

12 May 2026

PHILIPPINE STOCK EXCHANGE, INC.
6/F PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: **Atty. JOHANNE DANIEL M. NEGRE**
Officer-in-Charge, Disclosure Department

THE PHILIPPINE DEALING & EXCHANGE CORPORATION
29/F BDO Equitable Tower
8751 Paseo de Roxas, Makati City

Attention: **Ms. SUZY CLAIRE R. SELLEZA**
Issuer Compliance and Disclosure Department

Ladies and Gentlemen:

In compliance with the Philippine Dealing & Exchange Corporation Issuer Disclosures Operating Guidelines, we furnish you a copy of the Bank's Quarterly Report for the first quarter of 2026 (SEC Form 17-Q).

For your information.

Truly yours,

PHILIPPINE BANK OF COMMUNICATIONS

By:



MA. THERESA G. DELA ROSA
Corporate Secretary

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

Atty. Ma. Theresa G. Dela Rosa

Contact Person

(02) 8830-7000

Company Telephone Number

1	2
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Month Day
Fiscal Year

3	1
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17 - Q

FORM TYPE

6	11
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Month Day
Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended March 31, 2026.
2. Commission identification number PW-686 3. BIR Tax Identification No. 000-263-340.
4. Exact name of issuer as specified in its charter
Philippine Bank of Communications
5. Province, country or other jurisdiction of incorporation or organization Philippines.
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
PBCOM Tower 6795 Ayala Ave., Cor. V.A. Rufino St., Makati City 1226
8. Issuer's telephone number, including area code
(632) 8-830-7000
9. Former name, former address and former fiscal year, if changed since last report
NA
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA
- | Title of each Class | Number of shares of common stock outstanding and amount of debt outstanding |
|----------------------------|---|
| <u>PBCOM Common Shares</u> | <u>480,645,163 shares</u> |
11. Are any or all of the securities listed on a Stock Exchange?
Yes [X] No []
- If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange Common Stock

12. Indicate by check mark whether the registrant:

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

Yes [/] No []

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

Yes [/] No []

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please see attached

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Please see attached

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C, which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

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.

PHILIPPINE BANK OF COMMUNICATIONS

By:



PATRICIA MAY T. SIY
President & CEO



GRETCHEN MARIE V. ARBOLEDA
Comptroller & Principal Accounting Officer

May 12, 2026

PHILIPPINE BANK OF COMMUNICATIONS
UNAUDITED INTERIM STATEMENTS OF POSITION
AS AT MARCH 31, 2026

(With Comparative Audited Figures at December 31, 2025)

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
	(Amounts in Thousands)	
ASSETS		
Cash and Other Cash Items	P982,603	P1,237,363
Due from Bangko Sentral ng Pilipinas (Note 7)	15,618,784	7,859,685
Due from Other Banks	992,934	1,580,996
Interbank Loans Receivable (Note 8)	4,233,083	3,085,462
Financial assets at Fair Value through Profit or Loss (Note 9)	1,591,563	–
Financial Assets at Fair Value through Other Comprehensive Income (Note 9)	25,788,152	32,588,863
Investment Securities at Amortized Cost (Note 9)	31,684,262	31,119,505
Loans and Receivables (Notes 10)	100,741,226	101,628,765
Investments in an Associate (Note 1)	10,592	10,442
Property and Equipment (Note 11)	915,484	863,847
Investment Properties (Note 12)		
Condominium units for lease	1,498,957	1,510,397
Foreclosed properties	2,068,430	2,037,921
Office units for lease	1,253	1,325
Intangible Assets (Note 13)	559,855	543,829
Deferred Tax Assets - Net	615,417	564,917
Other Assets (Note 14)	1,330,563	626,788
TOTAL ASSETS	P188,633,158	P185,260,105
LIABILITIES AND EQUITY		
LIABILITIES		
Deposit Liabilities (Note 16)		
Demand	47,193,036	48,741,358
Savings	13,123,674	13,491,318
Time	76,781,031	68,220,418
	137,097,741	130,453,094
Bills Payable (Note 17)	19,902,589	22,605,055
Bonds Payable (Note 18)	7,688,450	7,675,158
Outstanding Acceptances	120,875	104,647
Manager's Checks	136,208	122,436
Accrued Interest, Taxes and Other Expenses	1,409,524	1,412,769
Income Tax Payable	292,355	202,330
Other Liabilities (Note 14)	1,233,535	1,252,420
TOTAL LIABILITIES	167,881,277	163,827,909
EQUITY		
Common stock (Note 20)	12,016,129	12,016,129
Additional paid-in capital	2,262,246	2,262,246
Surplus reserves (Note 20)	599,124	599,124
Surplus	7,662,452	7,260,322
Unrealized losses on financial assets carried at fair value through other comprehensive income	(1,638,964)	(557,172)
Cumulative translation adjustment	(104,566)	(103,913)
Remeasurement losses on retirement liability	(44,540)	(44,540)
TOTAL EQUITY	20,751,881	21,432,196
TOTAL LIABILITIES AND EQUITY	P188,633,158	P185,260,105

See accompanying Notes to Unaudited Interim Financial Statements

PHILIPPINE BANK OF COMMUNICATIONS
INTERIM STATEMENTS OF INCOME
(Unaudited)

	For the Three Months (January to March)	
	2026	2025
	(Amounts in Thousands)	
INTEREST INCOME		
Loans and receivables (Note 10)	₱1,972,023	₱1,950,677
Investment securities (Note 9)	814,742	560,881
Interbank loans receivable and securities purchased under resale agreements (Note 8)	65,766	10,039
Deposits with other banks and others	19,898	10,928
	2,872,429	2,532,525
INTEREST AND FINANCE CHARGES		
Deposit liabilities (Note 16)	855,172	780,042
Bills payable, borrowings and others (Note 17 and 18)	353,165	293,725
	1,208,337	1,073,767
NET INTEREST INCOME	1,664,092	1,458,758
Service charges, fees and commissions	97,417	102,862
Foreign exchange gain - net	36,207	44,534
Rent income	23,012	86,706
Profit from assets sold (Note 11 and 12)	19,891	20,177
Gain on asset exchange - net	18,747	9,821
Income from trust operations	10,890	11,059
Trading and securities gain (loss) - net (Note 9)	(112,911)	(55,111)
Miscellaneous (Note 21)	33,138	49,229
TOTAL OPERATING INCOME	1,790,483	1,728,035
Compensation and fringe benefits	391,109	362,812
Taxes and licenses	292,745	229,919
Depreciation and amortization	107,266	105,979
Provision for (recovery from) impairment losses	102,724	32,070
Insurance	69,094	60,902
Occupancy and other equipment - related costs	38,419	42,722
Security, clerical, messengerial and janitorial services	36,998	32,243
Entertainment, amusement and recreation	27,529	27,214
Management and professional fees	24,826	25,365
Communication	16,540	13,926
Miscellaneous (Note 21)	134,918	128,223
TOTAL OPERATING EXPENSES	1,242,168	1,061,375
INCOME BEFORE SHARE IN NET INCOME OF AN ASSOCIATE	548,315	666,660
Share in net income of an associate	150	67
INCOME BEFORE INCOME TAX	548,465	666,727
PROVISION FOR INCOME TAX (Note 22)	146,335	193,791
NET INCOME	402,130	472,936
Basic/ Diluted Earnings Per Share (Note 23)	₱0.84	₱0.98

See accompanying Notes to Unaudited Interim Financial Statements

PHILIPPINE BANK OF COMMUNICATIONS
INTERIM STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	For the Three Months	
	(January to March)	
	2026	2025
	(Amounts in Thousands)	
NET INCOME	₱402,130	₱472,936
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD,		
NET OF TAX		
Items that may be reclassified to profit or loss in subsequent periods:		
Net movement in cumulative translation adjustment	(653)	(5,810)
Unrealized gain (loss) on debt securities carried at fair value through other comprehensive income	(1,081,778)	136,994
	(1,082,431)	131,184
Items that may not be reclassified to profit or loss in subsequent periods:		
Unrealized loss on equity securities carried at fair value through other comprehensive income	(17)	(2,242)
Income tax relating to change in fair value on equity securities	3	337
	(1,082,445)	129,279
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱680,315)	₱602,215

See accompanying Notes to Unaudited Interim Financial Statements

PHILIPPINE BANK OF COMMUNICATIONS
INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	Common Stock (Note 20)	Additional Paid-in Capital	Surplus reserves (Note 20)	Retained Earnings	Unrealized gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Cumulative Translation Adjustment	Remeasurement Gain (Loss) on Retirement assets	Total
					(Amounts in Thousands)			
Balance at January 1, 2026	₱12,016,129	₱2,262,246	₱599,124	₱7,260,322	(₱557,172)	(₱103,913)	(₱44,540)	₱21,432,196
Appropriation during the year (Note 20)	–	–	–	–	–	–	–	–
Total comprehensive income (loss) for the period	–	–	–	402,130	(1,081,792)	(653)	–	(680,315)
Balance at March 31, 2026 (unaudited)	₱12,016,129	₱2,262,246	₱599,124	₱7,662,452	(₱1,638,964)	(₱104,566)	(₱44,540)	₱20,751,881
Balance at January 1, 2025	₱12,016,129	₱2,262,246	₱458,140	₱5,322,252	(₱659,523)	(₱103,182)	(₱63,021)	₱19,233,041
Appropriation during the year	–	–	1,580	(1,580)	–	–	–	–
Total comprehensive income (loss) for the period	–	–	–	472,936	135,089	(5,810)	–	602,215
Balance at March 31, 2025 (unaudited)	₱12,016,129	₱2,262,246	₱459,720	₱5,793,608	(₱524,434)	(₱108,992)	(₱63,021)	₱19,835,256

See accompanying Notes to Unaudited Interim Financial Statements.

PHILIPPINE BANK OF COMMUNICATIONS
INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months (January to March)	
	2026	2025
	(Amounts in Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱548,465	₱666,727
Adjustments to reconcile income before income tax to net cash generated from (used for) operations:		
Accretion of interest on unquoted debt securities (Note 10)	-	(6,376)
Depreciation and amortization	107,266	105,979
Provision for (recovery from) impairment losses	102,724	32,070
Trading gains (loss) on financial assets at FVTOCI (Note 9)	60,793	(21,277)
Gain on asset exchange - net	(18,747)	(9,821)
Amortization of premium on investment securities	52,627	54,529
Amortization of interest on lease liability	4,767	3,652
Profit from asset sold (Note 11 and 12)	(19,891)	(20,177)
Unrealized gain on financial assets at FVTPL	(1,192)	(4,390)
Share in net income of an associate	(150)	(67)
Changes in operating assets and liabilities		
Decrease (increase) in the amounts of:		
Financial assets at FVTPL	(1,590,371)	(2,210,875)
Loans and receivables	689,860	1,753,482
Other assets	(694,936)	68,334
Increase (decrease) in the amounts of:		
Deposit liabilities	6,644,647	8,425,282
Manager's checks	13,772	233,187
Accrued interest, taxes and other expenses	(3,245)	7,189
Other liabilities	(42,246)	21,433
Net cash provided by (used in) operations	5,854,143	9,098,881
Income taxes paid	(106,808)	(80,425)
Net cash provided by (used in) operating activities	₱5,747,335	₱9,018,456
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
Financial assets at FVOCI	(11,193,779)	(25,647,644)
Investment securities at amortized cost		
Property and equipment	(64,045)	(26,210)
Software cost	(20,733)	(8,070)
Proceeds from disposal of:		
Financial assets at FVOCI	17,323,136	22,729,183
Property and equipment	17,422	1,946
Investment properties	55,247	44,247
Proceeds from maturity of Investment securities	-	913,242
Net cash provided by (used in) investing activities	₱6,117,248	(₱1,993,306)

(Forward)

PHILIPPINE BANK OF COMMUNICATIONS
INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months (January to March)	
	2026	2025
	(Amounts in Thousands)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Availments of:		
Bills payable	192,671,153	84,883,930
Outstanding acceptance	169,751	1,090,639
Marginal deposits	17,600	20,095
Settlements of:		
Bills payable	(195,373,619)	(90,348,322)
Outstanding acceptance	(153,523)	(842,833)
Marginal deposits	(17,600)	(8,549)
Lease Liability	(31,257)	(29,606)
Net cash provided by (used in) financing activities	(2,717,495)	(5,234,646)
EFFECTS OF FOREIGN CURRENCY TRANSLATION ADJUSTMENTS	(1,083,189)	(5,810)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,063,899	1,784,694
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		
Cash and Other Cash Items	1,237,363	1,049,937
Due from Bangko Sentral ng Pilipinas	7,859,685	7,297,480
Due from Other Banks	1,580,996	430,103
Interbank Loans Receivable	3,085,462	404,202
	13,763,506	9,181,722
CASH AND CASH EQUIVALENTS AT ENDING OF THE PERIOD		
Cash and Other Cash Items	982,603	1,083,800
Due from Bangko Sentral ng Pilipinas	15,618,784	8,600,400
Due from Other Banks	992,934	1,212,457
Interbank Loans Receivable	4,233,083	69,759
	21,827,404	10,966,416
OPERATIONAL CASH FLOWS FROM INTEREST		
	For the Three Months (January to March)	
	2026	2025
Interest paid	1,235,999	1,110,469
Interest received	3,089,243	2,754,192

See accompanying Notes to Unaudited Condensed Financial Statements.

PHILIPPINE BANK OF COMMUNICATIONS

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

1. Corporate Information

Philippine Bank of Communications is a publicly listed domestic universal bank organized in the Philippines, primarily to engage in commercial banking services such as deposit products, loans and trade finance, domestic and foreign fund transfers, treasury, foreign exchange, and trust services. The Company's principal place of business is at the PBCOM Tower, 6795 Ayala Avenue, corner V. A. Rufino Street, Makati City.

As of March 31, 2026, the Bank had a network of 95 regular branches, 4 branch-lite units, and 182 ATMs (99 onsite and 83 offsite).

The Company's original Certificate of Incorporation was issued by the Securities and Exchange Commission (SEC) on August 23, 1939. On June 21, 1988, the Company's Board of Directors (BOD) approved the amendment of Article IV of its Amended Articles of Incorporation to extend the corporate life of the Company for another 50 years or up to August 23, 2039. The Amended Articles of Incorporation was approved by the SEC on November 23, 1988.

The Company acquired a license to operate as an expanded commercial bank from the Bangko Sentral ng Pilipinas (BSP) on December 24, 1993. On March 31, 2000, the BSP's Monetary Board approved the amendment of the Bank's license to regular commercial banking.

The Monetary Board, in its Resolution No. 96 dated January 20, 2022, approved the grant of a universal banking license to the Company, subject to compliance with certain regulatory requirements, including the amendment of the Company's charter documents. On March 15, 2022, the Company held a special stockholders' meeting to approve the changes to the Company's Articles of Incorporation to reflect the upgrade of its banking license.

Subsequently, the Company secured the approval of the *Securities and Exchange Commission* for the amendment of its Articles of Incorporation, reflecting the change of its primary license to universal banking. The official Certificate of Filing of Amended Articles of Incorporation was issued on August 17, 2022.

On November 10, 2022, PBCOM secured its Certificate of Authority to operate as a universal bank from the Bangko Sentral ng Pilipinas. PBCOM started its operations as a Universal Bank last December 1, 2022. The Bank capitalized the cost of its universal bank license amounting to ₱25.00 million as intangible asset (Note 13).

The Bank's associate is engaged in the following businesses:

Entity	Effective Percentage of Ownership		Principal Place of Business and Country of Incorporation	Line of Business
	2026	2025		
Associate				
PBCom Finance Corporation (PBCom Finance)	40.00%	40.00%	Philippines	Financing Company

Retirement of Business Operation of PISAI and Derecognition of Investment in Subsidiary

On January 11, 2021, the BOD of the Company approved the dissolution and retirement of business of PISAI which had been inactive since the termination of its general agency agreement with Pru Life UK in September 2017. Subsequently, on March 4, 2021, PISAI's Board of Directors resolved to shorten the company's corporate term to June 30, 2021.

Considering several requirements for the termination of business that had to be complied with, the effectivity of the PISAI's corporate term was extended until April 2024. PISAI submitted its application for amending its Articles of Incorporation on November 15, 2023. The SEC approved this amendment on April 3, 2024, extending the corporate term until April 30, 2024.

On May 3, 2024, PISAI completed the settlement of its liabilities and liquidated its remaining assets for distribution to its stockholders. Following this, the Company received the release of PISAI's remaining assets and derecognized its investment in PISAI. As a result, the Company no longer consolidates PISAI's financial statements.

Bond Offering Transaction

On March 20, 2024, PBCOM's Board of Directors approved a ₱15.00 billion peso-denominated bond program to be issued in multiple tranches. The Bonds will have a minimum tenor of 1.5 years and with interest rates to be determined based on prevailing market rates. Proceeds from the bond issuance will be utilized for general corporate purposes, including refinancing of debt obligations, diversifying funding sources, and supporting loan growth. In the same meeting, the Board of directors likewise approved the 1st tranche issuance from the Bond program a target amount of at least ₱2.00 Billion with an oversubscription option.

The Series A bonds which have a tenor of one-and-a-half years and a fixed interest rate of 6.0796% per annum represent the first tranche under PBCOM's ₱15.00 Billion Peso Bond Program. The Bank successfully concluded its maiden peso bond offering ahead of schedule, closing more than a week early on October 17 due to robust demand. Initially set to run from October 14 to October 28, the offering attracted strong interest from both retail clients and a diverse mix of institutional investors resulting in an oversubscription of 3.85 times the initial amount.

PBCOM raised ₱7.7 Billion from its maiden issuance of Peso Fixed Rate Bonds listed on the Philippine Dealing & Exchange Corp. (PDEX) on November 5, 2024. PBCOM holds a "PRS Aa minus (corp)" issuer credit rating with a "stable" outlook from the Philippine Rating Services Corporation.

Cash Dividend

On June 25, 2025, the Bank declared a special cash dividend of ₱1.00 per share, the first since 1997, following continued financial improvement and profitability. The dividend is payable on July 31, 2025, to stockholders of record as of July 9, 2025.

2. Material Accounting Policy Information

Basis of Presentation

The accompanying unaudited interim condensed financial statements have been prepared following Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim financial statements do not include all the information and disclosures required in the annual financial statements. They should be read in conjunction with the Bank's annual audited financial statements as of the end of the year ended December 31, 2025 prepared under Philippine Financial Reporting Standards (PFRS). The financial statements are presented in Philippine peso (PHP or ₱)

and all values are rounded to the nearest thousand, unless otherwise stated.

Beginning March 31, 2026, the Bank presents separate financial statements in accordance with PAS 27, Separate Financial Statements, as the Bank no longer has subsidiaries requiring consolidation under PFRS 10, Consolidated Financial Statements, following the dissolution and derecognition of its wholly-owned subsidiary, PISAI, on May 3, 2024.

The comparative statement of financial position as of December 31, 2025 reflects only the accounts of the Bank since PISAI had already been dissolved prior to that reporting date. Likewise, the comparative statements of income and other comprehensive income for the three-month period ended March 31, 2025, although previously presented as part of consolidated financial statements, likewise reflect only the accounts of the Bank since PISAI had already been dissolved prior to the comparative reporting period. Accordingly, the comparative figures remain directly comparable with the current period presentation.

New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the unaudited interim financial statements of the Bank are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended December 31, 2025, except for the adoption of the following amendments to PFRS effective beginning January 1, 2026. The Bank did not early adopt any other standard, interpretation, or amendment that has been issued but is not yet effective.

The adoption of the following pronouncements did not have any significant impact on the Bank's financial position or performance:

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*

3. Summary of Accounting Judgements and Estimates

The significant judgments and assumptions made in the unaudited interim financial statements of the Bank are consistent with the most recent annual financial statements issued, unless otherwise indicated.

ECLs on loans and other receivables

The Bank'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 significant accounting judgments and estimates include:

- The segmentation of financial assets when their ECL is assessed on a collective basis;
- The definition of default;
- The Bank's internal grading model, which impacts the PDs assigned to the exposures;
- The Bank's criteria for assessing if there has been a SICR and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;

- 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 growth rates, inflation rates, unemployment rates, import growth rates, export growth rates, and bank average lending rates, and the effect on PDs;
- Selection of forward-looking macroeconomic scenario variables; and
- Calculation of expected recoveries from defaulted accounts.

The Bank revisited the macroeconomic scenarios and economic inputs to reflect the current and future business environment outlook in calculating the allowance for credit losses as of March 31, 2026. The carrying value of loans and receivables and allowance for credit losses on loans and receivables are disclosed in Notes 10 and 15, respectively.

Impairment of branch licenses

The Bank determines whether branch licenses are impaired at least on an annual basis. Branch licenses are written down for impairment where the net present value of the forecasted future cash flows from the relevant CGU is insufficient to support its carrying value.

The recoverable amount of the CGU has been determined based on a VIU calculation using the CGU's cash flow projections from the five-year plan approved by the Board. Key assumptions in the VIU calculations are most sensitive to the following assumptions:

- Discount rate, which is based on the cost of equity by reference to comparable entities using the capital asset pricing model;
- Loan and deposit portfolios growth rates; and
- Growth rate to project cash flows beyond the budget period.

The Bank revisited the assumptions used and reassessed the projections of future cash flows as of March 31, 2026, considering various economic scenarios and recovery outlook. The carrying values of branch licenses and details of the VIU calculations are disclosed in Note 13.

4. Fair Value Measurement

The Bank uses three-level hierarchies as a valuation technique in determining and disclosing the fair value of financial instruments:

- Level 1 – quoted (unadjusted) market prices for identical assets or liabilities in an active market.
- Level 2 – valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – valuation technique for which the lowest level input significant to the fair value measurement is unobservable, i.e., not based on observable market data.

As of March 31, 2026, the Bank used the following level of measurement:

	Carrying value	Fair Values			
		Total	Quoted Price in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value					
Currency forwards *	P=	P=	P=	P=	P=
Financial assets at FVTPL					
Government securities	1,590,766	1,590,766	1,590,766	–	–
Sovereign bonds	797	797	797	–	–
	1,591,563	1,591,563	1,591,563	–	–

Financial assets at FVTOCI					
Government securities	19,400,868	19,400,868	19,400,868	-	-
Sovereign bonds	6,175,960	6,175,960	6,175,960	-	-
Equity securities	211,324	211,324	-	173,200	38,124
	27,379,715	27,379,715	27,168,391	173,200	38,124
Assets for which fair values are disclosed					
Investment securities at amortized cost:					
Government securities	30,763,543	28,724,749	28,724,749	-	-
Sovereign bonds	920,719	896,091	896,091	-	-
Loans and receivable	97,508,818	97,352,396	-	-	97,352,396
	129,193,080	126,973,236	29,620,840	-	97,352,396
Investment properties:					
Condominium units for lease	1,498,957	8,471,284	-	-	8,471,284
Foreclosed properties	2,068,430	6,433,301	-	-	6,433,301
Office units for lease	1,253	272,832	-	-	272,832
	3,568,640	15,177,417	-	-	15,177,417
	₱132,761,720	₱142,150,653	₱29,620,840	₱-	₱112,529,813
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost:					
Time deposits	76,781,031	76,781,641	-	-	76,781,641
Bills payable	19,902,589	19,953,934	-	-	19,953,934
Bonds payable	7,688,450	7,688,450	-	-	7,688,450
	₱104,372,070	₱104,424,025	₱-	₱-	₱104,424,025

* Included in 'Other assets'

As of December 31, 2025, the Bank used the following level of measurement:

	Fair Value				
	Carrying Value	Total	Quoted Prices in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value					
Financial assets at FVTPL:	₱-	₱-	₱-	₱-	₱-
Financial assets at FVTOCI:					
Debt securities:					
Government securities	21,290,722	21,290,722	21,290,722	-	-
Private bonds	-	-	-	-	-
Sovereign bonds	11,086,800	11,086,800	11,086,800	-	-
Equity securities	211,341	211,341	-	173,217	38,124
	32,588,863	32,588,863	32,377,522	173,217	38,124
Assets for which fair values are disclosed					
Investment securities at amortized cost:					
Government securities	30,228,010	29,442,207	13,853,121	15,589,086	-
Sovereign bonds	891,495	909,469	909,469	-	-
Loans and receivables:					
Receivables from customers:					
Corporate loans	94,713,144	94,621,823	-	-	94,621,823
Auto loans	627,703	628,105	-	-	628,105
Home loans	2,422,662	2,025,865	-	-	2,025,865
Personal loans	73,921	82,993	-	-	82,993
Unquoted debt securities	-	-	-	-	-
	128,956,935	127,710,462	14,762,590	15,589,086	97,358,786
Investment properties:					
Condominium units for lease	1,510,397	8,471,284	-	-	8,471,284
Foreclosed properties	2,037,921	4,909,139	-	-	4,909,139
Office units for lease	1,325	272,832	-	-	272,832
	3,549,643	13,653,255	-	-	13,653,255
	₱165,095,441	₱173,952,580	₱47,140,112	₱15,762,303	₱111,050,165
Liabilities measured at fair value **					
Currency Forwards	₱2	₱2	₱-	₱2	₱-
Futures	-	-	-	-	-
	2	2	-	2	-

	Carrying Value	Fair Value			
		Total	Quoted Prices in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities for which fair value is disclosed					
Financial liabilities at amortized cost:					
Time deposits	68,220,418	68,220,353	-	-	68,220,353
Bills payable	22,605,055	22,604,431	-	-	22,604,431
Bonds payable	7,675,158	7,558,870	-	-	7,558,870
	98,500,631	98,383,654	-	-	98,383,654
	P98,500,633	P98,383,656	P-	P2	P98,383,654

* Included in 'Other assets'

** Included in 'Other liabilities'

Movements in the fair value measurement of 'Financial assets at FVTOCI' categorized within Level 3 pertain only to the changes in fair value of unquoted equity securities.

There are no transfers between Levels 1 and 2 and no transfers into and out of Level 3.

The Bank evaluates and classifies financial instruments, whether it is quoted or not, in an active market. Quoted prices in an active market are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

The methods and assumptions used by the Bank in estimating the fair value of its assets and liabilities are remain consistent with previous periods, ensuring reliable and accurate reporting under current market conditions. These are as follows:

Investment Securities

Debt Securities

Fair values are based on quoted market prices or consensus prices from Bloomberg if market prices are unavailable.

Equity Securities (Club Shares)

Valued using published prices from recognized sources like GG&A Club Shares and G&W Club Shares.

Unquoted Equity Securities

Fair values are estimated using the guideline publicly-traded company method, relying on comparable publicly-traded companies.

Loans and Receivables:

Fair values are estimated using the discounted cash flow methodology, applying the Bank's current incremental lending rates.

Derivative Assets/Liabilities:

Valued based on prevailing interest differentials and spot exchange rates, considering the remaining term to maturity.

Financial Liabilities at Amortized Cost:

Fair values of deposit liabilities and bills payable are calculated using discounted cash flow methods with current incremental borrowing rates.

Investment Properties:

Fair values are determined using the market sales comparison or income capitalization approach, depending on the property type, with significant unobservable inputs like rental rates and capitalization rates.

Significant Unobservable Inputs:

The Bank provides detailed disclosures on Level 3 fair value measurements, including the sensitivity of these valuations to changes in significant unobservable inputs.

Year	Fair Value at March 31	Valuation Technique(s)	Unobservable Input(s)	Range	Reasonably Possible Alternative Assumption	Sensitivity of the Fair Value to the Input
2026	₱38,124	Guideline publicly-traded company method	Price to book ratio	0.73:1 -0.75:1	0.1	₱60
			Discount for lack of marketability	30%	-0.1	(60)
					+0.1	63
					-0.1	(63)

The Bank estimates the fair value of the unquoted equity securities using the ‘benchmark multiples’ of comparable publicly-traded companies. The identification of comparable companies considers the similarities between the subject company being valued and the guideline companies in terms of industry, market, product line or service type, growth, etc. The Bank also determines an appropriate discount adjustment for the lack of marketability of these unquoted equity securities based on empirical evidence gathered from available public market research.

5. Financial Risk Management Objectives and Policies

Introduction

Risk is inherent in the Bank’s activities but is managed through a continuing and proactive identification, measurement, and monitoring process, subject to risk limits and other controls. This risk management process is critical to the Bank’s continuing profitability, and each individual within the Bank is accountable for the risk exposures relating to their responsibilities.

Compared with December 31, 2025, there have been no changes in the financial risk exposures that may materially affect the unaudited interim financial statements of the Bank as of March 31, 2026. The Bank is exposed to the following risks from its financial instruments:

- a. Credit risk
- b. Liquidity risk
- c. Market risk
 - i. Interest rate risk
 - ii. Foreign currency risk

Related discussions below should be read in conjunction with Note 5, *Financial Risk Management Objectives and Policies*, of the Bank’s 2025 audited financial statements.

Risk management structure

The Bank’s risk management environment is characterized by a well-defined risk organizational structure, flow of risk information, risk-based audit coverage, and an established compliance system.

BOD

The BOD of the Bank is responsible for establishing and maintaining a sound risk management system and is ultimately accountable for identifying and controlling risks; there are, however,

separate independent bodies responsible for managing and monitoring risks.

- a. Risk Oversight Committee (ROC)
- b. Enterprise Risk Management Group (ERMG)
- c. Treasury segment
- d. Compliance Group
- e. Internal Audit Group (IAG)

Risk measurement and reporting systems

The Bank’s risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment.

The Bank also performed worst case scenarios that would arise in the event that extreme events which are unlikely to occur, happen.

Monitoring and controlling risks are primarily performed based on limits established by the Bank. These limits reflect both the business strategy and market environment of the Bank, as well as the level of risk that the Bank is willing to accept. In addition, the Bank monitors and measures the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities. In response to the pandemic, the Bank implemented stricter approval policies particularly for consumer loans. All consumer loans need to go through a pre-clearance process from the Executive Committee Chair and minimum approval required is from the President & CEO.

Information gathered from all the businesses is evaluated and processed in order to analyze, identify and control risks early. All significant information is presented to the BOD, the ROC, and the head of each business division. The report includes credit exposure to groups and industries, Value-at-Risk (VaR), liquidity ratios and risk profile changes. Senior management assesses the appropriateness of the allowance for credit losses on a monthly basis for prudential and financial reporting. Risks and relevant risk measurement and reporting systems performed by the Bank is summarized below:

Risk Category	Risk Definition	Risk measurement and reporting systems
Credit Risk (including Concentration of Assets and Liabilities and Off-Balance Sheet Items)	Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Bank’s credit risk arises from its lending and trading of and investments in securities and foreign exchange activities.	<ol style="list-style-type: none"> 1. Monitoring of ERMG of the following limits: <ol style="list-style-type: none"> (a) Credit risk concentrations (b) Counterparty Limits (c) Large exposures 2. Credit risk management process established by Corporate & Commercial Banking Group (CCBG), Consumer Finance Group and ERMG and approved by the BOD <ol style="list-style-type: none"> i. Internal credit risk rating system (ICRRS) for corporate loan portfolio, which has two components <ol style="list-style-type: none"> (a) Borrower Risk Rating (BRR) System (b) Composite Risk Rating (CRR) ii. Minimum Risk Acceptance Criteria (MRAC) for consumer loan 3. Post approval loan portfolio quality and credit process review performed by Credit Policy and Review Division 4. Review of adequacy of loan loss reserves and impairment loss
Liquidity Risk and Funding	Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when	<ol style="list-style-type: none"> 1. Maximum Cumulative Outflow (MCO) metric 2. Liquidity Coverage Ratio

Risk Category	Risk Definition	Risk measurement and reporting systems
Management	they fall due under normal and stressful conditions.	3. Net Stable Funding Ratio 4. Intraday Liquidity Monitoring 5. Internal Liquidity Ratios
Market Risk Management	Market risk is the risk of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes. The Bank's market risk originates from the Bank's holdings of foreign exchange instruments, debt securities, equity securities and derivatives.	1. Value-at-Risk (VaR) 2. Stress testing 3. Backtesting
<u>Interest Rate Risk Management</u>	Interest rate risk arises from the possibility that changes in the interest rates will affect future cash flows or the fair value of financial instruments.	1. Interest rate sensitivity analysis 2. Asset-liability gap position
Foreign Currency Risk Management	Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency liabilities generally consist of foreign currency-deposits in the Bank's FCDU account made in the Philippines or which are generated from remittances to the Philippines by Filipino expatriates and overseas Filipino workers who retain for their own benefit or for the benefit of a third party, foreign currency deposit accounts with the Bank and foreign currency-denominated borrowings appearing in the regular books of the Bank.	1. VaR 2. Foreign Exchange Sensitivity Testing 3. Foreign Exchange Stress Testing

6. Segment Information

The following tables present income and profit and particular asset and liability information regarding the Bank's operating segments as of March 31, 2026, and 2025:

	2026							Total
	Branch Banking Group	Corporate Banking Group	Treasury Segment	Consumer Finance Segment	Trust and Wealth Management Segment	Head office and Rental		
Segment results								
Revenue, net of interest expense								
Third party	(P916,989)	P1,890,388	P608,389	P75,003	P1,926	P5,375		P1,664,092
Intersegment	1,484,917	(1,208,165)	(464,391)	(38,463)	(2,027)	228,129		-
Net interest income	567,928	682,223	143,998	36,540	(101)	233,504		1,664,092
Rent income	-	-	-	-	-	23,012		23,012
Service charges, fees and commissions	25,918	60,737	1,385	2,419	-	6,958		97,417
Foreign Exchange gain - net	3,970	1,284	30,953	-	-	-		36,207
Income from Trust Operations	-	-	-	-	10,890	-		10,890
Trading and securities gain (loss) - net	-	-	(112,911)	-	-	-		(112,911)
Gain on asset exchange	-	-	-	-	-	18,747		18,747
Profit from asset sold	-	-	-	-	-	19,891		19,891
Miscellaneous	(364)	21,740	2,323	8,050	-	1,389		33,138
Total Operating Income	597,452	765,984	65,748	47,009	10,789	303,501		1,790,483
Compensation and fringe benefits	208,041	83,240	28,334	28,683	10,384	32,427		391,109
Taxes and licenses	122,158	103,267	68,848	2,712	875	(5,115)		292,745
Depreciation and amortization	43,199	24,837	2,412	20,068	966	15,784		107,266
Provision for (recovery from) impairment losses	-	123,139	(6,082)	(564)	-	(13,769)		102,724
Occupancy and Other equipment-related costs	26,004	6,671	306	854	236	4,348		38,419
Other operating expense	201,036	35,789	33,440	11,083	5,736	22,821		309,905
Total Operating Expense	600,438	376,943	127,258	62,836	18,197	56,496		1,242,168

2026							
	Branch Banking Group	Corporate Banking Group	Treasury Segment	Consumer Finance Segment	Trust and Wealth Management Segment	Head office and Rental	Total
Income before share in net income of an associate	(2,986)	389,041	(61,510)	(15,827)	(7,408)	247,005	548,315
Share in net income of an associate	-	-	-	-	-	150	150
Income before income tax	(2,986)	389,041	(61,510)	(15,827)	(7,408)	247,155	548,465
Provision for income Tax	2	19,872	111,054	5,561	-	9,846	146,335
Net Income (loss)	(2,988)	369,169	(172,564)	(21,388)	(7,408)	237,309	402,130
Segment assets							
Property and equipment	471,551	-	-	-	-	443,933	915,484
Investment properties	-	-	-	-	-	3,568,640	3,568,640
Other allocated assets	8,313,791	94,989,492	73,636,458	3,017,874	153,230	4,038,189	184,149,034
Total segment assets	8,785,342	94,989,492	73,636,458	3,017,874	153,230	8,050,762	188,633,158
Total segment liabilities	₱140,217,390	₱387,489	₱26,316,227	₱1,386	₱-	₱958,785	₱167,881,277
2025							
	Branch Banking Group	Corporate Banking Group	Treasury Segment	Consumer Finance Segment	Trust and Wealth Management Segment	Head office and Rental	Total
Segment results							
Revenue, net of interest expense							
Third party	(₱861,380)	₱1,873,487	₱367,546	₱72,119	₱1,926	₱5,060	₱1,458,758
Intersegment	1,370,940	(1,238,619)	(311,409)	(41,198)	(2,035)	222,321	-
Net interest income	509,560	634,868	56,137	30,921	(109)	227,381	1,458,758
Rent income	-	-	-	-	-	86,706	86,706
Service charges, fees and commissions	25,875	63,503	1,749	4,832	-	6,903	102,862
Foreign Exchange gain - net	5,608	4,330	34,596	-	-	-	44,534
Income from Trust Operations	-	-	-	-	11,059	-	11,059
Trading and securities gain (loss) - net	-	-	(55,111)	-	-	-	(55,111)
Loss on asset exchange	-	-	-	-	-	9,821	9,821
Profit from asset sold	-	-	-	-	-	20,177	20,177
Miscellaneous	(437)	15,061	2,240	7,329	-	25,036	49,229
Total Operating Income	540,606	717,762	39,611	43,082	10,950	376,024	1,728,035
Compensation and fringe benefits	200,135	75,648	25,234	25,636	11,229	24,930	362,812
Taxes and licenses	97,779	88,886	31,287	2,480	885	8,602	229,919
Depreciation and amortization	40,884	25,196	2,307	20,837	992	15,763	105,979
Provision for (recovery from) impairment losses	1,197	41,155	-	(13,095)	-	2,813	32,070
Occupancy and Other equipment-related costs	29,576	6,720	291	720	295	5,120	42,722
Other operating expense	167,217	47,511	35,663	18,569	3,944	14,969	287,873
Total Operating Expense	536,788	285,116	94,782	55,147	17,345	72,197	1,061,375
Income before share in net income of an associate	3,818	432,646	(55,171)	(12,065)	(6,395)	303,827	666,660
Share in net income of an associate	-	-	-	-	-	67	67
Income before income tax	3,818	432,646	(55,171)	(12,065)	(6,395)	303,894	666,727
Provision for income Tax	860	72,343	77,839	-	-	42,749	193,791
Net income	2,958	360,303	(133,010)	(12,065)	(6,395)	261,145	472,936
Segment assets							
Property and equipment	364,600	-	-	-	-	452,883	817,483
Investment properties	-	-	-	-	-	3,682,240	3,682,240
Unallocated assets	8,991,989	94,209,035	48,098,890	3,220,174	149,422	1,938,841	156,608,351
Total segment assets	9,356,589	94,209,035	48,098,890	3,220,174	149,422	6,073,964	161,108,074
Total segment liabilities	₱121,329,659	₱621,383	₱18,177,688	₱4,279	₱3	₱1,139,806	₱141,272,818

7. Due from Bangko Sentral ng Pilipinas

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Overnight deposit facility	₱10,900,000	₱1,865,000
Demand deposit	4,718,784	5,994,685
	₱15,618,784	₱7,859,685

8. Interbank Loans Receivable

Interbank loans receivable of the Bank amounted to ₱4.23 billion and ₱3.09 billion as of March 31, 2026 and December 31, 2025, respectively. While as of March 31, 2026 and December 31, 2025, there is no outstanding SPURA.

Interest income on Interbank loans receivable and SPURA as follows:

	March 31, 2026	March 31, 2025
	(Unaudited)	(Unaudited)
SPURA	₱35,435	₱4,712
Interbank	30,331	5,327
	₱65,766	₱10,039

Interbank loans receivable bears nominal annual interest rates ranging from 4.28% to 4.56% in March 31, 2026 and 3.90% to 5.94% in March 31, 2025, while SPURA bears nominal annual interest rate from 4.25% to 4.60% in March 31, 2026 and ranging from 5.25% to 5.80% in March 31, 2025.

9. Trading and Investment Securities

This account consists of:

	March 31, 2026	December 31, 2025
	(Unaudited)	(Audited)
Financial assets at FVTPL	₱1,591,563	₱-
Financial assets at FVOCI	25,788,152	32,588,863
Investment securities at amortized cost	31,684,262	31,119,505
	₱59,063,977	₱63,708,368

The Bank's Financial assets at FVTPL consist of the following:

	March 31, 2026	December 31, 2025
	(Unaudited)	(Audited)
Debt Securities		
Government	₱1,590,766	₱-
Sovereign bond	797	-
	₱1,591,563	₱-

The Bank's Financial assets at FVOCI consist of the following:

	March 31, 2026	December 31, 2025
	(Unaudited)	(Audited)
Debt Securities		
Government	₱19,400,868	₱21,290,722
Sovereign bond	6,175,960	11,086,800
	25,576,828	32,377,522
Equity Securities		
Quoted	173,200	173,217
Unquoted	38,124	38,124
	211,324	211,341
	₱25,788,152	₱32,588,863

The Bank's Investment securities at amortized cost consist of the following:

	March 31, 2026	December 31, 2025
	(Unaudited)	(Audited)
Government	₱30,766,935	₱30,235,647
Sovereign bond	921,950	892,239
Less: Allowance for ECL (Note 15)	(4,623)	(8,381)
	₱31,684,262	₱31,119,505

The interest income on investment securities follows:

	March 31, 2026	March 31, 2025
	(Unaudited)	(Unaudited)
Investment securities at amortized cost	₱400,317	₱360,501
Financial assets at FVOCI	377,488	169,526
Financial assets at FVTPL	36,937	30,854
	₱814,742	₱560,881

The Bank's Trading and securities gain - net follows:

	March 31, 2026	March 31, 2025
	(Unaudited)	(Unaudited)
Financial assets at FVTPL	(₱72,669)	30,524
Financial assets at FVOCI	(60,793)	21,277
Derivatives	20,551	(106,912)
	(₱112,911)	(55,111)

The Bank's peso-denominated investment securities earned annual interest rates ranging from 3.75% to 8.13% in March 31, 2026 and 2025, while dollar-denominated investment securities earned annual interest rates ranging from 1.38% to 9.50% and 1.38% to 10.63% in March 31, 2026 and 2025, respectively.

10. Loans and Receivables

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Receivable from customers		
Loans and receivable	P89,603,938	P90,381,824
Bills purchased	2,642,552	2,425,229
Customer's liabilities on letters of credit and Trust receipts	8,984,078	8,621,753
	101,230,568	101,428,806
Accrued interest receivable	1,253,002	1,465,103
Sales contract receivables	138,447	201,802
Accounts receivables	1,903,208	2,201,126
	3,294,657	3,868,031
	104,525,225	105,296,837
Less: Unearned and other deferred income	(55,703)	(50,989)
Allowance for ECL (Note 15)	(3,728,296)	(3,617,083)
	P100,741,226	P101,628,765

Unquoted Debt Securities

The unquoted debt securities of the Bank consist of Metro Rail Transit (MRT) bonds that matured in 2025. As of March 31, 2026 and December 31, 2025, there is no outstanding unquoted debt securities.

Interest Income

Interest income on loans and receivables consist of:

	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Receivable from customers	P1,968,899	P1,940,584
Unquoted debt securities	-	6,461
Others	3,124	3,632
	P1,972,023	P1,950,677

Of the total receivables from customers of the Bank as of March 31, 2026 and December 31, 2025, 95.00% and 92.21%, respectively, are subject to periodic repricing. The remaining peso denominated receivables from customers earn annual fixed interest rates ranging from 3.00% to 42.00% in March 31, 2026 and 3.00% to 44.36% in December 31, 2025 while foreign currency-denominated receivables from customers earn annual fixed interest rates ranging from 5.73% to 9.82% in March 31, 2026 and 5.75% to 16.9% in December 31, 2025.

11. Property and Equipment

For the three-month period ended March 31, 2026, the Bank purchased assets with total cost of ₱ 64.05 million. For the same periods, the Bank disposed property and equipment with net book value of ₱11.35 million recognizing gain on sale of ₱0.31 million included as part of “Profit from asset sold” account.

For the three-month period ended March 31, 2025, the Bank purchased assets with total cost of ₱26.21 million. For the same periods, the Bank disposed property and equipment with net book value of ₱1.99 million recognizing loss on sale of ₱0.04 million included as part of “Profit from asset sold” account.

12. Investment Properties

For the three-month period ended March 31, 2026, the Bank foreclosed investment properties amounting to ₱88.87 million. For the same periods, the Bank disposed investment properties with net book value of ₱16.92 million, recognizing gain on sale of ₱19.58 million included as part of “Profit from assets sold” account.

For the three-month period ended March 31, 2025, the Bank foreclosed investment properties amounting to ₱59.19 million. For the same periods, the Bank disposed investment properties with net book value of ₱14.22 million, recognizing gain on sale of ₱20.21 million included as part of “Profit from assets sold” account.

13. Intangible Assets

This account consists of:

	March 31, 2026	December 31, 2025
	(Unaudited)	(Audited)
Branch licenses	₱364,700	₱364,700
Bank license	25,000	25,000
Software cost	170,155	154,129
	₱559,855	₱543,829

As of March 31, 2026 and December 31, 2025, the individual branches were identified as the CGU for purposes of impairment testing on the branch licenses for CSB. For the impairment testing on the branch licenses arising from the acquisition of RBNI, the Bank’s branch banking group was identified as the CGU as the branch banking group would benefit from the synergies of the additional branches in obtaining fresh funds from depositors for deployment.

As of March 31, 2026 and December 31, 2025, the Bank’s impairment assessment indicates no impairment.

Key assumptions used in the VIU calculations

As of March 31, 2026 and December 31, 2025, the recoverable amounts of the CGUs have been determined based on VIU calculations that use cash flow projections based on financial budgets approved by management covering a 5-year period. The significant assumptions used in computing

for the recoverable amount for PRBI and CSB branches as of March 31, 2026 and December 31, 2025, as follows:

Significant Assumptions	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Deposit growth rates	10.72%	10.72%
Discount rate	8.75%	9.00%
Terminal value growth rate	5.23%	5.23%

Deposit growth rates were based on experiences and strategies developed by the Bank. The discount rate used for the computation of the present value of the projected cash flows is the cost of equity and was determined by reference to comparable entities. The terminal value growth rate has been determined to reflect the long-term view on the CGU's business.

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGU to exceed its recoverable amount.

14. Other Assets and Other Liabilities

Other Assets

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Financial		
Cash Margin	P779,898	P206,604
Refundable security deposit	36,808	38,969
RCOCI	12,481	3,365
	829,187	248,938
Non-financial		
Prepaid expenses	170,290	53,738
Tax credits	74,159	42,266
Advances to BIR	87,356	88,234
Documentary Stamp Taxes (DST)	43,358	69,224
Stationery and supplies	31,313	26,705
Chattel mortgage	16,063	15,625
Advance rentals	14,457	14,863
Others	70,069	72,846
	507,065	383,501
	1,336,252	632,439
Less: Allowance for ECL and impairment losses (Note 15)	(5,689)	(5,651)
	P1,330,563	P626,788

Other Liabilities

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Financial		
Accounts payable	₱533,679	₱629,391
Refundable security deposits	80,410	61,181
Miscellaneous	20,568	24,624
	634,657	715,196
Non-financial		
Lease liability	261,879	238,253
Deferred credits	70,537	50,036
Withholding taxes payable	85,198	79,174
Due to the Treasury of the Philippines	78,387	78,019
Miscellaneous (Note 15)	102,877	91,742
	598,878	537,224
	₱1,233,535	₱1,252,420

15. Allowance for Impairment, Credit and Other Losses

Movements in this account follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balances at beginning of the period		
Loans and receivables	₱3,617,083	₱3,279,716
Investment securities at FVTOCI	10,138	10,059
Investment securities at amortized cost	8,381	13,010
Investment properties	46,754	51,316
Other assets	5,651	5,588
Commitment and guarantees	11,443	11,688
	3,699,450	3,371,377
Provision for credit and impairment losses	102,724	328,885
Accounts written-off, revaluation, and others	2,756	(812)
	105,480	328,073
Balances at ending of the period		
Loans and receivables	3,728,296	3,617,083
Investment securities at FVTOCI	8,125	10,138
Investment securities at amortized cost	4,623	8,381
Investment properties	46,754	46,754
Other assets	5,689	5,651
Commitment and Guarantees	11,443	11,443
	₱3,804,930	₱3,699,450

Upon adoption of PFRS 9, BSP requires appropriation of a portion of the Bank's Surplus at an amount necessary to maintain the allowance for credit losses on loans to at least 1% (Note 20). As of March 31, 2026, the Bank has no new appropriations during the reporting period.

16. Deposit Liabilities

Deposit liabilities and deposit substitute liabilities are subject to required reserves. On March 11, 2025, the BSP issued Circular No. 1211, which reduced the reserve requirement for universal and commercial banks from 7.00% to 5.00%, effective for the reserve week starting March 28, 2025. Earlier, on September 5, 2024, the BSP issued Circular No. 1201, reducing the reserve requirement for the same banking group from 9.50% to 7.00%, effective October 25, 2024. These successive reductions in the reserve requirement ratios are part of the BSP's ongoing efforts to enhance liquidity in the financial system and support credit activity in the broader economy.

Interest expense on deposit liabilities consists of:

	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Demand	₱12,328	₱10,975
Savings	4,357	4,147
Time	838,487	764,920
	₱855,172	₱780,042

Peso-denominated deposit liabilities earn annual fixed interest rates ranging from 0.10% to 4.75% in March 31, 2026 and 0.10% to 3.50% in March 31, 2025, while foreign currency-denominated deposit liabilities earn annual fixed interest rates ranging from 0.10% to 3.50% in March 31, 2026 and 0.10% to 4.00% in March 31, 2025.

As of March 31, 2026 and December 31, 2025, Due from BSP amounting to ₱5.89 billion and ₱5.65 billion, respectively, were set aside as reserves for deposit liabilities. As of March 31, 2026 and December 31, 2025, the Bank is in compliance with the above regulations.

17. Bills Payable

This account consists of the Bank's borrowings from:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Private firms and individual	₱1,443,031	₱2,359,727
Banks and other financial institution	18,459,558	20,245,328
	₱19,902,589	₱22,605,055

Interest expense on bills payable and other borrowings consists of:

	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Borrowed funds	₱348,434	290,073
Lease liability	4,731	3,652
	₱353,165	293,725

Borrowings from private firms and individuals represent deposit substitutes with maturities of 60 to 365 days and 4 to 175 days in March 31, 2026 and 2025, respectively. These borrowings bear annual interest rates ranging from 4.13% to 5.25% in March 31, 2026 and 4.35% to 6.25% in March 31, 2025.

18. Bonds Payable

The Bank's bonds are subject to reserve requirements in accordance with BSP regulations. Based on BSP Circular No. 1185 issued in December 2023, a reserve rate of 3% applies to these bonds. In February 2026, BSP Circular No. 1229 reduced the reserve rate from 3% to 2% effective reserve week starting February 27, 2026.

On November 5, 2024, PBCOM issued ₱7.7 billion worth of Peso Fixed Rate Bonds (Series A Bonds) under its ₱15 billion Peso Bond Program approved by the Board of Directors on March 20, 2024. The Series A Bonds have a tenor of 1.5 years and bear a fixed interest rate of 6.0796% per annum, payable quarterly in arrears. The bonds are listed on the PDEX.

Details of the Bonds Payable as follows:

Issue Date	Maturity Date	Face Value	Coupon Rate	Carrying Value
November 5, 2024	May 5, 2026	₱7,693,800	6.0796%	₱7,688,450

As of March 31, 2026, the unamortized transaction costs of bonds payable amounted to ₱5.35 million while the amortization of transaction cost was included under "Interest expense on bonds payable" in the "Bills payable, borrowings and others" which totaled ₱13.29 million for the period.

As of March 31, 2026 and December 31, 2025, Due from BSP amounting to ₱153.88 million and ₱230.81 million was set aside as reserves for bonds.

19. 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:

	March 31, 2026			December 31, 2025		
	Due Within One Year	Due Beyond One Year	Total	Due Within One Year	Due Beyond One Year	Total
Financial assets – at gross						
Cash and other cash items	982,603	₱-	982,603	₱1,237,363	₱-	₱1,237,363
Due from BSP	15,618,784	-	15,618,784	7,859,685	-	7,859,685
Due from other banks	992,934	-	992,934	1,580,996	-	1,580,996
Interbank loans receivable (Note 8)	4,233,083	-	4,233,083	3,085,462	-	3,085,462
Financial assets at FVTPL	1,591,563	-	1,591,563	-	-	-
Financial assets at FVTOCI (Note 9)	-	25,788,152	25,788,152	-	32,588,863	32,588,863
Investment securities at amortized cost (Note 10)	-	31,688,885	31,688,885	293,950	30,833,936	31,127,886
Loans and receivables (Note 11):						
Receivables from Customers	54,289,818	46,940,750	101,230,568	56,207,495	45,221,311	101,428,806
Unquoted debt securities	-	-	-	-	-	-
Accrued interest receivable	960,825	292,177	1,253,002	1,138,653	326,450	1,465,103
Accounts receivable	1,903,208	-	1,903,208	2,201,126	-	2,201,126
Sales contracts receivable	3,512	134,935	138,447	53,022	148,780	201,802
Other assets						
Cash Margin	779,898	-	779,898	206,604	-	206,604
Refundable security deposits	12,492	24,316	36,808	12,245	26,723	38,968
RCOCI	12,481	-	12,481	3,365	-	3,365
	81,381,201	104,869,215	186,250,416	73,879,966	109,146,063	183,026,029

	March 31, 2026		December 31, 2025		
Non-financial assets - at gross					
Investments in					
subsidiary and an associate	-	10,592	10,592	-	10,442
Property and equipment	-	3,185,441	3,185,441	-	3,133,313
Investment properties					
Condominium units for Lease	-	2,580,394	2,580,394	-	2,580,394
Foreclosed properties	-	2,690,990	2,690,990	-	2,622,255
Office units for lease	-	39,390	39,390	-	39,390
Intangible assets	-	559,855	559,855	-	543,829
Deferred tax assets	-	615,417	615,417	-	564,917
Other assets		433,086	120,874	330,681	97,608
		433,086	9,802,953	10,236,039	330,681
		81,814,287	114,672,168	196,486,455	74,210,647
				118,738,211	192,948,858
Less:					
Unearned interest and discounts	(55,703)	-	(55,703)	(50,989)	-
Accumulated depreciation and amortization	(75,596)	(3,936,636)	(4,012,232)	(94,129)	(3,865,767)
Allowance for credit and impairment losses	(2,631,844)	(1,153,518)	(3,785,362)	(2,820,489)	(857,379)
Total	₱79,051,144	₱109,582,014	₱188,633,158	₱71,245,040	₱114,015,065
				₱185,260,105	
Financial liabilities					
Deposit liabilities:					
Demand	47,193,036	-	47,193,036	48,741,358	-
Savings	13,123,674	-	13,123,674	13,491,318	-
Time	75,679,214	1,101,817	76,781,031	66,901,655	1,318,763
Corporate bond	7,688,450	-	7,688,450	7,675,158	-
Bills payable	19,902,589	-	19,902,589	22,605,055	-
Outstanding acceptances	120,875	-	120,875	104,647	-
Manager's checks	136,208	-	136,208	122,436	-
Accrued interest payable	622,705	-	622,705	650,367	-
Accrued other expenses	642,581	-	642,581	563,629	-
Other liabilities					
Accounts payable	533,679	-	533,679	629,391	-
Refundable security deposits	28,053	52,357	80,410	31,892	29,290
Miscellaneous	20,568	-	20,568	24,624	-
	₱165,691,632	₱1,154,174	₱166,845,806	₱161,541,530	₱1,348,053
					₱162,889,583
Non-financial liabilities					
Accrued taxes and licenses	144,238	-	144,238	180,558	-
Income tax payable	292,355	-	292,355	202,330	-
Other liabilities					
Deferred credits	59,670	10,867	70,537	19,335	39,131
Lease liability	98,859	163,020	261,879	94,360	143,893
Withholding taxes payable	85,198	-	85,198	79,174	-
Dividend payable	-	-	-	-	-
Allowance for ECL on off-balance sheet exposures	-	11,443	11,443	-	11,443
Due to the Treasurer of the Philippines	78,387	-	78,387	78,019	-
Miscellaneous	29,298	62,136	91,434	64,522	25,561
	788,005	247,466	1,035,471	718,298	220,028
	₱166,479,637	₱1,401,640	₱167,881,277	₱162,259,828	₱1,568,081
					₱163,827,909

20. Equity

Common Stock

Details and movement of common stock follows (amounts in thousands, except for par value):

	Shares	Amount
Common – ₱25 par value		
Authorized	760,000	₱19,000,000
Issued and outstanding		
Balance at the beginning and end of the period	480,645	₱12,016,129

The Bank's Surplus Reserve consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Reserve under BSP Circular 1011 (Note 15)	₱490,445	₱490,445
Reserves for trust business	91,561	91,561

Reserves for self-insurance	17,118	17,118
	₱599,124	₱599,124

Regulatory Reporting for Capital Management

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
CET1 Capital/ Tier 1 Capital	₱18,550,182	₱19,399,464
Total Qualifying Capital	21,594,189	22,427,477
Total Risk-Weighted Asset	139,775,342	135,802,829
CET 1 Ratio/ Tier 1 Ratio	13.27	14.29
CAR	15.45	16.51

21. Miscellaneous Income and Expense

Miscellaneous Income

Details of this account are as follows:

	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Penalties	₱22,123	₱15,215
Dividend income	350	-
Rental charges	253	25,245
Others (Note 11)	10,412	8,769
	₱33,138	₱49,229

Others include recovery on charged-off accounts and gain on sale from property and equipment.

Miscellaneous Expense

Details of this account are as follows:

	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Information technology	₱42,488	32,611
Transaction dues	15,848	13,704
Litigation and assets acquired - related expenses	12,286	24,663
Brokerage fees	6,063	10,439
Travel	5,402	4,748
Fuel and lubricants	4,014	3,770
Fines, penalties and other charges	2,476	333
Stationery and supplies	1,456	1,616
Freight	1,328	1,881
Advertising	868	305
Others	42,689	34,153
	₱134,918	128,223

Others include account maintenance charges, contractual services, and Philippine Dealing Exchange Corp. transaction fees.

22. Income and Other Taxes

Details of this account are as follows:

	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Current		
Regular	P84,742	P126,529
Final	112,090	81,551
	196,832	208,080
Deferred	(50,497)	(14,289)
	P146,335	P193,791

23. Earnings Per Share

Earnings per share are calculated as follows:

	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
a) Net income attributable to equity shareholders of the Bank	P402,130	P472,936
b) Weighted average number of common shares for basic earnings	480,645	480,645
c) Basic and diluted earnings per share	P0.84	P0.98

There are no potential common shares with dilutive effect on the basic earnings per share.

24. Related Party Transactions

Details on significant related party transactions of the Bank follows:

Category	March 31, 2026 (Unaudited)		
	Volume	Outstanding Balance	Nature, Terms and Conditions
Significant investors:			
Deposit liabilities	P963,098	P10,178,727	Savings and time deposit accounts with annual interest rates ranging from 0.10% to 4.75%.
Lease liability	35,654		Branch and office space leased for five years ending in various years, with 5.00% annual escalation
Loans and receivables	242,603	1,048,049	Loans with annual interest rates from 7.00% to 9.00%
Affiliate:			
Deposit liabilities	(586)	9,122	Demand, savings and time deposit accounts with annual interest rate ranging from 0.10% to 4.75%.
Key management personnel:			
Deposit liabilities	18,713	80,599	Non-interest demand deposit account
Provident fund:			
Deposit liabilities	754	7,129	Savings and time deposit accounts with annual interest rates ranging from 0.10% to 5.1%.
Retirement fund:			
Deposit liabilities	3,995	16,529	Savings and time deposit accounts with annual interest rates ranging from 0.10% to 5.1%.
December 31, 2025			
Category	Volume	Outstanding Balance	Nature, Terms and Conditions
Significant investors:			
Deposit liabilities	P1,590,118	P9,215,629	Savings and time deposit accounts with annual interest rates ranging from 0.06% to 4.75%.

Lease liability	44,529		Branch and office space leased for five years ending in various years, with 5.00% annual escalation
Loans and receivables	337,505	805,446	Loans with annual interest rates from 7.00% to 9.00%
Affiliate:			
Deposit liabilities	808	9,708	Demand, savings and time deposit accounts with annual interest rate of 10%
Key management personnel:			
Deposit liabilities	10,239	61,886	Savings and time deposit accounts with annual interest rates ranging from 0.10% to 4.75%.
Provident fund:			
Deposit liabilities	(22,862)	6,375	Savings and time deposit accounts with annual interest rates ranging from 0.10% to 5.1%.
Retirement fund:			
Deposit liabilities	(34,228)	12,524	Savings and time deposit accounts with annual interest rates ranging from 0.10% to 5.1%.

	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)	Nature, Terms and Conditions
Significant investors:			
Interest expense	₱46,940	₱87,775	Interest expense from savings and time deposit accounts with annual interest rates ranging from 0.10% to 4.75%.
Depreciation expense	21,743	6,267	Depreciation of leased branch and office space for five years ending in various years, with 5.00% annual escalation
Rent income	544	785	Five year lease of branches, subject to pretermination, with 5% annual escalation
Affiliate:			
Interest expense	55	10	Interest expense of demand, savings and time deposit accounts with annual interest rates ranging from 0.10% to 4.75%.
Rent income	544	785	Five year lease expiring in July 2028 with 5% annual escalation
Key management personnel:			
Interest expense	663	120	Interest expense from savings and time deposit accounts with annual interest rates ranging from 0.10% to 4.75%.
Provident fund:			
Interest expense	121	210	Interest expense from savings and time deposit accounts with annual interest rates ranging from 0.1% to 4.75%.
Trust fee	575	554	A certain percentage of the monthly ending market value of the fund depending on the agreement.
Retirement fund:			
Interest expense	216	272	Interest expense from savings and time deposit accounts with annual interest rates ranging from 0.1% to 4.75%.
Trust fee	704	693	A certain percentage of the monthly ending market value of the fund depending on the agreement.

25. Commitments and Contingent Liabilities

In the course of the operations of the Bank, there are outstanding commitments, contingent liabilities, and bank guarantees that are not reflected in the financial statements. The Bank does not anticipate losses that will materially affect its financial position and performance.

The following is a comparative summary of the Bank's commitments and contingent liabilities at their equivalent peso amounts.

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Trust department accounts	14,223,616	14,929,464
Standby LC	746,038	814,967
Spot exchange:		
Bought	2,642,645	274,134
Sold	5,534,867	2,037,783
Interest Rate Future		
Bought	-	-
Sold	303,740	-
Sight LC outstanding	794,524	728,742

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Usance LC outstanding	82,189	4,432
Inward bills for collection	761,590	1,130,775
Outstanding shipping guarantees	3,999	523,120
Currency forwards:		
Bought	-	882
Sold	-	-
Outward bills for collection	-	-
Items held for safekeeping	20	24
Items held as collateral	8	7
Other contingents	59,907	29,139

26. Notes to Statement of Cash Flows

Summary of non-cash activities

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Noncash operating activities:		
Additions to investment properties from settlement of loans	₱88,874	₱59,185
Additions to chattel mortgage from settlement of loans	4,892	3,442
Noncash investing activities:		
Transfer to property and equipment and other assets	-	-
Transfer to other assets from property and equipment	(1,945)	(553)
Unrealized gain (loss) on financial assets at FVOCI	(1,081,793)	135,089
Additions to right-of-use assets	49,852	13,679
Additions to lease liability	(49,852)	(13,679)

Changes in liabilities arising from financing activities:

	January 1, 2026	Cash Flows	Non-Cash activities	March 31, 20256
Bills payable	₱22,605,055	(₱2,702,466)	₱-	₱19,902,589
Bonds payable	7,675,158	-	13,292	7,688,450
Outstanding acceptance	104,647	16,228	-	120,875
Marginal deposit	500	-	-	500
Lease liabilities	₱238,253	(₱31,257)	₱54,883	₱261,879

	January 1, 2025	Cash Flows	Non-Cash activities	March 31, 2025
Bills payable	₱16,386,516	(₱5,464,392)	₱-	₱10,922,124
Bonds payable	7,623,299	-	12,426	7,635,725
Outstanding acceptance	81,670	247,806	-	329,476
Marginal deposit	3,537	11,546	-	15,083
Lease liabilities	₱215,585	(₱29,606)	₱17,331	₱203,310

27. Other Matters

- No other items affect assets, liabilities, equity, net income, or cash flows that are unusual because

of their nature, size, or incidents.

- There are no contingencies and any other events or transactions that are material for the current interim period.
- There are no material events subsequent to March 31, 2026.

SEC Form 17-Q

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

1. Management's Discussion & Analysis

The Bank maintained profitability with a net income of ₱402.1 Million for the 1st quarter of the year 2026. A substantial ₱205.3 Million improvement in net interest income largely cushioned the impact of higher provision for losses, and market-driven fluctuations in rental income and trading, resulting to slight decline in net income by ₱70.8 Million compared to the same period last year.

Interest income expanded by 13.4% or ₱339.9 Million due to higher asset growth in both loans and securities portfolio. The growth was funded largely by higher deposits volume, which resulted to higher interest expense by ₱134.6 Million. Total operating expenses went up by 17.0% mainly because of higher provision for impairment losses, higher volume-driven costs - GRT, DST and PDIC insurance, and higher manpower costs. Income taxes decreased by ₱47.5 Million mainly from lower net taxable income and higher DTA recognized, partially offset by higher final taxes on interest income on peso government securities.

Total Assets of the Bank increased by ₱3.4 Billion or by 1.8% from ₱185.3 Billion as of end of the year 2025 to ₱188.6 Billion at the end of first quarter of 2026. This is primarily due to increase in investment in overnight deposit facility (ODF) with the BSP by ₱9.0 Billion, increases in inventories of debt securities carried at FVTPL and HTC by ₱1.6 Billion and ₱564.7 Million, respectively, and increase in Interbank Loans Receivable by ₱1.1 Billion. This is partially offset by decrease in inventory of debt securities carried at FVOCI by ₱6.8 Billion, lower statutory reserve requirements with the BSP by ₱1.3 Billion, lower outstanding loan volume by ₱887.5 Million and decrease in Due from other Banks by ₱588.1 Million.

The Bank's gross NPL ratio is at 3.52%, 0.17% pts lower than the 3.69% ratio at the end of 2025. PBCOM's liquidity position continued to remain stable as the Bank comfortably met all its financial obligations and loan commitments, and likewise has fully complied with the regulatory reserve requirements on continuing basis at an optimum funding mix during the course of the year.

Total Liabilities increased by ₱4.1 Billion, 2.5% higher than last year's end level of ₱163.8 Billion. This resulted mostly from ₱6.6 Billion increase in deposit liabilities, offset by ₱2.7 Billion lower bills payable. Total Capital is at ₱20.8 Billion from ₱21.4 Billion as of end of December 2025. This 3.2% decrease in Capital was mainly contributed by higher mark-to-market losses from debt securities carried at FVOCI, partially offset by earnings of the Bank during the quarter.

The Bank's Risk Based Capital Adequacy Ratio of 15.45% under BASEL III reporting standards covering credit, market and operational risk as of report date is well above the 10% minimum requirement.

2. Discussion of various key indicators:

A. Key Financial Performance

Ratio	March 2026	March 2025	Remarks
Net Profit Margin (Net income divided by Gross income)	22.46%	27.37%	Decrease by 4.91% pts is primarily driven by higher provision for impairment losses and volume-related costs in relation to the generated gross income that absorbed the trading losses during the quarter.
Return on Average Asset (Net income divided by Average assets)	0.86%	1.19%	Ratio declined as the Bank encountered trading losses on debt securities inventories during the first quarter and lower rental income generated from the leased assets.
Return on Average Equity (Net income divided by Average equity)	7.63%	9.68%	Return on average equity decreased by 2.06% pts mainly from net loss trading performance in 2026 and lower rental income generated from the leased assets.
Capital Adequacy Ratio (Basel 3) (Qualifying capital divided by the total of risk-weighted assets that include credit, market, and operational risk)	15.45%	16.51%	The capital ratio decreased by 1.07% pts mainly due to lower total qualifying capital and higher total risk-weighted assets
Basic Earnings per share (Net income divided by average no. of common shares)	0.84	0.98	Decrease in basic earnings per share by PHP0.15 from lower net income during the current period

B. Financial Soundness

Ratio	March 2026	December 2025	Remarks
Liquidity Ratio (Liquid Assets to Total Deposits) <i>Liquid Assets include cash, due from banks, interbank loans, and trading and inv. Securities Total deposit refers to the total of the peso and foreign currency deposits.</i>	35.74%	35.37%	Ratio increased by 37 bps mainly higher level in liquid assets (mainly higher financial assets at FVTPL, Interbank Loans and Due from BSP), offset by increase in time & demand deposits
Debt Ratio (Total Liability to Total Assets) <i>Debt refers to the total liabilities, while assets refer to total Assets</i>	89.00%	88.43%	Increased by 57 bps as the increase in total liabilities (higher total deposits) exceeded the increase in total assets (mainly higher financial assets at FVTPL, Interbank Loans and Due from BSP)
Asset to Equity Ratio (Total Asset to Total Equity)	9.09	8.64	Ratio is higher by 45 bps mainly as a result of growth in total assets mainly funded by the growth in deposits
Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense)	145.39%	162.09%*	Bank's interest rate coverage decreased due to decline in trading performance during the period and higher operating expenses
Net Interest Margin Net interest income over Average Earning assets	3.98%	4.05%*	Ratio is slightly lower as decrease in average asset yields outweighed the decline in average cost of fund rates

* As of March 2025

3. Discussion and Analysis of Material Event/s and Uncertainties

- a. The Bank does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), or other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- b. As of March 31, 2026, the unspent amount from the approved capital expenditures budget on projects involving technology enhancement and facilities improvement amounted to ₱928.9 Million.
- c. The Bank has taken prudent steps to mitigate the risk through a more careful credit process and tighter credit policies. More importantly, it continues its assessment of its portfolio by regularly doing the stress test exercise.
- d. There is no recorded significant quarterly income or losses that did not come from the Bank's regular operations.
- e. Interest income on the non-discounted loan is recognized based on the accrual method of accounting, while unearned discounts are amortized to income over the term of the loans. As such, no seasonal aspect has a material impact on the Bank's interest revenues. Non-interest revenues, on the other hand, are primarily dependent on market dynamics and economic trends rather than seasonal factors.

Statement of Condition: March 2026 vs. December 2025

	Increase (Decrease)	Percentage	Remarks
Cash and Other Cash Items	(254,760)	-20.59%	Lower cash on hand and cash in ATMs
Due from BSP	7,759,099	98.72%	Mainly from higher ODF
Due from Other Banks	(588,062)	-37.20%	Lower placements in other banks, mainly in FCDO
Interbank Loans Receivable	1,147,621	37.19%	Higher interbank call loans with local banks
Financial assets at Fair Value through Profit or Loss	1,591,563	100.00%	Purchase of investments in FVTPL
Financial assets at Fair Value through Other Comprehensive Income	(6,800,711)	-20.87%	Lower due to higher volume of sold securities than newly acquired and mark-to-market movements
Investment securities at Amortized Cost	564,757	1.81%	Purchase of securities at amortized cost
Loans and Receivables	(887,539)	-0.87%	Decrease in outstanding receivables mainly in lower commercial loans & other receivables, offset by higher import & export bills
Investment in a subsidiary and associate	150	1.44%	Share in net income for the period
Property and Equipment	51,637	5.98%	Increase mainly due to additional branch ROUs, computer equipment-related purchases and leasehold improvements, offset by depreciation recognized for the period
Investment Properties	18,997	0.54%	Increase from higher ROPA foreclosures than ROPA sale, offset by depreciation recognized for the period
Intangible Assets	16,026	2.95%	Increase due to software-related purchases made throughout the period, offset by amortization recognized for the period
Deferred tax assets	50,500	8.94%	DTA movement for the period, mainly from increase in deferred tax assets on allowance.
Other Assets	703,775	112.28%	Increase mainly due to higher cash margin, prepaid taxes and supplies, offset by lower DST on hand
Demand Deposits	(1,548,322)	-3.18%	Higher time deposits volume, offset by lower demand & savings deposits volume
Savings Deposits	(367,644)	-2.73%	
Time Deposits	8,560,613	12.55%	
Bills Payable	(2,702,466)	-11.96%	Decrease in interbank bills payable and lower REPO
Bonds Payable	13,292	0.17%	Amortization of direct transaction costs related to corporate bond issuance
Outstanding Acceptances	16,228	15.51%	Increase due to higher bills exchange accepted by the Bank
Manager's Checks	13,772	11.25%	Higher un-negotiated MC's as of the period
Accrued Interest, Taxes and Other Expenses Payable	(3,245)	-0.23%	Decrease mainly due to lower deposits and bills payable interest accrual and lower accrual for GRT, offset by higher other operating expense accrual

Income Tax payable	90,025	44.49%	Higher income tax payable for the period
Other Liabilities	(18,885)	-1.51%	Decrease mainly due to lower accounts payable, offset by higher finance lease payable and higher advance rentals and rental deposits
Retained Earnings	402,130	5.54%	Increase is from net income for the period
Unrealized gain/(loss) on equity securities carried at fair value through other comprehensive income	(1,081,792)	-194.16%	Higher net mark-to-market losses mainly from FCDU debt investments in FVOCI
Cumulative translation adjustment	(653)	-0.63%	Lower downward CTA adjustment due to exchange rate differential

Statement of Income and Expenses: January-March 2026 vs. January-March 2025

	Increase (Decrease)	Percentage	Remarks
Interest Income on investment securities	253,861	45.26%	Higher interest income due to higher average volume from HTC, FVOCI & FVTPL
Interest Income on Loans and receivable	21,346	1.09%	Higher interest income is primarily derived from growth in average volume primarily from corporate loans
Interest Income on Interbank loans receivable and securities purchased under resale agreements	55,727	555.11%	Higher interest income due to higher average volume, offset by lower yields
Interest Income on Deposit with other Banks and others	8,970	82.08%	Higher interest income due to higher average volume, offset by lower yields
Interest Expense on Deposit Liabilities	75,130	9.63%	Higher interest expense due to higher average volume mainly from TDs, offset by lower cost of funds
Interest Expense on Bills payable, borrowings and others	59,440	20.24%	Higher interest expense due to higher average volume (mainly from FCDU bills payable), offset by lower cost of funds
Trading and Securities Gain – net	(57,800)	-104.88%	Higher realized trading loss, offset by higher unrealized mark-to-market gain in 2026
Rent Income	(63,694)	-73.46%	Lower due to the impact of lease terminations, offset by lease commencements from new tenants
Service Charges, Fees & Commissions	(5,445)	-5.29%	Lower primarily due to lower bank commissions on import bills & letter of credits, lower returned check fees, commitment fees and lower penalty fees, offset by higher loan processing fees
Foreign Exchange Gain (Loss) –Net	(8,327)	-18.70%	Lower unrealized foreign exchange gains, offset by higher realized foreign exchange gains
Gain/(Loss) on asset exchange	8,926	90.89%	Higher net gain on ROPA foreclosure
Profit/(Loss) from Assets Sold	(286)	-1.42%	Lower gain on ROPA sold in 2026
Income from Trust Operations	(169)	-1.53%	Decrease is mainly due to lower ADB of assets under management
Miscellaneous Income	(16,091)	-32.69%	Lower primarily due to impact of penalty fees from pre-termination of leases in 2025, offset by higher GRT portion shouldered by the clients, income from forfeited ROPA down payment in 2026, income from SWIFT Go incentive earned (none in 2025) and higher recovery on written-off accounts
Compensation and Fringe Benefits	28,297	7.80%	Higher manpower costs for the period due to higher average salaries and bonus accrual, offset by lower retirement contribution based on latest actuarial report (2025)
Taxes and Licenses	62,826	27.33%	Increase mainly due to higher DST costs from higher volume of deposits and higher GRT & RPT costs
Depreciation and Amortization	1,287	1.21%	Increase mainly due to higher computer equipment & ROU depreciation, offset by fully amortized software cost
Occupancy and other equipment-related costs	(4,303)	-10.07%	Decrease mainly from decline in electricity & water costs and lower repairs & maintenance expense, offset by increase in rental costs
Provision for (recovery from) impairment losses	70,654	220.31%	Higher loan provision requirements during the period
Miscellaneous	22,032	7.65%	Increase mainly due to higher IT costs, higher PDIC insurance from higher volume of deposits, higher provision for non-credit losses, higher security & janitorial costs, higher treasury subscription costs and higher penalty expense, offset by lower filing fees
Provision for income tax	(47,456)	-24.49%	Decrease mainly due to lower net taxable income and higher DTA recognized on loan allowance, offset by higher final taxes on interest income on peso government securities

PHILIPPINE BANK OF COMMUNICATIONS

INTERIM AGING OF LOANS & SELECTED RECEIVABLES

(Unaudited)

PHILIPPINE BANK OF COMMUNICATIONS
AGING OF LOANS & SELECTED RECEIVABLES
As of March 31, 2026
(In thousands)

TYPE OF LOAN/PARTICULARS	OUTSTANDING BALANCE	CURRENT	P A S T D U E F O R			
			90 DAYS OR LESS	91 TO 180 DAYS	181 DAYS - 1 YR.	MORE THAN 1 YR.
Loans and receivable	89,603,938	86,092,578	255,126	163,932	670,502	2,421,800
Bills purchased	2,642,552	2,486,116	-	-	8,000	148,436
Customer's liabilities on letters of credit and trust receipts	8,984,078	8,909,422.00	-	-	-	74,656.00
Total	101,230,568	97,488,116	255,126	163,932	678,502	2,644,892
Unquoted Debt Securities	-	-	-	-	-	-
Accrued Interest Receivable	1,253,002	1,231,627	1,975	1,424	2,335	15,641
Sales Contract Receivables	138,447	110,046	27,859	192	311	39
Accounts Receivable	1,903,208	1,851,514	1,833	10,177	8,412	31,272
	3,294,657	3,193,187	31,667	11,793	11,058	46,952
Total	104,525,225	100,681,303	286,793	175,725	689,560	2,691,844
Less: Unearned and other deferred income	(55,703)	(65,479)	203	797	3,807	4,969
Allowance for credit losses	(3,728,296)	(1,646,450)	(39,177)	(19,150)	(113,480)	(1,910,039)
NET Loans and Receivable	100,741,226	98,969,374	247,819	157,372	579,887	786,774