	Stage 2	Stage 3		
Financial assets at FVOCI (debt securities)	12-month ECL	Lifetime ECL	Lifetime ECL		
Gross carrying amount at January 1, 2024	₱103,860,602	₱1,051,346	₱–	₱104,911,948	
Transfers:					
Transfer from Stage 1 to Stage 2	–	–	–	–	
Transfer from Stage 1 to Stage 3	–	–	–	–	
Transfer from Stage 2 to Stage 1	1,051,346	(1,051,346)	–	–	
Transfer from Stage 2 to Stage 3	–	–	–	–	
Transfer from Stage 3 to Stage 1	–	–	–	–	
Transfer from Stage 3 to Stage 2	–	–	–	–	
New financial assets originated *	138,641,215	–	–	138,641,215	
Changes in EADs	(2,758,015)	–	–	(2,758,015)	
Financial assets derecognized during the period	(111,267,011)	–	–	(111,267,011)	
Write-offs, foreclosures, and other movements	6,871	–	–	6,871	
Total movements of carrying amount	25,674,406	(1,051,346)	–	24,623,060	
Gross carrying amount at December 31, 2024	₱129,535,008	₱–	₱–	₱129,535,008	

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company				Total
	ECL Staging			Total	
	Stage 1	Stage 2	Stage 3		
Corporate and commercial lending	12-month ECL	Lifetime ECL	Lifetime ECL		
Gross carrying amount at January 1, 2024	₱519,930,887	₱50,691,708	₱13,029,491	₱583,652,086	
Transfers:					
Transfer from Stage 1 to Stage 2	(11,796,772)	11,796,772	–	–	
Transfer from Stage 1 to Stage 3	(875,208)	–	875,208	–	
Transfer from Stage 2 to Stage 1	12,785,425	(12,785,425)	–	–	
Transfer from Stage 2 to Stage 3	–	(2,195,511)	2,195,511	–	
Transfer from Stage 3 to Stage 1	–	–	–	–	
Transfer from Stage 3 to Stage 2	–	950,597	(950,597)	–	
New financial assets originated *	291,681,454	25,048,478	3,567,334	320,297,266	
Changes in EADs	(28,034,669)	(3,975,495)	871	(32,009,293)	
Financial assets derecognized during the period	(142,841,954)	(23,277,634)	(6,208,298)	(172,327,886)	
Write-offs, foreclosures, and other movements	–	–	(4,970,906)	(4,970,906)	
Total movements of carrying amount	120,918,276	(4,438,218)	(5,490,877)	110,989,181	
Gross carrying amount at December 31, 2024	₱640,849,163	₱46,253,490	₱7,538,614	₱694,641,267	

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Consumer lending				
Gross carrying amount at January 1, 2024	₱64,301,420	₱14,880,846	₱3,185,516	₱82,367,782
Transfers:				
Transfer from Stage 1 to Stage 2	(1,168,629)	1,168,629	–	–
Transfer from Stage 1 to Stage 3	(418,540)	–	418,540	–
Transfer from Stage 2 to Stage 1	8,375,707	(8,375,707)	–	–
Transfer from Stage 2 to Stage 3	–	(449,600)	449,600	–
Transfer from Stage 3 to Stage 1	187,885	–	(187,885)	–
Transfer from Stage 3 to Stage 2	–	200,397	(200,397)	–
New financial assets originated *	21,824,671	99,114	242,446	22,166,231
Changes in EADs	(5,102,628)	(485,742)	(131,858)	(5,720,228)
Financial assets derecognized during the period	(3,968,719)	(3,835,700)	(225,850)	(8,030,269)
Write-offs, foreclosures, and other movements	–	–	(228,524)	(228,524)
Total movements of carrying amount	19,729,747	(11,678,609)	136,072	8,187,210
Gross carrying amount at December 31, 2024	₱84,031,167	₱3,202,237	₱3,321,588	₱90,554,992

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Trade-related lending				
Gross carrying amount at January 1, 2024	₱11,521,649	₱130,812	₱260,588	₱11,913,049
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	(75,065)	–	75,065	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	10,797,962	94,580	–	10,892,542
Changes in EADs	–	(10,775)	–	(10,775)
Financial assets derecognized during the period	(11,446,584)	(106,183)	(60,259)	(11,613,026)
Write-offs, foreclosures, and other movements	–	–	(275,394)	(275,394)
Total movements of carrying amount	(723,687)	(22,378)	(260,588)	(1,006,653)
Gross carrying amount at December 31, 2024	₱10,797,962	₱108,434	₱–	₱10,906,396

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Others				
Gross carrying amount at January 1, 2024	₱15,795	₱–	₱203	₱15,998
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	3,732	–	–	3,732
Changes in EADs	–	–	(201)	(201)
Financial assets derecognized during the period	–	–	–	–
Write-offs, foreclosures, and other movements	–	–	–	–
Total movements of carrying amount	3,732	–	(201)	3,531
Gross carrying amount at December 31, 2024	₱19,527	₱–	₱2	₱19,529

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Loans and receivables – total				
Gross carrying amount at January 1, 2024	₱595,769,751	₱65,703,366	₱16,475,798	₱677,948,915
Transfers:				
Transfer from Stage 1 to Stage 2	(12,965,401)	12,965,401	–	–
Transfer from Stage 1 to Stage 3	(1,368,813)	–	1,368,813	–
Transfer from Stage 2 to Stage 1	21,161,132	(21,161,132)	–	–
Transfer from Stage 2 to Stage 3	–	(2,645,111)	2,645,111	–
Transfer from Stage 3 to Stage 1	187,885	–	(187,885)	–
Transfer from Stage 3 to Stage 2	–	1,150,994	(1,150,994)	–
New financial assets originated *	324,307,819	25,242,172	3,809,780	353,359,771
Changes in EADs	(33,137,297)	(4,472,012)	(131,188)	(37,740,497)
Financial assets derecognized during the period	(158,257,257)	(27,219,517)	(6,494,407)	(191,971,181)
Write-offs, foreclosures, and other movements	–	–	(5,474,824)	(5,474,824)
Total movements of carrying amount	139,928,068	(16,139,205)	(5,615,594)	118,173,269
Gross carrying amount at December 31, 2024	₱735,697,819	₱49,564,161	₱10,860,204	₱796,122,184

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Investment securities at amortized cost				
Gross carrying amount at January 1, 2024	₱366,187,938	₱5,274,289	₱–	₱371,462,227
Transfers:				
Transfer from Stage 1 to Stage 2	(1,039,213)	1,039,213	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	4,754,624	(4,754,624)	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	56,269,842	–	–	56,269,842
Changes in EADs	611,601	(53,950)	–	557,651
Financial assets derecognized during the period	(43,146,589)	–	–	(43,146,589)
Write-offs, foreclosures, and other movements	–	–	–	–
Total movements of carrying amount	17,450,265	(3,769,361)	–	13,680,904
Gross carrying amount at December 31, 2024	₱383,638,203	₱1,504,928	₱–	₱385,143,131

* Stage classification of new financial assets originated pertains to the stage as of end of year

	Parent Company			Total
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Financial assets at FVOCI (debt securities)				
Gross carrying amount at January 1, 2024	₱91,259,914	₱1,051,346	₱–	₱92,311,260
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–
Transfer from Stage 2 to Stage 1	1,051,346	(1,051,346)	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated *	59,134,365	–	–	59,134,365
Changes in EADs	(1,634,857)	–	–	(1,634,857)
Financial assets derecognized during the period	(32,537,176)	–	–	(32,537,176)
Write-offs, foreclosures, and other movements	–	–	–	–
Total movements of carrying amount	26,013,678	(1,051,346)	–	24,962,332
Gross carrying amount at December 31, 2024	₱117,273,592	₱–	₱–	₱117,273,592

* Stage classification of new financial assets originated pertains to the stage as of end of year

While the Group recognizes through the statement of income the movements in the expected credit losses computed using the models, the Group also complies with BSP's regulatory requirement to appropriate a portion of its retained earnings at an amount necessary to bring to at least 1% the allowance for credit losses on loans (Note 24).

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Provision for Impairment and Credit Losses	₱7,034,453	₱3,314,707	₱1,246,003	₱6,107,105	₱2,531,461	₱208,011
Appropriation (Un-appropriation) of Retained Earnings*	517,796	965,728	21,946	469,348	831,715	(77,472)
	₱7,552,249	₱4,280,435	₱1,267,949	₱6,576,453	₱3,363,176	₱130,539

*The Parent Company figures exclude the amounts appropriated by CBSI.

17. Deposit Liabilities

As of December 31, 2025 and 2024, 42.30% and 46.51% respectively, of the total deposit liabilities of the Group and 48.84 % and 53.22% of the Parent Company are subject to periodic interest repricing. The remaining deposit liabilities bear annual fixed interest rates ranging from 0.05% to 5.69% in 2025, from 0.05% to 5.97% in 2024, and from 0.06% to 5.98% in 2023 for the Group and the Parent Company.

Interest Expense on Deposit Liabilities

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Demand	₱370,924	₱362,703	₱348,300	₱338,307	₱330,128	₱317,113
Savings	6,411,738	4,793,578	4,407,218	6,355,007	4,732,519	4,337,101
Time	20,237,061	20,838,232	16,985,051	12,984,750	14,656,167	12,497,657
	₱27,019,723	₱25,994,513	₱21,740,569	₱19,678,064	₱19,718,814	₱17,151,871

BSP Circular No. 830 requires reserves against deposit liabilities. As of December 31, 2025 and 2024, due from BSP amounting to ₱43.14 billion and ₱52.06 billion, respectively, for the Group and ₱42.30 billion and ₱50.11 billion, respectively, for the Parent Company were set aside as reserves for deposit liabilities per latest report submitted to BSP.

As of December 31, 2025 and 2024, the Group is in compliance with the reserve requirement.

Long Term Negotiable Certificates of Deposits (LTNCD)

On March 7, 2018, the Board of Directors approved the Bank's Peso funding program of up to ₱50.00 billion via a combination of Long-Term Negotiable Certificate of Time Deposit and/or Retail Bonds and/or Commercial Papers. Part of the funding program is a ₱20.00 billion LTNCD program which was approved by BSP on June 14, 2018.

On July 12, 2018, the Parent Company issued at par LTNCDs with aggregate principal amount of ₱10.25 billion due January 12, 2024, representing the first tranche of the ₱20 billion LTNCD program. The LTNCDs bear a fixed coupon rate of 4.55% per annum, payable quarterly in arrears. The Parent Company settled the LTNCDs on January 12, 2024.

18. Bonds Payable

The Parent Company held the following bonds payable:

₱20.00 Billion Peso Fixed Rate Bonds

On February 18, 2021, the Parent Company issued ₱20.00 billion Peso fixed rate bonds, which bear a fixed coupon rate of 2.50% per annum, payable monthly, and matured on February 18, 2024.

\$150.00 Million Bonds Payable to IFC

On June 18, 2019, the Parent Company issued a \$150.00 million, seven-year bond to International Finance Corporation (IFC). The bond reprices semi-annually and carries an interest margin of 120 basis points over 6-month LIBOR.

Shortly thereafter, the Parent Company entered into a seven-year pay-fixed, receive-floating IRS with the same principal terms to hedge the exposure to interest rate risk attributable to variable cash flow payments on the floating-rate bonds payable. This transaction was designated as an accounting hedge with the bond payable as the hedged item and the IRS as the hedging instrument.

On May 11, 2023, the Parent Company informed IFC of its decision to pre-terminate the \$150 million bonds payable with the latter. The pretermination of the bonds took effect on June 15, 2023, and resulted in a loss of ₱17.98 million. On May 18, 2023, the Parent Company pre-terminated the IRS. The pretermination of the IFC bonds payable resulted in the discontinuance of the cash flow hedge and the recycling of the corresponding hedge reserve of the IRS from the OCI to profit or loss. Realized gains from the pre-termination of the IRS amounted to ₱468.35 million in 2023.

The Parent Company recognized an amortization of the discount and debt issue cost on the above bonds payable amounting to nil, ₱10.69 million, and ₱57.32 million in 2025, 2024, and 2023 respectively.

19. Bills Payable

The Parent Company's bills payable consists of:

	2025	2024
Securities sold under repurchase agreement	₱118,557,890	₱106,968,339
Interbank loans payable	226,555	5,164,800
	₱118,784,445	₱112,133,139

Securities sold under repurchase agreement consists of foreign currency-denominated borrowings of the Parent Company with annual interest ranging from 1.00% to 5.25%, from 0.39% to 6.20%, and from 0.39% to 6.08%, in 2025, 2024, and 2023, respectively.

The carrying amount of foreign currency-denominated investment securities at amortized cost pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱94.25 billion and ₱92.96 billion as of December 31, 2025 and 2024, respectively.

The carrying amount of foreign currency-denominated investment securities at FVOCI pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱8.82 billion and ₱4.06 billion as of December 31, 2025 and 2024, respectively.

The carrying amount of the peso-denominated investment securities at amortized cost pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱16.00 billion and ₱2.00 billion as of December 31, 2025 and 2024, respectively.

The carrying amount of the peso-denominated investment securities at FVOCI pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱7.21 billion and ₱0.50 billion as of December 31, 2025 and 2024, respectively.

The aggregate fair value of investment securities at amortized cost pledged as collateral amounted to ₱108.44 billion and ₱89.08 billion as of December 31, 2025 and 2024, respectively. The aggregate fair value of financial assets at FVOCI pledged as collateral amounted to ₱16.28 billion and ₱4.69 billion as of December 31, 2025 and 2024, respectively.

20. Accrued Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Accrued interest payable	₱3,294,714	₱4,640,566	₱2,416,255	₱3,751,169
Accrued payable for employee benefits	2,952,730	2,916,021	2,929,330	2,916,021
Accrued taxes and other licenses	555,026	525,103	344,300	347,345
Accrued other expenses payable	774,306	1,091,453	537,365	859,293
	₱7,576,776	₱9,173,143	₱6,227,250	₱7,873,828

21. Other Liabilities

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Financial liabilities				
Accounts payable	₱7,311,924	₱7,038,905	₱5,368,912	₱4,885,368
Lease liabilities (Note 27)	2,738,921	3,010,314	2,065,206	2,232,817
Due to PDIC	1,248,548	1,163,656	1,248,548	1,163,656
Due to the Treasurer of the Philippines	1,011,631	844,133	945,650	800,502
Acceptances payable	592,577	571,978	592,577	571,978
Expected credit losses on off-balance sheet exposures (Note 16)	748,438	542,135	748,438	542,135
Other credits – dormant	542,374	488,888	530,285	472,508
Miscellaneous	843,710	485,755	681,648	358,721
	15,038,123	14,145,764	12,181,264	11,027,685
Non-financial liabilities				
Withholding taxes payable	491,830	538,618	352,681	414,748
Retirement liabilities (Note 25)	120,912	30,266	–	–
	612,742	568,884	352,681	414,748
	₱15,650,865	₱14,714,648	₱12,533,945	₱11,442,433

Accounts payable include payables to suppliers and service providers, and loan payments, and other charges received from customers in advance.

Miscellaneous mainly includes sundry credits, inter-office float items, and dormant deposit accounts.

22. Other Operating Income and Miscellaneous Expenses

Service Charges, Fees and Commissions

Details of this account are as follows:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Service and collection charges:						
Deposits	₱869,734	₱809,656	₱789,316	₱827,429	₱767,351	₱708,979
Remittances	180,589	160,890	175,000	180,589	160,890	175,000
Loans	104,515	100,033	212,432	19,724	15,242	14,943
Others	447,773	518,735	392,059	248,928	315,980	303,693
	1,602,611	1,589,314	1,568,807	1,276,670	1,259,463	1,202,615
Fees and commissions	2,163,074	1,868,542	1,731,362	1,252,411	885,612	719,321
	₱3,765,685	₱3,457,856	₱3,300,169	₱2,529,081	₱2,145,075	₱1,921,936

Trading and Securities Gain – Net

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Financial assets at FVOCI	₱384,616	₱908,639	₱326,063	₱383,902	₱909,820	₱326,063
Held-for-trading	163,628	364,764	232,021	127,654	363,557	141,052
Derivatives	(68,749)	(164,607)	570,948	(68,749)	(164,607)	570,948
	₱479,495	₱1,108,796	₱1,129,032	₱442,807	₱1,108,770	₱1,038,063

Miscellaneous Income

Details of this account are as follows:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Bancassurance (Note 11)	₱482,358	₱409,255	₱337,123	₱432,854	₱357,939	₱294,583
Dividends (Note 8)	268,163	123,788	93,764	249,780	107,673	85,989
Rental on investment properties	126,040	130,549	90,428	69,887	73,843	79,735
Fund transfer fees	32,166	40,702	23,730	32,166	40,702	23,730
Rental of safety deposit boxes	27,472	29,359	29,537	27,472	29,359	29,537
Miscellaneous income (Notes 10, 12, 13, and 30)	2,789,059	8,186,728	871,015	2,531,664	7,964,773	662,888
	₱3,725,258	₱8,920,381	₱1,445,597	₱3,343,823	₱8,574,289	₱1,176,462

Miscellaneous income includes recovery of charged-off assets, upfront fees, loan modification gains, and gain on sale of certain assets.

Miscellaneous Expenses

Details of this account are as follows:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Information technology	₱1,662,781	₱1,642,793	₱1,121,290	₱2,014,036	₱1,914,465	₱1,381,030
Litigations	502,096	395,221	325,189	195,867	176,494	147,700
Freight	193,382	95,438	86,391	155,125	60,753	59,133
Clearing and processing fee	69,860	54,836	25,305	66,337	51,329	25,305
Broker's fee	66,744	40,636	27,780	66,744	40,636	27,780
Service charges	52,623	97,087	108,559	52,623	97,087	105,081
Membership fees and dues	33,358	24,945	27,269	32,016	23,393	26,015
Miscellaneous expense	1,786,476	1,361,331	1,201,834	1,288,074	931,343	885,229
	₱4,367,320	₱3,712,287	₱2,923,617	₱3,870,822	₱3,295,500	₱2,657,273

23. Maturity Analysis of Assets and Liabilities

The following tables present both the Group's and the Parent Company's assets and liabilities as of December 31, 2025 and 2024 analyzed according to whether they are expected to be recovered or settled within one year or beyond one year from the respective reporting date:

	Consolidated					
	2025			2024		
	Within Twelve Months	Over Twelve Months	Total	Within Twelve Months	Over Twelve Months	Total
Financial assets						
Cash and other cash items	₱21,768,445	₱–	₱21,768,445	₱18,260,927	₱–	₱18,260,927
Due from BSP	62,122,674	–	62,122,674	82,639,923	–	82,639,923
Due from other banks	12,481,324	–	12,481,324	12,540,230	–	12,540,230
Interbank loans receivable and SPURA	12,964,006	–	12,964,006	20,326,149	–	20,326,149
Financial assets at FVTPL	8,129,815	62,288	8,192,103	11,191,023	111,731	11,302,754
Derivative contracts designated as hedges	–	3,590,656	3,590,656	831	2,765,541	2,766,372
Financial assets at FVOCI	25,224,355	141,412,148	166,636,503	7,425,887	124,997,149	132,423,036
Investment securities at amortized cost	26,954,110	353,678,441	380,632,551	20,480,724	372,265,176	392,745,900
Loans and receivables – gross	414,205,455	644,660,383	1,058,865,838	349,718,324	583,355,776	933,074,100
Accrued interest receivable – gross	14,017,887	–	14,017,887	14,013,839	–	14,013,839
Other assets – gross	4,532,415	1,633,451	6,165,866	4,287,273	1,691,896	5,979,169
	602,400,486	1,145,037,367	1,747,437,853	540,885,130	1,085,187,269	1,626,072,399
Non-financial assets						
Bank premises, furniture, fixtures and equipment – net of accumulated depreciation and amortization	–	11,726,469	11,726,469	–	9,795,106	9,795,106
Investment properties – net of accumulated depreciation	–	21,233,195	21,233,195	–	7,330,634	7,330,634
Deferred tax assets	–	4,751,542	4,751,542	–	5,509,764	5,509,764
Investments in associates	–	3,222,753	3,222,753	–	1,978,893	1,978,893
Intangible assets	–	5,361,114	5,361,114	–	4,700,024	4,700,024
Goodwill	–	839,748	839,748	–	839,748	839,748
Other assets – gross	4,339,695	2,419,306	6,759,001	4,407,418	1,885,859	6,293,277
	4,339,695	49,554,127	53,893,822	4,407,418	32,040,028	36,447,446
Allowance for impairment and credit losses (Note 16)			(21,611,365)			(18,254,626)
Unearned premium (Notes 9 and 10)			1,967,433			1,828,193
			(19,643,932)			(16,426,433)
			₱1,781,687,743			₱1,646,093,412
Financial liabilities						
Deposit liabilities	₱1,433,360,109	₱11,236,610	₱1,444,596,719	₱1,319,562,854	₱11,583,824	₱1,331,146,678
Bills payable	68,901,727	49,882,718	118,784,445	111,842,107	291,031	112,133,138
Manager's checks	1,521,506	–	1,521,506	1,688,304	–	1,688,304
Accrued interest and other expenses*	7,021,750	–	7,021,750	8,648,040	–	8,648,040
Derivative liabilities	1,066,556	–	1,066,556	947,654	458,620	1,406,274
Derivative contracts designated as hedges	255,117	–	255,117	6,224,371	17,034	6,241,405
Other liabilities	15,038,122	–	15,038,122	14,145,764	–	14,145,764
	1,527,164,887	61,119,328	1,588,284,215	1,463,059,094	12,350,509	1,475,409,603
Non-financial liabilities						
Accrued interest and other expenses	555,026	–	555,026	525,103	–	525,103
Deferred tax liabilities	–	791,376	791,376	–	791,376	791,376
Income tax payable	146,607	–	146,607	218,806	–	218,806
Other liabilities	491,830	120,912	612,742	538,618	30,266	568,884
	1,193,463	912,288	2,105,751	1,282,527	821,642	2,104,169
	₱1,528,358,350	₱62,031,616	₱1,590,389,966	₱1,464,341,621	₱13,172,151	₱1,477,513,772

*Accrued interest and other expenses include accrued interest payable, accrued payable for employee benefits, and accrued other expenses payable (Note 20).

	Parent Company					
	2025			2024		
	Within Twelve Months	Over Twelve Months	Total	Within Twelve Months	Over Twelve Months	Total
Financial assets						
Cash and other cash items	₱17,965,862	₱–	₱17,965,862	₱13,230,415	₱–	₱13,230,415
Due from BSP	55,880,687	–	55,880,687	61,109,605	–	61,109,605
Due from other banks	10,030,718	–	10,030,718	11,365,807	–	11,365,807
Interbank loans receivable and SPURA	7,364,006	–	7,364,006	20,326,149	–	20,326,149
Financial assets at FVTPL	7,546,946	11,481	7,558,427	10,240,674	11,297	10,251,971
Derivative contracts designated as hedges	–	3,590,656	3,590,656	–	2,766,372	2,766,372
Financial assets at FVOCI	6,753,415	130,305,133	137,058,548	3,652,967	116,434,313	120,087,280
Investment securities at amortized cost	26,478,858	345,278,451	371,757,309	17,693,439	367,449,692	385,143,131
Loans and receivables – gross	259,079,278	644,660,383	903,739,661	212,766,409	583,355,775	796,122,184
Accrued interest receivable – gross	12,366,369	–	12,366,369	12,398,588	–	12,398,588
Other assets – gross	2,852,436	177,082	3,029,518	2,586,019	262,860	2,848,879
	406,318,575	1,124,023,186	1,530,341,761	365,370,072	1,070,280,309	1,435,650,381
Non-financial assets						
Bank premises, furniture, fixtures and equipment – net of accumulated depreciation and amortization	–	9,742,224	9,742,224	–	7,702,137	7,702,137
Investment properties – net of accumulated depreciation	–	19,002,032	19,002,032	–	5,110,275	5,110,275
Deferred tax assets	–	2,796,103	2,796,103	–	3,720,959	3,720,959
Investments in subsidiaries	–	27,280,775	27,280,775	–	25,434,475	25,434,475
Investment in associates	–	3,222,753	3,222,753	–	1,978,893	1,978,893
Intangible assets	–	2,067,806	2,067,806	–	1,411,898	1,411,898
Goodwill	–	222,841	222,841	–	222,841	222,841
Other assets – gross	3,851,308	1,329,327	5,180,635	3,063,536	1,836,058	4,899,594
	3,851,308	65,663,861	69,515,169	3,063,536	47,417,536	50,481,072
Allowance for impairment and credit losses (Note 16)			(17,807,902)			(14,199,967)
Unearned premium (Notes 9 and 10)			3,591,948			3,081,092
			(14,215,954)			(11,118,875)
			₱1,585,640,976			₱1,475,012,578
Financial liabilities						
Deposit liabilities	₱1,253,566,944	₱585,240	₱1,254,152,184	₱1,164,261,251	₱1,466,737	₱1,165,727,988
Bills payable	68,901,727	49,882,718	118,784,445	111,842,107	291,031	112,133,138
Manager's checks	1,297,692	–	1,297,692	1,484,625	–	1,484,625
Accrued interest and other expenses*	5,882,949	–	5,882,949	7,526,483	–	7,526,483
Derivative liabilities	1,066,556	–	1,066,556	1,406,274	–	1,406,274
Derivative contracts designated as hedges	255,117	–	255,117	6,224,371	17,034	6,241,405
Other liabilities	12,181,263	–	12,181,263	11,027,685	–	11,027,685
	1,343,152,248	50,467,958	1,393,620,206	1,303,772,526	1,774,802	1,305,547,598
Non-financial liabilities						
Accrued interest and other expenses	344,300	–	344,300	347,345	–	347,345
Income tax payable	118,482	–	118,482	207,544	–	207,544
Other liabilities	352,681	–	352,681	414,748	–	414,748
	815,463	–	815,463	969,637	–	969,637
	₱1,343,967,711	₱50,467,958	₱1,394,435,669	₱1,304,742,433	₱1,774,802	₱1,306,517,235

*Accrued interest and other expenses include accrued interest payable, accrued payable for employee benefits, and accrued other expenses payable (Note 20).

24. Equity

The Parent Company's capital stock consists of (amounts in thousands, except for number of shares):

	2025		2024	
	Shares	Amount	Shares	Amount
Common stock – ₱10.00 par value				
Authorized – shares	3,300,000,000		3,300,000,000	
Issued and outstanding				
Balance at beginning of year	2,691,343,012	₱26,913,430	2,691,340,312	₱26,913,403
Issuance through stock grant	–	–	2,700	27
Balance at end of year	2,691,343,012	₱26,913,430	2,691,343,012	₱26,913,430

The Parent Company shares are listed in the Philippine Stock Exchange.

The summarized information on the Parent Company's registration of securities under the Securities Regulation Code follows:

<u>Date of SEC Approval</u>	<u>Authorized Shares*</u>
April 12, 1991	100,000,000
October 7, 1993	150,000,000
August 30, 1994	200,000,000
July 26, 1995	250,000,000
September 12, 1997	500,000,000
September 5, 2005	1,000,000,000
September 14, 2007	1,600,000,000
September 5, 2008	2,000,000,000
August 29, 2014	2,500,000,000
September 29, 2018	3,300,000,000

* Restated to show the effects of the ten-for-one stock split in 2012

As reported by the Parent Company's transfer agent, Stock Transfer Service, Inc., the total number of stockholders is 1,718 and 1,790 as of December 31, 2025 and 2024, respectively.

Centennial Stock Grant

In light of the Parent Company's 100th anniversary, the Board of Directors approved on August 5, 2020 a Centennial Stock Grant Plan to issue common shares to eligible grantees.

The Centennial Stock Grant Plan was approved and ratified by the stockholders on October 1, 2020 and the approvals of the relevant regulatory agencies were completed in 2021. New shares were issued from the Parent Company's authorized but unissued shares in favor of the Group's regular employees and certain other officers and contractual employees as of August 16, 2020, numbering around 8,400.

Dividends

Details of the Parent Company's cash dividend payments follow:

Cash Dividends

<u>Date of Declaration</u>	<u>Date of Record</u>	<u>Date of Payment</u>	<u>Cash Dividend Per Share</u>
April 23, 2025	May 9, 2025	May 22, 2025	2.50
April 17, 2024	May 3, 2024	May 16, 2024	2.20
April 19, 2023	May 5, 2023	May 18, 2023	1.90
May 5, 2022	May 20, 2022	June 3, 2022	1.50
May 6, 2021	May 21, 2021	June 4, 2021	1.00
June 18, 2020	July 3, 2020	July 17, 2020	1.00
May 2, 2019	May 17, 2019	May 31, 2019	0.88
May 3, 2018	May 17, 2018	June 1, 2018	0.83
May 4, 2017	May 18, 2017	June 2, 2017	0.80
May 5, 2016	May 23, 2016	June 3, 2016	1.00
May 7, 2015	August 12, 2015	September 9, 2015	1.00
May 8, 2014	September 19, 2014	October 15, 2014	1.00
May 2, 2013	July 19, 2013	August 14, 2013	1.20

Stock Dividends

<u>Date of Declaration</u>	<u>Date of Record</u>	<u>Date of Payment</u>	<u>Stock Dividend Per Share</u>
March 15, 2017	October 20, 2017	November 03, 2017	8%
May 05, 2016	May 23, 2016	June 03, 2016	8%
May 07, 2015	August 12, 2015	September 09, 2015	8%
May 08, 2014	September 19, 2014	October 15, 2014	8%
May 02, 2013	July 19, 2013	August 14, 2013	10%

Surplus

The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the computation following BSP guidelines.

As of December 31, 2025 and 2024, surplus includes the amount of ₱1.37 billion, net of deferred tax effect of ₱456.17 million, representing transfer of revaluation increment on land which was carried at deemed cost when the Group transitioned to PFRS in 2005 (Note 12). This amount will be available to be declared as dividends upon sale of the underlying land.

In the consolidated financial statements, a portion of the Group's surplus corresponding to the net earnings of the subsidiaries and associates amounting to ₱18.35 billion and ₱13.93 billion as of December 31, 2025 and 2024, respectively, is not available for dividend declaration. The accumulated equity in net earnings becomes available for dividends upon declaration and receipt of cash dividends from the investees.

Reserves

In compliance with BSP regulations, 10.00% of the Parent Company's profit from trust business is appropriated to surplus reserve. This annual appropriation is required until the surplus reserves for trust business equals 20.00% of the Parent Company's authorized capital stock.

Upon adoption of PFRS 9, BSP requires appropriation of a portion of the Group's Surplus at an amount necessary to bring to at least 1% the allowance for credit losses on loans (Note 16).

Capital Management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies, and processes as of December 31, 2025 and 2024.

Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the Parent Company's compliance with regulatory requirements and ratios is based on the amount of the Parent Company's unimpaired capital (regulatory capital) as reported to the BSP. This is determined on the basis of regulatory accounting policies which differ from PFRS in some respects.

In addition, the risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk-weighted assets (RWA), should not be less than 10.00% for both solo basis (head office and branches) and consolidated basis (Parent Company and subsidiaries engaged in financial allied undertakings but excluding insurance companies). Qualifying capital and RWA are computed based on BSP regulations. RWA consists of total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the Monetary Board of the BSP.

On August 4, 2006, the BSP, under BSP Circular No. 538, issued the prescribed guidelines implementing the revised risk-based capital adequacy framework for the Philippine banking system to conform to Basel II capital adequacy framework. The BSP guidelines took effect on July 1, 2007. Thereafter, banks were required to compute their CAR using these guidelines.

Standardized credit risk weights were used in the credit assessment of asset exposures. Third party credit assessments were based on ratings by international credit assessment agencies – Standard & Poor's, Moody's, and Fitch, and BSP-recognized domestic credit assessment agencies such as PhilRatings. Per BSP guidelines, domestic debt issuances may be rated by BSP-recognized domestic credit assessment agencies or by international credit assessment agencies which have developed a national rating system acceptable to the BSP. Internationally-issued debt obligations shall be rated by BSP-recognized international credit assessment agencies only.

On January 15, 2013, the BSP issued Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. The circular took effect on January 1, 2014.

The Circular sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00% and Tier 1 capital ratio of 7.50%. It also introduces a capital conservation buffer of 2.50% comprised of CET1 capital. The BSP's existing requirement for Total CAR remains unchanged at 10.00% and this ratio shall be maintained at all times.

Further, existing capital instruments as of December 31, 2010 which do not meet the eligibility criteria for capital instruments under the revised capital framework shall no longer be recognized as capital upon the effectivity of Basel III. Capital instruments issued under BSP Circular Nos. 709 and 716 (the circulars amending the definition of qualifying capital particularly on Hybrid Tier 1 and Lower Tier 2 capitals), starting January 1, 2011 and before the effectivity of BSP Circular No. 781, shall be recognized as qualifying capital until December 31, 2017. In addition to changes in minimum capital requirements, this Circular also requires various regulatory adjustments in the calculation of qualifying capital.

The CAR of the Group and the Parent Company as of December 31, 2025 and 2024 as reported to the BSP are shown in the table below.

	Consolidated		Parent Company	
	2025	2024	2025	2024
	(Amounts in Million Pesos)			
CET 1 Capital	₱177,422	₱161,948	₱174,603	₱159,121
Less: Regulatory Adjustments	16,062	14,626	34,360	31,791
	161,360	147,322	140,243	127,330
Additional Tier 1 Capital	–	–	–	–
Less: Regulatory Adjustments	–	–	–	–
	–	–	–	–
Net Tier 1 Capital	161,360	147,322	140,243	127,330
Tier 2 Capital	9,395	8,504	7,981	7,256
Less: Regulatory Adjustments	–	–	–	–
Net Tier 2 Capital	9,395	8,504	7,981	7,256
Total Qualifying Capital	₱170,755	₱155,826	₱148,224	₱134,586

	Consolidated		Parent Company	
	2025	2024	2025	2024
	(Amounts in Million Pesos)			
Credit RWA	₱938,425	₱850,365	₱796,163	₱724,866
Market RWA	22,398	18,645	21,723	19,102
Operational RWA	102,234	93,172	85,998	78,892
Total RWA	₱1,063,057	₱962,182	₱903,884	₱822,860

CET 1 capital ratio	15.18%	15.31%	15.52%	15.47%
Tier 1 capital ratio	15.18%	15.31%	15.52%	15.47%
Total capital ratio	16.06%	16.20%	16.40%	16.36%

The Group and the Parent Company have complied with all externally imposed capital requirements throughout the period.

The issuance of BSP Circular No. 639 covering the ICAAP in 2009 supplements BSP's risk-based capital adequacy framework under Circular No. 538. In compliance with this circular, the Parent Company has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained by the Group. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market, and operational risks and onto other risks deemed material by the Parent Company. The level and structure of capital are assessed and determined in light of the Parent Company's business environment, plans, performance, risks, and budget, as well as regulatory edicts.

On April 16, 2021, the BSP issued Circular No. 1113, which requires that the recovery plan shall be distinct and separate from the ICAAP document. It should be submitted every June 30, beginning in 2022. On October 18, 2022, the BSP issued Circular No. 1158, which enumerates the new guidelines on recovery plan of banks. The Group has complied with the requirements for the 2025 submission.

Leverage Ratio

On June 9, 2015, BSP issued circular No. 881, which approved the guidelines for the implementation of the Basel III Leverage Ratio in the Philippines. The Basel III Leverage Ratio is designed to act as a supplementary measure to the risk-based capital requirements. The leverage ratio intends to restrict the build-up of leverage in the banking sector to avoid destabilizing deleveraging processes which can damage the broader financial system and the economy. Likewise, it reinforces the risk-based

requirements with a simple, non-risk based “backstop” measure. The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator). The monitoring of the leverage ratio was implemented as a Pillar 1 minimum requirement effective on 1 July 2018. The Basel III leverage ratio of the banks shall not be less than 5.00%.

The BLR of the Group and the Parent Company as of December 31, 2025 and 2024 as reported to the BSP are shown in the table below.

	Consolidated		Parent Company	
	2025	2024	2025	2024
	(Amounts in Millions)			
Tier 1 Capital	₱161,360	₱147,322	₱140,243	₱127,330
Exposure Measure	1,699,926	1,578,677	1,481,496	1,386,390
Leverage Ratio	9.49%	9.33%	9.47%	9.18%

Liquidity Coverage Ratio

On 18 February 2016, BSP issued Circular No. 905 which approved the attached liquidity standards, which include guidelines on liquidity coverage ratio (LCR) and LCR disclosure standards that are consistent with the Basel III framework. Banks are required to adopt Basel III's LCR aimed at strengthening the short-term liquidity position of banks. This requires banks to have available High Quality Liquid Assets (HQLA) to meet anticipated net cash outflow for a 30-day period under stress conditions. The standard prescribes that, under a normal situation, the value of the liquidity ratio be no lower than 100% on a daily basis because the stock of unencumbered HQLA is intended to serve as a defense against potential onset of liquidity stress. Beginning January 1, 2019, the prescribed minimum ratio of LCR is 100.00%. As of December 31, 2025 and 2024, the LCR in single currency is 121.64% and 110.67%, respectively, for the Group and 120.88% and 108.67%, respectively, for the Parent Company.

Net Stable Funding Ratio

On 24 May 2018, BSP issued Circular No. 1007 which approved the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards - Net Stable Funding Ratio (NSFR). Banks are required to adopt Basel III's NSFR aimed to promote long-term resilience of banks against liquidity risk. Banks shall maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. The NSFR complements the LCR, which promotes short-term resilience of a Bank's liquidity profile. The Group started monitoring and reporting NSFR to the BSP in 2019. The banks shall maintain a NSFR of at least 100.00% at all times. As of December 31, 2025 and 2024, the NSFR is 113.40% and 112.92%, respectively, for the Group and 111.88% and 110.82%, respectively, for the Parent Company.

25. Retirement Plan

The Group has separate funded noncontributory defined benefit retirement plans covering substantially all its officers and regular employees. The retirement plans are administered by the Parent Company's Trust Group which acts as the trustee of the plans. Under these retirement plans, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The latest actuarial valuation studies of the retirement plans were made as of December 31, 2025.

The Group's annual contribution to the retirement plan consists of a payment covering the current service cost, unfunded actuarial accrued liability, and interest on such unfunded actuarial liability.

The amounts of net defined benefit asset in the balance sheets follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Net plan assets (Note 15)	₱1,329,327	₱1,885,859	₱1,329,327	₱1,836,058
Retirement liabilities (Note 21)	(120,912)	(30,266)	–	–
	₱1,208,415	₱1,855,593	₱1,329,327	₱1,836,058

The movements in the net defined benefit asset, present value of defined benefit obligation, and fair value of plan assets follow:

	Consolidated												
	Net benefit cost					Remeasurements in OCI					Total remeasurements in OCI	Contribution by employer	December 31, 2025
	January 1, 2025	Current service cost	Net interest	Net pension expense*	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from changes in demographic assumptions	(j) = f + g + h + i			
(a)	(b)	(c)	(d) = b + c	(e)	(f)	(g)	(h)	(i)	(j) = f + g + h + i	(k)	(l) = a + d + e + j + k		
Fair value of plan assets	₱8,085,995	₱-	₱477,184	₱477,184	(₱464,927)	(₱281,469)	₱-	₱-	₱-	(₱281,469)	₱222,005	₱8,038,788	
Present value of defined benefit obligation	6,230,402	612,940	367,726	980,666	(464,927)	-	110,356	190	(26,314)	84,232	-	6,830,373	
Net defined benefit asset	₱1,855,593	(₱612,940)	₱109,458	(₱503,482)	₱-	(₱281,469)	(₱110,356)	(₱190)	₱26,314	(₱365,700)	₱222,005	₱1,208,415	

*Presented under Compensation and fringe benefits in the statements of income.

	Consolidated												
	Net benefit cost					Remeasurements in OCI					Total remeasurements in OCI	Contribution by employer	December 31, 2024
	January 1, 2024	Current service cost	Net interest	Net pension expense*	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from changes in demographic assumptions	(j) = f + g + h + i			
(a)	(b)	(c)	(d) = b + c	(e)	(f)	(g)	(h)	(i)	(j) = f + g + h + i	(k)	(l) = a + d + e + j + k		
Fair value of plan assets	₱6,599,522	₱-	₱394,566	₱394,566	(₱568,068)	₱1,349,225	₱-	₱-	₱-	₱1,349,225	₱310,750	₱8,085,995	
Present value of defined benefit obligation	5,894,942	578,411	352,453	930,864	(568,068)	-	(24,804)	13,377	(15,909)	(27,336)	-	6,230,402	
Net defined benefit asset	₱704,580	(₱578,411)	₱42,113	(₱536,298)	₱-	₱1,349,225	₱24,804	(₱13,377)	₱15,909	₱1,376,561	₱310,750	₱1,855,593	

*Presented under Compensation and fringe benefits in the statements of income.

	Parent Company												
	Net benefit cost					Remeasurements in OCI					Total remeasurements in OCI	Contribution by employer	December 31, 2025
	January 1, 2025	Current service cost	Net interest	Net pension expense*	Transfer from Affiliates	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from changes in demographic assumptions			
(a)	(b)	(c)	(d) = b + c	(e)	(f)	(g)	(h)	(i)	(j)	(k) = g + h + i + j	(l)	(m) = a + d + e + f + k + l	
Fair value of plan assets	₱7,191,682	₱-	₱424,309	₱424,309	₱-	(₱407,890)	(₱228,363)	₱-	₱-	₱-	(₱228,363)	₱120,000	₱7,099,738
Present value of defined benefit obligation	5,355,624	487,103	316,640	803,743	11,053	(407,890)	-	28,867	1,411	(22,397)	7,881	-	5,770,411
Net defined benefit asset	₱1,836,058	(₱487,103)	₱107,669	(₱379,434)	(₱11,053)	₱-	(₱228,363)	(₱28,867)	(₱1,411)	₱22,397	(₱236,244)	₱120,000	₱1,329,327

*Presented under Compensation and fringe benefits in the statements of income.

	Parent Company												
	Net benefit cost					Remeasurements in OCI					Total remeasurements in OCI	Contribution by employer	December 31, 2024
	January 1, 2024	Current service cost	Net interest	Net pension expense*	Transfer from Affiliates	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from changes in demographic assumptions			
(a)	(b)	(c)	(d) = b + c	(e)	(f)	(g)	(h)	(i)	(j)	(k) = g + h + i + j	(l)	(m) = a + d + e + f + k + l	
Fair value of plan assets	₱5,815,208	₱-	₱347,749	₱347,749	₱-	(₱522,774)	₱1,311,499	₱-	₱-	₱-	₱1,311,499	₱240,000	₱7,191,682
Present value of defined benefit obligation	5,149,620	469,019	307,947	776,966	-	(522,774)	-	(28,058)	11,209	(31,339)	(48,188)	-	5,355,624
Net defined benefit asset	₱665,588	(₱469,019)	₱39,802	(₱429,217)	₱-	₱-	₱1,311,499	₱28,058	(₱11,209)	₱31,339	₱1,359,687	₱240,000	₱1,836,058

*Presented under Compensation and fringe benefits in the statements of income.

The Group and the Parent Company are recommended to contribute to its defined benefit pension plan in 2026 amounting to ₱166 million and nil, respectively.

In 2025 and 2024, the major categories of plan assets and its percentage of the fair value of total plan assets are as follows:

	Consolidated			
	2025		2024	
	Amount	%	Amount	%
Deposits in banks	₱14,354	0.18%	₱604	0.01%
Financial assets at FVTPL				
Quoted debt securities	4,116,258	51.20%	4,093,508	50.63%
Quoted equity securities	216,123	2.69%	217,240	2.69%
Parent Company shares	2,832,662	35.24%	2,783,541	34.42%
Investments in unit investment trust fund	824,498	10.26%	833,218	10.30%
Loans and receivable	69	0.00%	116	0.00%
Investment properties*	23	0.00%	3,023	0.04%
Other assets	34,801	0.43%	154,745	1.91%
	₱8,038,788	100.00%	₱8,085,995	100.00%

* Investment properties comprise properties located in Manila

	Parent Company			
	2025		2024	
	Amount	%	Amount	%
Deposits in banks	₱13,678	0.19%	₱503	0.01%
Financial assets at FVTPL				
Quoted debt securities	3,584,468	50.49%	3,569,074	49.62%
Quoted equity securities	71,187	1.00%	62,621	0.87%
Parent Company shares	2,832,662	39.90%	2,783,541	38.71%
Investments in unit investment trust fund	564,247	7.95%	670,945	9.33%
Loans and receivable	69	0.00%	116	0.00%
Investment properties*	–	–	3,000	0.04%
Other assets	33,427	0.47%	101,882	1.42%
	₱7,099,738	100.00%	₱7,191,682	100.00%

* Investment properties comprise properties located in Manila

The principal actuarial assumptions used in 2025 and 2024 in determining the retirement liability for the Group's and Parent Company's retirement plans are shown below:

	2025					
	Parent	CBSI	CIBI	CBC-PCCI	CBCC	CBSC
Discount rate	5.89%	5.89%	6.11%	6.05%	6.08%	6.11%
Salary increase rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
	2024					
	Parent	CBSI	CIBI	CBC-PCCI	CBCC	CBSC
Discount rate	5.90%	5.91%	6.00%	5.91%	5.96%	6.02%
Salary increase rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

The sensitivity analysis below has been determined based on the impact of reasonably possible changes of each significant assumption on the defined benefit liability as of the end of the reporting period, assuming all other assumptions were held constant:

December 31, 2025	Parent	CBSI	CIBI	CBC-PCCI	CBCC	CBSC
Discount rate						
(+1%)	(₱112,540)	(₱24,120)	(₱2,755)	(₱6,327)	(₱1,967)	(₱948)
(-1%)	152,200	28,935	3,463	7,586	2,434	1,181
Salary increase rate						
(+1%)	139,914	28,081	3,328	7,189	2,356	1,141
(-1%)	(105,239)	(23,989)	(2,706)	(6,142)	(1,947)	(936)
December 31, 2024						
Discount rate						
(+1%)	(₱109,121)	(₱29,687)	(₱2,610)	(₱5,099)	(₱3,585)	(₱1,154)
(-1%)	148,396	34,628	3,311	6,133	4,269	1,445
Salary increase rate						
(+1%)	135,074	33,177	3,187	5,744	4,113	1,400
(-1%)	(100,850)	(29,165)	(2,570)	4,951	(3,534)	(1,142)

The weighted average durations (in years) of the defined benefit obligation are presented below:

	December 31, 2025	December 31, 2024
Parent Company	7	8
CBSI	7	7
CIBI	13	15
CBC-PCCI	11	11
CBCC	12	13
CBSC	13	16

The maturity analyses of the undiscounted benefit payments as of December 31, 2025 and 2024 are as follows:

December 31, 2025	Parent	CBSI	CIBI	CBC-PCCI	CBCC	CBSC	Total
1 year and less	₱2,169,219	₱30,153	₱-	₱6,487	₱-	₱-	₱2,205,859
More than 1 year to 5 years	1,933,976	260,648	10,721	23,164	-	1,746	2,230,255
More than 5 years to 10 years	2,759,861	753,330	8,986	162,004	4,338	12,167	3,700,686
More than 10 years to 15 years	4,648,625	737,375	40,612	243,391	46,515	-	5,716,518
More than 15 years to 20 years	6,023,483	1,757,993	98,874	370,145	71,009	-	8,321,504
More than 20 years	29,476,070	15,384,239	915,463	1,913,789	549,651	246,195	48,458,407
December 31, 2024							
1 year and less	₱1,953,994	₱26,805	₱-	₱3,678	₱-	₱-	₱1,984,477
More than 1 year to 5 years	1,968,492	212,374	10,649	25,670	-	1,510	2,218,695
More than 5 years to 10 years	2,428,602	657,260	8,811	123,972	4,338	8,323	3,231,306
More than 10 years to 15 years	4,093,740	682,982	17,095	192,590	107,701	2,448	5,096,556
More than 15 years							

The defined benefit plan exposes the Group and the Parent Company to actuarial risks such as longevity risk, investment risk, market risk, and salary risk.

26. Derivative Financial Instruments

Derivative Contracts not Designated as Hedges

The Parent Company is a party to derivative instruments. These contracts are entered into as a service to customers as well as a means of reducing and managing the Parent Company's foreign exchange risk and interest rate risk, and for trading purposes. These derivatives are not designated as accounting hedges. As of December 31, 2025 and 2024, the fair values of these derivatives follow:

	2025		2024	
	Derivative Asset*	Derivative Liability	Derivative Asset*	Derivative Liability
Currency forwards	¥1,284,328	¥886,745	¥1,368,655	¥861,726
Interest rate swaps (IRS)	190,712	179,811	485,011	459,699
Futures	—	—	1,858	13
Cross currency swaps	1,119	—	13,205	84,836
Warrants	11,480	—	11,297	—
	¥1,487,639	¥1,066,556	¥1,880,026	¥1,406,274

*Reported under "Financial Assets at Fair Value through Profit or Loss" in the balance sheets

Currency forwards

As of December 31, 2025 and 2024, the aggregate notional amount of outstanding currency forwards and its weighted average rate are as follows:

		2025				2024			
		Notional Amount	Weighted Average Rate	Derivative Assets	Derivative Liability	Notional Amount	Weighted Average Rate	Derivative Assets	Derivative Liability
US Dollar	Buy	\$1,287,217	¥57.94	¥1,203,159	¥16,593	\$1,358,351	¥57.04	¥621,380	¥675,229
	Sell	\$968,921	¥59.64	78,853	629,763	\$1,105,249	¥58.71	720,316	160,645
Euro	Buy	€ 6,550	¥68.91	16	—	—	—	—	—
	Sell	€ 21,110	68.49	—	15,992	€2,000	¥61.59	14,840	—
Japanese Yen	Buy	¥24,443,625	¥0.41	—	220,231	¥1,118,378	¥0.3912	8,406	—
	Sell	—	—	—	—	¥100,500	0.3689	—	23,225
Chinese Yuan	Buy	CNY12,500	¥8.32	1,102	—	CNY45,000	¥7.98	44	—
	Sell	CNY82,500	8.37	—	2,401	29,000	¥7.93	—	2,627
Singaporean Dollar	Buy	—	—	—	—	\$1,300	¥42.52	124	—
	Sell	—	—	—	—	—	—	—	—
Swiss Franc	Sell	—	—	—	—	CHF220	¥63.77	55	—
Korean Won	Buy	—	—	—	—	—	—	—	—
	Sell	₩ 3,000,000	¥0.04	—	658	₩5,000,000	¥0.0399	3,490	—
Indian Rupee	Buy	₹ 150,000,000	¥0.66	1,197	—	—	—	—	—
	Sell	₹ 150,000,000	0.65	—	1,105	—	—	—	—
Hong Kong Dollar	Buy	—	—	—	—	—	—	—	—
	Sell	\$300	¥7.56	—	2	—	—	—	—
				¥1,284,327	¥886,745			¥1,368,655	¥861,726

Interest rate swaps

The aggregate notional amounts of the outstanding IRS as of December 31, 2025 and 2024 are as follows:

	2025			2024		
	Notional Amount	Derivative Asset	Derivative Liability	Notional Amount	Derivative Asset	Derivative Liability
Peso-denominated						
Fixed Receiver	₱3,000,000	₱21	₱2,067	₱–	₱–	₱–
Fixed Receiver	350,000	305	–			
US dollar-denominated						
Fixed Receiver	273,698	181,243	1,822	\$169,198	485,011	–
Fixed Payer	356,175	9,142	175,922	\$170,000	–	459,699
		₱190,712	₱179,811		₱485,011	₱459,699

Futures

The aggregate notional amounts of the outstanding futures are as follows:

	2025			2024		
	Notional Amount	Derivative Asset	Derivative Liability	Notional Amount	Derivative Asset	Derivative Liability
US Dollar-denominated						
Sell	\$–	₱–	₱–	\$3,300	₱1,858	₱13
					₱1,858	₱13

Cross currency swaps

The aggregate notional amounts of the outstanding CCS amounted to US\$50.00 million as of December 31, 2025.

	2025			2024		
	Notional Amount	Derivative Asset	Derivative Liability	Notional Amount	Derivative Asset	Derivative Liability
US Dollar-denominated						
Fixed Payer				\$200,000	₱–	₱84,836
Fixed Receive	\$50,000	₱1,119		55,000	13,205	–
		₱1,119			₱13,205	₱84,836

Fair Value Changes of Derivatives

The table below shows the rollforward of derivative asset net of derivative liability:

	2025	2024
Balance at beginning of year	₱473,752	(₱165,282)
Fair value changes during the year	(11,263,688)	(3,971,574)
Net settled transactions	11,211,019	4,610,608
Balance at end of year	₱421,083	₱473,752

The net movements in the value of the derivatives are presented in the statements of income under the following accounts:

	2025	2024	2023
Foreign exchange losses	(₱11,194,939)	(₱3,806,967)	(₱2,702,998)
Trading and securities gain (loss)*			
(Note 22)	(68,749)	(164,607)	570,948
	(₱11,263,688)	(₱3,971,574)	(₱2,132,050)

*Net movements in the value related to IRS and futures

Interest income on IRS in 2025, 2024, and 2023 amounted to ₱543.80 million, ₱491.11 million, and ₱280.61 million, respectively, while interest expense on IRS in 2025, 2024, and 2023 amounted to ₱438.97 million, ₱613.04 million, and ₱290.57 million, respectively.

Derivative Contracts Designated as Hedges

The Parent Company enters into hedging transactions, particularly cash flow hedges, to hedge its exposure to variability in future cash flows associated with its assets, liabilities, or highly probable forecast transactions. The following table shows the summary of the hedging transactions of the Parent Company designated as cash flow hedges and the related balances as of December 31, 2025 and 2024, respectively:

Hedged Item	Hedging Instrument	Notional Amount	Date of Hedge Designation	Derivative Asset	Derivative Liability	2025		
						Cash Flow Hedge Reserve, net of tax	Cost of Hedge Reserve, net of tax	Total Hedge-related Reserve, net of tax
Current and forecasted issuance of RBB time deposits	Receive float/Pay fix IRS	\$600,000	October 20, 2021	₱797,293	₱85,234	₱580,458	₱-	₱580,458
Cash short position in the RBU books and future interest payments pertaining to certain FX spot transactions	Spot element of FX forward contract	5,537,679	July 20, 2022	2,793,363	169,883	-	102,902	102,902
Total		\$6,137,679		₱3,590,656	₱255,117	₱580,458	₱102,902	₱683,360

Hedged Item	Hedging Instrument	Notional Amount	Date of Hedge Designation	Derivative Asset	Derivative Liability	2024		
						Cash Flow Hedge Reserve	Cost of Hedge Reserve, net of tax	Total Hedge-related Reserve, net of tax
Current and forecasted issuance of RBB time deposits	Receive float/Pay fix IRS	\$600,000	October 20, 2021	₱1,935,740	₱-	₱1,806,255	₱-	₱1,806,255
Cash short position in the RBU books and future interest payments pertaining to certain FX spot transactions	Spot element of FX forward contract	5,537,679	July 20, 2022	830,632	6,241,405	-	(1,440,980)	(1,440,980)
Total		\$6,137,679		₱2,766,372	₱6,241,405	₱1,806,355	(₱1,440,980)	₱365,275

As of December 31, 2025 and 2024, the Parent Company assessed that the hedging relationships are expected to be highly effective.

The aggregate net interest income on the IRS designated as hedge amounted to ₱1.18 billion, ₱302.73 million, and ₱2.78 billion in 2025, 2024, and 2023, respectively. The ineffective portion of the hedging relationships recognized under 'Trading and securities gain (loss) - net' in the statements of income is a gain amounting to nil, nil, and ₱124.52 million for 2025, 2024, and 2023, respectively (Note 22).

The amortization of the forward element pertaining to the cost of hedging presented under ‘Foreign exchange loss – net’ in the statements of income amounted to ₱15.01 billion, ₱14.01 billion, and ₱7.90 billion for 2025, 2024, and 2023, respectively.

27. Lease Contracts

The lease contracts are for periods ranging from one (1) to 15 years from the dates of the contracts and are renewable under certain terms and conditions. Various lease contracts include escalation clauses, most of which bear an annual rent increase of 5.00% to 10.00%.

Movements in the lease liabilities account are as follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Beginning Balance	₱3,010,314	₱3,347,987	₱2,232,817	₱2,578,292
Additions	250,324	666,762	101,767	421,919
Interest expense	220,644	249,750	168,977	187,662
Payments	(742,361)	(1,254,185)	(438,355)	(955,056)
Ending Balance	₱2,738,921	₱3,010,314	₱2,065,206	₱2,232,817

Expenses related to short-term leases amounting to ₱731.23 million and ₱506.23 million for the Group and Parent Company in 2025, respectively, ₱603.82 million and ₱423.13 million for the Group and Parent Company in 2024, respectively, ₱604.55 million and ₱484.38 million for the Group and Parent Company in 2023, respectively, are included in the ‘Occupancy cost’ in the statements of income.

Total cash outflows for leases amounted to ₱1.47 billion and ₱944.59 million for the Group and Parent Company in 2025, respectively, and ₱1.86 billion and ₱1.38 billion for the Group and Parent Company in 2024, respectively.

The Group and the Parent Company have also entered into commercial property leases on its investment properties (Note 13).

Future minimum rentals receivable under noncancellable operating leases follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Within one year	₱19,582	₱51,661	₱5,952	₱7,662
After one year but not more than five years	26,970	24,315	4,464	9,921
	₱46,552	₱75,976	₱10,416	₱17,583

Future minimum rentals payable under noncancellable leases follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Within one year	₱726,236	₱653,351	₱699,450	₱635,942
After one year but not more than five years	1,844,811	2,289,787	1,317,408	1,737,075
After more than five years	537,144	919,710	412,241	705,159
	₱3,108,191	₱3,862,848	₱2,429,099	₱3,078,176

28. Income and Other Taxes

Income taxes include corporate income tax and FCDU final taxes, as discussed below, and final tax paid at the rate of 20.00% on gross interest income from government securities and other deposit substitutes. These income taxes, as well as the deferred tax benefits and provisions, are presented as 'Provision for income tax' in the statements of income.

Republic Act (RA) No. 9337, *An Act Amending National Internal Revenue Code*, as amended by RA 10963 otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN) and RA 11534 otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE), provides that Regular Corporate Income Tax (RCIT) rate shall be 25.00% while interest expense allowed as a deductible expense is reduced to 20.00% of interest income subject to final tax.

CREATE Law reduced the rate of Minimum Corporate Income Tax (MCIT) from 2.00% to 1.00%, however, Revenue Memorandum Circular (RMC) No. 69-2023 reverted MCIT to 2.00% starting July 1, 2023. An MCIT of 2.00% on gross income is computed and compared with the RCIT. Any excess MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In addition, the NOLCO is allowed as a deduction from taxable income in the next three years from the year of inception.

Effective in May 2004, RA No. 9294 restored the tax exemption of FCDUs and offshore banking units (OBUs). Under such law, the income derived by the FCDU from foreign currency transactions with nonresidents, OBUs, local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% gross income tax. All other income of the FCDU is subject to the 25.00% corporate tax under the CREATE Law.

CMEPA Law

RA No. 12214 otherwise known as Capital Markets Efficiency Promotion Act (CMEPA) was signed into law last May 29, 2025. The law took effect on July 1, 2025.

The key changes to the Philippine tax law pursuant to the CMEPA Law which have an impact to the Group are the following:

- Standardization of 20.00% final tax on any currency deposits, regardless of tenure (i.e., removing the previous tax exemption on interest income from long-term deposits), except for non-resident alien not engaged in trade or business (NRANETB) and non-resident foreign corporation (NRFC), whose interest income will still be subject to 25.00% final withholding tax (FWT);
- Gains realized from long-term bonds, debentures, or other certificate of indebtedness are now part of gross income, therefore, subject to 25.00% RCIT;
- Exclusion from gross income of gains from redemption of shares of units of participation in mutual fund and unit investment trust fund (UITF), thus, exempt from 25.00% RCIT, provided that prior to such redemption, final taxes due on realized gains have been withheld at the level of the underlying assets;
- Revised Documentary Stamp Tax (DST) rate of 75.00% of 1.00% on original issuance of shares and debt instruments while original issuances of UITFs and mutual funds are now exempt from DST, as well as the sale, exchange, redemption or other disposition of shares of stock listed and traded through a foreign stock exchange.
- Exclusion of Reverse Repurchase Agreements with BSP under the definition of deposit substitute. Interest income from reverse repurchase transaction is now subject to 25.00% RCIT, which was previously subject to final withholding tax.

The provision for income tax consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Current						
Final tax	₱4,719,151	₱4,012,622	₱3,295,280	₱4,264,612	₱3,979,777	₱3,269,539
MCIT	112,507	680	411	–	–	–
RCIT	1,108,252	2,123,093	1,802,343	982,140	1,526,795	1,208,582
	5,939,910	6,136,395	5,098,034	5,246,752	5,506,572	4,478,121
Deferred	323,008	477,427	(1,308,131)	460,101	727,977	(1,179,583)
	₱6,262,918	₱6,613,822	₱3,789,903	₱5,706,853	₱6,234,549	₱3,298,538

The details of net deferred tax assets follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Deferred tax assets (liabilities) on:				
Allowance for impairment and credit losses	₱5,296,426	₱4,387,180	₱3,966,334	₱3,000,531
Fair value adjustments on asset foreclosure and dacion transactions - net of depreciated portion	(1,401,014)	(442,466)	(1,474,310)	(372,375)
Derivative contracts designated as hedges	(655,870)	1,352,693	(655,870)	1,352,693
Revaluation increment on land (Notes 12 and 24)	(456,171)	(456,171)	(456,171)	(456,171)
Net defined benefit asset	(316,460)	(459,741)	(332,332)	(459,015)
Others	2,284,631	1,128,269	1,748,452	655,296
	₱4,751,542	₱5,509,764	₱2,796,103	₱3,720,959

Others pertain primarily to the deferred tax assets on derivatives not designated as hedges, leases, and foreign exchange revaluation.

The details of net deferred tax liabilities follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Deferred tax liabilities (assets) on:				
Branch licenses arising from acquisition of PDB	₱697,995	₱697,995	₱–	₱–
Fair value adjustments on net assets/ liabilities of PDB and Unity Bank, and others	93,381	93,381	–	–
	₱791,376	₱791,376	₱–	₱–

In 2025, deferred tax debited to OCI amounted to ₱435.22 million and ₱464.75 million for the Group and the Parent Company, respectively. In 2024, deferred tax debited to OCI amounted ₱518.08 million and ₱512.14 million for the Group and the Parent Company, respectively.

The Group did not set up deferred tax assets on other temporary differences amounting to nil and ₱270.09 million as of December 31, 2025 and 2024, respectively, as it believes that it is highly probable that these temporary differences will not be realized in the near foreseeable future.

The reconciliation of the statutory income tax to the provision for income tax follows:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Statutory income tax	₱8,562,224	₱7,856,250	₱6,452,032	₱8,421,201	₱7,759,457	₱6,327,332
Tax effects of						
FCDU income	(202,472)	75,197	(815,421)	(194,804)	82,006	(813,259)
Non-taxable income	(4,903,850)	(2,579,515)	(1,525,269)	(4,800,362)	(2,332,067)	(1,357,900)
Interest income subjected to final tax	(1,278,193)	(1,021,768)	(821,950)	(959,143)	(904,944)	(743,943)
Nondeductible expenses	3,879,821	2,196,068	538,939	3,477,022	1,868,190	182,417
Others	205,388	87,590	(38,428)	(237,061)	(238,093)	(296,109)
Provision for income tax	₱6,262,918	₱6,613,822	₱3,789,903	₱5,706,853	₱6,234,549	₱3,298,538

29. Trust Operations

Securities and other properties (other than deposits) held by the Parent Company in fiduciary or agency capacities for clients and beneficiaries are not included in the accompanying balance sheets since these are not assets of the Parent Company (Note 31).

In compliance with the requirements of current banking regulations relative to the Parent Company's trust functions: (a) government bonds included under financial assets at FVOCI with total face value of ₱3.35 billion and ₱3.16 billion as of December 31, 2025 and 2024, respectively, are deposited with the BSP as security for the Parent Company's faithful compliance with its fiduciary obligations (Note 9); and (b) a certain percentage of the Parent Company's trust fee income is transferred to surplus reserve. This yearly transfer is required until the surplus reserve for trust function equals 20.00% of the Parent Company's authorized capital stock.

30. Related Party Transactions

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

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

The Group has several business relationships with related parties. Transactions with such parties are normally made in the ordinary course of business and based on the terms and conditions discussed below. Transactions with related parties are settled in cash, unless otherwise indicated.

Transactions with Retirement Plans

Under PFRS, certain post-employment benefit plans are considered as related parties. The Group has business relationships with a number of its retirement plans pursuant to which it provides trust and management services to these plans. Income earned by the Group and Parent Company from such services amounted to ₱83.69 million and ₱75.94 million, respectively, in 2025, ₱67.71 million and ₱59.84 million, respectively, in 2024, and ₱56.74 million and ₱49.77 million, respectively, in 2023. The Group's retirement funds may hold or trade the Parent Company's shares or securities. Significant transactions of the retirement fund, particularly with related parties, are approved by the Trust Investment Committee (TIC) and the Related Party Transaction (RPT) Committee of the Parent Company. The members of the TIC are directors and key management personnel of the Parent Company.

A summary of transactions with related party retirement plans follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Deposits in banks	₱111	₱604	₱1	₱503
Financial assets at FVTPL	3,111,016	3,465,781	3,111,016	3,465,781
Dividend income	136,448	120,074	136,448	120,074
Interest income	10	65	8	62
Total market value of shares	3,111,016	3,465,781	3,111,016	3,465,781
Number of shares held (in thousands)	54,579	54,579	54,579	54,579

In 2023, dividend income and interest income of the retirement plan from investments and placements amounted to ₱103.70 million and ₱0.10 million, respectively, for the Group, and ₱103.70 million and ₱0.10 million, respectively, for the Parent Company.

Financial assets at FVTPL represent shares of stock of the Parent Company. Voting rights over the Parent Company's shares are exercised by an authorized trust officer.

Remunerations of Directors and other Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly. The Group considers the members of the Management Committee (ManCom) to constitute key management personnel for purposes of PAS 24.

Total remunerations of key management personnel are as follows:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Short-term employee benefits	₱1,338,482	₱1,188,263	₱1,081,311	₱1,207,895	₱1,057,231	₱959,263
Post-employment benefits	9,174	4,156	4,864	4,055	1,068	1,907
	₱1,347,656	₱1,192,419	₱1,086,175	₱1,211,950	₱1,058,299	₱961,170

Members of the BOD are entitled to a per diem up to ₱10,000.00 for attendance at each meeting of the Board or of any committees and to four percent (4.00%) of the Parent Company's net earnings, with certain deductions in accordance with BSP regulation.

Non-executive directors do not receive any performance-related compensation. Directors' remuneration covers all Parent Company's Board activities and membership of committees and subsidiary companies.

The Group also provides banking services to directors and other key management personnel and persons connected to them. These transactions are presented in the succeeding tables.

Other Related Party Transactions

Transactions between the Parent Company and its subsidiaries meet the definition of related party transactions. Transactions between the Group and its associated companies also qualify as related party transactions. Details of the Parent Company's subsidiaries and associate are disclosed in Notes 1 and 11.

Group

Related party transactions of the Group by category of related party are presented below.

Category	December 31, 2025		
	Amount / Volume	Outstanding Balance	Terms and Conditions
Significant Investor			
Loans and receivables		₱5,976,000	Secured shares of stocks; with interest rates ranging from 4.00% to 4.18%; with remaining term to maturity between 0.44 years to 2.85 years; with allowance for credit losses of ₱3.25 million
Issuances	₱-		
Repayments	(6,000)		
Associate			
Deposit liabilities		1,467	These are checking accounts with annual average rate of 0.13%.
Deposits	380		
Withdrawals	(2,758)		
Key Management Personnel			
Loans and receivables		6,200	Unsecured officer's credit card accounts with interest of 3.00% and loan accounts with average 5.00% rate.
Issuances	5,685		
Repayments	(5,425)		
Deposit liabilities		244,200	These are checking, savings and time deposits with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	381,872		
Withdrawals	(286,188)		
Other Related Parties			
Loans and receivables		73,943,549	Secured and unsecured loans with interest rates ranging from 3.00% to 10.14% and with remaining term to maturity between 0.05 years to 18 years. Allowance for probable losses amounted to ₱553.61 million.
Issuances	32,623,140		
Repayments	(10,413,181)		
Deposit liabilities		335,328	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	446,883		
Withdrawals	(561,419)		

Category	December 31, 2024		
	Amount / Volume	Outstanding Balance	Terms and Conditions
Significant Investor			
Loans and receivables		₱5,982,000	Secured with shares of stocks; with interest rates ranging from 4.00% to 4.18%; with remaining term to maturity between 1.46 years to 3.86 years; with allowance for credit losses of ₱2.72 million.
Issuances	₱-		
Repayments	(2,341,900)		
Associate			
Deposit liabilities		3,845	These are checking accounts with annual average rate of 0.13%.
Deposits	2,906		
Withdrawals	(720)		
Key Management Personnel			
Loans and receivables		5,940	Unsecured officer's credit card accounts with interest of 3.00% and loan accounts with average 5.00% rate.
Issuances	4,795		
Repayments	(2,511)		
Deposit liabilities		148,516	These are checking, savings and time deposits with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	360,838		
Withdrawals	(326,645)		
Other Related Parties			
Loans and receivables		51,733,590	Secured and unsecured loans amounting to ₱3.81 billion and ₱47.85 billion, respectively, with interest rates ranging from 3.41% to 10.14%; with remaining term to maturity between 0.01 years to 19.01 years; with allowance for credit losses of ₱576.2 million.
Issuances	17,969,453		
Repayments	(26,204,844)		
Deposit liabilities		449,864	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	9,156,118		
Withdrawals	(9,248,055)		

Interest income earned and interest expense incurred from the above loans and deposit liabilities in 2025, 2024, and 2023 follow:

	Significant Investor			Associate		
	2025	2024	2023	2025	2024	2023
Interest income	₱206,542	₱247,304	₱340,142	₱-	₱-	₱-
Interest expense	-	-	-	1	1	1

	Key Management Personnel			Other Related Parties		
	2025	2024	2023	2025	2024	2023
Interest income	₱233	₱205	₱161	₱3,490,488	₱2,595,031	₱2,725,039
Interest expense	46	5,592	4,566	229	1,329	1,200

Related party transactions of the Group with significant investor, associate, and other related parties pertain to transactions of the Parent Company with these related parties.

Parent Company

Related party transactions of the Parent Company by category of related party are presented below.

Category	December 31, 2025		
	Amount / Volume	Outstanding Balance	Nature, Terms and Conditions
Significant Investor			
Loans and receivables		₱5,976,000	Secured with shares of stocks; with interest rates ranging from 4.00% to 4.18%; with remaining term to maturity between 0.44 years to 2.85 years; with allowance for credit losses of ₱3.25 million.
Issuances	₱-		
Repayments	(6,000)		
Subsidiaries			
Deposit liabilities		590,472	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	27,190,941		
Withdrawals	(27,248,308)		
Associate			
Deposit liabilities		1,467	These are checking accounts with annual average rate of 0.13%.
Deposits	380		
Withdrawals	(2,758)		
Key Management Personnel			
Loans and receivables		4,411	Unsecured officer's credit card accounts with interest of 3.00%.
Issuances	5,685		
Repayments	(4,978)		
Deposit liabilities		33,047	These are checking, savings and time deposit account with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	288,158		
Withdrawals	(280,731)		
Other Related Parties			
Loans and receivables		73,943,549	Secured and unsecured loans with interest rates ranging from 3.00% to 10.14% and with remaining term to maturity between 0.05 years to 18 years. Allowance for probable losses amounted to ₱553.61 million.
Issuances	32,623,140		
Repayments	(10,413,181)		
Deposit liabilities		148,667	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	430,271		
Withdrawals	(474,294)		

Category	December 31, 2024		
	Amount / Volume	Outstanding Balance	Nature, Terms and Conditions
Significant Investor			
Loans and receivables		₱5,982,000	Secured with shares of stocks; with interest rates ranging from 4.00% to 4.18%; with remaining term to maturity between 1.46 years to 3.86 years; with allowance for credit losses of ₱2.72 million.
Issuances	₱-		
Repayments	(2,341,900)		
Subsidiaries			
Deposit liabilities		647,839	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	30,047,362		
Withdrawals	(29,989,616)		
Associate			
Deposit liabilities		3,845	These are checking accounts with annual average rate of 0.13%.
Deposits	2,906		
Withdrawals	(720)		
Key Management Personnel			
Loans and receivables		3,704	Unsecured officer's credit card accounts with interest of 3.00%.
Issuances	4,795		
Repayments	(2,087)		

(Forward)

December 31, 2024			
Category	Amount / Volume	Outstanding Balance	Nature, Terms and Conditions
Deposit liabilities		25,620	These are checking, savings and time deposit account with annual average interest rates ranging from 0.25% to 1.00%.
Deposits	323,765		
Withdrawals	(320,087)		
Other Related Parties		₱51,733,590	Secured and unsecured loans with interest rates ranging from 3.41 % to 10.14%; with remaining term to maturity between .01 years to 19.01 years; with allowance for credit losses of ₱576.2 million.
Loans and receivables			
Issuances	₱17,969,453		
Repayments	(26,204,844)		
Deposit liabilities		192,690	These are checking and savings accounts with annual average interest rates ranging from 0.13% to 1.00%.
Deposits	9,111,321		
Withdrawals	(9,186,086)		

The related party transactions shall be settled in cash.

Interest income earned and interest expense incurred from the above loans and deposit liabilities in 2025, 2024, and 2023 follow:

	Subsidiaries			Associate		
	2025	2024	2023	2025	2024	2023
Interest income	₱-	₱-	₱-	₱-	₱-	₱-
Interest expense	879	797	935	1	1	1

	Key Management Personnel			Other Related Parties		
	2025	2024	2023	2025	2024	2023
Interest income	₱132	₱111	₱18	₱1,126,919	₱2,595,031	₱2,725,039
Interest expense	46	31	30	229	565	282

	Significant Investor		
	2025	2024	2023
Interest income	₱62,068	₱247,304	₱340,142
Interest expense	-	-	-

Outright sales and purchases of debt securities of the Parent Company with China Bank Savings amounted to ₱626.59 million and ₱258.61 million in 2025 and ₱21.27 billion and nil in 2024, respectively.

The following table shows the amount and outstanding balance of other related party transactions included in the financial statements:

	Subsidiaries			Nature, Terms and Conditions
	2025	2024	2023	
Balance Sheet				
Accounts receivable	₱4,358	₱1,627		This pertains to various expenses advanced by CBC in behalf of various subsidiaries.
Security deposits	11,755	11,297		This pertains to the rental deposits with CBSI and CBCC for office space leased out to the Parent Company
	Subsidiaries			Nature, Terms and Conditions
	2025	2024	2023	
Income Statement				
Trust fee income	₱408	₱607	₱528	Trust Fee earned by Parent Company from CBCC
Rent income	2,577	3,503	3,351	Rent Income from CBCC
Miscellaneous income	3,502	4,860	3,850	Certain functions provided by the Parent Company to its subsidiaries such as accounting, human resources, audit, treasury operations, administrative, corporate marketing, and financial control services. Under the agreement between the Parent Company and its subsidiaries, the subsidiaries shall pay the Parent Company an annual fee

(Forward)

	Subsidiaries			Nature, Terms and Conditions
	2025	2024	2023	
Interest Income	3,833	476	1,078	Interest earned from cash in bank and short-term investment of Parent Company
Other Income	–	5,748	23,776	Unrealized gain on money market funds of Parent Company
Occupancy cost	43,063	41,041	39,168	Certain units of the condominium owned by CBSI are being leased to the Parent Company for a term of five years, with no escalation clause.
Deferred charges	–	–	307	Arranger fees paid by the Parent Company to CBCC for the issuance of its fixed rate bonds.
Information technology	481,618	381,708	340,908	This pertains to the computer and general banking services provided by CBC-PCCI to the Parent Company to support its reporting requirements.
Miscellaneous expenses	2,379	2,090	3,248	Brokerage fees paid by the Parent Company to CBSec

31. Commitments and Contingent Assets and Liabilities

In the normal course of the Group's operations, there are various outstanding commitments and contingent liabilities which are not reflected in the accompanying financial statements. Management does not anticipate any material losses as a result of these transactions.

There are several suits, assessments or notices and claims that remain contested. Management believes, based on the opinion of its legal counsels, that the ultimate outcome of such suits, assessments and claims will not have a material effect on the Group's and the Parent Bank's financial position and results of operations.

The following is a summary of contingencies and commitments of the Group and the Parent Company with the equivalent Peso contractual amounts:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Foreign exchange bought	₱434,783,963	₱406,093,820	₱434,783,963	₱406,093,820
Trust department accounts	327,741,700	318,595,935	327,741,700	318,595,935
IRS receivable	93,435,699	74,862,900	93,435,699	74,862,900
Credit card lines	62,077,488	37,045,774	62,077,488	37,045,774
Foreign exchange sold	58,807,500	83,797,174	58,807,500	83,797,174
Committed credit lines	28,764,126	5,322,938	28,764,126	5,322,938
Unused commercial letters of credit	15,093,311	16,237,162	15,040,487	16,183,487
Spot exchange bought	7,591,888	11,747,435	7,591,888	11,747,435
Standby credit commitment	5,077,260	3,891,238	2,567,137	3,891,238
Spot exchange sold	1,416,475	5,751,617	1,416,475	5,751,617
Outstanding guarantees issued	1,313,775	3,441,848	1,313,775	1,163,035
Late deposits/payments received	295,955	387,904	291,044	384,242
Inward bills for collection	279,817	3,539,872	279,817	3,539,872
Deficiency claims receivable	223,504	223,504	223,504	223,504
Outward bills for collection	11,314	12,495	9,163	10,378
Others	2,503	151,252	2,304	151,020

32. Segment Information

The Group's operating businesses are recognized and managed separately according to the nature of services provided and the markets served, with each segment representing a strategic business unit. The businesses are organized to cater to the banking needs of market segments, facilitate customer engagement, ensure timely delivery of products and services as well as achieve cost efficiency and economies of scale. In 2022, the Lending Business Segment was split into two separate segments,

namely, Institutional Banking Segment and Consumer Banking Segment to integrate various business units for synergy and maximization of potential value in terms of market share, product line, customer base and operational efficiency. Corresponding segment information for all periods presented herein are restated to reflect such change.

The Group's business segments are as follows:

- a. Institutional Banking – principally handles lending, trade finance and related banking products and services for corporate, institutional, and selected middle market clients. This segment also manages retail and commercial loan portfolios progressively transferred from the Retail Banking Business Segment as part of the Parent Company's business realignment strategy;
- b. Consumer Banking – principally handles home loans, contract-to-sell receivables, loans to developers, auto loans and credit cards for individual and/or corporate customers;
- c. Retail Banking Business – principally handles deposits products, overdrafts and funds transfer facilities, trade services and other banking services for retail customers. Retail and commercial loan portfolios are being progressively transferred to Institutional Banking Segment under the Parent Company's business realignment strategy;
- d. Financial Markets – principally provides money market, trading and treasury services, manages the Parent Company's funding operations through the use of government securities, placements and acceptances with other banks as well as offers advisory and capital-raising services to corporate clients and remittance transactions;
- e. Others – handles other services including but not limited to trust and investment management services, wealth management services to high net-worth customers, asset management, credit management, operations and financial control, cash management services and other support services; and
- f. Subsidiaries – handles services of the subsidiaries and affiliates such as thrift banking business, investment house, insurance brokerage, bancassurance business, stock brokerage and computer-related services.

The Group reports its primary segment information to the Chief Operating Decision Maker (CODM) on the basis of the above-mentioned segments. The CODM of the Group is the President and Chief Executive Officer of the Parent Company.

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

Interest income is reported net as management primarily relies on the net interest income as a measure of performance, instead of gross income and expense.

The segment results include internal transfer pricing adjustments across business units as deemed appropriate by management. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to the business units based on a pool of funds rate which approximates the marginal cost of funds.

Other operating income mainly consists of trading and securities gain (loss) - net, service charges, fees and commissions, trust fee income and foreign exchange gain - net. Other operating expense mainly consists of compensation and fringe benefits, provision for impairment and credit losses, taxes and licenses, occupancy, depreciation and amortization, stationery, supplies and postage and insurance. Other operating income and expense are allocated between segments based on equitable sharing arrangements.

The Group has no significant customers which contribute 10% or more of the consolidated revenues.

The Group's asset-producing revenues are located in the Philippines (i.e., one geographical location); therefore, geographical segment information is not presented.

The following tables present relevant information regarding business segments as of December 31, 2025:

	Institutional Banking			Consumer Banking		
	2025	2024	2023	2025	2024	2023
Results of Operations						
Net interest income						
Third party	₱47,453,151	₱39,873,177	₱33,129,532	₱8,674,650	₱7,022,679	₱5,845,803
Intersegment	(37,949,132)	(30,800,122)	(25,423,785)	(5,711,533)	(5,211,201)	(3,823,910)
Other operating income	9,308,800	8,288,562	907,815	1,864,672	1,679,347	652,923
Total revenue	18,812,819	17,361,617	8,613,562	4,827,789	3,490,825	2,674,816
Other operating expense	(3,706,504)	(2,878,919)	(2,134,842)	(3,774,887)	(3,029,002)	(2,118,133)
Income before provisions and taxes	15,106,315	14,482,698	6,478,720	1,052,903	461,823	556,683
Reversal from (provision for) impairment and credit losses	(5,306,118)	(2,435,081)	19,714	(776,500)	(91,865)	132,471
Income before income tax	9,800,197	12,047,617	6,498,434	276,403	369,958	689,154
Provision for income tax	(785,604)	(1,457,445)	(118,365)	301,889	252,198	192,931
Net income	₱9,014,593	₱10,590,172	₱6,380,069	₱578,292	₱622,156	₱882,085
Total assets	₱769,106,267	₱656,310,829	₱534,327,778	₱122,389,243	₱98,667,475	₱87,575,351
Total liabilities	₱1,325,614	₱1,199,048	₱1,282,440	₱2,190,426	₱3,335,086	₱1,056,689
Depreciation and amortization	₱60,387	₱100,974	₱32,274	₱104,952	₱275,025	₱83,272
Capital expenditures	₱27,783	₱20,386	₱11,214	₱42,936	₱57,166	₱28,819

	Retail Banking Business			Financial Markets		
	2025	2024	2023	2025	2024	2023
Results of Operations						
Net interest income						
Third party	(₱4,801,305)	(₱2,317,929)	(₱899,965)	₱11,247,649	₱10,562,284	₱8,218,160
Intersegment	29,550,231	25,376,743	23,537,023	14,111,758	10,473,434	5,776,475
Other operating income	24,748,926	23,058,814	22,637,058	25,359,407	21,035,718	13,994,635
Total revenue	27,143,716	25,296,903	25,590,992	11,615,445	8,184,712	7,474,004
Other operating expense	(14,105,692)	(13,768,265)	(12,926,729)	(4,760,369)	(4,366,458)	(3,989,905)
Income before provisions and taxes	13,038,024	11,528,638	12,664,263	6,855,076	3,818,254	3,484,099
Reversal from (provision for) impairment and credit losses	(63,345)	(78,278)	(462,358)	38,857	86,649	102,129
Income before income tax	12,974,679	11,450,360	12,201,905	6,893,933	3,904,903	3,586,228
Provision for income tax	(1,029,980)	(1,384,621)	(218,363)	(3,868,157)	(3,644,680)	(3,154,741)
Net income	₱11,944,699	₱10,065,739	₱11,983,542	₱3,025,776	₱260,223	₱431,487
Total assets	₱691,775,469	₱642,463,095	₱651,728,414	₱530,484,726	₱538,442,015	₱510,301,559
Total liabilities	₱717,247,064	₱649,118,794	₱639,647,311	₱1,043,032,855	₱953,921,457	₱742,577,884
Depreciation and amortization	₱1,261,867	₱1,295,679	₱1,358,704	₱31,512	₱59,637	₱53,190
Capital expenditures	₱227,446	₱123,675	₱185,393	₱14,123	₱10,416	₱16,756

	Other Business and Support Units			Subsidiaries		
	2025	2024	2023	2025	2024	2023
Results of Operations						
Net interest income						
Third party	₱1,105	₱98,739	₱1,011	₱10,019,517	₱8,299,652	₱7,233,264
Intersegment	(1,324)	161,146	(65,803)	–	–	–
	(219)	259,885	(64,792)	10,019,517	8,299,652	7,233,264
Other operating income	1,356,838	34,485	(73,502)	1,923,760	2,682,087	2,643,111
Total revenue	1,356,619	294,370	(138,294)	11,943,277	10,981,739	9,876,375
Other operating expense	–	(206)	(130,545)	(8,068,865)	(6,827,608)	(5,737,171)
Income before provisions and taxes	1,356,619	294,164	(268,839)	3,874,412	4,154,131	4,139,204
Reversal from (provision for) impairment and credit losses	–	(12,882)	(474)	(927,347)	(783,251)	(1,037,485)
Income before income tax	1,356,619	281,282	(269,313)	2,947,065	3,370,880	3,101,719
Provision for income tax	(325,000)	–	–	(556,066)	(379,274)	(491,365)
Net income	₱1,031,619	₱281,282	(₱269,313)	₱2,390,999	₱2,991,606	₱2,610,354
Total assets	(₱528,115,902)	(₱460,870,833)	(₱447,403,654)	₱196,047,937	₱171,080,834	₱141,513,774
Total liabilities	(₱369,361,461)	(₱301,057,147)	(₱198,257,025)	₱195,955,469	₱170,996,536	₱141,437,522
Depreciation and amortization	₱609,505	₱–	(₱1,406)	₱587,790	₱556,739	₱480,112
Capital expenditures	₱1,058,292	₱889,662	₱384,936	₱136,825	₱129,105	₱60,990

	Total		
	2025	2024	2023
Results of Operations			
Net interest income			
Third party	₱72,594,767	₱63,538,602	₱53,527,805
Intersegment	–	–	–
	72,594,767	63,538,602	53,527,805
Other operating income	3,104,898	2,071,565	563,650
Total revenue	75,699,665	65,610,167	54,091,455
Other operating expense	(34,416,317)	(30,870,459)	(27,037,325)
Income before provisions and taxes	41,283,348	34,739,708	27,054,130
Reversal from (provision for) impairment and credit losses	(7,034,453)	(3,314,707)	(1,246,003)
Income before income tax	34,248,895	31,425,001	25,808,127
Provision for income tax	(6,262,918)	(6,613,822)	(3,789,903)
Net income	₱27,985,977	₱24,811,179	₱22,018,224
Total assets	₱1,781,687,740	₱1,646,093,412	₱1,478,043,222
Total liabilities	₱1,590,389,967	₱1,477,513,772	₱1,327,744,821
Depreciation and amortization	₱2,656,013	₱2,288,054	₱2,006,146
Capital expenditures	₱1,507,405	₱1,230,410	₱688,108

The Group's share in net income of an associate included in other operating income amounting to ₱1.50 billion, ₱757.36 million, and ₱435.08 million in 2025, 2024 and 2023, respectively, are reported under 'Other Business and Support Units'.

33. Earnings Per Share

Basic EPS amounts are calculated by dividing the net income for the year by the weighted average number of common shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations:

	2025	2024	2023
a. Net income attributable to equity holders of the parent	₱27,977,951	₱24,803,274	₱22,010,790
b. Weighted average number of common shares outstanding (Note 24)	2,691,343	2,691,341	2,691,340
c. Earnings per share – basic and diluted (a/b)	₱10.40	₱9.22	₱8.18

As of December 31, 2025, 2024 and 2023, there were no outstanding dilutive potential common shares.

34. Supplementary Information for Cash Flow Analysis

The following is a summary of certain non-cash investing activities that relate to the analysis of the statements of cash flows:

	Consolidated		
	2025	2024	2023
Addition to investment properties from settlement of loans	₱14,670,015	₱3,844,577	₱1,116,442
Fair value gain on FVOCI financial assets	1,737,001	273,372	3,066,480
Addition to right-of-use assets	119,690	666,762	1,042,997
Cumulative translation adjustment	55,431	(116,124)	162,871
Addition to chattel mortgage from settlement of loans	1,248,991	978,159	481,175
	Parent Company		
	2025	2024	2023
Addition to investment properties from settlement of loans	₱14,238,127	₱3,446,969	₱528,951
Fair value gain (loss) in FVOCI financial assets	1,731,957	271,368	3,009,732
Addition to right-of-use assets	101,767	421,919	629,477
Cumulative translation adjustment	55,431	(146,521)	81,494
Addition to chattel mortgage from settlement of loans	17,934	12,557	43,690

The following table shows the reconciliation analysis of bonds payable, bills payable, and lease liability under financing activities for both the Group and Parent Company for the years ended December 31, 2025 and 2024:

	Consolidated			
	2025			
	Bills Payable	Bonds Payable	Lease Liability	Total
Balance at beginning of year	₱112,133,138	₱–	₱3,010,314	₱115,143,452
Cash flows during the year				
Proceeds	694,879,185	–	–	694,879,185
Settlement/payment*	(689,993,430)	–	(742,361)	(690,735,791)
Non-cash changes				
Additions	–	–	250,324	250,324
Accretion of interest/pretermination	–	–	220,644	220,644
Foreign exchange movement	1,765,551	–	–	1,765,551
Balance at end of year	₱118,784,444	₱–	₱2,738,921	₱121,523,365

*For lease liability, payment refers to both principal and interest components

	Consolidated			
	2024			
	Bills Payable	Bonds Payable	Lease Liability	Total
Balance at beginning of year	₱84,798,489	₱19,989,307	₱3,347,987	₱108,135,783
Cash flows during the year				
Proceeds	568,797,606	–	–	568,797,606
Settlement/payment*	(545,158,967)	(20,000,000)	(1,254,185)	(566,413,152)
Non-cash changes				
Additions	–	–	666,762	666,762
Accretion of interest	–	10,693	249,750	260,443
Foreign exchange movement	3,696,010	–	–	3,696,010
Balance at end of year	₱112,133,138	₱–	₱3,010,314	₱115,143,452

*For lease liability, payment refers to both principal and interest components

	Parent Company			
	2025			
	Bills Payable	Bonds Payable	Lease Liability	Total
Balance at beginning of year	₱112,133,138	₱–	₱2,232,817	₱114,365,955
Cash flows during the year				
Proceeds	694,879,185	–	–	694,879,185
Settlement/payment*	(689,993,430)	–	(438,355)	(690,431,785)
Non-cash changes				
Additions	–	–	101,767	101,767
Accretion of interest/pretermination	–	–	168,977	168,977
Foreign exchange movement	1,765,551	–	–	1,765,551
Balance at end of year	₱118,784,444	₱–	₱2,065,206	₱120,849,650

*For lease liability, payment refers to both principal and interest components

	Parent Company			
	2024			
	Bills Payable	Bonds Payable	Lease Liability	Total
Balance at beginning of year	₱84,798,489	₱19,989,307	₱2,578,292	₱107,366,088
Cash flows during the year				
Proceeds	568,797,606	–	–	568,797,606
Settlement/payment*	(545,158,967)	(20,000,000)	(955,056)	(566,114,023)
Non-cash changes				
Additions	–	–	421,919	421,919
Accretion of interest	–	10,693	187,662	260,443
Foreign exchange movement	3,696,010	–	–	3,696,010
Balance at end of year	₱112,133,138	₱–	₱2,232,817	₱114,365,955

*For lease liability, payment refers to both principal and interest components

35. Offsetting of Financial Assets and Liabilities

The amendments to PFRS 7 require the Group to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under enforceable master netting agreements or similar arrangements. The effects of these arrangements are disclosed in the succeeding tables.

Consolidated and Parent Company						
December 31, 2025						
Financial instruments recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effects of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Financial assets						
Currency forwards	₱2,636,062	₱-	₱2,636,062	₱2,636,062	₱-	₱-
IRS	18,120	-	18,120	5,916	-	12,204
	₱2,654,182	₱-	₱2,654,182	₱2,641,978	₱-	₱12,204
Financial liabilities						
Bills payable	₱118,784,445	₱-	₱118,784,445	₱126,281,840	₱124,712,908	₱-
Currency forwards	6,700,663	-	6,700,663	2,636,062	-	4,064,601
IRS	5,916	-	5,916	5,916	-	-
	₱125,491,024	₱-	₱125,491,024	₱128,923,818	₱124,712,908	₱4,064,601

Consolidated and Parent Company						
December 31, 2024						
Financial instruments recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effects of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Financial assets						
Currency forwards	₱2,622,365	₱-	₱2,622,365	₱2,306,815	₱-	₱315,550
IRS	53,139	-	53,139	19,237	-	33,902
	₱2,675,505	₱-	₱2,675,505	₱2,326,053	₱-	₱349,452
Financial liabilities						
Bills payable	₱112,133,138	₱-	₱112,133,138	₱97,018,091	₱93,765,159	₱18,367,979
Currency forwards	4,251,581	-	4,251,581	2,306,815	-	1,944,766
IRS	19,237	-	19,237	19,237	-	-
	₱116,403,957	₱-	₱116,403,957	₱99,344,143	₱93,765,159	₱20,312,745

The amounts disclosed in column (d) include those rights to set-off amounts that are only enforceable and exercisable in the event of default, insolvency or bankruptcy. These include amounts related to financial collateral both received and pledged, whether cash or non-cash collateral, excluding the extent of over-collateralization.

36. Approval of the Financial Statements

The accompanying consolidated and parent company financial statements were authorized for issue by the Parent Company's BOD on February 25, 2026.

37. Supplementary Information Required Under Section 174 of the MORB

Presented below is the supplementary information required by BSP under Appendix 55 of BSP Circular 1074 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

Basic quantitative indicators of financial performance

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Return on average equity	15.56%	15.56%	15.46%	15.56%	15.56%	15.46%
Return on average assets	1.63%	1.59%	1.57%	1.83%	1.76%	1.72%
Net interest margin	4.60%	4.45%	4.24%	4.49%	4.35%	4.07%

Description of capital instruments issued

The Group and the Parent Company consider its common stock as capital instruments eligible as Tier 1 capital.

Significant credit exposures

Information on the significant credit exposures (gross of unearned discounts and allowance for impairment and credit losses) of the Group and Parent Company are as follows:

	Consolidated			
	2025		2024	
	Amounts	%	Amounts	%
Real estate, renting and business services	₱279,161,310	26.36	₱242,363,048	25.97
Financial intermediaries	133,416,953	12.60	130,270,720	13.96
Electricity, gas and water	117,543,717	11.00	104,305,696	11.18
Transportation, storage and communication	86,881,253	8.21	67,213,834	7.20
Manufacturing	85,062,169	8.03	81,513,606	8.75
Arts, entertainment and recreation	76,164,910	7.19	81,706,197	8.77
Wholesale and retail trade	68,268,770	6.45	57,044,333	6.11
Accommodation and food service activities	20,924,027	1.98	15,015,108	1.61
Construction	12,688,911	1.20	12,446,023	1.33
Mining and quarrying	12,503,831	1.18	12,416,050	1.33
Agriculture	11,848,098	1.12	11,475,821	1.23
Education	4,306,182	0.41	4,054,507	0.43
Professional, scientific and technical activities	2,132,826	0.20	2,633,548	0.28
Public administration and defense	281,738	0.03	205,322	0.02
Others*	147,681,143	13.95	110,410,287	11.83
	₱1,058,865,838	100.00	₱933,074,100	100.00

*Others consist of industry/sector under administrative and support service, health, household and other activities which, individually, is not a significant credit exposure.

	Parent Company			
	2025		2024	
	Amounts	%	Amounts	%
Real estate, renting and business services	₱242,584,807	26.84	₱207,431,806	26.06
Financial intermediaries	133,379,266	14.76	130,068,284	16.34
Electricity, gas and water	116,245,452	12.87	102,823,187	12.91
Transportation, storage and communication	85,514,119	9.46	65,969,078	8.29
Manufacturing	83,363,594	9.22	79,463,275	9.98
Arts, entertainment and recreation	76,142,331	8.43	81,669,821	10.26
Wholesale and retail trade	64,811,602	7.17	54,488,997	6.84
Accommodation and food service activities	20,370,636	2.25	14,435,122	1.81
Mining and quarrying	12,499,820	1.38	12,411,896	1.56
Construction	11,647,981	1.29	11,792,173	1.48
Agriculture	7,411,414	0.82	7,968,860	1.00
Education	3,765,764	0.42	3,562,977	0.45
Professional, scientific and technical activities	2,063,088	0.23	2,553,742	0.32
Public administration and defense	281,738	0.03	205,322	0.03
Others*	43,658,048	4.83	21,277,644	2.67
	₱903,739,660	100.00	₱796,122,184	100.00

*Others consist of industry/sector under administrative and support service, health, household and other activities which, individually, is not a significant credit exposure.

The BSP considers significant credit exposures when the total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio or 10.00% of Tier 1 capital (see Note 24).

Status of loans

Information on the amounts of performing and non-performing loans and receivables (gross of allowance for impairment and credit losses) of the Group and Parent Company are as follows:

	Consolidated					
	2025			2024		
	Performing	Non-Performing	Total	Performing	Non-Performing	Total
Loans and discounts						
Corporate and commercial lending	₱788,666,220	₱10,195,229	₱798,861,449	₱700,232,238	₱8,821,499	₱709,053,737
Consumer lending:	240,058,417	7,089,070	247,147,487	204,766,684	5,783,337	210,550,021
Housing	122,092,034	3,369,382	125,461,416	108,295,362	3,319,522	111,614,884
Automatic Payroll Deduction	77,146,309	1,835,607	78,981,916	64,234,548	1,540,184	65,774,732
Auto	27,978,498	1,074,617	29,053,115	26,190,760	634,074	26,824,834
Credit Card	11,652,903	707,284	12,360,187	4,904,857	215,092	5,119,949
Others	1,188,673	102,180	1,290,853	1,141,157	74,465	1,215,622
Trade-related lending	10,708,766	24,513	10,733,279	11,258,012	–	11,258,012
Others	116,689	4,792	121,481	142,823	3,286	146,109
	₱1,039,550,092	₱17,313,604	₱1,056,863,696	₱916,399,757	₱14,608,122	₱931,007,879

	Parent Company					
	2025			2024		
	Performing	Non-Performing	Total	Performing	Non-Performing	Total
Loans and discounts						
Corporate and commercial lending	₱772,159,706	₱9,281,645	₱781,441,351	₱686,971,213	₱7,537,975	₱694,509,188
Consumer lending:	107,974,569	3,743,047	111,717,616	86,930,369	3,319,309	90,249,678
Housing	91,142,826	2,937,474	94,080,300	77,370,222	3,029,808	80,400,030
Auto	5,175,221	97,157	5,272,378	4,648,460	73,441	4,721,901
Credit Card	11,652,903	707,284	12,360,187	4,904,857	215,092	5,119,949
Others	3,619	1,132	4,751	6,830	968	7,798
Trade-related lending	10,368,741	24,513	10,393,254	10,906,396	–	10,906,396
Others	30,449	514	30,963	19,526	2	19,528
	₱890,533,465	₱13,049,719	₱903,583,184	₱784,827,504	₱10,857,286	₱795,684,790

Loans per security

As of December 31, 2025 and 2024, secured and unsecured non-performing loans (NPLs) of the Group and the Parent Company follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Secured	₱10,354,156	₱9,209,970	₱8,263,218	₱7,508,800
Unsecured	6,959,448	5,398,152	4,786,501	3,348,486
	₱17,313,604	₱14,608,122	₱13,049,719	₱10,857,286

According to BSP Circular 941, *Amendments to the Regulations on Past Due and Non-Performing Loans*, loans shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement.

Information on the amounts of secured and unsecured loans and receivables (gross of unearned discounts and allowance for impairment and credit losses) of the Group and Parent Company are as follows:

	Consolidated				Parent Company			
	2025		2024		2025		2024	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Loans secured by								
Real estate	₱159,151,007	15.03	₱155,808,442	16.70	114,985,016	12.72	₱115,604,790	14.52
Chattel mortgage	29,086,868	2.75	28,134,839	3.02	4,945,056	0.55	5,389,225	0.68
Guarantee by the Republic of the Philippines	–	–	55,300	0.01	–	–	55,300	0.01
Deposit hold out	5,869,664	0.55	8,387,597	0.90	5,161,745	0.57	8,072,020	1.01
Shares of stock of other banks	5,976,000	0.56	5,982,000	0.64	5,976,000	0.66	5,982,000	0.75
Others*	162,719,777	15.37	145,127,890	15.54	162,666,925	18.00	145,056,060	18.22
	362,803,316	34.26	343,496,068	36.81	293,734,742	32.50	280,159,395	35.19
Unsecured loans	696,062,522	65.74	589,578,032	63.19	610,004,918	67.50	515,962,789	64.81
	₱1,058,865,838	100.00	₱933,074,100	100.00	₱903,739,660	100.00	₱796,122,184	100.00

*Others includes loans secured by shares of stocks of other firms, deed of assignment of accounts receivable, assignment/pledge of government securities, mortgage trust indenture, and other collaterals.

Secured liability and assets pledged as security

The carrying amount of interbank borrowings of the Parent Company secured by collaterals amount to ₱118.56 billion and ₱106.97 billion, as of December 31, 2025 and 2024, respectively.

The carrying amount of foreign currency-denominated investment securities at amortized cost pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱94.25 billion and ₱92.96 billion as of December 31, 2025 and 2024, respectively.

The carrying amount of foreign currency-denominated investment securities at FVOCI pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱8.82 billion and ₱4.06 billion as of December 31, 2025 and 2024, respectively.

The carrying amount of the peso-denominated investment securities at amortized cost pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱16.00 billion and ₱2.00 billion as of December 31, 2025 and 2024, respectively.

The carrying amount of the peso-denominated investment securities at FVOCI pledged by the Parent Company as collateral for its interbank borrowings amounted to ₱7.21 billion and ₱0.50 billion as of December 31, 2025 and 2024, respectively.

The aggregate fair value of investment securities at amortized cost pledged as collateral amounted to ₱108.44 billion and ₱89.08 billion as of December 31, 2025 and 2024, respectively. The aggregate fair value of financial assets at FVOCI pledged as collateral amounted to ₱16.28 billion and ₱4.69 billion as of December 31, 2025 and 2024, respectively.

Related party loans

As required by the BSP, the Group discloses loan transactions with its and affiliates and investees and with certain directors, officers, stockholders, and related interests (DOSRI). Under existing banking regulations, the limit on the amount of individual loans to DOSRI, of which 70.00% must be secured, should not exceed the regulatory capital or 15.00% of the total loan portfolio, whichever is lower. These limits do not apply to loans secured by assets considered as non-risk as defined in the regulations.

BSP Circular No. 423, dated March 15, 2004, amended the definition of DOSRI accounts. The following table shows information relating to the loans, other credit accommodations, and guarantees classified as DOSRI accounts under regulations existing prior to said Circular, and new DOSRI loans, other credit accommodations granted under said Circular:

	Consolidated			
	2025		2024	
	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)
Total outstanding DOSRI loans	₱7,799,250	₱79,925,749	₱12,800,168	₱57,721,529
Percent of DOSRI/Related Party loans to total loan portfolio	0.63%	7.55%	1.37%	6.19%
Percent of unsecured DOSRI/Related Party loans to total outstanding DOSRI/Related Party loans	5.18%	76.02%	0.78%	82.90%
Percent past due DOSRI/Related Party loans to total outstanding DOSRI/Related Party loans	–	–	–	–
Percent of non-performing DOSRI/Related Party loans to total outstanding DOSRI/Related Party loans	–	–	–	–
	Parent Company			
	2025		2024	
	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)
Outstanding DOSRI loans	₱6,610,301	₱79,925,749	₱6,459,983	₱57,719,293
Percent of DOSRI/Related Party loans to total loan portfolio	0.73%	8.84%	0.81%	7.25%
Percent of unsecured DOSRI/Related Party loans to total outstanding DOSRI/Related Party loans	5.01%	76.02%	1.39%	82.90%
Percent past due DOSRI/Related Party loans to total outstanding DOSRI/Related Party loans	–	–	–	–
Percent of non-performing DOSRI/Related Party loans to total outstanding DOSRI/Related Party loans	–	–	–	–

The amounts of loans disclosed for related parties above differ with the amounts disclosed for key management personnel since the composition of DOSRI is more expansive than that of key management personnel.

BSP Circular No. 560 provides that the total outstanding loans, other credit accommodations, and guarantees to each of the bank's/quasi-bank's subsidiaries and affiliates shall not exceed 10.00% of the net worth of the lending bank/quasi-bank, provided that the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding loans, credit accommodations, and guarantees to all subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank/quasi-bank; and the subsidiaries and affiliates of the lending bank/quasi-bank are not related interest of any director, officer, and/or stockholder of the lending institution, except where such director, officer, or stockholder sits in the BOD or is appointed officer of such corporation as representative of the bank/quasi-bank.

On May 12, 2009, BSP issued Circular No. 654 allowing a separate individual limit of twenty-five (25.00%) of the net worth of the lending bank/quasi-bank to loans of banks/quasi-banks to their subsidiaries and affiliates engaged in energy and power generation.

Commitments and contingencies

The following is a summary of contingencies and commitments of the Group and the Parent Company with the equivalent Peso contractual amounts:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Foreign exchange bought	₱434,783,963	₱406,093,820	₱434,783,963	₱406,093,820
Trust department accounts	327,741,700	318,595,935	327,741,700	318,595,935
IRS receivable	93,435,699	74,862,900	93,435,699	74,862,900
Credit card lines	62,077,488	37,045,774	62,077,488	37,045,774
Foreign exchange sold	58,807,500	83,797,174	58,807,500	83,797,174
Committed credit lines	28,764,126	5,322,938	28,764,126	5,322,938
Unused commercial letters of credit	15,093,311	16,237,162	15,040,487	16,183,487
Spot exchange bought	7,591,888	11,747,435	7,591,888	11,747,435
Standby credit commitment	5,077,260	3,891,238	2,567,137	3,891,238
Spot exchange sold	1,416,475	5,751,617	1,416,475	5,751,617
Outstanding guarantees issued	1,313,775	3,441,848	1,313,775	1,163,035
Late deposits/payments received	295,955	387,904	291,044	384,242
Inward bills for collection	279,817	3,539,872	279,817	3,539,872
Deficiency claims receivable	223,504	223,504	223,504	223,504
Outward bills for collection	11,314	12,495	9,163	10,378
Others	2,503	151,252	2,304	151,020

38. Supplementary Information Required Under RR No. 15-2010

In compliance with the requirements set forth by RR No. 15-2010, hereunder are the details of percentage and other taxes paid or accrued by the Parent Company in 2025.

Gross receipts tax	₱3,666,901
Documentary stamps tax	1,300,338
Local taxes	116,063
Fringe benefit tax	20,376
Others	36,828
Total for the year	₱5,140,506

Withholding Taxes

Details of total remittances of withholding taxes in 2025 and amounts outstanding as of December 31, 2025 are as follows:

	Total remittances	Amounts outstanding
Final withholding taxes	₱4,405,728	₱397,778
Withholding taxes on compensation and benefits	1,072,190	59,593
Expanded withholding taxes	327,872	26,823
	₱5,805,790	₱484,194

Tax Assessment

As of December 31, 2025, the Parent Company has no pending tax assessment from the BIR.



CHINA BANKING CORPORATION

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