



**March 2, 2026**

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**Gentlemen / Mesdames:**

We submit a copy of the Audited Financial Statements of Security Bank Corporation and its Subsidiaries as of December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023, and the corresponding Management Discussion and Analysis.

Very truly yours,

  
**ALLEN ALEXANDER P. REYES**  
Chief Financial Officer

# COVER SHEET

6 0 3 0

SEC Registration Number

S E C U R I T Y   B A N K   C O R P O R A T I O N

(Company's Full Name)

S e c u r i t y   B a n k   C e n t r e ,   6 7 7 6   A y a l a  
A v e n u e ,   M a k a t i   C i t y ,   N C R

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

**Milarey Wee**  
(Contact Person)

[REDACTED]  
(Company Telephone Number)

1 2      3 1  
*Month    Day*  
(Fiscal Year)

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0 4      2 9  
*Month    Day*  
(Annual Meeting)

[REDACTED]  
(Secondary License Type, If Applicable)

**CFD**  
Dept. Requiring this Doc.

[REDACTED]  
Amended Articles  
Number/Section

2,133  
Total No. of Stockholders

Total Amount of Borrowings  
[REDACTED]      [REDACTED]  
Domestic                  Foreign

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To be accomplished by SEC Personnel concerned

[REDACTED]  
File Number  
[REDACTED]  
Document ID

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LCU  
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Cashier

S T A M P S

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## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

  
**ALLEN ALEXANDER P. REYES**  
Chief Financial Officer

March 2, 2026

## Management's Discussion and Analysis or Plan of Operation

The following tables present information from the Bank's Consolidated Financial Statements as of December 31, 2025 and 2024, and for the three years ended December 31, 2025, 2024 and 2023 as audited by SyCip Gorres Velayo & Co. (SGV), independent public accountants.

(in million pesos)

### Key Statement of Financial Position Data:

	As of December 31		
	2025	2024	2023
Total Assets	1,194,759	1,129,141	871,509
Total Deposit Liabilities	930,503	801,079	606,531
Loans and Receivables (net)	696,638	677,813	538,329
Total Liquid Assets	441,423	411,060	302,775
Total Earning Assets	1,112,591	1,054,181	795,462
Total Equity	154,230	141,138	136,130

(in million pesos)

### Key Statements of Income Data:

	For the Years Ended December 31		
	2025	2024	2023
Interest Income	77,528	62,806	49,095
Interest Expense	27,071	19,084	14,361
Net Interest Income	50,457	43,722	34,734
Other Income	16,475	11,212	8,225
Operating Expenses	39,325	33,084	26,099
Provision for Credit and Impairment			
Losses	12,762	6,610	4,801
Provision for Income Tax	3,218	4,002	2,953
Net Income	11,628	11,238	9,105
Attributable to Minority Interest	—	—	—
Attributable to Equity Holders of the Parent Company	11,628	11,238	9,105
Earnings per Share (weighted/adjusted)	₱15.42	₱14.91	₱12.08

## Key Performance Indicators

The Bank monitors its performance and benchmarks itself with the other players in the banking industry in terms of the following indicators:

Key Performance Indicators:	December 31		
	2025	2024	2023
<u>Capital Adequacy</u>			
Capital to Risk Assets Ratio	13.21%	13.84%	16.19%
<u>Asset Quality</u>			
Non-performing Loan (NPL) Ratio - Net	1.31	1.28	1.37
Non-performing Loan Cover	85.61	80.76	82.13
<u>Profitability (%)</u>			
Return on Average Equity	7.87	8.11	6.95
Net Interest Margin	4.66	4.73	4.49
Cost to Income	58.75	60.23	60.75
<u>Liquidity</u>			
Liquid Assets to Total Assets	36.95	36.40	34.74

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

Key Performance Indicator	BSP Prescribed Formula
Capital to Risk Assets Ratio	$\frac{\text{Total Qualifying Capital}}{\text{Market, Credit and Operational Risk Weighted Exposures}}$
Non-performing Loan (NPL) Ratio (Based on Circulars 941 and 1011)	$\frac{\text{Non-performing Loans (net of specific allowance)}}{\text{Gross Loans}}$
Non-performing Loan (NPL) Cover (Based on Circulars 941 and 1011)	$\frac{\text{Allowance for Probable Losses}}{\text{Non-performing Loans (gross of specific allowance)}}$
Liquid Assets to Total Assets	$\frac{\text{Total Liquid Assets}}{\text{Total Assets}}$
Return on Average Equity	$\frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Capital Accounts}}$
Net Interest Margin	$\frac{\text{Net Interest Income} \times 100}{\text{Average Interest Earning Assets}}$

## 2025 versus 2024 Results of Operations

### *Financial Position*

**Total Assets** increased by 5.8% to ₱1.2 trillion on account of increases in Cash and Other Cash Items, Due from Other Banks, Interbank Loans Receivable and Securities Purchased Under Resale Agreements (SPURA) with BSP, Financial Assets at Fair Value through Profit or Loss, Investment Securities at Amortized Cost, Loans and Receivables - Net, Investment in Subsidiaries, Joint Ventures and an Associate, Property, Equipment and Right-of-use - Net, Investment Properties - Net, Deferred Tax Assets and Intangible Assets tempered by decreases in Due from Bangko Sentral ng Pilipinas, Derivative Assets Designated as Hedges, Financial Assets at Fair Value through Other Comprehensive Income and Other Assets.

Increase in **Cash and Other Cash Items** by ₱2.4 billion or 18.2% can be attributed to the Bank's daily operations while decrease in **Due from BSP** by ₱8.5 billion or 24.3% is due to asset-liability management.

**Due from Other Banks** increased by 6.9% or ₱1.1 billion due to increased level of working balances with counterparty banks. **Interbank Loans Receivable and SPURA with the BSP** increased by ₱19.3 billion or 205.0% due to increased level of placements.

**Financial Assets at Fair Value Through Profit or Loss** increased by ₱21.1 billion or 125.1% to ₱37.9 billion due to trading-related activities of the Bank. **Derivative Assets Designated as Hedges** amounted to ₱0.3 billion. **Financial Assets at Fair Value through Other Comprehensive Income** decreased by ₱24.2 billion to ₱157.7 billion or 13.3% mainly due to maturity and sale of treasury bonds during the year. **Investment Securities at Amortized Cost** increased to ₱158.4 billion by ₱19.6 billion or 14.2% mainly due to purchases of treasury notes and bills and treasury bonds during the period.

**Loans and Receivables** increased by 2.8% to ₱696.6 billion from ₱677.8 billion in 2024 primarily driven by the continued expansion in consumer lending and residential mortgages portfolios tempered by the decrease in corporate lending during the period.

**Investments in Subsidiaries, Joint Ventures and an Associate** represent Parent Company's 60.0% interest in SBM Leasing, Inc. (SBML), 49.96% interest in SB Finance, Inc. (SBFI), 49.0% interest in Mitsubishi Motors Finance Philippines Inc. (MMFP) and 25.0% interest in HC Consumer Finance Philippines Inc. (HCPH). Increase by 523.1% or ₱13.7 billion is mainly due to the first tranche capital injection paid by the Bank to MMFP and investment in HCPH.

**Property, Equipment and Right-of-use Assets** increased by 20.3% to ₱9.7 billion due to additions during the year, while **Investment Properties** increased by 13.4% to ₱7.1 billion due to additional foreclosures tempered by disposals and depreciation during the period.

**Deferred Tax Assets** increased by ₱1.5 billion primarily driven by the recognition of DTA on allowance for credit and impairment losses and deferred revenue. **Intangible Assets** grew by 25.8% to ₱8.3 billion mainly due to additions.

**Other Assets** decreased by 31.4% to ₱6.6 billion from ₱9.6 billion attributable to decreases in cash collateral deposits by ₱2.7 billion and utilization of other investments by ₱1.2 billion.

**Total Liabilities** increased by 5.3% or ₱52.5 billion to ₱1.0 trillion on account of increases in Deposit Liabilities, Margin Deposits and Cash Letters of Credit, Manager's and Certified Checks Outstanding, Notes and Bonds Payable and Other Liabilities tempered by decreases in Financial Liabilities at Fair Value through Profit or Loss, Derivative Liabilities Designated as Hedges, Bills Payable and Securities Sold Under Repurchase Agreements (SSURA), Acceptances Payable, Income Tax Payable and Accrued Interest, Taxes and Other Expenses,.

**Deposit Liabilities** went up by 16.2% from ₱801.1 billion as of year-end 2024 to ₱930.5 billion mainly contributed by the increases in Time, Demand, and Savings Deposits.

**Financial Liabilities at Fair Value through Profit or Loss** decreased by 18.0% to ₱1.4 billion. **Derivative Liabilities Designated as Hedges** amounted to ₱3.6 billion. **Bills Payable and SSURA** decreased by 93.2% to ₱6.2 billion attributable to maturities and settlements of the Bank's borrowings from SSURA, local and foreign banks.

**Acceptances Payable** decreased by 61.7% to ₱0.6 billion. **Margin Deposits and Cash Letters of Credit** increased to ₱2.8 billion. **Manager's and Certified Checks Outstanding** at ₱5.9 billion increased by ₱0.6 billion or 10.5%.

**Income Tax Payable** decreased by ₱0.4 billion to ₱48.6 million. **Notes and Bonds Payable** increased by ₱2.8 billion or 4.6% mainly due to issuance of 6.0% fixed rate bonds amounting to ₱21.0 billion on October 29, 2025 tempered by settlement of fixed rate bonds amounting to ₱18.5 billion on January 13, 2025. **Accrued Interest, Taxes and Other Expenses** decreased by 12.3% to ₱5.2 billion. **Other Liabilities** went up by 31.4% to ₱20.3 billion.

**Total Equity** grew by 9.3% to ₱154.3 billion on account of movements in Surplus, Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income, Net Unrealized Gain on Subsidiaries and Associate's Financial Assets at Fair Value through Other Comprehensive Income, Cumulative foreign currency translation, and Cost of Hedging Reserve during the period.

**Surplus** increased by 8.7% due to net income for the period, after accounting for dividends. **Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income of the Parent** decreased by 46.6% mainly due to improvement in market valuation of outstanding debt securities. **Net Unrealized Gain on Subsidiaries and Associate's Financial Assets at Fair Value through Other Comprehensive Income** increased by ₱148.3 million primarily attributable to share from HCPH. **Cumulative Foreign Currency Translation** loss increased by ₱40.3 million. **Cost of hedging reserve** amounted to ₱1.2 billion.

The **Capital Adequacy Ratio (CAR)** is 13.21% in December 2025. This is well above BSP minimum requirement of 10%, indicative of the sufficiency of the Bank's capital to support the current level of its risk assets.

### ***Results of Operations***

**Net income** attributable to the Bank's equity holders amounted to ₱11.6 billion for the year ended December 31, 2025 from a year ago level of ₱11.2 billion or an increase of 3.5%. This translates to earnings per share of ₱15.42 from ₱14.91 for the year ended December 31, 2024.

**Interest Income** ended higher than prior period by 23.44% or ₱14.7 billion. **Interest Income on Loans and Receivables** amounted to ₱58.0 billion from ₱48.4 billion or an increase of 20.0% from the same period last year due to higher volume of loans and receivables on a period-on-period basis. **Interest income on Financial assets at fair value through other comprehensive income and investment securities at amortized cost** increased by 31.7% or ₱4.0 billion on account of higher average balances of fixed-income securities while **Interest income on Financial assets at fair value through profit or loss** increased by ₱0.4 billion due to higher volume of held-for-trading securities in 2025. Increase in **Interest Income on Interbank Loans Receivables and SPURA with the BSP** by 76.5% or ₱0.6 billion, driven by the substantial increase in placements during the period. **Interest income on Deposits with Banks and Others** increased by 48.0% due to increase in volume of margin deposits.

**Interest Expense** increased by 41.9% or ₱8.0 billion from prior period. **Interest Expense on Derivatives Designated as Hedges** recognized during the year is ₱15.3 billion up by ₱9.7 billion due to higher volume. **Interest Expense on Deposits** decreased by 3.7% or ₱0.3 billion due to maturities of LTNCDs and lower interest rates on time deposits on a period-on-period basis. **Interest Expense on Notes and Bonds Payable, Bills Payable and SSURA and Other Borrowings** decreased by 27.0% or ₱1.8 billion due to lower borrowing transactions during the period. **Interest Expense on Derivative Instruments** increased by ₱0.2 billion. **Interest Expense on Lease Liabilities** increased by 52.6% or ₱52.6 million compared to 2024.

**Net Interest Income** increased to ₱50.5 billion, up by 15.4% or ₱6.7 billion compared to 2024 on a period-on-period basis.

**Other Income** increased to ₱16.5 billion, a 46.9% increase, mainly due to increase in **Foreign Exchange Gain (Loss) - Net** of ₱3.0 billion mainly due to more favorable FX movements and client-related foreign currency transactions during the period. **Trading and Securities Gain - Net** increased by ₱1.3 billion mainly due to improved market conditions and favorable valuation movements. **Share in Net Income of Subsidiaries, Joint Ventures and an Associate** increased by ₱745.0 million, primarily due to share in HCPH's net income. **Miscellaneous Income** increased by ₱558.1 million. **Rent Income** increased by ₱429.8 million. **Service Charges, Fees and Commission** decreased by ₱55.1 million from ₱8.9 billion in 2024. **Profit from Assets Sold/Exchanged** decreased by ₱650.4 million on account of lower gains from the acquisition and sale of foreclosed assets during the period.

**Operating expenses** (excluding provisions for credit and impairment losses) were higher by 18.9%. **Amortization of Software Costs** increased by 55.1% while **Taxes and Licenses** increased by 18.9%. **Depreciation and Amortization, Compensation and Fringe Benefits, Occupancy Costs, and Miscellaneous Expenses** increased by 17.3%, 16.5%, 7.9% and 19.0%, respectively.

**Provision for Credit Losses** increased by ₱5.8 billion reflecting updates to expected credit loss estimates under PFRS 9 and changes in the loan portfolio. **Provision for (Recovery of) impairment losses** increased by ₱0.3 billion.

**Provision for Income Tax** decreased by ₱0.8 billion to ₱3.2 billion, driven by higher deferred tax benefit, partly offset by an increase in current income tax.

**Total Comprehensive Income** for the period ended December 31, 2025 rose to ₱15.5 billion from ₱7.3 billion in 2024, driven by higher net income, lower cost of hedging reserve, and improvement in net unrealized gain on financial assets at fair value through other comprehensive income.

## 2024 versus 2023 Results of Operations

### *Financial Position*

**Total Assets** increased by 29.6% to ₱1.1 trillion on account of increases in Due from Other Banks, Interbank Loans Receivable and SPURA with BSP, Financial Assets at Fair Value through Profit or Loss, Derivative Assets Designated as Hedges, Financial Assets at Fair Value through Other Comprehensive Income, Investment Securities at Amortized Cost, Loans and Receivables - Net, Investment in Subsidiaries and Joint Ventures, Property, Equipment and Right-of-use - Net, Investment Properties - Net, Deferred Tax Assets, Intangible Assets, and Other Assets tempered by decreases in Cash and Other Cash Items, and Due from BSP.

Decrease in **Cash and Other Cash Items** by ₱0.8 billion or 5.6% can be attributed to the Bank's daily operations while decrease in **Due from BSP** by ₱10.7 billion or 23.4% is due to asset-liability management.

**Due from Other Banks** increased by 27.9% or ₱3.3 billion due to increased level of working balances with counterparty banks. **Interbank Loans Receivable and SPURA with the BSP** increased by ₱5.3 billion or 130.2% due to increased level of placements.

**Financial Assets at Fair Value Through Profit or Loss** increased by ₱5.9 billion or 54.5% to ₱16.8 billion due to trading-related activities of the Bank. **Derivative Assets Designated as Hedges** amounted to ₱0.6 billion. **Financial Assets at Fair Value through Other Comprehensive Income** increased by ₱42.0 billion to ₱181.8 billion or 30.0%, mainly due to purchases of treasury notes and bills and treasury bonds during the year. **Investment Securities at Amortized Cost** increased to ₱138.7 billion by ₱62.6 billion or 82.2% mainly due to purchases of corporate bonds and government securities during the period.

**Loans and Receivables** increased by 25.9% to ₱677.8 billion from ₱538.3 billion in 2023 primarily attributable to increase in wholesale, retail and MSME loans during the period.

**Investments in Subsidiaries and Joint Ventures** represent Parent Company's 60.0% interest SBML and 49.96% interest SBFI. Increase by 0.1% or ₱1.5 million is mainly due to increase in share in net income.

**Property, Equipment and Right-of-use Assets** increased by 25.0% to ₱8.0 billion due to additions during the year, while **Investment Properties** increased by 31.2% to ₱6.3 billion due to real and other properties foreclosed during the year.

**Deferred Tax Assets** increased by 9.7% from ₱5.7 billion as of year-end 2023 to ₱6.3 billion in 2024. **Intangible Assets** grew by 32.6% to ₱6.6 billion with the additional software costs during the period.

**Other Assets** increased by 90.9% to ₱9.6 billion from ₱5.0 billion due to increases in cash collateral deposits, other investment, other properties acquired, documentary stamps, and items in process for clearing.

**Total Liabilities** increased by 34.4% or ₱252.6 billion to ₱988.0 billion on account of increases in Deposit Liabilities, Derivative Liabilities Designated as Hedges, Bills Payable and SSURA, Margin Deposits and Cash Letters of Credit, Manager's and Certified Checks Outstanding, Notes and Bonds Payable, Accrued Interest, Taxes and Other Expenses, and Other Liabilities tempered by decreases in Financial Liabilities at Fair Value through Profit or Loss, Acceptances Payable, and Income Tax Payable.

**Deposit Liabilities** went up by 32.1% from ₱606.5 billion as of year-end 2023 to ₱801.1 billion mainly contributed by the increase in Time, Demand, and Savings Deposits.

**Financial Liabilities at Fair Value through Profit or Loss** decreased by 42.2% to ₱1.7 billion. **Derivative Liabilities Designated as Hedges** amounted to ₱3.8 billion. **Bills Payable and SSURA** increased by 77.6% to ₱91.2 billion due to increase in the Bank's repo transactions during the period.

**Acceptances Payable** decreased by 40.0% to ₱1.7 billion. **Margin Deposits and Cash Letters of Credit** increased by 195.2% to ₱0.2 billion. **Manager's and Certified Checks Outstanding** at ₱5.3 billion increased by ₱0.1 billion or 2.5%.

**Income Tax Payable** decreased by ₱0.3 billion from year-end 2023's ₱0.8 billion. **Notes and Bonds Payable** increased by ₱12.2 billion or 25.0% mainly due to issuance of senior unsecured notes amounting to USD 400 million on May 9, 2024 and fixed rate bonds amounting to ₱20.0 billion on August 20, 2024 tempered by settlements of fixed rate bonds amounting to ₱16.0 billion and ₱14.6 billion on January 22 and May 10, 2024, respectively. **Accrued Interest, Taxes and Other Expenses** increased by 22.4% to ₱5.9 billion. **Other Liabilities** went up by 29.8% to ₱15.4 billion.

**Total Equity** grew by 3.7% to ₱141.1 billion on account of net income during the period tempered by increases in net unrealized loss on debt instruments at fair value through other comprehensive income and cost of hedging reserve.

**Surplus** increased by 9.0% due to net income for the period, after accounting for dividends. **Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income of the Parent** increased by 35.1% due to decline in market valuation of outstanding debt securities. **Cumulative Foreign Currency Translation** decreased by ₱58.7 million. **Cost of hedging reserve** amounted to ₱1.6 billion.

The **CAR** is 13.8% in December 2024. This is well above BSP minimum requirement of 10%, indicative of the sufficiency of the Bank's capital to support the current level of its risk assets.

### ***Results of Operations***

**Net income** attributable to the Bank's equity holders amounted to ₱11.2 billion for the year ended December 31, 2024 from a year ago level of ₱9.1 billion or an increase of 23.4%. This translates to earnings per share of ₱14.91 from ₱12.08 for the year ended December 31, 2023.

**Interest Income** ended higher than prior period by 27.9% or ₱13.7 billion. **Interest Income on Loans and Receivables** amounted to ₱48.4 billion from ₱38.1 billion or an increase of 26.9% from the same

period last year due to higher volume of loans and receivables on a period-on-period basis. **Interest income on Financial assets at fair value through other comprehensive income and investment securities at amortized cost** increased by 45.8% or ₱3.9 billion on account of higher securities portfolio while **Interest income on Financial assets at fair value through profit or loss** decreased by ₱0.3 billion due to lower interest rates and volume in 2024. Decrease in **Interest Income on Interbank Loans Receivables and SPURA with the BSP** by 21.8% or ₱0.2 billion was due to the decrease in volume of placements during the period. **Interest income on Deposits with Banks and Others** increased by 104.3% due to increase in volume of margin deposits.

**Interest Expense** increased by 32.9% or ₱4.7 billion from prior period. **Interest Expense on Deposits** decreased by 15.9% or ₱1.3 billion primarily from lower rates offered on time deposits. **Interest Expense on Notes and Bonds Payable, Bills Payable and SSURA and Other Borrowings** increased by 18.3% or ₱1.0 billion due to higher borrowing transactions. **Interest Expense on Derivative Instruments** decreased by ₱0.6 billion. **Interest Expense on Derivatives Designated as Hedges** recognized during the year is ₱5.6 billion. **Interest Expense on Lease Liabilities** increased by 23.4% or ₱19.0 million compared to 2023 on a period-on-period basis.

**Net Interest Income** increased to ₱43.7 billion, up by 25.9% or ₱9.0 billion compared to 2023 on a period-on-period basis.

**Other Income** rose to ₱11.2 billion, a 36.3% increase, primarily due to ₱2.9 billion increase in **Service Charges, Fees and Commission** from higher fees in bancassurance, credit cards and loans. **Foreign Exchange Loss - Net** decreased by ₱0.3 billion from ₱2.1 billion in 2023. **Rent Income** increased by 0.2 billion. **Profit from Assets Sold/Exchanged** decreased by ₱0.3 billion during the period on account of lower gains on acquisition and sale of foreclosed assets. **Share in Net Income of Joint Ventures** decreased by ₱177.7 million to ₱1.9 million from ₱179.6 million of the same period last year. **Securities Trading Gain - net** decreased by ₱5.4 million. **Miscellaneous Income** increased by ₱35.4 million.

**Operating expenses** (excluding provisions for credit and impairment losses) were higher by 26.8%. **Depreciation and Amortization** increased by 27.7% while **Amortization of Software Costs** increased by 34.1%. **Compensation and Fringe Benefits, Occupancy Costs, Taxes and Licenses** and **Miscellaneous Expenses** increased by 21.6%, 20.7%, 17.9% and 33.2%, respectively.

**Provision for Credit Losses** increased by ₱2.0 billion as a result of the Bank's proactive stance towards the current economic environment. **Provision for impairment losses** decreased by ₱0.2 billion.

**Provision for Income Tax** amounting to ₱4.0 billion for the period ended December 31, 2024 increased by ₱1.0 billion mainly due to higher provision for final taxes and lower benefit from deferred income tax tempered by lower current income tax.

**Total Comprehensive Income** for the period ended December 31, 2024 decreased to ₱7.3 billion from ₱12.5 billion in 2023 on a period-on-period basis on account of net unrealized loss on financial assets at fair value through other comprehensive income and changes in cost of hedging reserve.

## **2023 versus 2022 Results of Operations**

### ***Financial Position***

**Total Assets** increased by 3.47% to ₱871.5 billion on account of increases in Cash and Other Cash Items, Financial Assets at Fair Value through Profit or Loss, Financial Assets at Fair Value through Other Comprehensive Income, Investment Securities at Amortized Cost, Loans and Receivables - Net, Investment in Subsidiaries and Joint Ventures, Property, Equipment and Right-of-use – Net, Investment Properties – Net, Deferred Tax Assets and Intangible Assets tempered by decreases in Due from BSP, Due from Other Banks, Interbank Loans Receivable and SPURA with BSP and Other Assets.

Increase in **Cash and Other Cash Items** by ₱0.8 billion or 5.8% can be attributed to the Bank's daily operations while decrease in **Due from BSP** by ₱17.2 billion or 27.3% is due to asset-liability management. **Due from Other Banks** decreased by 40.2% or ₱8.1 billion due to decreased level of

working balances with counterparty banks. **Interbank Loans Receivable and SPURA with the BSP** decreased by ₱23.4 billion or 85.2% due to decreased level of placements.

**Financial Assets at Fair Value Through Profit or Loss** increased by ₱3.3 billion or 43.9% to ₱10.9 billion due to trading related activities of the Bank. **Financial Assets at Fair Value through Other Comprehensive Income** increased by ₱27.0 billion to ₱139.9 billion or 23.9% mainly due to purchases during the year.

**Investment Securities at Amortized Cost** increased to ₱76.2 billion by ₱6.9 billion or 10.0% mainly due to purchases of corporate bonds and government securities during the period.

**Loans and Receivables** increased by 7.1% to ₱538.3 billion from ₱502.6 billion in 2022 primarily attributable to increase in consumer and residential mortgages lending during the period.

**Investments in Subsidiaries and Joint Ventures** represent Parent Company's 60.0% interest in SBML and 49.96% interest in SBFI. Increased by 7.6% or ₱184.5 million mainly due to increase in share in net income.

**Property, Equipment and Right-of-use Assets** increased by 21.8% to ₱6.4 billion due to additions during the year, while **Investment Properties** increased by 49.5% to ₱4.8 billion due to real and other properties foreclosed during the year.

**Deferred Tax Assets** increased by 17.6% from ₱4.9 billion as of year-end 2022 to ₱5.7 billion in 2023. **Intangible Assets** grew by 33.0% to ₱5.0 billion with the additional software costs during the period.

**Other Assets** decreased by 13.4% to ₱5.0 billion from ₱5.8 billion due to decrease in cash collateral deposits, pension assets and due from brokers tempered by increase in prepaid expenses and rental and security deposits.

**Total Liabilities** increased by 2.6% or ₱19.0 billion to ₱735.4 billion on account of increases in Deposit Liabilities, Financial Liabilities at Fair Value through Profit or Loss, Bills Payable and Securities Sold Under Repurchase Agreements, Acceptances Payable, Manager's and Certified Checks Outstanding, Income Tax Payable, Notes and Bonds Payable, Accrued Interest, Taxes and Other Expenses and Other Liabilities tempered by decrease in Margin Deposits and Cash Letters of Credit.

**Deposit Liabilities** went up by 0.1% from ₱605.8 billion as of year-end 2022 to ₱606.5 billion mainly contributed by the increase in Time and Demand Deposits tempered by the LTNCD's maturities during the period amounting to ₱8.6 billion and ₱5.8 billion matured on May 8, 2023 and November 2, 2023, respectively.

**Financial Liabilities at Fair Value through Profit or Loss** increased by 69.4% to ₱3.0 billion. **Bills Payable and SSURA** increased by 25.5% to ₱51.3 billion due to increase in the Bank's repo transactions during the period.

**Acceptances Payable** increased by 156.4% to ₱2.8 billion. **Margin Deposits and Cash Letters of Credit** decreased by 10.0% to ₱57.6 million. **Manager's and Certified Checks Outstanding** at ₱5.2 billion increased by ₱1.1 billion or 27.0%.

**Income Tax Payable** increased to ₱802.1 million from year-end 2022's ₱198.3 million due to higher income tax liability for the 4th quarter of 2023 versus the last quarter of 2022. **Notes and Bonds Payable** increased by ₱1.9 billion or 3.9% mainly due to bond issuance of fixed rate bonds amounting to ₱18.5 billion on July 13, 2023 tempered by maturity of \$300.0 million (₱17.1 billion) senior unsecured notes. **Accrued Interest, Taxes and Other Expenses** increased by 16.6% to ₱4.8 billion. **Other Liabilities** went up by 5.9% to ₱11.9 billion.

**Total Equity** grew by 8.2% to ₱136.1 billion on account of net income during the period and decrease in net unrealized loss on debt instruments at fair value through other comprehensive income.

**Surplus** was up by 7.4% due to the net income during the period. **Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income of the Parent** decreased by 40.1% due to improved market valuation of outstanding debt securities. **Cumulative Foreign Currency Translation** decreased by ₱23.1 million.

The **CAR** is 16.19% in December 2023. This is well above BSP minimum requirement of 10%, indicative of the sufficiency of the Bank's capital to support the current level of its risk assets.

### ***Results of Operations***

**Net income** attributable to the Bank's equity holders amounted to ₱9.1 billion for the year ended December 31, 2023 from a year ago level of ₱10.6 billion or a decrease of 13.7%. This translates to earnings per share of ₱12.08 from 14.00 for the period ended December 31, 2022.

**Interest Income** ended higher than prior period by 33.6% or ₱12.3 billion. **Interest Income on Loans and Receivables** amounted to ₱38.1 billion from ₱29.7 billion or an increase of 28.5% from the same period last year due to higher volume of Loans & Receivables on a period-on-period basis. **Interest income on Financial assets at fair value through other comprehensive income and investment securities at amortized cost** increased by 46.3% or ₱2.7 billion on account of higher securities portfolio. **Interest income on Financial assets at fair value through profit or loss** increased by ₱544.2 million due to higher interest rates and volume in 2023. Increase in **Interest Income on Interbank Loans Receivables and SPURA with the BSP** by 165.7% or ₱619.8 million was due to the increase in volume of placements during the period. **Deposits with Banks and Others** increased by 17.8% due to increase in volume of transactions.

**Interest Expense** increased by 91.3% or ₱6.9 billion from prior period. **Interest Expense on Deposits** increased by 62.5% or ₱3.2 billion due to increase in volume and interest rate of deposits on a period-on-period basis. **Interest Expense on Notes and Bonds Payable, Bills Payable and SSURA and Other Borrowings** increased by 175.4% or ₱3.5 billion mainly due to increase in SSURA and issuance of fixed rate bonds amounting to ₱18.5 billion on July 13, 2023 tempered by maturity of \$300.0 million senior unsecured notes. **Interest Expense on Derivative Instruments** increased by ₱205.7 million. **Interest Expense on Lease Liabilities** increased by 13.3% or ₱9.5 million compared to 2022 on a period-on-period basis.

**Net Interest Income** increased to ₱34.7 billion, 18.8% or grew by ₱5.5 billion compared to 2022 on a period-on-period basis.

**Other Income** decreased to ₱8.2 billion or a decrease of 20.8% mainly due to decrease in **Foreign Exchange-Net** by ₱3.1 billion and in **Profit from Assets Sold/Exchanged** by ₱285.0 million during the period on account of lower gains on acquisition and sale of foreclosed assets. **Gain on redemption of Investment Securities at Amortized Cost** decreased by ₱4.0 million. **Miscellaneous Income** decreased by ₱22.4 million. **Service Charges, Fees and Commissions** increased by ₱783.0 million or 14.8%, due to higher transaction volumes and the increase in **Share in Net Income of Joint Ventures** by ₱32.2 million is attributable to the Bank's share in the net income of SBM Leasing, Inc. and SBFI during the period. **Securities Trading Gain** increased by ₱314.4 million.

**Operating expenses** (excluding provisions for credit and impairment losses) were higher by 13.9%. **Compensation and Fringe Benefits** increased by 18.2%. **Amortization of Software Costs** and **Miscellaneous Expenses** increased by 22.5% and 16.2%, respectively while **Taxes and Licenses** increased by 4.4%. **Depreciation and Amortization** increased by 1.7% while **Occupancy Costs** increased by 5.0%.

**Provision for Credit Losses** increased by ₱2.0 billion as a result of the Bank's proactive stance towards the current economic environment. **Provision for impairment losses** decreased by ₱72.4 million.

**Provision for Income Tax** amounting to ₱3.0 billion for the period ended December 31, 2023 decreased by ₱376.1 million, mainly due to higher benefit from deferred income tax.

**Total Comprehensive Income** for the period ended December 31, 2023 increased to ₱12.5 billion from ₱3.0 billion in 2022 on a period-on-period basis on account of lower net unrealized loss on financial assets at fair value through other comprehensive income tempered by lower net income.

**SECURITY BANK CORPORATION AND SUBSIDIARIES**  
**FINANCIAL SOUNDNESS INDICATORS**  
**DECEMBER 31, 2025 AND 2024**

	<b>2025</b>	<b>2024</b>
a) Liquid to total assets	<b>36.95</b>	36.40
b) Loans (net) to deposit ratio	<b>74.87</b>	84.61
c) Debt-to-equity ratio	<b>6.75</b>	7.00
d) Asset-to-equity ratio	<b>7.75</b>	8.00
e) Interest rate coverage ratio	<b>1.55</b>	1.80
f) Return on assets	<b>1.00</b>	1.12
g) Return on equity	<b>7.87</b>	8.11
h) Net interest margin	<b>4.66</b>	4.73
i) Cost to income ratio	<b>58.75</b>	60.23

# COVER SHEET

for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

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**COMPANY NAME**

S	E	C	U	R	I	T	Y		B	A	N	K		C	O	R	P	O	R	A	T	I	O	N		A	N	D
S	U	B	S	I	D	I	A	R	I	E	S																	

**PRINCIPAL OFFICE** ( No. / Street / Barangay / City / Town / Province )

S	e	c	u	r	i	t	y		B	a	n	k		C	e	n	t	r	e	,								
6	7	7	6		A	y	a	l	a		A	v	e	n	u	e	,											
M	a	k	a	t	i		C	i	t	y	,		N	C	R													

Form Type

A	A	F	S
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Department requiring the report

C	F	D	
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Secondary License Type, If Applicable

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**COMPANY INFORMATION**

<p>Company's Email Address</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">                 corsec@securitybank.com.ph                  investorrelationsoffice@securitybank.com.ph             </div>	<p>Company's Telephone Number</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">                 8867-6788             </div>	<p>Mobile Number</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">                 -             </div>
<p>No. of Stockholders</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">                 2,133             </div>	<p>Annual Meeting (Month / Day)</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">                 4/29             </div>	<p>Fiscal Year (Month / Day)</p> <div style="border: 1px solid black; padding: 5px; text-align: center;">                 12/31             </div>

**CONTACT PERSON INFORMATION**

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

<p>Name of Contact Person</p> <div style="border: 1px solid black; padding: 5px;">                 Milarey M. Wee             </div>	<p>Email Address</p> <div style="border: 1px solid black; padding: 5px;">                 mwee@securitybank.com.ph             </div>	<p>Telephone Number/s</p> <div style="border: 1px solid black; padding: 5px;">                 n/a             </div>	<p>Mobile Number</p> <div style="border: 1px solid black; padding: 5px;">                 0917-8199793             </div>
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**CONTACT PERSON'S ADDRESS**

**Security Bank Centre, 6776 Ayala Avenue, Makati City**

**NOTE 1 :** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2 :** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



## INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors  
Security Bank Corporation  
Security Bank Centre  
6776 Ayala Avenue  
Makati City

### Report on the Consolidated and Parent Company Financial Statements

#### Opinion

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

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

#### Basis for Opinion

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

#### Key Audit Matters

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



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

### ***Applicable to the Audit of the Consolidated and Parent Company Financial Statements***

#### ***Allowance for Credit Losses on Loans and Receivables***

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

Allowance for credit losses on loans and receivables as of December 31, 2025 amounted to ₱18.3 billion for the Group and the Parent Company, respectively. Provision for credit losses on loans and receivables of the Group and the Parent Company in 2025 amounted to ₱12.2 billion.

The disclosures related to the allowance for credit losses on loans and receivables are included in Note 14 to the financial statements.

#### ***Audit Response***

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

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



and the effects of any financial support and credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) checked the reasonableness of forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's and the Parent Company's lending portfolios and broader industry knowledge and (h) tested the EIR used in discounting the expected loss.

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

We recalculated impairment provisions on a sample basis. We reviewed the disclosures made in the financial statements.

We involved our internal specialists in the performance of the above procedures.

### **Other Information**

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

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

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



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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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



**Reports on the Supplementary Information Required Under Section 174 of the Manual of Regulations for Banks (MORB) and Revenue Regulations 15-2010**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Section 174 of the MORB in Note 41 and Revenue Regulations 15-2010 in Note 40 to the financial statements is presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of Security Bank Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Miguel U. Ballelos, Jr.

SYCIP GORRES VELAYO & CO.

*Miguel U. Ballelos Jr.*

Miguel U. Ballelos, Jr.

Partner

CPA Certificate No. 109950

Tax Identification No. 241-031-088

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

SEC Partner Accreditation No. 109950-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

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

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-114-2025, December 16, 2024, valid until December 15, 2027

PTR No. 10765012, January 2, 2026, Makati City

February 24, 2026



**SECURITY BANK CORPORATION AND SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**

	Consolidated		Parent Company	
	December 31			
	2025	2024	2025	2024
	(Amounts in Thousands)			
<b>ASSETS</b>				
Cash and Other Cash Items	₱15,555,919	₱13,165,055	₱15,555,769	₱13,164,915
Due from Bangko Sentral ng Pilipinas (Note 19)	26,584,514	35,104,831	26,584,514	35,104,831
Due from Other Banks (Notes 7 and 32)	16,433,925	15,370,541	16,312,508	15,285,745
Interbank Loans Receivable and Securities Purchased Under Resale				
Agreements with the Bangko Sentral ng Pilipinas (Note 37)	28,646,981	9,393,615	28,646,981	9,393,615
Financial Assets at Fair Value through Profit or Loss (Note 10)	37,871,444	16,821,406	37,871,420	16,821,382
Derivatives Designated as Hedges (Note 11)	289,844	634,928	289,844	634,928
Financial Assets at Fair Value through Other				
Comprehensive Income (Note 12)	157,668,980	181,836,689	157,615,508	181,790,398
Investment Securities at Amortized Cost (Note 13)	158,371,675	138,733,375	158,371,675	138,733,375
Loans and Receivables (Notes 14 and 32)	696,637,540	677,813,274	695,731,503	678,919,832
Investments in Subsidiaries, Joint Ventures and an Associate				
(Note 15)	16,366,672	2,626,573	19,420,719	5,277,697
Property, Equipment, and Right-of-Use Assets (Note 16)	9,662,507	8,034,827	5,671,929	5,093,758
Investment Properties (Note 17)	7,126,743	6,282,770	7,126,743	6,282,770
Deferred Tax Assets (Note 28)	7,795,544	6,259,066	7,736,335	6,197,321
Goodwill (Note 4)	841,602	841,602	841,602	841,602
Intangible Assets (Note 18)	8,293,772	6,590,675	8,279,715	6,580,198
Other Assets (Note 18)	6,611,591	9,631,529	6,294,728	9,365,466
<b>TOTAL ASSETS</b>	<b>₱1,194,759,253</b>	<b>₱1,129,140,756</b>	<b>₱1,192,351,493</b>	<b>₱1,129,487,833</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Deposit Liabilities (Notes 19 and 32)				
Demand	₱304,201,099	₱279,240,344	₱305,902,840	₱280,592,335
Savings	155,108,529	140,868,600	155,246,168	140,983,093
Time	471,193,086	370,536,430	471,644,482	370,947,669
Long-term Negotiable Certificates of Deposit	–	10,433,785	–	10,433,785
	930,502,714	801,079,159	932,793,490	802,956,882
Financial Liabilities at Fair Value through				
Profit or Loss (Note 20)	1,407,466	1,716,047	1,407,466	1,716,047
Derivatives Designated as Hedges (Note 11)	3,625,886	3,841,204	3,625,886	3,841,204
Bills Payable and Securities Sold Under				
Repurchase Agreements (Note 21)	6,168,985	91,179,648	3,183,985	91,027,982
Acceptances Payable	640,228	1,669,868	640,228	1,669,868
Margin Deposits and Cash Letters of Credit	2,762,100	169,923	2,762,100	169,923
Manager's and Certified Checks Outstanding	5,900,819	5,339,433	5,900,819	5,339,433
Income Tax Payable (Note 28)	48,594	456,396	–	411,366
Notes and Bonds Payable (Note 22)	64,001,309	61,195,057	64,001,309	61,195,057
Accrued Interest, Taxes and Other Expenses (Note 23)	5,199,651	5,931,126	5,038,007	5,689,994
Other Liabilities (Note 24)	20,271,673	15,425,343	18,766,258	14,330,408
<b>TOTAL LIABILITIES</b>	<b>1,040,529,425</b>	<b>988,003,204</b>	<b>1,038,119,548</b>	<b>988,348,164</b>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>				
Capital stock (Note 26)	7,635,389	7,635,389	7,635,389	7,635,389
Additional paid-in capital (Note 26)	38,524,323	38,524,323	38,551,028	38,551,028
Surplus (Note 26)	113,260,939	104,155,854	113,244,504	104,139,419
Net unrealized loss on financial assets at fair value through other				
comprehensive income (Note 12)	(3,993,621)	(7,474,013)	(4,001,774)	(7,482,166)
Net unrealized gain on subsidiaries and an associate's financial assets at				
fair value through other comprehensive income (Notes 12 and 15)	171,061	22,787	171,061	22,787
Cumulative foreign currency translation	(169,945)	(129,650)	(169,945)	(129,650)
Cost of hedging reserve (Note 11)	(1,198,318)	(1,597,138)	(1,198,318)	(1,597,138)
<b>TOTAL EQUITY</b>	<b>154,229,828</b>	<b>141,137,552</b>	<b>154,231,945</b>	<b>141,139,669</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱1,194,759,253</b>	<b>₱1,129,140,756</b>	<b>₱1,192,351,493</b>	<b>₱1,129,487,833</b>

See accompanying Notes to Financial Statements.



# SECURITY BANK CORPORATION AND SUBSIDIARIES

## STATEMENTS OF INCOME

	Consolidated			Parent Company		
	Years Ended December 31					
	2025	2024	2023	2025	2024	2023
(Amounts in Thousands, Except Earnings per Share)						
<b>INTEREST INCOME ON</b>						
Loans and receivables (Notes 14 and 32)	<b>₱58,044,698</b>	₱48,387,423	₱38,140,064	<b>₱58,075,916</b>	₱48,526,400	₱38,233,106
Financial assets at fair value through other comprehensive income and investment securities at amortized cost (Note 8)	<b>16,424,698</b>	12,473,753	8,555,245	<b>16,424,698</b>	12,473,753	8,555,245
Financial assets at fair value through profit or loss (Note 8)	<b>1,378,803</b>	959,157	1,303,820	<b>1,378,803</b>	959,157	1,303,820
Interbank loans receivable and securities purchased under resale agreements with the Bangko Sentral ng Pilipinas	<b>1,371,083</b>	776,875	993,763	<b>1,371,083</b>	776,875	993,763
Deposits with banks and others (Note 7)	<b>309,101</b>	208,824	102,195	<b>306,500</b>	205,935	99,181
	<b>77,528,383</b>	62,806,032	49,095,087	<b>77,557,000</b>	62,942,120	49,185,115
<b>INTEREST EXPENSE ON</b>						
Derivatives designated as hedges (Note 11)	<b>15,287,313</b>	5,576,107	–	<b>15,287,313</b>	5,576,107	–
Deposit liabilities (Notes 19 and 32)	<b>6,636,726</b>	6,892,747	8,195,106	<b>6,657,453</b>	6,967,253	8,260,343
Subordinated note, bills payable, securities sold under repurchase agreements, notes and bonds payable, and other borrowings (Note 21)	<b>4,723,356</b>	6,473,708	5,473,221	<b>4,579,705</b>	6,462,660	5,462,681
Derivative instruments (Note 20)	<b>271,284</b>	41,069	612,119	<b>271,284</b>	41,069	612,119
Lease liabilities (Note 16)	<b>152,558</b>	99,955	80,990	<b>152,558</b>	99,955	80,990
	<b>27,071,237</b>	19,083,586	14,361,436	<b>26,948,313</b>	19,147,044	14,416,133
<b>NET INTEREST INCOME</b>	<b>50,457,146</b>	43,722,446	34,733,651	<b>50,608,687</b>	43,795,076	34,768,982
Service charges, fees and commissions (Note 30)	<b>8,865,537</b>	8,920,676	6,067,992	<b>8,253,803</b>	8,415,138	5,510,062
Trading and securities gain - net (Note 9)	<b>1,540,045</b>	283,192	288,555	<b>1,540,949</b>	283,297	288,234
Rent (Notes 17, 32 and 33)	<b>1,361,500</b>	931,694	708,404	<b>92,826</b>	49,896	39,520
Foreign exchange gain (loss) - net	<b>1,221,495</b>	(1,757,330)	(2,092,750)	<b>1,221,403</b>	(1,757,959)	(2,092,766)
Share in net income of subsidiaries, joint ventures and an associate (Note 15)	<b>746,868</b>	1,870	179,565	<b>1,146,959</b>	258,462	480,472
Profit from assets sold/exchanged (Notes 16, 17 and 18)	<b>284,786</b>	935,182	1,211,848	<b>284,816</b>	935,182	1,211,843
Miscellaneous (Note 31)	<b>2,455,034</b>	1,896,891	1,861,458	<b>2,390,292</b>	1,825,870	1,795,526
<b>TOTAL OPERATING INCOME</b>	<b>66,932,411</b>	54,934,621	42,958,723	<b>65,539,735</b>	53,804,962	42,001,873
<b>OPERATING EXPENSES</b>						
Compensation and fringe benefits (Notes 29 and 32)	<b>12,625,662</b>	10,838,573	8,912,812	<b>12,491,521</b>	10,722,974	8,803,147
Provision for credit losses (Note 14)	<b>12,497,125</b>	6,653,742	4,666,194	<b>12,502,734</b>	6,641,481	4,663,189
Taxes and licenses	<b>4,477,984</b>	3,766,397	3,195,408	<b>4,414,739</b>	3,722,953	3,154,014
Depreciation and amortization (Note 16)	<b>3,220,318</b>	2,746,570	2,150,173	<b>2,320,384</b>	2,121,113	1,694,720
Amortization of software costs (Note 18)	<b>1,403,102</b>	904,892	675,041	<b>1,401,733</b>	904,450	674,567
Occupancy costs (Notes 17, 31 and 32)	<b>506,053</b>	469,110	388,520	<b>503,220</b>	463,260	383,003
Provision for (recovery of) impairment losses (Note 17)	<b>265,022</b>	(43,839)	134,680	<b>264,722</b>	(43,839)	134,680
Miscellaneous (Note 31)	<b>17,091,792</b>	14,358,885	10,776,982	<b>16,927,026</b>	14,104,085	10,499,405
<b>TOTAL OPERATING EXPENSES</b>	<b>52,087,058</b>	39,694,330	30,899,810	<b>50,826,079</b>	38,636,477	30,006,725
<b>INCOME BEFORE INCOME TAX</b>	<b>14,845,353</b>	15,240,291	12,058,913	<b>14,713,656</b>	15,168,485	11,995,148
<b>PROVISION FOR INCOME TAX</b> (Note 28)	<b>3,217,761</b>	4,001,863	2,953,475	<b>3,086,064</b>	3,930,057	2,889,710
<b>NET INCOME</b>	<b>₱11,627,592</b>	₱11,238,428	₱9,105,438	<b>₱11,627,592</b>	₱11,238,428	₱9,105,438
<b>ATTRIBUTABLE TO:</b>						
Equity holders of the Parent Company (Notes 26 and 36)	<b>₱11,627,592</b>	₱11,238,428	₱9,105,438			
<b>NET INCOME</b>	<b>₱11,627,592</b>	₱11,238,428	₱9,105,438			
<b>Basic/Diluted Earnings Per Share</b> (Note 36)	<b>₱15.42</b>	₱14.91	₱12.08			

*See accompanying Notes to Financial Statements.*



**SECURITY BANK CORPORATION AND SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	Consolidated			Parent Company		
	Years Ended December 31					
	2025	2024	2023	2025	2024	2023
	(Amounts in Thousands)					
<b>NET INCOME FOR THE YEAR</b>	<b>₱11,627,592</b>	₱11,238,428	₱9,105,438	<b>₱11,627,592</b>	₱11,238,428	₱9,105,438
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>						
<i>Other Comprehensive Income (Loss) to be Reclassified to Profit or Loss in Subsequent Periods:</i>						
Change in net unrealized gain (loss) on debt instruments at fair value through other comprehensive income, net of tax	3,503,943	(2,029,374)	3,613,590	3,503,943	(2,029,374)	3,613,590
Cumulative translation adjustments	(40,295)	(58,708)	23,072	(40,295)	(58,708)	23,072
Share in changes in fair value of financial assets at FVOCI of an associate (Note 15)	142,923	–	–	142,923	–	–
Changes in cost of hedging reserve, net of tax						
Fair value loss for the year	(11,069,414)	(5,779,218)	–	(11,069,414)	(5,779,218)	–
Loss taken to profit or loss (Note 11)	11,468,234	4,182,080	–	11,468,234	4,182,080	–
Changes in cash flow hedge reserve, net of tax						
Fair value gain for the year	6,216,365	1,325,380	–	6,216,365	1,325,380	–
Amount recycled to profit or loss (Note 11)	(6,216,365)	(1,325,380)	–	(6,216,365)	(1,325,380)	–
	4,005,391	(3,685,220)	3,636,662	4,005,391	(3,685,220)	3,636,662
<i>Other Comprehensive Income (Loss) not to be Reclassified to Profit or Loss in Subsequent Periods:</i>						
Revaluation gain on equity instruments at fair value through other comprehensive income (Note 12)	(23,551)	89,762	90,862	(23,551)	89,762	90,863
Remeasurement loss on defined benefit plans (Notes 15, 26 and 29)	(254,263)	(369,450)	(289,628)	(254,263)	(369,450)	(289,628)
Share in changes in other comprehensive income (loss) of subsidiaries (Note 15)						
Remeasurement loss on defined benefit plans	(2,518)	(3,220)	(5,174)	(2,518)	(3,220)	(5,174)
Revaluation gain on equity instruments at fair value through other comprehensive income	5,351	2,155	4,013	5,351	2,155	4,012
Share in changes in other comprehensive income (loss) of joint ventures (Note 15)						
Remeasurement gain (loss) on defined benefit plans	589	(367)	4,962	589	(367)	4,962
	(274,392)	(281,120)	(194,965)	(274,392)	(281,120)	(194,965)
<b>OTHER COMPREHENSIVE GAIN (LOSS) FOR THE YEAR</b>	<b>₱3,730,999</b>	(₱3,966,340)	₱3,441,697	<b>₱3,730,999</b>	(₱3,966,340)	₱3,441,697
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱15,358,591</b>	₱7,272,088	₱12,547,135	<b>₱15,358,591</b>	₱7,272,088	₱12,547,135
<b>ATTRIBUTABLE TO:</b>						
Equity holders of the Parent Company	₱15,358,591	₱7,272,088	₱12,547,135	₱15,358,591	₱7,272,088	₱12,547,135
	₱15,358,591	₱7,272,088	₱12,547,135	₱15,358,591	₱7,272,088	₱12,547,135

See accompanying Notes to Financial Statements.



**SECURITY BANK CORPORATION AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN EQUITY**

<b>Consolidated</b>								
<b>Years Ended December 31, 2025, 2024 and 2023</b>								
<b>Equity Attributable to Equity Holders of the Parent Company</b>								
	<b>Capital Stock (Note 26)</b>	<b>Additional Paid-in Capital (Note 26)</b>	<b>Surplus (Note 26)</b>	<b>Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income (Note 12)</b>	<b>Net Unrealized Gain on Subsidiaries' and an Associate's Financial Assets at Fair Value through Other Comprehensive Income (Note 12)</b>	<b>Cumulative Foreign Currency Translation</b>	<b>Cost of Hedging Reserve (Note 11)</b>	<b>Total Equity</b>
<b>Balance at January 1, 2025</b>	₱7,635,389	₱38,524,323	₱104,155,854	(₱7,474,013)	₱22,787	(₱129,650)	(₱1,597,138)	₱141,137,552
Total comprehensive income for the year	–	–	11,371,400	3,480,392	148,274	(40,295)	398,820	15,358,591
Declaration of cash dividends (Note 26)	–	–	(2,266,315)	–	–	–	–	(2,266,315)
<b>Balance at December 31, 2025</b>	<b>₱7,635,389</b>	<b>₱38,524,323</b>	<b>₱113,260,939</b>	<b>(₱3,993,621)</b>	<b>₱171,061</b>	<b>(₱169,945)</b>	<b>(₱1,198,318)</b>	<b>₱154,229,828</b>
<b>Balance at January 1, 2024</b>	₱7,635,389	₱38,524,323	₱95,555,339	(₱5,534,401)	₱20,632	(₱70,942)	₱–	₱136,130,340
Total comprehensive income for the year	–	–	10,865,391	(1,939,612)	2,155	(58,708)	(1,597,138)	7,272,088
Declaration of cash dividends (Note 26)	–	–	(2,264,876)	–	–	–	–	(2,264,876)
<b>Balance at December 31, 2024</b>	<b>₱7,635,389</b>	<b>₱38,524,323</b>	<b>₱104,155,854</b>	<b>(₱7,474,013)</b>	<b>₱22,787</b>	<b>(₱129,650)</b>	<b>(₱1,597,138)</b>	<b>₱141,137,552</b>
<b>Balance at January 1, 2023</b>	₱7,635,389	₱38,524,323	₱89,004,617	(₱9,238,853)	₱16,619	(₱94,014)	₱–	₱125,848,081
Total comprehensive income for the year	–	–	8,815,598	3,704,452	4,013	23,072	–	12,547,135
Declaration of cash dividends (Note 26)	–	–	(2,264,876)	–	–	–	–	(2,264,876)
<b>Balance at December 31, 2023</b>	<b>₱7,635,389</b>	<b>₱38,524,323</b>	<b>₱95,555,339</b>	<b>(₱5,534,401)</b>	<b>₱20,632</b>	<b>(₱70,942)</b>	<b>₱–</b>	<b>₱136,130,340</b>



Parent Company

Years Ended December 31, 2025, 2024 and 2023

	Capital Stock (Note 26)	Additional Paid-in Capital (Note 26)	Surplus (Note 26)	Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income (Note 12)	Net Unrealized Gain on Subsidiaries' Financial Assets at Fair Value through Other Comprehensive Income (Note 12)	Cumulative Foreign Currency Translation	Cost of Hedging Reserve (Note 11)	Total Equity
<b>Balance at January 1, 2025</b>	<b>₱7,635,389</b>	<b>₱38,551,028</b>	<b>₱104,139,419</b>	<b>(₱7,482,166)</b>	<b>₱22,787</b>	<b>(₱129,650)</b>	<b>(₱1,597,138)</b>	<b>₱141,139,669</b>
Total comprehensive income for the year	–	–	11,371,400	3,480,392	148,274	(40,295)	398,820	15,358,591
Declaration of cash dividends	–	–	(2,266,315)	–	–	–	–	(2,266,315)
<b>Balance at December 31, 2025</b>	<b>₱7,635,389</b>	<b>₱38,551,028</b>	<b>₱113,244,504</b>	<b>(₱4,001,774)</b>	<b>₱171,061</b>	<b>(₱169,945)</b>	<b>(₱1,198,318)</b>	<b>₱154,231,945</b>
<b>Balance at January 1, 2024</b>	<b>₱7,635,389</b>	<b>₱38,551,028</b>	<b>₱95,538,904</b>	<b>(₱5,542,554)</b>	<b>₱20,632</b>	<b>(₱70,942)</b>	<b>₱–</b>	<b>₱136,132,457</b>
Total comprehensive income for the year	–	–	10,865,391	(1,939,612)	2,155	(58,708)	(1,597,138)	7,272,088
Declaration of cash dividends	–	–	(2,264,876)	–	–	–	–	(2,264,876)
<b>Balance at December 31, 2024</b>	<b>₱7,635,389</b>	<b>₱38,551,028</b>	<b>₱104,139,419</b>	<b>(₱7,482,166)</b>	<b>₱22,787</b>	<b>(₱129,650)</b>	<b>(₱1,597,138)</b>	<b>₱141,139,669</b>
<b>Balance at January 1, 2023</b>	<b>₱7,635,389</b>	<b>₱38,551,028</b>	<b>₱88,988,182</b>	<b>(₱9,247,006)</b>	<b>₱16,619</b>	<b>(₱94,014)</b>	<b>₱–</b>	<b>₱125,850,198</b>
Total comprehensive income for the year	–	–	8,815,598	3,704,452	4,013	23,072	–	12,547,135
Declaration of cash dividends	–	–	(2,264,876)	–	–	–	–	(2,264,876)
<b>Balance at December 31, 2023</b>	<b>₱7,635,389</b>	<b>₱38,551,028</b>	<b>₱95,538,904</b>	<b>(₱5,542,554)</b>	<b>₱20,632</b>	<b>(₱70,942)</b>	<b>₱–</b>	<b>₱136,132,457</b>

See accompanying Notes to Financial Statements.



# SECURITY BANK CORPORATION AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

	Consolidated			Parent Company		
	Years Ended December 31					
	2025	2024	2023	2025	2024	2023
(Amounts in Thousands)						
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Income before income tax	<b>₱14,845,353</b>	₱15,240,291	₱12,058,913	<b>₱14,713,656</b>	₱15,168,485	₱11,995,148
Adjustments for:						
Amortization of cost of hedging (Note 11)	<b>15,287,313</b>	5,576,107	–	<b>15,287,313</b>	5,576,107	–
Provision for credit losses (Note 14)	<b>12,497,125</b>	6,653,742	4,666,194	<b>12,502,734</b>	6,641,481	4,663,189
Depreciation and amortization (Note 16)	<b>3,220,318</b>	2,746,570	2,150,173	<b>2,320,384</b>	2,121,113	1,694,720
Amortization of software costs (Note 18)	<b>1,403,102</b>	904,892	675,041	<b>1,401,733</b>	904,450	674,567
Amortization of premium on financial assets at fair value through other comprehensive income and investment securities at amortized cost (Notes 12 and 13)	<b>519,931</b>	588,060	557,747	<b>519,931</b>	588,060	557,747
Amortization of discount on LTNCD, notes and bonds payable, and lease liabilities (Notes 16, 19 and 22)	<b>255,528</b>	296,970	362,423	<b>255,330</b>	296,970	362,423
Share in net income of subsidiaries, joint ventures and an associate (Note 15)	<b>(746,868)</b>	(1,870)	(179,565)	<b>(1,146,959)</b>	(258,462)	(480,472)
Provision for (recovery of) impairment losses (Notes 16,17 and 18)	<b>265,022</b>	(43,839)	134,680	<b>264,722</b>	(43,839)	134,680
Loss (gain) on disposal of financial assets at FVTOCI (Notes 9 and 12)	<b>(621,474)</b>	(609,266)	132,350	<b>(621,474)</b>	(609,266)	132,350
Profit from assets sold/exchanged (Notes 16, 17 and 18)	<b>(284,786)</b>	(935,182)	(1,211,848)	<b>(284,816)</b>	(935,182)	(1,211,843)
Changes in operating assets and liabilities:						
Decrease (increase) in the amounts of:						
Loans and receivables (Note 14)	<b>(34,063,740)</b>	(148,025,402)	(41,542,654)	<b>(32,056,802)</b>	(147,885,054)	(43,106,425)
Derivative assets designated as hedges	<b>(4,976,740)</b>	(2,959,406)	–	<b>(4,976,740)</b>	(2,959,406)	–
Financial assets at FVTPL (Note 10)	<b>(21,050,038)</b>	(5,935,056)	(3,319,779)	<b>(21,050,038)</b>	(5,935,056)	(3,319,779)
Interbank loans receivable and SPURA	<b>1,017,981</b>	(567,985)	1,998,013	<b>1,017,981</b>	(567,985)	1,998,013
Due from other banks	<b>(220)</b>	89	(279)	<b>(170)</b>	172	(241)
Other assets	<b>1,732,089</b>	(4,477,144)	(635,519)	<b>1,789,757</b>	(4,370,271)	(610,482)
Increase (decrease) in the amounts of:						
Deposit liabilities (Note 19)	<b>139,857,340</b>	194,530,001	15,045,591	<b>140,270,392</b>	194,156,699	15,254,485
Derivative liabilities designated as hedges	<b>(9,649,050)</b>	(1,539,941)	–	<b>(9,649,050)</b>	(1,539,941)	–
Accrued interest, taxes and other expenses (Note 23)	<b>(983,218)</b>	713,724	691,206	<b>(906,248)</b>	597,402	609,590
Manager's and certified checks outstanding	<b>561,386</b>	130,547	1,105,816	<b>561,386</b>	130,547	1,105,816
Margin deposits and cash letters of credit	<b>2,592,177</b>	112,355	(6,378)	<b>2,592,177</b>	112,355	(6,378)
Acceptances payable	<b>(1,029,640)</b>	(1,112,865)	1,697,470	<b>(1,029,640)</b>	(1,112,865)	1,697,470
Financial liabilities at FVTPL (Note 20)	<b>(308,581)</b>	(1,252,659)	1,215,888	<b>(308,581)</b>	(1,252,659)	1,215,888
Other liabilities (Note 24)	<b>4,195,081</b>	3,258,454	1,313,582	<b>3,789,733</b>	2,987,525	2,136,881
Net cash generated from (used in) operations	<b>124,535,391</b>	63,291,187	(3,090,935)	<b>125,256,711</b>	61,811,380	(4,502,653)
Income taxes paid	<b>(5,438,909)</b>	(4,417,122)	(3,474,324)	<b>(5,313,314)</b>	(4,343,487)	(3,414,471)
Net cash provided by (used in) operating activities	<b>119,096,482</b>	58,874,065	(6,565,259)	<b>119,943,397</b>	57,467,893	(7,917,124)

(Forward)



	Consolidated			Parent Company		
	Years Ended December 31					
	2025	2024	2023	2025	2024	2023
	(Amounts in Thousands)					
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Acquisitions of:						
Financial assets at FVTOCI (Note 12)	<b>(₱70,514,188)</b>	(₱106,942,674)	(₱57,299,480)	<b>(₱70,514,188)</b>	(₱106,942,674)	(₱57,299,480)
Investment securities at amortized cost (Note 13)	<b>(79,837,800)</b>	(80,795,402)	(12,600,658)	<b>(79,837,800)</b>	(80,795,402)	(12,600,658)
Property and equipment (Note 16)	<b>(3,382,865)</b>	(3,131,894)	(2,471,040)	<b>(1,227,507)</b>	(1,554,541)	(1,132,039)
Software costs (Note 18)	<b>(3,144,261)</b>	(2,583,657)	(1,926,760)	<b>(3,139,012)</b>	(2,581,519)	(1,926,659)
Investment in joint ventures and an associate (Note 15)	<b>(11,611,165)</b>	–	–	<b>(11,611,165)</b>	–	–
Proceeds from:						
Disposals or maturities of financial assets at FVTOCI (Notes 9 and 12)	<b>98,658,826</b>	63,966,403	32,869,002	<b>98,658,826</b>	63,966,403	32,869,002
Disposals, redemptions or maturities of investment securities at amortized cost (Note 13)	<b>61,115,517</b>	19,357,629	4,552,693	<b>61,115,517</b>	19,357,629	4,552,693
Disposals of investment properties and chattel mortgages	<b>1,737,081</b>	1,065,169	961,502	<b>1,737,081</b>	1,064,394	961,502
Disposals of property and equipment	<b>340,528</b>	148,261	343,414	<b>129,710</b>	21,187	299,260
Dividends received from subsidiaries and joint venture (Note 15)	<b>10,946</b>	–	–	<b>10,946</b>	13,000	–
Net cash used in investing activities	<b>(6,627,381)</b>	(108,916,165)	(35,571,327)	<b>(4,677,592)</b>	(107,451,523)	(34,276,379)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Settlements of:						
Bills payable and securities sold under repurchase agreements (Note 37)	<b>(286,964,332)</b>	(660,613,634)	(724,538,355)	<b>(286,964,332)</b>	(660,609,468)	(724,485,855)
Notes and bonds payable (Note 37)	<b>(18,500,000)</b>	(30,600,000)	(17,056,500)	<b>(18,500,000)</b>	(30,600,000)	(17,056,500)
LTNCD (Note 37)	<b>(10,440,000)</b>	–	(14,381,000)	<b>(10,440,000)</b>	–	(14,381,000)
Proceeds from:						
Bills payable and securities sold under repurchase agreements (Note 37)	<b>202,386,400</b>	698,376,629	736,658,375	<b>199,553,067</b>	698,286,629	736,658,375
Issuance of notes and bonds payable (Notes 22 and 37)	<b>20,835,295</b>	41,968,599	18,352,354	<b>20,835,295</b>	41,968,599	18,352,354
Payments of lease liabilities (Note 16)	<b>(1,060,919)</b>	(882,988)	(748,610)	<b>(1,060,919)</b>	(882,988)	(744,244)
Cash dividends paid (Note 26)	<b>(2,266,315)</b>	(2,264,096)	(2,273,063)	<b>(2,266,315)</b>	(2,264,096)	(2,273,063)
Net cash provided by (used in) financing activities	<b>(96,009,871)</b>	45,984,510	(3,986,799)	<b>(98,843,204)</b>	45,898,676	(3,929,933)
Effect of exchange rate differences	<b>(1,258,914)</b>	660,402	186,996	<b>(1,258,916)</b>	662,300	191,616
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>15,200,316</b>	(3,397,188)	(45,936,389)	<b>15,163,685</b>	(3,422,654)	(45,931,820)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>						
Cash and other cash items	<b>13,165,055</b>	13,947,069	13,180,172	<b>13,164,915</b>	13,946,944	13,180,047
Due from Bangko Sentral ng Pilipinas	<b>35,104,831</b>	45,821,155	63,011,416	<b>35,104,831</b>	45,821,155	63,011,416
Due from other banks	<b>15,370,541</b>	12,022,007	20,097,291	<b>15,285,745</b>	11,962,662	20,033,377
Interbank loans receivable and securities purchased under resale agreements with the Bangko Sentral ng Pilipinas	<b>6,833,615</b>	2,080,999	23,518,740	<b>6,833,615</b>	2,080,999	23,518,740
	<b>₱70,474,042</b>	₱73,871,230	₱119,807,619	<b>₱70,389,106</b>	₱73,811,760	₱119,743,580

(Forward)



	Consolidated			Parent Company		
	Years Ended December 31					
	2025	2024	2023	2025	2024	2023
	(Amounts in Thousands)					
<b>CASH AND CASH EQUIVALENTS</b>						
<b>AT END OF YEAR</b>						
Cash and other cash items	<b>₱15,555,919</b>	₱13,165,055	₱13,947,069	<b>₱15,555,769</b>	₱13,164,915	₱13,946,944
Due from Bangko Sentral ng Pilipinas	<b>26,584,514</b>	35,104,831	45,821,155	<b>26,584,514</b>	35,104,831	45,821,155
Due from other banks	<b>16,433,925</b>	15,370,541	12,022,007	<b>16,312,508</b>	15,285,745	11,962,662
Interbank loans receivable and securities purchased under resale agreements with the Bangko Sentral ng Pilipinas	<b>27,100,000</b>	6,833,615	2,080,999	<b>27,100,000</b>	6,833,615	2,080,999
	<b>₱85,674,358</b>	₱70,474,042	₱73,871,230	<b>₱85,552,791</b>	₱70,389,106	₱73,811,760
<b>OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDENDS</b>						
Interest received	<b>₱77,441,490</b>	₱60,386,181	₱48,562,000	<b>₱77,476,425</b>	₱60,522,591	₱48,648,260
Interest paid	<b>28,073,931</b>	18,391,927	14,026,707	<b>27,983,138</b>	18,457,927	14,085,829
Dividends received	<b>1,863</b>	3,165	3,395	<b>–</b>	1,382	1,612

See accompanying Notes to Financial Statements.



# SECURITY BANK CORPORATION AND SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

### 1. Corporate Information

Security Bank Corporation (the Parent Company) is a domestic corporation registered with the Securities and Exchange Commission (SEC) in 1951 and was listed in the Philippine Stock Exchange (PSE) in 1995. The Parent Company's head office is located at Security Bank Centre, 6776 Ayala Avenue, Makati City.

The Parent Company was incorporated on May 8, 1951 and started its operations as a commercial bank on June 18, 1951. On May 30, 2000, the Board of Directors (BOD) of the Parent Company approved its Amended Articles of Incorporation to extend the corporate term of the Parent Company, which expired on May 8, 2001, for another 50 years. On February 19, 2001, the SEC approved such amendment.

With the effectivity of Section 11 of Republic Act (RA) No. 1132, otherwise known as "Revised Corporation Code of the Philippines" on February 23, 2019, corporations existing before its enactment are deemed to have perpetual term. Accordingly, the Parent Company's corporate term is considered perpetual.

In 1994, the Parent Company was approved by the Bangko Sentral ng Pilipinas (BSP) to operate as a universal bank, allowing it to expand its financial services and revenue sources.

The Parent Company provides expanded commercial banking services such as deposit products, loans and trade finance, domestic and foreign fund transfers, treasury, foreign exchange and trust services. In addition, the Parent Company is licensed to engage in financial derivatives to service the requirements of its customers and as a means of reducing and managing the Parent Company's foreign exchange and interest rate exposures.

The Parent Company and its subsidiaries, joint ventures, and an associate (collectively referred to as the "Group"), which are all incorporated in the Philippines, are engaged in the following businesses:

Subsidiaries, Joint Ventures and an Associate	Principal place of business	Line of Business	Effective Percentage of Ownership	
			December 31, 2025	December 31, 2024
Security Bank Capital Investment Corporation (SBCIC) (formerly SB Capital Investment Corporation) <sup>1</sup>	18 <sup>th</sup> floor, Security Bank Centre, 6776 Ayala Avenue, Makati City	Investment house	100.00	100.00
SB Equities, Inc. (SBED)	18 <sup>th</sup> floor, Security Bank Centre, 6776 Ayala Avenue, Makati City	Stock brokerage	100.00	100.00
SB Rental Corporation (SBRC)	4 <sup>th</sup> floor, Security Bank Centre, 6776 Ayala Avenue, Makati City	Rental/Leasing	100.00	100.00
SB Cards Corporation (SBCC) <sup>2</sup>	Diners Club Center, 114 Valero St. Salcedo Village, Makati City	Credit card operations	100.00	100.00
Security Finance and Leasing Inc. (SFLI) (formerly Landlink Property Investments (SPV-AMC), Inc. (LPII)) <sup>3</sup>	Security Bank Centre, 6776 Ayala Avenue, Makati City	Financing	100.00	100.00
SB Forex, Incorporated (SBFI) <sup>4</sup>	Security Bank Centre, 6776 Ayala Avenue, Makati City	Foreign exchange services	100.00	100.00
SBM Leasing, Inc. (SBML) <sup>5</sup>	4 <sup>th</sup> floor, Security Bank Centre, 6776 Ayala Avenue, Makati City	Financing	60.00	60.00
SB Finance, Inc. (SBF) (formerly SB Finance Company, Inc.) <sup>5</sup>	Keyland Arnaiz Building, 849 Antonio Arnaiz Avenue, Legaspi Village, Makati City 1229	Financing	49.96	49.96
Mitsubishi Motors Finance Philippines Inc. (MMFP) <sup>6</sup>	6797 Ayala Avenue, Makati City	Financing	49.00	–
HC Consumer Finance Philippines, Inc. (HCPH) <sup>7</sup>	14 <sup>th</sup> , 15 <sup>th</sup> and 20 <sup>th</sup> floor Ore Central, 31 <sup>st</sup> St cor. 9 <sup>th</sup> Ave Bonifacio Global City Taguig City	Financing	25.00	–

<sup>1</sup> With SEC approval on November 12, 2024 to change corporate name

<sup>2</sup> Corporate term ended on December 31, 2024, for processing of tax clearance

<sup>3</sup> With BOD approval in 2024 to shorten corporate life on December 31, 2025, awaiting approval from SEC

<sup>4</sup> Corporate term ended February 28, 2022, with clearance from BIR dated February 4, 2026

<sup>5</sup> Joint Ventures

<sup>6</sup> Joint Venture. Incorporated on January 21, 2025

<sup>7</sup> Associate



The Parent Company is the ultimate parent company of the Group.

On April 8, 2024, the Executive Committee as delegated by the BOD of the Parent Company, approved a joint venture agreement with Mitsubishi Motors Corporation (Mitsubishi Motors) of Japan. The agreement establishes Mitsubishi Motors Finance Philippines Inc. (MMFP) and provides for a capital injection totaling to ₱4.0 billion, to be paid in tranches. Pursuant to the agreement, the Parent Company holds a 49.0% ownership stake in MMFP, while Mitsubishi Motors holds a 51.0% ownership stake. On November 26, 2024, upon fulfillment of certain closing conditions, the Parent Company paid the first tranche of capital injection amounting to ₱1.25 billion. MMFP was incorporated on January 21, 2025 and started commercial operations in April 2025.

On May 2, 2025, the Bank completed its acquisition of a 25.0% stake in HC Consumer Finance Philippines, Inc. (HCPH), also known as Home Credit Philippines, from MUFG Bank Ltd. (MUFG). The transaction was executed for a base price of ₱10.4 billion, with an additional adjustment of ₱1.2 billion finalized on August 28, 2025. This brought the total consideration to ₱11.6 billion, reflecting the change in HCPH's net asset value between December 31, 2023 and April 30, 2025. The Bank of Ayudhya Public Company Ltd. (Krungsri), a subsidiary of MUFG, retained a 75% ownership stake, maintaining the majority shareholder. The acquisition has received clearance from the BSP.

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## 2. Material Accounting Policy Information

### Basis of Preparation

The accompanying financial statements include the financial statements of the Parent Company and its subsidiaries.

The accompanying financial statements have been prepared on a historical cost basis except for financial assets and financial liabilities at Fair Value through Profit or Loss (FVTPL), financial assets at Fair Value through Other Comprehensive Income (FVTOCI) and derivative assets and liabilities designated as hedges that have been measured at fair value. The carrying values of recognized loans and receivables and investment securities at amortized cost that are hedged items in fair value hedges, and otherwise carried at amortized cost, are adjusted to record changes in fair value attributable to the risks that are being hedged. The financial statements are presented in Philippine Peso and all values are rounded to the nearest thousand peso (₱000) except when otherwise indicated.

The financial statements of the Parent Company include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of the RBU and the FCDU is the Philippine Peso and United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated into their equivalents in Philippine Peso, which is the Parent Company's presentation currency. The financial statements individually prepared for these units are combined after eliminating inter-unit accounts.

The consolidated financial statements provide comparative information in respect of the previous period.

Each entity in the Group determines its own functional currency and the items included in the financial statements of each entity are measured using that functional currency. The functional currency of each of the Parent Company's subsidiaries is the Philippine Peso.



#### Statement of Compliance

The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

#### Basis of Consolidation

The consolidated financial statements of the Group are prepared for the same reporting period as the subsidiaries, using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, 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.

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statements of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies used in line with those used by the Group. All significant intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full at consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;
- derecognizes the cumulative translation differences recorded in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss; and
- reclassifies the Parent Company's share of components' gains (losses) previously recognized in OCI to profit or loss or surplus, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.



### Changes in Accounting Policies

Except for these new and amended standards which were adopted as of January 1, 2025, the accounting policies adopted are consistent with those of previous financial year.

The adoption of the following amendment did not have a significant impact on the consolidated financial statements of the Group:

- Amendments to PAS 21, *Lack of Exchangeability*

### Fair Value Measurement

For measurement and disclosure purposes, the Group determines the fair value of an asset or liability at initial measurement or at each statement of financial position date.

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

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

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

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

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



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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy (see Note 6).

#### Financial Instruments - Initial Recognition and Subsequent Measurement

##### *Date of recognition*

Regular way purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market, except for derivatives, are recognized on the settlement date. Settlement date is the date on which the transaction is settled by delivery of the assets that are the subject of the agreement. 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 it is delivered by the Group. Deposits, amounts due from banks and customers, loans and receivables and spot transactions are recognized when cash is received by the Group or advanced to the borrowers.

Derivatives are recognized on trade date - the date that the Group becomes a party to the contractual provisions of the instrument. Trade date accounting refers to (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

##### *Initial recognition of financial instruments*

All financial assets and financial liabilities are recognized initially at fair value plus any directly attributable cost of acquisition or issue, except in the case of financial assets and financial liabilities at FVTPL.

##### *'Day 1' difference*

Where the transaction price is different from the fair value based on other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group immediately recognizes the difference between the transaction price and the fair value of the instrument (a 'Day 1' difference) in the statements of income unless it qualifies for recognition as some other type of asset or liability. In cases where data used is not observable, the difference between the transaction price and model value is only recognized in the statements of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

#### Classification and Measurement of Financial Assets

For purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' from the point of view of the issuer (under PAS 32, *Financial Instruments: Presentation*), except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial instruments are 'debt instruments'.



*Business model assessment*

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;
- 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.

*The Solely Payments of Principal and Interest (SPPI) test*

As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

For the purpose of the SPPI test, principal is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/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 judgement 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 SPPI. In such cases, the financial asset is required to be measured at FVTPL.

*Financial assets at amortized cost*

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

- These are held within the Group's business model whose objective is to hold 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.

Debt 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, with the interest calculated recognized as 'Interest income' in the statements of income. The Group classified 'Cash and other cash items (COCI)', 'Due from BSP', 'Due from other banks', 'Interbank loans receivable and Securities purchased under resale agreements (SPURA) with



the BSP', 'Investment securities at amortized cost', 'Loans and receivables', and cash collateral deposits and security deposits (included under 'Other assets') as financial assets at amortized cost.

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

*Financial assets at FVTPL*

Debt financial assets that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are measured at fair value through profit or loss.

Equity investments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at FVTOCI at initial recognition.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- 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 a financial guarantee.

The Group's financial assets at FVTPL include government securities, private bonds and equity securities held for trading purposes, debt and hybrid instruments that do not meet the amortized cost criteria, and equity investments not designated as at FVTOCI.

As of December 31, 2025 and 2024, the Group has not designated any debt instrument that meets the amortized cost criteria as at FVTPL.

Financial assets at FVTPL are carried at fair value and gains and losses on these instruments are recognized as 'Trading and securities gain - net' in the statements of income. Interest earned on these investments is reported in the statements of income under 'Interest income' while dividend income is reported in the statements of income under 'Miscellaneous income' when the right of payment has been established. Quoted market prices, when available, are used to determine the fair value of these financial instruments. If a financial asset at FVTPL has a bid and ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value. If quoted market prices are not available, their fair values are estimated based on market observable inputs. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques.

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the Bankers Association of the Philippines (BAP) closing rate at the statement of financial position date. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at FVTPL, the foreign exchange component is recognized in the statements of income. For foreign currency-denominated debt instruments classified as at amortized cost, the foreign exchange gains and losses are determined based on the amortized cost of the asset and are recognized in the statements of income.

*Equity instruments at FVTOCI*

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading.



Equity investments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for sale or disposal costs. Gains and losses arising from changes in fair value are recognized in OCI and accumulated in 'Net unrealized loss on financial assets at FVTOCI' in the statements of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in 'Net unrealized loss on financial assets at FVTOCI' is not reclassified to profit or loss but is reclassified to 'Surplus'. Equity instruments at FVTOCI are not subject to an impairment assessment.

As of December 31, 2025 and 2024, the Group has designated certain equity instruments that are not held for trading as at FVTOCI on initial application of PFRS 9 (see Note 12).

Dividends earned on holding these equity instruments are recognized in the statements of income when the Group's right to receive the dividends is established in accordance with PFRS 9, unless the dividends clearly represent recovery of a part of the cost of the investment. Dividends earned are recognized under 'Miscellaneous income' in the statements of income.

#### *Debt instruments at FVTOCI*

The Group applies this category under PFRS 9 of debt instruments measured at FVTOCI 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.

Debt instruments at FVTOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

#### *Derivative instruments*

The Parent Company uses derivative instruments such as cross-currency swaps, interest rate swaps, foreign currency forward contracts, options on foreign currencies and bonds and interest rate futures. These derivatives are entered into as a service to customers and as a means for reducing or managing the Parent Company's respective foreign exchange and interest rate exposures, as well as for trading purposes. Such derivative instruments are initially recorded at fair value and carried as financial assets at FVTPL when their fair value is positive and as financial liabilities at FVTPL when their fair value is negative.

Any gains or losses arising from changes in fair value of derivative instruments (except for foreign exchange contracts) are recognized as 'Trading and securities gain - net'. For foreign exchange contracts, changes in fair value are recognized in 'Foreign exchange gain (loss) - net' in the statements of income.

Interest income is recognized in the statements of income if the "receive leg" is higher than the "pay leg" of interest-earning derivatives. Interest expense is recognized in the statements of income if the "pay leg" is higher than the "receive leg" of interest-bearing derivatives.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of PFRS 9 (e.g., financial liabilities and non-financial host contracts) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.



The Group assesses the existence of an embedded derivative on the date it first becomes a party to the contract, and performs re-assessment only where there is a change to the contract that significantly modifies the contractual cash flows.

As of December 31, 2025 and 2024, the Parent Company's hybrid financial instruments are classified as at FVTPL (see Note 10).

#### *Reclassification of financial assets*

The Group can reclassify financial assets if the objective of its business model for managing those financial assets changes. The Group is required to reclassify the following financial assets:

- from amortized cost to FVTPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and
- from FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria; and
- from FVTOCI to amortized cost if the objective of the business model changes so that the fair value criteria are no longer met but the amortized cost criteria are still met and the instrument's contractual cash flows meet the amortized cost criteria.

Reclassification of financial assets designated as at FVTPL or equity financial assets at FVTOCI at initial recognition is not permitted.

A change in the objective of the Group's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

#### 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).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an 'economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.



- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Parent Company actually hedges and the quantity of the hedging instrument that the Parent Company actually uses to hedge that quantity of hedged item.

#### *Cash flow hedges*

The effective portion of the gain or loss on the hedging instrument is recognized in OCI as cash flow hedge reserve (see Note 11), while any ineffective portion is recognized immediately in the statements 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 or forward contract 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 swap 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 swap 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 swap 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 the separate component of equity to profit or loss on a systematic and rational basis. The unamortized portion of the cost of hedging is presented under 'Cost of hedging reserve' in the statements of financial position. The amortization of the forward element is presented under 'Interest expense on derivatives designated as hedges' in the statements of income.

The amounts accumulated in OCI under cash flow hedge reserve are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied. For any other cash flow hedges, the amount accumulated in OCI under cash flow hedge reserve is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

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 OCI 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 'Foreign exchange gain (loss) - net' in the statements of income.



As of December 31, 2025, the Parent Company has foreign exchange swap contracts where the spot element has been designated as hedging instruments in cash flow hedges (see Note 11).

#### Impairment of Financial Assets

The Group and the Parent Company record the allowance for expected credit losses for all loans and receivables and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, all referred to as 'financial instruments'. Equity instruments are not subject to impairment under PFRS 9.

Expected Credit Loss (ECL) represents credit losses that reflect an unbiased and probability-weighted amount 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. ECL allowances are measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that result from all possible default events over the expected life of a financial instrument.

#### *Staging assessment*

A three-stage approach for impairment of financial assets is used, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all financial instruments which have not experienced a SICR since initial recognition or is considered of low credit risk as of the reporting date. The criteria for determining whether an account should be assessed under Stage 1 are as follows: (i) current including past due up within the cure period of up to 30 days; or (ii) unclassified. Both (i) and (ii) are applicable to wholesale, business and retail loans. The Group recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 is comprised of all financial instruments which have experienced a SICR as of reporting date compared to initial recognition. A SICR is generally deemed present in accounts with: (i) 31 days up to 90 days past due; (ii) especially mentioned; (iii) substandard; or (iv) with score below defined threshold. For wholesale loans, this includes small accounts with Borrower Risk Rating of 10. For credit cards, score cut-offs is 580. For home loans, 3-notch downgrade in score is considered as Stage 2. The Group recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Stage 3 is comprised of all financial assets that have objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Group's criteria for Stage 3 accounts are generally aligned with the definition of "default" which is explained in the next paragraph. The Group recognizes a lifetime ECL for Stage 3 financial instruments.



*Definition of “default” and “restored”*

The Group classifies loans, investments, receivables, or any financial asset as in default when it is credit impaired, becomes past due on its contractual payments for more than 90 days, considered non-performing, under litigation or is classified as doubtful or loss. As part of a qualitative assessment of whether a customer is in default, the Group considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e., restored) if there is sufficient evidence to support that full collection is probable and payments are received for at least six months.

*Credit risk at initial recognition*

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

For accounts originated before the transition date, an approximation of the initial probability of default (PD) at origination was utilized. Average PD per portfolio was used as approximated initial PD at origination. Average of the Point-in-Time PDs was used since most of the accounts were booked in the same year.

*Modification*

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

*Significant increase in credit risk (SICR)*

The assessment of whether there has been a significant increase in credit risk is based on an increase in the probability of a default occurring since initial recognition. The SICR criteria vary by portfolio and include quantitative changes in probabilities of default and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's internal credit assessment, the borrower or counterparty is determined to require close monitoring or with well-defined credit weaknesses.

Or, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower except as provided by law. 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 to recognizing a 12-month ECL.

*ECL parameters and methodologies*

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

The PD is an estimate of the likelihood of default over a 12-month horizon for Stage 1 or lifetime horizon for Stages 2 and 3. The PD for each individual instrument is modelled based on historic data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Group segments its credit exposures based on homogenous



risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It makes use of defaulted accounts that have either been identified as cured, restructured, or liquidated. The Group segmented its LGD based on homogenous risk characteristics and calculated the corresponding averages based on security.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

#### *Forward-looking information*

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

The key forward-looking economic variables used in each of the economic scenarios for the ECL calculations are GDP changes in inventory, current prices, Business outlook index on the macroeconomy – Real Estate, Unemployment Rate, Industry NPL of Universal Banks and Parent Company's Wholesale Banking Segment (WBS) Loan Portfolio NPL Rate.

#### *Debt instruments measured at FVTOCI*

The ECLs for debt instruments measured at FVTOCI do not reduce the carrying amount of these financial assets in the statements of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets are measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

#### *Consumer loans and credit card receivables*

The Group does not limit its exposure to credit losses to the contractual notice period, but instead calculates ECL over a period that reflects the Group's expectations of the customer behavior, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities. Based on past experience and the Group's expectations, the period over which the Group calculates ECLs for these products is based on the remaining term.

#### *Restructured loans*

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered as past due but remains adversely classified until the account has established sufficient track record of payment. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur.



### Financial Liabilities

#### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities held for trading include:

- derivative liabilities that are not accounted for as hedging instruments;
- obligations to deliver financial assets borrowed by a short seller (i.e., an entity that sells financial assets it has borrowed and does not yet own);
- financial liabilities that are incurred with an intention to repurchase them in the near term (e.g., a quoted debt instrument that the issuer may buy back in the near term depending on changes in its fair value ); and
- financial liabilities that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

Management may designate a financial liability as at FVTPL upon initial recognition when the following criteria are met, and designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial liabilities at FVTPL are recorded in the statements of financial position at fair value. Changes in fair value of financial instruments are recorded in 'Trading and securities gain - net' in the statements of income. Interests incurred are recorded in 'Interest expense' in the statements of income.

#### *Bills payable and other borrowed funds*

Bills payable and other borrowed funds are issued financial instruments or their components, which are not financial liabilities at FVTPL. They are classified as such when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

#### *Derivative liabilities*

Derivative liabilities are recognized initially and subsequently measured at fair value with changes in fair value recognized in the statements 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 over 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 over the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

- change in currency
- introduction of an equity feature
- change in counterparty
- if the modification results in the asset no longer considered SPPI

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EIR, 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 statements of income.

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. 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 originated as credit impaired.



### *Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When 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 statements of income.

### Financial Guarantees

In the ordinary course of business, the Parent Company provides financial guarantees. Financial guarantees are initially recognized in the financial statements at fair value, and the initial fair value is amortized over the life of the financial guarantee in accordance with PFRS 15. The financial guarantee is subsequently carried at the higher of the amount of loss allowance determined in accordance with the expected credit loss model and the amount initially recognized, less when appropriate, the cumulative amount of income recognized in accordance with PFRS 15.

### Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position, if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statements of financial position.

### Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents consist of 'COCI', 'Due from BSP', 'Due from other banks', and 'Interbank loans receivable and SPURA with the BSP' that are convertible to known amounts of cash, with original maturities of three months or less from dates of placements and that are subject to insignificant risk of changes in value. 'Due from BSP' includes the statutory reserves required by the BSP which the Parent Company considers as cash equivalents wherein drawings can be made to meet cash requirements.

### Repurchase and Reverse Repurchase Agreements

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

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

### Foreign Currency Translation

#### *Transactions and balances*

For financial reporting purposes, the foreign currency-denominated assets and liabilities in the RBU are translated into their equivalents in Philippine Pesos based on the Bankers Association of the Philippines (BAP) closing rate, prevailing at the statement of financial position date and foreign currency-denominated income and expenses, at the prevailing exchange rate at the date of transaction. Foreign exchange differences arising from revaluation and translation of foreign-currency denominated assets and liabilities are credited to or charged against operations in the year in which the rates change.



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

#### *FCDU*

As at the reporting date, the assets and liabilities of the FCDU of the Parent Company are translated into the Parent Company's presentation currency (the Philippine Peso) at BAP closing rate prevailing at the statements of financial position date, and its income and expenses are translated at BAP weighted average rate (BAPWAR) for the year. Exchange differences arising on translation to the presentation currency are taken to the statements of comprehensive income under 'Cumulative translation adjustment'. Upon disposal of the FCDU or upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in the statements of comprehensive income is recognized in the statements of income.

#### Investments in Subsidiaries, Joint Ventures and an Associate

##### *Investment in subsidiaries*

Subsidiaries pertain to all entities over which the Group has control.

##### *Investment in joint ventures*

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group's investment in joint ventures represents its 60.0% interest in SBML, 49.96% interest in SBF and 49.0% interest in MMFP.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

##### *Investment in an associate*

An associate pertains to an entity over which the Group and the Parent Company have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The Group's investment in an associate represents its 25.0% interest in HCPH.

The Group and the Parent Company's investment in its subsidiaries, joint ventures and an associate are accounted for using the equity method of accounting. Under the equity method, investments are initially recognized at cost. Subsequently, the carrying amount of each investment is adjusted to reflect the Group and the Parent Company's share in the net assets of the investee after the date of acquisition. Any goodwill arising on the acquisition of a subsidiary, joint venture, or an associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The statements of income include the Group and the Parent Company's share of the results of operations of the subsidiary, joint venture, or an associate. Any change in OCI of the investee is presented as part of the Group and the Parent Company's OCI. In addition, any share in changes directly recognized in the equity of the investee is reflected, when applicable, in the Group and the Parent Company's statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group or the Parent Company and a joint venture or an associate are eliminated to the extent of Group or Parent Company's interest in the joint venture or associate.



The aggregate of the Group's share in profit or loss of its subsidiaries, joint ventures and an associate is presented on the face of the statements of income under 'Share in net income of subsidiaries, joint ventures and an associate' and represents profit or loss after tax and non-controlling interests in the subsidiaries, joint ventures and an associate.

The financial statements of the subsidiaries and joint venture are prepared for the same reporting period as the Group. Although the Group's MMFP joint venture has a statutory reporting period ending March 31, for consolidation purposes the Group uses financial information covering the twelve-month period ended December 31 to align with the Group's reporting date. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group and the Parent Company determine whether it is necessary to recognize an impairment loss on its investment in subsidiaries, joint ventures and an associate. At each statement of financial position date, the Group and the Parent Company determines whether there is objective evidence that the investment in subsidiaries, joint ventures and an associate is impaired. If there is such evidence, the Group and the Parent Company calculate the amount of impairment as the difference between the recoverable amount of the subsidiaries, joint ventures and an associate and their carrying value, then recognizes the loss in the statements of income.

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

#### *Transfer of business from subsidiary to the Parent*

The Parent Company accounts for the transfer as if it has effectively received a distribution that it accounts for at the fair value of the business received. Any excess in the fair value of the net assets received over the consideration is recognized in the statements of income. This reflects the assets acquired and liabilities assumed at their fair value, including goodwill, which will be measured as at the date of the transfer. These transfers have no effect on the consolidated financial statements.

#### Property and Equipment

Land is stated at cost less any impairment in value. Depreciable properties including building and improvements, furniture, fixtures and equipment, transportation equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization, and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance are charged against operations in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts, and any resulting gain or loss is reflected as income or loss in the statements of income.



Depreciation is computed using the straight-line method based on the estimated useful life (EUL) of the depreciable assets. The range of EUL of property and equipment follows:

	Years
Building and improvements	20
Furniture, fixtures and equipment	3-5
Transportation equipment	5
Leasehold improvements	5-15

Leasehold improvements are amortized over the applicable EUL of the improvements or the terms of the related leases, whichever is shorter.

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

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amounts (see accounting policy on Impairment of Non-financial Assets).

#### 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, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term, as follows:

	Years
Buildings and improvements	2 to 15
Transportation equipment	2 to 3

#### Investment Properties

Investment properties are measured initially at cost including transaction costs. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of asset given up. Any gain or loss on exchange is recognized in the statements of income. Foreclosed properties are classified under 'Investment properties' upon:

- entry of judgment in case of judicial foreclosure;
- execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or
- notarization of the Deed of Dacion in case of payment in kind (*dacion en pago*).

#### Real properties acquired

Depreciable real properties acquired are carried at cost, which is the fair value at acquisition date, less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value. Transaction costs, which include non-refundable capital gains tax and documentary stamp tax, incurred in connection with foreclosure are capitalized as part of the cost of the real properties acquired.



The Group applies the cost model in accounting for investment properties. Depreciation is computed on a straight-line basis over the EUL of 10 years. The EUL and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of real properties acquired.

The carrying values of the real properties acquired are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amounts (see accounting policy on Impairment of Non-financial Assets).

#### *Investments in real estate*

Investments in real estate consist of investments in land and building. Investments in land are carried at cost less impairment in value. Building is carried at cost less accumulated depreciation and impairment in value. All costs that are directly attributable to the acquisition and development of property are capitalized, including borrowing costs incurred to finance the property development. Depreciation is computed on a straight-line basis over 10-15 years.

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

#### Other Properties Acquired

Other properties acquired include chattel mortgage properties acquired in settlement of loan receivables. The Group applies the cost model in accounting for other properties acquired. Under the cost model, these assets are carried at cost, which is the fair value at acquisition date, less accumulated depreciation and any impairment in value.

Depreciation is computed on a straight-line basis over the EUL of 3 years. The EUL and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of other properties acquired.

The carrying values of the other properties acquired are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amounts (see accounting policy on Impairment of Non-financial Assets).

An item of other properties acquired 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 statements of income as 'Profit from assets sold/exchanged' in the year the asset is derecognized.

#### Intangible Assets

Intangible assets consist of software costs, exchange trading right and branch licenses. An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.



*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 period and the amortization method for software cost are reviewed periodically to be consistent with the changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset. The amortization expense on software costs is recognized in the statements of income.

*Exchange trading right*

The exchange trading right of SBEI is an intangible asset regarded as having an indefinite useful life as there is no foreseeable limit to the period over which this asset is expected to generate cash inflows. It is carried at the amount allocated from the original cost of the exchange membership seat (after a corresponding allocation was made to the value of the Philippine Stock Exchange shares) less impairment in value. SBEI does not intend to sell the exchange trading right in the near future.

*Branch licenses*

Branch licenses have been acquired and granted by the BSP, and capitalized on the basis of the cost incurred to acquire and bring to use in operation. Branch licenses are determined to have indefinite useful lives and are tested for impairment annually.

The carrying values of intangible assets with definite useful lives are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amounts (see accounting policy on Impairment of Non-financial Assets).

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in 'Miscellaneous expense' in the statements of income.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and is within the scope of PFRS 9 is measured at fair value with changes in fair value either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with the appropriate PFRS Accounting Standards. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.



If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that if known, would have affected the amounts recognized as at that date. The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as at the acquisition date and is subject to a maximum of one (1) year.

### Goodwill

Goodwill 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 Group assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of assets acquired over the aggregate consideration transferred, then the gain is recognized in statements of income.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash Generating Unit (CGU) or a group of CGUs, which 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. Each unit 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 in accordance with PFRS 8.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion of the CGU retained.

When an entity reorganizes its reporting structure in a way that changes the composition of one or more cash-generating units to which goodwill has been allocated, the goodwill shall be reallocated to the units affected. This reallocation shall be performed using a relative value approach similar to that used when an entity disposes of an operation within a cash-generating unit, unless the entity can demonstrate that some other method better reflects the goodwill associated with the reorganized units.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized in the statements of income.

### Impairment of Non-financial Assets

Non-financial assets include property, equipment and right-of-use assets, investment properties, investment in subsidiaries, joint ventures and an associate, software costs, goodwill, exchange trading right, branch licenses and other properties acquired.



*Property, equipment and right-of-use assets, investments in subsidiaries, joint ventures and an associate, investment properties, and other properties acquired*

The Group assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use (VIU). Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. Any impairment loss is charged to operations in the year in which it arises.

An assessment is made at each statement of financial position date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds 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 statements 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.

*Intangible assets - branch licenses, exchange trading rights and software costs*

Intangible assets with indefinite useful lives are tested for impairment annually at each statement of financial position date either individually or at the CGU level, as appropriate or when circumstances indicate that the intangible asset may be impaired. Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

*Goodwill*

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the statements of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Income Taxes

*Current income tax*

Current income tax assets and liabilities for the current 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 at the statements of financial position date.



### *Deferred tax*

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

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are 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 statement of financial position date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

### Revenue Recognition

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



PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. The five-step model is as follows:

- a. Identify the contract(s) with a customer
- b. Identify the performance obligations in the contract
- c. Determine the transaction price
- d. Allocate the transaction price to the performance obligation in the contract
- e. Recognize revenue when (or as) the entity satisfies a performance obligation

The standard requires the Group to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The following specific recognition criteria must also be met before revenue is recognized.

*Revenues within the scope of PFRS 15:*

*Service charges and penalties*

Service charges and penalties are recognized only upon collection or accrued when there is reasonable degree of certainty as to its collectibility.

*Fees and commissions*

*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.

Loan commitment fees are recognized as earned over the term of the credit lines granted to each borrower. However, loan commitment fees for loans that are likely to be drawn are deferred (together with any incremental costs) and recognized as an adjustment to the EIR on the loan.

Fees received in connection with the issuance of credit cards are deferred and amortized on a straight-line basis over the period the cardholder is entitled to use the card.

*b. Bancassurance fees*

Non-refundable access fees are recognized on a straight-line basis over the term of the period of the provision of the access.

Refundable access fees and milestone fees are recognized in reference to the stage of achievement of the milestones.

*c. Fee income from providing transaction services*

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as 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 statements 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.

*Discounts earned and awards revenue on credit cards*

Discounts received are taken up as income upon receipt from member establishments of charges arising from credit availments by the Group's cardholders and other credit card companies' cardholders when the Group is acting as an acquirer. These discounts are computed based on certain agreed rates and are deducted from the amounts remitted to the member establishments.



Award credits under customer loyalty programs are accounted for as a separately identifiable component of the transaction in which they are granted. The fair value of the consideration received in respect of the initial sale is allocated based on the estimated stand-alone selling prices. The amount allocated to the loyalty programs is deferred under 'Other Liabilities' in the statements of financial position and recognized as revenue when the award credits are redeemed. Income generated from customer loyalty programs is recognized in 'Service charges, fees and commissions' in the statements of income.

*Other income*

Income from the sale of services is recognized upon completion of service. Income from sale of properties is recognized upon completion of earnings process and the collectibility of the sales price is reasonably assured under 'Profit from assets sold/exchanged' in the statements of income.

*Revenues outside the scope of PFRS 15:*

*Interest income*

Interest on interest-bearing financial assets at FVTPL and Held-for-Trading (HFT) investments are recognized based on the contractual rate. Interest on financial instruments measured at amortized cost and FVTOCI are recognized based on the effective interest method of accounting.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period.

The EIR is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the EIR, the Group estimates cash flows from the financial instrument (e.g., prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the EIR, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized thereafter using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

*Trading and securities gain - net*

Results arising from trading activities include all gains and losses from changes in fair value of financial assets and financial liabilities at FVTPL, gains and losses from disposal of debt securities at FVTOCI, and any ineffectiveness recognized on accounting hedges. The costs of investment securities sold are determined using the weighted average cost method.

*Dividend income*

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

*Rental income*

Rental income arising on leased premises is accounted for on a straight-line basis over the lease terms on ongoing leases.

*Recovery on charged-off assets*

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



### Expense Recognition

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

### *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 and are recognized when incurred.

### Pension Cost

The Parent Company and certain subsidiaries have a non-contributory defined benefit plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The Group's retirement cost is determined using the projected unit credit method. The retirement cost is generally funded through payments to a trustee-administered fund, determined by periodic actuarial calculations.

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 (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- 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 the statements of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the 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 government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as interest income or expense in the statements of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise and are closed to surplus at the end of the year. 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. 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).

### Leases

#### *Group as lessee*

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for 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.

#### *Lease liabilities*

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

#### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to the lease of low-value assets (that is, those with value of less than ₱250,000). Lease payments on short-term leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### *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. 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.

### 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 statements of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as 'Interest expense' in the statements of income.

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to financial statements except if the possibility of an outflow of assets 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.



#### Debt Issuance Costs

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

#### Earnings Per Share

Basic earnings per share (EPS) is computed by dividing the net income for the year attributable to equity holders of the Parent Company, after deducting dividends declared to preferred shareholders, by the weighted average number of common shares outstanding during the year, adjusted retrospectively for stock dividends declared and stock rights exercised during the year, if any.

Diluted EPS is calculated by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding during the year adjusted for the effects of any dilutive potential common shares.

#### Equity

Capital stock is measured at par value for all shares issued and outstanding. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital'. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to 'Additional paid-in capital'. If the additional paid-in capital is not sufficient, the excess is charged against 'Surplus'. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Surplus represents accumulated earnings of the Group less dividends declared.

Surplus reserves represent the portion of net profits from the Parent Company's trust business equivalent to 10.0%, which is appropriated in compliance with existing BSP regulations. The yearly appropriation is required until the surplus reserve equals 20.0% of the Parent Company's regulatory capital.

#### Dividends on Common Shares and Preferred Shares

Cash dividends on common shares and preferred shares are recognized as a liability and deducted from equity when approved by Parent Company's BOD. Stock dividends are deducted from equity when approved by the BOD and by the shareholders of the Parent Company. Dividends declared during the year but paid or issued after the statement of financial position date are accounted for as subsequent events.

#### 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. If the Group changes the structure of its internal organization in a manner that causes the composition of its reportable segments to change, the corresponding information for earlier periods, including interim periods, shall be restated unless the information is not available and the cost to develop it would be excessive. Financial information on business segments is presented in Note 35.

#### 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

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

### Standards Issued but Not Yet Effective

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. The listing consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have a significant impact on the consolidated financial statements.

#### *Effective beginning on or after January 1, 2026*

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*

The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements.

The examples address topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation.

The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*

The amendments only apply to contracts that reference nature-dependent electricity such as contracts to buy or sell nature-dependent electricity, as well as financial instruments that reference such electricity. This amendment cannot be applied by analogy to other contracts, items or transactions.



The amendments clarify the application of the ‘own-use’ requirements for in-scope contracts, amend the designation requirements for a hedge item in a cash flow hedging relationship for in-scope contracts and include new disclosure requirements.

- Annual Improvements to PFRS Accounting Standards - Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*

The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

- Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9

- Lessee Derecognition of Lease Liabilities

The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

- Transaction Price

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to ‘transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*’ with ‘the amount determined by applying PFRS 15’. The term ‘transaction price’ in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a ‘De Facto Agent’*

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*

The amendments to paragraph 37 of PAS 7 replaced the term ‘cost method’ with ‘at cost’, following the prior deletion of the definition of ‘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.

- 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. The new requirements include:

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

- 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. The application of the standard is optional for eligible entities.

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 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.

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### 3. Significant Accounting Judgments and Estimates

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

Judgments and estimates are 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.

The following are the critical judgments and key assumptions that have a significant impact risk of material adjustment to the carrying amount of assets and liabilities within the next financial year:

#### Judgments

##### *a. Leases – determining lease term and discount rate*

Judgment is applied in assessing reasonably certain extension and termination options, considering economic incentives and operational requirements. The incremental borrowing rate is used where implicit rates cannot be determined.

##### *Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee)*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term whether there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the



option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

*Estimating the incremental borrowing rate*

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

*b. Classification of financial assets - business model test*

Determination of the business model considers how portfolios are managed, evaluated and funded. Reviews of HTC portfolios and governance thresholds are conducted periodically.

The Group manages its financial assets based on business models that maintain adequate level of financial assets to match expected cash outflows and maintain adequate level of high-quality liquid assets while maintaining a strategic portfolio of financial assets for trading activities.

The Group's business model can be to hold financial assets to collect contractual cash flows even when sales of certain financial assets occur. PFRS 9, however, emphasizes that if more than an infrequent number of sales are made out of a portfolio of financial assets carried at amortized cost and those sales are more than insignificant in value (either individually or in aggregate), the 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 the circumstances surrounding the disposal as well as the requirements of BSP Circular No. 1011, *Guidelines on the adoption of PFRS 9*. For changes in business models, the Group considers whether the internal and external changes that triggered the change in business model are significant to the Group and are demonstrable to third parties.

In April 2024, the Parent Company undertook a holistic review of its business models as part of its established policy. Enhancements were made at this point, and subsequently in July 2024, to define certain terms (i.e., significance, frequency, increase in credit deterioration), to revise the list of permitted sales under the HTC business model and to clarify existing governance processes covering sales and/or derecognition of financial assets under the HTC business model as well as changes in, abandonment of, or reestablishment of the Parent Company's business models.

*c. Cash flow characteristics test*

The Group evaluates whether cash flows represent SPPI. Features inconsistent with basic lending arrangements result in FVTPL classification.



In determining the classification of financial assets under PFRS 9, the Group assesses whether the contractual terms of these financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

*d. Hedge accounting*

Judgment is exercised over designation, identification of highly probable forecast transactions, and measurement of ineffectiveness, including Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA).

Part of the Parent Company's risk management strategies is to mitigate the foreign currency risk arising from the revaluation of the foreign currency denominated loan from FCDU/inter-book payable to FCDU in the RBU book. The Bank's risk management objective is to designate the spot element of the foreign exchange swap contract under the swap investment product to hedge the foreign currency risk associated with the revaluation of the foreign currency denominated loan from FCDU/inter-book payable to FCDU in the RBU book. The forward element of the foreign exchange swap contract shall be subject to cost of hedging accounting.

The Bank employs both qualitative and quantitative methods to assess the effectiveness of the hedge. The effectiveness assessment performed at the inception of the hedge, at each reporting date, and upon a significant change in circumstances relevant to the hedge.

Critical terms matching applied to qualitatively assess the economic relationship between the hedging instrument and the hedged item. All critical terms of the foreign currency denominated loans from FCDU/inter-book payable/s to FCDU and foreign exchange swap contracts are matched. Specifically, there is a 1:1 relationship in terms of nominal amount of the hedging instrument and the hedged item during the relevant period.

A source of ineffectiveness in the hedges is the incorporation of the counterparty's credit risk (i.e., CVA) and Bank's own credit risk (i.e., DVA) in measuring the value of foreign exchange swaps as required by PFRS 13, *Fair Value Measurement*, but is not to be reflected in the measurement of the hedged item.

The Parent Company's hedge accounting policies include an element of judgment and estimation, 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 11.

*e. Consolidation, joint ventures and an associate*

The Group exercises judgment in determining whether it has control, joint control or significant influence over its investees, taking into account the structure and legal form of the arrangements, the terms of the contractual agreements, and the rights and obligations arising from these arrangements.

The Group has determined that it controls and consolidates the subsidiaries in which it owns majority of the shares. The Group considers that the following criteria are all met, including:

- An investor has the power over an investee;



- The investor has exposure, or rights to variable returns from its involvement with the investee; and
- The investor has the ability to use its power over the investee to affect the amount of the investor's return.

The Group has a Joint Venture Agreement (JVA) with Marubeni Corporation (Marubeni) where the Parent Company owns 60.0% of SBML. Under the JVA, the parties agreed to use SBML as a joint venture entity and requires the unanimous consent of both the Parent Company and Marubeni for any significant decisions made in the ordinary course of business of SBML.

The Group also has a JVA with The Bank of Ayudhya Public Company Ltd. (Krungsri) where the Parent Company owns 49.96% of SBF. Under the JVA, the parties agreed to use SBF as a joint venture entity and requires the unanimous consent of both the Parent Company and Krungsri for any significant decisions made in the ordinary course of business of SBF.

The Group has (after considering the structure and form of the arrangement, the terms agreed by the parties in the contractual arrangements and the Group's rights and obligations arising from the arrangements) classified its interest in SBML and SBF under PFRS 11. Based on the foregoing, the Group accounts for its investment in SBML and SBF using the equity method.

As disclosed in Note 1, the Group also entered into an additional joint venture during the year through its 49.0% investment in MMFP. In evaluating this arrangement, the Group assessed the decision-making rights granted by the governing agreements, including whether key operating and financing policies require the participation of both shareholders. Because the relevant activities of MMFP can be directed only through the joint agreement of the parties, and neither shareholder can unilaterally control these activities, management concluded that the Group has joint control over MMFP. Accordingly, the investment is accounted for as a joint venture using the equity method.

Furthermore, as also disclosed in Note 1, the Group acquired a 25.0% non-controlling interest in HCPH during the year. The Group applies significant judgment in assessing whether it holds significant influence over an investee and considers the following:

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

Based on these considerations, management assessed that the Group has significant influence over HCPH and accounted for the investment as an associate using the equity method.

*f. Contingencies*

Judgment is required to determine whether obligations exist, whether outflows are probable, and whether amounts can be reliably estimated.

The Group is currently involved in various legal proceedings, claims and assessments. The estimate of the probable costs for the resolution of these claims and assessments has been developed in consultation with outside counsel handling the Group's defense in these matters and is based on an analysis of potential results. The Group currently does not believe that these



proceedings will have a material adverse effect on the financial statements. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 34).

#### *Estimates*

##### *a. Fair value of financial instruments*

The fair values of financial instruments that are not quoted in active markets are determined using valuation techniques such as discounted cash flow analysis and standard option pricing models for some derivative instruments. Where valuation techniques are used to determine fair values, they are reviewed by qualified personnel independent of the area that created them. All financial models are reviewed before they are used and to the extent practicable, financial models use only observable data, however, areas such as credit risk (both own and counterparty) volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. Refer to Note 6 for the fair value measurements of financial instruments.

##### *b. Impairment of financial assets*

The measurement of impairment losses under PFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

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

- Internal credit grading model, which assigns PDs to the individual grades
- Criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime CL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and economic inputs, such as GDP changes in inventory, current prices, Business outlook index on the macroeconomy - Real Estate, Unemployment Rate, Industry NPL of Universal Banks and Parent Company's WBS Loan Portfolio NPL Rate
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models
- Segmentation of the portfolio, where the appropriate model or ECL approach is used

The ECL models and all ECL-related policies are assessed and approved by the Risk Oversight Committee (ROC) and the BOD.

Model calibration or the process of improving the accuracy of ECL model to reflect the as-built status and actual operating conditions shall be performed at least annually. These will require the following approvals:

- ECL Steering Committee consisting of the Business Segment Heads, Chief Financial Officer and Chief Risk Officer, for changes in the model estimates
- the ROC for changes in model assumptions or inputs with material increase or decrease on portfolio-level ECL of at least 10% or ₱200.0 million.



In 2025, the Bank implemented new ECL models for both the Auto Loan portfolio and a segment of the WBS portfolio. For Auto Loans, the estimation was replaced by an enhanced model to better capture borrower behavior and improve PD prediction, with LGD based on blended recovery from ROPA and cash payments. For the WBS segment, the Bank likewise introduced a revised PD model to align with the unique characteristics of the portfolio and the Bank's observed default experience.

In 2024, the Bank implemented new ECL models for the Home Loan portfolio. The vintage default rate methodology in 2023 was replaced by an enhanced model to better capture the behavior of borrowers and predict PD. The LGD is based on the blended recovery from ROPA and cash payments.

In 2024, the Bank updated its ECL scenario probability weights from 60% Base, 30% Bad, and 10% Good to 50% Base, 30% Bad, and 20% Good to reflect improving macroeconomic conditions while maintaining prudent consideration of downside risks. The same probability weights were retained in 2025, as management assessed that the economic outlook and risk environment remained consistent with the prior year's assumptions.

In 2025 and 2024, changes in the model estimates and/or assumptions as a result of calibration were accordingly assessed and approved by the ECL Steering Committee and/or the ROC.

The ECL models and all ECL-related policies are assessed and approved by the ROC and the BOD.

The gross carrying amounts of financial assets and the related allowance for credit losses are disclosed in Notes 7, 12, 13 and 14.

*c. Recognition of deferred tax assets*

The Group reviews the carrying amounts of deferred tax assets at each statement of financial position date and reduces it to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. The recognized net deferred tax assets and unrecognized deferred tax assets of the Group and the Parent Company are disclosed in Note 28.

*d. Impairment of non-financial assets*

*Investments in subsidiaries, joint ventures and an associate and other non-financial assets*

The Parent Company and SBCIC assess impairment on its investments in subsidiaries, joint ventures and an associate whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Among others, the factors that the Parent Company and SBCIC consider important which could trigger an impairment review on its investments include the following:

- deteriorating or poor financial condition;
- recurring net losses; and
- significant changes with an adverse effect on the subsidiary, joint venture or an associate have taken place during the period, or will take place in the near future, in the technological, market, economic, or legal environment in which the subsidiary, joint venture or an associate operates.



The Group assesses impairment on other non-financial assets (i.e., ‘Property, equipment and right-of-use assets’, ‘Investment properties’, ‘Software costs’, and ‘Other properties acquired’) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

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

The Group recognizes an impairment loss whenever the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is computed based on the higher of the asset’s fair value less cost to sell or VIU. Recoverable amounts are estimated for individual nonfinancial assets or, if it is not possible, for the CGU to which the nonfinancial asset belongs.

The Group is required to make estimates and assumptions that can materially affect the carrying amount of the asset being assessed.

As of December 31, 2025 and 2024, the carrying values of the Parent Company’s investments in subsidiaries, joint ventures and an associate are disclosed in Note 15.

The carrying values of the Group’s and the Parent Company’s non-financial assets (other than ‘Goodwill’) follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Property, equipment and right-of-use assets (Note 16)	<b>₱9,662,507</b>	₱8,034,827	<b>₱5,671,929</b>	₱5,093,758
Investment properties (Note 17)	<b>7,126,743</b>	6,282,770	<b>7,126,743</b>	6,282,770
Software costs (Note 18)	<b>6,841,072</b>	5,137,675	<b>6,834,715</b>	5,135,198
Branch licenses (Note 18)	<b>1,445,000</b>	1,445,000	<b>1,445,000</b>	1,445,000
Other properties acquired (Note 18)	<b>926,797</b>	989,931	<b>926,797</b>	989,931
Exchange trading right (Note 18)	<b>7,700</b>	8,000	–	–

The provision for (recovery of) impairment losses on non-financial assets of the Group and the Parent Company are disclosed in Notes 16 and 17.

*Intangible assets with indefinite useful life*

Intangible assets with indefinite useful lives such as exchange trading right and branch licenses are tested for impairment annually at statement of financial position date either individually or at the cash generating unit level, as appropriate. Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs) to which the intangible assets relate. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the statements of income.

The recoverable amount of the CGU has been determined based on a VIU calculation using cash flow projections from financial budgets approved by senior management covering a three-year period. Key assumptions in VIU calculation of CGUs are most sensitive to discount rates and growth rates used to project cash flows.



*Goodwill*

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the statements of income. The carrying value of goodwill is disclosed in Note 4.

*e. Estimated useful lives of property, equipment and right-of-use assets, investment properties, software costs and other properties acquired*

The Group reviews on an annual basis the estimated useful lives of property, equipment and right-of-use assets, depreciable investment properties, software costs and other properties acquired based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property and equipment, depreciable investment properties, software costs and other properties acquired would decrease their respective balances and increase the recorded depreciation and amortization expense.

The following are the carrying values of depreciable property, equipment and right-of-use assets, investment properties, software costs and other properties acquired:

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>2025</b>	2024	<b>2025</b>	2024
Property, equipment and right-of-use assets (Note 16)*	<b>₱9,197,492</b>	₱7,569,812	<b>₱5,206,914</b>	₱4,628,743
Investment properties (Note 17)*	<b>3,262,187</b>	3,057,994	<b>3,262,187</b>	3,057,994
Software costs (Note 18)	<b>6,841,072</b>	5,137,675	<b>6,834,715</b>	5,135,198
Other properties acquired (Note 18)	<b>926,797</b>	989,931	<b>926,797</b>	989,931

\*Excludes land

*f. Pension benefits*

The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The present value of the defined benefit obligation of the Group and the Parent Company are disclosed in Note 29.

In determining the appropriate discount rate, Management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates.



Further details about the assumptions used are provided in Note 29.

Employee entitlements to annual leaves are recognized as a liability when they are accrued to the employees. The undiscounted liability for leaves expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period. As of December 31, 2025 and 2024, accrual for other employee benefit obligations and expenses included under 'Accrued other expenses payable' (included under 'Accrued interest, taxes and other expenses' in the statements of financial position) amounted to ₱2.0 billion and ₱1.7 billion, respectively, in 2025 and 2024 for the Group and the Parent Company (see Note 23).

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#### 4. Goodwill

##### Impairment Testing of Goodwill

In 2012, goodwill acquired through business combination has been allocated to Security Bank Savings (SBS) as the CGU. In 2015, the entire goodwill was reallocated to the Branch Banking Group (BBG) as a result of the integration of SBS to the Parent Company. As of December 31, 2025 and 2024, the carrying amount of goodwill amounted to ₱841.6 million and there was no impairment loss recognized in 2025 and 2024.

The recoverable amount of the CGU has been determined based on a VIU calculation using cash flow projections from financial budgets approved by senior management covering a three-year period. Key assumptions in VIU calculation of CGUs are most sensitive to discount rates and growth rates used to project cash flows. Future cash flows and growth rates were based on experiences and strategies developed and prospects. The discount rate used for the computation of the net present value is the cost of equity and was determined by reference to a comparable entity. In 2025 and 2024, the pre-tax discount rate applied to cash flow projections is 11.54% and 11.53%, respectively, while the growth rate used to extrapolate cash flows beyond the three-year period is 5.00% and 6.00%, respectively.

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.

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#### 5. Financial Risk Management Objectives and Policies

##### Introduction

Integral to the Parent Company's value creation process is risk management. It therefore operates based on an Enterprise Risk Management (ERM) Framework to address the risks it faces in its banking activities, including (a) credit; (b) liquidity; (c) market; (d) operational; and (e) sustainability. Exposures across these risk areas are regularly identified, assessed, treated, monitored and reported to Senior Management, the ROC and the BOD.

##### Risk Management Structure

###### *Board of Directors*

The BOD directs the Parent Company's over-all risk management strategy. The risk management processes of the subsidiaries are the separate responsibilities of their respective BOD. The BOD performs an oversight function on the Parent Company's implementation of its risk policies through various committees that it has created as follows:



#### *Executive Committee*

The Executive Committee oversees the strategy, financial, liquidity and capital management of the Group. It exercises the authority of the BODs as delegated by the Board and as may be allowed by law during intervals between meetings of the BODs.

#### *Risk Oversight Committee*

The ROC approves and oversees the Enterprise Risk Management (ERM) framework and program of the Parent Company and Subsidiaries, including its implementation by management. It also approves and oversees adherence to the Parent Company and Subsidiaries' Risk Appetite Policy, including risk appetite statements, risk appetite levels, and risk tolerance limits. Furthermore, it oversees the development, approval, and implementation of risk management policies and frameworks as well as define the organizational responsibilities of the risk management function following the three (3) lines of defense framework.

#### *Corporate Governance Committee*

The Corporate Governance Committee assists the BOD in fulfilling its corporate governance responsibilities, including the approval and oversight of the implementation of the corporate governance framework. The Committee is responsible for monitoring the Board's effectiveness and ensuring adherence to established corporate governance principles and guidelines.

#### *Audit Committee*

The Audit Committee assists the Board in fulfilling its oversight responsibilities on the integrity of the Bank's financial statements and evaluates the adequacy and effectiveness of internal controls and risk management, and compliance with laws and regulations.

#### *Senior Credit Committee*

The Senior Credit Committee is the highest credit decision-making body in the Bank and works closely with the ROC in managing the overall credit risk of the Bank. The committee reviews and approves proposals and facilities related to credit, except for Directors, Officers, Stockholders and Related Interests (DOSRI) and material related party transactions (RPT) accounts. It also approves remedial and/or recovery strategies of the Bank for identified problem loan accounts.

#### *Related Party Transactions Committee*

The Related Party Transactions Committee assists the BOD in fulfilling its oversight responsibilities in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders.

#### *Nominations and Remuneration Committee*

The Nominations and Remuneration Committee reviews and evaluates the qualifications of, and makes recommendations regarding all persons nominated to the Board, as well as key personnel and their appointments requiring Board approval. The Committee also assesses the effectiveness of the Board's processes and procedures for the election and replacement of directors. It likewise establishes a formal and transparent procedure for developing policies on the remuneration of directors and officers to ensure that compensation is consistent with the Bank's culture, strategy, and operating business environment, including consideration of the potential of directors and officers.

#### *Trust Committee*

The Trust Committee is primarily responsible for overseeing the Trust, IMA and Other Fiduciary businesses of the Bank through its Trust and Asset Management Group (TAMG), including the oversight of investments of funds and assets contributed to and held by these Trust, IMA and Other Fiduciary accounts.



#### *Transformation and Technology Committee*

The Transformation and Technology Committee oversees the development and implementation of strategy, transformation, innovation and information technology initiatives of the Bank and its subsidiaries and affiliates, in support of the Group's vision, mission and strategic objectives.

The Parent Company's organizational structure includes the Risk Management Group (RMG), which is responsible for driving the following risk management processes of the Group:

- Independent assessment, measurement, monitoring and reporting of the Group's risk-taking activities; and
- Formulation, review and recommendation of risk-related policies and control structures.

Nevertheless, the Group's risk management framework adopts the basic tenet that risks are owned by the respective business and process owners. Everyone in the organization is therefore expected to proactively manage the risks inherent to their respective areas by complying with the Group's risk management framework, policies and standards.

The Parent Company and its subsidiaries manage their respective financial risks separately. The subsidiaries have their own risk management procedures but are structured similar to that of the Parent Company. To a certain extent, the respective risk management programs and objectives are the same across the Group.

#### Risk Measurement and Reporting

The Parent Company's risks are measured using various methods compliant with Basel III standards. The Parent Company also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Expected credit loss models are developed and maintained by the RMG. These models are used as a tool for the Parent Company's risk management process and management reporting systems. The applicable results of the calculations are used as the basis for the assessment of expected credit losses.

Monitoring and controlling risks are primarily performed based on limits established by the Parent Company. These limits reflect the business strategy and market environment of the Parent Company as well as the level of risk that the Parent Company is willing to take. In addition, the Parent Company monitors and measures the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

For all levels throughout the Parent Company, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information. These reports include aggregate credit exposure, credit metric forecasts, limit exceptions, Value-at-Risk (VaR), liquidity ratios and risk profile changes.

Credit Risk Management prepares detailed reporting of risks per credit classification, payment status, industry, loan tenor, and other measures of portfolio quality. Senior management assesses the appropriateness of allowance for credit losses periodically or as the need arises. The ROC and the heads of the concerned business units receive comprehensive portfolio quality reports which are designed to provide the necessary information to assess and conclude on the credit risks of the Parent Company.

In the case of market risk, a monthly report is presented to the ROC on the utilization of market limits and liquidity, plus other risk developments.



Information compiled from businesses is examined and processed in order to analyze, control and identify risks early. This information is assessed and deliberated by the heads of each business unit, the ROC and the BOD.

#### Risk Mitigation

The Parent Company uses various risk mitigation practices to manage different types of risks, such as credit, market, operational, liquidity, and sustainability, among others. Generally, these include: establishing and reviewing risk limits and policies by considering the risk appetite, strategy and objectives of the Bank, as well as the regulatory requirements and industry best practices; implementing and enforcing these limits by using effective monitoring and reporting systems, and by escalating and resolving any limit breaches or policy violations; and conducting regular and ad hoc stress testing.

#### Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Parent Company's performance to developments affecting a particular borrowing group, industry or geographic location.

The Parent Company manages concentration risks by setting exposure limits to borrowing groups, industries, countries, and where appropriate, on products and facilities. These limits are reviewed as the need arises, but at least annually.

To avoid excessive concentrations of risks, the Parent Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of risks are controlled and managed accordingly.

#### Credit Risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to perform its obligations during the life of the transaction. This includes risk of non-payment by borrowers or issuers, failed settlement of transactions, and default on contracts.

The Parent Company drives credit risk management fundamentally via its Credit Policy Manual (CPM), the provisions of which are regularly reviewed and updated to reflect changing regulations and risk conditions. The CPM defines the principles and parameters governing credit activities, ensuring that each account's creditworthiness is thoroughly understood and regularly reviewed. Lending units assume overall responsibility for the management of credit exposures while middle and back-office functions are clearly defined to provide independent checks and balance to credit risk-taking activities. A system of approving and signing limits ensures adequate senior management involvement for larger and more complex transactions. Large exposures of the Group are kept under rigorous review as these are subjected to stress testing and scenario analysis to assess the impact of changes in market conditions or key risk factors (examples are economic cycles, interest rate, liquidity conditions or other market movements) on its profile and earnings.

The risk management structure of policies, accountabilities and responsibilities, controls and senior management involvement is similarly in place for non-performing assets.

#### *Derivative financial instruments*

Credit risk in respect of derivative financial instruments is limited to those with positive fair values, which are included under 'Financial assets at FVTPL'. 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 in the statements of financial position.



*Credit-related commitments*

The Parent Company makes available to its customers guarantees which may require the Parent Company to make payments on their behalf and enter into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Parent Company to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Parent Company to similar risks to loans and these are mitigated by the same control processes and policies. This also includes the unutilized credit limit of the Group's credit card customers.

*Maximum exposure to credit risk of on-balance sheet credit risk exposures with collaterals held or other credit enhancements*

The tables below show the maximum exposure to on-balance sheet credit risk exposures of the Group and the Parent Company after taking into account any collaterals held or other credit enhancements (amounts in millions):

	Consolidated				
	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral	Associated ECL*
<b>December 31, 2025</b>					
<b>Credit risk exposure relating to on-balance sheet assets</b>					
SPURA with BSP	₱27,100	₱27,100	₱-	₱27,100	₱-
Receivable from customers - net (exclusive of SBEI):					
Corporate lending	438,876	106,025	351,384	87,492	9,681
Consumer lending	82,423	85,706	32,145	50,278	2,351
Small business lending	562	379	239	323	70
Residential mortgages	107,026	103,700	37,579	69,447	474
Credit card receivables - individual	57,230	-	57,230	-	5,539
Receivable from customers - net (SBEI):					
Corporate	388	9,862	36	352	-
Individual	76	927	4	72	-
Other receivables	10,057	317	9,807	250	233
	<b>₱723,738</b>	<b>₱334,016</b>	<b>₱488,424</b>	<b>₱235,314</b>	<b>₱18,348</b>

\*Amount deducted from gross amount to reflect carrying amount

	Consolidated				
	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral	Associated ECL*
<b>December 31, 2024</b>					
<b>Credit risk exposure relating to on-balance sheet assets</b>					
SPURA with BSP	₱3,941	₱3,941	₱-	₱3,941	₱-
Receivable from customers - net (exclusive of SBEI):					
Corporate lending	455,982	92,624	379,954	76,028	9,817
Consumer lending	63,971	48,869	34,079	29,892	1,803
Small business lending	540	436	169	371	35
Residential mortgages	98,149	89,788	38,227	59,922	807
Credit card receivables - individual	49,522	-	49,522	-	3,509
Receivable from customers - net (SBEI):					
Corporate	173	1,022	152	21	-
Individual	47	1,137	18	29	-
Other receivables	9,429	176	9,252	177	341
	<b>₱681,754</b>	<b>₱237,993</b>	<b>₱511,373</b>	<b>₱170,381</b>	<b>₱16,312</b>

\*Amount deducted from gross amount to reflect carrying amount



	Parent Company				
	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral	Associated ECL*
<b>December 31, 2025</b>					
<b>Credit risk exposure relating to on-balance sheet assets</b>					
SPURA with BSP	₱27,100	₱27,100	₱–	₱27,100	₱–
Receivable from customers – net (exclusive of SBEI):					
Corporate lending	438,875	106,025	351,384	87,491	9,680
Consumer lending	82,422	85,705	32,144	50,278	2,351
Small business lending	562	379	239	323	70
Residential mortgages	107,026	103,700	37,579	69,447	474
Credit card receivables - individual	57,230	–	57,230	–	5,539
Other receivables	9,617	190	9,427	190	199
	<b>₱722,832</b>	<b>₱323,099</b>	<b>₱488,003</b>	<b>₱234,829</b>	<b>₱18,313</b>

\*Amount deducted from gross amount to reflect carrying amount

	Parent Company				
	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral	Associated ECL*
<b>December 31, 2024</b>					
<b>Credit risk exposure relating to on-balance sheet assets</b>					
SPURA with BSP	₱3,941	₱3,941	₱–	₱3,941	₱–
Receivable from customers – net (exclusive of SBEI):					
Corporate lending	457,868	92,624	381,840	76,028	9,817
Consumer lending	63,969	48,867	34,079	29,890	1,803
Small business lending	540	436	169	371	35
Residential mortgages	98,149	89,788	38,227	59,922	807
Credit card receivables - individual	49,522	–	49,522	–	3,509
Other receivables	8,872	109	8,763	109	301
	<b>₱682,861</b>	<b>₱235,765</b>	<b>₱512,600</b>	<b>₱170,261</b>	<b>₱16,272</b>

\*Amount deducted from gross amount to reflect carrying amount

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

Credit card receivables and receivables of SBEI are presented separately for the purpose of identifying receivables that are subjected to different credit risk rating systems.

Other receivables include accrued interest receivable, accounts receivable, sales contracts receivable and dividend receivable.

*Risk concentrations of the maximum exposure to credit risk*

The Group considers loans and receivables as highly concentrated when Herfindahl-Hirschman Index (HHI) reaches above 1,800. The maximum acceptable HHI set by the Group for its loan concentration is 1,000 to 1,800, which means moderately concentrated. HHI is a measure of concentration, calculated by squaring the share of each loan segment to total loan portfolio and then summing the resulting numbers. In addition, the Group limits its total exposure to most industry segments at 15.0% each of the total credit risk exposure and complies with regulatory caps set by the BSP such as 25% real estate limit.



The distribution of financial assets and off-balance sheet items by industry sector of the Group and the Parent Company, before taking into account collateral held or other credit enhancements (maximum exposure) follows (amounts in millions):

	Consolidated				Total
	Loans and Receivables	Financial Investments*	Loans and Advances to Banks**	Others***	
<b>December 31, 2025</b>					
Public administration and defense; compulsory social security	₱7,235	₱294,125	₱-	₱524	₱301,884
Activities of households as employers; undifferentiated goods and services and producing activities of households for own use****	116,840	-	-	166,896	283,736
Real estate activities	168,860	16,503	-	6,488	191,851
Electricity, gas, stream and air conditioning supply	110,314	503	-	61,288	172,105
Wholesale and retail trade; repair of motor vehicles and motorcycles	113,732	500	-	24,844	139,076
Financial and insurance activities	22,492	32,170	72,641	8,261	135,564
Transportation and storage	32,840	4,179	-	20,708	57,727
Manufacturing	34,101	1,443	-	12,735	48,279
Water supply, sewerage, waste management and remediation activities	11,171	-	-	33,754	44,925
Construction	25,291	-	-	7,682	32,973
Information and communication	19,040	1,268	-	2,389	22,697
Professional scientific and technical services	6,802	-	-	1,139	7,941
Agriculture, forestry and fishing	6,838	-	-	67	6,905
Others	21,082	3,511	-	4,500	29,093
	<b>₱696,638</b>	<b>₱354,202</b>	<b>₱72,641</b>	<b>₱351,275</b>	<b>₱1,474,756</b>
<b>December 31, 2024</b>					
Public administration and defense; compulsory social security	₱9,966	₱273,123	₱-	₱541	₱283,630
Activities of households as employers; undifferentiated goods and services and producing activities of households for own use****	93,637	-	-	146,114	239,751
Real estate activities	168,359	17,060	-	2,648	188,067
Electricity, gas, stream and air conditioning supply	97,133	476	-	57,982	155,591
Wholesale and retail trade; repair of motor vehicles and motorcycles	115,361	657	-	26,855	142,873
Financial and insurance activities	33,325	36,046	63,598	9,040	142,009
Transportation and storage	25,227	3,235	-	17,161	45,623
Manufacturing	48,757	1,712	-	10,955	61,424
Water supply, sewerage, waste management and remediation activities	10,670	-	-	3,294	13,964
Construction	26,013	-	-	7,092	33,105
Information and communication	21,606	1,262	-	2,361	25,229
Professional scientific and technical services	6,847	-	-	19	6,866
Agriculture, forestry and fishing	8,827	-	-	444	9,271
Others	12,085	4,455	-	5,313	21,853
	<b>₱677,813</b>	<b>₱338,026</b>	<b>₱63,598</b>	<b>₱289,819</b>	<b>₱1,369,256</b>

\* Consists of Financial assets at FVTPL and FVTOCI, Investment securities at amortized cost, and Derivatives designated as hedges

\*\* Consists of Due from BSP, Due from other banks, Interbank loans receivables and SPURA and Cash collateral deposits (included in 'Other assets')

\*\*\* Consists of Contingent liabilities relating to inward and outward bills for collections, outstanding guarantees, letters of credit, unutilized credit limit of credit card holders, committed loan lines, security deposits and financial guarantees with commitment

\*\*\*\* Excludes loans and receivables on real estate or dwelling units which are considered production activities and classified under "Real estate"



	Parent Company				Total
	Loans and Receivables	Financial Investments*	Loans and Advances to Banks**	Others***	
<b>December 31, 2025</b>					
Public administration and defense; compulsory social security	₱7,235	₱294,125	₱-	₱524	₱301,884
Activities of households as employers; undifferentiated goods and services and producing activities of households for own use****	116,761	-	-	166,896	283,657
Real estate activities	168,853	16,503	-	6,488	191,844
Electricity, gas, stream and air conditioning supply	110,284	503	-	61,288	172,075
Wholesale and retail trade; repair of motor vehicles and motorcycles	113,710	500	-	24,844	139,054
Financial and insurance activities	21,880	32,131	72,519	8,261	134,791
Transportation and storage	32,774	4,179	-	20,708	57,661
Manufacturing	34,086	1,443	-	12,735	48,264
Water supply, sewerage, waste management and remediation activities	11,171	-	-	33,754	44,925
Construction	25,270	-	-	7,682	32,952
Information and communication	19,032	1,268	-	2,389	22,689
Professional scientific and technical services	6,800	-	-	1,139	7,939
Agriculture, forestry and fishing	6,836	-	-	67	6,903
Others	21,040	3,496	-	4,502	29,038
	<b>₱695,732</b>	<b>₱354,148</b>	<b>₱72,519</b>	<b>₱351,277</b>	<b>₱1,473,676</b>
<b>December 31, 2024</b>					
Public administration and defense; compulsory social security	₱9,966	₱273,123	₱-	₱541	₱283,630
Activities of households as employers; undifferentiated goods and services and producing activities of households for own use****	93,634	-	-	146,114	239,748
Real estate activities	168,358	17,060	-	2,648	188,066
Electricity, gas, stream and air conditioning supply	97,105	476	-	57,982	155,563
Wholesale and retail trade; repair of motor vehicles and motorcycles	115,344	657	-	26,855	142,856
Financial and insurance activities	32,748	36,015	63,513	9,040	141,316
Transportation and storage	25,203	3,235	-	17,161	45,599
Manufacturing	48,744	1,712	-	10,955	61,411
Water supply, sewerage, waste management and remediation activities	10,670	-	-	3,294	13,964
Construction	25,965	-	-	7,092	33,057
Information and communication	21,604	1,262	-	2,361	25,227
Professional scientific and technical services	6,847	-	-	19	6,866
Agriculture, forestry and fishing	8,827	-	-	444	9,271
Others	13,905	4,440	-	5,313	23,658
	<b>₱678,920</b>	<b>₱337,980</b>	<b>₱63,513</b>	<b>₱289,819</b>	<b>₱1,370,232</b>

\* Consists of Financial assets at FVTPL and FVTOCI, Investment securities at amortized cost, and Derivatives designated as hedges

\*\* Consists of Due from BSP, Due from other banks, Interbank loans receivables and SPURA and Cash collateral deposits (included in 'Other assets')

\*\*\* Consists of Contingent liabilities relating to inward and outward bills for collections, outstanding guarantees, letters of credit, unutilized credit limit of credit card holders, committed loan lines, security deposits and financial guarantees with commitment

\*\*\*\* Excludes loans and receivables on real estate or dwelling units which are considered production activities and classified under "Real estate"

For details of the composition of the loans and receivables portfolio, refer to Note 14.

#### *Offsetting of financial assets and financial liabilities*

The Parent Company has various derivative financial instruments with various counterparties transacted under the International Swaps and Derivatives Association (ISDA) which are subject to enforceable master netting agreements. Under the agreements, the Parent Company has the right to settle its derivative financial instruments either: (1) upon election of the parties; or (2) in the case of default and insolvency or bankruptcy. The Parent Company, however, has no intention to net settle or to gross settle the accounts simultaneously. Also, the enforceability of netting upon default is contingent on a future event, and so the offsetting criteria under PAS 32 are not met. Consequently,



the gross amount of the derivative asset and the gross amount of the derivative liability are presented separately in the Parent Company's statements of financial position.

Cash collaterals have also been received from and pledged to the counterparties for the net amount of exposures from the derivative financial instruments. These cash collaterals do not meet the offsetting criteria under PAS 32 since it can only be set off against the net amount of the derivative asset and derivative liability in the case of default and insolvency or bankruptcy, in accordance with an associated collateral arrangement.

The Parent Company has entered into sale and repurchase agreements with various counterparties that are accounted for as collateralized borrowing. The Parent Company has also entered into a reverse sale and repurchase agreements with various counterparties that are accounted for as a collateralized lending. These transactions are subject to a global master repurchase agreement with a right of set-off only against the collateral securities upon default and insolvency or bankruptcy and therefore do not meet the offsetting criteria under PAS 32. Consequently, the related SSURA is presented separately from the collateral securities in the Parent Company's statements of financial position.

The table below presents the recognized financial instruments of the Group and the Parent Company that are offset, or subject to enforceable master netting agreements or other similar arrangements but not offset, as at December 31, 2025 and 2024, taking into account the effects of over-collateralization.

	Gross amounts of recognized financial instruments [a]	Gross amounts set-off in accordance with the PAS 32 offsetting criteria [b]	Net amount presented in statements of financial position [c]=[a]-[b]	Effect of remaining rights of set-off that do not meet PAS 32 offsetting criteria		Net exposure [e]=[c]-[d]
				Financial instruments [d]	Financial collateral	
<b>2025</b>						
<b>Financial Assets</b>						
Derivative assets						
(Notes 6, 10 and 11)	₱1,568,539	₱-	₱1,568,539	₱1,112,672	₱-	₱455,867
SPURA (Note 37)	27,100,000	-	27,100,000	-	27,100,000	-
Derivatives Designated as Hedges						
(Note 11)	289,844	-	289,844	289,844	-	-
	<b>₱28,958,383</b>	<b>₱-</b>	<b>₱28,958,383</b>	<b>₱1,402,516</b>	<b>₱27,100,000</b>	<b>₱455,867</b>
<b>Financial Liabilities</b>						
Derivative liabilities						
(Notes 6, 11 and 20)	₱1,407,466	₱-	₱1,407,466	₱1,112,672	₱-	₱294,794
SSURA (Note 21)	2,851,571	-	2,851,571	-	3,409,170	-
Derivatives Designated as Hedges						
(Note 11)	3,625,886	-	3,625,886	289,844	-	3,336,042
	<b>₱7,884,923</b>	<b>₱-</b>	<b>₱7,884,923</b>	<b>₱1,402,516</b>	<b>₱3,409,170</b>	<b>₱3,630,836</b>
<b>2024</b>						
<b>Financial Assets</b>						
Derivative assets						
(Notes 6, 10 and 11)	₱1,531,397	₱-	₱1,531,397	₱1,056,335	₱-	₱475,062
SPURA (Note 37)	3,941,367	-	3,941,367	-	3,941,367	-
Derivatives Designated as Hedges						
(Note 11)	634,928	-	634,928	634,928	-	-
	<b>₱6,107,692</b>	<b>₱-</b>	<b>₱6,107,692</b>	<b>₱1,691,263</b>	<b>₱3,941,367</b>	<b>₱475,062</b>
<b>Financial Liabilities</b>						
Derivative liabilities						
(Notes 6, 11 and 20)	₱1,716,047	₱-	₱1,716,047	₱1,056,335	₱-	₱659,712
SSURA (Note 21)	67,898,043	-	67,898,043	-	75,384,639	-
Derivatives Designated as Hedges						
(Note 11)	3,841,204	-	3,841,204	634,928	-	3,206,276
	<b>₱73,455,294</b>	<b>₱-</b>	<b>₱73,455,294</b>	<b>₱1,691,263</b>	<b>₱75,384,639</b>	<b>₱3,865,988</b>

#### *Collateral and other credit enhancements*

The amount and type of collateral required depends on the assessment of the credit risk of the borrower or counterparty. The Group follows guidelines on the acceptability of types of collateral and valuation parameters.



The main types of collateral obtained are as follows:

- For corporate accounts - cash, guarantees, securities and physical collaterals (e.g., real estate, chattels, inventory, etc.); as a general rule, commercial, industrial and residential lots are preferred.
- For retail lending - mortgages on residential properties and financed vehicles.

Management monitors the market value of real property collateral every two years or if there is a trigger event, whichever comes earlier, and as needed for marketable securities to preserve collateral cover. The existing market value of collateral is considered during the review of the credit facilities and adequacy of the allowance for credit losses.

It is the Parent Company's policy to dispose of assets acquired in an orderly fashion. The proceeds from the sale of the foreclosed assets (classified as 'Investment properties' in the statements of financial position) are used to reduce or repay the outstanding claim. In general, the Parent Company does not use repossessed properties for business.

*Credit quality per class of financial assets*

In compliance with BSP Circular No. 855, the Parent Company has developed and continually reviews and calibrates its internal risk rating system for credit exposures aimed at uniformly assessing its credit portfolio in terms of risk profile. Where appropriate, it obtains security, enters into master netting agreements, and limits the duration of exposures to maintain and even further enhance the quality of the Parent Company's credit exposures.

The credit quality of financial assets is monitored and managed using internal ratings and where available, external ratings.

The credit quality of trading and financial investment securities is generally monitored through internal ratings except for foreign entities which use external ratings of eligible external credit rating institutions. Credit exposures to foreign corporations and foreign financial institutions are limited to entities that are rated investment grade. The minimum acceptable risk rating is BBB- stable (for S&P) and Baa3 (for Moody's).

Presented below is the credit risk rating table of S&P & Moody's:

Agency		Investment Grade								
S&P	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
Moody's	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3

  

Agency		Non-Investment Grade						
S&P		BB+	BB	BB-	B+	B	B-	Below B-
Moody's		Ba1	Ba2	Ba3	B1	B2	B3	Below B3

In the Bank's mapping of risk ratings of its asset classes, S&P and Moody's investment grade ratings and BB+/Ba1 are considered high grade, BB/Ba2 down to B-/B3 ratings are considered medium grade, and below B-/B3 ratings are considered low grade.

For loan exposures, the credit quality is generally monitored using its internal credit risk ratings system. It is the Parent Company's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates management to focus on major potential risk and the comparison of credit exposures across all lines of business, demographics and products. The rating system is supported by a variety of financial analytics, combined with an assessment of qualitative factors such as management and market information to provide the main inputs for the measurement of credit or



counterparty risk. Other variables that may impact the borrower's creditworthiness but are not yet factored into the baseline rating are considered in the model overlay to arrive at the final PD. All PD ratings are tailored with various categories and are derived in accordance with the Group's rating policy. The attributable risk ratings are assessed and updated regularly.

The Group uses PD Ratings to classify the credit quality of its receivables portfolio. This is currently undergoing upgrade to enhance credit evaluation parameters across different market segments and achieve a more sound and robust credit risk assessment. The description of the loan grades used by the Group for receivable from customers, except credit card receivables and receivables of SBEI, are as follows:

#### Wholesale Banking Segment Scorecards

The Parent Company has two Wholesale Banking Segment scorecards, differentiated according to the revenue size of the borrower: Big Accounts scorecard for borrowers with at least ₱2.0 billion in revenue size, and Small Accounts scorecard for borrowers with less than ₱2.0 billion revenue size. Both scorecards are mapped to an 11-grade scale masterscale with each grade having a corresponding PD.

#### *High Grade (PD Rating of 1 to 7)*

Accounts in this category have a low probability of defaulting on their obligations over the next 12 months. A comfortable degree of stability and diversity can be found in these borrowers.

#### *Medium Grade (PD Rating of 8 to 9)*

The PD of accounts in this category is slightly higher than high grade borrowers. Accounts whose financial ratios exhibit an amount of buffer though somewhat limited. These accounts can withstand minor economic weaknesses but may suffer if conditions deteriorate in a significant way and therefore, default risk is present under such adverse conditions. Repayment ability is more or less assured if economic and industry conditions remain stable.

#### *Low Grade (PD Rating of 10 to 11)*

Accounts for which default risk are very much present and those that have defaulted already are included in this category.

For SBEI's receivable portfolio, the Group classifies accounts that are neither past due nor impaired as follows:

*High Grade* – receivables from counterparties with no history of default and with apparent ability to settle the obligation. In case of receivables from customers, the outstanding amount must be more than 200.0% secured by collateral.

*Medium Grade* – receivable from counterparties with no history of default, with apparent ability to settle the obligation and the outstanding amount must be 100.0% – 200.0% secured by collateral.

*Low Grade* – receivable from counterparties with history of default and partially secured or unsecured accounts.

*Unrated* – Receivables from employees and refundable deposits.

For Auto Loan receivables, the Parent Company classifies accounts that are neither past due nor impaired as follows:

*High Grade* – Accounts with behavioral score >752



*Medium Grade* – Accounts with behavioral score >679-752; or with behavioral score >565-679 and uses 0 Delinquency Segment scorecard.

*Low Grade* – Accounts with behavioral score >565-679 and uses 0+ Delinquency Segment scorecard; or with behavioral score <=564.

*Unrated* – Accounts with no behavioral score such as new bookings.

For Credit Card receivables, the Parent Company classifies accounts that are neither past due nor impaired as follows:

*High Grade* – Accounts with behavioral score >715.

*Medium Grade* – Accounts with behavioral score >580-715.

*Low Grade* – Accounts with score <=580.

*Unrated* – Accounts which are inactive in the last 12 months; too early or not enough information to rate.

For Business Banking and Home Loan receivables, scorecards are used to determine the PD of the account. The Parent Company classifies accounts that are neither past due nor impaired as follows:

*High Grade (PD Rating of <1%)*

Accounts in this category have a low probability of defaulting on their obligations over the next 12 months. A comfortable degree of stability and diversity can be found in these borrowers.

*Medium Grade (PD Rating of 1% to 10%)*

The PD of accounts in this category is slightly higher than high grade borrowers. These accounts can withstand minor economic weaknesses but may suffer if conditions deteriorate in a significant way and therefore, default risk is present under such adverse conditions. Repayment ability is more or less assured if economic and industry conditions remain stable.

*Low Grade (PD Rating of 10+% and above)*

Accounts for which an assumed default risk is present.

*Unrated* – Accounts which are unrated and 0-30 Days Past Due

For the other products in the consumer loans portfolio, the Group is currently building a separate credit rating system to enhance credit evaluation parameters across different market segments and achieve a more sound and robust credit risk assessment. Accounts which are neither past due nor impaired are presented as unrated.

The tables below show the credit quality by class of financial assets (gross of allowance for credit losses and net of unearned discounts and deferred credits) of the Group and the Parent Company.



As of December 31, 2025 and 2024, all investment securities are classified as Stage 1.

	Consolidated				Total
	Neither Past Due nor Individually Impaired				
	High Grade	Medium Grade	Low Grade	Unrated	
<b>December 31, 2025</b>					
Financial assets at FVTPL:					
HFT investments:					
Government securities	₱35,917,085	₱-	₱-	₱-	₱35,917,085
Private bonds	385,796	-	-	-	385,796
<b>Total HFT investments</b>	<b>36,302,881</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,302,881</b>
Derivative assets:					
Currency forwards	964,065	-	-	433,298	1,397,363
Cross-currency swaps	422	-	-	130,308	130,730
Interest rate swaps	40,446	-	-	-	40,446
<b>Total derivative assets</b>	<b>1,004,933</b>	<b>-</b>	<b>-</b>	<b>563,606</b>	<b>1,568,539</b>
<b>Total financial assets at FVTPL</b>	<b>₱37,307,814</b>	<b>₱-</b>	<b>₱-</b>	<b>₱563,606</b>	<b>₱37,871,420</b>
<b>Derivative assets designated as hedges</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱289,844</b>	<b>₱289,844</b>
Financial assets at FVTOCI:					
Treasury notes and bills	₱94,702,994	₱-	₱-	₱-	₱94,702,994
Treasury bonds	61,262,306	-	-	-	61,262,306
Private bonds	1,100,866	-	-	-	1,100,866
<b>Total</b>	<b>₱157,066,166</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱157,066,166</b>
Financial assets at amortized cost (excluding loans and receivables)					
Due from BSP	₱26,584,514	₱-	₱-	₱-	₱26,584,514
Due from other banks	16,435,455	-	-	-	16,435,455
Interbank loans receivable and SPURA	28,650,000	-	-	-	28,650,000
Investment securities at amortized cost					
Private bonds	45,525,489	-	-	10,867,066	56,392,555
Treasury notes and bills	53,202,243	-	-	-	53,202,243
Treasury bonds	48,855,581	-	-	-	48,855,581
<b>Total</b>	<b>147,583,313</b>	<b>-</b>	<b>-</b>	<b>10,867,066</b>	<b>158,450,379</b>
<b>Total</b>	<b>219,253,282</b>	<b>-</b>	<b>-</b>	<b>10,867,066</b>	<b>230,120,348</b>
<b>Total</b>	<b>₱413,627,262</b>	<b>₱-</b>	<b>₱-</b>	<b>₱11,720,516</b>	<b>₱425,347,778</b>
<b>December 31, 2024</b>					
Financial assets at FVTPL:					
HFT investments:					
Government securities	₱14,308,570	₱-	₱-	₱-	₱14,308,570
Private bonds	704,653	-	-	276,762	981,415
<b>Total HFT investments</b>	<b>15,013,223</b>	<b>-</b>	<b>-</b>	<b>276,762</b>	<b>15,289,985</b>
Derivative assets:					
Currency forwards	₱957,977	₱-	₱-	₱487,759	₱1,445,736
Interest rate swaps	52,607	-	-	-	52,607
Cross-currency swaps	-	-	-	31,421	31,421
Bond forwards and options	1,633	-	-	-	1,633
<b>Total derivative assets</b>	<b>1,012,217</b>	<b>-</b>	<b>-</b>	<b>519,180</b>	<b>1,531,397</b>
<b>Total financial assets at FVTPL</b>	<b>₱16,025,440</b>	<b>₱-</b>	<b>₱-</b>	<b>₱795,942</b>	<b>₱16,821,382</b>
<b>Derivative assets designated as hedges</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱634,928</b>	<b>₱634,928</b>
Financial assets at FVTOCI:					
Treasury notes and bills	₱95,392,729	₱-	₱-	₱-	₱95,392,729
Treasury bonds	84,484,049	-	-	-	84,484,049
Private bonds	1,333,343	-	-	-	1,333,343
<b>Total</b>	<b>₱181,210,121</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱181,210,121</b>
Financial assets at amortized cost (excluding loans and receivables)					
Due from BSP	₱35,104,831	₱-	₱-	₱-	₱35,104,831
Due from other banks	15,371,879	-	-	-	15,371,879
Interbank loans receivable and SPURA	9,393,617	-	-	-	9,393,617
Investment securities at amortized cost					
Private bonds	49,537,866	-	-	10,565,046	60,102,912
Treasury bonds	33,468,084	-	-	-	33,468,084
Treasury notes and bills	45,229,516	-	-	-	45,229,516
<b>Total</b>	<b>128,235,466</b>	<b>-</b>	<b>-</b>	<b>10,565,046</b>	<b>138,800,512</b>
<b>Total</b>	<b>188,105,793</b>	<b>-</b>	<b>-</b>	<b>10,565,046</b>	<b>198,670,839</b>
<b>Total</b>	<b>₱385,341,354</b>	<b>₱-</b>	<b>₱-</b>	<b>₱11,995,916</b>	<b>₱397,337,270</b>



	Parent Company				Total
	Neither Past Due nor Individually Impaired				
	High Grade	Medium Grade	Low Grade	Unrated	
<b>December 31, 2025</b>					
Financial assets at FVTPL:					
HFT investments:					
Government securities	P35,917,085	P-	P-	P-	P35,917,085
Private bonds	385,796	-	-	-	385,796
<b>Total HFT investments</b>	<b>36,302,881</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,302,881</b>
Derivative assets:					
Currency forwards	964,065	-	-	433,298	1,397,363
Cross-currency swaps	422	-	-	130,308	130,730
Interest rate swaps	40,446	-	-	-	40,446
<b>Total derivative assets</b>	<b>1,004,933</b>	<b>-</b>	<b>-</b>	<b>563,606</b>	<b>1,568,539</b>
<b>Total financial assets at FVTPL</b>	<b>P37,307,814</b>	<b>P-</b>	<b>P-</b>	<b>P563,606</b>	<b>P37,871,420</b>
Derivative assets designated as hedges	P-	P-	P-	P289,844	P289,844
Financial assets at FVTOCI					
Treasury notes and bills	P94,702,994	-	-	-	P94,702,994
Treasury bonds	61,262,306	-	-	-	61,262,306
Private bonds	1,100,866	-	-	-	1,100,866
	<b>P157,066,166</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>P157,066,166</b>
Financial assets at amortized cost (excluding loans and receivables)					
Due from BSP	P26,584,514	P-	P-	P-	P26,584,514
Due from other banks	16,313,837	-	-	-	16,313,837
Interbank loans receivable and SPURA	28,650,000	-	-	-	28,650,000
Investment securities at amortized cost					
Private bonds	45,525,489	-	-	10,867,066	56,392,555
Treasury notes and bills	53,202,243	-	-	-	53,202,243
Treasury bonds	48,855,581	-	-	-	48,855,581
	<b>147,583,313</b>	<b>-</b>	<b>-</b>	<b>10,867,066</b>	<b>158,450,379</b>
	<b>219,131,664</b>	<b>-</b>	<b>-</b>	<b>10,867,066</b>	<b>229,998,730</b>
	<b>P413,505,644</b>	<b>P-</b>	<b>P-</b>	<b>P11,720,516</b>	<b>P425,226,160</b>
<b>December 31, 2024</b>					
Financial assets at FVTPL:					
HFT investments:					
Government securities	P14,308,570	P-	P-	P-	P14,308,570
Private bonds	704,653	-	-	276,762	981,415
<b>Total HFT investments</b>	<b>15,013,223</b>	<b>-</b>	<b>-</b>	<b>276,762</b>	<b>15,289,985</b>
Derivative assets:					
Currency forwards	957,977	-	-	487,759	1,445,736
Interest rate swaps	52,607	-	-	-	52,607
Cross-currency swaps	-	-	-	31,421	31,421
Bond forwards and options	1,633	-	-	-	1,633
<b>Total derivative assets</b>	<b>1,012,217</b>	<b>-</b>	<b>-</b>	<b>519,180</b>	<b>1,531,397</b>
<b>Total financial assets at FVTPL</b>	<b>P16,025,440</b>	<b>P-</b>	<b>P-</b>	<b>P795,942</b>	<b>P16,821,382</b>
Derivative assets designated as hedges	P-	P-	P-	P634,928	P634,928
Financial assets at FVTOCI					
Treasury notes and bills	P95,392,729	P-	P-	P-	P95,392,729
Treasury bonds	84,484,049	-	-	-	84,484,049
Private bonds	1,333,343	-	-	-	1,333,343
	<b>P181,210,121</b>	<b>P-</b>	<b>P-</b>	<b>P-</b>	<b>P181,210,121</b>
Financial assets at amortized cost (excluding loans and receivables)					
Due from BSP	P35,104,831	P-	P-	P-	P35,104,831
Due from other banks	15,286,901	-	-	-	15,286,901
Interbank loans receivable and SPURA	9,393,617	-	-	-	9,393,617
Investment securities at amortized cost					
Private bonds	49,537,866	-	-	10,565,046	60,102,912
Treasury bonds	33,468,084	-	-	-	33,468,084
Treasury notes and bills	45,229,516	-	-	-	45,229,516
	<b>128,235,466</b>	<b>-</b>	<b>-</b>	<b>10,565,046</b>	<b>138,800,512</b>
	<b>188,020,815</b>	<b>-</b>	<b>-</b>	<b>10,565,046</b>	<b>198,585,861</b>
	<b>P385,256,376</b>	<b>P-</b>	<b>P-</b>	<b>P11,995,916</b>	<b>P397,252,292</b>



The tables below show the credit quality by class of loans and receivables (gross of allowance for credit losses and net of unearned discounts and deferred credits) of the Group and the Parent Company.

	Consolidated			Total
	December 31, 2025			
	Stage 1	Stage 2	Stage 3	
Receivable from customers:				
Corporate lending				
Neither past due nor impaired				
High grade	₱192,993,623	₱-	₱-	₱192,993,623
Medium grade	178,736,588	6,863,384	-	185,599,972
Low grade	31,972,560	23,599,974	-	55,572,534
Past due but not impaired	-	1,234,134	-	1,234,134
Past due and impaired	-	-	13,154,854	13,154,854
	403,702,771	31,697,492	13,154,854	448,555,117
Consumer lending (excluding credit card receivables)				
Neither past due nor impaired				
High grade	57,636,370	45,264	-	57,681,634
Medium grade	14,484,447	21,195	-	14,505,642
Low grade	7,847,996	54,374	-	7,902,370
Unrated	304,441	-	-	304,441
Past due but not impaired	-	1,875,267	-	1,875,267
Past due and impaired	-	-	2,506,201	2,506,201
	80,273,254	1,996,100	2,506,201	84,775,555
Small business lending				
Neither past due nor impaired				
High grade	15,000	-	-	15,000
Medium grade	456,690	4,203	-	460,893
Low grade	16,460	29,444	-	45,904
Past due but not impaired	-	21,340	-	21,340
Past due and impaired	-	-	88,465	88,465
	488,150	54,987	88,465	631,602
Residential mortgages				
Neither past due nor impaired				
High grade	71,443,845	38,892	-	71,482,737
Medium grade	29,616,811	118,335	-	29,735,146
Low grade	560,897	1,049,208	-	1,610,105
Past due but not impaired	-	1,830,890	-	1,830,890
Past due and impaired	-	-	2,841,399	2,841,399
	101,621,553	3,037,325	2,841,399	107,500,277
Credit card receivables – individual				
Neither past due nor impaired				
High grade	12,472,724	177,757	-	12,650,481
Medium grade	42,718,280	896,062	-	43,614,342
Low grade	8,933	1,347,681	-	1,356,614
Unrated	300,794	-	-	300,794
Past due but not impaired	-	2,043,524	-	2,043,524
Past due and impaired	-	-	2,803,337	2,803,337
	55,500,731	4,465,024	2,803,337	62,769,092
Receivable from customers (SBEL)				
Neither past due nor impaired				
High grade	89,998	-	-	89,998
Low grade	375,354	-	-	375,354
Past due but not impaired	-	64	-	64
	465,352	64	-	465,416
<b>Total receivable from customers</b>	<b>642,051,811</b>	<b>41,250,992</b>	<b>21,394,256</b>	<b>704,697,059</b>
Other receivables				
Neither past due nor impaired				
High grade	6,586,241	589	-	6,586,830
Medium grade	1,449,830	30,084	-	1,479,914
Low grade	257,349	122,813	-	380,162
Unrated	1,144,473	-	-	1,144,473
Past due but not impaired	-	125,171	-	125,171
Past due and impaired	-	-	572,152	572,152
	9,437,893	278,657	572,152	10,288,702
Other assets*				
Neither past due nor impaired				
High grade	1,607,178	-	-	1,607,178
	₱653,096,882	₱41,529,649	₱21,966,408	₱716,592,939

\*Consists of cash collateral and security deposits



	Consolidated			
	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Receivable from customers:				
Corporate lending				
Neither past due nor impaired				
High grade	₱234,835,555	₱-	₱-	₱234,835,555
Medium grade	155,610,318	8,582,851	-	164,193,169
Low grade	33,499,939	18,170,733	-	51,670,672
Past due but not impaired	-	286,857	-	286,857
Past due and impaired	-	-	14,812,116	14,812,116
	423,945,812	27,040,441	14,812,116	465,798,369
Consumer lending (excluding credit card receivables)				
Neither past due nor impaired				
High grade	15,689,682	4,212	-	15,693,894
Medium grade	31,456,102	236,463	-	31,692,565
Low grade	227,232	402,366	-	629,598
Unrated	14,875,378	551,977	-	15,427,355
Past due but not impaired	-	885,126	-	885,126
Past due and impaired	-	-	1,445,995	1,445,995
	62,248,394	2,080,144	1,445,995	65,774,533
Small business lending				
Neither past due nor impaired				
High grade	26,275	-	-	26,275
Medium grade	435,687	5,000	-	440,687
Low grade	18,041	34,470	-	52,511
Past due and impaired	-	-	54,698	54,698
	480,003	39,470	54,698	574,171
Residential mortgages				
Neither past due nor impaired				
High grade	76,026,011	31,761	-	76,057,772
Medium grade	11,698,342	56,597	-	11,754,939
Low grade	7,122,484	619,011	-	7,741,495
Past due but not impaired	-	1,244,508	-	1,244,508
Past due and impaired	-	-	2,156,967	2,156,967
	94,846,837	1,951,877	2,156,967	98,955,681
Credit card receivables – individual				
Neither past due nor impaired				
High grade	12,906,765	100,303	-	13,007,068
Medium grade	35,586,630	748,052	-	36,334,682
Low grade	10,336	602,334	-	612,670
Unrated	66,722	-	-	66,722
Past due but not impaired	-	1,379,131	-	1,379,131
Past due and impaired	-	-	1,630,695	1,630,695
	48,570,453	2,829,820	1,630,695	53,030,968
Receivable from customers (SBEL)				
Neither past due nor impaired				
High grade	10,815	-	-	10,815
Medium grade	17,075	-	-	17,075
Low grade	190,410	-	-	190,410
Past due but not impaired	-	1,436	-	1,436
	218,300	1,436	-	219,736
Total receivable from customers	630,309,799	33,943,188	20,100,471	684,353,458
Other receivables				
Neither past due nor impaired				
High grade	6,478,326	22,992	-	6,501,318
Medium grade	1,296,197	12,231	-	1,308,428
Low grade	540,987	99,353	-	640,340
Unrated	717,156	9,956	-	727,112
Past due but not impaired	-	61,262	-	61,262
Past due and impaired	-	-	533,399	533,399
	9,032,666	205,794	533,399	9,771,859
Other assets*				
Neither past due nor impaired				
High grade	4,237,071	-	-	4,237,071
	₱643,579,536	₱34,148,982	₱20,633,870	₱698,362,388

\*Consists of cash collateral and security deposits



	Parent Company			
	December 31, 2025			
	Stage 1	Stage 2	Stage 3	Total
Receivable from customers:				
Corporate lending				
Neither past due nor impaired				
High grade	₱192,993,623	₱-	₱-	₱192,993,623
Medium grade	178,736,588	6,863,384	-	185,599,972
Low grade	31,972,560	23,599,974	-	55,572,534
Past due but not impaired	-	1,234,134	-	1,234,134
Past due and impaired	-	-	13,154,854	13,154,854
	403,702,771	31,697,492	13,154,854	448,555,117
Consumer lending (excluding credit card receivables)				
Neither past due nor impaired				
High grade	57,636,370	45,264	-	57,681,634
Medium grade	14,484,447	21,195	-	14,505,642
Low grade	7,847,996	54,374	-	7,902,370
Unrated	302,366	-	-	302,366
Past due but not impaired	-	1,875,267	-	1,875,267
Past due and impaired	-	-	2,506,201	2,506,201
	80,271,179	1,996,100	2,506,201	84,773,480
Small business lending				
Neither past due nor impaired				
High grade	15,000	-	-	15,000
Medium grade	456,690	4,203	-	460,893
Low grade	16,460	29,444	-	45,904
Past due but not impaired	-	21,340	-	21,340
Past due and impaired	-	-	88,465	88,465
	488,150	54,987	88,465	631,602
Residential mortgages				
Neither past due nor impaired				
High grade	71,443,845	38,892	-	71,482,737
Medium grade	29,616,811	118,335	-	29,735,146
Low grade	560,897	1,049,208	-	1,610,105
Past due but not impaired	-	1,830,890	-	1,830,890
Past due and impaired	-	-	2,841,399	2,841,399
	101,621,553	3,037,325	2,841,399	107,500,277
Credit card receivables - individual				
Neither past due nor impaired				
High grade	12,472,724	177,757	-	12,650,481
Medium Grade	42,718,280	896,062	-	43,614,342
Low grade	8,933	1,347,681	-	1,356,614
Unrated	300,794	-	-	300,794
Past due but not impaired	-	2,043,524	-	2,043,524
Past due and impaired	-	-	2,803,337	2,803,337
	55,500,731	4,465,024	2,803,337	62,769,092
<b>Total receivable from customers</b>	<b>641,584,384</b>	<b>41,250,928</b>	<b>21,394,256</b>	<b>704,229,568</b>
Other receivables				
Neither past due nor impaired				
High grade	6,445,940	589	-	6,446,529
Medium grade	1,293,690	30,084	-	1,323,774
Low Grade	257,349	122,813	-	380,162
Unrated	1,099,589	-	-	1,099,589
Past due but not impaired	-	123,424	-	123,424
Past due and impaired	-	-	441,589	441,589
	9,096,568	276,910	441,589	9,815,067
Other assets*				
Neither past due nor impaired				
High grade	1,608,401	-	-	1,608,401
	₱652,289,353	₱41,527,838	₱21,835,845	₱715,653,036

\*Consists of cash collateral and security deposits



	Parent Company			
	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
<b>Receivable from customers:</b>				
<b>Corporate lending</b>				
Neither past due nor impaired				
High grade	₱236,721,889	₱-	₱-	236,721,889
Medium grade	155,610,318	8,582,851	-	164,193,169
Low grade	33,499,939	18,170,733	-	51,670,672
Past due but not impaired	-	286,857	-	286,857
Past due and impaired	-	-	14,812,116	14,812,116
	425,832,146	27,040,441	14,812,116	467,684,703
<b>Consumer lending (excluding credit card receivables)</b>				
Neither past due nor impaired				
High grade	15,689,682	4,212	-	15,693,894
Medium grade	31,456,102	236,463	-	31,692,565
Low grade	227,232	402,366	-	629,598
Unrated	14,872,771	551,977	-	15,424,748
Past due but not impaired	-	885,126	-	885,126
Past due and impaired	-	-	1,445,995	1,445,995
	62,245,787	2,080,144	1,445,995	65,771,926
<b>Small business lending</b>				
Neither past due nor impaired				
High grade	26,275	-	-	26,275
Medium grade	435,687	5,000	-	440,687
Low grade	18,041	34,470	-	52,511
Past due but not impaired	-	-	-	-
Past due and impaired	-	-	54,698	54,698
	480,003	39,470	54,698	574,171
<b>Residential mortgages</b>				
Neither past due nor impaired				
High grade	76,026,011	31,761	-	76,057,772
Medium grade	11,698,342	56,597	-	11,754,939
Low grade	7,122,484	619,011	-	7,741,495
Past due but not impaired	-	1,244,508	-	1,244,508
Past due and impaired	-	-	2,156,967	2,156,967
	94,846,837	1,951,877	2,156,967	98,955,681
<b>Credit card receivables - individual</b>				
Neither past due nor impaired				
High grade	12,906,765	100,303	-	13,007,068
Medium Grade	35,586,630	748,052	-	36,334,682
Low grade	10,336	602,334	-	612,670
Unrated	66,722	-	-	66,722
Past due but not impaired	-	1,379,131	-	1,379,131
Past due and impaired	-	-	1,630,695	1,630,695
	48,570,453	2,829,820	1,630,695	53,030,968
<b>Total receivable from customers</b>	<b>631,975,226</b>	<b>33,941,752</b>	<b>20,100,471</b>	<b>686,017,449</b>
<b>Other receivables</b>				
Neither past due nor impaired				
High grade	6,429,740	22,991	-	6,452,731
Medium grade	1,296,197	12,231	-	1,308,428
Low Grade	139,524	99,353	-	238,877
Unrated	628,605	9,956	-	638,561
Past due but not impaired	-	61,056	-	61,056
Past due and impaired	-	-	474,753	474,753
	8,494,066	205,587	474,753	9,174,406
<b>Other assets*</b>				
Neither past due nor impaired				
High grade	4,238,303	-	-	4,238,303
	₱644,707,595	₱34,147,339	₱20,575,224	₱ 699,430,158

\*Consists of cash collateral and security deposits



The following table provides the analysis of the Group and the Parent Company's restructured receivables by class (included in the preceding table for the credit quality by class of financial assets) as of December 31, 2025 and 2024:

	Consolidated and Parent Company			
	December 31, 2025			
	Stage 1	Stage 2	Stage 3	Total
Corporate lending				
Neither past due nor impaired				
Medium grade	₱1,099,561	₱398,611	₱-	₱1,498,172
Low Grade	743,847	4,071,447	-	4,815,294
Past due but not impaired	-	7,287	-	7,287
Past due and impaired	-	-	5,021,158	5,021,158
	1,843,408	4,477,345	5,021,158	11,341,911
Consumer lending				
Neither past due nor impaired				
High grade	32,425	26,148	-	58,573
Medium grade	240,328	2,529	-	242,857
Low Grade	65,292	15,993	-	81,285
Unrated	480,129	-	-	480,129
Past due but not impaired	-	62,843	-	62,843
Past due and impaired	-	-	119,141	119,141
	818,174	107,513	119,141	1,044,828
Small business lending				
Neither past due nor impaired				
Medium grade	28	-	-	28
Low Grade	-	13,524	-	13,524
Past due and impaired	-	-	33,937	33,937
	28	13,524	33,937	47,489
Residential mortgages				
Neither past due nor impaired				
High grade	238,531	18,996	-	257,527
Medium grade	603,058	78,760	-	681,818
Low Grade	6,804	13,534	-	20,338
Past due but not impaired	-	129,206	-	129,206
Past due and impaired	-	-	161,953	161,953
	848,393	240,496	161,953	1,250,842
	₱3,510,003	₱4,838,878	₱5,336,189	₱13,685,070

	Consolidated and Parent Company			
	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Corporate lending				
Neither past due nor impaired				
Medium grade	₱314,214	₱-	₱-	₱314,214
Low Grade	878,083	2,811,696	-	3,689,779
Past due but not impaired	-	-	-	-
Past due and impaired	-	-	5,070,531	5,070,531
	1,192,297	2,811,696	5,070,531	9,074,524
Consumer lending				
Neither past due nor impaired				
High grade	46,882	-	-	46,882
Medium grade	149,832	13,675	-	163,507
Low Grade	5,649	3,799	-	9,448
Unrated	269,072	14,093	-	283,165
Past due but not impaired	-	40,323	-	40,323
Past due and impaired	-	-	131,687	131,687
	471,435	71,890	131,687	675,012
Small business lending				
Past due and impaired	-	-	28,193	28,193
Residential mortgages				
Neither past due nor impaired				
High grade	933,679	20,296	-	953,975
Medium grade	109,680	16,344	-	126,024
Low Grade	45,981	22,835	-	68,816

(Forward)



Consolidated and Parent Company				
December 31, 2024				
	Stage 1	Stage 2	Stage 3	Total
Past due but not impaired	P-	P29,659	P-	P29,659
Past due and impaired	-	-	156,180	156,180
	1,089,340	89,134	156,180	1,334,654
	P2,753,072	P2,972,720	P5,386,591	P11,112,383

#### *Impairment assessment*

The Group calculates ECLs based on sophisticated models utilizing its scorecards for the following portfolios:

- Wholesale Banking Segment loans
- Business Banking Segment loans
- Retail Banking Segment loans
- The treasury, trading and interbank relationships (such as investment securities not held for trading, due from other banks, interbank loans and cash collateral deposits)

The Group groups these exposures into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans. It includes, but not limited to, product type, property type, geographic location, internal grade, exposure value, utilization and collateral type, as applicable.

#### Liquidity Risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

More broadly, liquidity risk is defined as the current and prospective risk to earnings or capital arising from a bank's inability to meet its obligations when they come due without incurring unacceptable losses or costs. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources.

Liquidity risk is monitored and managed mainly using liquidity gap capped by the approved Maximum Cumulative Outflows (MCO) limits, regular stress testing, and compliance to Basel III liquidity ratios. A Contingency Funding Plan (CFP) is likewise in place to ensure readiness for identified liquidity crisis situation.

The Parent Company's Asset and Liability Committee (ALCO) is directly responsible for market and liquidity risk exposures. ALCO regularly monitors the Parent Company's positions and sets the appropriate transfer pricing rate to effectively manage movements of funds across business activities.

#### *Analysis of financial instruments by remaining contractual maturities*

The table below shows the maturity profile of the Group's and the Parent Company's financial instruments, based on the Group's and the Parent Company's internal methodology that manages liquidity based on remaining contractual undiscounted cash flows.

#### *Financial assets*

Maturity profile of financial assets held for liquidity purposes is shown below. Analysis of equity and debt securities at FVTPL into maturity groupings is based on the expected date on which these assets will be realized. For other assets, the analysis into maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date the assets will be realized.



### Financial liabilities

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

	Consolidated						Total
	On Demand	Within 30 Days	31 to 60 Days	61 to 180 Days	181 to 360 Days	Over 360 Days	
<b>December 31, 2025</b>							
<b>Financial Assets</b>							
Financial assets at FVTPL:							
HFT investments:							
Government securities	P35,917,085	P-	P-	P-	P-	P-	P35,917,085
Private bonds	385,796	-	-	-	-	-	385,796
Equity Securities	24	-	-	-	-	-	24
Total HFT investments	36,302,905	-	-	-	-	-	36,302,905
Derivatives	-	300,916	302,737	567,611	110,651	319,170	1,601,085
Total financial assets at FVTPL	36,302,905	300,916	302,737	567,611	110,651	319,170	37,903,990
Derivatives designated as hedges	-	289,844	-	-	-	-	289,844
Financial assets at FVTOCI	-	3,486,605	5,967,417	15,635,085	3,870,919	201,495,154	230,455,180
Financial assets at amortized cost:							
COCI and due from BSP	42,140,433	-	-	-	-	-	42,140,433
Due from other banks	16,435,456	-	-	-	-	-	16,435,456
Interbank loans receivable and SPURA with BSP	-	27,121,062	10,763	1,543,050	41,200	-	28,716,075
Investment securities at amortized cost	-	8,047,904	1,142,767	6,752,176	5,619,787	165,679,317	187,241,951
Receivable from customers and other receivables	210,926	166,372,714	41,262,063	86,590,309	50,277,931	617,451,398	962,165,341
Total financial assets at amortized cost	58,786,815	201,541,680	42,415,593	94,885,535	55,938,918	783,130,715	1,236,699,256
Total financial assets	P95,089,720	P205,619,045	P48,685,747	P111,088,231	P59,920,488	P984,945,039	P1,505,348,270
<b>Financial Liabilities</b>							
Deposit liabilities:							
Demand	P304,201,099	P-	P-	P-	P-	P-	P304,201,099
Savings	155,108,529	-	-	-	-	-	155,108,529
Time	-	88,167,317	119,028,930	14,384,245	19,427,114	245,949,588	486,957,194
LTNCD	-	-	-	-	-	-	-
Total deposit liabilities	459,309,628	88,167,317	119,028,930	14,384,245	19,427,114	245,949,588	946,266,822
Financial liabilities at FVTPL	-	305,138	163,067	567,826	208,456	179,063	1,423,550
Derivatives designated as hedges	-	913,093	1,514,549	1,198,244	-	-	3,625,886
Bills payable and SSURA	-	1,073,839	1,611,267	3,364,144	73,501	120,197	6,242,948
Notes and bonds payable	-	311,136	311,136	1,244,543	1,866,816	75,196,646	78,930,277
Acceptances payable	-	418,874	86,687	58,605	76,062	-	640,228
Margin deposits and cash letters of credit	-	2,762,100	-	-	-	-	2,762,100
Manager's and certified checks outstanding	5,900,819	-	-	-	-	-	5,900,819
Accrued interest, expense and other liabilities	-	19,767,990	49,984	212,884	244,629	1,341,662	21,617,149
Total financial liabilities	P465,210,447	P113,719,487	P122,765,620	P21,030,491	P21,896,578	P322,787,156	P1,067,409,779

	Consolidated						Total
	On Demand	Within 30 Days	31 to 60 Days	61 to 180 Days	181 to 360 Days	Over 360 Days	
<b>December 31, 2024</b>							
<b>Financial Assets</b>							
Financial assets at FVTPL:							
HFT investments:							
Government securities	P14,308,570	P-	P-	P-	P-	P-	P14,308,570
Private bonds	981,415	-	-	-	-	-	981,415
Equity Securities	24	-	-	-	-	-	24
Total HFT investments	15,290,009	-	-	-	-	-	15,290,009
Derivatives	-	553,819	211,572	369,777	228,079	189,513	1,552,760
Total financial assets at FVTPL	15,290,009	553,819	211,572	369,777	228,079	189,513	16,842,769
Derivatives designated as hedges	-	277,232	69,729	283,811	4,156	-	634,928
Financial assets at FVTOCI	-	2,359,511	1,103,278	6,468,706	13,482,102	232,030,279	255,443,876
Financial assets at amortized cost:							
COCI and due from BSP	48,269,886	-	-	-	-	-	48,269,886
Due from other banks	15,370,541	-	-	-	-	-	15,370,541
Interbank loans receivable and SPURA with BSP	-	6,849,822	16,206	113,998	104,599	2,568,025	9,652,650
Investment securities at amortized cost	-	555,594	4,210,194	6,163,921	10,073,369	145,830,850	166,833,928
Receivable from customers and other receivables	-	164,290,253	53,482,980	87,027,546	48,481,144	525,198,441	878,480,364
Total financial assets at amortized cost	63,640,427	171,695,669	57,709,380	93,305,465	58,659,112	673,597,316	1,118,607,369
Total financial assets	P78,930,436	P174,886,231	P59,093,959	P100,427,759	P72,373,449	P905,817,108	P1,391,528,942

(Forward)



	Consolidated						Total
	On Demand	Within 30 Days	31 to 60 Days	61 to 180 Days	181 to 360 Days	Over 360 Days	
<b>Financial Liabilities</b>							
<b>Deposit liabilities:</b>							
Demand	P279,240,344	P-	P-	P-	P-	P-	P279,240,344
Savings	140,868,600	-	-	-	-	-	140,868,600
Time	-	81,720,638	107,845,720	33,046,554	59,379,052	105,068,920	387,060,884
LTNCD	-	34,779	34,779	8,444,307	2,081,806	-	10,595,671
<b>Total deposit liabilities</b>	<b>420,108,944</b>	<b>81,755,417</b>	<b>107,880,499</b>	<b>41,490,861</b>	<b>61,460,858</b>	<b>105,068,920</b>	<b>817,765,499</b>
Financial liabilities at FVTPL	-	779,541	588,263	220,358	71,112	65,700	1,724,974
Derivatives designated as hedges	-	499,435	660,401	1,143,371	1,537,997	-	3,841,204
Bills payable and SSURA	-	29,524,061	22,148,197	34,409,005	3,797,979	2,379,248	92,258,490
Notes and bonds payable	-	18,800,126	204,804	819,214	1,228,821	51,496,150	72,549,115
Acceptances payable	-	1,302,940	362,911	4,017	-	-	1,669,868
Margin deposits and cash letters of credit	-	169,923	-	-	-	-	169,923
Manager's and certified checks outstanding	5,339,433	-	-	-	-	-	5,339,433
Accrued interest, expense and other liabilities	-	17,015,514	66,905	247,137	324,708	1,475,156	19,129,420
<b>Total financial liabilities</b>	<b>P425,448,377</b>	<b>P149,846,957</b>	<b>P131,911,980</b>	<b>P78,333,963</b>	<b>P68,421,475</b>	<b>P160,485,174</b>	<b>P1,014,447,926</b>

	Parent Company						Total
	On Demand	Within 30 Days	31 to 60 Days	61 to 180 Days	181 to 360 Days	Over 360 Days	
<b>December 31, 2025</b>							
<b>Financial Assets</b>							
<b>Financial assets at FVTPL:</b>							
<b>HFT investments:</b>							
Government securities	P35,917,085	P-	P-	P-	P-	P-	P35,917,085
Private bonds	385,796	-	-	-	-	-	385,796
Equity Securities	-	-	-	-	-	-	-
<b>Total HFT investments</b>	<b>36,302,881</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,302,881</b>
Derivatives	-	300,916	302,737	567,611	110,651	319,170	1,601,085
<b>Total financial assets at FVTPL</b>	<b>36,302,881</b>	<b>300,916</b>	<b>302,737</b>	<b>567,611</b>	<b>110,651</b>	<b>319,170</b>	<b>37,903,966</b>
Derivatives Designated as Hedges	-	289,844	-	-	-	-	289,844
Financial assets at FVTOCI	-	3,433,133	5,967,417	15,635,085	3,870,919	201,495,154	230,401,708
<b>Financial assets at amortized cost:</b>							
COCI and due from BSP	42,140,283	-	-	-	-	-	42,140,283
Due from other banks	16,313,837	-	-	-	-	-	16,313,837
Interbank loans receivable and SPURA with BSP	-	27,121,062	10,763	1,543,050	41,200	-	28,716,075
Investment securities at amortized cost	-	8,047,904	1,142,767	6,752,176	5,619,787	165,679,317	187,241,951
Receivable from customers and other receivables	-	165,644,469	41,261,980	86,590,196	50,277,724	617,449,847	961,224,216
<b>Total financial assets at amortized cost</b>	<b>58,454,120</b>	<b>200,813,435</b>	<b>42,415,510</b>	<b>94,885,422</b>	<b>55,938,711</b>	<b>783,129,164</b>	<b>1,235,636,362</b>
<b>Total financial assets</b>	<b>P94,757,001</b>	<b>P204,837,328</b>	<b>P48,685,664</b>	<b>P111,088,118</b>	<b>P59,920,281</b>	<b>P984,943,488</b>	<b>P1,504,231,880</b>

<b>Financial Liabilities</b>							
<b>Deposit liabilities:</b>							
Demand	P305,902,840	P-	P-	P-	P-	P-	P305,902,840
Savings	155,246,168	-	-	-	-	-	155,246,168
Time	-	88,618,713	119,028,930	14,384,245	19,427,114	245,949,588	487,408,590
LTNCD	-	-	-	-	-	-	-
<b>Total deposit liabilities</b>	<b>461,149,008</b>	<b>88,618,713</b>	<b>119,028,930</b>	<b>14,384,245</b>	<b>19,427,114</b>	<b>245,949,588</b>	<b>948,557,598</b>
Financial liabilities at FVTPL	-	305,138	163,067	567,826	208,456	179,063	1,423,550
Derivatives designated as hedges	-	913,093	1,514,549	1,198,244	-	-	3,625,886
Bills payable and SSURA	-	778,839	11,267	2,344,144	3,501	120,197	3,257,948
Notes payable	-	311,136	311,136	1,244,543	1,866,816	75,196,646	78,930,277
Acceptances payable	-	418,874	86,687	58,605	76,062	-	640,228
Margin deposits and cash letters of credit	-	2,762,100	-	-	-	-	2,762,100
Manager's and certified checks outstanding	5,900,819	-	-	-	-	-	5,900,819
Accrued interest, expense and other liabilities	-	18,422,053	46,796	173,300	227,508	1,166,421	20,036,078
<b>Total financial liabilities</b>	<b>P467,049,827</b>	<b>P112,529,946</b>	<b>P121,162,432</b>	<b>P19,970,907</b>	<b>P21,809,457</b>	<b>P322,611,915</b>	<b>P1,065,134,484</b>



	Parent Company						Total
	On Demand	Within 30 Days	31 to 60 Days	61 to 180 Days	181 to 360 Days	Over 360 Days	
December 31, 2024							
Financial Assets							
Financial assets at FVTPL:							
HFT investments:							
Government securities	P14,308,570	P-	P-	P-	P-	P-	P14,308,570
Private bonds	981,415	-	-	-	-	-	981,415
Equity Securities	-	-	-	-	-	-	-
Total HFT investments	15,289,985	-	-	-	-	-	15,289,985
Derivatives	-	553,819	211,572	369,777	228,079	189,513	1,552,760
Total financial assets at FVTPL	15,289,985	553,819	211,572	369,777	228,079	189,513	16,842,745
Derivatives Designated as Hedges	-	277,232	69,729	283,811	4,156	-	634,928
Financial assets at FVTOCI	-	2,313,220	1,103,278	6,468,706	13,482,102	232,030,279	255,397,585
Financial assets at amortized cost:							
COCI and due from BSP	48,269,746	-	-	-	-	-	48,269,746
Due from other banks	15,285,745	-	-	-	-	-	15,285,745
Interbank loans receivable and SPURA with BSP	-	6,849,822	16,206	113,998	104,598	2,568,025	9,652,649
Investment securities at amortized cost	-	555,594	4,210,194	6,163,921	10,073,369	145,830,850	166,833,928
Receivable from customers and other receivables	-	165,359,018	53,482,910	87,027,446	48,480,989	525,195,889	879,546,252
Total financial assets at amortized cost	63,555,491	172,764,434	57,709,310	93,305,365	58,658,956	673,594,764	1,119,588,320
Total financial assets	P78,845,476	P175,908,705	P59,093,889	P100,427,659	P72,373,293	P905,814,556	P1,392,463,578
Financial Liabilities							
Deposit liabilities:							
Demand	P280,592,335	P-	P-	P-	P-	P-	P280,592,335
Savings	140,983,093	-	-	-	-	-	140,983,093
Time	-	82,131,877	107,845,720	33,046,554	59,379,052	105,068,920	387,472,123
LTNCD	-	34,779	34,779	8,444,307	2,081,806	-	10,595,671
Total deposit liabilities	421,575,428	82,166,656	107,880,499	41,490,861	61,460,858	105,068,920	819,643,222
Financial liabilities at FVTPL	-	779,541	588,263	220,358	71,112	65,700	1,724,974
Derivatives Designated as Hedges	-	499,435	660,401	1,143,371	1,537,997	-	3,841,204
Bills payable and SSURA	-	30,746,269	21,377,030	34,210,797	3,447,535	2,325,192	92,106,823
Notes payable	-	18,800,126	204,804	819,214	1,228,821	51,496,150	72,549,115
Acceptances payable	-	1,302,940	362,911	4,017	-	-	1,669,868
Margin deposits and cash letters of credit	-	169,923	-	-	-	-	169,923
Manager's and certified checks outstanding	5,339,433	-	-	-	-	-	5,339,433
Accrued interest, expense and other liabilities	-	15,813,856	62,012	235,258	316,411	1,360,608	17,788,145
Total financial liabilities	P426,914,861	P150,278,746	P131,135,920	P78,123,876	P68,062,734	P160,316,570	P1,014,832,707

The table below shows the contractual expiry by maturity of the Group's and the Parent Company's contingent liabilities and commitments (gross of allowance for credit losses).

	On Demand	Within 30 Days	31 to 60 Days	61 to 180 Days	181 to 360 Days	Over 360 Days	Total
<b>December 31, 2025</b>							
Unutilized credit limit of credit card holders	P166,820,860	P-	P-	P-	P-	P-	P166,820,860
Committed loan line	35,638,972	1,768,000	3,482,240	12,708,236	42,306,848	-	95,904,296
Unused commercial letters of credit	8,709,128	6,881,591	6,135,736	22,128,924	17,928,794	25,401,400	87,185,573
Inward bills for collection	188,630	169,434	93,751	-	-	-	451,815
Outward bills for collection	179,492	6,926	6,095	-	-	-	192,513
Financial guarantees with commitment	15,696	2,348	13,570	8,845	36,449	12,310	89,218
	<b>P211,552,778</b>	<b>P8,828,299</b>	<b>P9,731,392</b>	<b>P34,846,005</b>	<b>P60,272,091</b>	<b>P25,413,710</b>	<b>P350,644,275</b>
December 31, 2024							
Unutilized credit limit of credit card holders	P146,113,130	P-	P-	P-	P-	P-	P146,113,130
Committed loan line	16,806,647	-	3,031,910	6,695,960	30,799,765	-	57,334,282
Unused commercial letters of credit	7,853,035	10,455,901	12,834,122	20,286,370	21,040,588	9,012,167	81,482,183
Outstanding guarantees	866,900	-	-	-	-	-	866,900
Inward bills for collection	496,984	298,752	132,085	2,717,025	-	-	3,644,846
Outward bills for collection	265,777	-	-	-	-	-	265,777
Financial guarantees with commitment	46,131	253	930	9,128	29,657	25,400	111,499
	<b>P172,448,604</b>	<b>P10,754,906</b>	<b>P15,999,047</b>	<b>P29,708,483</b>	<b>P51,870,010</b>	<b>P9,037,567</b>	<b>P289,818,617</b>



### Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Group classifies exposures to market risk into either trading or non-trading portfolios and manages those portfolios separately.

The Group manages its market risk exposures through various established structures, processes and measurement tools.

- The Treasury Group is responsible for managing proprietary trading activities, overseeing liquidity, and controlling interest rate risk within the banking book (IRRBB). The Group also ensures strict adherence to risk limits approved by the ROC.
- The RMG performs regular monitoring of compliance with policies, procedures and risk limits and accordingly makes recommendations, where appropriate.
- The ALCO is the senior decision-making body for the management of all market risks related to asset and liability management, and trading and accrual books.

The market risk measurement models are subjected to periodic back testing to ensure validity of market assumptions used.

#### *Market Risk in the Trading Book*

Market risk is the risk to earnings or capital arising from adverse movements in factors that affect the market value of instruments, products, and transactions in an institution's trading book portfolio, both on- and off-balance sheet. Market risk arises from market making, dealing, or position-taking in instruments and structures, or through strategies that are sensitive to movements in interest rates, foreign exchange rates, credit spreads, and equities and commodities prices.

Risk management tools utilized by the Parent Company are as follows:

- Loss limits
- Position and duration limits, where appropriate
- Mark-to-market valuation
- Value-at-Risk (VaR) limits
- Stress testing

Additional risk monitoring tools were likewise adopted to manage under fluid market environment. The tools include sensitivity analyses to identify vulnerabilities in terms of profit or loss and capital erosion, as well as closely tracking early warning indicators to proactively identify emerging risks.

#### *Value-at-Risk*

The Parent Company measures VaR in order to estimate if the market value of an asset or of a portfolio of assets is likely to change over a certain time period as market factors change.

VaR computation is a two-step process which involves calculation of the changes in the relevant risk factors then computing for the corresponding impact on the exposure's value. A risk factor is defined as a variable that causes a change in the value of a financial instrument or a portfolio of financial instruments.

##### *a. VaR Methodology*

The Parent Company uses a Historical Model approach to calculate VaR for all products. Unlike parametric methods, the historical approach does not put specific assumptions on the distribution (ex. normality assumption) of the historical returns. Instead, the Historical Model estimates VaR using historical changes in market factors to construct an empirical distribution of potential profits



and losses, and then reading off the loss that is exceeded at a specified confidence level and period. The Parent Company employs Historical Model using a Taylor expansion composed of “Greek” sensitivities (Delta and Gamma) characterizing market behavior.

*b. VaR Parameters*

The Group uses one-year historical observations consisting of 365 data points with a 99% confidence level and a 1-day holding period. This implies 99% confidence level that the portfolio will not lose more than the calculated VaR over the next day.

The VaR figures are backtested against actual and hypothetical profit and loss to validate the robustness of the VaR model. Likewise, to complement the VaR measure, the Parent Company performs stress tests wherein the trading portfolios are valued under extreme market scenarios not covered by the confidence interval of the VaR model.

Since VaR is an integral part of the Parent Company’s market risk management, VaR limits are set annually for all financial trading activities based on its risk appetite level. Exposures are then monitored daily against the established VaR limits.

The following table provides the VaR summary of the Parent Company as of December 31, 2025 and 2024 (amounts in millions):

Stand-alone VaR	FX and FX Swaps	Fixed Income	Interest Rate Swap Agreements*	Other Derivatives
<b>As of Dec 31, 2025</b>	6.12	47.19	5.08	4.82
2025-Highest	75.35	113.82	55.22	5.34
2025-Lowest	2.55	32.35	2.19	0.11
2025-Average Daily	25.59	76.13	26.52	2.24

*\*Includes interest rate swap transactions of same currency, e.g., PHP fix/float, and cross currency swaps, e.g., USD/PHP fix/fix*

Stand-alone VaR	FX and FX Swaps	Fixed Income	Interest Rate Swap Agreements*	Other Derivatives
<b>As of Dec. 31, 2024</b>	24.74	48.39	6.93	0.11
2024-Highest	64.04	117.66	65.70	2.17
2024-Lowest	8.72	21.52	2.25	0.01
2024-Average Daily	21.61	64.07	27.35	0.91

*\*Includes interest rate swap transactions of same currency, e.g., PHP fix/float, and cross currency swaps, e.g., USD/PHP fix/fix*

The Parent Company’s trading in fixed income securities together with the interest rate swaps are exposed to movements in interest rates. Foreign exchange swaps and other derivatives such as options and gold forwards are exposed to multiple risk factors including foreign exchange rates, interest rates, and sometimes even the volatility of these factors, e.g., for options, the volatility of the FX rates are also being traded.

The high and low of the total portfolio may not equal to the sum of the individual components as the high and low of individual portfolios may have occurred on different trading days.

*Market Risk in the Non-Trading Book*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Bank defines IRRBB as the risk that the Bank’s earnings or capital will decline, immediately or over time, due to adverse movements in interest rates



The Parent Company follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates is kept within acceptable limits. Management of IRRBB entails identifications of risks in the banking book, modelling of balance sheet account behavior, measurement of interest rate gap, estimation of Earnings-at-Risk (EaR), interest rate stress-testing, calculation of change in Economic Value of Equity (EVE), reporting to ALCO, the ROC and the BOD, model validation and maintenance, and regular audit.

*a. Repricing Gap*

Interest rate risk exposures are monitored through a repricing gap schedule, which highlights mismatches between the repricing dates of assets and liabilities. Accounts are allocated into time buckets according to their next repricing dates, with model-based assumptions applied to specific balance sheet items. For instance, models are employed to assess core and non-core portions of non-maturing deposits, evaluate early redemption risks associated with time deposits, and manage prepayment risks related to loans.

Gap analysis is used to assess sensitivity to market interest rate changes, where a positive gap indicates greater assets than liabilities repricing within a period, potentially benefiting net interest income during rising rates but limiting growth if rates fall.

*b. Earnings Approach*

EaR is a key measure of IRRBB and is calculated as the change in accrual income over the next 12 months resulting from potential change in the yield curve. The take-off point for the EaR calculation is the Bank's repricing gap model. To manage repricing risk, the Parent Company sets a limit on the EaR measure.

The following tables set forth, for the period indicated, the sensitivity of the Parent Company's net interest income to reasonably possible changes in interest rates with all other variables held constant:

Currency	2025				2024			
	PHP		USD		PHP		USD	
Changes in interest rates (in basis points)	+100	-100	+100	-100	+100	-100	+100	-100
Change in annualized net interest income*	(P2,452)	P2,452	(P36)	P36	(P1,483)	P1,483	(P798)	P798

\*Amounts in millions

The Parent Company recognizes that this metric assumes a "business-as-usual" scenario and, therefore, do not show potential losses under a "stress" scenario. To address this limitation, the Parent Company performs regular stress testing to test its ability to cope with adverse changes in interest rates under different stress scenarios. This process involves applying interest rate shocks of different magnitudes to the current repricing gap positions in the balance sheet. Stress-testing involves yield curve shifts based on economic forecasts and regulatory guidelines.

*c. Economic Value Approach*

The Economic Value Approach is utilized by the Parent Company to measure exposure to interest rate risk, specifically assessing the potential impact of changes in market rates on the economic value of its balance sheet. Within this framework, Delta EVE (Economic Value of Equity) serves as a principal metric quantifying the sensitivity of economic value to fluctuations in interest rates. Delta EVE is determined by calculating the present value of all expected asset cash flows and deducting the present value of all expected liability cash flows. This approach provides a comprehensive evaluation of how interest rate movements may affect the long-term value of the Parent Company's financial position.



Delta EVE is designed to complement the Earnings at Risk (EaR) metric, which focuses on the potential short-term variability in net interest income. While EaR addresses immediate earnings impacts, Delta EVE evaluates longer-term implications for capital adequacy that may result from changes in interest rates. Collectively, these risk measures provide a holistic view of the Parent Company's interest rate risk profile.

The Parent Company's assessment methodology for Delta EVE is largely anchored in the standardized framework set forth by the Basel Committee on Banking Supervision, thereby ensuring adherence to established international regulatory standards and best practices. As of December 31, 2025 and December 31, 2024, the Parent Company's Delta EVE is at 11.78% and 14.51%, respectively, arising from parallel shock up interest rate scenario.

The following tables set forth the asset-liability gap position of the Group and of the Parent Company as of December 31, 2025 and 2024:

	Consolidated					Total
	Within 30 Days	31 to 60 Days	61 to 180 Days	181 to 360 Days	Over 360 Days	
<b>December 31, 2025</b>						
<b>Rate-sensitive Financial Assets</b>						
Financial assets at FVTPL:						
HFT investments:						
Government securities	P35,917,085	P-	P-	P-	P-	P35,917,085
Private bonds	385,796	-	-	-	-	385,796
<b>Total HFT investments</b>	<b>36,302,881</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,302,881</b>
Derivative assets	-	-	5,303	-	165,873	171,176
<b>Total financial assets at FVTPL</b>	<b>36,302,881</b>	<b>-</b>	<b>5,303</b>	<b>-</b>	<b>165,873</b>	<b>36,474,057</b>
Financial assets at FVTOCI	2,814,918	5,298,438	13,143,967	246,021	135,616,294	157,119,638
Financial assets at amortized cost - gross of allowance:						
Due from BSP and other banks and Interbank loans receivable and SPURA with the BSP	70,129,970	-	1,500,000	40,000	-	71,669,970
Investment securities at amortized cost	7,369,525	400,072	3,818,156	1,290,000	145,572,626	158,450,379
Receivable from customers and other receivables	162,373,624	37,471,710	73,207,268	32,048,565	409,884,594	714,985,761
<b>Total financial assets at amortized cost</b>	<b>239,873,119</b>	<b>37,871,782</b>	<b>78,525,424</b>	<b>33,378,565</b>	<b>555,457,220</b>	<b>945,106,110</b>
<b>Total rate-sensitive assets</b>	<b>278,990,918</b>	<b>43,170,220</b>	<b>91,674,694</b>	<b>33,624,586</b>	<b>691,239,387</b>	<b>1,138,699,805</b>
<b>Rate-sensitive Financial Liabilities</b>						
Deposit liabilities	546,245,964	118,026,030	12,299,678	15,450,591	238,480,451	930,502,714
Financial liabilities at FVTPL	27	558	3,013	968	130,391	134,957
Bills payable and SSURA	1,060,338	1,600,000	3,351,125	70,000	87,522	6,168,985
Notes and bonds payable	-	-	-	-	64,001,309	64,001,309
<b>Total rate-sensitive liabilities</b>	<b>547,306,329</b>	<b>119,626,588</b>	<b>15,653,816</b>	<b>15,521,559</b>	<b>302,699,673</b>	<b>1,000,807,965</b>
<b>Asset-Liability Gap</b>	<b>(P268,315,411)</b>	<b>(P76,456,368)</b>	<b>P76,020,878</b>	<b>P18,103,027</b>	<b>P388,539,714</b>	<b>P137,891,840</b>
<b>December 31, 2024</b>						
<b>Rate-sensitive Financial Assets</b>						
Financial assets at FVTPL:						
HFT investments:						
Government securities	P14,308,570	P-	P-	P-	P-	P14,308,570
Private bonds	981,415	-	-	-	-	981,415
<b>Total HFT investments</b>	<b>15,289,985</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,289,985</b>
Derivative assets	-	-	2,394	4,410	77,224	84,028
<b>Total financial assets at FVTPL</b>	<b>15,289,985</b>	<b>-</b>	<b>2,394</b>	<b>4,410</b>	<b>77,224</b>	<b>15,374,013</b>
Financial assets at FVTOCI	1,549,072	298,016	3,323,778	8,886,102	167,199,444	181,256,412
Financial assets at amortized cost - gross of allowance:						
Due from BSP and other banks and Interbank loans receivable and SPURA with the BSP	57,310,145	-	50,000	10,000	2,500,000	59,870,145
Investment securities at amortized cost	-	3,587,464	3,700,724	6,504,642	125,007,682	138,800,512
Receivable from customers and other receivables	176,730,354	50,148,989	75,532,236	33,009,967	358,703,771	694,125,317
<b>Total financial assets at amortized cost</b>	<b>234,040,499</b>	<b>53,736,453</b>	<b>79,282,960</b>	<b>39,524,609</b>	<b>486,211,453</b>	<b>892,795,974</b>
<b>Total rate-sensitive assets</b>	<b>250,879,556</b>	<b>54,034,469</b>	<b>82,609,132</b>	<b>48,415,121</b>	<b>653,488,121</b>	<b>1,089,426,399</b>
<b>Rate-sensitive Financial Liabilities</b>						
Deposit liabilities	500,529,737	106,825,498	39,460,278	58,188,379	96,075,267	801,079,159
Financial Liabilities at FVTPL	-	-	-	-	54,023	54,023
Bills payable and SSURA	29,142,910	21,900,243	34,068,037	3,720,748	2,347,710	91,179,648
Notes and bonds payable	18,496,290	-	-	-	42,698,767	61,195,057
<b>Total rate-sensitive liabilities</b>	<b>548,168,937</b>	<b>128,725,741</b>	<b>73,528,315</b>	<b>61,909,127</b>	<b>141,175,767</b>	<b>953,507,887</b>
<b>Asset-Liability Gap</b>	<b>(P297,289,381)</b>	<b>(P74,691,272)</b>	<b>P9,080,817</b>	<b>(P13,494,006)</b>	<b>P512,312,354</b>	<b>P135,918,512</b>



	Parent Company					Total
	Within 30 Days	31 to 60 Days	61 to 180 Days	181 to 360 Days	Over 360 Days	
<b>December 31, 2025</b>						
<b>Rate-sensitive Financial Assets</b>						
Financial assets at FVTPL:						
HFT investments:						
Government securities	P35,917,085	P-	P-	P-	P-	P35,917,085
Private bonds	385,796	-	-	-	-	385,796
Total HFT investments	36,302,881	-	-	-	-	36,302,881
Derivative assets	-	-	5,303	-	165,873	171,176
Total financial assets at FVTPL	36,302,881	-	5,303	-	165,873	36,474,057
Financial assets at FVTOCI						
Financial assets at amortized cost - gross of allowance:						
Due from BSP and other banks and Interbank loans receivable and SPURA with the BSP	70,008,351	-	1,500,000	40,000	-	71,548,351
Investment securities at amortized cost	7,369,525	400,072	3,818,156	1,290,000	145,572,626	158,450,379
Receivable from customers and other receivables	161,434,453	37,471,627	73,207,155	32,048,357	409,883,043	714,044,635
Total financial assets at amortized cost	238,812,329	37,871,699	78,525,311	33,378,357	555,455,669	944,043,365
Total rate-sensitive assets	277,876,656	43,170,137	91,674,581	33,624,378	691,237,836	1,137,583,588
<b>Rate-sensitive Financial Liabilities</b>						
Deposit liabilities	548,536,740	118,026,030	12,299,678	15,450,591	238,480,451	932,793,490
Financial Liabilities at FVTPL	27	559	3,013	968	130,390	134,957
Bills payable and SSURA	765,338	-	2,331,125	-	87,522	3,183,985
Notes and bonds payable	-	-	-	-	64,001,309	64,001,309
Total rate-sensitive liabilities	549,302,105	118,026,589	14,633,816	15,451,559	302,699,672	1,000,113,741
<b>Asset-Liability Gap</b>	<b>(P271,425,449)</b>	<b>(P74,856,452)</b>	<b>P77,040,765</b>	<b>P18,172,819</b>	<b>P388,538,164</b>	<b>P137,469,847</b>
<b>December 31, 2024</b>						
<b>Rate-sensitive Financial Assets</b>						
Financial assets at FVTPL:						
HFT investments:						
Government securities	P14,308,570	P-	P-	P-	P-	P14,308,570
Private bonds	981,415	-	-	-	-	981,415
Total HFT investments	15,289,985	-	-	-	-	15,289,985
Derivative assets	-	-	2,394	4,410	77,224	84,028
Total financial assets at FVTPL	15,289,985	-	2,394	4,410	77,224	15,374,013
Financial assets at FVTOCI						
Financial assets at amortized cost - gross of allowance:						
Due from BSP and other banks and Interbank loans receivable and SPURA with the BSP	57,225,349	-	50,000	10,000	2,500,000	59,785,349
Investment securities at amortized cost	-	3,587,464	3,700,724	6,504,641	125,007,683	138,800,512
Receivable from customers and other receivables	177,800,235	50,148,454	75,532,136	33,009,812	358,701,218	695,191,855
Total financial assets at amortized cost	235,025,584	53,735,918	79,282,860	39,524,453	486,208,901	893,777,716
Total rate-sensitive assets	251,818,350	54,033,934	82,609,032	48,414,965	653,485,569	1,090,361,850
<b>Rate-sensitive Financial Liabilities</b>						
Deposit liabilities	502,407,461	106,825,498	39,460,277	58,188,379	96,075,267	802,956,882
Financial Liabilities at FVTPL	-	-	-	-	54,023	54,023
Bills payable and SSURA	30,365,118	21,129,077	33,869,829	3,370,304	2,293,654	91,027,982
Notes and bonds payable	18,496,290	-	-	-	42,698,767	61,195,057
Total rate-sensitive liabilities	551,268,869	127,954,575	73,330,106	61,558,683	141,121,711	955,233,944
<b>Asset-Liability Gap</b>	<b>(P299,450,519)</b>	<b>(P73,920,641)</b>	<b>P9,278,926</b>	<b>(P13,143,718)</b>	<b>P512,363,858</b>	<b>P135,127,906</b>

The following table provides for the average EIRs by period of repricing (or by period of maturity if there is no repricing) of the Group and of the Parent Company as of December 31, 2025 and 2024:

	Consolidated			Parent Company		
	Less than 3 months	3 months to 1 year	Greater than 1 year	Less than 3 months	3 months to 1 year	Greater than 1 year
<b>December 31, 2025</b>						
<b>Peso</b>						
<b>Financial Assets</b>						
Due from BSP	4.63%	-	-	4.63%	-	-
Due from banks	1.67%	-	-	1.67%	-	-
Interbank loans	9.00%	8.39%	-	9.00%	8.39%	-
Investment securities*	4.19%	4.11%	5.53%	4.19%	4.11%	5.53%
Loans and receivables	8.31%	8.87%	8.59%	8.31%	8.87%	8.59%

(Forward)



	Consolidated			Parent Company		
	Less than 3 months	3 months to 1 year	Greater than 1 year	Less than 3 months	3 months to 1 year	Greater than 1 year
<b>Financial Liabilities</b>						
Deposit liabilities**	2.85%	3.12%	3.46%	2.85%	3.12%	3.46%
LTNCD	—	—	—	—	—	—
Bills payable and SSURA	—	—	8.00%	—	—	8.00%
Notes payable	—	—	6.23%	—	—	6.23%
<b>USD</b>						
<b>Financial Assets</b>						
Due from banks	1.44%	—	—	1.44%	—	—
Investment securities*	3.42%	4.38%	4.54%	3.42%	4.38%	4.54%
Loans and receivables	5.36%	5.14%	6.24%	5.36%	5.14%	6.24%
<b>Financial Liabilities</b>						
Deposit liabilities**	0.79%	0.49%	3.62%	0.79%	0.49%	3.62%
Bills payable	—	—	5.33%	—	—	5.33%
Notes payable	—	—	5.83%	—	—	5.83%
<b>December 31, 2024</b>						
<b>Peso</b>						
<b>Financial Assets</b>						
Due from BSP	—	—	—	—	—	—
Due from banks	2.64%	—	—	2.64%	—	—
Interbank loans	—	9.87%	7.54%	—	9.87%	7.54%
Investment securities*	6.02%	4.47%	5.26%	6.02%	4.47%	5.26%
Loans and receivables	8.17%	8.28%	8.36%	8.17%	8.28%	8.36%
<b>Financial Liabilities</b>						
Deposit liabilities**	3.80%	3.75%	3.79%	3.80%	3.75%	3.79%
LTNCD	2.59%	4.59%	0.00%	2.59%	4.59%	0.00%
Bills payable and SSURA	6.13%	—	8.00%	6.13%	—	8.00%
Notes payable	—	—	6.23%	—	—	6.23%
<b>USD</b>						
<b>Financial Assets</b>						
Due from banks	1.77%	—	—	1.77%	—	—
Investment securities*	0.87%	5.44%	4.50%	0.87%	5.44%	4.50%
Loans and receivables	5.20%	4.10%	5.76%	5.20%	4.10%	5.76%
<b>Financial Liabilities</b>						
Deposit liabilities**	0.79%	0.49%	3.62%	0.79%	0.49%	3.62%
Bills payable	5.16%	5.33%	4.52%	5.16%	5.33%	4.52%
Notes payable	—	—	5.83%	—	—	5.83%

\* Consists of Financial assets at FVTPL, Financial assets at FVTOCI and Investment securities at amortized cost

\*\* Consists of Investment savings account and Time deposits

### Equity Price Risk

Equity price risk is the risk that the fair values of equities will decrease as a result of changes in the levels of equity indices and the value of individual stocks. As of December 31, 2025 and 2024, this risk originates from the open stock positions of SB Equities. The Bank has no significant equity price risk as of December 31, 2025 and 2024.

The Group, except for SBEI, has no equity securities classified under Financial assets at FVTOCI as of December 31, 2025 and December 31, 2024 which are affected by changes in the PSEi as these securities are mainly golf and club shares.

### Currency Risk

Currency risk is the risk to earnings or capital arising from adverse movements in foreign exchange rates. The Group maintains open positions in multiple currencies across both trading and non-trading books, and fluctuations in the exchange rates expose the Group to foreign exchange risk.

In managing foreign currency exposures within the banking book, foreign currency-denominated deposits are generally used to fund the Parent Company's foreign currency-denominated loan and investment portfolio in the FCDU. The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.



The following tables summarize the Group's and the Parent Company's exposure to currency risk as of December 31, 2025 and 2024. Included in the tables are the Group's and the Parent Company's assets and liabilities at carrying amounts, categorized by currency (amounts in Philippine Peso thousands equivalent and excludes FCDU USD-denominated instruments).

	2025			2024		
	USD	Others*	Total	USD	Others*	Total
<b>Financial Assets</b>						
Cash and cash equivalents	₱8	₱387,510	₱387,518	₱6	₱236,997	₱237,003
Due from other banks	4,940,180	7,405,311	12,345,491	4,351,970	3,828,170	8,180,140
Loans and receivables	2,971,744	1,781,614	4,753,358	4,766,617	779,063	5,545,680
Other assets	24	–	24	5	–	5
<b>Total financial assets</b>	<b>7,911,956</b>	<b>9,574,435</b>	<b>17,486,391</b>	<b>9,118,598</b>	<b>4,844,230</b>	<b>13,962,828</b>
<b>Financial Liabilities</b>						
Deposit liabilities	–	6,562,910	6,562,910	–	5,103,756	5,103,756
Bills payable and SSURA	(32)	192	160	(30)	153	123
Acceptances payable	583,558	56,670	640,228	1,663,958	5,910	1,669,868
Margin deposits and cash letters of credit	–	2,492	2,492	14,461	2,457	16,918
Accrued interest, taxes and other expenses	34,701	36,205	70,906	7,019	2,123	9,142
Other liabilities	37,154	342	37,496	421,190	6,297	427,487
<b>Total financial liabilities</b>	<b>655,381</b>	<b>6,658,811</b>	<b>7,314,192</b>	<b>2,106,598</b>	<b>5,120,696</b>	<b>7,227,294</b>
<b>Currency Swaps and Forwards</b>	<b>363,088,133</b>	<b>187,236</b>	<b>363,275,369</b>	<b>293,701,660</b>	<b>1,683,385</b>	<b>295,385,045</b>
<b>Net Exposure</b>	<b>₱370,344,708</b>	<b>₱3,102,860</b>	<b>₱373,447,568</b>	<b>₱300,713,660</b>	<b>₱1,406,919</b>	<b>₱302,120,579</b>

\* Consists of Euro, British pound, Australian dollar, Canadian dollar, Hong Kong dollar, Singapore dollar, New Zealand dollar, Swiss franc, Japanese yen, Danish kroner, Thai baht, Chinese yuan, and South Korean won

Information relating to the Parent Company's currency derivatives are disclosed in Notes 6 and 11. The Parent Company has outstanding cross-currency swaps with notional amount of USD2.4 billion and USD12.8 million as of December 31, 2025 and 2024, respectively, and foreign currency forward transactions with notional amount of USD2.2 billion (bought) and USD2.2 billion (sold) as of December 31, 2025, and USD6.5 billion (bought) and USD1.5 billion (sold) as of December 31, 2024. The impact of the range of reasonably possible changes in the US Dollar-Philippine Peso exchange rate (except those in the FCDU books) on the Parent Company's non-consolidated pre-tax income in 2025 and 2024 has been included in the VaR summary per product line.

### Operational Risk

Operational risk is the probability of loss arising from fraud, unauthorized activities, errors, omissions, system failures, cyber incidents or from external events. This is the broadest risk type encompassing product development and delivery, operational processing, systems development, computing systems, complexity of products and services, and the internal control environment.

Operational Risk Management is considered a critical element in the Bank's commitment to sound management and corporate governance. Under the Bank's operational risk management framework, business units are provided extensive guidance on the comprehensive identification and effective assessment of their operational risks and the corresponding controls to promote a forward-looking culture of risk management. This is complemented by continuous focus on issue management to address identified weaknesses, as well as by enhanced incident response capability to ensure preparedness in the event of significant risk occurrences.

Group policies and frameworks have been developed and implemented covering key areas such as technology risks, business continuity, fraud, and information security, as well as new risk areas like social media, environmental, social, and governance (ESG), and reputational risk. Guidelines and tools have also been enhanced for key operational risk activities such as Issue Management, Incident and Loss Reporting and Key Risk Indicators to improve reporting and oversight of the Bank's operational risk environment. The Risk and Control Self-Assessment process has also been updated to ensure effective identification, assessment, mitigation and monitoring of operational risks by the risk owners in the first line of defense.



There remains increased focus on operational resilience, with ongoing reviews of business continuity plans and crisis management playbooks, and planned upgrades to critical systems as part of IT disaster recovery efforts.

Increased digitalization in response to customer needs has been accompanied by enhanced alignment of the Bank's risk assessment and technology project management processes. Security controls were strengthened to mitigate cybersecurity and external fraud risks, particularly within the online banking services. Security awareness programs for both customers and staff have likewise been enhanced. Finally, third-party experts are contracted to assess and guide further improvements to both cybersecurity maturity and incident response capability. These measures are intended to address information security, fraud, resiliency, and other operational risks.

### Sustainability Risk

Environmental & Social Risk Management (ESRM) is the identification, measurement, assessment, monitoring and reporting of environmental and social risks associated with the Bank's lending and investment activities, and its operations. The Bank has incorporated environmental and social factors into the lending process and customer dialogue to align with its policies. The Bank recognizes the consequences of failing to appropriately manage ESG issues can directly impact its reputation, its operations, and the communities where the Bank and its clients operate.

## 6. Fair Value Measurement

The following table provides the fair value hierarchy lending of the Group's and the Parent Company's assets and liabilities measured at fair value and those for which fair values should be disclosed:

	Carrying Value	Consolidated Fair Value			
		Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>December 31, 2025</b>					
<b>Assets Measured at Fair Value</b>					
Financial assets at FVTPL:					
HFT investments:					
Government securities	₱35,917,085	₱35,917,085	₱28,049,698	₱7,867,387	₱-
Private bonds	385,796	385,796	144,744	241,052	-
Equity securities	24	24	-	24	-
<b>Total HFT investments</b>	<b>36,302,905</b>	<b>36,302,905</b>	<b>28,194,442</b>	<b>8,108,463</b>	<b>-</b>
Derivative assets:					
Currency forwards	1,397,363	1,397,363	-	1,397,363	-
Cross-currency swaps	130,730	130,730	-	130,730	-
Interest rate swaps	40,446	40,446	-	40,446	-
<b>Total derivative assets</b>	<b>1,568,539</b>	<b>1,568,539</b>	<b>-</b>	<b>1,568,539</b>	<b>-</b>
<b>Total financial assets at FVTPL</b>	<b>37,871,444</b>	<b>37,871,444</b>	<b>28,194,442</b>	<b>9,677,002</b>	<b>-</b>
Derivative assets designated as hedges	289,844	289,844	-	289,844	-
Financial assets at FVTOCI:					
Treasury notes and bills	94,702,994	94,702,994	57,215,122	37,487,872	-
Treasury bonds	61,262,306	61,262,306	46,151,737	15,110,569	-
Private bonds	1,100,866	1,100,866	-	1,100,866	-
Equity securities	602,814	602,814	-	602,814	-
	<b>157,668,980</b>	<b>157,668,980</b>	<b>103,366,859</b>	<b>54,302,121</b>	<b>-</b>
	<b>₱195,830,268</b>	<b>₱195,830,268</b>	<b>₱131,561,301</b>	<b>₱64,268,967</b>	<b>₱-</b>

(Forward)



	Consolidated				
	Carrying Value	Total	Fair Value		
			Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets for which Fair Values are Disclosed</b>					
<b>Financial Assets</b>					
Financial assets at amortized cost:					
Investment securities at amortized cost:					
Private bonds	₱56,316,655	₱56,929,319	₱25,369,876	₱31,559,443	₱-
Treasury notes and bills	53,202,243	54,007,781	21,944,879	32,062,902	-
Treasury bonds	48,852,777	49,559,066	43,143,794	6,415,272	-
<b>Total investment securities at amortized cost</b>	<b>158,371,675</b>	<b>160,496,166</b>	<b>90,458,549</b>	<b>70,037,617</b>	<b>-</b>
Receivable from customers:					
Corporate lending	439,263,681	445,938,157	-	-	445,938,157
Consumer lending	139,729,087	140,467,227	-	-	140,467,227
Small business lending	561,635	563,355	-	-	563,355
Residential mortgages	107,026,121	108,777,008	-	-	108,777,008
<b>Total receivable from customers</b>	<b>686,580,524</b>	<b>695,745,747</b>	<b>-</b>	<b>-</b>	<b>695,745,747</b>
Other receivables	10,057,016	10,057,016	-	-	10,057,016
Other assets	631,757	555,814	-	-	555,814
<b>Total financial assets at amortized cost</b>	<b>855,640,972</b>	<b>866,854,743</b>	<b>90,458,549</b>	<b>70,037,617</b>	<b>706,358,577</b>
<b>Non-financial Assets</b>					
Investment properties	7,126,743	10,464,046	-	-	10,464,046
	<b>₱862,767,715</b>	<b>₱877,318,789</b>	<b>₱90,458,549</b>	<b>₱70,037,617</b>	<b>₱716,822,623</b>
<b>Liabilities Measured at Fair Value</b>					
Financial liabilities at FVTPL:					
Derivative liabilities:					
Currency forwards	₱1,220,929	₱1,220,929	₱-	₱1,220,929	₱-
Cross-currency swaps	89,302	89,302	-	89,302	-
Foreign currency options	51,580	51,580	-	51,580	-
Interest rate swaps	45,655	45,655	-	45,655	-
<b>Total financial liabilities at FVTPL</b>	<b>1,407,466</b>	<b>1,407,466</b>	<b>-</b>	<b>1,407,466</b>	<b>-</b>
Derivative liabilities designated as hedges	3,625,886	3,625,886	-	3,625,886	-
	<b>₱5,033,352</b>	<b>₱5,033,352</b>	<b>-</b>	<b>₱5,033,352</b>	<b>-</b>
<b>Liabilities for which Fair Values are Disclosed</b>					
Deposit liabilities excluding LTNCD	₱930,502,714	₱930,360,309	-	-	₱930,360,309
Notes and bonds payable	64,001,309	63,665,202	-	-	63,665,202
Bills payable and SSURA	6,168,985	6,490,507	-	-	6,490,507
	<b>₱1,000,673,008</b>	<b>₱1,000,516,018</b>	<b>₱-</b>	<b>₱-</b>	<b>₱1,000,516,018</b>

	Consolidated				
	Carrying Value	Total	Fair Value		
			Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2024					
<b>Assets Measured at Fair Value</b>					
Financial assets at FVTPL:					
HFT investments:					
Government securities	₱14,308,570	₱14,308,570	₱4,964,110	₱9,344,460	₱-
Private bonds	981,415	981,415	523,055	458,360	-
Equity securities	24	24	-	24	-
<b>Total HFT investments</b>	<b>15,290,009</b>	<b>15,290,009</b>	<b>5,487,165</b>	<b>9,802,844</b>	<b>-</b>
Derivative assets:					
Currency forwards	1,445,736	1,445,736	-	1,445,736	-
Cross-currency swaps	31,421	31,421	-	31,421	-
Interest rate swaps	52,607	52,607	-	52,607	-
Bond forwards and options	1,633	1,633	-	1,633	-
<b>Total derivative assets</b>	<b>1,531,397</b>	<b>1,531,397</b>	<b>-</b>	<b>1,531,397</b>	<b>-</b>
<b>Total financial assets at FVTPL</b>	<b>16,821,406</b>	<b>16,821,406</b>	<b>5,487,165</b>	<b>11,334,241</b>	<b>-</b>
Derivative assets designated as hedges	634,928	634,928	-	634,928	-
Financial assets at FVTOCI:					
Treasury notes and bills	95,392,729	95,392,729	31,909,047	63,483,682	-
Treasury bonds	84,484,049	84,484,049	45,985,577	38,498,472	-
Private bonds	1,333,343	1,333,343	-	1,333,343	-
Equity securities	626,568	626,568	-	626,568	-
	<b>181,836,689</b>	<b>181,836,689</b>	<b>77,894,624</b>	<b>103,942,065</b>	<b>-</b>
	<b>₱199,293,023</b>	<b>₱199,293,023</b>	<b>₱83,381,789</b>	<b>₱115,911,234</b>	<b>₱-</b>

(Forward)



	Consolidated				
	Carrying Value	Total	Fair Value		
			Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets for which Fair Values are Disclosed</b>					
<b>Financial Assets</b>					
Financial assets at amortized cost:					
Investment securities at amortized cost:					
Private bonds	₱60,038,556	₱59,706,775	₱19,752,547	₱39,954,228	₱-
Treasury notes and bills	45,229,516	45,489,856	14,958,892	30,530,964	-
Treasury bonds	33,465,303	33,437,894	19,905,125	13,532,769	-
<b>Total investment securities at amortized cost</b>	<b>138,733,375</b>	<b>138,634,525</b>	<b>54,616,564</b>	<b>84,017,961</b>	<b>-</b>
Receivable from customers:					
Corporate lending	456,154,331	462,587,153	-	-	462,587,153
Consumer lending	113,539,703	113,831,876	-	-	113,831,876
Small business lending	539,543	540,441	-	-	540,441
Residential mortgages	98,148,557	99,006,692	-	-	99,006,692
<b>Total receivable from customers</b>	<b>668,382,134</b>	<b>675,966,162</b>	<b>-</b>	<b>-</b>	<b>675,966,162</b>
Other receivables	9,431,140	9,431,140	-	-	9,431,140
Other assets	508,068	444,096	-	-	444,096
<b>Total financial assets at amortized cost</b>	<b>817,054,717</b>	<b>824,475,923</b>	<b>54,616,564</b>	<b>84,017,961</b>	<b>685,841,398</b>
<b>Non-financial Assets</b>					
Investment properties	6,282,770	8,761,853	-	-	8,761,853
	₱823,337,487	₱833,237,776	₱54,616,564	₱84,017,961	₱694,603,251
<b>Liabilities Measured at Fair Value</b>					
<b>Financial liabilities at FVTPL:</b>					
Derivative liabilities:					
Currency forwards	₱1,643,806	₱1,643,806	₱-	₱1,643,806	₱-
Foreign currency options	17,450	17,450	-	17,450	-
Interest rate swaps	54,023	54,023	-	54,023	-
Bonds forward	768	768	-	768	-
<b>Total financial liabilities at FVTPL</b>	<b>1,716,047</b>	<b>1,716,047</b>	<b>-</b>	<b>1,716,047</b>	<b>-</b>
Derivative liabilities designated as hedges	3,841,204	3,841,204	-	3,841,204	-
	₱5,557,251	₱5,557,251	₱-	₱5,557,251	₱-
<b>Liabilities for which Fair Values are Disclosed</b>					
Deposit liabilities excluding LTNCD	₱790,645,374	₱791,082,908	₱-	₱-	₱791,082,908
Notes Payable	61,195,057	62,311,815	-	-	62,311,815
LTNCD	10,433,785	10,445,084	-	-	10,445,084
Bills payable and SSURA	91,179,648	90,904,801	-	-	90,904,801
	₱953,453,864	₱954,744,608	₱-	₱-	₱954,744,608

	Parent Company				
	Carrying Value	Total	Fair Value		
			Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>December 31, 2025</b>					
<b>Assets Measured at Fair Value</b>					
Financial assets at FVTPL:					
HFT investments:					
Government securities	₱35,917,085	₱35,917,085	₱28,049,698	₱7,867,387	₱-
Private bonds	385,796	385,796	144,744	241,052	-
<b>Total HFT investments</b>	<b>36,302,881</b>	<b>36,302,881</b>	<b>28,194,442</b>	<b>8,108,439</b>	<b>-</b>
Derivative assets:					
Currency forwards	1,397,363	1,397,363	-	1,397,363	-
Cross-currency swaps	130,730	130,730	-	130,730	-
Interest rate swaps	40,446	40,446	-	40,446	-
<b>Total derivative assets</b>	<b>1,568,539</b>	<b>1,568,539</b>	<b>-</b>	<b>1,568,539</b>	<b>-</b>
<b>Total financial assets at FVTPL</b>	<b>37,871,420</b>	<b>37,871,420</b>	<b>28,194,442</b>	<b>9,676,978</b>	<b>-</b>
Derivative assets designated as hedges	289,844	289,844	-	289,844	-
Financial assets at FVTOCI:					
Treasury notes and bills	94,702,994	94,702,994	57,215,122	37,487,872	-
Treasury bonds	61,262,306	61,262,306	46,151,737	15,110,569	-
Private bonds	1,100,866	1,100,866	-	1,100,866	-
Equity securities	549,342	549,342	-	549,342	-
	157,615,508	157,615,508	103,366,859	54,248,649	-
	₱195,776,772	₱195,776,772	₱131,561,301	₱64,215,471	₱-



	Parent Company				
	Fair Value				
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets for which Fair Values are Disclosed</b>					
<b>Financial Assets</b>					
Financial assets at amortized cost:					
Investment securities at amortized cost:					
Private bonds	₱56,316,655	₱56,929,319	₱25,369,876	₱31,559,443	₱-
Treasury notes and bills	53,202,243	54,007,781	21,944,879	32,062,902	-
Treasury bonds	48,852,777	49,559,066	43,143,794	6,415,272	-
Total investment securities at amortized cost	158,371,675	160,496,166	90,458,549	70,037,617	-
Receivable from customers:					
Corporate lending	438,875,259	445,549,735	-	-	445,549,735
Consumer lending	139,652,113	140,390,253	-	-	140,390,253
Small business lending	561,635	563,355	-	-	563,355
Residential mortgages	107,026,121	108,777,008	-	-	108,777,008
Total receivable from customers	686,115,128	695,280,351	-	-	695,280,351
Other receivables	9,616,375	9,616,375	-	-	9,616,375
Other assets	632,979	556,890	-	-	556,890
Total financial assets at amortized cost	854,736,157	865,949,782	90,458,549	70,037,617	705,453,616
<b>Non-financial Assets</b>					
Investment properties	7,126,743	10,464,046	-	-	10,464,046
	₱861,862,900	₱876,413,828	₱90,458,549	₱70,037,617	₱715,917,662
<b>Liabilities Measured at Fair Value</b>					
Financial liabilities at FVTPL:					
Derivative liabilities:					
Currency forwards	₱1,220,929	₱1,220,929	₱-	₱1,220,929	₱-
Cross-currency swaps	89,302	89,302	-	89,302	-
Foreign currency options	51,580	51,580	-	51,580	-
Interest rate swaps	45,655	45,655	-	45,655	-
Total financial liabilities at FVTPL	1,407,466	1,407,466	-	1,407,466	-
Derivative liabilities designated as hedges	3,625,886	3,625,886	-	3,625,886	-
	₱5,033,352	₱5,033,352	₱-	₱5,033,352	₱-
<b>Liabilities for which Fair Values are Disclosed</b>					
Deposit liabilities excluding LTNCD	₱932,793,490	₱932,651,085	₱-	₱-	₱932,651,085
Notes and bonds payable	64,001,309	63,665,202	-	-	63,665,202
Bills payable and SSURA	3,183,985	3,505,507	-	-	3,505,507
	₱999,978,784	₱999,821,794	₱-	₱-	₱999,821,794

	Parent Company				
	Fair Value				
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2024					
Assets Measured at Fair Value					
Financial assets at FVTPL:					
HFT investments:					
Government securities	₱14,308,570	₱14,308,570	₱4,964,110	₱9,344,460	₱-
Private bonds	981,415	981,415	523,055	458,360	-
Total HFT investments	15,289,985	15,289,985	5,487,165	9,802,820	-
Derivative assets:					
Currency forwards	1,445,736	1,445,736	-	1,445,736	-
Cross-currency swaps	31,421	31,421	-	31,421	-
Interest rate swaps	52,607	52,607	-	52,607	-
Bond forwards and options	1,633	1,633	-	1,633	-
Total derivative assets	1,531,397	1,531,397	-	1,531,397	-
Total financial assets at FVTPL	16,821,382	16,821,382	5,487,165	11,334,217	-
Derivative assets designated as hedges	634,928	634,928	-	634,928	-
Financial assets at FVTOCI:					
Treasury notes and bills	95,392,729	95,392,729	31,909,047	63,483,682	-
Treasury bonds	84,484,049	84,484,049	45,985,577	38,498,472	-
Private bonds	1,333,343	1,333,343	-	1,333,343	-
Equity securities	580,277	580,277	-	580,277	-
	181,790,398	181,790,398	77,894,624	103,895,774	-
	₱199,246,708	₱199,246,708	₱83,381,789	₱115,864,919	₱-



	Parent Company				
	Carrying Value	Total	Fair Value		
Quoted Prices in active market (Level 1)			Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets for which Fair Values are Disclosed</b>					
<b>Financial Assets</b>					
Financial assets at amortized cost:					
Investment securities at amortized cost:					
Private bonds	₱60,038,556	₱59,706,775	₱19,752,547	₱39,954,228	₱-
Treasury notes and bills	45,229,516	45,489,856	14,958,892	30,530,964	-
Treasury bonds	33,465,303	33,437,894	19,905,125	13,532,769	-
<b>Total investment securities at amortized cost</b>	<b>138,733,375</b>	<b>138,634,525</b>	<b>54,616,564</b>	<b>84,017,961</b>	<b>-</b>
Receivable from customers:					
Corporate lending	457,868,045	464,300,867	-	-	464,300,867
Consumer lending	113,490,525	113,782,699	-	-	113,782,699
Small business lending	539,543	540,441	-	-	540,441
Residential mortgages	98,148,557	99,006,692	-	-	99,006,692
<b>Total receivable from customers</b>	<b>670,046,670</b>	<b>677,630,699</b>	<b>-</b>	<b>-</b>	<b>677,630,699</b>
Other receivables	8,873,162	8,873,162	-	-	8,873,162
Other assets	509,301	445,173	-	-	445,173
<b>Total financial assets at amortized cost</b>	<b>818,162,508</b>	<b>825,583,559</b>	<b>54,616,564</b>	<b>84,017,961</b>	<b>686,949,034</b>
<b>Non-financial Assets</b>					
Investment properties	6,282,770	8,761,853	-	-	8,761,853
	<b>₱824,445,278</b>	<b>₱834,345,412</b>	<b>₱54,616,564</b>	<b>₱84,017,961</b>	<b>₱695,710,887</b>
<b>Liabilities Measured at Fair Value</b>					
<b>Financial liabilities at FVTPL:</b>					
Derivative liabilities:					
Currency forwards	₱1,643,806	₱1,643,806	₱-	₱1,643,806	₱-
Foreign currency options	17,450	17,450	-	17,450	-
Interest rate swaps	54,023	54,023	-	54,023	-
Bonds forward	768	768	-	768	-
<b>Total financial liabilities at FVTPL</b>	<b>1,716,047</b>	<b>1,716,047</b>	<b>-</b>	<b>1,716,047</b>	<b>-</b>
Derivative liabilities designated as hedges	3,841,204	3,841,204	-	3,841,204	-
	<b>₱5,557,251</b>	<b>₱5,557,251</b>	<b>₱-</b>	<b>₱5,557,251</b>	<b>₱-</b>
<b>Liabilities for which Fair Values are Disclosed</b>					
<b>Financial liabilities at amortized cost:</b>					
Deposit liabilities excluding LTNCD	₱792,523,097	₱792,960,631	₱-	₱-	₱792,960,631
Notes Payable	61,195,057	62,311,815	-	-	62,311,815
LTNCD	10,433,785	10,445,084	-	-	10,445,084
Bills payable and SSURA	91,027,982	90,753,134	-	-	90,753,134
	<b>₱955,179,921</b>	<b>₱956,470,664</b>	<b>₱-</b>	<b>₱-</b>	<b>₱956,470,664</b>

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

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other revaluation models, the instruments are included in Level 2. Instruments included in Level 3 include those for which there is currently no active market.

During the years ended December 31, 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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

*COCI, due from BSP and other banks and interbank loans receivable and SPURA with the BSP*  
The carrying amounts approximate fair values considering that these accounts consist mostly of overnight deposits and floating rate placements.



*Debt securities*

Fair values are generally based upon quoted market prices, if available. If the market prices are not readily available, fair values are estimated using 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*

Fair values of quoted equity securities are based on quoted market prices. Fair values of unquoted equity securities are derived based on the adjusted net asset value method.

*Receivable from customers and sales contracts receivable (included under 'Other receivables')*

Fair values of loans and receivables are estimated using the discounted cash flow methodology, using the Group's current incremental lending rates for similar types of loans and receivables.

*Other receivables - Accounts receivable and accrued interest receivable*

Carrying amounts approximate fair values given their short-term nature.

*Investment properties*

Fair value of investment properties is determined by independent or in-house appraisers using the market data approach. Valuations were derived based on recent sales of similar properties in the investment properties and taking into account the economic conditions prevailing in the vicinity of the time the valuations were made and comparability of similar properties sold with the property being valued. Significant unobservable inputs in determining fair values include the following:

Location	Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. Generally, properties located along a main road are superior to properties located along a secondary road.
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 the lot size differences on land value.
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 investor's perceptions of the market over time, in which case, the current data is superior to historic data.
Discount	Generally, asking prices in advertisements 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.

*Other financial assets*

The carrying amounts approximate fair values due to their short-term nature.



*Derivative instruments (included under FVTPL and designated as hedges)*

Derivative products are valued using valuation techniques using market observable inputs including foreign exchange rates and interest rate curves prevailing at the statements of financial position date. For interest rate swaps, cross-currency swaps and foreign exchange contracts, discounted cash flow model is applied. This valuation model discounts each cash flow of the derivatives at a rate that is dependent on the tenor of the cash flow.

*Deposit liabilities (demand and savings deposits excluding long-term deposits)*

The carrying amounts approximate fair values considering that these are due and demandable.

*Long-term negotiable certificates of deposit (LTNCD) and subordinated note*

Fair values of LTNCD and subordinated note are estimated using adjusted quoted market prices of comparable investments. The adjustments on market quoted prices are unobservable inputs.

*Other financial liabilities*

For accrued interest and other expenses and other financial liabilities, the carrying amounts approximate fair values due to their short-term nature.

The significant unobservable input used in the fair value measurement of the Group's financial assets and financial liabilities is credit-adjusted rates for similar types of financial instruments. Significant increases (decreases) in the credit-adjusted rates would result in a significantly lower (higher) fair value measurement.

## 7. Due from Other Banks

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Foreign banks	<b>₱14,023,774</b>	₱12,116,519	<b>₱14,023,775</b>	₱12,116,518
Local banks	<b>2,411,681</b>	3,255,360	<b>2,290,062</b>	3,170,383
	<b>16,435,455</b>	15,371,879	<b>16,313,837</b>	15,286,901
<b>Allowance for credit losses</b>				
Balance at beginning of year	<b>1,338</b>	1,442	<b>1,156</b>	1,263
Provision for (recovery of) credit losses (Note 14)	<b>220</b>	(89)	<b>170</b>	(172)
Foreign exchange adjustment	<b>(28)</b>	(15)	<b>3</b>	65
	<b>1,530</b>	1,338	<b>1,329</b>	1,156
	<b>₱16,433,925</b>	₱15,370,541	<b>₱16,312,508</b>	₱15,285,745

In 2025 and 2024, 'Due from other banks' were carried at Stage 1 and there were no transfers into and out of Stage 1.

Nominal annual interest rate ranges on the Group's and the Parent Company's due from other banks follow:

	2025	2024	2023
Peso-denominated	<b>0.03%-0.40%</b>	0.05%-0.40%	0.03%-0.45%
Foreign currency-denominated	<b>0.03%-3.44%</b>	0.03%-2.80%	0.03%-2.90%



Total interest income on ‘Due from other banks’ earned by the Group amounted to ₱221.5 million, ₱206.3 million and ₱85.8 million for the years ended December 31, 2025, 2024 and 2023, respectively, while total interest income on ‘Due from other banks’ earned by the Parent Company amounted to ₱220.6 million, ₱205.9 million and ₱85.8 million for the years ended December 31, 2025, 2024 and 2023, respectively, included in ‘Interest income on deposits with banks and others’ in the statements of income.

## 8. Interest Income on Financial Investments

This account consists of interest income on:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Investment securities at amortized cost (Note 13)	<b>₱8,557,698</b>	₱5,715,338	₱3,503,872	<b>₱8,557,698</b>	₱5,715,338	₱3,503,872
Financial assets at FVTOCI (Note 12)	<b>7,867,000</b>	6,758,415	5,051,373	<b>7,867,000</b>	6,758,415	5,051,373
	<b>16,424,698</b>	12,473,753	8,555,245	<b>16,424,698</b>	12,473,753	8,555,245
Financial assets at FVTPL (Note 10):						
Held-for-trading	<b>1,070,935</b>	651,734	515,820	<b>1,070,935</b>	651,734	515,820
Derivatives	<b>307,868</b>	307,423	788,000	<b>307,868</b>	307,423	788,000
	<b>1,378,803</b>	959,157	1,303,820	<b>1,378,803</b>	959,157	1,303,820
	<b>₱17,803,501</b>	₱13,432,910	₱9,859,065	<b>₱17,803,501</b>	₱13,432,910	₱9,859,065

Ranges of annual fixed interest on financial investments follow:

	2025	2024	2023
Peso-denominated			
HFT investments	<b>3.38% to 11.25%</b>	2.63% to 18.25%	2.38% to 12.38%
Investment securities at amortized cost	<b>3.60% to 8.75%</b>	3.44% to 8.75%	3.44% to 8.63%
Debt financial assets at FVTOCI	<b>2.88% to 9.25%</b>	2.63% to 18.25%	2.38% to 9.25%
Foreign currency-denominated			
HFT investments	<b>1.95% to 9.50%</b>	1.38% to 9.38%	1.38% to 10.63%
Investment securities at amortized cost	<b>1.19% to 5.75%</b>	1.19% to 5.75%	1.00% to 7.39%
Debt financial assets at FVTOCI	<b>1.38% to 5.65%</b>	1.38% to 10.63%	0.13% to 10.63%

## 9. Trading and Securities Gain - Net

Net gains (losses) from trading/disposal of investment securities and derivatives follow:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Financial assets at FVTOCI (Note 12)	<b>₱621,474</b>	₱609,266	(₱132,350)	<b>₱621,474</b>	₱609,266	(₱132,350)
Financial assets at FVTPL:						
Held-for-trading investments (Note 10)	<b>829,369</b>	(88,385)	(23,836)	<b>830,273</b>	(88,280)	(24,157)
Derivatives (Note 11)	<b>89,202</b>	(237,689)	444,741	<b>89,202</b>	(237,689)	444,741
	<b>918,571</b>	(326,074)	420,905	<b>919,475</b>	(325,969)	420,584
	<b>₱1,540,045</b>	₱283,192	₱288,555	<b>₱1,540,949</b>	₱283,297	₱288,234



## 10. Financial Assets at Fair Value Through Profit or Loss

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Held-for-trading:				
Government securities	₱35,917,085	₱14,308,570	₱35,917,085	₱14,308,570
Private bonds	385,796	981,415	385,796	981,415
Equity securities	24	24	–	–
	<b>36,302,905</b>	15,290,009	<b>36,302,881</b>	15,289,985
Derivative assets (Note 11):				
Currency forwards	1,397,363	1,445,736	1,397,363	1,445,736
Cross-currency swaps	130,730	31,421	130,730	31,421
Interest rate swaps	40,446	52,607	40,446	52,607
Bonds forwards and options	–	1,633	–	1,633
	<b>1,568,539</b>	1,531,397	<b>1,568,539</b>	1,531,397
	<b>₱37,871,444</b>	₱16,821,406	<b>₱37,871,420</b>	₱16,821,382

As of December 31, 2025 and 2024, 'Financial assets at FVTPL' include net unrealized loss of ₱117.9 million and ₱146.9 million, respectively, for the Group and the Parent Company.

Fair value gains or losses on financial assets at FVTPL (other than foreign exchange contracts) are included in 'Trading and securities gain - net' in the statements of income (see Note 9). Fair value gains or losses on foreign exchange contracts are included in 'Foreign exchange gain (loss) - net' in the statements of income (see Note 6).

As of December 31, 2025 and 2024, certain government securities were pledged as collateral for SSURA (see Note 21).

## 11. Derivative Transactions

### Derivatives Not Designated as Hedges

The following tables set out the information about the Group's and the Parent Company's derivative financial instruments not designated as hedges and the related fair values:

	2025			2024		
	Notional Amounts	Derivative Asset (Note 10)	Derivative Liability (Note 20)	Notional Amounts	Derivative Asset (Note 10)	Derivative Liability (Note 20)
Forward exchange bought	USD2,219,537	₱984,662	₱384,970	USD6,541,124	₱673,946	₱1,333,986
Forward exchange sold	USD2,222,187	412,701	835,959	USD1,546,934	771,790	309,820
Interest rate swaps	₱11,822,950	40,446	45,655	₱9,417,166	52,607	54,023
Warrants	USD250,258	–	–	USD250,258	–	–
Cross-currency swaps	USD2,381,343	130,730	89,302	USD12,812	31,421	–
Foreign currency options	USD15,750	–	51,580	USD8,000	–	17,450
Bonds forward	USD–	–	–	USD11,000	1,633	768
		<b>₱1,568,539</b>	<b>₱1,407,466</b>		<b>₱1,531,397</b>	<b>₱1,716,047</b>



The movements in the Group's and the Parent Company's derivative financial instruments follow:

	2025	2024
<b>Derivative Assets</b> (Note 10)		
Balance at beginning of year	₱1,531,397	₱922,356
Fair value changes during the year	49,279	927,971
Settled transactions	(12,137)	(318,930)
Balance at end of year	<b>₱1,568,539</b>	<b>₱1,531,397</b>
<b>Derivative Liabilities</b> (Note 20)		
Balance at beginning of year	₱1,716,047	₱2,968,706
Fair value changes during the year	(513,238)	(1,750,223)
Additions (settled) transactions	204,657	497,564
Balance at end of year	<b>₱1,407,466</b>	<b>₱1,716,047</b>

Fair value changes of derivatives other than forward contracts amounting to ₱0.1 billion gain and ₱0.6 billion gain in 2025 and 2024, respectively, are recognized as 'Trading and securities gain - net' in the statements of income (see Note 9), while fair value changes on forward contracts amounting to ₱0.4 billion gain in 2025 and ₱2.1 billion gain in 2024 are recognized as 'Foreign exchange gain (loss) - net' in the statements of income.

As of December 31, 2025 and 2024, the Parent Company has positions in the following types of derivatives:

*Forwards*

Forward contracts are contractual agreements to buy or sell a specified instrument at a specific price and date in the future. Forwards are customized contracts transacted in the over-the-counter market.

*Swaps*

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as interest rate, foreign currency rate or equity index.

Interest rate swaps relate to contracts taken out by the Parent Company with other financial institutions in which the Parent Company either receives or pays a floating rate in return for paying or receiving, respectively, a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

In a currency swap, the Parent Company pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are mostly gross-settled.

*Interest rate futures*

Futures contract is a contractual agreement made on a futures exchange to buy or sell particular assets at a predetermined price in the future. Futures contracts standardize the quality and quantity of the underlying asset.

*Foreign currency options*

Foreign currency options are contractual agreements that give the holder the right, but not the obligation, to buy or sell a specific amount of foreign currency at a predetermined exchange rate (strike price) on or before a certain date (expiration date).



*Derivative financial instruments held or issued for trading purposes*

The Parent Company's derivative trading activities relate to deals with customers which are normally laid off with counterparties. The Parent Company may also take positions with the expectation of generating profit from favorable movements in prices and rates on indices. Also included under this heading are any derivatives which do not meet hedge accounting requirements.

Derivatives Designated as Hedges

In March 2024, the Parent Company entered into hedging transactions, particularly cash flow hedges, to hedge its exposure to variability in future cash flows arising from foreign currency risk associated with its inter-book liabilities in the RBU books. 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 (amounts in thousands):

Hedged Item	Hedging Instrument	Notional Amount	Derivative Asset	Derivative Liability	Cash Flow Hedge Reserve	Cost of Hedging Reserve, Net of Tax	Total Hedge Reserve, Net of Tax
<b>December 31, 2025</b>							
Cash short position in the RBU books	Spot element of FX swap contract	\$6,168,329	₱289,844	₱3,625,886	₱-	(₱1,198,318)	(₱1,198,318)
<b>December 31, 2024</b>							
Cash short position in the RBU books	Spot element of FX swap contract	\$4,036,767	₱634,928	₱3,841,204	₱-	(₱1,597,138)	(₱1,597,138)

As of December 31, 2025 and 2024, the Parent Company assessed the hedging relationships to be effective.

The amortization of the forward element of the foreign exchange swap contracts, which is accounted for as cost of hedging and presented under 'Interest expense on derivatives designated as hedges' in the statements of income amounted to ₱15.3 billion and ₱5.6 billion for the periods ended December 31, 2025 and 2024, respectively. The effective portion of changes in the spot element of the hedging instruments, amounting to gain of ₱8.3 billion in 2025 and ₱1.8 billion in 2024, was initially recognized in cash flow hedge reserve and subsequently recycled to profit or loss to offset the foreign exchange revaluation gains or losses on the hedged inter-book liabilities in the RBU books recognized in profit or loss during the same periods.

## 12. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Debt instruments				
Treasury notes and bills	₱94,702,994	₱95,392,729	₱94,702,994	₱95,392,729
Treasury bonds	61,262,306	84,484,049	61,262,306	84,484,049
Private bonds	1,100,866	1,333,343	1,100,866	1,333,343
	<b>157,066,166</b>	181,210,121	<b>157,066,166</b>	181,210,121
Equity instruments				
Golf and club shares	549,342	580,277	549,342	580,277
PSE shares	53,472	46,291	-	-
	<b>602,814</b>	626,568	<b>549,342</b>	580,277
	<b>₱157,668,980</b>	₱181,836,689	<b>₱157,615,508</b>	₱181,790,398



An analysis of changes in the fair value of debt instruments and the corresponding ECL allowances follow:

	2025	2024
Fair value at beginning of year	<b>₱181,210,121</b>	₱139,339,764
New assets originated or purchased	<b>70,514,188</b>	106,942,674
Disposals or maturities	<b>(98,641,552)</b>	(63,357,137)
Amortization of premium or discount	<b>(620,762)</b>	(756,346)
Change in fair value	<b>4,269,894</b>	(1,885,425)
Foreign exchange and other adjustments	<b>334,277</b>	926,591
	<b>₱157,066,166</b>	₱181,210,121
ECL allowance at beginning of year	<b>₱25,203</b>	₱7,146
Provision for credit losses (Note 14)	<b>(10,683)</b>	17,966
Foreign exchange and other adjustments	<b>245</b>	91
	<b>₱14,765</b>	₱25,203

In 2025 and 2024, debt instruments at FVTOCI were carried at Stage 1 and there were no transfers into and out of Stage 1.

As of December 31, 2025 and 2024, Peso-denominated debt financial assets at FVTOCI amounted to ₱129.5 billion and ₱138.4 billion, respectively.

As of December 31, 2025 and 2024, USD-denominated debt financial assets at FVTOCI amounted to ₱27.6 billion and ₱42.8 billion, respectively.

As of December 31, 2025 and 2024, certain treasury bond securities were pledged as collateral for SSURA (see Note 21).

As of December 31, 2025 and 2024, government securities included under 'Financial Assets at Fair Value through Other Comprehensive Income' with a total face value amounting to ₱1.9 billion and ₱1.5 billion, respectively, were deposited with the BSP in compliance with the requirements of the General Banking Law relative to the Parent Company's trust functions (see Note 27).

PSE shares were obtained by SBEI in 2001 as a result of the demutualization of its membership shares in the stock exchange. These investments are being held for long-term strategic purposes. SBEI designated these equity securities as financial assets at FVTOCI as management believes that this provides a more meaningful presentation for medium or long-term strategic investments, rather than reflecting changes in fair value immediately in the statements of income. The Group also adopted the same classification for its investments in golf and club shares.

The movements in 'Net unrealized loss on financial assets at FVTOCI' follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Balance at beginning of year	<b>(₱7,451,226)</b>	(₱5,513,769)	<b>(₱7,459,379)</b>	(₱5,521,922)
Unrealized gain (loss) for the year	<b>4,246,183</b>	(1,346,157)	<b>4,246,183</b>	(1,346,157)
Amount realized in profit or loss*	<b>(617,517)</b>	(591,300)	<b>(617,517)</b>	(591,300)
Balance at end of year	<b>(₱3,822,560)</b>	(₱7,451,226)	<b>(₱3,830,713)</b>	(₱7,459,379)

\*includes expected credit losses



### 13. Investment Securities at Amortized Cost

This account consists of investments by the Parent Company in:

	2025	2024
Private bonds	<b>₱56,392,555</b>	₱60,102,912
Treasury notes and bills	<b>53,202,243</b>	45,229,516
Treasury bonds	<b>48,855,581</b>	33,468,084
	<b>158,450,379</b>	138,800,512
Allowance for credit losses	<b>78,704</b>	67,137
	<b>₱158,371,675</b>	₱138,733,375

As of December 31, 2025 and 2024, certain treasury notes and bills, private and treasury bonds were pledged as collateral for SSURA (see Note 21).

An analysis of changes in the gross carrying amount, and the corresponding ECLs, is as follows:

	2025	2024
Gross carrying amount at beginning of year	<b>₱138,800,512</b>	₱76,207,263
New assets originated or purchased	<b>79,837,800</b>	80,795,402
Assets matured	<b>(61,115,524)</b>	(19,357,629)
Amortized premium	<b>100,831</b>	168,286
Foreign exchange adjustments	<b>826,760</b>	987,190
	<b>₱158,450,379</b>	₱138,800,512
<b>Allowance for credit losses</b>		
ECL allowance at beginning of year	<b>₱67,137</b>	₱51,179
Provision for credit losses (Note 14)	<b>11,062</b>	15,010
Foreign exchange and other adjustment	<b>505</b>	948
	<b>₱78,704</b>	₱67,137

In 2025 and 2024, investment securities at amortized cost were carried at Stage 1 and there were no transfers into and out of Stage 1.

### 14. Loans and Receivables

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Receivable from customers:				
Corporate lending*	<b>₱449,817,730</b>	₱466,916,282	<b>₱449,429,307</b>	₱468,629,918
Consumer lending**	<b>149,180,531</b>	119,811,209	<b>149,101,463</b>	119,761,564
Residential mortgages***	<b>107,636,829</b>	99,239,675	<b>107,636,829</b>	99,239,675
Small business lending****	<b>631,807</b>	574,433	<b>631,807</b>	574,433
	<b>707,266,897</b>	686,541,599	<b>706,799,406</b>	688,205,590
Less unearned discounts and deferred credits	<b>2,569,838</b>	2,188,141	<b>2,569,838</b>	2,188,141
	<b>704,697,059</b>	684,353,458	<b>704,229,568</b>	686,017,449

(Forward)



	Consolidated		Parent Company	
	2025	2024	2025	2024
Accrued interest receivable (Note 32)	<b>₱8,467,579</b>	₱8,380,686	<b>₱8,467,403</b>	₱8,386,826
Accounts receivable (Note 32)	<b>1,627,230</b>	1,279,582	<b>1,153,771</b>	675,989
Sales contracts receivable	<b>193,893</b>	111,591	<b>193,893</b>	111,591
	<b>714,985,761</b>	694,125,317	<b>714,044,635</b>	695,191,855
Less allowance for credit losses	<b>18,348,221</b>	16,312,043	<b>18,313,132</b>	16,272,023
	<b>₱696,637,540</b>	₱677,813,274	<b>₱695,731,503</b>	₱678,919,832

\*Corporate loans with exposures greater than ₱15.0 million

\*\*Consist of credit card receivables, auto loans, business banking loans, and other consumer loan products

\*\*\*Consist of home loans and contract-to-sell (CTS) loans

\*\*\*\*Corporate loans with exposures less than ₱15.0 million

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to corporate lending follow:

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2025	<b>₱424,994,909</b>	<b>₱27,045,025</b>	<b>₱14,876,348</b>	<b>₱466,916,282</b>
Newly originated assets that remained in Stage 1 as at yearend	<b>228,308,984</b>	-	-	<b>228,308,984</b>
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	<b>25,170,124</b>	<b>3,949,973</b>	<b>29,120,097</b>
Assets derecognized or repaid (excluding write offs)	<b>(246,375,519)</b>	<b>(21,967,216)</b>	<b>(6,184,885)</b>	<b>(274,527,620)</b>
Transfers to Stage 1	<b>2,071,307</b>	<b>(2,071,307)</b>	-	-
Transfers to Stage 2	<b>(3,506,151)</b>	<b>3,611,419</b>	<b>(105,268)</b>	-
Transfers to Stage 3	<b>(780,888)</b>	<b>(43,774)</b>	<b>824,662</b>	-
Amounts written off	-	-	<b>(13)</b>	<b>(13)</b>
	<b>₱404,712,642</b>	<b>₱31,744,271</b>	<b>₱13,360,817</b>	<b>₱449,817,730</b>
ECL allowance as at January 1, 2025	<b>₱625,825</b>	<b>₱200,990</b>	<b>₱8,989,922</b>	<b>₱9,816,737</b>
Provision for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	<b>203,123</b>	-	-	<b>203,123</b>
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	-	<b>319,418</b>	<b>1,294,887</b>	<b>1,614,305</b>
Transfers to Stage 1	<b>60,332</b>	<b>(60,332)</b>	-	-
Transfers to Stage 2	<b>(18,065)</b>	<b>53,196</b>	<b>(35,131)</b>	-
Transfers to Stage 3	<b>(953)</b>	<b>(158)</b>	<b>1,111</b>	-
Other movements*	<b>(363,780)</b>	<b>51,630</b>	<b>(971,695)</b>	<b>(1,283,845)</b>
	<b>(119,343)</b>	<b>363,754</b>	<b>289,172</b>	<b>533,583</b>
Amounts written off	-	-	<b>(13)</b>	<b>(13)</b>
Foreclosures and other adjustments	-	-	<b>(669,589)</b>	<b>(669,589)</b>
	<b>₱506,482</b>	<b>₱564,744</b>	<b>₱8,609,492</b>	<b>₱9,680,718</b>

\*includes changes in assumptions, payments and impact on ECL of exposures transferred between stages

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	<b>₱343,598,609</b>	<b>₱29,014,018</b>	<b>₱14,082,979</b>	<b>₱386,695,606</b>
Newly originated assets that remained in Stage 1 as at yearend	<b>275,896,134</b>	-	-	<b>275,896,134</b>
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	<b>20,619,489</b>	<b>1,746,498</b>	<b>22,365,987</b>
Assets derecognized or repaid (excluding write offs)	<b>(196,920,920)</b>	<b>(16,535,319)</b>	<b>(4,248,471)</b>	<b>(217,704,710)</b>
Transfers to Stage 1	<b>3,080,847</b>	<b>(3,080,847)</b>	-	-
Transfers to Stage 2	<b>(631,816)</b>	<b>753,200</b>	<b>(121,384)</b>	-
Transfers to Stage 3	<b>(27,945)</b>	<b>(3,725,516)</b>	<b>3,753,461</b>	-
Amounts written off	-	-	<b>(336,735)</b>	<b>(336,735)</b>
	<b>₱424,994,909</b>	<b>₱27,045,025</b>	<b>₱14,876,348</b>	<b>₱466,916,282</b>

(Forward)



	Consolidated			Total
	Stage 1	Stage 2	Stage 3	
ECL allowance as at January 1, 2024	P191,739	P438,665	P8,944,305	P9,574,709
Provision for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	316,126	-	-	316,126
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	-	89,603	1,134,588	1,224,191
Transfers to Stage 1	86,979	(86,979)	-	-
Transfers to Stage 2	(996)	11,171	(10,175)	-
Transfers to Stage 3	-	(132,359)	132,359	-
Other movements*	31,977	(119,111)	(580,707)	(667,840)
	434,086	(237,675)	676,065	872,476
Amounts written off	-	-	(336,735)	(336,735)
Foreclosures and other adjustments	-	-	(293,713)	(293,713)
	P625,825	P200,990	P8,989,922	P9,816,737

\*includes changes in assumptions, payments and impact on ECL of exposures transferred between stages

	Parent Company			Total
	Stage 1	Stage 2	Stage 3	
Gross carrying amount as at January 1, 2025	P426,708,829	P27,044,741	P14,876,348	P468,629,918
Newly originated assets that remained in Stage 1 as at yearend	228,308,984	-	-	228,308,984
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	25,170,124	3,949,973	29,120,097
Assets derecognized or repaid (excluding write offs)	(248,477,862)	(21,966,932)	(6,184,885)	(276,629,679)
Transfers to Stage 1	2,071,307	(2,071,307)	-	-
Transfers to Stage 2	(3,506,151)	3,611,419	(105,268)	-
Transfers to Stage 3	(780,888)	(43,774)	824,662	-
Amounts written off	-	-	(13)	(13)
	P404,324,219	P31,744,271	P13,360,817	P449,429,307

ECL allowance as at January 1, 2025	P625,825	P200,912	P8,989,922	P9,816,659
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	202,262	-	-	202,262
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	-	319,418	1,294,887	1,614,305
Transfers to Stage 1	60,332	(60,332)	-	-
Transfers to Stage 2	(18,065)	53,196	(35,131)	-
Transfers to Stage 3	(952)	(159)	1,111	-
Other movements*	(363,780)	51,709	(971,330)	(1,283,401)
	(120,203)	363,832	289,537	533,166
Amounts written off	-	-	(13)	(13)
Foreclosures and other adjustments	-	-	(669,953)	(669,953)
	P505,622	P564,744	P8,609,493	P9,679,859

\*includes changes in assumptions, payments and impact on ECL of exposures transferred between stages

	Parent Company			Total
	Stage 1	Stage 2	Stage 3	
Gross carrying amount as at January 1, 2024	P345,254,083	P29,013,846	P14,082,979	P388,350,908
Newly originated assets that remained in Stage 1 as at yearend	275,723,721	-	-	275,723,721
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	20,619,204	1,746,499	22,365,703
Assets derecognized or repaid (excluding write offs)	(196,690,061)	(16,535,146)	(4,248,472)	(217,473,679)
Transfers to Stage 1	3,080,847	(3,080,847)	-	-
Transfers to Stage 2	(631,816)	753,200	(121,384)	-
Transfers to Stage 3	(27,945)	(3,725,516)	3,753,461	-
Amounts written off	-	-	(336,735)	(336,735)
	P426,708,829	P27,044,741	P14,876,348	P468,629,918

ECL allowance as at January 1, 2024	P191,739	P438,664	P8,944,305	P9,574,708
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	316,126	-	-	316,126
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	-	89,525	1,134,588	1,224,113
Transfers to Stage 1	86,979	(86,979)	-	-
Transfers to Stage 2	(996)	11,171	(10,175)	-
Transfers to Stage 3	-	(132,359)	132,359	-
Other movements*	31,977	(119,110)	(580,707)	(667,840)
	434,086	(237,752)	676,065	872,399
Amounts written off	-	-	(336,735)	(336,735)
Foreclosures and other adjustments	-	-	(293,713)	(293,713)
	P625,825	P200,912	P8,989,922	P9,816,659

\*includes changes in assumptions, payments and impact on ECL of exposures transferred between stages



An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to consumer lending follow:

	Stage 1	Consolidated Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2025	P111,671,540	P5,027,634	P3,112,035	P119,811,209
Newly originated assets that remained in Stage 1 as at yearend	79,707,618	-	-	79,707,618
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	3,215,014	1,486,520	4,701,534
Assets derecognized or repaid (excluding write offs)	(43,618,561)	(1,894,975)	(537,477)	(46,051,013)
Transfers to Stage 1	1,090,301	(1,050,302)	(39,999)	-
Transfers to Stage 2	(3,700,011)	3,740,867	(40,856)	-
Transfers to Stage 3	(7,999,260)	(2,368,221)	10,367,481	-
Amounts written off	-	-	(8,988,817)	(8,988,817)
	<b>P137,151,627</b>	<b>P6,670,017</b>	<b>P5,358,887</b>	<b>P149,180,531</b>
ECL allowance as at January 1, 2025	P2,048,450	P1,218,648	P2,045,746	P5,312,844
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	1,687,732	-	-	1,687,732
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	-	384,388	380,395	764,783
Transfers to Stage 1	203,479	(181,920)	(21,559)	-
Transfers to Stage 2	(184,251)	213,525	(29,274)	-
Transfers to Stage 3	(758,022)	(867,933)	1,625,955	-
Other movements*	(349,713)	1,037,645	8,716,004	9,403,936
	<b>599,225</b>	<b>585,705</b>	<b>10,671,521</b>	<b>11,856,451</b>
Amounts written off	-	-	(8,988,817)	(8,988,817)
Foreclosures and other adjustments	-	-	(290,004)	(290,004)
	<b>P2,647,675</b>	<b>P1,804,353</b>	<b>P3,438,446</b>	<b>P7,890,474</b>

\*includes changes in assumptions, payments and impact on ECL of exposures transferred between stages

	Stage 1	Consolidated Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	P70,113,496	P4,086,824	P3,007,037	P77,207,357
Newly originated assets that remained in Stage 1 as at yearend	64,012,540	-	-	64,012,540
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	1,031,190	4,102,973	5,134,163
Assets derecognized or repaid (excluding write offs)	(16,931,003)	(1,080,768)	(3,883,493)	(21,895,264)
Transfers to Stage 1	950,974	(904,300)	(46,674)	-
Transfers to Stage 2	(3,202,464)	3,289,911	(87,447)	-
Transfers to Stage 3	(3,272,003)	(1,395,223)	4,667,226	-
Amounts written off	-	-	(4,647,587)	(4,647,587)
	<b>P111,671,540</b>	<b>P5,027,634</b>	<b>P3,112,035</b>	<b>P119,811,209</b>
ECL allowance as at January 1, 2024	P2,455,185	P492,289	P1,786,707	P4,734,181
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	1,426,013	-	-	1,426,013
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	-	194,948	219,495	414,443
Transfers to Stage 1	261,439	(204,574)	(56,865)	-
Transfers to Stage 2	(99,579)	166,568	(66,989)	-
Transfers to Stage 3	(72,069)	(75,366)	147,435	-
Other movements*	(1,922,539)	644,783	4,884,186	3,606,430
	<b>(406,735)</b>	<b>726,359</b>	<b>5,127,262</b>	<b>5,446,886</b>
Amounts written off	-	-	(4,647,587)	(4,647,587)
Foreclosures and other adjustments	-	-	(220,636)	(220,636)
	<b>P2,048,450</b>	<b>P1,218,648</b>	<b>P2,045,746</b>	<b>P5,312,844</b>

\*includes changes in assumptions, payments and impact on ECL of exposures transferred between stages



	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2025	P111,623,046	P5,026,482	P3,112,036	P119,761,564
Newly originated assets that remained in Stage 1 as at yearend	79,676,282	-	-	79,676,282
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	3,215,014	1,486,520	4,701,534
Assets derecognized or repaid (excluding write offs)	(43,617,799)	(1,893,822)	(537,479)	(46,049,100)
Transfers to Stage 1	1,090,301	(1,050,302)	(39,999)	-
Transfers to Stage 2	(3,700,011)	3,740,867	(40,856)	-
Transfers to Stage 3	(7,999,260)	(2,368,221)	10,367,481	-
Amounts written off	-	-	(8,988,817)	(8,988,817)
	P137,072,559	P6,670,018	P5,358,886	P149,101,463
ECL allowance as at January 1, 2025	P2,048,032	P1,218,589	P2,045,747	P5,312,368
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	1,687,729	-	-	1,687,729
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	-	384,388	380,395	764,783
Transfers to Stage 1	203,479	(181,920)	(21,559)	-
Transfers to Stage 2	(184,251)	213,525	(29,274)	-
Transfers to Stage 3	(757,922)	(867,933)	1,625,855	-
Other movements*	(349,407)	1,037,704	8,715,642	9,403,939
	599,628	585,764	10,671,059	11,856,451
Amounts written off	-	-	(8,988,817)	(8,988,817)
Foreclosures and other adjustments	-	-	(289,543)	(289,543)
	P2,647,660	P1,804,353	P3,438,446	P7,890,459

\*includes changes in assumptions, payments and impact on ECL of exposures transferred between stages

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	P70,037,243	P4,076,447	P3,007,037	P77,120,727
Newly originated assets that remained in Stage 1 as at yearend	63,965,767	-	-	63,965,767
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	1,030,038	4,102,974	5,133,012
Assets derecognized or repaid (excluding write offs)	(16,856,471)	(1,070,391)	(3,883,493)	(21,810,355)
Transfers to Stage 1	950,974	(904,300)	(46,674)	-
Transfers to Stage 2	(3,202,464)	3,289,911	(87,447)	-
Transfers to Stage 3	(3,272,003)	(1,395,223)	4,667,226	-
Amounts written off	-	-	(4,647,587)	(4,647,587)
	P111,623,046	P5,026,482	P3,112,036	P119,761,564
ECL allowance as at January 1, 2024	P2,454,601	P492,256	P1,786,919	P4,733,776
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	1,426,199	-	-	1,426,199
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	-	194,889	219,495	414,384
Transfers to Stage 1	261,439	(204,573)	(56,866)	-
Transfers to Stage 2	(99,579)	166,568	(66,989)	-
Transfers to Stage 3	(72,069)	(75,366)	147,435	-
Other movements*	(1,922,559)	644,815	4,884,511	3,606,767
	(406,569)	726,333	5,127,586	5,447,350
Amounts written off	-	-	(4,647,587)	(4,647,587)
Foreclosures and other adjustments	-	-	(221,171)	(221,171)
	P2,048,032	P1,218,589	P2,045,747	P5,312,368

\*includes changes in assumptions, payments and impact on ECL of exposures transferred between stages

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to residential mortgages lending follow:

	Consolidated and Parent			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2025	P95,084,695	P1,972,362	P2,182,618	P99,239,675
Newly originated assets that remained in Stage 1 as at yearend	25,796,407	-	-	25,796,407
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	810,588	178,842	989,430
Assets derecognized or repaid (excluding write offs)	(16,544,321)	(772,761)	(1,071,601)	(18,388,683)
Transfers to Stage 1	405,218	(324,808)	(80,410)	-
Transfers to Stage 2	(1,815,242)	1,827,858	(12,616)	-
Transfers to Stage 3	(1,192,568)	(464,279)	1,656,847	-
	P101,734,189	P3,048,960	P2,853,680	P107,636,829



	Consolidated and Parent			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at January 1, 2025	P420,651	P72,283	P314,189	P807,123
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	155,169	–	–	155,169
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	–	13,433	8,415	21,848
Transfers to Stage 1	55,219	(54,613)	(606)	–
Transfers to Stage 2	(102,164)	102,166	(2)	–
Transfers to Stage 3	(90,147)	(10,359)	100,506	–
Other movements*	(240,580)	(98,499)	(64,469)	(403,548)
	(222,503)	(47,872)	43,844	(226,531)
Foreclosures and other adjustments	–	–	(106,436)	(106,436)
	P198,148	P24,411	P251,597	P474,156

\*includes changes in assumptions, payments and impact on ECL of exposures transferred between stages

	Consolidated and Parent			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	P79,587,619	P2,422,425	P1,654,451	P83,664,495
Newly originated assets that remained in Stage 1 as at yearend	27,775,209	–	–	27,775,209
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	–	554,662	158,929	713,591
Assets derecognized or repaid (excluding write offs)	(11,215,294)	(1,161,194)	(537,132)	(12,913,620)
Transfers to Stage 1	807,530	(679,042)	(128,488)	–
Transfers to Stage 2	(1,090,556)	1,094,866	(4,310)	–
Transfers to Stage 3	(779,813)	(259,355)	1,039,168	–
	P95,084,695	P1,972,362	P2,182,618	P99,239,675

ECL allowance as at January 1, 2024	P433,293	P31,322	P393,491	P858,106
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	210,817	–	–	210,817
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	–	9,166	9,361	18,527
Transfers to Stage 1	38,629	(12,305)	(26,324)	–
Transfers to Stage 2	(8,777)	9,074	(297)	–
Transfers to Stage 3	(5,283)	(4,825)	10,108	–
Other movements*	(248,028)	39,851	39,317	(168,860)
	(12,642)	40,961	32,165	60,484
Foreclosures and other adjustments	–	–	(111,467)	(111,467)
	P420,651	P72,283	P314,189	P807,123

\*includes changes in assumptions and payments

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to small business lending follow:

	Consolidated and Parent			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2025	P480,203	P39,470	P54,760	P574,433
Newly originated assets that remained in Stage 1 as at yearend	430,749	–	–	430,749
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	–	43,943	37,495	81,438
Assets derecognized or repaid (excluding write offs)	(412,236)	(28,875)	(13,702)	(454,813)
Transfers to Stage 1	5,000	(5,000)	–	–
Transfers to Stage 2	(5,450)	5,450	–	–
Transfers to Stage 3	(10,000)	–	10,000	–
	P488,266	P54,988	P88,553	P631,807

ECL allowance as at January 1, 2025	P280	P363	P33,985	P34,628
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	115	–	–	115
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	–	117	31,924	32,041
Transfers to Stage 1	8	(8)	–	–
Transfers to Stage 2	–	–	–	–
Transfers to Stage 3	–	–	–	–
Other movements*	(179)	(253)	3,615	3,183
	(56)	(144)	35,539	35,339
	P224	P219	P69,524	P69,967

\*includes changes in assumptions, payments and impact on ECL of exposures transferred between stages



	Consolidated and Parent			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	P472,776	P61,247	P51,781	P585,804
Newly originated assets that remained in Stage 1 as at yearend	448,200	-	-	448,200
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	26,018	2,466	28,484
Assets derecognized or repaid (excluding write offs)	(429,469)	(50,589)	(7,997)	(488,055)
Transfers to Stage 1	4,230	(4,230)	-	-
Transfers to Stage 2	(7,024)	7,024	-	-
Transfers to Stage 3	(8,510)	-	8,510	-
	<b>P480,203</b>	<b>P39,470</b>	<b>P54,760</b>	<b>P574,433</b>
ECL allowance as at January 1, 2024	P68	P32	P35,298	P35,398
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	212	-	-	212
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	-	28	69	97
Transfers to Stage 1	12	(12)	-	-
Transfers to Stage 2	(28)	28	-	-
Transfers to Stage 3	-	-	-	-
Other movements*	16	287	(1,382)	(1,079)
	<b>212</b>	<b>331</b>	<b>(1,313)</b>	<b>(770)</b>
	<b>P280</b>	<b>P363</b>	<b>P33,985</b>	<b>P34,628</b>

\*includes changes in assumptions, payments and impact on ECL of exposures transferred between stages

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other receivables (includes accrued interest receivable, sales contracts receivable and accounts receivable) follow:

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2025	P9,030,791	P207,656	P533,412	P9,771,859
Newly originated assets that remained in Stage 1 as at yearend	6,083,053	-	-	6,083,053
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	48,583	138,469	187,052
Assets derecognized or repaid (excluding write offs)	(5,537,300)	(3,703)	(134,323)	(5,675,326)
Transfers to Stage 1	37,671	(36,593)	(1,078)	-
Transfers to Stage 2	(79,085)	79,357	(272)	-
Transfers to Stage 3	(68,410)	(16,643)	85,053	-
Amounts written off	(28,827)	-	(49,109)	(77,936)
	<b>P9,437,893</b>	<b>P278,657</b>	<b>P572,152</b>	<b>P10,288,702</b>
ECL allowance as at January 1, 2025	P26,438	P8,249	P306,024	P340,711
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	14,754	-	-	14,754
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	-	2,727	33,233	35,960
Transfers to Stage 1	2,017	(9)	(2,008)	-
Transfers to Stage 2	-	1	(1)	-
Transfers to Stage 3	(1,438)	(135)	1,349	(224)
Other movements*	(12,479)	1,838	(58,408)	(69,049)
	<b>2,854</b>	<b>4,422</b>	<b>(25,835)</b>	<b>(18,559)</b>
Amounts written off	-	-	(77,113)	(77,113)
Foreclosures and other adjustments	-	-	(12,133)	(12,133)
	<b>P29,292</b>	<b>P12,671</b>	<b>P190,943</b>	<b>P232,906</b>

\*includes changes in assumptions, payments and impact on ECL of exposures transferred between stages

	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	P6,833,521	P411,803	P590,579	P7,835,903
Newly originated assets that remained in Stage 1 as at yearend	6,509,189	-	-	6,509,189
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	102,949	162,686	265,635
Assets derecognized or repaid (excluding write offs)	(4,272,310)	(235,147)	(267,758)	(4,775,215)
Transfers to Stage 1	53,704	(50,821)	(2,883)	-
Transfers to Stage 2	(44,012)	44,817	(805)	-
Transfers to Stage 3	(49,301)	(65,945)	115,246	-
Amounts written off	-	-	(63,653)	(63,653)
	<b>P9,030,791</b>	<b>P207,656</b>	<b>P533,412</b>	<b>P9,771,859</b>



	Consolidated			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at January 1, 2024	P25,632	P8,651	P280,458	P314,741
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	7,915	-	-	7,915
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	-	2,687	117,988	120,675
Transfers to Stage 1	2,300	(1,111)	(1,189)	-
Transfers to Stage 2	(708)	831	(123)	-
Transfers to Stage 3	(1,571)	(2,940)	4,511	-
Other movements*	(7,130)	131	(18,742)	(25,741)
	806	(402)	102,445	102,849
Amounts written off	-	-	(63,653)	(63,653)
Foreclosures and other adjustments	-	-	(13,226)	(13,226)
	P26,438	P8,249	P306,024	P340,711

\* includes changes in assumptions, payments and impact on ECL of exposures transferred between stages

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2025	P8,492,201	P207,450	P474,755	P9,174,406
Newly originated assets that remained in Stage 1 as at yearend	5,600,917	-	-	5,600,917
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	47,532	87,820	135,352
Assets derecognized or repaid (excluding write offs)	(4,887,216)	(3,703)	(126,753)	(5,017,672)
Transfers to Stage 1	37,671	(36,593)	(1,078)	-
Transfers to Stage 2	(79,085)	79,357	(272)	-
Transfers to Stage 3	(67,920)	(17,133)	85,053	-
Amounts written off	-	-	(77,936)	(77,936)
	P9,096,568	P276,910	P441,589	P9,815,067

ECL allowance as at January 1, 2025	P26,418	P8,143	P266,684	P301,245
Provisions for (recovery of) credit losses	-	-	-	-
Newly originated assets which remained in Stage 1 at yearend	14,754	-	-	14,754
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	-	2,727	33,233	35,960
Transfers to Stage 1	2,017	(9)	(2,008)	-
Transfers to Stage 2	-	1	(1)	-
Transfers to Stage 3	(1,433)	(28)	1,461	-
Other movements*	(12,919)	1,837	(52,115)	(63,197)
	2,419	4,528	(19,430)	(12,483)
Amounts written off	-	-	(77,936)	(77,936)
Foreclosures and other adjustments	-	-	(12,135)	(12,135)
	P28,837	P12,671	P157,183	P198,691

\* includes changes in assumptions, payments and impact on ECL of exposures transferred between stages

	Parent Company			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	P6,472,319	P411,803	P590,579	P7,474,701
Newly originated assets that remained in Stage 1 as at yearend	6,008,367	-	-	6,008,367
Newly originated assets that moved to Stage 2 and Stage 3 as at yearend	-	100,885	82,794	183,679
Assets derecognized or repaid (excluding write offs)	(3,949,013)	(235,147)	(244,528)	(4,428,688)
Transfers to Stage 1	53,704	(50,821)	(2,883)	-
Transfers to Stage 2	(44,012)	44,817	(805)	-
Transfers to Stage 3	(49,164)	(64,087)	113,251	-
Amounts written off	-	-	(63,653)	(63,653)
	P8,492,201	P207,450	P474,755	P9,174,406

ECL allowance as at January 1, 2024	P25,126	P8,459	P254,303	P287,888
Provisions for (recovery of) credit losses				
Newly originated assets which remained in Stage 1 at yearend	7,951	-	-	7,951
Newly originated assets which moved to Stage 2 and Stage 3 at yearend	-	2,580	95,340	97,920
Transfers to Stage 1	2,300	(1,111)	(1,189)	-
Transfers to Stage 2	(708)	831	(123)	-
Transfers to Stage 3	(1,571)	(2,747)	4,318	-
Other movements*	(6,680)	131	(9,038)	(15,587)
	1,292	(316)	89,308	90,284
Amounts written off	-	-	(63,653)	(63,653)
Foreclosures and other adjustments	-	-	(13,274)	(13,274)
	P26,418	P8,143	P266,684	P301,245

\* includes changes in assumptions, payments and impact on ECL of exposures transferred between stages



Receivable from customers consist of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Loans	<b>₱631,570,922</b>	₱610,353,620	<b>₱631,103,431</b>	₱612,017,611
Credit card receivables	<b>64,325,312</b>	53,988,365	<b>64,325,312</b>	53,988,365
Customers' liabilities under letters of credit and trust receipts	<b>6,907,230</b>	16,496,878	<b>6,907,230</b>	16,496,878
Bills purchased (Note 24)	<b>3,823,205</b>	4,032,868	<b>3,823,205</b>	4,032,868
Customers' liabilities under acceptances	<b>640,228</b>	1,669,868	<b>640,228</b>	1,669,868
	<b>707,266,897</b>	686,541,599	<b>706,799,406</b>	688,205,590
Less unearned discounts and deferred credits	<b>2,569,838</b>	2,188,141	<b>2,569,838</b>	2,188,141
	<b>₱704,697,059</b>	₱684,353,458	<b>₱704,229,568</b>	₱686,017,449

Restructured receivables of the Group and the Parent Company amounted to ₱13.7 billion as of December 31, 2025 and ₱11.1 billion as of December 31, 2024. Interest income on these restructured receivables amounted to ₱731.0 million in 2025, ₱646.4 million in 2024 and ₱810.7 million in 2023 for the Group and Parent Company.

Provision for (recovery of) credit losses on financial assets in the statements of income are as follows:

	Consolidated		
	For the year ended December 31		
	2025	2024	2023
Due from other banks (Note 7)	<b>₱220</b>	(₱89)	₱279
Interbank loans receivable and SPURA with BSP	<b>(4,962)</b>	7,985	(1,386)
Financial assets at FVTOCI (Note 12)	<b>(10,683)</b>	17,966	6,942
Investment securities at amortized cost (Note 13)	<b>11,062</b>	15,010	33,716
Loans and receivables	<b>12,180,283</b>	6,481,925	4,328,858
Financial guarantees, loan and other commitments (Note 34)	<b>321,205</b>	130,945	297,785
	<b>₱12,497,125</b>	₱6,653,742	₱4,666,194

  

	Parent Company		
	For the year ended December 31		
	2025	2024	2023
Due from other banks (Note 7)	<b>₱170</b>	(₱172)	₱241
Interbank loans receivable and SPURA with BSP	<b>(4,962)</b>	7,985	(1,386)
Financial assets at FVTOCI (Note 12)	<b>(10,683)</b>	17,966	6,942
Investment securities at amortized cost (Note 13)	<b>11,062</b>	15,010	33,716
Loans and receivables	<b>12,185,942</b>	6,469,747	4,325,891
Financial guarantees, loan and other commitments (Note 34)	<b>321,205</b>	130,945	297,785
	<b>₱12,502,734</b>	₱6,641,481	₱4,663,189

As of December 31, 2025 and 2024, the fair value of the collateral held relating to the total loan portfolio amounted to ₱306.9 billion and ₱234.1 billion, respectively, for the Group and ₱296.0 billion and ₱231.8 billion, respectively, for the Parent Company. The collateral consists of cash, securities, letters of guarantee and real and personal properties.

The Group and the Parent Company took possession of various properties previously held as collateral. The carrying values of such properties amounted to ₱8.1 billion and ₱7.3 billion for the Group and the Parent Company as of December 31, 2025 and 2024, respectively.



Interest income on loans and receivables consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Loans	<b>P45,096,087</b>	P38,596,251	P31,446,567	<b>P45,127,305</b>	P38,735,228	P31,539,609
Credit card receivables	<b>12,268,569</b>	8,793,923	5,447,808	<b>12,268,569</b>	8,793,923	5,447,808
Customers' liabilities under letters of credit and trust receipts	<b>663,833</b>	960,063	1,199,236	<b>663,833</b>	960,063	1,199,236
Sales contracts receivable	<b>16,171</b>	12,813	10,616	<b>16,171</b>	12,813	10,616
Bills purchased	<b>38</b>	24,373	35,837	<b>38</b>	24,373	35,837
	<b>P58,044,698</b>	P48,387,423	P38,140,064	<b>P58,075,916</b>	P48,526,400	P38,233,106

Of the total receivables from customers of the Group and of the Parent Company, 28% and 29.4% as of December 31, 2025 and 2024, respectively, are subject to periodic interest repricing. Remaining receivables from customers, for the Group and the Parent Company, earn annual fixed interest rates, as follows:

	2025	2024	2023
Peso-denominated	<b>0.06%-44.90%</b>	0.06%-38.57%	1.25%-38.57%
Foreign currency-denominated	<b>1.00%-7.95%</b>	0.05%-8.53%	0.05%-8.94%

Sales contracts receivable earns interest rates ranging from 7.75% to 11.00%, 7.75% to 10.00% and 7.75% to 12.00% as of December 31, 2025, 2024 and 2023, respectively, for the Group and the Parent Company.

## 15. Investments in Subsidiaries, Joint Ventures and an Associate

This account consists of investments in:

	% of Ownership		Consolidated		Parent Company	
	2025	2024	2025	2024	2025	2024
<b>Subsidiaries:</b>						
Cost:						
SBCIC	<b>100.00</b>	100.00		P-	<b>P500,000</b>	P500,000
SBCC	<b>100.00</b>	100.00		-	<b>325,000</b>	325,000
SFLI	<b>100.00</b>	100.00		-	<b>125,000</b>	125,000
SB Forex	<b>100.00</b>	100.00		-	<b>50,000</b>	50,000
					<b>1,000,000</b>	1,000,000
<b>Accumulated equity in net income</b>						
Balance at beginning of year				-	<b>1,561,963</b>	1,318,317
Share in net income				-	<b>400,090</b>	256,592
Dividends				-	-	(13,000)
Other adjustment				-	-	54
Balance at end of year				-	<b>1,962,053</b>	1,561,963
<b>Accumulated equity in OCI</b>						
Balance at beginning of year				-	<b>89,161</b>	90,226
Remeasurement loss on defined benefit plans				-	<b>(2,518)</b>	(3,220)
Net unrealized gain on financial assets at fair value through other comprehensive income*				-	<b>5,351</b>	2,155
Balance at end of year				-	<b>91,994</b>	89,161
				-	<b>3,054,047</b>	2,651,124
<b>Joint Ventures:</b>						
Cost:						
SBML	<b>60.00</b>	60.00	<b>150,057</b>	150,057	<b>150,057</b>	150,057
SBF	<b>49.96</b>	49.96	<b>2,095,655</b>	2,095,655	<b>2,095,655</b>	2,095,655
MMFP	<b>49.00</b>	49.00	<b>1,249,500</b>	-	<b>1,249,500</b>	-
			<b>3,495,212</b>	2,245,712	<b>3,495,212</b>	2,245,712

(Forward)



	% of Ownership		Consolidated		Parent Company	
	2025	2024	2025	2024	2025	2024
<b>Accumulated equity in net income</b>						
Balance at beginning of year			<b>₱380,861</b>	₱379,358	<b>₱380,861</b>	₱379,358
Share in net income			<b>52,363</b>	1,870	<b>52,363</b>	1,870
Dividends			<b>(10,946)</b>	–	<b>(10,946)</b>	–
Remeasurement gain (loss) on defined benefit plans			<b>589</b>	(367)	<b>589</b>	(367)
Balance at end of year			<b>422,867</b>	380,861	<b>422,867</b>	380,861
<b>Associate:</b>						
Cost:						
HCPH	25%	–	<b>11,611,165</b>	–	<b>11,611,165</b>	–
			<b>11,611,165</b>	–	<b>11,611,165</b>	–
<b>Accumulated equity in net income</b>						
Balance at beginning of year			–	–	–	–
Share in net income			<b>694,505</b>	–	<b>694,505</b>	–
Net unrealized gain on financial assets at fair value through other comprehensive income			<b>142,923</b>	–	<b>142,923</b>	–
Balance at end of year			<b>837,428</b>	–	<b>837,428</b>	–
			<b>12,448,593</b>	–	<b>12,448,593</b>	–
			<b>₱16,366,672</b>	₱2,626,573	<b>₱19,420,719</b>	₱5,277,697

The details of the dividends by the subsidiaries to the Parent Company are provided below:

Subsidiary	Date of declaration	Per share	Total amounts in thousands
SBCC	August 22, 2024	₱4.0 per share	₱13,000

The details of the dividends by the joint venture to the Parent Company are provided below:

Subsidiary	Date of declaration	Per share	Total amounts in thousands
SBML	May 21, 2025	₱7.2973 per share	₱10,946

### Reclassification of SBF to Joint Venture

On October 20, 2020, after securing regulatory approvals in the Philippines and Thailand, the Parent Company sold 7,075,000 SBF shares (50% ownership) to Krungsri for ₱1.5 billion, recognizing a ₱933.1 million gain. As a result, SBF ceased to be a subsidiary and was deconsolidated from the Group's financial statements.

In 2021, the Parent Company and Krungsri approved a ₱3.0 billion capital infusion into SBF, disbursed in two tranches: ₱1.5 billion on May 21, 2021, and ₱1.5 billion on January 18, 2022. To accommodate the infusion, SBF issued new shares.

### Financial Information of Joint Ventures

The summarized financial information of the joint ventures are set out below (in millions):

SBML:

	2025	2024
Cash and cash equivalents	<b>₱27</b>	₱35
Loans receivable held for sale	<b>85</b>	207
Loans and receivables	<b>1,693</b>	1,451
Other assets	<b>96</b>	106
Deposits on lease contracts	<b>(390)</b>	(385)
Bills payable	<b>(620)</b>	(477)
Accounts payable and other liabilities	<b>(209)</b>	(294)
Equity	<b>₱682</b>	₱643
Proportion of the Group's ownership	<b>60%</b>	60%
Carrying amount of the investment	<b>₱409</b>	₱386



	2025	2024
Income		
Leasing and interest income	165	₱120
Interest expense	(32)	(21)
Net interest income	133	99
Other income	38	41
Operating expenses	(94)	(92)
Income before income tax	77	48
Provision for income tax	(20)	(12)
Net income	<b>₱57</b>	<b>₱36</b>
Group's share for the year	<b>₱34</b>	<b>₱22</b>

SBF:

	2025	2024
Cash and cash equivalents	<b>₱563</b>	₱385
Loans and receivables	<b>10,654</b>	9,426
Other Assets	<b>1,969</b>	1,714
Bills payable	<b>(7,450)</b>	(6,400)
Accrued expenses and other liabilities	<b>(889)</b>	(639)
Equity	<b>4,847</b>	₱4,486
Proportion of the Group's ownership	<b>49.96%</b>	49.96%
Carrying amount of the investment	<b>₱2,422</b>	₱2,241

	2025	2024
Income		
Interest income	<b>₱4,039</b>	₱3,701
Interest expense	<b>(412)</b>	(387)
Net interest income	<b>3,627</b>	3,314
Other income	<b>736</b>	678
Operating expenses	<b>(3,885)</b>	(4,041)
Income (loss) before income tax	<b>478</b>	(49)
Provision for income tax	<b>(116)</b>	9
Net income (loss)	<b>₱362</b>	(₱40)
Group's share for the year	<b>₱181</b>	(₱20)

MMFP:

	2025
Cash and cash equivalents	<b>₱943</b>
Loans and receivables	<b>7,001</b>
Other assets	<b>224</b>
Bills payable	<b>(5,600)</b>
Accrued expenses and other liabilities	<b>(349)</b>
Equity	<b>₱2,219</b>
Proportion of the Group's ownership	<b>49.00%</b>
Carrying amount of the investment	<b>₱1,087</b>



	<b>2025</b>
Income	
Interest income	<b>₱248</b>
Interest expense	<b>(63)</b>
Net interest income	<b>185</b>
Other income	<b>–</b>
Operating expenses	<b>(625)</b>
Income (loss) before income tax	<b>(440)</b>
Provision for income tax	<b>108</b>
Net income (loss)	<b>(₱332)</b>
Group's share for the year	<b>(₱163)</b>

SBML, SBF and MMFP have no contingent liabilities or capital commitments as of December 31, 2025 and 2024.

**Financial Information of an Associate**

The summarized financial information of HCPH set out below as of and for the year ended December 31, 2025 (in millions):

	<b>2025</b>
Cash and cash equivalents	<b>₱3,813</b>
Financial assets at fair value through other comprehensive income	<b>42,500</b>
Loans and receivables	<b>55,873</b>
Other assets	<b>9,301</b>
Loans payable	<b>(69,445)</b>
Accrued expenses and other liabilities	<b>(16,540)</b>
Equity	<b>₱25,502</b>
Proportion of the Group's ownership	<b>25.00%</b>
Proportionate share of the Group's ownership	<b>₱6,376</b>
Excess of cost of investment over the Group's share in net fair value of the identifiable assets and liabilities of HCPH at acquisition date	<b>6,073</b>
Carrying amount of the investment	<b>₱12,449</b>

	<b>2025</b>
Income	
Interest income	<b>₱22,253</b>
Interest expense	<b>(3,019)</b>
Net interest income	<b>19,234</b>
Other income	<b>4,755</b>
Operating expenses	<b>(11,421)</b>
Income before income tax	<b>12,568</b>
Provision for income tax	<b>(9,790)</b>
Net income	<b>₱2,778</b>
Group's share for the year	<b>₱695</b>



The excess of the total cost of investment over the Parent Company's share in the net fair values of HCPH's identifiable assets and liabilities that were preliminarily determined at acquisition date amounted to ₱6.1 billion and is included in the carrying value of the investment in HCPH. The provisional purchase price allocation is subject to revision to reflect the final determination of fair values and will be completed within 12 months from the acquisition date.

Limitations on Dividend Declarations of Joint Ventures and an Associate

As of December 31, 2025 and 2024, there were no agreements entered into by the joint ventures and an associate of the Group that may restrict dividends and other capital distributions to be paid, or loans and advances to be made or repaid to or from other entities within the Group.

## 16. Property, Equipment and Right-of-Use Assets

The composition of and movements in the Group's and the Parent Company's property, equipment and right-of-use assets follow:

	Consolidated								Total
	Land	Building and Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Building and Improvements	Transportation Equipment	Total Right-of-use assets	
<b>December 31, 2025</b>									
<b>Cost</b>									
Balance at beginning of year	₱471,615	₱2,797,639	₱8,204,854	₱2,700,984	₱358,578	₱3,375,510	₱19,903	₱3,395,413	₱17,929,083
Additions	-	155,252	1,483,891	1,293,409	450,313	1,706,533	6,723	1,713,256	5,096,121
Disposals	-	-	(651,483)	(481,054)	-	(990,982)	-	(990,982)	(2,123,519)
Amortization of leasehold improvements	-	-	-	-	(134,608)	-	-	-	(134,608)
Reclassifications and other adjustments (Note 18)	-	(1,214)	(61,899)	17,748	(1,764)	(162,753)	-	(162,753)	(209,882)
<b>Balance at end of year</b>	<b>471,615</b>	<b>2,951,677</b>	<b>8,975,363</b>	<b>3,531,087</b>	<b>672,519</b>	<b>3,928,308</b>	<b>26,626</b>	<b>3,954,934</b>	<b>20,557,195</b>
<b>Accumulated depreciation</b>									
Balance at beginning of year	-	2,136,706	4,929,813	1,114,502	-	1,690,467	13,199	1,703,666	9,884,687
Depreciation	-	113,748	1,117,393	540,233	-	797,957	6,229	804,186	2,575,560
Disposals	-	-	(538,784)	(300,279)	-	(695,273)	-	(695,273)	(1,534,336)
Reclassifications and other adjustments (Note 18)	-	-	-	7,500	-	(48,292)	-	(48,292)	(40,792)
<b>Balance at end of year</b>	<b>-</b>	<b>2,250,454</b>	<b>5,508,422</b>	<b>1,361,956</b>	<b>-</b>	<b>1,744,859</b>	<b>19,428</b>	<b>1,764,287</b>	<b>10,885,119</b>
<b>Allowance for impairment loss (Note 17)</b>									
Balance at beginning and end of year	6,600	2,969	-	-	-	-	-	-	9,569
<b>Net book value at end of year</b>	<b>₱465,015</b>	<b>₱698,254</b>	<b>₱3,466,941</b>	<b>₱2,169,131</b>	<b>₱672,519</b>	<b>₱2,183,449</b>	<b>₱7,198</b>	<b>₱2,190,647</b>	<b>₱9,662,507</b>
<b>December 31, 2024</b>									
<b>Cost</b>									
Balance at beginning of year	₱463,006	₱2,683,446	₱6,417,663	₱2,555,594	₱292,783	₱3,474,030	₱20,643	₱3,494,673	₱15,907,165
Additions	4,696	108,453	1,970,039	839,009	209,697	1,160,542	542	1,161,084	4,292,978
Disposals	-	-	(107,603)	(718,172)	(5,122)	(1,283,633)	(1,282)	(1,284,915)	(2,115,812)
Amortization of leasehold improvements	-	-	-	-	(128,232)	-	-	-	(128,232)
Reclassifications and other adjustments (Note 18)	3,913	5,740	(75,245)	24,553	(10,548)	24,571	-	24,571	(27,016)
<b>Balance at end of year</b>	<b>471,615</b>	<b>2,797,639</b>	<b>8,204,854</b>	<b>2,700,984</b>	<b>358,578</b>	<b>3,375,510</b>	<b>19,903</b>	<b>3,395,413</b>	<b>17,929,083</b>
<b>Accumulated depreciation</b>									
Balance at beginning of year	-	2,040,439	4,105,124	1,300,262	-	2,001,970	8,216	2,010,186	9,456,011
Depreciation	-	101,073	925,870	391,423	-	792,290	6,265	798,555	2,216,921
Disposals	-	-	(101,326)	(585,084)	-	(1,103,793)	(1,282)	(1,105,075)	(1,791,485)
Reclassifications and other adjustments (Note 18)	-	(4,806)	145	7,901	-	-	-	-	3,240
<b>Balance at end of year</b>	<b>-</b>	<b>2,136,706</b>	<b>4,929,813</b>	<b>1,114,502</b>	<b>-</b>	<b>1,690,467</b>	<b>13,199</b>	<b>1,703,666</b>	<b>9,884,687</b>
<b>Allowance for impairment loss (Note 17)</b>									
Balance at beginning of year	19,969	1,689	-	-	-	-	-	-	21,658
Provision (recovery)	(13,369)	1,280	-	-	-	-	-	-	(12,089)
<b>Balance at the end of year</b>	<b>6,600</b>	<b>2,969</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,569</b>
<b>Net book value at end of year</b>	<b>₱465,015</b>	<b>₱657,964</b>	<b>₱3,275,041</b>	<b>₱1,586,482</b>	<b>₱358,578</b>	<b>₱1,685,043</b>	<b>₱6,704</b>	<b>₱1,691,747</b>	<b>₱8,034,827</b>



	Parent Company								Total
	Land	Building and Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Right-of-use Assets			
						Building and Improvements	Transportation Equipment	Total Right-of-use assets	
<b>December 31, 2025</b>									
<b>Cost</b>									
Balance at beginning of year	P471,615	P2,797,639	P5,759,945	P402,028	P358,578	P3,375,510	P19,903	P3,395,413	P13,185,218
Additions	-	155,252	536,364	85,578	450,313	1,701,599	6,723	1,708,322	2,935,829
Disposals	-	-	(554,496)	(74,253)	-	(990,983)	-	(990,983)	(1,619,732)
Amortization of leasehold improvements	-	-	-	-	(134,608)	-	-	-	(134,608)
Reclassifications and other adjustments (Note 18)	-	(1,214)	(61,898)	17,748	(1,764)	(162,753)	-	(162,753)	(209,881)
Balance at end of year	471,615	2,951,677	5,679,915	431,101	672,519	3,923,373	26,626	3,949,999	14,156,826
<b>(Forward)</b>									
<b>Accumulated depreciation</b>									
Balance at beginning of year	P-	P2,136,706	P4,058,867	P182,652	P-	P1,690,467	P13,199	P1,703,666	P8,081,891
Depreciation	-	113,748	678,967	82,837	-	793,845	6,229	800,074	1,675,626
Disposals	-	-	(493,638)	(52,486)	-	(695,273)	-	(695,273)	(1,241,397)
Reclassifications and other adjustments (Note 18)	-	-	-	7,500	-	(48,292)	-	(48,292)	(40,792)
Balance at end of year	-	2,250,454	4,244,196	220,503	-	1,740,747	19,428	1,760,175	8,475,328
<b>Allowance for impairment loss (Note 17)</b>									
Balance at beginning and end of year	6,600	2,969	-	-	-	-	-	-	9,569
<b>Net book value at end of year</b>	<b>P465,015</b>	<b>P698,254</b>	<b>P1,435,719</b>	<b>P210,598</b>	<b>P672,519</b>	<b>P2,182,626</b>	<b>P7,198</b>	<b>P2,189,824</b>	<b>P5,671,929</b>
<b>December 31, 2024</b>									
<b>Cost</b>									
Balance at beginning of year	P463,006	P2,683,446	P4,722,522	P331,880	P287,949	P3,474,030	P20,643	P3,494,673	P11,983,476
Additions	4,696	108,453	1,121,631	110,064	209,697	1,160,542	542	1,161,084	2,715,625
Disposals	-	-	(8,963)	(64,469)	(349)	(1,283,633)	(1,282)	(1,284,915)	(1,358,696)
Amortization of leasehold improvements	-	-	-	-	(128,171)	-	-	-	(128,171)
Reclassifications and other adjustments (Note 18)	3,913	5,740	(75,245)	24,553	(10,548)	24,571	-	24,571	(27,016)
Balance at end of year	471,615	2,797,639	5,759,945	402,028	358,578	3,375,510	19,903	3,395,413	13,185,218
<b>Accumulated depreciation</b>									
Balance at beginning of year	-	2,035,665	3,447,268	150,677	-	2,001,970	8,216	2,010,186	7,643,796
Depreciation	-	101,073	620,219	71,677	-	792,291	6,265	798,556	1,591,525
Disposals	-	-	(8,765)	(47,603)	-	(1,103,794)	(1,282)	(1,105,076)	(1,161,444)
Reclassifications and other adjustments (Note 18)	-	(32)	145	7,901	-	-	-	-	8,014
Balance at end of year	-	2,136,706	4,058,867	182,652	-	1,690,467	13,199	1,703,666	8,081,891
<b>Allowance for impairment loss (Note 17)</b>									
Balance at beginning of year	19,969	1,689	-	-	-	-	-	-	21,658
Provision (recovery)	(13,369)	1,280	-	-	-	-	-	-	(12,089)
Balance at the end of year	6,600	2,969	-	-	-	-	-	-	9,569
<b>Net book value at end of year</b>	<b>P465,015</b>	<b>P657,964</b>	<b>P1,701,078</b>	<b>P219,376</b>	<b>P358,578</b>	<b>P1,685,043</b>	<b>P6,704</b>	<b>P1,691,747</b>	<b>P5,093,758</b>

As of December 31, 2025 and 2024, the cost of fully depreciated property and equipment still in use amounted to ₱4.4 billion and ₱4.3 billion, respectively, for the Group and the Parent Company.

Gain or loss on disposal of equipment is included under 'Profit from assets sold/exchanged' in the statements of income. In 2025, 2024 and 2023, the Profit from assets sold/exchanged amounted to ₱47.1 million, ₱3.8 million and ₱274.3 million, respectively, for the Group and ₱47.1 million, ₱3.8 million, ₱274.3 million for the Parent Company.

The details of depreciation and amortization recognized in the statements of income are as follows:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Property, equipment and right-of-use assets	<b>₱2,575,560</b>	₱2,216,921	₱1,746,763	<b>₱1,675,626</b>	₱1,591,525	₱1,291,493
Leasehold improvements	<b>134,608</b>	128,232	102,266	<b>134,608</b>	128,171	102,083
Investment properties (Note 17)	<b>344,220</b>	293,552	228,276	<b>344,220</b>	293,552	228,276
Other properties acquired (Note 18)	<b>165,930</b>	107,865	72,868	<b>165,930</b>	107,865	72,868
	<b>₱3,220,318</b>	₱2,746,570	₱2,150,173	<b>₱2,320,384</b>	₱2,121,113	₱1,694,720



Set out below are the carrying amounts of lease liability (see Note 24) and the movements during the year:

	Consolidated		Parent	
	2025	2024	2025	2024
Balance at beginning of year	₱1,614,653	₱1,391,870	₱1,614,653	₱1,391,870
Additions	1,709,188	1,161,084	1,708,322	1,161,084
Disposals/pre-terminations	(106,758)	(179,839)	(106,758)	(179,839)
Accretion of interest	152,558	99,955	152,558	99,955
Payments	(1,060,919)	(882,988)	(1,060,919)	(882,988)
Other adjustments	(168,506)	24,571	(168,506)	24,571
Balance at end of year	₱2,140,216	₱1,614,653	₱2,139,350	₱1,614,653

## 17. Investment Properties

The composition of and movements in the Group and the Parent Company's investment properties follow:

	Consolidated		
	Land	Building and Improvements	Total
<b>December 31, 2025</b>			
<b>Cost</b>			
Balance at beginning of year	₱3,316,248	₱3,960,404	₱7,276,652
Additions	767,938	680,014	1,447,952
Disposals	(152,576)	(185,150)	(337,726)
Balance at end of year	3,931,610	4,455,268	8,386,878
<b>Accumulated Depreciation</b>			
Balance at beginning of year	–	743,864	743,864
Depreciation (Note 16)	–	344,220	344,220
Disposals	–	(67,366)	(67,366)
Balance at end of year	–	1,020,718	1,020,718
<b>Allowance for Impairment Loss</b>			
Balance at beginning of year	91,472	158,546	250,018
Provision for (recovery of) impairment losses	(20,864)	18,372	(2,492)
Disposals	(3,555)	(4,554)	(8,109)
Balance at end of year	67,053	172,364	239,417
<b>Net Book Value at End of Year</b>	<b>₱3,864,557</b>	<b>₱3,262,186</b>	<b>₱7,126,743</b>
<b>December 31, 2024</b>			
<b>Cost</b>			
Balance at beginning of year	₱2,178,725	₱3,361,763	₱5,540,488
Additions	1,266,946	743,443	2,010,389
Disposals	(129,423)	(144,802)	(274,225)
Balance at end of year	3,316,248	3,960,404	7,276,652
<b>Accumulated Depreciation</b>			
Balance at beginning of year	–	492,243	492,243
Depreciation (Note 16)	–	293,552	293,552
Disposals	–	(41,931)	(41,931)
Balance at end of year	–	743,864	743,864
<b>Allowance for Impairment Loss</b>			
Balance at beginning of year	103,527	154,116	257,643
Provision for (recovery of) impairment losses	(7,498)	6,721	(777)
Disposals	(4,557)	(2,291)	(6,848)
Balance at end of year	91,472	158,546	250,018
<b>Net Book Value at End of Year</b>	<b>₱3,224,776</b>	<b>₱3,057,994</b>	<b>₱6,282,770</b>



	Parent Company		
	Land	Building and Improvements	Total
<b>December 31, 2025</b>			
<b>Cost</b>			
Balance at beginning of year	₱3,316,248	₱3,960,404	₱7,276,652
Additions	767,938	680,014	1,447,952
Disposals	(152,576)	(185,150)	(337,726)
Balance at end of year	3,931,610	4,455,268	8,386,878
<b>Accumulated Depreciation</b>			
Balance at beginning of year	–	743,864	743,864
Depreciation (Note 16)	–	344,220	344,220
Disposals	–	(67,366)	(67,366)
Balance at end of year	–	1,020,718	1,020,718
<b>Allowance for Impairment Loss</b>			
Balance at beginning of year	₱91,472	₱158,546	₱250,018
Provision (recovery of) for impairment losses	(20,864)	18,372	(2,492)
Disposals	(3,555)	(4,554)	(8,109)
Balance at end of year	67,053	172,364	239,417
<b>Net Book Value at End of Year</b>	<b>₱3,864,557</b>	<b>₱3,262,186</b>	<b>₱7,126,743</b>
<b>December 31, 2024</b>			
<b>Cost</b>			
Balance at beginning of year	₱2,177,951	₱3,361,762	₱5,539,713
Additions	1,266,946	743,443	2,010,389
Disposals	(128,649)	(144,801)	(273,450)
Balance at end of year	3,316,248	3,960,404	7,276,652
<b>Accumulated Depreciation</b>			
Balance at beginning of year	–	492,244	492,244
Depreciation (Note 16)	–	293,552	293,552
Disposals	–	(41,932)	(41,932)
Balance at end of year	–	743,864	743,864
<b>Allowance for Impairment Loss</b>			
Balance at beginning of year	103,531	154,111	257,642
Provision (recovery of) for impairment losses	(7,498)	6,721	(777)
Disposals	(4,561)	(2,286)	(6,847)
Balance at end of year	91,472	158,546	250,018
<b>Net Book Value at End of Year</b>	<b>₱3,224,776</b>	<b>₱3,057,994</b>	<b>₱6,282,770</b>

Investment properties are real estate properties acquired in settlement of loans and receivables. The difference between the fair value of the asset upon foreclosure and the carrying value of the loan is recognized under 'Profit from assets sold/exchanged'. In 2025, 2024 and 2023, the Profit from assets sold/exchanged amounted to ₱0.8 billion, ₱1.0 billion and ₱0.9 billion for the Group and the Parent Company.

The fair values of investment properties are disclosed in Note 6.

As of December 31, 2025 and 2024, the carrying value of investment properties still subject to redemption amounted to ₱1.8 billion and ₱1.9 billion, respectively, for the Group and the Parent Company.

The Group and the Parent Company have no investment properties which are leased out under operating leases as of December 31, 2025, 2024 and 2023.



In 2025, 2024 and 2023, direct operating expenses, consisting of depreciation and amortization and repairs and maintenance (included under ‘Occupancy costs’ in the statements of income) pertaining to investment properties amounted to ₱165.9 million, ₱107.9 million and ₱72.9 million, respectively, for the Group and ₱165.9 million, ₱107.9 million and ₱72.9 million, respectively, for the Parent Company.

Provision for (recovery of) impairment losses on non-financial assets in the statements of income are as follows:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Property, equipment and right-of-use assets (Note 16)	₱–	(₱12,089)	₱21,422	₱–	(₱12,089)	₱21,422
Investment properties	(2,492)	(777)	85,249	(2,492)	(777)	85,249
Other properties acquired (Note 18)	267,214	(30,973)	28,009	267,214	(30,973)	28,009
Exchange trading right	300	–	–	–	–	–
	<b>₱265,022</b>	<b>(₱43,839)</b>	<b>₱134,680</b>	<b>₱264,722</b>	<b>(₱43,839)</b>	<b>₱134,680</b>

## 18. Intangible and Other Assets

### Intangible Assets

Intangible assets consist of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Software costs	₱6,841,072	₱5,137,675	₱6,834,715	₱5,135,198
Branch licenses	1,445,000	1,445,000	1,445,000	1,445,000
Exchange trading right	7,700	8,000	–	–
	<b>₱8,293,772</b>	<b>₱6,590,675</b>	<b>₱8,279,715</b>	<b>₱6,580,198</b>

Movements in software costs follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
<b>Cost</b>				
Balance at beginning of year	₱6,785,840	₱4,859,340	₱6,776,360	₱4,851,799
Additions	3,144,261	2,583,657	3,139,012	2,581,519
Disposals and other adjustments	(997,606)	(657,157)	(997,606)	(656,958)
Balance at end of year	<b>8,932,495</b>	<b>6,785,840</b>	<b>8,917,766</b>	<b>6,776,360</b>
<b>Accumulated Amortization</b>				
Balance at beginning of year	1,648,165	1,343,285	1,641,162	1,336,537
Amortization	1,403,102	904,892	1,401,733	904,450
Disposals and other adjustments	(959,844)	(600,012)	(959,844)	(599,825)
Balance at end of year	<b>2,091,423</b>	<b>1,648,165</b>	<b>2,083,051</b>	<b>1,641,162</b>
<b>Net Book Value at End of Year</b>	<b>₱6,841,072</b>	<b>₱5,137,675</b>	<b>₱6,834,715</b>	<b>₱5,135,198</b>

As of December 31, 2025 and 2024, the latest transacted price of SBEI’s exchange trading right amounted to ₱7.7 million and ₱8.0 million, respectively.



Other Assets

Other assets consist of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Cash collateral deposits	<b>₱975,422</b>	₱3,729,003	<b>₱975,422</b>	₱3,729,003
Rental and security deposits (Note 33)	<b>631,757</b>	508,068	<b>632,980</b>	509,301
Other properties acquired - net	<b>926,797</b>	989,931	<b>926,797</b>	989,931
Prepaid expenses	<b>657,750</b>	722,291	<b>651,575</b>	718,228
Creditable withholding taxes	<b>559,268</b>	15,152	<b>537,908</b>	60
Documentary stamps	<b>397,632</b>	408,385	<b>397,632</b>	408,385
Due from brokers	<b>495,258</b>	305,211	<b>495,258</b>	305,211
Returned checks and other cash items	<b>200,017</b>	175,023	<b>200,017</b>	175,023
Income tax credits	<b>148,228</b>	140,855	<b>7,796</b>	11,062
Deferred input VAT	<b>146,560</b>	114,895	–	–
Due from trust	<b>123,137</b>	74,149	<b>123,137</b>	74,149
Pension asset (Note 29)	<b>1,701</b>	1,473	–	–
Other investment	–	1,249,500	–	1,249,500
Miscellaneous	<b>1,348,064</b>	1,197,593	<b>1,346,206</b>	1,195,613
	<b>₱6,611,591</b>	₱9,631,529	<b>₱6,294,728</b>	₱9,365,466

Cash collateral deposits represent the Parent Company's restricted deposits for its treasury transactions such as interest rate swaps and SSURA. The carrying amount of these deposits approximates their fair value.

In 2025 and 2024, the gross carrying amount of cash collateral securities were carried at Stage 1 and there were no transfers into and out of Stage 1.

Other properties acquired represent chattel mortgages foreclosed from loan borrowers. Gain or loss upon foreclosure is included under 'Profit from assets sold/exchanged' in the statements of income. In 2025, 2024 and 2023 the Profit from assets sold/exchanged, amounted to (₱522.3 million), (₱108.9 million) and ₱59.8 million, respectively, for the Group and the Parent Company.

As of December 31, 2025 and 2024, 'Other Assets - Miscellaneous' includes items in process for clearing amounting to ₱432.6 million and ₱634.8 million, respectively, and prepaid employee benefits under car plan program amounting to ₱286.9 million and ₱267.8 million for the Group, respectively, and ₱285.1 million and ₱265.8 million for the Parent Company, respectively. In addition, the balance as of December 31, 2025 includes foreclosed CTS accounts pending booking to investment properties, upon fulfillment of certain requirements, amounting to ₱298.4 million.

*Other Investment*

On April 8, 2024, the Executive Committee as delegated by the BOD of the Parent Company, approved a joint venture agreement with Mitsubishi Motors Corporation (Mitsubishi Motors) of Japan. The agreement establishes Mitsubishi Motors Finance Philippines Inc. (MMFP) and provides for a capital injection totaling to ₱4.0 billion, to be paid in tranches. Pursuant to the agreement, the Parent Company will hold a 49.0% ownership stake in MMFP, while Mitsubishi Motors will hold a 51.0% ownership stake. On November 26, 2024, upon fulfillment of certain closing conditions, the Parent Company paid the first tranche of capital injection amounting to ₱1.25 billion, which was initially recognized under "Other Investment".



Upon incorporation and the Parent Company’s assumption of enforceable rights and obligations as a shareholder under the joint venture arrangement, the amount previously recognized under “Other investments” was reclassified to “Investment in Subsidiaries, Joint Ventures and an Associate” in 2025 (see Note 15).

*Other Properties Acquired*

Movements in the other properties acquired by the Group and the Parent Company follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
<b>Cost</b>				
Balance at beginning of year	<b>₱1,180,150</b>	₱1,038,286	<b>₱1,180,150</b>	₱1,038,286
Additions (Note 37)	<b>1,698,906</b>	957,527	<b>1,698,906</b>	957,527
Disposals	<b>(1,444,649)</b>	(812,143)	<b>(1,444,649)</b>	(812,143)
Reclassification (Note 16)	<b>(4,465)</b>	(3,520)	<b>(4,465)</b>	(3,520)
Balance at end of year	<b>1,429,942</b>	1,180,150	<b>1,429,942</b>	1,180,150
<b>Accumulated Depreciation</b>				
Balance at beginning of year	<b>166,620</b>	109,457	<b>166,620</b>	109,457
Depreciation (Note 16)	<b>165,930</b>	107,865	<b>165,930</b>	107,865
Disposals	<b>(115,521)</b>	(50,994)	<b>(115,521)</b>	(50,994)
Reclassification (Note 16)	<b>(286)</b>	292	<b>(286)</b>	292
Balance at end of year	<b>216,743</b>	166,620	<b>216,743</b>	166,620
<b>Accumulated Impairment Loss</b>				
Balance at beginning of year	<b>23,599</b>	56,676	<b>23,599</b>	56,676
Provision for impairment losses (Note 17)	<b>267,214</b>	(30,973)	<b>267,214</b>	(30,973)
Disposals	<b>(4,361)</b>	(2,112)	<b>(4,361)</b>	(2,112)
Reclassification	<b>(50)</b>	8	<b>(50)</b>	8
Balance at end of year	<b>286,402</b>	23,599	<b>286,402</b>	23,599
<b>Net Book Value at End of Year</b>	<b>₱926,797</b>	₱989,931	<b>₱926,797</b>	₱989,931

## 19. Deposit Liabilities

On June 23, 2023, through BSP Circular 1175, the BSP approved a 250-basis point reduction in the reserve requirement ratios of selected reservable liabilities of the Bank, lowering it from 12.0% to 9.5%, effective June 30, 2023. In September 2024, BSP Circular No. 1201 was issued reducing the reserve requirements against deposit and deposit substitute liabilities from 9.5% to 7.00% effective reserve week starting October 25, 2024. Subsequently, BSP Circular No. 1211 was issued on March 11, 2025, further reducing the reserve requirements to 5% effective March 28, 2025.

As of December 31, 2025 and 2024, the Group and the Parent Company has set aside ‘Due from BSP’ as reserves amounting to ₱22.8 billion and ₱29.9 billion, respectively. The Group and the Parent Company did not recognize any interest income from ‘Due from BSP’ that were set aside as reserves for the years ended December 31, 2025, 2024 and 2023.

### Long-term Negotiable Certificates of Deposit matured on March 23, 2025

On September 23, 2019, the Parent Company issued 4.00% fixed coupon rate (EIR of 4.18%) unsecured LTNCD at par value of ₱6.06 billion. The Parent Company incurred debt issue costs amounting to ₱54.9 million. On March 24, 2025, the Parent Company paid ₱6.06 billion unsecured LTNCD.

The issuance of the foregoing LTNCD under the terms approved by the BOD was approved by the BSP on May 30, 2019.



Long-term Negotiable Certificates of Deposit matured on June 17, 2025

On December 17, 2019, the Parent Company issued 4.00% fixed coupon rate (EIR of 4.16%) unsecured LTNCD at par value of ₱2.31 billion. The Parent Company incurred debt issue costs amounting to ₱18.7 million. On June 17, 2025, the Parent Company paid ₱2.31 billion unsecured LTNCD.

The issuance of the foregoing LTNCD under the terms approved by the BOD was approved by the BSP on May 30, 2019.

Long-term Negotiable Certificates of Deposit matured on August 5, 2025

On February 5, 2020, the Parent Company issued 4.00% fixed coupon rate (EIR of 4.16%) unsecured LTNCD at par value of ₱2.07 billion. The Parent Company incurred debt issue costs amounting to ₱16.6 million. On August 5, 2025, the Parent Company paid ₱2.07 billion unsecured LTNCD.

The issuance of the foregoing LTNCD under the terms approved by the BOD was approved by the BSP on May 30, 2019.

The movement of unamortized debt issue costs on LTNCDs follows:

	2025	2024
Beginning balance	₱6,215	₱23,986
Amortization	(6,215)	(17,771)
Balance at end of year	₱–	₱6,215

Interest expense on deposit liabilities consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Time	₱4,845,233	₱5,716,167	₱6,909,626	₱4,865,139	₱5,745,456	₱6,955,973
Demand	830,787	482,606	371,371	831,430	527,650	390,094
Savings	807,451	257,444	129,558	807,629	257,617	129,725
LTNCD	153,255	436,530	784,551	153,255	436,530	784,551
	<b>₱6,636,726</b>	<b>₱6,892,747</b>	<b>₱8,195,106</b>	<b>₱6,657,453</b>	<b>₱6,967,253</b>	<b>₱8,260,343</b>

Ranges of annual fixed interest on deposit liabilities excluding LTNCD follow:

	2025	2024	2023
Peso-denominated	0.01%-5.63%	0.01%-6.00%	0.01%-6.75%
Foreign currency-denominated	0.01%-5.50%	0.01%-5.50%	0.01%-5.50%

## 20. Financial Liabilities at Fair Value through Profit or Loss

This account consists of:

	2025	2024
Derivative liabilities (Note 11):		
Currency forwards	₱1,220,929	₱1,643,806
Cross-currency swaps	89,302	–
Foreign currency options	51,580	17,450
Interest rate swaps	45,655	54,023
Bonds forwards and options	–	768
	<b>₱1,407,466</b>	<b>₱1,716,047</b>



Interest expense on derivative instruments consists of:

	2025	2024	2023
Interest rate swaps	<b>₱13,132</b>	₱14,165	₱567,504
Cross-currency swaps	<b>258,152</b>	26,904	44,615
	<b>₱271,284</b>	₱41,069	₱612,119

## 21. Bills Payable and Securities Sold Under Repurchase Agreements

This account consists of borrowings from:

	Consolidated		Parent Company	
	2025	2024	2025	2024
SSURA	<b>₱2,851,571</b>	₱67,898,043	<b>₱2,851,571</b>	₱67,898,043
Local banks	<b>3,229,892</b>	12,708,494	<b>244,892</b>	12,556,828
Local government banks with relending facilities	<b>87,522</b>	4,788,611	<b>87,522</b>	4,788,611
Foreign banks	–	5,784,500	–	5,784,500
	<b>₱6,168,985</b>	₱91,179,648	<b>₱3,183,985</b>	₱91,027,982

The following are the carrying values of the investment securities pledged and transferred under SSURA transactions of the Group:

	December 31, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets at FVTPL (Note 10)				
Government securities	<b>₱2,834,421</b>	<b>₱2,834,421</b>	₱2,796,968	₱2,796,968
Financial assets at FVTOCI (Note 12)				
Treasury bonds	<b>574,749</b>	<b>574,749</b>	32,385,552	32,385,552
Investment securities at amortized cost (Note 13)				
Treasury notes and bills	–	–	18,312,524	18,419,181
Private bonds	–	–	34,358,541	34,145,895
Treasury bonds	–	–	5,961,923	6,056,224
	<b>₱3,409,170</b>	<b>₱3,409,170</b>	₱93,815,508	₱93,803,820

For the years ended December 31, 2025, 2024 and 2023, interest expense on bills payable and SSURA, notes and bonds payable, and other borrowings in the statements of income consist of the following:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Notes and bonds payable (Note 22)	<b>₱2,830,774</b>	₱2,925,022	₱2,696,656	<b>₱2,830,774</b>	₱2,925,022	₱2,696,656
Bills payable and SSURA	<b>1,842,079</b>	3,515,934	2,771,815	<b>1,707,813</b>	3,511,353	2,765,987
Others	<b>50,503</b>	32,752	4,750	<b>41,118</b>	26,285	38
	<b>₱4,723,356</b>	₱6,473,708	₱5,473,221	<b>₱4,579,705</b>	₱6,462,660	₱5,462,681



Annual fixed interest rate ranges on the Group's and the Parent Company's interbank borrowings and rediscounting availments follow:

	2025	2024	2023
Interbank borrowings:			
Peso-denominated	4.00%-8.00%	6.09%-8.00%	1.50%-8.00%
Foreign currency-denominated	3.35%-3.88%	4.40%-6.18%	4.17%-6.04%

## 22. Notes and Bonds Payable

This account consists of the following:

	2025	2024
Senior unsecured notes due May 2029	₱23,277,744	₱22,842,339
Fixed rate bonds due September 2030	20,840,127	–
Fixed rate bonds due September 2029	19,883,438	19,856,428
Fixed rate bonds due January 2025	–	18,496,290
	<b>₱64,001,309</b>	<b>₱61,195,057</b>

### Fixed Rate Bonds due January 2024

On July 20, 2022, the Parent Company issued ₱16.0 billion fixed rate bonds due on January 20, 2024. The bond, which are listed in Philippine Dealing and Exchange Corporation, were priced at par with a coupon rate of 3.7407% fixed rate (EIR of 4.29%) payable on a quarterly basis commencing on October 20, 2022. The Parent Company incurred debt issue costs amounting to ₱126.0 million.

On January 22, 2024, the Parent Company settled in full ₱16.0 billion fixed rate bonds.

### Fixed Rate Bonds due May 2024

On November 10, 2022, the Parent Company issued ₱14.6 billion fixed rate bonds due on May 10, 2024. The bond, which are listed in Philippine Dealing and Exchange Corporation, were priced at par with a coupon rate of 5.3000% fixed rate (EIR of 5.85%) payable on a quarterly basis commencing on February 10, 2023. The Parent Company incurred debt issue costs amounting to ₱114.1 million.

On May 10, 2024, the Parent Company settled in full the ₱14.6 billion 5.3000% fixed rate bonds.

### Fixed Rate Bonds due January 2025

On July 13, 2023, the Parent Company issued ₱18.5 billion fixed rate bonds due on January 13, 2025. The bond, which are listed in Philippine Dealing and Exchange Corporation, were priced at par with a coupon rate of 6.4250% fixed rate (EIR of 6.99%) payable on a quarterly basis commencing on October 13, 2023. The Parent Company incurred debt issue costs amounting to ₱147.6 million.

On January 13, 2025, the Parent Company settled in full the ₱18.5 billion 6.4250% fixed rate bonds (Note 38).



Senior Unsecured Notes due May 2029

On May 9, 2024, the Parent Company issued USD 400 million Senior Unsecured Fixed Rate Notes due May 14, 2029. The Senior Unsecured Notes, which are listed in the Singapore Stock Exchange, were priced at a discount, with a coupon rate of 5.50% fixed rate (EIR of 5.83%) payable on a semi-annual basis commencing on November 14, 2024. The Parent Company incurred debt issue costs amounting to ₱232.0 million.

Fixed Rate Bonds due September 2029

On August 20, 2024, the Parent Company issued ₱20.0 billion fixed rate bonds due on September 20, 2029. The bonds, which are listed in Philippine Dealing and Exchange Corporation, were priced at par with a coupon rate of 6.05% fixed rate (EIR of 6.23%) payable on a quarterly basis commencing on November 20, 2024. The Parent Company incurred debt issue costs amounting to ₱152.9 million.

Fixed Rate Bonds due September 2030

On October 29, 2025, the Parent Company issued ₱21.0 billion fixed rate bonds due on October 29, 2030. The bonds, which are listed in Philippine Dealing and Exchange Corporation, were priced at par with a coupon rate of 6.00% fixed rate (EIR of 6.18%) payable on a quarterly basis commencing on January 29, 2026. The Parent Company incurred debt issue costs amounting to ₱164.7 million.

The movements in unamortized discount follow:

	2025	2024
Balance at beginning of year	₱442,943	₱136,479
Additions	164,705	475,802
Amortization	(96,557)	(179,243)
Translation adjustment	3,600	9,905
Balance at end of year	<b>₱514,691</b>	<b>₱442,943</b>

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**23. Accrued Interest, Taxes and Other Expenses**

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Accrued other expenses payable	₱2,404,160	₱2,032,181	₱2,305,776	₱1,824,160
Accrued interest payable (Note 32)	1,383,844	2,386,538	1,350,879	2,385,703
Accrued other taxes and licenses payable	1,151,834	986,925	1,127,090	959,513
Pension liability - net (Notes 29 and 32)	259,813	525,482	254,262	520,618
	<b>₱5,199,651</b>	<b>₱5,931,126</b>	<b>₱5,038,007</b>	<b>₱5,689,994</b>

Accrued other expenses payable includes accrual for various operating expenses such as payroll, repairs and maintenance, utilities, rental, and contractual services.



## 24. Other Liabilities

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Accounts payable (Note 32)	<b>₱5,808,549</b>	₱5,281,720	<b>₱5,526,967</b>	₱5,088,785
Bills purchased - contra	<b>3,172,663</b>	2,730,245	<b>3,172,663</b>	2,730,245
Deferred revenue (Note 30)	<b>2,333,333</b>	–	<b>2,333,333</b>	–
Lease liability (Notes 2 and 16)	<b>2,140,216</b>	1,614,653	<b>2,139,350</b>	1,614,653
Other deferred credits	<b>1,632,277</b>	1,709,416	<b>1,632,277</b>	1,709,416
Provision for ECL on loan commitments and financial guarantees (Note 34)	<b>1,058,725</b>	737,305	<b>1,058,725</b>	737,305
Payable to brokers	<b>735,231</b>	700,036	–	–
Security deposit on lease contracts	<b>451,059</b>	196,807	–	–
Withholding taxes payable	<b>440,788</b>	421,881	<b>430,080</b>	414,401
Due to the Treasurer of the Philippines	<b>380,911</b>	245,790	<b>380,911</b>	245,790
Rewards for cardholders	<b>314,000</b>	285,645	<b>314,000</b>	285,645
Insurance premiums payable	<b>226,839</b>	250,937	<b>226,839</b>	250,937
Cash collateral on borrowings	<b>205,765</b>	144,613	<b>205,765</b>	144,613
Provision related to legal cases	<b>92,614</b>	88,813	<b>92,614</b>	88,813
Subscription payable	<b>48,916</b>	30,000	<b>142,666</b>	123,750
Dividends payable	<b>40,905</b>	804	<b>34,198</b>	81
Deposits for keys of safety deposit boxes	<b>7,707</b>	7,565	<b>7,707</b>	7,565
Miscellaneous	<b>1,181,175</b>	979,113	<b>1,068,163</b>	888,409
	<b>₱20,271,673</b>	₱15,425,343	<b>₱18,766,258</b>	₱14,330,408

Miscellaneous liabilities include Social Security System pension amounting to ₱75.4 million and ₱63.6 million as of December 31, 2025 and 2024, respectively, and items in process for clearing amounting to ₱793.3 million and ₱651.3 million as of December 31, 2025 and 2024, respectively.

## 25. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled:

	Consolidated			Parent Company		
	Within One Year	Over One Year	Total	Within One Year	Over One Year	Total
<b>December 31, 2025</b>						
<b>Financial Assets</b>						
Cash and other cash items	<b>₱15,555,919</b>	₱–	<b>₱15,555,919</b>	<b>₱15,555,769</b>	₱–	<b>₱15,555,769</b>
Due from BSP	<b>26,584,514</b>	–	<b>26,584,514</b>	<b>26,584,514</b>	–	<b>26,584,514</b>
Due from other banks	<b>16,435,456</b>	–	<b>16,435,456</b>	<b>16,313,837</b>	–	<b>16,313,837</b>
Interbank loans receivable and SPURA	<b>28,650,000</b>	–	<b>28,650,000</b>	<b>28,650,000</b>	–	<b>28,650,000</b>
Financial assets at FVTPL:						
HFT investments	<b>36,302,905</b>	–	<b>36,302,905</b>	<b>36,302,881</b>	–	<b>36,302,881</b>
Derivative assets	<b>1,249,369</b>	<b>319,170</b>	<b>1,568,539</b>	<b>1,272,781</b>	<b>295,758</b>	<b>1,568,539</b>
Total financial assets at FVTPL	<b>37,552,274</b>	<b>319,170</b>	<b>37,871,444</b>	<b>37,575,662</b>	<b>295,758</b>	<b>37,871,420</b>
Derivatives designated as hedges	<b>289,844</b>	–	<b>289,844</b>	<b>289,844</b>	–	<b>289,844</b>
Financial assets at FVTOCI	<b>21,503,344</b>	<b>136,165,636</b>	<b>157,668,980</b>	<b>21,999,214</b>	<b>135,616,294</b>	<b>157,615,508</b>
Investment securities at amortized cost	<b>12,877,753</b>	<b>145,572,626</b>	<b>158,450,379</b>	<b>12,877,753</b>	<b>145,572,626</b>	<b>158,450,379</b>
Loans and receivables - at gross	<b>358,121,772</b>	<b>359,433,828</b>	<b>717,555,600</b>	<b>357,182,198</b>	<b>359,432,277</b>	<b>716,614,475</b>
Other assets	<b>3,340,875</b>	<b>971,227</b>	<b>4,312,102</b>	<b>3,315,956</b>	<b>972,449</b>	<b>4,288,405</b>
Total financial assets	<b>520,911,751</b>	<b>642,462,487</b>	<b>1,163,374,238</b>	<b>520,344,747</b>	<b>641,889,404</b>	<b>1,162,234,151</b>

(Forward)



	Consolidated			Parent Company		
	Within One Year	Over One Year	Total	Within One Year	Over One Year	Total
<b>Non-financial Assets</b>						
Investments in subsidiaries, joint ventures and an associate	₱-	₱16,366,672	₱16,366,672	₱-	₱19,420,719	₱19,420,719
Property and equipment - net	-	9,662,507	9,662,507	-	5,671,929	5,671,929
Investment properties	-	7,126,743	7,126,743	-	7,126,743	7,126,743
Deferred tax assets	-	7,795,544	7,795,544	-	7,736,335	7,736,335
Goodwill	-	841,602	841,602	-	841,602	841,602
Intangible assets	-	8,293,772	8,293,772	-	8,279,715	8,279,715
Other assets	1,372,692	926,797	2,299,489	1,079,525	926,798	2,006,323
<b>Total non-financial assets</b>	<b>1,372,692</b>	<b>51,013,637</b>	<b>52,386,329</b>	<b>1,079,525</b>	<b>50,003,841</b>	<b>51,083,366</b>
	<b>₱522,284,443</b>	<b>₱693,476,124</b>	<b>₱1,215,760,567</b>	<b>₱521,424,272</b>	<b>₱691,893,245</b>	<b>₱1,213,317,517</b>
Less: Allowance for credit losses			18,431,476			18,396,186
Unearned discounts and deferred credits			2,569,838			2,569,838
<b>Total Assets</b>			<b>₱1,194,759,253</b>			<b>₱1,192,351,493</b>
<b>Financial Liabilities</b>						
Deposit liabilities	₱692,022,263	₱238,480,451	₱930,502,714	₱694,313,039	₱238,480,451	₱932,793,490
Financial liabilities at FVTPL	1,228,403	179,063	1,407,466	1,239,546	167,920	1,407,466
Derivatives designated as hedges	3,625,886	-	3,625,886	3,625,886	-	3,625,886
Bills payable and SSURA	6,081,463	87,522	6,168,985	3,096,463	87,522	3,183,985
Acceptances payable	564,165	76,063	640,228	640,228	-	640,228
Margin deposits and cash letters of credit	2,762,100	-	2,762,100	2,762,100	-	2,762,100
Manager's and certified checks outstanding	5,900,819	-	5,900,819	5,900,819	-	5,900,819
Notes payable	-	64,001,309	64,001,309	-	64,001,309	64,001,309
Accrued interest, taxes and other expenses	4,047,817	-	4,047,817	3,910,917	-	3,910,917
Other liabilities	16,047,683	2,153,980	18,201,663	14,637,987	2,153,980	16,791,967
<b>Total financial liabilities</b>	<b>732,280,599</b>	<b>304,978,388</b>	<b>1,037,258,987</b>	<b>730,126,985</b>	<b>304,891,182</b>	<b>1,035,018,167</b>
<b>Non-financial Liabilities</b>						
Income tax payable	48,594	-	48,594	-	-	-
Accrued interest, taxes and other expenses	1,151,834	-	1,151,834	1,127,090	-	1,127,090
Other liabilities	2,070,010	-	2,070,010	1,974,291	-	1,974,291
<b>Total non-financial liabilities</b>	<b>3,270,438</b>	<b>-</b>	<b>3,270,438</b>	<b>3,101,381</b>	<b>-</b>	<b>3,101,381</b>
<b>Total Liabilities</b>	<b>₱735,551,037</b>	<b>₱304,978,388</b>	<b>₱1,040,529,425</b>	<b>₱733,228,366</b>	<b>₱304,891,182</b>	<b>₱1,038,119,548</b>
December 31, 2024						
<b>Financial Assets</b>						
Cash and other cash items	₱13,165,055	₱-	₱13,165,055	₱13,164,915	₱-	₱13,164,915
Due from BSP	35,104,831	-	35,104,831	35,104,831	-	35,104,831
Due from other banks	15,371,879	-	15,371,879	15,286,901	-	15,286,901
Interbank loans receivable and SPURA	6,893,617	2,500,000	9,393,617	6,893,617	2,500,000	9,393,617
Financial assets at FVTPL:						
HFT investments	15,290,009	-	15,290,009	15,289,985	-	15,289,985
Derivative assets	1,359,666	171,731	1,531,397	1,359,666	171,731	1,531,397
<b>Total financial assets at FVTPL</b>	<b>16,649,675</b>	<b>171,731</b>	<b>16,821,406</b>	<b>16,649,651</b>	<b>171,731</b>	<b>16,821,382</b>
Derivatives designated as hedges	₱634,928	₱-	₱634,928	₱634,928	₱-	₱634,928
Financial assets at FVTOCI	14,056,968	167,779,721	181,836,689	14,590,954	167,199,444	181,790,398
Investment securities at amortized cost	13,792,830	125,007,682	138,800,512	13,792,830	125,007,682	138,800,512
Loans and receivables – at gross	336,878,629	359,434,829	696,313,458	337,947,719	359,432,277	697,379,996
Other assets	6,738,777	537,453	7,276,230	6,720,233	538,686	7,258,919
<b>Total financial assets</b>	<b>459,287,189</b>	<b>655,431,416</b>	<b>1,114,718,605</b>	<b>460,786,579</b>	<b>654,849,820</b>	<b>1,115,636,399</b>
<b>Non-financial Assets</b>						
Investments in subsidiaries, joint ventures and an associate	-	2,626,573	2,626,573	-	5,277,697	5,277,697
Property and equipment (net)	-	8,034,827	8,034,827	-	5,093,758	5,093,758
Investment properties	-	6,282,770	6,282,770	-	6,282,770	6,282,770
Deferred tax assets	-	6,259,066	6,259,066	-	6,197,321	6,197,321
Goodwill	-	841,602	841,602	-	841,602	841,602
Intangible assets	-	6,590,675	6,590,675	-	6,580,198	6,580,198
Other assets	1,365,367	989,932	2,355,299	1,116,615	989,932	2,106,547
<b>Total non-financial assets</b>	<b>1,365,367</b>	<b>31,625,445</b>	<b>32,990,812</b>	<b>1,116,615</b>	<b>31,263,278</b>	<b>32,379,893</b>
	<b>460,652,556</b>	<b>687,056,861</b>	<b>1,147,709,417</b>	<b>461,903,194</b>	<b>686,113,098</b>	<b>1,148,016,292</b>
Less: Allowance for credit losses			16,380,520			16,340,318
Unearned discounts and deferred credits			2,188,141			2,188,141
<b>Total Assets</b>			<b>₱1,129,140,756</b>			<b>₱1,129,487,833</b>

(Forward)



	Consolidated			Parent Company		
	Within One Year	Over One Year	Total	Within One Year	Over One Year	Total
<b>Financial Liabilities</b>						
Deposit liabilities	P700,197,976	P100,881,183	P801,079,159	P702,075,699	P100,881,183	P802,956,882
Financial liabilities at FVTPL	1,657,458	58,589	1,716,047	1,657,458	58,589	1,716,047
Derivatives designated as hedges	3,841,204	–	3,841,204	3,841,204	–	3,841,204
Bills payable and SSURA	88,831,938	2,347,710	91,179,648	88,734,327	2,293,655	91,027,982
Acceptances payable	1,669,868	–	1,669,868	1,669,868	–	1,669,868
Margin deposits and cash letters of credit	169,923	–	169,923	169,923	–	169,923
Manager's and certified checks outstanding	5,339,433	–	5,339,433	5,339,433	–	5,339,433
Notes payable	18,496,290	42,698,767	61,195,057	18,496,290	42,698,767	61,195,057
Accrued interest, taxes and other expenses	4,944,201	–	4,944,201	4,730,481	–	4,730,481
Other liabilities	11,978,183	1,843,512	13,821,695	11,051,264	1,740,455	12,791,719
<b>Total financial liabilities</b>	<b>837,126,474</b>	<b>147,829,761</b>	<b>984,956,235</b>	<b>837,765,947</b>	<b>147,672,649</b>	<b>985,438,596</b>
<b>Non-financial Liabilities</b>						
Income tax payable	456,396	–	456,396	411,366	–	411,366
Accrued interest, taxes and other expenses	986,925	–	986,925	959,513	–	959,513
Other liabilities	1,593,874	9,774	1,603,648	1,538,689	–	1,538,689
<b>Total non-financial liabilities</b>	<b>3,037,195</b>	<b>9,774</b>	<b>3,046,969</b>	<b>2,909,568</b>	<b>–</b>	<b>2,909,568</b>
<b>Total Liabilities</b>	<b>P840,163,669</b>	<b>P147,839,535</b>	<b>P988,003,204</b>	<b>P840,675,515</b>	<b>P147,672,649</b>	<b>P988,348,164</b>

## 26. Equity

As of December 31, 2025 and 2024, the Parent Company's capital stock consists of:

	Shares*	Amount
<b>Common stock - ₱10 par value</b>		
Authorized	1,000,000,000	₱10,000,000
Issued and outstanding		
Balance at the beginning and end of the period	753,538,887	7,535,389
<b>Preferred stock - ₱0.10 par value</b>		
Authorized	1,000,000,000	100,000
Issued and outstanding		
Balance at the beginning and end of the period	1,000,000,000	100,000
	1,753,538,887	₱7,635,389

\*Absolute number of shares

On November 26, 2013, the Parent Company's stockholders approved and authorized the following:

1. Creation of 1.0 billion non-cumulative, non-participating, non-convertible voting Preferred Stock with par value of ₱0.1 each and issuance of approximately 602.8 million of such Preferred Stock; and
2. Increase in authorized capital stock from ₱10.0 billion to ₱10.1 billion broken down into ₱10.0 billion Common Stock and ₱100.0 million Preferred Stock.

The Preferred Stock was offered to eligible common stockholders, with each eligible stockholder entitled to subscribe to one voting preferred share for every one common stock held as of the record date, June 16, 2014.

On July 10, 2014, the Parent Company issued the first tranche of non-cumulative, non-participating, non-convertible Preferred Stock of 602,831,109 with ₱0.1 par value. The dividend rate is 3.90% repricing every 10 years.



As part of Preferred Stock features stated in the Seventh Article of the Bank's Amended Articles of Incorporation, the dividend rate will be repriced at the 10-year prevailing rate on each relevant 10th year anniversary from the issue date. On February 27, 2024, the Parent Company's BOD approved to reprice the dividend rate for the first tranche of Preferred Stock on July 10, 2024 using the 10-year PHP BVAL from 10-Year PDST-R2.

On April 1, 2016, the Parent Company issued the second tranche of non-cumulative, non-participating, non-convertible Preferred Stock of 397,168,891 with ₱0.1 par value. The dividend rate is 4.805% repricing every 10 years.

The Preferred Stock is redeemable at the sole option of the Parent Company at its issue price. Redemption shall at all times be subject to regulation of the BSP and shall require (i) prior approval of the BSP; (ii) replacement with at least an equivalent amount of newly paid-in shares; (iii) a lapse of at least five years from the date of issuance; and (iv) solvency of the Parent Company. Redemption shall not be allowed when the Parent Company is insolvent or if such redemption will cause insolvency, impairment of capital or inability of the Parent Company to meet its debts as they mature.

A sinking fund for the redemption of Preferred Shares amounting ₱100.0 million is created upon their issuance, to be effected by the transfer of free surplus to a restricted surplus account and shall not be available for dividend distribution.

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

Shares	Date of declaration	Per share	Dividend		Record date	Payment date
			Per share	Total amounts in thousands		
Common	October 28, 2025	₱1.50	₱1,130,308		November 12, 2025	November 26, 2025
Common	March 25, 2025	1.50	1,130,308		April 10, 2025	April 28, 2025
Preferred	February 25, 2025	0.0063	3,790		June 26, 2025	July 10, 2025
Preferred	February 25, 2025	0.0048	1,908		March 11, 2025	April 1, 2025
Common	October 29, 2024	1.50	1,130,308		November 13, 2024	November 27, 2024
Common	March 26, 2024	1.50	1,130,308		April 15, 2024	April 29, 2024
Preferred	February 27, 2024	0.0039	2,351		June 26, 2024	July 20, 2024
Preferred	February 27, 2024	0.0048	1,908		March 14, 2024	April 1, 2024

The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 16 issued in September 2023 differs to a certain extent from the computation following BSP guidelines including capital adequacy requirements and other considerations such as general loan loss reserves. However, on September 17, 2015, the BSP through MB Resolution No. 1516, allowed banks to declare and pay dividends without prior BSP verification provided that pre-qualification criteria including capital adequacy requirements are met.

The track record of the Parent Company's registration of securities in compliance with the Securities Regulation Code Rule 68 Annex 68-D 1(I) follows:

a. Authorized Shares

Date of SEC Approval	Type of Shares	Authorized Number of Shares*
April 8, 2014	Preferred	1,000,000,000
November 11, 2013	Common	1,000,000,000
July 29, 1998	Common	600,000,000
February 19, 1997	Common	450,000,000
June 8, 1995	Common	200,000,000

\* Absolute number of shares



b. Stock Dividends

<u>Date of BSP Approval</u>	<u>Percentage</u>
July 11, 2013	20.00%
March 29, 2011	20.00%
May 26, 1998	13.75%
April 29, 1997	20.00%
March 26, 1996	20.00%

c. Stock Rights Offering

<u>Date of SEC Approval</u>	<u>Number of shares Registered*</u>	<u>Offer Price</u>
October 8, 2009	89,285,714	₱28.00 per share
February 19, 1997	65,037,768	25.00 per share

\*Absolute number of shares

d. Number of Shareholders

<u>Year End</u>	<u>Number of shareholders</u>
December 31, 2025	2,133
December 31, 2024	2,140
December 31, 2023	2,139

In the consolidated financial statements, a portion of the Group's surplus corresponding to the accumulated net (loss) earnings of the subsidiaries as of December 31, 2025 and 2024, is not available for dividend declaration. This accumulated equity in net earnings becomes available for dividend declaration upon receipt of dividends from the subsidiaries, subject also to SEC and BSP rules on dividend declaration.

Surplus reserves of the Group and the Parent Company consist of:

	<u>Consolidated</u>		<u>Parent Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Reserve for regulatory requirements	<b>₱4,665,344</b>	₱4,316,772	<b>₱4,665,344</b>	₱4,316,772
Reserve for self-insurance	<b>1,049,000</b>	1,049,000	<b>1,049,000</b>	1,049,000
Reserve for trust business	<b>482,233</b>	443,922	<b>482,233</b>	443,922
Reserve for redemption of preferred stock	<b>100,000</b>	100,000	<b>100,000</b>	100,000
	<b>₱6,296,577</b>	₱5,909,694	<b>₱6,296,577</b>	₱5,909,694

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.

In compliance with existing BSP regulations, 10.0% of the net profits realized by the Parent Company from its trust business is appropriated to surplus reserve. The yearly appropriation is required until the surplus reserve for trust business equals 20.0% of the Parent Company's regulatory capital.

To comply with Securities Regulation Code Rule 49.1 (B), *Reserve Fund*, requiring broker dealers to annually appropriate a certain minimum percentage of its audited profit after tax as reserve fund, a portion of the Group's surplus corresponding to the net earnings of SBEI amounting to ₱39.6 million as of December 31, 2025 and 2024, respectively, has been appropriated in the consolidated financial statements and is not available for dividend declaration.



The following table shows the components of comprehensive income closed to Surplus:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Net income attributable to the equity holders of the Parent Company	₱11,627,592	₱11,238,428	₱9,105,438	₱11,627,592	₱11,238,428	₱9,105,438
Remeasurement losses on defined benefit plans (Notes 15 and 29)	(256,192)	(373,037)	(289,840)	(256,192)	(373,037)	(289,840)
	<b>₱11,371,400</b>	<b>₱10,865,391</b>	<b>₱8,815,598</b>	<b>₱11,371,400</b>	<b>₱10,865,391</b>	<b>₱8,815,598</b>

### Capital Management

The Group considers the equity attributable to the equity holders of the Parent Company as the capital base of the Group. The primary objectives of the Group's capital management are to ensure that it complies with 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 and assessment of prospective business requirements or directions. In order to maintain or adjust the capital structure, the Group may adjust the amount and mode of dividend payment to shareholders and issue capital securities. No changes were made in the objectives, policies and processes from the previous year.

The Parent Company adopted a dividend policy that is intended to support the Bank to weather the uncertainties and volatilities in the market; comply with the higher requirements of Basel III and the BSP; maintain strong credit ratings; minimize the need for capital calls in the medium-term; and provide a capital base for business expansion that will create value over the long-term for all stakeholders. In declaring dividend pay-outs, the Parent Company may use a combination of regular and special dividends such that the dividend pay-out for Common Shares generally may range from 15% to 30% of prior year's NIAT.

### BSP Reporting

#### *Regulatory Qualifying Capital*

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

The Group complied with BSP Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi banks, in accordance with the Basel III standards:

Common Equity Tier 1 (CET1) ratio	6.00%
Tier 1 Capital ratio	7.50%
Total Capital Adequacy Ratio (CAR)	10.00%
Capital Conservation Buffer *	2.50%

\*composed of CET1 capital on top of the minimum CET1 requirement



BSP Circular No. 856 covers the implementing guidelines on the framework for dealing with domestic systemically important banks (DSIBs) in accordance with the Basel III standards. Banks identified as DSIBs are required to have higher loss absorbency, on top of the minimum CET1 capital and capital conservation buffer.

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

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

	Consolidated		Parent Company	
	2025	2024	2025	2024
Tier 1 Capital	<b>₱146,476,787</b>	₱133,912,658	<b>₱146,476,787</b>	₱133,912,658
Less Required deductions	<b>33,516,266</b>	16,772,596	<b>36,482,369</b>	21,229,304
	<b>112,960,521</b>	117,140,062	<b>109,994,418</b>	112,683,354
Excess from Tier 2 deducted to Tier 1 Capital*	–	–	–	–
Net Tier 1 Capital	<b>112,960,521</b>	117,140,062	<b>109,994,418</b>	112,683,354
Tier 2 Capital	<b>8,126,319</b>	8,082,249	<b>8,072,718</b>	8,036,447
Less: Required deductions	–	–	–	–
	<b>8,126,319</b>	8,082,249	<b>8,072,718</b>	8,036,447
Excess of Tier 2 deducted to Tier 1 Capital*	–	–	–	–
Net Tier 2 Capital	<b>8,126,319</b>	8,082,249	<b>8,072,718</b>	8,036,447
<b>Total Qualifying Capital</b>	<b>₱121,086,840</b>	₱125,222,311	<b>₱118,067,136</b>	₱120,719,801
Credit Risk-Weighted Assets	<b>₱811,581,858</b>	₱807,873,956	<b>₱806,168,120</b>	₱803,248,038
Market Risk-Weighted Assets	<b>24,199,482</b>	28,416,794	<b>24,241,080</b>	28,457,779
Operational Risk-Weighted Assets	<b>80,693,429</b>	68,800,686	<b>78,376,305</b>	66,696,502
<b>Total Risk Weighted Assets</b>	<b>₱916,474,769</b>	₱905,091,436	<b>₱908,785,505</b>	₱898,402,319
CET 1 Ratio	<b>12.33%</b>	12.94%	<b>12.10%</b>	12.54%
Tier 1 CAR	<b>12.33%</b>	12.94%	<b>12.10%</b>	12.54%
Total CAR	<b>13.21%</b>	13.84%	<b>12.99%</b>	13.44%

\*Deductions to Tier 2 Capital are capped at its total gross amount and any excess shall be deducted from Tier 1 Capital.

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

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



*Basel III Leverage Ratio (BLR)*

BSP Circular Nos. 881 and 990 cover the implementing guidelines on the BLR framework designed to act as a supplementary measure to the risk based capital requirements and shall not be less than 5.00%.

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

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>2025</b>	2024	<b>2025</b>	2024
Tier 1 Capital	<b>₱112,960,521</b>	₱117,140,062	<b>₱109,994,418</b>	₱112,683,354
Exposure Measure	<b>1,632,168,031</b>	1,508,781,507	<b>1,626,788,759</b>	1,504,167,424
BLR	<b>6.92%</b>	7.76%	<b>6.76%</b>	7.49%

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

*Liquidity Coverage Ratio (LCR)*

BSP Circular No. 905 provides the implementing guidelines on LCR and disclosure standards that are consistent with the Basel III framework. The LCR is aimed to promote short-term resilience against liquidity risk by requiring banks to maintain an adequate stock of unencumbered high-quality liquid assets (HQLAs) that consists of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs under stressed conditions. Bank shall maintain an LCR not be lower than 100.00%. As of December 31, 2025 and 2024, the LCR in single currency as reported to the BSP, was at 200.46% and 178.30%, respectively, for the Group, and 199.71% and 177.72%, respectively, for the Parent Company.

*Net Stable Funding Ratio (NSFR)*

On June 6, 2018, the BSP issued BSP Circular No.1007 covering the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards NSFR. The NSFR is aimed to promote long term resilience against liquidity risk by requiring banks to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. It complements the LCR, which promotes short term resilience of a bank's liquidity profile. Banks shall maintain an NSFR of at least 100% at all times. As of December 31, 2025 and 2024, the NSFR as reported to the BSP, was at 145.93% and 130.44%, respectively, for the Group, and 146.63% and 130.82%, respectively, for the Parent Company.

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## 27. Trust Operations

Securities and other properties held by the Parent Company in a fiduciary or agency capacity for clients and beneficiaries are not included in the accompanying statements of financial position since these are not assets of the Parent Company.

As of December 31, 2025 and 2024, government securities included under 'Financial Assets at Fair Value through Other Comprehensive Income' with a total face value of ₱1.9 billion and ₱1.5 billion, respectively, were deposited with the BSP in compliance with the requirements of the General Banking Law relative to the Parent Company's trust functions (see Note 12).



## 28. Income Taxes

Provision for income tax consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Current:						
Final	<b>₱2,928,561</b>	₱2,088,926	₱1,474,423	<b>₱2,924,404</b>	₱2,073,776	₱1,461,382
Corporate - RCIT	<b>2,100,000</b>	1,981,131	2,597,632	<b>1,974,277</b>	1,905,251	2,539,043
Corporate - MCIT	<b>6,444</b>	1,376	6,015	<b>3,267</b>	—	—
	<b>5,035,005</b>	4,071,433	4,078,070	<b>4,901,948</b>	3,979,027	4,000,425
Deferred	<b>(1,817,244)</b>	(69,570)	(1,124,595)	<b>(1,815,884)</b>	(48,970)	(1,110,715)
	<b>₱3,217,761</b>	₱4,001,863	₱2,953,475	<b>₱3,086,064</b>	₱3,930,057	₱2,889,710

The Group's provision for income tax - current represents final tax, RCIT of the Parent Company's RBU, SBCIC, and SBRC, and MCIT of the Parent Company's FCDU, SBEI, SBCC, and SFLI.

Under Philippine tax laws, the Parent Company and its financial intermediary subsidiaries are subject to percentage and other taxes (presented as 'Taxes and licenses' in the statements of income) as well as income taxes. Percentage and other taxes paid consist principally of documentary stamp tax and gross receipts tax.

RA No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law on March 26, 2021. It took effect on April 11, 2021 and provides that the RCIT rate shall be 25.0%. Interest expense allowed as a deductible expense is reduced by 20.0%.

Minimum corporate income tax (MCIT) rate reduced from 2.0% to 1.0% of gross income effective July 1, 2020 to June 30, 2023, then will revert to 2.0% effective July 1, 2023. Accordingly, the rate of minimum corporate income tax (MCIT) is 2.0% for CY's 2025 and 2024, and 1.5% for CY 2023.

RA No. 9294, which became effective in May 2004, provides that the income derived by the FCDU from foreign currency transactions with non-residents, offshore banking units (OBUs), and local commercial banks, including branches of foreign banks, is tax-exempt while interest income on foreign currency-denominated loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.0% income tax.

Components of net deferred tax assets follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Deferred tax assets on:				
Allowance for credit and impairment losses	<b>₱4,625,245</b>	₱4,118,020	<b>₱4,615,498</b>	₱4,107,143
Unrealized loss on derivative liabilities	<b>797,847</b>	788,337	<b>797,847</b>	788,337
Deferred revenue	<b>661,833</b>	71,411	<b>661,833</b>	71,411
Lease liability	<b>535,561</b>	404,642	<b>534,837</b>	403,663
Unrealized loss on cash flow hedge at FVTOCI	<b>399,439</b>	532,379	<b>399,439</b>	532,379
Accrued expenses	<b>314,781</b>	239,768	<b>311,874</b>	236,836
Unrealized loss on investment properties	<b>235,091</b>	142,707	<b>235,091</b>	142,707
Accumulated depreciation on investment properties	<b>309,365</b>	227,621	<b>309,365</b>	227,621
Unamortized past service cost	<b>213,657</b>	178,119	<b>211,152</b>	174,629

(Forward)



	Consolidated		Parent Company	
	2025	2024	2025	2024
Undrawn commitments	<b>₱264,177</b>	₱182,930	<b>₱264,177</b>	₱182,930
Unrealized loss on investment in debt securities	<b>43,547</b>	177,825	<b>43,547</b>	177,825
Others	<b>421,550</b>	177,582	<b>372,507</b>	130,156
	<b>8,822,093</b>	7,241,341	<b>8,757,167</b>	7,175,637
Deferred tax liabilities on:				
Right-of-use asset	<b>548,419</b>	423,924	<b>547,456</b>	422,937
Unrealized gain on derivative assets	<b>402,699</b>	480,198	<b>402,699</b>	480,198
Unrealized gain on equity securities	<b>72,980</b>	75,654	<b>70,677</b>	75,181
Accrued rent income	<b>2,026</b>	2,131	–	–
Retirement asset	<b>425</b>	368	–	–
	<b>1,026,549</b>	982,275	<b>1,020,832</b>	978,316
Net deferred tax assets	<b>₱7,795,544</b>	₱6,259,066	<b>₱7,736,335</b>	₱6,197,321

Movement in net deferred tax assets of the Group in 2025 and 2024 charged against statements of comprehensive income amounted to ₱277.7 million and (₱632.8) million, respectively.

Movement in net deferred tax assets of the Parent Company in 2025 and 2024 charged against statements of comprehensive income amounted to ₱276.9 million and (₱484.2) million, respectively.

As of December 31, 2025 and 2024, deferred tax assets of the Group and Parent-FCDU have not been recognized in respect of the deductible temporary differences as follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
NOLCO	<b>₱389,856</b>	₱520,628	<b>₱389,570</b>	₱519,037
MCIT	<b>9,320</b>	6,052	<b>9,315</b>	6,048
Allowance for credit and impairment losses	<b>95</b>	95	–	–
	<b>₱399,271</b>	₱526,775	<b>₱398,885</b>	₱525,085

Details of the MCIT credits follow:

Consolidated				
Inception Year	Amount	Used/Expired	Balance	Expiry Year
2022	₱1	–	1	2025
2023	1,866	–	1,866	2026
2024	7,425	–	7,425	2027
2025	6,444	–	6,444	2028
	<b>₱15,736</b>	<b>₱–</b>	<b>₱15,736</b>	

  

Parent – FCDU				
Inception Year	Amount	Used/Expired	Balance	Expiry Year
2024	₱6,048	₱–	₱6,048	2027
2025	3,267	–	3,267	2028
	<b>₱9,315</b>	<b>₱–</b>	<b>₱9,315</b>	

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of Bayanihan to Recover as One Act which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.



As of December 31, 2025, the Group have available NOLCO which can be claimed as deduction from the regular taxable income for the next three consecutive taxable years immediately following the year of such loss. Details are as follows:

Consolidated				
Inception Year	Amount	Used/Expired	Balance	Expiry Year
2023	₱717,940	₱303,347	₱414,593	2026
2024	45,691	-	45,691	2027
	₱763,631	₱303,347	₱460,284	

Parent				
Inception Year	Amount	Used	Balance	Expiry Year
2023	₱692,883	₱303,313	₱389,570	2026

As of December 31, 2025, the Subsidiaries have incurred NOLCO in taxable years 2020 and 2021 which can be claimed as deduction from the regular taxable income for the next five consecutive taxable years pursuant to Bayanihan 2, as follows:

Inception Year	Amount	Used	Balance	Expiry Year
2021	1,016	730	286	2026

A reconciliation between the applicable statutory income tax rate to the effective income tax rate as follows:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Statutory income tax rate	<b>25.00%</b>	25.00%	25.00%	<b>25.00%</b>	25.00%	25.00%
Tax effect of:						
FCDU net loss	<b>0.15%</b>	3.37%	4.48%	<b>0.15%</b>	3.38%	4.50%
Non-deductible expenses	<b>5.23%</b>	3.76%	-0.18%	<b>5.36%</b>	3.79%	0.18%
Interest income from tax-paid and exempt investments	<b>-4.58%</b>	-3.63%	-0.69%	<b>-4.42%</b>	-3.58%	-0.49%
Change in deferred tax assets	<b>-0.15%</b>	-0.38%	-2.35%	<b>-0.16%</b>	-0.34%	-2.16%
Non-taxable income	<b>-3.97%</b>	-1.86%	-1.78%	<b>-4.96%</b>	-2.34%	-2.93%
Effective income tax rate	<b>21.68%</b>	26.26%	24.48%	<b>20.97%</b>	25.91%	24.10%

## 29. Pension Obligations

The Group provides non-contributory defined benefit pension plans for all employees. Provisions for pension obligations are established for benefits payable in the form of retirement pensions. Benefits are dependent on years of service and the respective employees' final compensation. The most recent actuarial valuation was carried out as of December 31, 2025. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the projected unit credit actuarial method.

Effective December 31, 2024, the Parent Company amended its retirement plan by changing the retirement age from 55 to 60 years old. This update applies to all eligible employees retiring on or after December 31, 2024.



The amounts of defined benefit plans are presented in the statements of financial position as follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Other assets (Note 18)	(₱1,701)	(₱1,473)	₱-	₱-
Accrued interest, taxes and other expenses (Note 23)	259,813	525,482	254,262	520,618
Net pension liability	₱258,112	₱524,009	₱254,262	₱520,618

Changes in net defined benefit liability of the Group and the Parent Company in 2025 and 2024 are as follows:

	Consolidated		
	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability (Asset)
<b>December 31, 2025</b>			
Balance at beginning of year	₱5,477,556	(₱4,953,547)	₱524,009
Net Benefit Cost in Statements of Income			
Current service cost	580,447	-	580,447
Past service cost	-	-	-
Net interest	332,489	(300,664)	31,825
	912,936	(300,664)	612,272
Benefits paid	(323,942)	323,942	-
Remeasurement in Other Comprehensive Income			
Return on plan assets (excluding amount included in net interest)	-	149,828	149,828
Actuarial changes arising from changes in demographic assumptions	187,305	-	187,305
Actuarial changes arising from experience adjustments	15,166	-	15,166
Actuarial changes arising from changes in financial assumptions	(94,703)	-	(94,703)
	107,768	149,828	257,596
Contributions paid	-	(1,135,765)	(1,135,765)
Balance at end of year	₱6,174,318	(₱5,916,206)	₱258,112

	Consolidated		
	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability (Asset)
<b>December 31, 2024</b>			
Balance at beginning of year	₱4,423,177	(₱4,135,441)	₱287,736
Net Benefit Cost in Statements of Income			
Current service cost	440,398	-	440,398
Past service cost	90,519	-	90,519
Net interest	268,053	(250,617)	17,436
	798,970	(250,617)	548,353
Benefits paid	(286,580)	286,580	-
Remeasurement in Other Comprehensive Income			
Return on plan assets (excluding amount included in net interest)	-	(169,320)	(169,320)
Actuarial changes arising from experience adjustments	137,400	-	137,400
Actuarial changes arising from changes in financial assumptions	404,589	-	404,589
	541,989	(169,320)	372,669
Contributions paid	-	(684,749)	(684,749)
Balance at end of year	₱5,477,556	(₱4,953,547)	₱524,009



	Parent Company		
	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability (Asset)
<b>December 31, 2025</b>			
Balance at beginning of year	₱5,417,511	(₱4,896,893)	₱520,618
Net benefit cost in statements of income			
Current service cost	573,831	–	573,831
Past service cost	–	–	–
Net interest	328,843	(297,242)	31,601
	902,674	(297,242)	605,432
Benefits paid	(317,539)	317,539	–
Remeasurement in other comprehensive income			
Return on plan assets (excluding amount included in net interest)	–	148,295	148,295
Actuarial changes arising from changes in financial assumptions	187,306	–	187,306
Actuarial changes arising from experience adjustments	12,564	–	12,564
Actuarial changes arising from changes in financial assumptions	(93,902)	–	(93,902)
	105,968	148,295	254,263
Contributions paid	–	(1,126,051)	(1,126,051)
Balance at end of year	₱6,108,614	(₱5,854,352)	₱254,262

	Parent Company		
	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability (Asset)
<b>December 31, 2024</b>			
Balance at beginning of year	₱4,374,171	(₱4,084,542)	₱289,629
Net benefit cost in statements of income			
Current service cost	435,591	–	435,591
Past service cost	90,519	–	90,519
Net interest	265,075	(247,524)	17,551
	791,185	(247,524)	543,661
Benefits paid	(286,580)	286,580	–
Remeasurement in other comprehensive income			
Return on plan assets (excluding amount included in net interest)	–	(169,285)	(169,285)
Actuarial changes arising from experience adjustments	137,912	–	137,912
Actuarial changes arising from changes in financial assumptions	400,823	–	400,823
	538,735	(169,285)	369,450
Contributions paid	–	(682,122)	(682,122)
Balance at end of year	₱5,417,511	(₱4,896,893)	₱520,618

The fair value of plan assets by each class as at the end of the reporting period follow:

	Consolidated				Parent Company			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Debt instruments:								
Government Securities	₱2,481,282		₱2,169,707		₱2,455,060		₱2,139,605	
High Grade	381,748		329,737		374,649		320,932	
	2,863,030	48.2	2,499,444	50.1	2,829,709	48.0	2,460,537	49.8
Equity instruments:								
Financial intermediaries	1,544,599		1,425,872		1,543,339		1,424,630	
Real estate	355,512		208,626		355,512		208,626	
Power, electricity and water distribution	377,312		156,028		376,314		154,978	
Transport, storage and communication	387,719		242,139		387,719		242,139	

(Forward)



	Consolidated				Parent Company			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Manufacturing	<b>₱61,100</b>		₱38,304		<b>₱61,100</b>		₱38,304	
Wholesale/Retail trade	<b>29,279</b>		–		<b>29,279</b>		–	
Others	<b>39,883</b>		140,395		<b>39,883</b>		140,395	
	<b>2,795,404</b>	<b>46.9</b>	2,211,364	44.3	<b>2,793,146</b>	<b>47.4</b>	2,209,072	44.8
Deposits in banks	<b>78,294</b>	<b>1.3</b>	36,805	0.7	<b>61,226</b>	<b>1.0</b>	31,278	0.6
Investments in Unit Investment								
Trust Funds	<b>8,839</b>	<b>0.1</b>	54,011	1.1	–	–	45,000	0.9
Loans and other receivables:								
Government Securities	<b>46,758</b>		40,650		<b>46,362</b>		40,228	
High Grade	<b>4,036</b>		3,520		<b>3,979</b>		3,459	
Not rated	<b>159,363</b>		147,230		<b>159,267</b>		146,656	
	<b>210,157</b>	<b>3.5</b>	191,400	3.8	<b>209,608</b>	<b>3.6</b>	190,343	3.9
Total fund asset	<b>5,955,724</b>	<b>100</b>	4,993,024	100	<b>5,893,689</b>	<b>100</b>	4,936,230	100
Total fund liability	<b>(39,518)</b>		(39,477)		<b>(39,337)</b>		(39,337)	
Net fund asset	<b>₱5,916,206</b>		₱4,953,547		<b>₱5,854,352</b>		₱4,896,893	

All equity and debt instruments held have quoted prices in an active market. The remaining plan assets do not have quoted market prices in active market. The plan assets consist of diverse investments and is not exposed to any concentration risk.

The principal actuarial assumptions used in determining retirement liability of the Parent Company and some of its subsidiaries as of January 1, 2025 and 2024 are shown below:

	2025			2024		
	Average Duration of Benefit Payments	Salary Rate Increase	Discount Rate	Average Duration of Benefit Payments	Salary Rate Increase	Discount Rate
Parent Company	17	7%	6.07%	17	6%	6.06%
SBCIC	16	7%	6.07%	17	6%	6.08%
SBEI	16	7%	6.07%	17	6%	6.07%
SBRC	19	7%	6.09%	19	6%	6.10%

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

	Parent Company	SBCIC	SBEI	SBRC
2025	6.26%	6.25%	6.22%	6.37%
2024	6.07%	6.07%	6.07%	6.09%

The sensitivity analysis as of December 31, 2025 shown below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	Consolidated		Parent Company	
	Increase (decrease)	Amount	Increase (decrease)	Amount
Discount rates	1.00% (1.00%)	(₱528,186) 829,453	1.00% (1.00%)	(₱524,216) 824,616
Turnover rate	10.00% (10.00%)	269,773 (269,773)	10.00% (10.00%)	269,394 (269,394)
Future salary increases	1.00% (1.00%)	811,261 (530,378)	1.00% (1.00%)	806,600 (526,386)



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

	Consolidated		Parent Company	
	2025	2024	2025	2024
Less than 1 year	<b>₱588,921</b>	₱662,439	<b>₱572,412</b>	₱644,578
More than 1 year to 5 years	<b>2,231,586</b>	2,357,795	<b>2,209,383</b>	2,340,830
More than 5 years to 10 years	<b>4,655,632</b>	4,350,179	<b>4,612,321</b>	4,307,461
More than 10 years to 15 years	<b>4,787,259</b>	4,647,741	<b>4,737,703</b>	4,595,292
More than 15 years to 20 years	<b>28,554,038</b>	18,155,247	<b>28,164,396</b>	17,825,092
Total	<b>₱40,817,436</b>	₱30,173,401	<b>₱40,296,215</b>	₱29,713,253

There are no reimbursement rights recognized as a separate asset as of December 31, 2025 and 2024. The Group and Parent Company expect to contribute to the defined benefit retirement plans the required funding for normal cost in 2025 amounting to ₱899.5 million and ₱887.9 million, respectively.

### 30. Service Charges, Fees and Commissions

This account consists of service charges, fees and commissions on:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Credit cards	<b>₱3,614,934</b>	₱2,948,248	₱2,237,897	<b>₱3,614,934</b>	2,948,248	₱2,237,897
Bancassurance	<b>1,724,419</b>	2,656,364	916,901	<b>1,724,419</b>	2,656,364	916,901
Loans	<b>1,213,048</b>	1,288,442	924,122	<b>1,213,048</b>	1,288,442	924,122
Remittance	<b>757,733</b>	596,319	483,211	<b>757,733</b>	596,319	483,211
Deposits	<b>713,281</b>	780,166	811,844	<b>713,281</b>	780,166	811,844
Advisory	<b>503,373</b>	358,280	340,477	–	–	–
Stock brokerage	<b>128,321</b>	160,074	229,724	<b>19,961</b>	12,816	12,271
Miscellaneous	<b>210,428</b>	132,783	123,816	<b>210,427</b>	132,783	123,816
	<b>₱8,865,537</b>	₱8,920,676	₱6,067,992	<b>₱8,253,803</b>	₱8,415,138	₱5,510,062

In 2014, the Parent Company entered into a distribution agreement with FWD for the marketing of FWD's life insurance products through the Parent Company's marketing and distribution network. The distribution agreement was approved by the BSP on December 22, 2014 under Monetary Board Resolution No. 2073, through its letter to the Parent Company dated January 7, 2015, and by the Insurance Commission (IC) on January 12, 2015. The term of the distribution agreement shall not be less than 11 years but no longer than 19 years. Effective March 26, 2024, the Parent Company and FWD entered into an amendment to the distribution agreement stipulating, among others, the deletion of the termination fee provision requiring a refund by the Parent Company to FWD of a portion of the subsequent milestone fee if the agreement is terminated prior to the end of its term and there is a resulting shortfall from the total annual new premiums target. In 2024, the Parent Company received a milestone fee amounting to ₱1.4 billion and recognized the same as part of bancassurance revenues.

On December 11, 2024, the Parent Company and FWD executed an amended and restated distribution agreement (ARDA) which stipulates, among others, that the term of the agreement shall end no earlier than December 31, 2036 but no later than December 31, 2043. The Parent Company notified the BSP on December 17, 2024. The IC subsequently issued its approval of the ARDA in March 2025 as part of FWD governance.



Bancassurance revenues include recognized portion of access fees, recognized portion of milestone fees, commissions and bonuses from the Bancassurance agreement. The Parent Company may also receive milestone fees and performance bonuses over the term of the agreement.

In June 2025, the Parent Company received a negotiation bonus pursuant to the ARDA. In accordance with PFRS 15, the amount was initially recognized as Deferred revenue under Other Liabilities (see Note 24) and is being recognized as revenue on a straight-line basis. A portion of the negotiation bonus relating to services rendered has been recognized as income for the year.

Miscellaneous include service charges on bills payment amounting to ₱75.2 million, ₱35.8 million and ₱33.5 million, for the period ended December 31, 2025, 2024 and 2023, respectively and service fees on insurance amounting to ₱133.0 million, ₱90.9 million and ₱92.1 million, for the period ended December 31, 2025, 2024 and 2023.

### 31. Miscellaneous Income and Expense

Miscellaneous income consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Recovery on charged-off assets	<b>₱1,328,084</b>	₱1,267,181	₱1,261,748	<b>₱1,326,049</b>	₱1,263,378	₱1,258,469
Income from trust operations	<b>383,111</b>	311,115	291,047	<b>383,111</b>	311,116	291,047
Dividend income	<b>1,863</b>	3,165	3,395	–	1,382	1,612
Miscellaneous (Note 32)	<b>741,976</b>	315,430	305,268	<b>681,132</b>	249,994	244,398
	<b>₱2,455,034</b>	₱1,896,891	₱1,861,458	<b>₱2,390,292</b>	₱1,825,870	₱1,795,526

Miscellaneous expenses consist of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Management and other professional fees	<b>₱5,327,676</b>	₱3,884,908	₱3,257,176	<b>₱5,279,015</b>	₱3,725,846	₱3,061,054
Repairs and maintenance	<b>3,215,961</b>	2,657,584	1,691,047	<b>3,211,630</b>	2,649,094	1,687,035
Insurance	<b>1,954,102</b>	1,568,400	1,405,505	<b>1,942,296</b>	1,562,851	1,399,792
Security, clerical, messengerial and janitorial services	<b>1,346,532</b>	1,184,177	962,878	<b>1,342,318</b>	1,180,575	959,321
Advertising and publicity	<b>1,147,137</b>	1,562,482	907,045	<b>1,142,687</b>	1,561,347	905,570
Entertainment, amusement and recreation (Note 28)	<b>967,197</b>	745,475	633,629	<b>961,297</b>	739,855	628,561
Litigation/assets acquired expenses	<b>419,134</b>	421,575	388,085	<b>419,134</b>	421,575	388,085
Postage, telephone and cables and telegrams	<b>405,621</b>	408,971	373,885	<b>386,521</b>	388,654	357,106
Banking fees	<b>381,206</b>	290,114	285,419	<b>381,206</b>	290,114	285,419
Donations and charitable contributions	<b>276,149</b>	277,952	246,079	<b>276,149</b>	277,952	246,079
Information technology	<b>257,012</b>	190,478	185,094	<b>257,012</b>	190,478	185,094
Stationery and supplies used	<b>114,389</b>	232,972	144,217	<b>113,860</b>	232,621	143,925
Brokerage fees	<b>63,181</b>	47,862	30,435	<b>63,181</b>	47,862	30,435
Miscellaneous	<b>1,216,495</b>	885,935	266,488	<b>1,150,720</b>	835,261	221,929
	<b>₱17,091,792</b>	₱14,358,885	₱10,776,982	<b>₱16,927,026</b>	₱14,104,085	₱10,499,405



Miscellaneous expense includes travelling expenses amounting to ₱175.7 million, ₱168.8 million, ₱119.2 million for the Group and ₱174.5 million, ₱167.9 million, ₱118.5 million for the Parent Company and athletics and other events amounting to ₱162.2 million, ₱120.9 million, ₱83.7 million for the Group and ₱162.2 million, ₱120.9 million, ₱83.7 million for the Parent Company for the years ended December 31, 2025, 2024 and 2023, respectively. It also includes freight expenses amounting to ₱124.8 million, ₱156.0 million, ₱130.1 million for the Group and Parent Company, and fuel and lubricants amounting to ₱55.9 million, ₱54.1 million, ₱49.9 million for the Group and ₱55.3 million, ₱53.4 million, ₱49.1 million for the Parent Company for the years ended December 31, 2025, 2024, and 2023, respectively.

### 32. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. 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;
- Subsidiaries, joint ventures and associates and their respective subsidiaries; and
- Entities under the same group (other affiliates); and
- Post-employment benefit plans for the benefit of the Groups employees

The Group has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties and are usually settled in cash. These transactions also did not involve more than the normal risk of collectability or present other unfavorable conditions.

#### Transactions of the Parent Company with Subsidiaries

Category	December 31, 2025		
	Amount/ Volume	Outstanding Balances	Terms and Conditions/ Nature
Loans and receivables		₱-	Long term, unsecured, with interest ranging from 2.75% to 7.15%
Grants	₱2,717,000		
Settlements	4,603,333		
Accounts receivable	-	8,227	On demand, unsecured, non-interest bearing
Deposit liabilities		2,290,775	Earns interest at the respective bank deposit rates
Deposits	191,681,060		
Withdrawals	190,810,041		
Accrued interest payable	107	-	Interest expense and accrued interest payable
Rent income	2,532		Lease of office spaces for periods ranging from 1 to 5 years
Rent expense	3,770		Lease of office spaces for periods ranging from 1 to 5 years
Other assets		3,278	Security deposits



December 31, 2024

Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/ Nature
Loans and receivables		₱1,886,333	Long term, unsecured, with interest ranging from 2.75% to 7.15%
Grants	₱2,523,000		
Settlements	2,545,778		
Accrued interest receivable	–	6,149	Interest income and accrued interest receivable
Accounts receivable	–	6,492	On demand, unsecured, non-interest bearing
Deposit liabilities		1,897,723	Earns interest at the respective bank deposit rates
Deposits	128,603,682		
Withdrawals	128,522,563		
Accrued interest payable	107	–	Interest expense and accrued interest payable
Rent income	6,093		Lease of office spaces for periods ranging from 1 to 5 years
Rent expense	3,950		Lease of office spaces for periods ranging from 1 to 5 years
Other assets		3,502	Security deposits
Other liability		911	Security deposits

Accounts receivable from subsidiaries pertains to expenses paid by the Parent Company, which were later billed for reimbursement. Accounts payable to SBCC pertains to collections received from credit cardholders on behalf of the Parent Company.

The Parent Company has lease agreements with some of its subsidiaries for periods ranging from one to five years. The lease agreements include the share of the subsidiaries in the maintenance of the building.

The foregoing transactions were eliminated in the consolidated financial statements of the Group. Other related party transactions conducted in the normal course of business includes the following, as detailed in the Memorandum of Agreement (MOA) between the Parent Company and its subsidiaries:

- Human resource related services
- Finance, accounting and tax services including audit
- Collection services (for legal action)
- Preparation of reports
- Processing of credit application (for property appraisal and credit information)
- Legal documentation
- Risk and compliance services
- Corporate secretarial services
- Information technology related service
- General services

Service fees charged to SBRC, SBCIC and SBEI pertaining to the above services amounted to ₱53.3 million in 2025, ₱42.8 million in 2024 and ₱39.3 million in 2023. The Parent Company has not charged expenses to the other subsidiaries since the levels of their operations remain low.



Transaction of the Group with the Joint Ventures

December 31, 2025			
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/ Nature
Receivables purchased	<b>₱312,398</b>		Assignment of rights on a without recourse basis
Collection Fee		<b>₱1,017</b>	Collection fee expense and prepaid collection fee, equivalent to 0.2% or 0.25% of the selling price of the lease receivables amortized over the lease term
Sale of loans			Sale of loans on a without recourse basis
Loans receivable:		-	2 to 3-year term; earns 3.5% to 6.25% interest
Grants	<b>35,000</b>		
Settlement	<b>696,833</b>		
Accrued interest receivable	<b>3,769</b>		Interest income and accrued interest receivable
Accounts receivable		<b>91,863</b>	Expenses advanced by the Parent Company and outstanding accounts payable (on demand, unsecured, non-interest bearing)
Deposit liabilities:		<b>577,946</b>	Earns interest at the respective bank deposit rates
Deposits	<b>42,786,170</b>		
Withdrawals	<b>42,591,877</b>		
Accrued interest payable	<b>1,139</b>		Interest expense and accrued interest payable
Other assets		<b>5,149</b>	Security deposits
Other liability		<b>624</b>	Security deposits
December 31, 2024			
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/ Nature
Receivables purchased	<b>₱492,823</b>		Assignment of rights on a without recourse basis
Collection Fee		<b>₱1,445</b>	Collection fee expense and prepaid collection fee, equivalent to 0.2% or 0.25% of the selling price of the lease receivables amortized over the lease term
Sale of loans			Sale of loans on a without recourse basis
Loans receivable:		661,833	2 to 3-year term; earns 3.5% to 6.25% interest
Grants	2,118,000		
Settlement	2,417,167		
Accrued interest receivable	32,711	1,566	Interest income and accrued interest receivable
Accounts receivable		2,348	Expenses advanced by the Parent Company and outstanding accounts payable (on demand, unsecured, non-interest bearing)
Deposit liabilities:		410,869	Earns interest at the respective bank deposit rates
Deposits	39,322,047		
Withdrawals	39,561,411		
Accrued interest payable	1,789		Interest expense and accrued interest payable

In 2025, 2024 and 2023, SBML sold various loans and lease receivables to the Parent Company with carrying amounts of ₱294.6 million, ₱476.0 million, ₱665.0 million, respectively, and realized gains amounting to ₱16.7 million, ₱15.7 million and ₱25.3 million, respectively.

The Parent Company's proportionate share in the gain on sale of lease receivables was eliminated in the consolidated financial statements of the Group.

Service fees charged to MMFP, SBF and SBML amounting to ₱520.0 million in 2025, ₱124.9 million in 2024 and ₱134.6 million in 2023.



Transactions of the Parent Company with Other Affiliates

December 31, 2025			
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/ Nature
Due from other banks		\$179	Earns interest at the respective bank deposit rates
Deposits	\$23,886		
Withdrawals	24,507		
Due from other banks		¥5,072,510	Earns interest at the respective bank deposit rates
Deposits	¥2,559,617,748		
Withdrawals	2,557,341,900		
Accounts receivable		₱1,715	Unsecured, noninterest bearing
Loans and receivable		\$-	Unsecured, noninterest bearing
Accrued interest receivable	-		Interest income and accrued interest receivable
Deposit liabilities		₱1,038	Earns interest at the respective bank deposit rates
Deposits	₱483		
Withdrawals	442		
Deposit liabilities		₱2,693,422	Earns interest at the respective bank deposit rates
Deposits	₱11,533,440		
Withdrawals	11,497,263		
Loans and Payable		\$-	Unsecured, noninterest bearing
Accrued interest payable	-	-	Interest expense and accrued
December 31, 2024			
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/ Nature
Due from other banks		\$800	Earns interest at the respective bank deposit rates
Deposits	\$29,150		
Withdrawals	28,386		
Due from other banks		¥2,796,662	Earns interest at the respective bank deposit rates
Deposits	¥4,812,103,519		
Withdrawals	4,809,738,456		
Accounts receivable		₱846	Unsecured, noninterest bearing
Loans and receivable		\$-	Unsecured, noninterest bearing
Accrued interest receivable	-		Interest income and accrued interest receivable
Deposit liabilities		₱997	Earns interest at the respective bank deposit rates
Deposits	₱417		
Withdrawals	300		
Deposit liabilities		₱2,657,245	Earns interest at the respective bank deposit rates
Deposits	₱17,102,601		
Withdrawals	15,827,084		
Loans and Payable		\$-	Unsecured, noninterest bearing
Accrued interest payable	-	-	Interest expense and accrued

Transaction of the Group with another Related Party

As part of the Group's continuing support for worthwhile education and livelihood projects, it has made donations to SB Foundation, Inc. (SB Foundation), a non-stock, non-profit organization registered with the SEC and accredited by the Philippine Council for Non-Governmental Organization, as follows:

Donor	2025	2024
Parent Company	₱234,950	₱230,351

The Parent Company also recognized trust fees amounting to ₱0.5 million and ₱0.4 million in 2025 and 2024 for acting as the Investment Manager of SB Foundation's fund.



Transactions of the Group with 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 senior officers to constitute key management personnel.

<b>Consolidated</b>			
<b>December 31, 2025</b>			
<b>Category</b>	<b>Amount/ Volume</b>	<b>Outstanding Balances</b>	<b>Terms and Conditions/ Nature</b>
Deposit liabilities	(₱38,259)	₱87,774	Earns interest at respective bank deposit rates

<b>Consolidated</b>			
<b>December 31, 2024</b>			
<b>Category</b>	<b>Amount/ Volume</b>	<b>Outstanding Balances</b>	<b>Terms and Conditions/ Nature</b>
Deposit liabilities	(₱159,510)	₱126,033	Earns interest at respective bank deposit rates

<b>Parent Company</b>			
<b>December 31, 2025</b>			
<b>Category</b>	<b>Amount/ Volume</b>	<b>Outstanding Balances</b>	<b>Terms and Conditions/ Nature</b>
Deposit liabilities	(₱38,752)	₱86,381	Earns interest at respective bank deposit rates

<b>Parent Company</b>			
<b>December 31, 2024</b>			
<b>Category</b>	<b>Amount/ Volume</b>	<b>Outstanding Balances</b>	<b>Terms and Conditions/ Nature</b>
Deposit liabilities	(₱159,389)	₱125,133	Earns interest at respective bank deposit rates

Compensation of key management personnel follows:

	<b>Consolidated</b>			<b>Parent Company</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Salaries and other short-term benefits	₱432,428	₱425,305	₱420,530	₱394,331	₱388,926	₱382,732
Post-employment benefits	38,867	32,762	15,935	38,867	32,762	15,935
	<b>₱471,295</b>	<b>₱458,067</b>	<b>₱436,465</b>	<b>₱433,198</b>	<b>₱421,688</b>	<b>₱398,667</b>

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's retirement plan.

Transactions of the Group with Retirement Plans

Under PFRS, certain post-employment benefit plans are considered as related parties. The Parent Company 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 Parent Company from such services amounted to ₱12.5 million and ₱10.9 million in 2025 and 2024, respectively.

As of December 31, 2025 and 2024, the fair values of the plan assets of the Parent Company and some of its subsidiaries in the retirement funds amounted to ₱6.0 billion and ₱5.0 billion, respectively.



Relevant information on statements of financial position of carrying values of the Group and the Parent Company's retirement funds:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Debt instruments	<b>₱2,863,030</b>	₱2,499,444	<b>₱2,829,709</b>	₱2,460,537
Equity instruments	<b>2,795,404</b>	2,211,364	<b>2,793,146</b>	2,209,072
Loans and other receivables	<b>210,157</b>	191,400	<b>209,608</b>	190,343
Deposits in banks	<b>78,294</b>	36,805	<b>61,226</b>	31,278
Investments in Unit Investment Trust Funds	<b>8,839</b>	54,011	–	45,000
<b>Total Fund Assets</b>	<b>₱5,955,724</b>	₱4,993,024	<b>₱5,893,689</b>	₱4,936,230
<b>Total Fund Liability</b>	<b>₱39,518</b>	₱39,477	<b>₱39,337</b>	₱39,337

Debt instruments include government and private securities.

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 Parent Company's Employees Retirement Plan Board of Trustees. A summary of transactions with related party retirement plans follows (*amounts in thousands except number of shares and market value per share*):

	Consolidated		Parent Company	
	2025	2024	2025	2024
Dividend income	<b>₱97,689</b>	₱86,872	<b>₱97,552</b>	₱86,786
Number of Parent Company's shares held by plan - common	<b>4,334,240</b>	4,523,120	<b>4,334,240</b>	4,523,120
Number of Parent Company's shares held by plan - preferred	<b>2,060,400</b>	2,060,400	<b>2,060,400</b>	2,060,400
Market value per common share	<b>₱65.65</b>	₱87.00	<b>₱65.65</b>	₱87.00
Market value of common shares	<b>₱284,542,856</b>	₱393,511,440	<b>₱284,542,856</b>	₱393,511,440

Voting rights over the Parent Company's shares are exercised by an authorized trust officer.

### 33. Long-term Leases

The Group has entered into commercial property leases with various tenants on its investment property portfolio and part of its bank premises, consisting of the Group's surplus offices and real properties acquired. These non-cancellable leases have remaining lease terms of between one and five years as of December 31, 2025 and 2024. Various lease contracts include escalation clauses, most of which bear an annual rent increase of 5.0%. Rent income from long-term leases (included in 'Rent income' in the statements of income) amounted to ₱1.4 billion in 2025, ₱0.9 billion in 2024 and ₱0.7 billion in 2023 for the Group, of which, ₱92.8 million in 2025, ₱49.9 million in 2024 and ₱39.5 million in 2023 pertain to the Parent Company (see Note 17).

Future minimum rental receivable under non-cancellable operating leases follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Within one year	<b>₱1,313,636</b>	₱894,351	<b>₱11,318</b>	₱11,642
After one year but not more than five years	<b>2,704,840</b>	930,825	<b>11,879</b>	9,804
	<b>₱4,018,476</b>	₱1,825,176	<b>₱23,197</b>	₱21,446



The Parent Company leases the premises occupied by some of its branches (about 13.0% of the branch sites are Parent Company-owned). Some of its subsidiaries also lease the premises occupied by their head offices and most of their branches. The lease contracts are for periods ranging from one to 15 years and are renewable at the Parent Company's option under certain terms and conditions. Various lease contracts include escalation clauses, most of which bear an annual rent increase of 5.0%.

### 34. Commitments and Contingent Liabilities

In the normal course of operations of the Group, there are outstanding commitments and contingent liabilities and bank guarantees that are not reflected in the financial statements. The Group does not anticipate losses that will materially affect its financial position and financial performance as a result of these transactions.

There are several suits, claims and assessments that remain unsettled. Management believes, based on the opinion of its legal counsels, that the ultimate outcome of such cases and claims will not have a material effect on the Group's financial position and financial performance.

#### Regulatory Reporting

The following is a summary of the Group's and of the Parent Company's commitments and contingent liabilities at their equivalent peso contractual amounts:

	2025	2024
Derivatives	P667,648,797	P494,307,206
Trust department accounts	179,204,549	154,149,291
Unutilized credit limit of credit cardholders	166,820,860	146,113,130
Committed loan line	95,904,296	57,334,282
Unused commercial letters of credit	87,185,573	81,482,183
Spot foreign exchange contracts	4,882,997	17,934,128
Inward bills for collection	451,815	3,644,846
Late deposit/payment received	406,746	568,291
Outward bills for collection	192,513	265,777
Financial guarantees with commitment	89,218	111,499
Outstanding guarantees	-	866,900
Others	82	84

Changes in allowance for credit losses on financial guarantees, loan and other commitments of the Group and Parent Company follow (see Note 24):

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at January 1, 2025	P612,704	P124,601	P-	P737,305
Provision for credit losses (Note 14)	414,170	(94,563)	1,598	321,205
Transfers to Stage 1	16,645	(15,075)	(1,570)	-
Transfers to Stage 2	(115,665)	115,683	(18)	-
Transfers to Stage 3	(1,286)	(100)	1,386	-
Foreign exchange and other adjustments	215	-	-	215
	P926,783	P130,546	P1,396	P1,058,725



	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at January 1, 2024	₱468,474	₱136,595	₱990	₱606,059
Provision for credit losses (Note 14)	242,342	(111,900)	503	130,945
Transfers to Stage 1	9,719	(8,339)	(1,380)	–
Transfers to Stage 2	(108,132)	108,245	(113)	–
Transfers to Stage 3	–	–	–	–
Foreign exchange and other adjustments	301	–	–	301
	₱612,704	₱124,601	₱–	₱737,305

### 35. Segment Information

The Group's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served with each segment representing a strategic business unit. In 2025, the Group implemented a reclassification of its asset management, trust, and fiduciary services from the Financial Markets segment to Elimination and Others. This change was undertaken to align both internal and external reporting presentations with the Bank's updated organizational structure and governance framework. Accordingly, the corresponding segment information for the prior period presented herein has been restated to reflect the updated segmentation and ensure comparability of the Group's structure and performance reporting.

The Group derives revenues from the following main operating business segments:

*Wholesale Banking* - addresses corporates, institutional, and public sector and commercial clients. Services include relationship management, loans, trade, cash management, deposits and investments. It also provides structured financing and advisory services, debt and equity capital raising, project financing, and mergers and acquisitions advisory offered by SB Capital. Operating leases from SBRC and share in net income from SBML are also part of the segment.

*Retail Banking* - serves individual clients. It covers deposits, consumer loans, credit cards, bancassurance and investments. Share in net income (loss) from SBF and MMFP is also part of the segment.

*Business Banking* - serves the micro, small and medium enterprises (MSMEs) with holistic propositions covering deposits, loans, cash management, third-party insurance and investments.

*Financial Markets* - focuses on providing money market, foreign exchange, financial derivatives, debt and equity securities brokerage, as well as the management of the funding operations for the Group. The Group's equity brokerage, SB Equities, is also part of this segment.

*Eliminations and Others* - This segment includes the Bank's non-reportable segments such as support services and eliminations in accordance with the Bank's group internal reporting. Eliminations in 2025 include net interest income from third party and intersegment amounting to ₱4.6 billion and ₱7.2 billion, respectively; non-interest income and non-interest expense amounting to ₱5.4 billion and ₱23.1 billion, respectively; and total assets and total liabilities amounting to ₱6.4 billion and ₱351.0 billion, respectively. Eliminations in 2024 include net interest income from third party and intersegment amounting to ₱6.0 billion and ₱7.9 billion, respectively; non-interest income and non-interest expense amounting to ₱3.2 billion and ₱18.6 billion, respectively; and total assets and total liabilities amounting to ₱5.6 billion and ₱285.5 billion, respectively. The Group's asset management, trust and fiduciary services are reported in this segment. Share in net income from HCPH is also part of this segment.



Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

The Group's revenue-producing assets are located in the Philippines (i.e., one geographical location), therefore, geographical segment information is no longer presented.

The Group has no significant customers which contribute 10.0% or more of the consolidated revenue, net of interest 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 rate which approximates the marginal cost of funds.

Segment information follows (amounts in millions):

	December 31, 2025					
	Wholesale Banking	Retail Banking	Business Banking	Financial Markets	Elimination and Others	Total
<b>Statement of Income</b>						
Net interest income:						
Third party	₱28,811	₱21,993	₱3,206	(₱7,730)	₱4,177	₱50,457
Intersegment	(14,748)	1,131	2,607	10,063	947	–
	14,063	23,124	5,813	2,333	5,124	50,457
Noninterest income	4,429	11,375	767	2,935	(3,031)	16,475
Revenue – net of interest expense	18,492	34,499	6,580	5,268	2,093	66,932
Noninterest expense	10,649	31,709	5,752	5,115	(1,138)	52,087
Income before income tax	7,843	2,790	828	153	3,231	14,845
Provision for income tax	1,961	705	207	6	339	3,218
Net income for the period attributable to the Parent Company	₱5,882	₱2,085	₱621	₱147	₱2,892	₱11,627
<b>Statement of Financial Position</b>						
Total assets	₱395,677	₱179,449	₱18,625	₱572,038	₱28,970	₱1,194,759
Total liabilities	₱242,971	₱376,868	₱75,817	₱674,764	(₱329,891)	₱1,040,529
<b>Other Segment Information</b>						
Capital expenditures	₱1,529	₱1,840	₱83	₱32	₱3,043	₱6,527
Depreciation and amortization	₱1,083	₱1,303	₱59	₱23	₱2,155	₱4,623
Provision for credit and impairment losses	₱845	₱10,935	₱1,041	₱2	(₱61)	₱12,762



December 31, 2024						
	Wholesale Banking	Retail Banking	Business Banking	Financial Markets	Elimination and Others	Total
<b>Statement of Income</b>						
Net interest income:						
Third party	₱26,865	₱14,916	₱2,150	(₱5,959)	₱5,750	₱43,722
Intersegment	(15,050)	3,132	2,574	10,602	(1,258)	–
	11,815	18,048	4,724	4,643	4,492	43,722
Noninterest income	3,832	10,444	669	(1,357)	(2,376)	11,212
Revenue – net of interest expense	15,647	28,492	5,393	3,286	2,116	54,934
Noninterest expense	9,196	23,136	3,276	4,333	(247)	39,694
Income before income tax	6,451	5,356	2,117	(1,047)	2,363	15,240
Provision for income tax	1,613	1,120	529	–	740	4,002
Net income for the period attributable to the Parent Company						
	₱4,838	₱4,236	₱1,588	(₱1,047)	₱1,623	₱11,238
<b>Statement of Financial Position</b>						
Total assets	₱443,675	₱162,954	₱14,750	₱484,620	₱23,142	₱1,129,141
Total liabilities	₱233,523	₱346,352	₱65,416	₱611,812	(₱269,100)	₱988,003
<b>Other Segment Information</b>						
Capital expenditures	₱1,231	₱1,370	₱47	₱17	₱3,054	₱5,719
Depreciation and amortization	₱786	₱875	₱30	₱11	₱1,949	₱3,651
Provision for credit and impairment losses	₱904	₱5,422	₱263	₱–	₱21	₱6,610

December 31, 2023						
	Wholesale Banking	Retail Banking	Business Banking	Financial Markets	Elimination and Others	Total
<b>Statement of Income</b>						
Net interest income:						
Third party	₱22,178	₱8,887	₱1,324	(₱8,614)	₱10,959	₱34,734
Intersegment	(10,368)	5,872	2,294	7,900	(5,698)	–
	11,810	14,759	3,618	(714)	5,261	34,734
Noninterest income	3,276	7,692	574	1,950	(5,267)	8,225
Revenue – net of interest expense	15,086	22,451	4,192	1,236	(6)	42,959
Noninterest expense	6,226	18,050	3,000	3,457	167	30,900
Income before income tax	8,860	4,401	1,192	(2,221)	(173)	12,059
Provision for income tax	2,035	1,012	274	–	(367)	2,954
Net income for the period attributable to the Parent Company						
	₱6,825	₱3,389	₱918	(₱2,221)	₱194	₱9,105
<b>Statement of Financial Position</b>						
Total Assets	₱408,549	₱124,307	₱8,868	₱310,070	₱19,715	₱871,509
Total Liabilities	₱213,047	₱250,645	₱52,516	₱393,232	(₱174,061)	₱735,379
<b>Other Segment Information</b>						
Capital expenditures	₱931	₱1,087	₱23	₱17	₱2,340	₱4,398
Depreciation and amortization	₱598	₱698	₱15	₱11	₱1,503	₱2,825
Provision for credit and impairment losses	₱107	₱4,970	₱571	(₱2)	(₱845)	₱4,801

No operating segments have been aggregated to form the above reportable operating business segments.



### 36. Earnings Per Share

Basic earnings per share amounts were computed as follows (amounts in thousands except earnings per share and weighted average number of outstanding common shares):

	2025	2024	2023
a. Net income attributable to the equity holders of the Parent Company	₱11,627,592	₱11,238,428	₱9,105,438
b. Dividends declared to Preferred Shares	5,699	4,259	4,259
c. Weighted average number of outstanding common shares	753,538,887	753,538,887	753,538,887
d. Earnings per share [(a-b)/c]	₱15.42	₱14.91	₱12.08

As of December 31, 2025, 2024 and 2023, the Parent Company has no potentially dilutive common shares.

### 37. Notes to the Statements of Cash Flows

The amounts of interbank loans receivables and securities purchased under agreements to resell considered as cash and cash equivalents for the Group and Parent Company are as follows:

	2025	2024	2023
Interbank loans receivable and SPURA			
SPURA	₱27,100,000	₱3,941,367	₱-
Interbank loans receivable	-	2,892,248	2,080,999
	27,100,000	6,833,615	2,080,999
Interbank loans receivable and SPURA not considered as cash and cash equivalents			
Interbank loans receivable	1,546,981	2,560,000	2,000,000
	₱28,646,981	₱9,393,615	₱4,080,999

As of December 31, 2025 and 2024, movements in allowance for credit losses on 'Due from other banks' and 'Interbank loans receivable and securities purchased under agreements to resell' as follows:

	2025	2024	2023
<b>Consolidated</b>			
Due from other banks (Note 7)	(₱220)	₱89	(₱279)
Interbank loans receivable and SPURA	4,962	7,986	1,386
	₱4,742	₱8,075	₱1,107
<b>Parent Company</b>			
Due from other banks (Note 7)	(₱170)	₱172	(₱241)
Interbank loans receivable and SPURA	4,962	7,986	1,386
	₱4,792	₱8,158	₱1,145

Significant non-cash transactions of the Group and the Parent Company include set-up of right of use assets, foreclosures of investment properties and chattels as disclosed in Notes 16, 17 and 18, respectively. In addition, in 2025, upon incorporation and the Parent Company's assumption of enforceable rights and obligations as a shareholder under the joint venture arrangement, the amount previously recognized under "Other investments" amounting to ₱1.25 billion was reclassified to "Investment in Subsidiaries, Joint Ventures and an Associate" (see Note 18).



Reconciliation of liabilities arising from financing activities follows:

	Consolidated					
	Beginning Balance	Cashflows		Non-cash charges		Ending balance
		Proceeds/ Availments	Settlements	Foreign exchange movement	Amortization of transaction costs	
<b>December 31, 2025</b>						
Bills payable and SSURA	P91,179,648	P202,386,400	(P286,964,332)	(P432,731)	P-	P6,168,985
Notes and bonds payable	61,195,057	20,835,295	(18,500,000)	374,400	96,557	64,001,309
LTNCD	10,433,785	-	(10,440,000)	-	6,215	-
	<b>P162,808,490</b>	<b>P223,221,695</b>	<b>(P315,904,332)</b>	<b>(P58,331)</b>	<b>P102,772</b>	<b>P70,170,294</b>
<b>December 31, 2024</b>						
Bills payable and SSURA	P51,339,105	P698,376,629	(P660,613,634)	P2,077,548	P-	P91,179,648
Notes and bonds payable	48,963,521	41,968,599	(30,600,000)	683,694	179,243	61,195,057
LTNCD	10,416,014	-	-	-	17,771	10,433,785
	<b>P110,718,640</b>	<b>P740,345,228</b>	<b>(P691,213,634)</b>	<b>P2,761,242</b>	<b>P197,014</b>	<b>P162,808,490</b>
<b>December 31, 2023</b>						
Bills payable and SSURA	P40,920,403	P736,658,375	(P724,538,355)	(P1,701,318)	P-	P51,339,105
Notes and bonds payable	47,111,693	18,352,354	(17,056,500)	304,769	251,205	48,963,521
LTNCD	24,766,786	-	(14,381,000)	-	30,228	10,416,014
	<b>P112,798,882</b>	<b>P755,010,729</b>	<b>(P755,975,855)</b>	<b>(P1,396,549)</b>	<b>P281,433</b>	<b>P110,718,640</b>
	Parent Company					
	Beginning balance	Cashflows		Non-cash charges		Ending balance
		Proceeds/ Availments	Payments	Foreign exchange movement	Amortization of transaction costs	
<b>December 31, 2025</b>						
Bills payable and SSURA	P91,027,982	P199,553,067	(P286,964,332)	(P432,732)	P-	P3,183,985
Notes and bonds payable	61,195,057	20,835,295	(18,500,000)	374,400	96,557	64,001,309
LTNCD	10,433,785	-	(10,440,000)	-	6,215	-
	<b>P162,656,824</b>	<b>P220,388,362</b>	<b>(P315,904,332)</b>	<b>(P58,332)</b>	<b>P102,772</b>	<b>P67,185,294</b>
<b>December 31, 2024</b>						
Bills payable and SSURA	P51,273,271	P698,286,629	(P660,609,468)	P2,077,550	P-	P91,027,982
Notes and bonds payable	48,963,521	41,968,599	(30,600,000)	683,694	179,243	61,195,057
LTNCD	10,416,014	-	-	-	17,771	10,433,785
	<b>P110,652,806</b>	<b>P740,255,228</b>	<b>(P691,209,468)</b>	<b>P2,761,244</b>	<b>P197,014</b>	<b>P162,656,824</b>
<b>December 31, 2023</b>						
Bills payable and SSURA	P40,802,069	P736,658,375	(P724,485,855)	(P1,701,318)	P-	P51,273,271
Notes and bonds payable	47,111,693	18,352,354	(17,056,500)	304,769	251,205	48,963,521
LTNCD	24,766,786	-	(14,381,000)	-	30,228	10,416,014
	<b>P112,680,548</b>	<b>P755,010,729</b>	<b>(P755,923,355)</b>	<b>(P1,396,549)</b>	<b>P281,433</b>	<b>P110,652,806</b>

Reconciliation of lease liabilities of the Group and the Parent Company are disclosed in Note 16.

### 38. Events after the Reporting Period

The Parent Company's BOD, in its meeting held on February 24, 2026, approved the declaration of the following annual cash dividends:

Shares	Date of declaration	Per share	Record date	Payment date
Preferred	February 24, 2026	₱0.004805	March 11, 2026	April 1, 2026
Preferred	February 24, 2026	0.0062874	June 26, 2026	July 10, 2026



### 39. Approval of the Release of the Financial Statements

The BOD of the Parent Company reviewed and approved the release of the accompanying consolidated and parent company financial statements on February 24, 2026.

### 40. Supplementary Information Required Under Revenue Regulation No. 15-2010

On November 25, 2010, the BIR issued Revenue Regulation (RR) No. 15-2010 to amend certain provisions of RR No. 21-2002. The Regulations provide that starting 2010, the notes to financial statements shall include information on taxes and licenses paid or accrued during the taxable year.

#### Gross receipt tax (GRT)

The Parent Company is subject to GRT on its gross income from Philippine sources. GRT is imposed on interest, fees and commissions from lending activities at 5.0% or 1.0%, depending on the loan term, and at 7.0% on non-lending fees and commissions, trading and foreign exchange gains and other items constituting gross income.

In FCDU, income classified under Others, which is subject to corporate income tax, is also subject to GRT at 7.0%.

The details of the Parent Company's GRT payments and corresponding GRT tax base in 2025 are as follows:

	GRT	GRT tax base
Income from lending activities	₱2,817,973	₱70,145,087
Other income	770,047	11,000,678
	₱3,588,020	₱81,145,765

#### Taxes and Licenses

This includes all other taxes, local and national, incurred in 2025 and lodged under 'Taxes and licenses' in the statements of income, as follows:

	Amount
Documentary stamp taxes	₱584,993
Mayor's permit	122,052
Fringe benefit taxes	90,709
Real estate taxes	22,817
Other taxes	6,148
	₱826,719

Other taxes include car registration fees, privilege taxes and other permits.

#### Withholding Taxes

Details of total remittances in 2025 and balances as of December 31, 2025 are as follows:

	Total Remittance	Balance
Withholding taxes on compensation and benefits	₱1,660,162	₱183,787
Expanded withholding taxes	1,047,058	57,825
Final withholding taxes	1,942,409	188,468
	₱4,649,629	₱430,080



Tax Assessments and Cases

As of December 31, 2025, the Parent Company has no deficiency tax assessments and has no tax cases, litigation and/or prosecution in courts or bodies outside the BIR.

**41. Supplementary Information Required Under Section 174 of the Manual of Regulations for Banks**

Section 174 of the MORB provides for disclosure requirements to the audited financial statements, which are to be presented either (i) on specific notes to the financial statements, or (ii) in a separate note containing supplementary information as required by the BSP. This supplementary information is not a required disclosure under PFRS Accounting Standards.

In compliance with the requirements of Section 174 of the MORB, hereunder are the supplementary information:

Financial performance indicators

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	<b>7.87%</b>	8.11%	6.95%	<b>7.87%</b>	8.11%	6.95%
Return on average assets	<b>1.00%</b>	1.12%	1.06%	<b>1.00%</b>	1.12%	1.06%
Net interest margin	<b>4.66%</b>	4.73%	4.49%	<b>4.67%</b>	4.73%	4.49%

The following formulas were used to compute the indicators:

Performance Indicator	BSP Prescribed Formula
Return on Average Equity	$\frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Capital Accounts}}$ <p>Where: Average Total Capital Accounts =  <math display="block">\frac{\text{Current calendar/fiscal year-end Total capital accounts balance} + \text{previous calendar /fiscal year-end Total capital accounts balance}}{2}</math></p>
Return on Average Assets	$\frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Assets}}$ <p>Where: Average Total Assets =  <math display="block">\frac{\text{Current calendar/fiscal year-end Total assets balance} + \text{previous calendar /fiscal year-end Total assets balance}}{2}</math></p>
Net Interest Margin	$\frac{\text{Net Interest Income} \times 100}{\text{Average Interest Earning Assets}}$ <p>Where:                      Net Interest Income =                      Total Interest Income – Total Interest Expense</p> <p>Average Interest Earning Assets =  <math display="block">\frac{\text{Current calendar/fiscal year-end Total interest earning assets balance} + \text{previous calendar /fiscal year-end Total interest earning assets balance}}{2}</math></p>



Capital instruments

As of December 31, 2025 and 2024, the Parent Company's capital stock consists of:

	Shares*	Amount
Common stock - ₱10 par value		
Authorized	1,000,000,000	₱10,000,000
Issued and outstanding		
Balance at the beginning and end of the period	753,538,887	7,535,389
Preferred stock - ₱0.10 par value		
Authorized	1,000,000,000	100,000
Issued and outstanding		
Balance at the beginning and end of the period	1,000,000,000	100,000
	1,753,538,887	₱7,635,389

\*Absolute number of shares

There are no capital instruments issued by the Group and the Parent Company in 2025 and 2024.

Significant credit exposures of loans as to industry/economic sector

As of December 31, 2025 and 2024, information on the concentration of credit as to industry, net of unearned discounts and deferred credits, follows (amounts in millions):

	Consolidated				Parent Company			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Real estate activities	<b>₱168,653</b>	<b>23.9</b>	₱168,456	24.6	<b>₱168,653</b>	<b>23.9</b>	₱168,456	24.6
Activities of households as employers; undifferentiated goods and services producing activities of households for own use*	<b>121,891</b>	<b>17.3</b>	97,285	14.2	<b>121,888</b>	<b>17.3</b>	97,285	14.2
Wholesale and retail trade; repair of motor vehicles and motorcycles	<b>116,942</b>	<b>16.6</b>	118,311	17.3	<b>116,942</b>	<b>16.6</b>	118,311	17.2
Electricity, gas, steam and air conditioning supply	<b>109,565</b>	<b>15.5</b>	96,138	14.0	<b>109,565</b>	<b>15.6</b>	96,138	14.0
Manufacturing	<b>37,060</b>	<b>5.3</b>	51,882	7.6	<b>37,060</b>	<b>5.3</b>	51,882	7.6
Transportation and storage	<b>33,048</b>	<b>4.7</b>	25,506	3.7	<b>33,048</b>	<b>4.7</b>	25,506	3.7
Construction	<b>26,182</b>	<b>3.7</b>	26,940	3.9	<b>26,182</b>	<b>3.7</b>	26,940	3.9
Financial and insurance activities	<b>21,390</b>	<b>3.0</b>	32,799	4.8	<b>21,390</b>	<b>3.0</b>	32,799	4.8
Information and communication	<b>18,982</b>	<b>2.7</b>	21,567	3.2	<b>18,982</b>	<b>2.7</b>	21,567	3.1
Water supply, sewerage, waste management and remediation activities	<b>11,132</b>	<b>1.6</b>	10,640	1.6	<b>11,132</b>	<b>1.6</b>	10,640	1.6
Agriculture, forestry and fishing	<b>7,148</b>	<b>1.0</b>	9,291	1.4	<b>7,148</b>	<b>1.0</b>	9,291	1.4
Professional scientific and technical services	<b>6,871</b>	<b>1.0</b>	6,935	1.0	<b>6,871</b>	<b>1.0</b>	6,935	1.0
Others	<b>25,833</b>	<b>3.7</b>	18,603	2.7	<b>25,369</b>	<b>3.6</b>	20,267	3.0
	<b>₱704,697</b>	<b>100.0</b>	₱684,353	100.0	<b>₱704,230</b>	<b>100.0</b>	₱686,017	100.0

\*Excludes loans and receivables on real estate or dwelling units which are considered production activities and classified under "Real estate"

The BSP considers that loan concentration exists when the total loan exposure to a particular industry or economic sector exceeds 30.00% of the total loan portfolio or 10% of Tier 1 capital.



Breakdown of total loans as to security and status

The following table shows the breakdown of receivable from customers as to secured and unsecured and the breakdown of secured receivables from customers as to the type of security, gross of unearned discounts and deferred credits, as of December 31, 2025 and 2024 (amounts in millions):

	Consolidated				Parent Company			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Secured by:								
Real estate	₱102,728	14.5%	₱89,865	13.1%	₱102,728	14.5%	₱89,865	13.1%
Chattel	36,929	5.2%	20,178	2.9%	36,928	5.2%	20,178	2.9%
Assignment of projects/ company assets/contracts	33,841	4.8%	20,351	3.0%	33,840	4.8%	20,351	3.0%
Mortgage trust indenture	6,457	0.9%	7,783	1.1%	6,457	0.9%	7,783	1.1%
Deposit hold-out	3,980	0.6%	4,260	0.6%	3,980	0.6%	4,260	0.6%
Others	6,918	1.0%	9,943	1.4%	6,453	0.9%	9,723	1.4%
	190,853	27.0%	152,380	22.2%	190,386	26.9%	152,160	22.1%
Unsecured	516,414	73.0%	534,162	77.8%	516,413	73.1%	536,046	77.9%
	₱707,267	100.0%	₱686,542	100.0%	₱706,799	100.0%	₱688,206	100.0%

The following table shows the breakdown of receivable from customers net of unearned discounts and deferred credits as to performing and non-performing as of December 31, 2025 and 2024:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Performing loans				
Corporate lending	₱435,400,263	₱451,158,952	₱435,400,263	₱452,872,587
Consumer lending	142,700,525	115,775,848	142,233,034	115,726,204
Residential mortgages	104,658,878	96,798,714	104,658,878	96,798,714
Small business lending	543,137	519,473	543,137	519,473
	683,302,803	664,252,987	682,835,312	665,916,978
Non-performing loans*				
Corporate lending	13,154,854	14,812,116	13,154,854	14,812,116
Consumer lending	5,309,538	3,076,690	5,309,538	3,076,690
Residential mortgages	2,841,399	2,156,967	2,841,399	2,156,967
Small business lending	88,465	54,698	88,465	54,698
	21,394,256	20,100,471	21,394,256	20,100,471
	₱704,697,059	₱684,353,458	₱704,229,568	₱686,017,449

\*Stage 3 accounts

Information on related party loans

In the ordinary course of business, the Parent Company has loan transactions with subsidiaries, affiliates and DOSRI based on BSP Circular No. 423 dated March 15, 2004, as amended. Under the Parent Company's policies, these loans are made substantially on the same terms as loans to other individuals and businesses of comparable risks.



The following table shows information on related party loans as reported to the BSP:

	2025		2024	
	DOSRI Loans	Related Party Loans*	DOSRI Loans	Related Party Loans
<b>Consolidated</b>				
Total outstanding loans (in millions)	295.5	3,635.5	281.6	16,733.7
Percent of DOSRI/Related Party Loans to total loan portfolio	0.04	0.50	0.04	2.41
Percent of unsecured DOSRI/Related Party Loans to total DOSRI/Related Party Loans	5.99	100.00	6.58	100.00
Percent of past due DOSRI/Related Party Loans to total DOSRI/Related Party Loans	–	–	–	–
Percent of non-performing DOSRI/Related Party Loans to total DOSRI/Related Party Loans	–	–	–	–
<b>Parent Company</b>				
Total outstanding loans (in millions)	293.5	14,715.0	281.6	18,620.1
Percent of DOSRI/Related Party Loans to total loan portfolio	0.04	2.01	0.04	2.68
Percent of unsecured DOSRI/Related Party Loans to total DOSRI/Related Party Loans	6.03	100.0	6.58	100.00
Percent of past due DOSRI/Related Party Loans to total DOSRI/Related Party Loans	–	–	–	–
Percent of non-performing DOSRI/Related Party Loans to total DOSRI/Related Party Loans	–	–	–	–

\*Inclusive of DOSRI loans

BSP Circular Nos. 560 and 464 provide the rules and regulations that shall govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks. Under the said circular, the total outstanding loans, credit accommodations and guarantees to each of the bank's subsidiaries and affiliates shall not exceed 10.00% of the bank's net worth, the unsecured portion shall not exceed 5.00% of such net worth. Further, the total outstanding exposures shall not exceed 20.00% of the net worth of the lending bank.

Total interest income on related party loans in 2025, 2024 and 2023 amounted to ₱2.9 million, ₱3.1 million and ₱3.1 million, respectively, for the Group and ₱54.8 million, ₱216.7 million and ₱161.5 million, respectively, for the Parent Company.

Aggregate amount of secured liabilities and assets pledged as security

The following are the carrying values of the investment securities pledged and transferred under SSURA transactions of the Group:

	December 31, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets at FVTPL (Note 10)				
Government securities	₱2,834,421	₱2,834,421	₱2,796,968	₱2,796,968
Financial assets at FVTOCI (Note 12)				
Treasury bonds	574,749	574,749	32,385,552	32,385,552
Investment securities at amortized cost (Note 13)				
Treasury notes and bills	–	–	18,312,524	18,419,181
Private bonds	–	–	34,358,541	34,145,895
Treasury bonds	–	–	5,961,923	6,056,224
	<b>₱3,409,170</b>	<b>₱3,409,170</b>	<b>₱93,815,508</b>	<b>₱93,803,820</b>



As of December 31, 2025 and 2024, the carrying amount of SSURA amounted to ₱2.9 billion and ₱67.9 billion, respectively (see Note 21).

Commitments and contingent liabilities

The following is a summary of the Group's and of the Parent Company's commitments and contingent liabilities at their equivalent peso contractual amounts:

	<b>2025</b>	<b>2024</b>
Derivatives	<b>₱667,648,797</b>	₱494,307,206
Trust department accounts	<b>179,204,549</b>	154,149,291
Unutilized credit limit of credit cardholders	<b>166,820,860</b>	146,113,130
Committed loan line	<b>95,904,296</b>	57,334,282
Unused commercial letters of credit	<b>87,185,573</b>	81,482,183
Spot foreign exchange contracts	<b>4,882,997</b>	17,934,128
Inward bills for collection	<b>451,815</b>	3,644,846
Late deposit/payment received	<b>406,746</b>	568,291
Outward bills for collection	<b>192,513</b>	265,777
Financial guarantees with commitment	<b>89,218</b>	111,499
Outstanding guarantees	-	866,900
Others	<b>82</b>	84

