



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the annual meeting of the stockholders of **CTBC BANK (PHILIPPINES) CORP.** will be held on **July 3, 2026, Friday, at 8:00 AM.** VENUE: CTBC Bank HR Training Room, 22nd Floor, Fort Legend Tower, 31st Street corner 3rd Avenue, Bonifacio Global City, Taguig City 1634, Philippines.

AGENDA

The Agenda for the meeting will be as follows:


1. Call to Order
2. Certification by the Corporate Secretary on the Sending of Notices and Existence of a Quorum
3. Approval of Previous Minutes:
Annual Stockholders' Meeting of June 26, 2025
4. Chairman's Address
5. President's Report and Approval of the Annual Report
6. Submission of Audited Financial Statements of the Bank and of the Trust and Investment Services Department as of 31 December 2025
7. Ratification of All Acts, Decisions and Proceedings of the Board of Directors, Committees and Management since the last Annual Meeting
8. Election of Members of the Board of Directors
9. Confirmation of Related Party Transaction/s
10. Appointment of External Auditor for the Bank and the Trust and Investment Services Department
11. Other Matters as May Come Before the Meeting

Only stockholders of record at the close of business hours on **June 4, 2026** are entitled to notice of, and to vote at, this meeting.

Stockholders who do not expect to attend the meeting in person may send a duly signed and dated proxy letter to the Corporation at the 22nd Floor Fort Legend Towers, 3rd Avenue corner 31st Street, Bonifacio Global City, Taguig City, Philippines. Please submit your proxies to undersigned whose contact numbers are as follows: Landline: +63 (2) 8988 9287 local 6354; Fax: +63 (2) 8811 8571; Mobile: +63 (917) 577 8100; Email add: rolando.vicerra@ctbcbank.com.ph. All proxies shall be received by the Corporation on or before the close of business hours of June 22, 2026. Proxies submitted shall be validated by a Committee of Inspectors on June 26, 2026 at 10:00 o'clock in the morning at the same address. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the Corporation's authorized signatory.

To avoid inconvenience in registering your attendance at the meeting, please bring valid identification paper(s) containing a photograph and signature, e.g. passport, driver's license.

Taguig City. May 25, 2026.


Atty. Rolando V. Vicerra
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

- Preliminary Information Sheet
 Definitive Information Sheet

2. Name of Registrant as specified in its Charter: **CTBC BANK (PHILIPPINES) CORP.**

3. Province, country and other jurisdiction or incorporation or organization: **Philippines**

4. SEC Identification Number: **AS9508814A**

5. BIR Tax Identification Code: **004-665-166-000**

6. Address of the Principal Office: **Fort Legend Towers, Third Avenue corner 31st Street, Bonifacio Global City, Taguig City**

Postal Code: **1634**

7. Registrant's telephone number, including area code: **(632) 8988-9287**

8. Date, time and place of the meeting of security holders:

DATE: July 03, 2026 (Friday)
TIME: 8:00 AM
VENUE: CTBC Bank HR Training Room
22nd Floor, Fort Legend Tower, 31st Street corner 3rd Avenue,
Bonifacio Global City, Taguig City 1634, Philippines

9. Approximate date of which the Information Statement is to be first sent or given to security holders: **June 9, 2026**

10. Securities registered pursuant to Sections 4 and 8 of the RSA:

- a. Authorized Capital Stock PhP4,000,000,000
Common Shares 400,000,000 (PhP10.00 par value)
- b. Number of Shares Outstanding as of April 30, 2026:
Common Shares 400,000,000 shares
- c. Amount of Debt Outstanding as of December 31, 2025
(Total liabilities including deposits, bills payable, accrued expenses, etc.)
PhP78,743,179,003.

11. Are any of the registrant's securities listed in the Philippine Stock Exchange?

_____ Yes ✓ No

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INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

**WE ARE NOT ASKING FOR A PROXY AND YOU
ARE REQUESTED NOT TO SEND US A PROXY**

Item 1. Date, Time and Place of Meeting of Security Holders.

- (a) Date : **July 03, 2026**
Time : **8:00 AM**
Place : **CTBC Bank HR Training Room
22nd Floor, Fort Legend Tower, 31st Street corner 3rd Avenue,
Bonifacio Global City, Taguig City 1634, Philippines**

Principal Office: **Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City.**

- (b) **APPROXIMATE DATE OF WHICH THE INFORMATION STATEMENT IS TO
BE FIRST SENT OR GIVEN TO SECURITY HOLDERS: June 9, 2026**

Item 2. Dissenter's Right of Appraisal

There is no matter that will be taken up at the meeting that will give rise to a possible exercise by security holders of their appraisal rights. However, in the instances mentioned by the Revised Corporation Code of the Philippines, the stockholders of the Bank have the right of appraisal provided that the procedures and the requirements of Title X thereof governing the exercise of appraisal right is complied with.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) There is no substantial interest, direct or indirect, by security holdings or otherwise, of any director or officer of CTBC Bank (Philippines) Corp. ("Bank" or "Corporation" or "Issuer" or "Registrant" for brevity).
- (b) The Bank is not aware of any director or security holder who intends to oppose any action to be taken by the registrant during the stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. *Voting Securities and Principal Holders Thereof*

(a) Number of Shares Outstanding as of April 30, 2026:

Common Shares: 400,000,000 shares

Number of Votes Entitled: **one (1) vote per share**

(b) **All stockholders of record at the close of business hours on June 4, 2026 are entitled to notice and to vote at the Annual Stockholders' Meeting.**

A copy of this SEC Form 20-IS shall likewise be distributed to stockholders of record as of **June 4, 2026** upon advice from our stock transfer agent.

(c) **Nomination and Election of Directors and Manner of Voting**

(1) In compliance with Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code (SRC), the Bank adopted in its By-Laws and Manual on Corporate Governance the requirement that the Bank's Nomination, Remuneration and Governance Committee (NRGC) shall review and evaluate the qualifications of all persons nominated to the Board as well as those other persons requiring the appointment by the Board of Directors [Article V Section 4 of the Amended By-Laws; Section IV.2 of the Manual on Corporate Governance].

(2) With respect to the election of directors, Article II Section 8 of the Amended By-Laws of the Corporation allows the shareholders to vote in person or by proxy and to accumulate their votes. Thus:

"Section 8. Cumulative Voting for Election of Directors - In accordance with Section 24 of the Corporation Code, at each election for directors, every shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of candidates." [Article II Section 8 of the Amended By-Laws]

(3) On questions or matters submitted during the stockholders' meeting, stockholders are entitled to vote on a "one-vote per one share" basis. Thus:

"Section 7. Voting of Shares in General - At each meeting of the stockholders, every stockholder entitled to vote on the particular question or matter involved shall be entitled to one (1) vote for each share of stock standing in his name on the books of the Bank at the time of closing of the transfer books for such meeting." [Article II Section 7 of the Amended By-Laws]

(d) **Security Ownership of Certain Record and Beneficial Owners and Management as of April 30, 2026**

1. Security Ownership of Certain Record and Beneficial Owners of More than 5% as of April 30, 2026:

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	CTBC Bank Co., Ltd. No. 168 Jingmao 2nd Road, Taipei, Taiwan, R.O.C.	CTBC Bank Co., Ltd.	Taiwanese	399,012,001	99.75%

CTBC Bank Co., Ltd. through a resolution of the Board of Directors, may authorize the Bank's Chairman, Mr. Cheng-Hsin Wang, or such other such person as it may deem fit to exercise the voting power over its shareholdings for and on its behalf.

CTBC Bank Co., Ltd. is wholly owned by CTBC Financial Holding Co., Ltd. (CTBC Holding).

The following are the major stockholders of CTBC Holding as of April 14, 2026:

<u>SHAREHOLDER</u>	<u>PERCENTAGE</u>
Capital Tip Customized Taiwan Select High Dividend Exchange Traded Fund	5.29%
Taishin Bank in custody for Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	4.23%
Yuanta Taiwan Dividend Plus ETF special account	2.39%
Yi Kao Investment Co., Ltd.	2.38%
Labor Pension Fund	2.17%
CTBC Bank Trust Account for CTBC Financial Holding Employee Welfare Savings Committee	2.16%
CTBC Bank Trust Account for CTBC Financial Holding and the Subsidiaries Employee Stock Ownership Trust	1.94%
Citibank Taiwan in custody for the government of Singapore	1.77%
CTBC Bank in custody for Yuanta/P-shares Taiwan Top 50 ETF	1.72%
Bank of Taiwan Co., Ltd.	1.68%

Information on beneficial owners of the corporate stockholders of CTBC Holding and the complete list of the Top 20 stockholders is inaccessible considering that records are located in Taiwan.

2. Security Ownership of Management as of April 30, 2026:

a. Directors

<i>Title of Class</i>	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Cheng-Hsin Wang	1	Taiwanese	0%
Common	William B. Go	54	Filipino	0%
Common	Eriberto Luis S. Elizaga	1	Filipino	0%
Common	Jen-Wen Liao	1	Taiwanese	0%
Common	Ya-Ling Chiu	1	Taiwanese	0%

Common	Stephen D. Sy	1	Filipino	0%
Common	Luis Y. Benitez, Jr.	1	Filipino	0%
Common	Armando B. Escobar	1	Filipino	0%

b. Executive Officers as of April 30, 2026:

<i>Title of Class</i>	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Eriberto Luis S. Elizaga	1	Filipino	0%

c. Directors and Officers

The aggregate shareholding of the directors and executive officers amounted to 61 shares of the Bank's total outstanding shares.

3. Voting Trust Holder of 5% or More

There are no voting trust holders of 5% or more.

4. Change in Control

There is no change in control of the Bank and no change in control has occurred since the beginning of the last fiscal year. Moreover, there is no arrangement which may result in a change of control of the Bank.

Item 5. Directors and Executive Officers

(a) Directors and Executive Officers

Name	Nationality	Age	Position	Period Served
Cheng-Hsin Wang	Taiwanese	72	Chairman	Dec. 16, 2021 to present
William B. Go	Filipino	86	Vice-Chairman	Sep. 1995 to present
Eriberto Luis S. Elizaga	Filipino	62	President and CEO	January 1, 2025 to present
Jen-Wen Liao	Taiwanese	59	Director	July 5, 2023 to present
Ya-Ling Chiu	Taiwanese	58	Director	June 27, 2024 to May 20, 2026
Stephen D. Sy	Filipino	75	Independent Director	July 25, 2019 to present
Luis Y. Benitez, Jr.	Filipino	78	Independent Director	June 24, 2021 to present
Armando B. Escobar	Filipino	66	Independent Director	Oct. 29, 2025 to present

1. Board of Directors

The following are the incumbent members of the Board.

CHENG-HSIN WANG, Taiwanese, has been the Chairman of the Board since December 16, 2021. He obtained his Bachelor of Arts in Public Finance and Taxation degree from the National Chungshin University, Taiwan, and Master of Science in Public Finance from National Chengchi University, Taiwan. He currently serves as a Director of CTBC Bank Co., Ltd., Chairman of Land and Houses Fund Management Co., Ltd. and Land and Houses Securities Public Co., Ltd., and as an Instructor at the Taiwan Academy of Banking and Finance. He was an Independent Director of Fubon Financial Holdings Co., Ltd. from 2016-2017, Chief Strategy Officer of Yuanta Financial Holding Co., Ltd. from 2014-2016, Chairman of Yuanta Life Insurance Co., Ltd. from 2014-2016, President of

Yuanta Financial Holding Co., Ltd. from 2013-2014 and Chief Strategy Officer of Yuanta Financial Holding Co., Ltd. from 2008-2013. He is 72 years old.

WILLIAM B. GO, Filipino, has been the Vice Chairman of the Board since October 15, 2001. He also served as concurrent President & CEO from April 3, 2008 to January 31, 2009. A Certified Public Accountant, he earned his Bachelor of Science degree from the University of the East and a Master of Science in Business Administration degree from the University of Missouri in the United States. He is Chairman of Investors Securities, Inc., Serico, Inc., and Gama Enterprises, Inc.; Chairman and President of The Big Blue Sky Enterprises Inc, and GGS Holdings, Inc.; and holds various directorship positions in other institutions. He was also connected with First National City Bank (now Citibank), and China Banking Corp., among others. He served as the President of Philippine Bank of Communication from 1985 to 1995. Mr. Go founded Chinatrust Philippines in 1995, and served as President until October 15, 2001, when he was elected Vice Chairman. He is 86 years old.

ERIBERTO LUIS S. ELIZAGA, Filipino, earned his AB Economics degree from the Ateneo De Manila University. Prior to his appointment as President & CEO, he was the Executive Vice President and Head of Institutional Banking Group. His career in the banking industry spans over 30 years. Prior to joining CTBC Bank, he was the Corporate Banking Head of Philippine Bank of Communications (2015) and most recently, East West Banking Corporation (2018). Before joining PBCOM, Luis spent 15 years of his career with Security Bank during which time he held numerous senior leadership roles. He likewise had stints with Standard Chartered Bank (1996), Union Bank of the Philippines (1993) and Philippine Commercial International Bank (1987). Luis is 62 years old.

JEN-WEN LIAO, Taiwanese, obtained his Master in Business Administration at the School of Business Administration, University of Michigan, USA. He is currently Head of International Credit Risk Management Division, CTBC Bank Co., Ltd., Senior Vice President of Risk Management Department, CTBC Financial Holding Co., Ltd. and Director of Land and Houses Bank Public Company Limited. Prior to joining CTBC Bank, he was Executive Director and Country Credit Officer for Hong Kong/Taiwan, Corporate & Investment Bank of JPMorgan Chase Bank from 2010 to 2019. He also served as Vice President and Deputy Chief Risk Officer, Group Risk Management Taiwan of Royal Bank of Scotland from 2002 to 2010. He is 59 years old.

YA-LING CHIU*, Taiwanese, obtained her Master in Business Administration at University of Minnesota, Twin Cities, USA. She is currently Deputy Chief Executive Officer of Retail Banking of CTBC Bank Co. Ltd., Head of International Retail Banking Group of CTBC Bank Co. Ltd, Head of International Wealth Management Business Division of CTBC Bank Co. Ltd, and Director of Land and Houses Bank Public Company Limited. Prior to joining CTBC Bank, she was Assistant Vice President of Financial Control Department of Citibank from 2000 to 2002 and Vice President of Financial Control Department of ABN AMRO Bank from 1998 to 1999. She is 58 years old.

**Ms. Ya-Ling Chiu voluntarily resigned as Director and Member of Executive Committee and Trust Committee effective May 20, 2026.*

Except for Ya-Ling Chiu, the foregoing directors are expected to be nominated for reelection at the meeting. The qualifications of the new nominee are as follows:

JIANG-HONG LIU, Taiwanese, will be nominated/elected as Director of CTBC Bank (Philippines) Corp. on July 3, 2026 during its Annual Stockholders' Meeting*. He obtained his Master of Business Administration from University of Rochester, U.S.A. and his Bachelor of Business Administration from the University of Oregon, USA. He is

currently a Senior Officer at CTBC Financial Holding Co., Ltd., acting as Group Head of International Retail Banking Group, Head of International Wealth Management Business Division and Executive Vice President of International Retail Banking Group. He was the Chairman of the Board of Directors of CTBC Bank Corp. (Canada) from 2012 to 2014. He was also a Board of Director of CTBC Bank Corp. (USA) from 2008-2014. He served various positions in CTBC Bank Co., Ltd. and CTBC Bank Corp. (USA) from 1989 to 1995 and 1995 to 2026, respectively. He is 61 years old.

All the foregoing directors were endorsed by the Nomination, Remuneration and Governance Committee for nomination. Once re-elected, the foregoing shall each hold office from date of elections until the next annual shareholders meeting or until his/her resignation as director unless sooner terminated or removed in accordance with law.

1.1 Trainings and continuing education

The following are the trainings and continuing education attended by the directors who are expected to be nominated at the meeting:

CHENG-HSIN WANG		
TRAININGS IN BANKING AND OTHER RELATED FIELDS	CONDUCTED BY	DATE TAKEN
JOINT BSP & AMLC SEMINAR ON THE RECENT DEVELOPMENTS IN THE ANTI-MONEY LAUNDERING/COUNTERING TERRORISM AND PROLIFERATION FINANCING (AML/CTPF)	BANKERS INSTITUTE OF THE PHILIPPINES	4/24/2025
THE NATIONAL RETAIL PAYMENT SYSTEM (NRPS) FRAMEWORK AND THE NATIONAL PAYMENT SYSTEMS ACT (NPSA) AND DIGITALIZATION INITIATIVES	BANKERS INSTITUTE OF THE PHILIPPINES	1/28/2025
ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING FUNDAMENTAL COURSE	ANTI MONEY LAUNDERING COUNCIL	7/29/2024
TARGETED FINANCIAL SANCTIONS (TFS) COURSE)	ANTI MONEY LAUNDERING COUNCIL	7/19/2024
ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM AND PROLIFERATION FINANCING (AML/CTPF) COURSE FOR BOARD OF DIRECTORS (BOD) AND SENIOR MANAGEMENT (SM)	BANKERS INSTITUTE OF THE PHILIPPINES	6/18/2024
ENTERPRISE RISK MANAGEMENT	BANKERS INSTITUTE OF THE PHILIPPINES	3/22/2024
ROLES, RESPONSIBILITIES AND LIABILITIES OF BOARD DIRECTORS	CENTER FOR GLOBAL BEST PRACTICES	9/11/2023
ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)	BANKERS INSTITUTE OF THE PHILIPPINES	5/16/2023
ANTI-MONEY LAUNDERING/COMBAT TERRORIST FINANCING/COUNTERING PROLIFERATION FINANCING (AML/CTF/CPF)	DANTE T. FUENTES, CPA, CFE, CAMS	2/22/2023
ABCOMP WEBINAR: UPDATES ON	ASSOCIATION OF BANK	7/20/2022

INSTITUTIONAL RISK ASSESSMENT AND TARGETED FINANCIAL SANCTIONS	COMPLIANCE OFFICERS, INC.	
WEBINAR ON ENHANCED CORPORATE GOVERNANCE GUIDELINES	BANKERS INSTITUTE OF THE PHILIPPINES	4/22/2022
ANTI-MONEY LAUNDERING/COMBATING FINANCING OF TERRORISM/COUNTERING PROLIFERATION FINANCING (AML/CFT/CPF)	DANTE T. FUENTES, CPA, CFE, CAMS	3/22/2022
ANTI-MONEY LAUNDERING AND COUNTERING TERRORIST	CTBC BANK (PHILIPPINES) CORP.	11/26/2021
NEW DIMENSION AND CHALLENGE OVER THE IMPACT FROM ON-LINE ECONOMY	TAIWAN INSTITUTE OF DIRECTORS	3/28/2017
GLOBAL TREND-RISKS AND OPPORTUNITIES	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	3/24/2017

WILLIAM B. GO		
TRAININGS IN BANKING AND OTHER RELATED FIELDS	CONDUCTED BY	DATE TAKEN
OUTLOOK 2022 CITI GLOBAL WEALTH INVESTMENTS	CITI PRIVATE BANK	1/21/2026
FAIR DEALINGS: ENSURING COMPLIANCE WITH DOSRI & RELATED PARTY TRANSACTIONS (RPT)	BANKERS INSTITUTE OF THE PHILIPPINES	11/21/2025
JOINT BSP & AMLC SEMINAR ON THE RECENT DEVELOPMENTS IN THE ANTI-MONEY LAUNDERING/COUNTERING TERRORISM AND PROLIFERATION FINANCING (AML/CTPF)	BANKERS INSTITUTE OF THE PHILIPPINES	4/24/2025
ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CTF) FUNDAMENTALS COURSE	ANTI-MONEY LAUNDERING COUNCIL	7/29/2024
TARGETED FINANCIAL SANCTIONS (TFS)	ANTI-MONEY LAUNDERING COUNCIL	7/19/2024
ENTERPRISE RISK MANAGEMENT	BANKERS INSTITUTE OF THE PHILIPPINES	6/11/2024
STRATEGIC THINKING FOR BOARD DIRECTORS AND LEADERS	CENTER FOR GLOBAL BEST PRACTICES	11/17/2023
ROLES, RESPONSIBILITIES AND LIABILITIES OF BOARD DIRECTORS	CENTER FOR GLOBAL BEST PRACTICES	9/11/2023
ANTI-MONEY LAUNDERING/COMBAT TERRORIST FINANCING/COUNTERING PROLIFERATION FINANCING (AML/CTF/CPF)	DANTE T. FUENTES, CPA, CFE, CAMS	2/22/2023

IT SECURITY IN BANKING OPERATIONS	BANKERS INSTITUTE OF THE PHILIPPINES	7/21/2022
IT SECURITY IN BANKING OPERATIONS	BANKERS INSTITUTE OF THE PHILIPPINES	7/20/2022
ANTI-MONEY LAUNDERING/COMBATING FINANCING OF TERRORISM/COUNTER PROLIFERATION FINANCING (AML/CFT/CPF)	DANTE T. FUENTES, CPA, CFE, CAMS	3/22/2022
ANNUAL BRIEFING FOR CTBC BANK (PHILIPPINES) CORP. BOARD OF DIRECTORS ON AML/CFT/CPF UPDATES AND TRENDS FOR 2021	CTBC BANK (PHILIPPINES) CORP.	4/13/2021
BSP'S SUPERVISORY ASSESSMENT FRAMEWORK (SAFR)	CTBC BANK (PHILIPPINES) CORP.	10/22/2020
ANNUAL BRIEFING ON PHILIPPINE ANTI-MONEY LAUNDERING / COUNTERING THE FINANCING OF TERRORISM	CTBC BANK (PHILIPPINES) CORP.	8/28/2020
AML UPDATE: PHILIPPINE RISK ASSESSMENT AND EMERGING ANTI-MONEY LAUNDERING / COUNTER TERRORIST FINANCING TRAINING UPDATE IN SOME ASIAN COUNTRIES	CTBC BANK (PHILIPPINES) CORP.	9/19/2019
2019 PRE-STATE OF THE NATION ADDRESS/ECONOMIC AND INFRASTRUCTURE FORUM RE: "GAME CHANGING REFORMS FOR SUSTAINABLE DEVELOPMENT"	BSP/PHILIPPINES	7/1/2019
PHILIPPINES-UNITED STATES TRADE AND INVESTMENT FORUM	AMB. FRANK G. WISNER, MBC / PHILIPPINES	2/18/2019
ANNUAL BRIEFING ON PHILIPPINES ANTI-MONEY LAUNDERING ACT	CTBC BANK (PHILIPPINES) CORP.	9/26/2018
AML UPDATE: PHILIPPINE RISK ASSESSMENT AND EMERGING ANTI-MONEY LAUNDERING / COUNTER TERRORIST FINANCING TRAINING UPDATE IN SOME ASIAN COUNTRIES	CTBC BANK (PHILIPPINES) CORP.	9/26/2018
CHINA'S BELT + ROAD DIPLOMACY IMPLICATION ON GEOPOLITICS, ECONOMIC COOPERATION AND TRADE FRICTION	CITI GROUP (@MAKATI SHANGRILA, PHILIPPINES)	5/1/2018
TRADE AND INVESTMENT FORUM: UNITED STATES-PHILIPPINES BILATERAL TIES IN 2018	MAKATI BUSINESS CLUB (@PENINSULA MANILA, PHILIPPINES)	2/1/2018
GLOBAL OUTLOOK - RIDING ON THE WINDS OF CHANGES	BANK OF SINGAPORE (MAKATI SHANGRILA, PHILIPPINES)	1/1/2018

ANTI-MONEY LAUNDERING ACT	CTBC BANK (PHILIPPINES) CORP.	1/1/2018
FORUM ON GLOBAL GOVERNANCE AND THE WORLD ECONOMY - FEATURING FORMER US SECRETARY OF STATE MADELEINE ALBRIGHT	MANAGEMENT ASSOCIATION OF THE PHILIPPINES /ANC (@HOTEL SOFITEL PHILIPPINE PLAZA MANILA)	7/1/2017
OUTLOOK OF 2017 - MANILA LATE CYCLE STIMULUS: OPPORTUNITIES AMID UNCERTAINTY	CITI GROUP	1/12/2017
ANTI-MONEY LAUNDERING ACT	CTBC BANK (PHILIPPINES) CORP.	1/1/2017
ANTI-MONEY LAUNDERING ACT	CTBC BANK (PHILIPPINES) CORP.	1/1/2016
ANTI-MONEY LAUNDERING ACT	CTBC BANK (PHILIPPINES) CORP.	1/1/2015
ANTI-MONEY LAUNDERING & COUNTERING TERRORIST FINANCING SEMINARS	CTBC BANK (PHILIPPINES) CORP.	8/1/2014
AML TRAINING	CHINATRUST (PHILIPPINES) COMMERCIAL BANK	8/1/2013
AML TRAINING	CHINATRUST (PHILIPPINES) COMMERCIAL BANK	8/1/2012
AML TRAINING	CHINATRUST (PHILIPPINES) COMMERCIAL BANK	8/1/2011
EAST ASIA EXECUTIVE LEADERSHIP	HARVARD UNIVERSITY	5/6/1994
EAST ASIA EXECUTIVE LEADERSHIP	HARVARD UNIVERSITY	5/5/1994
EAST ASIA EXECUTIVE LEADERSHIP	HARVARD UNIVERSITY	5/4/1994
EAST ASIA EXECUTIVE LEADERSHIP	HARVARD UNIVERSITY	5/3/1994
EAST ASIA EXECUTIVE LEADERSHIP	HARVARD UNIVERSITY	5/1/1994

ERIBERTO LUIS S. ELIZAGA		
TRAININGS IN BANKING AND OTHER RELATED FIELDS	CONDUCTED BY	DATE TAKEN
ANTI-MONEY LAUNDERING & COUNTERING TERRORIST FINANCING TRAINING PROGRAM	BANKERS INSTITUTE OF THE PHILIPPINES, INC.	2/11/2026
JOINT BSP & AMLC SEMINAR ON THE RECENT DEVELOPMENTS IN THE ANTI-MONEY LAUNDERING/COUNTERING TERRORISM AND PROLIFERATION FINANCING (AML/CTPF)	BANKERS INSTITUTE OF THE PHILIPPINES, INC.	4/24/2025
THE NATIONAL RETAIL PAYMENT SYSTEM (NRPS) FRAMEWORK AND THE NATIONAL PAYMENT SYSTEMS ACT (NPSA) AND DIGITALIZATION INITIATIVES	BANKERS INSTITUTE OF THE PHILIPPINES, INC.	1/28/2025
2H 2024 Local and Taiwan Laws and Regulations Training	CTBC/COMPLIANCE DEPARTMENT	1/3/2025
2024 BANK SECURITY AND SAFETY	CTBC/HUMAN RESOURCE	1/3/2025

TRAINING	AND ADMINISTRATION	
2024 OPERATIONAL RISK MANAGEMENT	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT	1/3/2025
2024 LOCAL AND PARENT BANK INCIDENTS AND EVENTS	CTBC/COMPLIANCE DEPARTMENT	12/20/2024
2024 ENVIRONMENTAL SOCIAL AND GOVERNANCE (ESG) TRAINING	CTBC/HUMAN RESOURCE AND ADMINISTRATION (PROPONENT: EWRM)	10/28/2024
2024 ANNUAL COMPLIANCE TRAINING	CTBC/COMPLIANCE DEPARTMENT	10/17/2024
2024 FRAUD RISK AWARENESS AND WHISTLE BLOWING ONLINE REFRESHER COURSE	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT & FRAUD MANAGEMENT UNIT	10/4/2024
BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) SERIES 2 - INFORMATION SECURITY AND DATA PRIVACY	CTBC/INFORMATION SECURITY	9/4/2024
2024 ANTI-MONEY LAUNDERING/COUNTERING THE FINANCING OF TERRORISM/PROLIFERATION FINANCING TRAINING	CTBC/COMPLIANCE DEPARTMENT	8/7/2024
MANDATORY SAFETY AND HEALTH SEMINAR FOR EMPLOYEES (MESH)	CTBC/HUMAN RESOURCE AND ADMINISTRATION	7/10/2024
2024 NPL LESSON LEARNED SESSION	CTBC/INSTITUTIONAL CREDIT MANAGEMENT GROUP	7/10/2024
1H 2024: LOCAL AND TAIWAN LAWS AND REGULATIONS	CTBC/COMPLIANCE DEPARTMENT	7/9/2024
2024 BANK'S PRODUCTS AND SERVICES	CTBC/HUMAN RESOURCE AND ADMINISTRATION	5/21/2024
2024 REPUTATIONAL RISK MANAGEMENT	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT	5/21/2024
BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) SERIES 1 - BUSINESS CONTINUITY	CTBC/INFORMATION SECURITY	4/16/2024
2024 FRAUD PREVENTION SEMINAR	CTBC/FRAUD MANAGEMENT UNIT	3/20/2024
2024 CODE OF PROFESSIONAL RESPONSIBILITY (CPR) AND KNOW-YOUR-EMPLOYEE (KYE)	CTBC/HUMAN RESOURCE AND ADMINISTRATION	3/14/2024
2024 FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) TRAINING	CTBC/COMPLIANCE DEPARTMENT	2/14/2024
FUTURE OF WORK: REVOLUTIONIZING CUSTOMER EXPERIENCE THROUGH INNOVATION	TATA CONSULTANCY SERVICES	2/7/2024
2023 BANK SECURITY AND SAFETY ONLINE TRAINING	CTBC/HUMAN RESOURCE AND ADMINISTRATION (PROPONENT: SECURITY)	1/30/2024
2H 2023 LOCAL AND PARENT BANK	CTBC/COMPLIANCE	1/16/2024

TAIWAN LAWS AND REGULATION		
2023 CTBC AND WHARTON PROGRAM: LEADING ORGANIZATIONAL CHANGE	CTBC BANK CO., LTD./WHARTON BUSINESS SCHOOL	12/11/2023
2023 ANNUAL COMPLIANCE TRAINING	CTBC/COMPLIANCE DEPARTMENT	11/10/2023
2023 SELF-INSPECTION TRAINING	CTBC/COMPLIANCE DEPARTMENT	11/10/2023
2023 BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) Q2A - DATA PRIVACY, SOCIAL MEDIA AND CLEAN DESK POLICY	CTBC/INFORMATION SECURITY	11/8/2023
2023 BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) Q3 PHYSICAL SECURITY AND ADVANCE PHISHING AWARENESS	CTBC/INFORMATION SECURITY	10/6/2023
2023 FRAUD RISK AWARENESS AND WHISTLEBLOWING ONLINE REFRESHER COURSE	CTBC/ENTERPRISE-WIDE RISK MANAGEMENT	9/13/2023
2023 ANTI-MONEY LAUNDERING/COUNTERING THE FINANCING OF TERRORISM/PROLIFERATION FINANCING TRAINING	CTBC/COMPLIANCE DEPARTMENT	7/31/2023
2023 BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) Q2B - BUSINESS CONTINUITY PLAN - PANDEMIC - PASSWORD	CTBC/INFORMATION SECURITY	7/19/2023
1H 2023 LOCAL AND PARENT BANK TAIWAN LAWS AND REGULATIONS	CTBC/COMPLIANCE DEPARTMENT	7/3/2023
1H 2023 LOCAL AND PARENT BANK INCIDENTS AND EVENTS TRAINING PROGRAM	CTBC/COMPLIANCE DEPARTMENT	6/7/2023
2023 OPERATIONAL RISK MANAGEMENT UPDATE	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT	5/29/2023
ENVIRONMENTAL, SOCIAL AND GOVERNANCE ONLINE TRAINING	CTBC/HUMAN RESOURCE AND ADMINISTRATION	5/12/2023
INFORMATION AND CYBER SECURITY AWARENESS & CERTIFICATION (BISA Q1)	CTBC/INFORMATION SECURITY	3/29/2023
MANDATORY EIGHT-HOUR SAFETY AND HEALTH (MESH) SEMINAR	BESO SAFETY TRAININGS AND CONSULTANCY SERVICES	3/22/2023
2023 RELATED PARTY TRANSACTIONS TRAINING	CTBC/COMPLIANCE	3/20/2023
2023 REPUTATIONAL RISK MANAGEMENT (RRM) REFRESHER COURSE	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT DEPARTMENT	2/17/2023
FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)	CTBC/COMPLIANCE DEPARTMENT	2/8/2023
ANNUAL COMPLIANCE TRAINING (COMPLIANCE AWARENESS,	CTBC/COMPLIANCE DEPARTMENT	1/27/2023

CORPORATE GOVERNANCE, BUSINESS ETHICS)		
BANK SECURITY AND SAFETY AWARENESS ONLINE COURSE	CTBC/HUMAN RESOURCE AND ADMINISTRATION	1/23/2023
2H 2022 LOCAL AND TAIWAN LAWS AND REGULATIONS	CTBC/COMPLIANCE DEPARTMENT	1/11/2023
OUTSOURCING POLICY	CTBC/HUMAN RESOURCE AND ADMINISTRATION	12/6/2022
2H 2022: LOCAL AND PARENT BANK INCIDENTS/EVENTS TRAINING PROGRAM (INCIDENT HANDLING AND OVERSEAS MAJOR INCIDENTS/EVENTS (MIE) TRAINING PROGRAM)	CTBC/COMPLIANCE DEPARTMENT	12/2/2022
WHARTON: INNOVATION STRATEGY IN NEW MARKETS	CTBC BANK CO., LTD./WHARTON BUSINESS SCHOOL	11/17/2022
2022 SELF-INSPECTION	CTBC/COMPLIANCE DEPARTMENT	10/21/2022
2022 ANTI-MONEY LAUNDERING / COUNTERING FINANCING OF TERRORISM	CTBC/COMPLIANCE DEPARTMENT	9/30/2022
BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) Q3B 2022- PHYSICAL SECURITY AND ADVANCED SPEAR PHISHING	CTBC/INFORMATION SECURITY	9/30/2022
BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) Q3B 2022- PHYSICAL SECURITY AND ADVANCED SPEAR PHISHING	CTBC/INFORMATION SECURITY	9/9/2022
STRESS AND TIME MANAGEMENT COURSE	CTBC/HUMAN RESOURCE AND ADMINISTRATION	9/9/2022
BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) Q3A 2022- BUSINESS CONTINUITY, PANDEMIC AND PASSWORD	CTBC/INFORMATION SECURITY	7/15/2022
1ST TERM 2022 TAIWAN LAWS AND REGULATIONS	CTBC/COMPLIANCE DEPARTMENT	7/7/2022
1ST TERM 2022 OVERSEAS MAJOR INCIDENTS/EVENTS TRAINING PROGRAM (OMTP)	CTBC/COMPLIANCE DEPARTMENT	6/29/2022
2022 CONSUMER PROTECTION CERTIFICATE	CTBC/HUMAN RESOURCE AND ADMINISTRATION	6/20/2022
2022 RELATED PARTY TRANSACTIONS TRAINING	CTBC/COMPLIANCE	5/31/2022
BANK'S PRODUCTS AND SERVICES	CTBC/HUMAN RESOURCE AND ADMINISTRATION	5/17/2022
2022 OPERATIONAL RISK MANAGEMENT	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT	5/17/2022
2022 FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)	CTBC/COMPLIANCE DEPARTMENT	5/16/2022
2022 CODE OF PROFESSIONAL RESPONSIBILITY (CPR)	CTBC/HUMAN RESOURCE AND ADMINISTRATION	5/12/2022

RECOMMITMENT		
BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) Q2 2022-DATA PRIVACY-SOCIAL MEDIA POLICY-CLEAN DESK POLICY	CTBC/INFORMATION SECURITY	4/21/2022
BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA) Q1 2022-INFORMATION AND CYBERSECURITY CERTIFICATION	CTBC/INFORMATION SECURITY	3/28/2022
MALASAKIT IN THE WORKPLACE	CTBC/HUMAN RESOURCE AND ADMINISTRATION	3/17/2022
2022 REPUTATIONAL RISK MANAGEMENT ANNUAL REFRESHER COURSE	CTBC/ENTERPRISE-WIDE RISK MANAGEMENT	2/21/2022
CREDITS ANALYSIS COURSE 1	CTBC BANK CO., LTD.	2/16/2022
MEETING THE REGULATORY OBLIGATIONS AND PREVENTING THE NEGATIVE IMPACTS OF MONEY LAUNDERING (ML) AND TERRORIST FINANCING (TF) TRAINING	CTBC/COMPLIANCE DEPARTMENT	2/10/2022
2022 INCIDENT HANDLING AND REPORTING ONLINE TRAINING	CTBC/COMPLIANCE DEPARTMENT	2/3/2022
2ND TERM 2021 TAIWAN LAWS AND REGULATIONS	CTBC/COMPLIANCE DEPARTMENT	1/17/2022
MENTORING OVERVIEW WORKSHOP	CTBC/INSTITUTIONAL CREDIT MANAGEMENT	11/12/2021
PROCESS AND GUIDELINES TO ADDRESS PARENT BANK AUDIT AND RISK INSPECTION FINDINGS (SESSION 2-SUPPORTING INFORMATION IN REQUESTS FOR MODIFICATION FOR ANNUAL REVIEW DUE DATE EXTENSION, CREDIT EVALUATION, AND INVESTIGATION MANUAL, GUIDELINES FOR DIRECT/LENDING TO MAINLAND CHINA)	CTBC/INSTITUTIONAL CREDIT MANAGEMENT	11/12/2021
PROCESS AND GUIDELINES TO ADDRESS PARENT BANK AUDIT AND RISK INSPECTION FINDINGS (SESSION 1-EARLY WARNING MANAGEMENT AND GUIDELINES ON INTERIM REVIEW)	CTBC/INSTITUTIONAL CREDIT MANAGEMENT	11/5/2021
2021 CONSUMER PROTECTION ONLINE TRAINING	CTBC/HUMAN RESOURCE AND ADMINISTRATION	10/28/2021
INCIDENT HANDLING AND REPORTING TRAINING	CTBC/COMPLIANCE DEPARTMENT	10/8/2021
SCALING VENTURES: PRACTICING PLAYBOOK FOR PROFITABLE GROWTH	CTBC BANK CO., LTD./WHARTON BUSINESS SCHOOL	10/6/2021
2021 ANTI-MONEY LAUNDERING/COUNTERING FINANCING OF TERRORISM TRAINING (REUTERS)	CTBC/COMPLIANCE DEPARTMENT	9/29/2021

2021 BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS	CTBC/INFORMATION SECURITY	9/26/2021
OVERVIEW OF COACHING (MANCOM LEVEL) WORKSHOP (SEPTEMBER 23 AND 27, 2021)	INTERNATIONAL BENCHMARK CONSULTING NETWORK, INC.	9/23/2021
2021 FRAUD RISK MANAGEMENT AND WHISTLEBLOWING REFRESHER	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT DEPARTMENT	9/15/2021
2021 ANNUAL COMPLIANCE TRAINING	CTBC/COMPLIANCE DEPARTMENT	9/7/2021
2021 1ST TERM TAIWAN LAWS AND REGULATIONS	CTBC/COMPLIANCE DEPARTMENT	9/7/2021
2020 CTBC BANK SELF-INSPECTION/SELF-EVALUATION TRAINING	CTBC/COMPLIANCE DEPARTMENT	9/5/2021
2021 ANTI-MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM ONLINE TRAINING	CTBC/COMPLIANCE DEPARTMENT	7/13/2021
2021 OPERATION RISK MANAGEMENT (ORM) ONLINE TRAINING	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT	5/25/2021
2021 CTBC BANK SELF-INSPECTION TRAINING	CTBC/COMPLIANCE	3/30/2021
MEDIA/SPOKESPERSON TRAINING WORKSHOP	JJH VENTURES, INC.	3/3/2021
2021 REPUTATIONAL RISK MANAGEMENT COURSE ANNUAL REFRESHER	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT	2/17/2021
ACHIEVING EXCELLENCE IN CUSTOMER SERVICE	CTBC/HUMAN RESOURCE AND ADMINISTRATION	2/11/2021
FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)	CTBC/COMPLIANCE DEPARTMENT	2/4/2021
CRIMES AND LOSSES	CTBC/COMPLIANCE DEPARTMENT	2/3/2021
FRAUD RISK AWARENESS AND WHISTLE-BLOWING	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT DEPARTMENT	11/19/2020
CTBC CORE VALUES: WORK ATTITUDE AND VALUES ENHANCEMENT	CTBC/HUMAN RESOURCE AND ADMINISTRATION	11/18/2020
NEW TALENT ORIENTATION PROGRAM (COMPANY BACKGROUND, EMPLOYEE POLICIES, PERFORMANCE APPRAISAL, SAFETY AND SECURITY, COMPENSATION AND BENEFITS, CORE VALUES AND CORPORATE IMAGE)	CTBC/HUMAN RESOURCE AND ADMINISTRATION	11/18/2020
BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA 101)	CTBC/INFORMATION SECURITY	11/18/2020
OPERATIONAL RISK MANAGEMENT	CTBC/OPERATIONAL AND REPUTATIONAL RISK	11/18/2020

	MANAGEMENT DEPARTMENT	
BUSINESS CONTINUITY AND INFORMATION SECURITY AWARENESS (BISA 2020) AND CERTIFICATION	CTBC/INFORMATION SECURITY	11/18/2020
OPERATIONAL RISK MANAGEMENT	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT DEPARTMENT	11/18/2020
1ST TERM: TAIWAN LAWS AND REGULATIONS	CTBC/COMPLIANCE DEPARTMENT	10/20/2020
TAIWAN LAWS AND REGULATIONS	CTBC/COMPLIANCE DEPARTMENT	10/20/2020
EMPLOYEE COMPLIANCE RESPONSIBILITIES	CTBC/COMPLIANCE DEPARTMENT	10/15/2020
BUSINESS ETHICS	CTBC/COMPLIANCE DEPARTMENT	10/15/2020
CORPORATE GOVERNANCE	CTBC/COMPLIANCE DEPARTMENT	10/15/2020
CRIMES AND LOSSES	CTBC/COMPLIANCE DEPARTMENT	10/15/2020
ANTI-MONEY LAUNDERING AND COUNTER TERRORIST FINANCING (AMLA & CTF)	CTBC/COMPLIANCE DEPARTMENT	10/9/2020
REPUTATIONAL RISK	CTBC/OPERATIONAL AND REPUTATIONAL RISK MANAGEMENT DEPARTMENT	10/6/2020
STRATEGIC TRANSFORMATION	CTBC BANK CO., LTD./WHARTON BUSINESS SCHOOL	9/22/2020

JEN-WEN LIAO		
TRAININGS IN BANKING AND OTHER RELATED FIELDS	CONDUCTED BY	DATE TAKEN
MASTERCLASS: THE FIFTH SERIES SESSION 3 - THE BOARD'S ROLE IN THE HUMAN CAPITAL STRATEGY OF A COMPANY	INSTITUTE OF CORPORATE DIRECTORS	9/26/2025
MASTERCLASS: THE FIFTH SERIES SESSION 2	INSTITUTE OF CORPORATE DIRECTORS	8/29/2025
JOINT BSP & AMLC SEMINAR ON THE RECENT DEVELOPMENTS IN THE ANTI-MONEY LAUNDERING/COUNTERING TERRORISM AND PROLIFERATION FINANCING (AML/CTPF)	BANKERS INSTITUTE OF THE PHILIPPINES	4/24/2025
ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CTF) FUNDAMENTALS COURSE	ANTI-MONEY LAUNDERING COUNCIL	7/29/2024
TARGETED FINANCIAL SANCTIONS (TFS)	ANTI-MONEY LAUNDERING COUNCIL	7/25/2024
ENTERPRISE RISK MANAGEMENT	CENTER FOR GLOBAL BEST PRACTICES	6/4/2024

RE-ENGINEERING THE BUSINESS IMPACT ANALYSIS & RISK ASSESSMENT "PATH TO A GOOD BUSINESS CONTINUITY PLAN"	BANKERS INSTITUTE OF THE PHILIPPINES	4/17/2024
ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CTF) FUNDAMENTALS COURSE	ANTI-MONEY LAUNDERING COUNCIL	12/12/2023
ROLES, RESPONSIBILITIES AND LIABILITIES OF BOARD DIRECTORS	CENTER FOR GLOBAL BEST PRACTICES	9/11/2023
BEST PRACTICES OF EFFECTIVE BOARDS	CENTER FOR GLOBAL BEST PRACTICES	8/16/2023
CORPORATE GOVERNANCE ORIENTATION PROGRAM	INSTITUTE OF CORPORATE DIRECTORS	6/7/2023
CORPORATE GOVERNANCE ORIENTATION PROGRAM	INSTITUTE OF CORPORATE DIRECTORS	6/6/2023
CORPORATE GOVERNANCE	ALDRICH AND BONNEFIN PLC	12/12/2022
ANTI-MONEY LAUNDERING AND COUNTER TERRORIST FINANCING	CTBC BANK CO., LTD. (TAIWAN)	10/19/2022
WHARTON MANAGEMENT DEVELOPMENT PROGRAM	WHARTON BUSINESS SCHOOL	9/16/2022
DERIVATIVES PRODUCT TRAINING	TAIWAN ACADEMY FOR BANKING AND FINANCE	5/13/2022
PERSONAL DATA PROTECTION AND INFORMATION SECURITY AWARENESS	CTBC BANK CO., LTD. (TAIWAN)	4/13/2021
VOLCKER RULES	CTBC BANK CO., LTD. (TAIWAN)	10/16/2020
EQUATOR PRINCIPLE	CTBC BANK CO., LTD. (TAIWAN)	8/19/2019
MARKET RISK FOR NON-MARKET RISK PROFESSIONALS	JPMORGAN CHASE BANK	9/1/2013

JIANG-HONG LIU		
TRAININGS IN BANKING AND OTHER RELATED FIELDS	CONDUCTED BY	DATE TAKEN
BOD - ANTI-MONEY LAUNDERING FOR DIRECTORS AND SENIOR MANAGEMENT	CTBC BANK CORP.(USA)	2/10/2026
2025 [RISK MANAGEMENT] - MAJOR INCIDENTS AND EVENTS (PB-MIE) (SEMI-ANNUAL)	CTBC BANK CORP.(USA)	12/2/2025
BOD - ANTI-MONEY LAUNDERING FOR DIRECTORS AND SENIOR MANAGEMENT	CTBC BANK CORP.(USA)	3/10/2025
2024 [RISK MANAGEMENT] - MAJOR INCIDENTS AND EVENTS (MIE)	CTBC BANK CORP.(USA)	12/6/2024
2024 [RISK MANAGEMENT] - SOCIAL MEDIA		5/28/2024
BOD - ANTI-MONEY LAUNDERING FOR DIRECTORS AND SENIOR MANAGEMENT	CTBC BANK CORP.(USA)	2/29/2024
2023H2 [RISK MANAGEMENT] - MAJOR INCIDENTS AND EVENTS (MIE)	CTBC BANK CORP.(USA)	11/24/2023

2023 [RISK MANAGEMENT] - MAJOR INCIDENTS AND EVENTS (MIE) INTERNAL TRAINING	CTBC BANK CORP.(USA)	5/24/2023
BOD - ANTI-MONEY LAUNDERING FOR DIRECTORS AND SENIOR MANAGEMENT	CTBC BANK CORP.(USA)	2/2/2023
2022H2 - RISK MANAGEMENT - MAJOR INCIDENTS AND EVENTS (MIE) (SEMI-ANNUAL)	CTBC BANK CORP.(USA)	12/28/2022
2022H1 - RISK MANAGEMENT - OVERSEAS MIE TRAINING PROGRAM (OMTP)	CTBC BANK CORP.(USA)	5/2/2022
2022 - RISK MANAGEMENT - SOCIAL MEDIA	CTBC BANK CORP.(USA)	4/28/2022
BOD - ANTI-MONEY LAUNDERING FOR DIRECTORS AND SENIOR MANAGEMENT	CTBC BANK CORP.(USA)	1/27/2022
2020 - MAJOR INCIDENTS AND EVENTS (MIE)	CTBC BANK CORP.(USA)	10/7/2021
2021 - RISK MANAGEMENT - VENDOR MANAGEMENT	CTBC BANK CORP.(USA)	10/7/2021
BOD - ANTI-MONEY LAUNDERING FOR DIRECTORS AND SENIOR MANAGEMENT	CTBC BANK CORP.(USA)	5/17/2021
2021 - MAJOR INCIDENTS AND EVENTS (MIE)	CTBC BANK CORP.(USA)	5/17/2021
2021 RISK MANAGEMENT - SOCIAL MEDIA	CTBC BANK CORP.(USA)	5/12/2021
2020 - MAJOR INCIDENTS AND EVENTS (MIE)	CTBC BANK CORP.(USA)	1/2/2021

1.2 Directors disclosures on self-dealing and Related Party Transactions

For 2025, and to date, none of the foregoing directors have any self-dealing/related party transactions with the Bank directly by themselves.

2. Independent Directors

2.1 Incumbent Independent Directors

The following are the incumbent Independent Directors:

STEPHEN D. SY, Filipino, is an independent director, who was elected to the Board on July 25, 2019. He obtained his Master of Science in Management from Stanford University, U.S.A. and his Bachelor of Science in Industrial Engineering from the University of the Philippines. He is currently President and CEO of the following companies: Focus Global Inc. from 1991 to present, SLA Prime Ventures Corp. from 2007 to present; Focus Palantir Inc. from 2013 to present; Lian Hong Co., Inc. from 2021 to present. He is also Chairman and President of the following corporations: Focus Venture Corp. from 1996 to present; Stellar Land Corp. from 1993 to present; Happy Estates International Inc. from 1990 to present. He is 75 years old.

LUIS Y. BENITEZ, JR., Filipino, is an independent director of the Bank, who was elected to the Board on June 24, 2021. He obtained his Master's Degree in Business Administration at Stern School of Business New York University, U.S.A. He is a graduate of Pacific Rim Bankers Program at University of Washington, U.S.A., and with Bachelor's

degree in Business Administration Major in Accounting at University of the Philippines. He is a Certified Public Accountant. He is at present an Independent Director of Sta. Clara Development Corp. and Concepcion Industrial Corporation, and serves as a Senior Consultant of SM Investment Corp. He previously served as Independent Director of Insular Health Care Inc. from 2022 to 2025 and Independent Trustee of Insular Life Assurance Co. Ltd from 2016 to 2025. He also held various positions at SGV & Co., a member Firm of Ernst & Young Global Limited, as Vice Chairman from 2004 to 2007 and Senior Partner from 1978 to 2007. He is 78 years old.

ARMANDO B. ESCOBAR, a Filipino, is an independent director of the Bank, who was elected to the Board on October 29, 2025. He obtained his Bachelor of Business Management degree from Ateneo de Manila University, and Strategic Business Economics Program at the University of Asia and the Pacific. He held notable positions in various business industries serving as Executive Vice President, Group CFO, Treasurer and Risk Management Officer of Roxas & Co., Inc. from 2012-2020 and as Executive Vice President, Group CFO, Treasurer and Risk Management Officer of Roxas Holdings, Inc. from 2013-2015. He was also a Professor at the University of Asia and the Pacific from 2011-2014. Mr. Escobar also held various position in Moldex Group of Companies from 2010-2011; Vitarich Corporation from 1998 to 2003; Kraft General Foods (Philippines) Inc., from 1993 to 1995; Steniel Manufacturing Corp., from 1989 to 1991; Barney Foods, Inc. from 1991 to 1992; DBP Data Center Inc. from 1987 to 1988. In the banking industry, he held various senior level positions in Philippine Bank of Communications (PBCOM) as Senior Vice President/Bank Operations Group Head/Special Accounts Management Group from 2005 to 2010 and concurrently as Director, Bancnet, Inc. from 2005 to 2010. He was also the Treasurer of Philippine Amanah Bank from 1988 to 1989; and with Associated Bank as Manager/International Banking Department and Management Trainee/Executive Development Program from 1982 to 1987 and 1981 to 1982, respectively. He is 65 years old. He is 66 years old.

2.2 Final List of Candidates for Independent Director

In accordance with the procedures prescribed in the Securities Regulation Code Rule 38.8, the Bank's Nomination, Remuneration and Governance Committee endorsed Messrs Stephen D. Sy (recommended by Jen-Wen Liao, a director of the Bank), Luis Y. Benitez, Jr. (recommended by Armando B. Escobar, an independent director of the Bank) Armando B. Escobar (recommended by Eriberto Luis S. Elizaga, a director of the Bank), for nomination as Independent Directors. Mr. Stephen D. Sy is not related to Mr. Jen-Wen Liao. Mr. Luis Y. Benitez, Jr. is not related to Mr. Armando B. Escobar and Mr. Armando B. Escobar is not related to Mr. Eriberto Luis S. Elizaga.

These independent directors have met and continue to meet all the qualifications and possess none of the disqualifications of an Independent Director under the Bank's Code of Corporate Governance, Section 38 of the Securities Regulation Code and relevant BSP rules.

The qualifications of Messrs. Stephen D. Sy, Luis Y. Benitez, Jr. and Armando B. Escobar are as aforesated.

The foregoing is the Final List of Candidates eligible for election as Independent Directors. No further nominations shall be entertained nor allowed on the floor during the actual annual stockholders' meeting pursuant to the 2015 Implementing Rules and Regulations of the Securities Regulations Code Rule 38.8.5.

2.3 Training and continuing education

The following are the trainings and continuing education attended by the foregoing directors who are expected to be nominated as Independent Directors at the meeting:

STEPHEN D. SY		
TRAININGS IN BANKING AND OTHER RELATED FIELDS	CONDUCTED BY	DATE TAKEN
MASTERCLASS: THE FIFTH SERIES SESSION 2	INSTITUTE OF CORPORATE DIRECTORS/PHILIPPINES	8/29/2025
ANTI-MONEY LAUNDERING & COUNTERING TERRORIST FINANCING TRAINING PROGRAM	ANTI-MONEY LAUNDERING COUNCIL	8/12/2025
BSP GUIDELINES ON THE IMPLEMENTATION OF THE ENVIRONMENT AND SOCIAL RISK MANAGEMENT (ESRM) SYSTEM	BANKERS INSTITUTE OF THE PHILIPPINES	1/24/2025
DOSRI AND RELATED PARTY TRANSACTIONS (RPT)	BANKERS INSTITUTE OF THE PHILIPPINES	10/10/2024
ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CTF) FUNDAMENTALS COURSE	ANTI-MONEY LAUNDERING COUNCIL	7/22/2024
TARGETED FINANCIAL SANCTIONS (TFS)	ANTI-MONEY LAUNDERING COUNCIL	7/19/2024
CYBERSECURITY GOVERNANCE, RISK, AND COMPLIANCE	BANKERS INSTITUTE OF THE PHILIPPINES	12/15/2023
ANTI-MONEY LAUNDERING/COMBAT TERRORIST FINANCING/COUNTERING PROLIFERATION FINANCING (AML/CTF/CPF)	DANTE T. FUENTES, CPA, CFE, CAMS	2/2/2023
WEBINAR ON ENHANCED CORPORATE GOVERNANCE GUIDELINES	BANKERS INSTITUTE OF THE PHILIPPINES	4/22/2022
ANTI-MONEY LAUNDERING/COMBATING FINANCING OF TERRORISM/COUNTER PROLIFERATION FINANCING (AML/CFT/CPF)	DANTE T. FUENTES, CPA, CFE, CAMS	3/22/2022
THE PHILIPPINES' FATF JOURNER: FROM TECHNICAL COMPLIANCE TO EFFECTIVENESS	ASSOCIATION OF BANK COMPLIANCE OFFICERS, INC.	9/27/2021
BUILDING BETTER BANKERS: FOSTERING A STRONGER KYE PROGRAM	ASSOCIATION OF BANK COMPLIANCE OFFICERS, INC.	7/15/2021
GOVERNANCE CHAMPIONS: HOW INDEPENDENT DIRECTORS CREATE VALUE	MANAGEMENT ASSOCIATION OF THE PHILIPPINES	7/13/2021
ANNUAL BRIEFING ON AML/CFT/CPF UPDATES AND TRENDS FOR 2021	CTBC BANK (PHILIPPINES) CORP.	4/13/2021
BSP'S SUPERVISORY ASSESSMENT FRAMEWORK (SAFR)	CTBC BANK (PHILIPPINES) CORP.	10/22/2020
ANNUAL BRIEFING ON PHILIPPINE ANTI-MONEY LAUNDERING / COUNTERING THE FINANCING OF TERRORISM	CTBC BANK (PHILIPPINES) CORP.	8/28/2020

AML UPDATE: PHILIPPINE NATIONAL RISK AND EMERGING ANTI-MONEY LAUNDERING/COUNTER TERRORIST FINANCING TRENDS UPDATE IN SOME ASIAN COUNTRIES	CTBC BANK (PHILIPPINES) CORP.	9/19/2019
CORPORATE GOVERNANCE PROGRAM FOR DIRECTORS	INSTITUTE OF CORPORATE DIRECTORS/PHILIPPINES	7/10/2019
ASIA-PACIFIC SECURITY RISK TO GROWING REGIONAL TRADE	AUSTRALIAN AMBASSADOR STEVEN ROBINSONS/PHILIPPINES	4/25/2019
SPECIAL ECONOMIC BRIEFING	FINANCE SECRETARY CARLOS DOMINGUEZ III, MBC/PHILIPPINES	2/27/2019
FEAR AND OPPORTUNITY: TRANSFORMING PHILIPPINE BUSINESS	JUSTO ORTIZ, MBC/PHILIPPINES	2/11/2019
INNOVATION	DR. HITENDRA PATEL, MBC/PHILIPPINES	11/6/2018
INVESTMENT COMPETITIVENESS	LILIA DE LIMA, MBC/PHILIPPINES	10/17/2018
BENEFITS AND DISPUTE: PHILIPPINE PARTICIPATION IN CHINA'S BELT AND ROAD	NEDA DIRECTOR GENERAL ERNESTO PERNIA/PHILIPPINES	2/21/2018
TRADE AND INVESTMENT FORUM: US-PHILIPPINES BILATERAL TIES IN 2018	SECRETARY RAMOS LOPEZ, SECRETARY BENJAMIN DIOKNO, GOVERNOR NESTOR ESPENILLA JR., MBC/PHILIPPINES	2/20/2018
2017 ASEAN BUSINESS AND INVESTMENTS SUMMIT	ASEAN BUSINESS ADVISORY COUNCIL/PHILIPPINES	11/12/2017
PHILIPPINE-UK RELATIONS	BRITISH AMBASSADOR DANIEL PRUCE, MBC/PHILIPPINES	11/7/2017
THE PHILIPPINE BANKING INDUSTRY: A DECADE OF SUCCESS AMIDST CHANGES IN POLITICAL AND GLOBAL ECONOMIC LANDSCAPES	BSP GOVERNOR AMANDO TETANGCO JR., JOINT BAP-MBC/PHILIPPINES	5/24/2017
A NEW ERA OF PHILIPPINES-JAPAN RELATIONS	JAPANESE AMBASSADOR KAZUhide ISHIKAWA, MBC/PHILIPPINES	3/24/2017
US-PHILIPPINES RELATIONS	US AMBASSADOR SUNG KIM, MBC/PHILIPPINES	1/31/2017
10-POINT ECONOMIC AGENDA OF THE INCOMING DUTERTE ADMINISTRATION	NEDA DIRECTOR GENERAL ERNESTO PERNIA/PHILIPPINES	6/23/2016

LUIS Y. BENITEZ, JR.

TRAININGS IN BANKING AND OTHER RELATED FIELDS	CONDUCTED BY	DATE TAKEN
ANTI-MONEY LAUNDERING & COUNTERING TERRORIST FINANCING TRAINING PROGRAM	INSTITUTE OF CORPORATE DIRECTORS	11/28/2025
THE NATIONAL RETAIL PAYMENT SYSTEM (NRPS) FRAMEWORK AND THE NATIONAL PAYMENT SYSTEMS ACT (NPSA) AND DIGITALIZATION	BANKERS INSTITUTE OF THE PHILIPPINES	1/28/2025

INITIATIVES		
AMLC REGISTRATION AND REPORTING GUIDELINES (ARRG) COURSE	ANTI-MONEY LAUNDERING COUNCIL	8/28/2024
2024 CORPORATE GOVERNANCE SEMINAR	INSTITUTE OF CORPORATE DIRECTORS	8/27/2024
TARGETED FINANCIAL SANCTIONS (TFS)	ANTI-MONEY LAUNDERING COUNCIL	8/23/2024
ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CTF) FUNDAMENTALS COURSE	ANTI-MONEY LAUNDERING COUNCIL	8/20/2024
CRISIS MANAGEMENT	BANKERS INSTITUTE OF THE PHILIPPINES	5/21/2024
BEST PRACTICES OF EFFECTIVE BOARDS	CENTER FOR GLOBAL BEST PRACTICES	8/16/2023
ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)	BANKERS INSTITUTE OF THE PHILIPPINES	5/16/2023
ANTI-MONEY LAUNDERING/COMBAT TERRORIST FINANCING/COUNTERING PROLIFERATION FINANCING (AML/CTF/CPF)	DANTE T. FUENTES, CPA, CFE, CAMS	2/22/2023
ABCOMP WEBINAR: UPDATES ON INSTITUTIONAL RISK ASSESSMENT AND TARGETED FINANCIAL SANCTIONS	ASSOCIATION OF BANK COMPLIANCE OFFICERS, INC.	7/20/2022
2022 ANNUAL CORPORATE GOVERNANCE SEMINAR	BDO UNIBANK, INC.	7/20/2022
ANTI-MONEY LAUNDERING/COMBATING FINANCING OF TERRORISM/COUNTER PROLIFERATION FINANCING (AML/CTF/CPF) BRIEFING	DANTE T. FUENTES, CPA, CFE, CAMS	3/22/2022
DISTINGUISHED CORPORATE GOVERNANCE SPEAKER SERIES - INSTITUTE OF CORPORATE DIRECTORS ZIMBABWE	INSTITUTE OF CORPORATE DIRECTORS	9/17/2021
DISTINGUISHED CORPORATE GOVERNANCE SPEAKER SERIES - INSTITUTE OF CORPORATE DIRECTORS MALAYSIA	INSTITUTE OF CORPORATE DIRECTORS	9/10/2021
DISTINGUISHED CORPORATE GOVERNANCE SPEAKER SERIES - SINGAPORE INSTITUTE OF CORPORATE DIRECTORS	INSTITUTE OF CORPORATE DIRECTORS	9/3/2021
MAP GENERAL MEMBERSHIP MEETING ON "GOVERNANCE CHAMPIONS: HOW INDEPENDENT DIRECTORS CREATE VALUE"	MANAGEMENT ASSOCIATION OF THE PHILIPPINES	7/13/2021
ANTI-MONEY LAUNDERING AND COUNTERING TERRORIST FINANCING (AML/CTF) BRIEFING	CTBC BANK (PHILIPPINES) CORP.	6/11/2021
2020 CORPORATE GOVERNANCE SEMINAR: BUSINESS RESILIENCY AND SUSTAINABILITY IN THE NEW	INSTITUTE OF CORPORATE DIRECTORS	12/2/2020

NORMAL		
CORPORATE GOVERNANCE TRAINING	INSTITUTE OF CORPORATE DIRECTORS	10/23/2020
AML TRAINING	BANGKO NG KABUHAYAN (RURAL BANK)	1/20/2020
CORPORATE GOVERNANCE TRAINING	INSTITUTE OF CORPORATE DIRECTORS	8/15/2019
CORPORATE GOVERNANCE TRAINING	INSTITUTE OF CORPORATE DIRECTORS	9/6/2018
CORPORATE GOVERNANCE TRAINING	INSTITUTE OF CORPORATE DIRECTORS	12/14/2017

ARMANDO B. ESCOBAR		
TRAININGS IN BANKING AND OTHER RELATED FIELDS	CONDUCTED BY	DATE TAKEN
ANTI-MONEY LAUNDERING & COUNTERING TERRORIST FINANCING TRAINING PROGRAM	INSTITUTE OF CORPORATE GOVERNANCE	2/11/2026
FAIR DEALINGS: ENSURING COMPLIANCE WITH DOSRI & RELATED PARTY TRANSACTIONS (RPT)	BANKERS INSTITUTE OF THE PHILIPPINES	11/21/2025
CORPORATE GOVERNANCE	INSTITUTE OF CORPORATE DIRECTORS	10/8/2025
RISK GOVERNANCE/ CORPORATE GOVERNANCE	INSTITUTE OF CORPORATE GOVERNANCE	10/8/2019
RELATED PARTY TRANSACTION FOR PUBLICLY LISTED COMPANIES	SECURITIES AND EXCHANGE COMMISSION	7/31/2019
CAPITAL RAISING THROUGH PUBLIC LISTING	PHILIPPINE STOCK EXCHANGE	5/23/2013
INTERNET AND ATM BANKING	BANCNET	5/12/2010
EXECUTIVE BUSINESS PROGRAM	HARVARD BUSINESS SCHOOL	7/1/2000
CUSTOMS BONDED WAREHOUSING	BUSINESS INSTITUTE OF THE PHILIPPINES	7/8/1989
BANK MANAGEMENT TRAINING PROGRAM (ACCOUNT MGT, BRANCH OPERATIONS, TRUST BANKING, TREASURY, LOANS & DISCOUNTS)	ASSOCIATED BANK	7/1/1981

2.4 Independent Directors disclosures on self-dealing and Related Party Transactions

For 2025, and to date, none of the foregoing directors have any self-dealing/related party transactions with the Bank directly by themselves.

3. Brief Description of Material Legal Proceedings to which the Bank or Its Subsidiary is a Party

Except for cases or proceedings, which are incidental to its business such as suits for sum of money, foreclosures, writs of possession, employee relations, and other cases arising from loan transactions and operations, the Bank has no material pending legal proceedings for or against it.

Neither is the Bank aware of any material proceedings to be contemplated by government authorities or any other entity.

4. Executive Officers

The following are the Bank's executive officers:

ERIBERTO LUIS S. ELIZAGA, Filipino, earned his AB Economics degree from the Ateneo De Manila University. He was appointed as President and CEO of CTBC Bank (Philippines) Corp. on January 01, 2025. Prior to this appointment, he served as Executive Vice President and Head of Institutional Banking Group of CTBC Bank. His career in the banking industry spans over 30 years. Prior to joining CTBC Bank, he was the Corporate Banking Head of Philippine Bank of Communications (2015) and most recently, East West Banking Corporation (2018). Before joining PBCOM, Luis spent 15 years of his career with Security Bank during which time he held numerous senior leadership roles. He likewise had stints with Standard Chartered Bank (1996), Union Bank of the Philippines (1993) and Philippine Commercial International Bank (1987). Luis is 62 years old.

JEREVEN B. ADRIANO, Filipino, earned his Bachelor of Science in Entrepreneurial Management degree from Polytechnic University of the Philippines. He re-joined CTBC Bank Philippines on September 4, 2020, as First Vice President and Head of Information Technology Group and was promoted to Senior Vice President on February 01, 2022. He has more than 25 years of working experience from different banking institutions. His banking career started when he joined Metropolitan Bank and Trust Company (1995), followed by his stint with MBTC Technology Inc. (2002). He was assigned in various roles of increasing responsibility from Business Analyst to Senior Business Analyst and eventually Department Head. He joined Maybank Philippines Inc. where he served as the IT Lead for Community Financial Services Regional Programs (2012) and Business Analysis and Support Department Head (2014). In 2016, he joined PNB Savings Bank as Information Technology Division Head. Prior to joining CTBC Bank in 2020, he was the Deputy Information Technology Group Head and Applications Development and Support Division Head of Philippine National Bank. He is 53 years old.

LOLITO RAMON A. CERRER, JR., a.k.a. Jun Cerrer, Filipino, earned his AB Philosophy degree from the Ateneo De Manila University. In April 2017, he was appointed as the Senior Vice President and Consumer Finance Sales Unsecured Head. Prior to joining CTBC Bank, he was the Head of Personal Loans of Security Bank, a role he performed for five years. He likewise had stints at Philippine Savings Bank, APEX Distributors Inc., Metrovet Philippines, Century Canning Corporation, Universal Food Corporation and Philippine Commercial International Bank. At the early part of his career, Jun taught philosophy at the Holy Apostles Senior Seminary. Jun is 63 years old.

JUSTINE BENEDICT G. DELA ROSA, Filipino, acquired his AB Economics degree and BS Management of Financial Institutions degree from De La Salle University. He is Senior Vice President and Head of Treasury Group. His career in banking started in 1997, when he was selected to be part of Solid Bank's Officer Development Program. Upon completion of the program, he chose to start a career in Treasury as a Liquidity Trader. In his more than 25 years with CTBC Bank, he has quickly moved up the corporate ladder and has assumed positions of increasing responsibility. From being a Department Head of Trading Desk in 2006, Mr. Dela Rosa was appointed as Treasury Group Head last December 02, 2019. He is 51 years old.

JIMMY ARSENIO Y. SAMONTE, Filipino, obtained his Bachelor's degree in Commerce, Major in Accountancy (*cum laude*) from the University of Santo Tomas and is a Certified

Public Accountant. Jimmy also attended the Banking Intermediate Industry Training School at the Center for Professional Education of Arthur Andersen and Co. in Illinois, USA. He is Senior Vice President and Head of Internal Audit. He also served as the Bank's Compliance Officer from 2000 to 2001. Prior to joining the Bank, he was Audit Manager of the Financial Services Group of Sycip, Gorres, Velayo & Co. (SGV & Co.), a member firm of Ernst & Young Global Limited. He has been with the Bank since October 1998. Jimmy is 56 years old.

MARY ANNE G. BERNAL, Filipino, obtained her Bachelor's Degree in Economics from University of Sto. Tomas. She was first exposed to the banking industry when she joined China Banking Corporation as an Account Analyst in 1993 and later on in her career assumed a supervisory role. After her 9-year stint with China Banking Corporation, she moved to CTBC Bank in 2002. In her more than 24 years with CTBC Bank, she has consistently moved up the corporate ladder and assumed positions of higher responsibility. From being a Credit Officer to Liquidity Officer in 2009, she currently holds the position of Senior Vice President and Head of Liquidity and Balance Sheet Department under Treasury Group. Ms. Bernal is 52 years old.

MICHAEL C. ALBOTRA, Filipino, holds a degree in Bachelor of Arts Major in Economics from University of Asia and the Pacific. Mike joined CTBC Bank in 2021 as Senior Vice President and Head of the Top Tier Department under the Institutional Banking Group (IBG). In 2025, he advanced to become the Head of Institutional Banking Group and in January 2026, he became Executive Vice President. Prior to joining CTBC Bank in 2021, he was Senior Vice President and Head of Corporate Banking Department of Mizuho Bank, LTD. He also had stints with HSBC Philippines as Vice President for Commercial Banking and HSBC Savings Bank (Phil) Inc. as Vice President and Corporate Banking Head. In 2008, he joined United Coconut Planters Bank as Assistant Vice President and Senior Relationship Manager under Corporate Wholesale Banking Group. Previous to this position in United Coconut Planters Bank, he served Bank of Commerce from 2000 to 2008 as Unit Head and later on appointed as Assistant Vice President of Private Banking Group. He also worked for almost 2 years at Urban Bank as Marketing Associate which started his banking profession and soon after promoted to Marketing Officer. Mr. Albotra is 48 years old.

ANDREW A. FALCON, Filipino, is a Certified Public Accountant. He earned his Bachelor's degree in Business Administration and Accountancy from University of the Philippines. He joined CTBC Bank as Vice President and Head of Financial Control Department in June 2014. After steering the department for more than three years, he was appointed Officer-in-Charge of Finance and Corporate Affairs Group in October 2017. He was promoted to First Vice President and full-fledged Group Head in January 2018 and eventually promoted to Senior Vice President in March 2024. Prior to joining the Bank, Mr. Falcon had stints in SGV and Co., Globe Telecom, Inc., Philippine Batteries Inc., Philippine Savings Bank and the latest of which was with FedEx as Controller. He is 44 years old.

DELBERT S. ANG IT, Filipino, earned his Bachelor of Science in Commerce major in Management and Entrepreneurship from San Beda College. He is Senior Vice President and Head of Retail Banking Group. Prior to joining CTBC Bank, he served as Senior Vice President and Retail Strategic Management Experience and Lending Head at Maybank Philippines, a role he held since 2020. Prior to this, he was the Senior Vice President and Retail Banking Group Sales and Distribution Head at Myanmar Apex Bank and the Senior Vice President and Branch Banking Group Head at PBCOM. His leadership background also includes significant tenures at Security Bank, where he served as First Vice President and Head of Bancassurance and Vice President and Area Head, as well as roles as Director and Chief Operating Officer at TGBO Philippines.

Del's foundational career experience includes nearly a decade at Standard Chartered Bank, alongside early professional stints at International Exchange Bank, Aboitiz Air Transport, and Cocoplans Inc. He is 49 years old.

MA. CARMELA S. BOLISAY, Filipino, holds a Bachelor of Arts major in Psychology with a minor in Education from the University of the Philippines, and a Master of Science in Psychology major in Industrial/Organizational Psychology from De La Salle University. Ms. Bolisay was appointed as Senior Vice President and Banking Operations Group Head effective January 15, 2026. She brings more than 30 years of experience in banking operations, process improvement, project management, service delivery, quality assurance, and risk management. She began her career in 1990 with Equitable Card Network, Inc. as a Junior Collections Assistant and rose through the ranks to Senior Manager for Customer Service. In 1997, she joined Security Diners International Corporation and eventually became First Vice President of the Customer Services Group in 2002. She later joined Standard Chartered Bank, where she held several leadership positions and concluded her tenure as Vice President and Business Planning Manager for the CEO. Prior to joining the Bank, Ms. Bolisay served as Senior Vice President and Operations Head of Maybank Philippines beginning in 2022. She also previously held senior leadership roles at RCBC Bank and W Hydrocolloids Inc. She is 57 years old.

ERWIN ROMMEL S. NONATO, Filipino, holds a Bachelor of Arts major in Economics from the University of Santo Tomas. He was appointed as Senior Vice President and Top Tier Department Head of CTBC Bank (Philippines) Corp. effective April 27, 2026. Mr. Nonato has more than 30 years of extensive experience in corporate banking, credit analysis, and relationship management. Prior to joining the Bank, he served as Deputy Department Head and Relationship Manager/Director for Corporate Banking Philippines at Sumitomo Mitsui Banking Corporation – Manila Branch from 2016 to 2026, where he handled large corporate relationships and led key banking initiatives. Before joining Sumitomo Mitsui Banking Corporation, he served as First Vice President and Head of the Corporate Banking Division of Philippine National Bank from 2011 to 2015. He also held various corporate banking and relationship management roles at Banque Saudi Fransi from 2008 to 2011, Security Bank Corporation from 2006 to 2008, Bank of Tokyo-Mitsubishi Financial Group from 2001 to 2006, Equitable Philippine Commercial International Bank from 1998 to 2001, and Philippine Commercial International Bank from 1995 to 1998. He is 55 years old.

(b) Significant Employees

There is no significant employee who is not an Executive Officer and who is expected to make significant contribution to the business.

(c) Family Relationships

No family relationship exists among the Bank's directors and executive officers.

(d) Certain Relationships and Related Transactions

The Bank, in its regular course of trade and business, enters into transactions with its Directors, Officers, Stockholders, and Related Interests (DOSRI) involving mainly loans and these are disclosed to the *Bangko Sentral ng Pilipinas* (BSP) in accordance with the Manual of Regulations for Banks.

All transactions of the Bank, whether with DOSRI, related parties or non-related parties, are conducted and entered in the Bank's best interest and on "arm's length basis".

There are no parties that fall outside the definition of “Related Parties” under PAS 24 with whom the Bank or its related parties have a relationship that enables such parties to negotiate terms and material transactions that may not be available from other more clearly independent parties on an “arm’s length basis”.

Note 25 page 102 of the Bank’s Audited Financial Statements for the fiscal year ended as of December 31, 2025, attached as Exhibit 2 in that Report, discusses the nature of such Related Party Transactions, which discussion is incorporated hereto by reference.

Disclosures required by Annex 68-J of the amended Securities Regulation Code Rule 68 and 68.1 are in Part II, Schedules A to G of said Audited Financial Statements.

(e) Involvement in Certain Legal Proceedings of Directors and Officers

To the knowledge and/or information of the Bank, none of the nominees for election as director, nor any of the Bank’s executive officers, during the last five (5) years and up to this date, has had any involvement in the following: (a.) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (b.) Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; (c.) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any time of business, securities, commodities or banking activities; and (d.) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Item 6. Compensation of Directors and Executive Officers

1. Compensation of Directors & Officers

Summary Compensation Table of Executive Officers

<u>Name</u>	IN MILLION PESOS			
	<u>Annual Salary</u>	<u>Bonus</u>	<u>Others</u>	<u>Total</u>
<u>2024</u>				
Executives (5)	53.49	48.28	1.90	103.67
<u>2025</u>				
Executives (5)	38.86	19.57	0.00	58.43
<u>2026</u>				
Executives (5)	41.80	29.30	0.00	71.10
(Estimate)				
Officers Unnamed	34.11	16.39	0.00	50.50

The named Executive Officers receive salaries, bonuses and other usual bank benefits that are also included in the amounts stated above. Aside from these, they have no other compensation plan or arrangement with the Bank.

Chief Executive Officer and four other most highly compensated executive officers:

Name:	Position:
Eriberto Luis S. Elizaga	President and CEO
Michael C. Alotra	Executive Vice President
Jereven B. Adriano	Senior Vice President
Delbert S. Ang It	Senior Vice President
Justine Benedict G. dela Rosa	Senior Vice President

1.2 Summary of Compensation Table of Directors

Each director receives a monthly professional fee for attending Board and committee meetings. This is also in consideration of their valuable contributions in the formulation of the Bank's overall strategy.

The total per diem and attending fee paid to the directors for their attendance in Board meetings amounted to PhP 8.56 million, PhP 8.91 million; and PhP 8.53 million in 2025, 2024, and 2023 respectively. For 2026, approximately PhP 9.30 million will be paid to the directors.

In accordance with paragraph 4 of Section 29 of the Revised Corporation Code, the total compensation received by each of the Directors for 2025 are as follows:

Name	Total
*Cheng-Hsin Wang	-0-
*Eriberto Luis S. Elizaga	-0-
*Jen-Wen Liao	-0-
*Ya-Ling Chiu	-0-
William B. Go	1,994,629.65
Stephen D. Sy	2,258,512.50
Luis Y. Benitez, Jr.	2,518,210.05
Armando B. Escobar	507,740.50
**Alexander A. Patricio	1,287,141.25

*Cheng-Hsin Wang, Jen-Wen Liao and Ya-Ling Chiu, waived their Directors' Fees. President and CEO Eriberto Luis S. Elizaga did not receive any compensation as Board and Committee member.

**Alexander A. Patricio voluntarily resigned effective July 15, 2025.

2. Employment Contract and Termination of Employment and Change-in-Control Arrangements

There is no formal employment contract between the Bank and the named executive officers covering compensation package. The said executive officers, just like other officers and employees, are also entitled to standard fringe benefits granted by the Bank such as coverage under the Bank's non-contributory Retirement Plan and Group Life Insurance.

3. Warrants and Options Outstanding

There are no warrants or options held by Bank's officers and directors.

Similarly, there are also no actions to be taken as regards any bonus, profit sharing, pension or retirement plan, granting of any option, warrant, or right to purchase shares between the Bank and its directors and officers.

Item 7. Independent Public Accountants

For the calendar years 2025, 2024, and 2023 R.G. Manabat & Co (RGM), the local firm of KPMG International has been appointed as the Bank’s external auditor. Vanessa P. Macamos has been the certifying partner from RGM from 2017 to 2023, in compliance with the 7-year rotation requirement. She has been succeeded by Tireso Randy F. Lapidez, the certifying partner from RGM since 2024 to present.

For 2026, R.G. Manabat & Co. (RGM) the local firm of KPMG International shall be appointed as the Bank’s external auditor with Mr. Lapidez as certifying partner. RGM will be present at the Annual Stockholders’ Meeting. They will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

The Bank has no disagreement with any of its external auditors in any matter of accounting principle, practice, or financial disclosures.

**INFORMATION ON INDEPENDENT ACCOUNTANT
(EXTERNAL AUDIT FEES (MC No. 14, Series of 2004))**

(a) Audit and Audited-Related Fees

The Bank paid the following audit fees to R.G. Manabat & Co (RGM) and for the fiscal year indicated:

Fiscal Year	Amount
RGM	
For 2023 paid in 2023	Php1,481,200.00
For 2023 paid in 2024	Php2,253,160.00
For 2024 paid in 2024	Php147,840.00
For 2024 paid in 2025	Php5,042,184.00
For 2025 paid in 2026	P0.00*

To date, RGM has unbilled charges for 2025 audit amounting to Php4,283,244.00.

(b) Tax & Other Fees

There are no fees paid to tax and other related services.

(c) Audit Committee’s Approval Policies and Procedures for the above services

The engagement of the services of the Bank’s external auditor is evaluated by the Audit Committee. Consistent with the provisions of the Code of Corporate Governance and the Bank’s Audit Committee Charter, the appointment of the external auditor is nominated by the Audit Committee for Board approval and subsequently for the ratification/approval by the shareholders. Annex “C” discusses the composition of the Audit Committee.

Item 8. Compensation Plans – NOT APPLICABLE

* As of signing date of this report, May 25, 2026, RGM has not yet presented its billing and collection documents covering its audit fees with the Bank.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. *Authorization or Issuance of Securities Other than for Exchange* – NOT APPLICABLE

Item 10. *Modification or Exchange of Securities* – NOT APPLICABLE

Item 11. *Financial and Other Information*

- (a) Brief Description of the General Nature and Scope of the Business of the Registrant, attached as **Annex “A”**;
- (b) Market Information, Dividends, and Top 20 Stockholders, attached as **Annex “B”**;
- (c) Discussion of Compliance with leading practice on Corporate Governance, attached as **Annex “C”**;
- (d) Management’s Discussion and Analysis or Plan of Operation, attached as **Annex “D”**;
- (e) Statement of Management Responsibility for Financial Statements, attached as **Annex “E”**;
- (f) Audited Financial Statements for the fiscal year ended as of December 31, 2025, attached hereto as **Annex “F”**;
- (g) Unaudited Financial Statements as of the end of March 31, 2026, attached as **Annex “F-1”**;
- (h) As part of the Bank’s corporate governance practice which requires an evaluation of relationship on a regular basis, the RGM was appointed as the external auditor for the calendar years 2025 and 2026.

Item 12. *Mergers, Consolidations, Acquisitions and Similar Matters* – NOT APPLICABLE

Item 13. *Acquisition or Disposition of Property*

Except for the acquisition of properties in connection with ordinary course of business or disposition of real and other properties owned or acquired (ROPOA) and non-performing loans (NPL), there are no actions to be taken as regards acquisition or disposition of properties.

Item 14. *Restatement of Accounts* – NOT APPLICABLE

D. OTHER MATTERS

Item 15. *Action with Respect to Reports*

The following are the matters pertaining to reports which will be submitted to the shareholders for action:

1. Approval of the Minutes of Annual Stockholders’ Meeting of June 26, 2025 attached as **Annex “G”**. Action on the minutes will not constitute approval or disapproval of any of the matters referred to in the said minutes but will most

likely be approved thereof as written as traditionally done, or at most correction or modification thereof may be made prior to actual approval.

2. Submission of Audited Financial Statements of the Bank as of 31 December 2025 (Annex F).

Item 16. *Matters Not Required to be Submitted* – NOT APPLICABLE

Item 17. *Amendment of Charter, By-Laws or Other Documents* – NOT APPLICABLE

Item 18. *Other Proposed Actions*.

The following are the other proposed actions which will be submitted to the shareholders for action:

1. Election of Members of the Board of Directors.

Majority of the incumbent directors are expected to be re-nominated during the annual meeting.

2. Appointment of External Auditor for the Bank and the Trust and Investment Services Department for the Calendar Year 2026.

The Bank's Board of Directors in its meeting to be held on May 28, 2026 will appoint R.G. Manabat and Co. (RGM) the local firm of KPMG International as the external auditor for the Bank and the Trust and Investments Department, respectively, for calendar year 2026 subject to ratification by the shareholders in the scheduled meeting.

3. Ratification of All Acts, Decisions and Proceedings of the Board of Directors, Committees and Management since the last Annual Meeting.

All the actions of Management and the Board of Directors were done in accordance with the general or specific resolutions of the Board of Directors. Among the significant actions undertaken which were endorsed by Management and approved by the Board of Directors (or approved by a Committee then noted or confirmed by the Board of Directors as may be proper), are as follows: i. approval of items for the 2025 stockholders' meeting such as date of meeting, record date, endorsement of nominees for directors, including the final list of candidates for independent directors; ii. appointments to the Committees; iii. Appointment of directors and executive officers.

4. Confirmation of Related Party Transaction/s.

The Board approval is subject to the confirmation of the stockholders pursuant to BSP Circular 895 Series of 2015 Guidelines on Related Party Transactions, particularly Section X146.2, to wit:

Section x146.2 Duties and Responsibilities/Roles and Functions.

(a) Board Duties and Responsibilities. The board of directors shall have the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of depository

creditors and other stakeholders. Towards this end, the board of directors shall carry out the following duties and responsibilities:

x x x

2. To approve all material RPTs, those that cross the materiality threshold, and write-off of material exposures to related parties, and submit the same for confirmation by majority vote of the stockholders in the annual stockholders' meeting. Any renewal or material changes in the terms and conditions of RPTs shall also be approved by the board of directors.

All final decisions of the board on material RPTs, including important facts about the nature, terms, conditions, original and outstanding individual and aggregate balances, justification and other details that would allow stockholders to make informed judgment as to the reasonableness of the transaction, must be clearly disclosed during stockholders meetings and duly reflected in the minutes of board and stockholders' meetings.

A. The Board in its meetings held on May 5, 2025 approved the credit mortgage loan of SPS. JOHN B. LACORDA AND LOUISE MICHELLE P. LACORDA. Information on the mortgage loan are as follows:

BORROWER	:	SPS. JOHN B. LACORDA AND LOUISE MICHELLE P. LACORDA
FACILITY	:	MORTGAGE LOAN
PURPOSE OF CREDIT FACILITY		REFINANCING WITH HOUSE CONSTRUCTION
BENEFICIARY		Not applicable
AMOUNT	:	P 14,132,000.00 ; released in tranches as follows: 1 st release: P 3,394,800 2 nd release: P 3,108,000 3 rd release: P 3,108,000 4 th release: P 3,108,000 5 th release: P 1,413,200
TERM	:	15 years
INTEREST	:	1 st Release: 8% fixed for 5 years 2 nd Release: 6.99% fixed for 5 years 3 rd Release: 6.99% fixed for 5 years 4 th Release: 9% fixed for 5 years 5 th Release: 9% fixed for 5 years
SECURITY/COLLATERAL SUPPORT HELD	:	Lot 16 Block 22 Sunflower Street North Crest Subdivision Barangay Cabantian Davao City Davao Del Sur
REPAYMENT SOURCES	:	Borrower is doctor by profession specialized in Orthopedic Surgeon since 2010 and practices at Davao regional Medical Center and Souther Philippines Medical Center.

JUSTIFICATION / CREDIT BASIS	:	<p>1.Loan is fully secured by a vacant lot with proposed construction of a 2-storey residential building located at Lot 16 Block 22 Sunflower Street North Crest Subdivision Barangay Cabantian, Davao City, Davao Del Sur with total appraised value of Php17.665Mn.</p> <p>2.Within acceptable DBR of 2.76% vs 60%</p> <p>3. Stable source of repayment since principal borrower, Dr. John B. Lacorda is a doctor by profession - Orthopedic Surgeon since 2010</p>
REASON FOR DOSRI	:	Non-Material RPT. Mr. John Lacorda is the brother-in-law and Mrs. Louise Michelle Lacorda is the sister of RM Mary Christine Pelayo of Davao Branch.
RELATED PARTY TRANSACTION	:	<p>Is the Facility for confirmation by the shareholders? (Please refer to your Unit's Guidelines.)</p> <p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>If Yes, Relationship Manager/Account Officer shall ensure that the Facility/ies or any amendment/s will be part of the Agenda for confirmation in the next shareholders' meeting.</p>
INFORMATION ON BORROWER'S RELATIVE CREDIT TERMS COMPARISON	:	Not applicable

B. The Board in its meetings held on June 27, 2025 approved the credit facilities in favor of CTBC BANK CO., LTD. Information on the credit facilities are as follows:

BORROWER	:	CTBC BANK CO. LTD
FACILITY	:	<ol style="list-style-type: none"> 1. USD4.0 Million Pre-Settlement Risk Line for Securities Trading - USD 2. USD7.0 Million Pre-Settlement Risk Line for Foreign Exchange 3. USD29 Million Settlement Risk Line 4. USD35 Million Stand By Letters of Credit Line
PURPOSE OF CREDIT FACILITY	:	<p>Facility 1-3: To facilitate the trading of securities and foreign exchange currencies with CTBC Bank Co. Ltd., Taipei and its branches.</p> <p>Facility 4: The Standby Letter of Credit shall be used as collateral for credit facilities to be extended by lending units of CTBC Bank (Philippines) Corp. to their clients.</p>
BENEFICIARY	:	Not Applicable
AMOUNT	:	USD75 Million (including Settlement Risk line of USD29 Million)
TERM	:	<p>Facility 1-3: Twelve (12) months</p> <p>Facility 4: Thirty Six (36) months</p>

INTEREST	:	Not Applicable
SECURITY/COLLATERAL SUPPORT HELD	:	Clean
REPAYMENT SOURCES	:	Working Capital
JUSTIFICATION / CREDIT BASIS	:	1) Long term credit rating of A1 from Moody's, A from S&P and A from Fitch, all with stable outlook. 2) Ranked no. 1 in Taiwan and no. 158 in the world in terms of Tier 1 Capital per The Banker, July 2024 issue 3) Satisfactory dealings
REASON FOR DOSRI/ RPT	:	CTBC Bank (Philippines) Corp. is 99.72% owned by CTBC Bank Co., Ltd., a Taiwan-based commercial bank
RELATED PARTY TRANSACTION	:	Is the Facility for confirmation by the shareholders? (Please refer to your Unit's Guidelines.) Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, Relationship Manager/Account Officer shall ensure that the Facility/ies or any amendment/s will be part of the Agenda for confirmation in the next shareholders' meeting.
INFORMATION ON BORROWER'S RELATIVE CREDIT TERMS COMPARISON	:	Not Applicable

C. The Board in its meetings held on March 5, 2026 approved the Digital Lending Platform Project for Unsecured Personal Loans. Information on the project are as follows:

BORROWER	:	CTBC Bank (Philippines) Corp.
FACILITY	:	Consulting, professional, agency and other service arrangements/contracts
PURPOSE OF CREDIT FACILITY	:	– The engagement with Parent Bank is for the Digital Lending Platform Project for Unsecured Personal Loans. – The onboarding platform will be standardized across all Bank, Co. Ltd. subsidiaries. – Ease of maintenance and support (development, maintenance and enhancement will be handled by Parent Bank)
BENEFICIARY	:	CTBC Bank Co., Ltd.
AMOUNT	:	PHP66,540,782 Inclusive of 25% Final Withholding Tax and 12% VAT)
TERM	:	6 Years
INTEREST	:	NA

SECURITY/COLLATERAL SUPPORT HELD	:	NA
REPAYMENT SOURCES	:	NOT APPLICABLE
JUSTIFICATION / CREDIT BASIS	:	NA
REASON FOR DOSRI	:	CTBC Bank (Philippines) Corporation (the "Bank") is 99.72% owned entity of CTBC Bank Co. Ltd., a Taiwan-based commercial bank.
RELATED PARTY TRANSACTION	:	<p>Is the Facility for confirmation by the shareholders? (Please refer to your Unit's Guidelines.)</p> <p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>If Yes, Relationship Manager/Account Officer shall ensure that the Facility/ies or any amendment/s will be part of the Agenda for confirmation in the next shareholders' meeting.</p>
INFORMATION ON BORROWER'S RELATIVE CREDIT TERMS COMPARISON	:	NOT APPLICABLE

D. The Board approved the Legislated Trust Agreement with Trust and Investment Services Department. Information on the agreement are as follows:

CLIENT	:	CTBC BANK (PHILIPPINES) CORP. [RBG]
FACILITY	:	Legislated Trust Agreement with Trust and Investment Services Department
PURPOSE	:	To comply with BSP Circular No. 1166 on EMI liquidity requirement
BENEFICIARY	:	Retail Banking Group (RBG)
AMOUNT	:	Trust Account worth P450,000,000.00
TERM	:	59days
INTEREST	:	4.75%
SECURITY/COLLATERAL SUPPORT HELD	:	N/A
REPAYMENT SOURCES	:	N/A

JUSTIFICATION / CREDIT BASIS	:	N/A
REASON FOR DOSRI	:	Placing the required liquidity reserve of e-money deposit with our own Trust Department results to a related party transaction
RELATED PARTY TRANSACTION	:	<p>Is the Facility for confirmation by the shareholders? (Please refer to your Unit's Guidelines.)</p> <p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>If Yes, Relationship Manager/Account Officer shall ensure that the Facility/ies or any amendment/s will be part of the Agenda for confirmation in the next shareholders' meeting.</p>
INFORMATION ON BORROWER'S RELATIVE CREDIT TERMS COMPARISON	:	N/A

5. Amendment to "The Assets Acquisition and Disposal Handling Procedure"

Item 19. Voting Procedures.

(a) Vote required for approval or election

The actions to be taken shall only require the vote of security holders representing at least a majority of the issued and outstanding capital stock entitled to vote.

(b) Method by which votes will be counted

Straight and Cumulative Voting

In all items for approval except election of directors, each share of stock entitles its registered owner to one vote. With respect to election of directors, a security holder shall have cumulative voting rights under Article II, Section 8 of the amended By-Laws as previously stated.

Representatives of the Bank's stock transfer agent, Stock Transfer Service, Inc. shall be authorized to count the votes cast.

SIGNATURE PAGE

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 HEREUNTO DULY AUTHORIZED.

After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this report is true, complete and correct.

This report is signed in the City of Taguig on May 25, 2026.

CTBC BANK (PHILIPPINES) CORP.

Issuer

By:



ATTY. ROLANDO V. VICERRA

Corporate Secretary

TIN: 177-772-258

UNDERTAKING

The Bank shall provide, without charge to any person upon a written request directed to Atty. Rolando V. Vicerra, FVP & Head-Legal Department & Corporate Secretary at the 22nd Floor, Fort Legend Towers, Third Avenue corner 31st Street, Bonifacio Global City, Taguig City, a copy of the registrant's annual report on SEC Form 17A. At the discretion of the management, a charge may be made for exhibits, provided that such charge is limited to reasonable expenses incurred by the registrant in furnishing such exhibits.

ANNEX “A”

BRIEF DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF BUSINESS OF THE REGISTRANT

(1) Description of Business

Business Development. CTBC Bank (Philippines) Corp. (“Bank”) is the Philippine subsidiary of CTBC Bank Co., Ltd. (“CTBC Ltd.”) of Taiwan.

The Bank was incorporated on September 7, 1995, initially as Access Banking Corporation, and commenced operation on September 26, 1995 as a domestic commercial bank. The Bank has an authorized capital stock of PhP3.0 billion.

On November 22, 1995, the Monetary Board approved the investment of CTBC Ltd. in sixty percent (“60%”) of the voting stock of Access Banking Corporation through the outright purchase of fifty percent (“50%”) or PhP487.5 million of its PhP975.0 million outstanding voting stock and an additional subscription of PhP262.5 million of the PhP275.0 million additional voting stock issued. On January 8, 1996, the Bank’s name was changed to Chinatrust (Philippines) Commercial Bank Corporation.

In line with the capital build-up program of the Bank, its Board of Directors approved in 1997 the issuance of 25 million common shares at PhP10.00 per share from its authorized capital stock via a stock rights offering to existing stockholders. This entitled the existing shareholders to subscribe to one (1) common share for every five (5) shares held. As of December 31, 1997, the stock rights offering was fully subscribed; partial payment to the subscription amounted to PhP209.99 million which resulted in the Bank’s attainment of its PhP1.647 billion capital, fully complying with minimum capital requirements of BSP of PhP1.625 billion by the end of the year. On March 31, 1998, all subscriptions to the stock rights were fully paid. On April 23, 1998, the SEC approved the stock rights offering.

On June 2, 1999, the Bank’s share was listed in the Philippine Stock Exchange (“PSE”) through an Initial Public Offering (“IPO”) of 37,500,000 common shares from its unissued authorized capital stock. The proceeds of the IPO were utilized for branch expansion and investment in information technology.

In December 2000, CTBC Ltd. substantially increased its equity in the Bank through the acquisition of shares held by a minority group, thus controlling approximately 91% of the Bank’s capital stock, compared to 57% prior to the acquisition. A further acquisition of shares held by the public representing 9% of the Bank’s equity was made by CTBC Ltd. in January 2001 through a tender offer at a price of PhP19.00 per share, the same price at which the shares from the minority group was acquired. That year, CTBC Ltd. held 99.41% of the Bank’s outstanding capital stock.

On August 25, 2005, the Board of Directors of the Bank declared 15% stock dividends out of its unissued shares. It was subsequently approved by the shareholders in a special meeting called for the same purpose on December 22, 2005. The BSP later approved the 15% stock dividend on February 20, 2006. On April 4, 2006, 28,124,997 common shares representing the 15% stock dividends were issued to the Bank’s shareholders and simultaneously listed with the PSE.

On March 30, 2007, the Bank’s Board of Directors once again made another 15% stock dividend declaration, to be paid out of the Bank’s unissued shares. The same

was ratified by the shareholders during the Bank's annual shareholders' meeting held on June 28, 2007, and subsequently approved by the BSP on September 20, 2007. On November 15, 2007, an additional 32,343,734 common shares representing 15% stock dividends were listed in the PSE and issued to the Bank's stockholders of record as of record date.

On December 23, 2011, the Bank filed a Petition for Voluntary Delisting at the Philippine Stock Exchange ("PSE"). Pursuant to the PSE Voluntary Delisting Rules, a tender offer was conducted by the Bank at a tender offer price of PhP26.14. The PSE in its Memorandum No. 2012-0010 dated February 20, 2012, approved the Petition for Voluntary Delisting effective February 24, 2012.

On September 19, 2013, the SEC approved the amendment to Article FIRST of the Bank's Articles of Incorporation amending the Bank's name to CTBC Bank (Philippines) Corp. The Bank started using the new corporate name effective October 30, 2013.

On July 25, 2019, the shareholders approved the amendment to Article SEVENTH of the Articles of Incorporation increasing the authorized capital stock from PhP3 billion to PhP4 billion and increasing the common stock from 300,000,000 to 400,000,000, in connection with the Bank's Capital Build Up Program to comply with the Bangko Sentral Ng Pilipinas Circular No. 854 Series of 2014 on Minimum Capitalization of Banks. The shareholders also approved the issuance to Parent Bank CTBC Ltd. of the following shares at the share price of PhP29.755: the 484,920 Treasury Shares, the remaining 51,031,269 from the unissued common shares, and 48,307,202 common shares from the increase in the authorized capital stock subject to the approval of the Securities and Exchange Commission to said amendment in the Bank's Articles of Incorporation. The Bank entered into subscription agreements dated September 12, 2019, with CTBC Ltd. for the said shares. The subscriptions were fully paid. The Bank issued the Treasury Shares and the remaining unissued common shares so that the shareholdings of CTBC Ltd. increased from 99.60% to 99.67% of the Bank's outstanding shares. On March 6, 2020, the Securities and Exchange Commission approved the aforesaid amendment to Article SEVENTH of the Articles of Incorporation. The Bank thus issued the 48,307,202 common shares from the increase in its authorized capital stock so that the shareholdings of CTBC Ltd., further increased from 99.67% to 99.72%.

On June 26, 2025 the shareholders approved subscription of CTBC Ltd. to the 51,692,798 unissued shares out of the 400,000,000 common stock which increased the shareholdings of CTBC Ltd. from 99.72% to 99.75%. The subscription was fully paid. On the same day the shareholders also approved the amendment to Article SEVENTH of the Articles of Incorporation, increasing the authorized capital stock from Four Billion Pesos (PhP4,000,000,000.00) to Four Billion Five Hundred Million Pesos (PhP4,500,000,000.00) and increasing the common stock from 400,000,000 to 450,000,000 subject to the approval of the Securities and Exchange Commission to said amendment in the Bank's Articles of Incorporation. The Bank subsequently entered into subscription agreement with CTBC Ltd. for 13,926,152 shares out of the 50,000,000 increase which was executed in counterparts on October 9 and 13, 2025, by the Bank and CTBC Ltd., respectively.

Based on the data as of December 31, 2025 issued by Bangko Sentral ng Pilipinas, out of the forty four (44) universal and commercial banks operating in the Philippines, the Bank ranked 22nd in terms of Total Assets; 19th in terms of Total Loans; 23rd in terms of Total Deposits; and 20th in terms of Total Capital.

(2) Business of Issuer

Products and Services. As a full-service commercial bank, the Bank offers various products and services, such as the following:

PESO DEPOSITS

Savings Account
 Regular
 My First Saves
Checking Account
 Regular
 CheckLite
 Ultimate Earner
Time Deposit

FOREIGN CURRENCY DEPOSITS

Dollar Savings Account
Dollar Time Deposit
Third Currency Deposits

CARD PAYMENTS

Visa Debit and Cash Card
Co-Branded Cash Cards

CONSUMER LOANS

My Family Home Loan
Salary Stretch Unsecured Personal Loan
 (Public and Corp PL)
Credit Facilities Secured by Deposit and
 Government Securities

CREDIT FACILITIES & CORPORATE LOANS

Short-term Loan
Term Loan
Domestic Letter of Credit
Import Letter of Credit
Standby Letter of Credit
Trust Receipt
Export Packing Credit
Export Bills Purchase
Discounting Facilities
Domestic Bills Purchase
Small and Medium Enterprise (SME) Business
 Loan

CASH MANAGEMENT SERVICES

Account Information Management
 NetBanking (Retail and Corporate)
 E-Mail Statement
Disbursement Management
 Cash Card Reloading
 Payroll

TREASURY SERVICES

Foreign Exchange
 Spot
 Forward
 FX Swaps
 Cross Currency Swaps
 Interest Rate Swaps
 Options
Peso Fixed Income
 Treasury Bills
 Fixed Rate Treasury Notes
 Retail Treasury Bonds
 Global Peso Notes
 Peso Corporate Bonds
 Peso Short Term Commercial Papers
Dollar Fixed Income
 ROP Bonds
 Other Sovereign Bonds
 Dollar Philippine Corporate Bonds

TRUST AND INVESTMENT SERVICES

CTBC Bank Peso Unit Investment Trust
Fund
 Money Market Fund
 Balanced Feeder Fund
 Stock Index Feeder Fund
Employee Retirement Benefit Plan
Management
Investment Management Account
Personal Management Trust
Escrow Agency
Mortgage Trust Indenture
Legislated and Quasi-Judicial Trust
account for Electronic Money Issuers
(EMI)
Facility Agency Arrangement
Safekeeping Account

REMITTANCE SERVICES

Inward Remittances
Outward Remittances

TRADE SERVICES

Letters of Credit
Import Letters of Credit
Domestic Letters of Credit
Standby Letters of Credit

Ultimate CheckWriter	Bank Guarantee
Customs Duties	Shipping Guarantee
BIR eFPS	Import Bills Negotiation
BancNet eGov (SSS, Pag-IBIG and PhilHealth)	Loans Against Trust Receipts
MC Bulk Preparation	Documentary Collections – Import and Domestic
Local and Global Remittances (IBFT, PESONet, RTGS, PDDTS, Swift)	Document Against Payment (D/P)
Offsite ATM	Document Against Acceptance (D/A)
Application Program Interface (API) Management	Open Account (O/A)
Receivables Management	Direct Remittance (D/R)
Collection Service Facility	Advance Import Payments (AIP)
Post-Dated Check Warehousing	Export LC Advising
Ultimate Money Mover (Deposit Pick-up)	Export Bills Negotiation (LC and Non-LC)
BancNet Bills Payment	
Bills Payment (Merchant Biller)	
Night Depository	
Motorized Cash and Check Pick-up and Delivery Services	
Merchant Acquiring	
BancNet Point-of-Sale (POS)	
Point-of-Sale (POS) Cash Out	
VISA BIN Sponsorship	
E-commerce Payment Gateway	

From the foregoing products and services, the Bank’s revenues are categorized into three (3) major segments, namely: (1) Portfolio Products; (2) Transactional Banking Products; and (3) Exposure Management Products. The remaining revenues are classified under Others. Portfolio Product revenues consist of spreads earned on loans. Transactional Banking Product revenues consist of spreads earned on deposits as well as fees earned from cash management products and trade services. Exposure Management Product revenues consist of income earned from the investment portfolio and trading activities. Other revenues consist of fees earned on trust services, gain on sales of acquired assets, service fees and charges earned on all other banking activities. The contributions of the 3 major segments in terms of percentage to the Bank’s total revenues during the last two years are as follows:

Major Segment	2024	2025
Portfolio Products	53.06%	49.26%
Transactional Banking Products	32.07%	29.82%
Exposure Management Products	7.43%	8.93%

Status of New Products or Services. NONE

Distribution Network. As part of its channel upgrade and enhancement in providing easy, convenient, and quick electronic services for customer’s banking needs, the Bank completed replacing its 41 ATM terminals in 2024. Likewise, some products can be accessed through internet and mobile banking channels and other electronic channels i.e. interactive voice response system, internet and short message system (SMS). As of December 2025, the Bank has a total of 25 branches, with Main Office branch located in Bonifacio Global City, Taguig.

In line with expanding accessibility, the Bank implemented a network join with PAPI, enabling ATM access through selected 7-Eleven Stores and Alfamart outlets last

April 11, 2025. As of December 2025, this partnership contributed to a total of 3,985 ATMs available to customers. Only Cash Withdrawal and Balance Inquiry are free of charge at these ATMs.

Competition. The Bank faces competition from both domestic and foreign banks that operate in the Philippines. In the light of such competitive environment, the Bank focuses on key businesses to include consumer finance, the trading of fixed-income instruments and foreign exchange, the Taiwanese business, and selective corporate lending. By being a specialist, it is able to properly concentrate its resources and capital to ensure service excellence and good risk management and corporate governance. The Bank likewise adopts applicable business models from its Parent Bank and custom fits these to local market conditions. These efforts make the Bank a strong player in its chosen businesses.

Sources and availability of raw materials and the names of principal supplier. - Not applicable.

Dependence upon a single/few customers. – Not applicable.

Transactions with and/or dependence on related parties. Except in the ordinary course of business such as DOSRI transactions and employee loans, there are no transactions with and/or dependence on related parties.

Trademarks, Licenses, Franchises., etc. The Bank is the owner of the marks “CTBC”, “We Are Family” and “Salary Stretch”. As to other licenses, the Bank is a registered Government Securities Eligible Dealer (GSED) with Broker Dealer of Securities Functions.

Effect of existing or probable government regulations. As a domestic commercial bank, the Bank is governed by the rules and regulations of the BSP. The Bank observes and complies with all government laws, rules and regulations that exist.

Amount spent on research and development. There are no major expenses on research and development activities, and these are just incorporated into the ordinary business expense of the Bank.

Cost and effect of compliance with environmental laws. - Not applicable.

Number of Employees. As of April 30, 2026, the Bank has 773 employees composed of 482 officers and 291 staff, with 732 regular employees and 41 probationary employees. The Bank has no existing employees’ union. It has also no collective bargaining agreement.

Major Business Risks. The Bank’s business activities are exposed to a variety of financial risks – credit risk, market risk, liquidity risk, interest rate risk, and operational risk. The Bank is strongly committed to judiciously managing risks. For this purpose, it has put in place the necessary processes and platforms that enable it to prudently manage all categories of risk. It is the presence of this risk infrastructure and consciousness that has made the Bank a meaningful player in businesses where the required core competency is astute risk management capability. The Bank’s risk management programs seek to mitigate potential adverse effects on its financial performance.

Credit risk is the risk that a borrower /obligor, guarantor, debtor or counterparty, or issuer of a security held by the Bank will not pay the obligation when it falls due. The

Bank manages its credit risk by setting limits for individual borrowers and group of borrowers. It also places a cap on exposures to top borrowers, specific products, identified market segments, selected industries and loan tenors. The Bank likewise monitors borrower-specific credit exposures, and continually assesses the creditworthiness of counterparties. In addition, the Bank obtains security where appropriate, enters into collateral arrangements with counterparties and limits the duration of the exposures.

Market risk is the risk that the value of a currency position or financial instrument will be adversely affected by changes in the level, volatility or correlation of market risk factors, such as interest rates (including credit spread), foreign exchange, equities and commodities. The Bank's market risk originates from its holdings in its foreign exchange instruments, debt securities and derivatives. The Bank utilizes market risk factor sensitivities as a tool to manage market risk. Market risk factor sensitivities of a position are defined as a change in the value of a position caused by a unit shift in a given market factor. Market risk is the risk that the Bank's earnings or capital or its ability to meet business objectives will be adversely affected by changes in the level, volatility or correlation of market risk factors, such as interest rates (including credit spread), foreign exchange, equities and commodities. The market liquidity of these types of instruments is also covered. It mainly consists of Interest Rate Risk, Foreign Exchange Risk, Equity Risk and Commodity Risk. Market risk arises from both the on-balance sheet and off-balance sheet positions of the Bank. The Bank's on-balance sheet market risk primarily stems from financial instruments classified as FVPL, which are predominantly fixed income securities concentrated in sovereign bonds issued by the Philippine Government. Market risk also arises from off-balance sheet exposures, particularly from Spot Foreign Exchange Contracts and Foreign Exchange Derivative Contracts. The Market Risk Management Department implements a trading risk limits that is in line with the Bank's risk appetite. The Bank also maintains a rigid system of loss limits that prompt management to immediately act in the event that these limits are breached. The objective of these limits is to ensure that losses, if any, will be limited to what the Bank's earning capability can sufficiently cover.

Liquidity risk is the risk that the Bank will be unable to meet its obligations as they fall due at a reasonable cost within a reasonable timeframe. Liquidity risk has two types: funding liquidity risk and market liquidity risk. Funding liquidity risk refers to the risk of inability to obtain funds at a reasonable cost within a reasonable timeframe to meet the financial obligations. Market liquidity risk arises when a specific asset cannot be sold for cash at a reasonable price within a reasonable timeframe. As it may have impact on funding liquidity risk, market liquidity risk must be factored in when assessing funding liquidity risk. The Bank annually reviews liquidity risk appetite and tolerance to ensure annual business planning and budgeting would not break risk appetite and tolerance. To effectively manage liquidity risk, the Bank diversifies its funding sources and maintains a set of prudent liquidity risk limits, liquidity indicators, maturity gap analysis, and maximum cumulated outflows per tenor bucket. In addition, the Bank maintains sufficient cash and marketable securities, ensuring the availability of funding through an adequate amount of committed credit facilities and having the ability to close out market positions.

Interest rate risk in banking book is the risk to future earnings or equity arising from the movement of interest rates. The Bank is exposed to interest rate risk as a result of mismatches of interest rate repricing of assets and liabilities. Interest rate risk in the banking books refers to the impact on the Bank's profits or on economic value of non-trading purpose assets, liabilities and derivatives when interest rates change. The Bank sets limits on the interest rate sensitivity of the banking book in both short-

term perspective delta NII (Net Interest Income) and long-term perspective delta EVE (Economic Value of Equity), respectively. The Bank measures the impact of 1 basis point change in interest rate on net interest income (NII) and that on economic value of equity (EVE). The analysis of such impact on NII ($1\text{bp}\Delta\text{NII}$) focuses on changes in interest income and expense within a year, hence, a short-term perspective. The analysis of such impact on EVE ($1\text{bp}\Delta\text{EVE}$) is of a long-term perspective as it focuses on changes of economic value which will become net interest income received every year later on. Accordingly, Both delta Net Interest Income ($1\text{bp}\Delta\text{NII}$) and delta Economic Value of Equity ($1\text{bp}\Delta\text{EVE}$) limits in relation to the interest rate sensitivity of the banking book have been established by Management.

In addition to financial risks, the Bank is exposed to operational risks. **Operational risk** is defined as the risk of loss arising from direct or indirect loss from inadequate or failed internal processes, people and systems, or from external events. The Direct Loss results primarily from an operational failure while the Indirect Loss relates to the impact of operational risk on other risks such as Market, Credit or Liquidity Risk. The Bank ensures that specific business policies, processes, procedures and staff are in place to manage overall operational risks by way of identifying, assessing, controlling, mitigating, monitoring and reporting risk events. The Bank also manages other types of risks such as regulatory, reputational risk, strategic risk, legal risk, and environmental and social (E&S) risks.

Related party transaction (RPT) risk refers to the potential for abuse and conflicts of interest when banks conduct business with related parties, such as affiliates, directors, or major shareholders. This risk involves transactions that could unfairly benefit these parties at the expense of the institution, depositors, or other stakeholders. The Bank, by way of safe and sound banking practice, as well as good corporate governance, through the Related Party Transaction Committee (RPT Committee), ensures that transactions or dealings with related parties of the Bank, including Trust and Investment Services Department, are continuously identified and monitored. The Committee further determines whether or not a transaction is on terms no less favorable to the Bank than terms available to any unconnected third party under the same or similar circumstances. The Bank's structures continue to ensure regulatory requirements for Related Party transactions.

ANNEX “B”

MARKET FOR ISSUER’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

1. Market Information

The PSE in its Memorandum No. 2012-0010 dated February 20, 2012 approved the Petition for Voluntary Delisting effective February 24, 2012. Market prices of the Bank’s shares since 1st quarter of 2010 to 1st quarter of 2012 are as follows:

QUARTER	HIGH	LOW
1Q '12	25.50	20.00
4Q'11	28.00	19.00
3Q'11	21.00	20.00
2Q '11	22.00	21.00
1Q '11	21.00	21.00
4Q'10	23.50	21.00
3Q'10	22.00	20.00
2Q '10	22.00	15.25
1Q '10	25.00	24.00

As of February 20, 2012, which is the last trading date prior the effective date of delisting at the PSE, the information showed a closing price of P20.00.

There was no sale of any securities made by the Bank within the last three (3) years.

2. Holders

The number of shareholders of record as of April 30, 2026 is 111.

Common Shares outstanding as of April 30, 2026 are 400,000,000.

The Top 20 Stockholders of record as of April 30, 2026 are as follows:

Name	Number of Shares Held	% to Total
CTBC Bank Co., Ltd.	399,012,001	99.75
Ma. Asuncion M. Ortoll	241,551	00.06
Alfonso Lao	185,150	00.05
Arlene Ravalo Ulanday &/Or Bethel Ann Ravalo &/Or Eliodoro Ravalo	75,000	00.02
Chen Li Mei	65,992	00.02
Bettina V. Chu	31,078	00.01
Martin M. Ortoll	26,838	00.01
Jose Antonio M. Ortoll	26,838	00.01
Carlos M. Ortoll	26,838	00.01
Ma. Marta M. Ortoll	26,838	00.01
Ma. Beatriz Ortoll-Manahan	26,838	00.01
Ma. Teresa Ortoll-Garcia	26,838	00.01
Ma. Elena Ortoll-Mijares	26,838	00.01
Regan C. Sy	26,450	00.01

PCD Nominee Corporation (Filipino)	13,795	00.00
Ching L. Tan	13,225	00.00
Razul Z. Requesto	13,225	00.00
Guat Tioc Chung	13,225	00.00
Bernardito U. Chu	13,225	00.00
Oliverio Guison Laperal	13,225	00.00

3. Dividends

The Bank declared 15% stock dividends last August 25, 2005, which was subsequently approved by its shareholders on December 22, 2005. The BSP later approved the 15% stock dividend on February 20, 2006. On April 4, 2006, 28,124,997 common shares representing the 15% stock dividends were paid to the Bank's shareholders and simultaneously listed with the PSE.

On March 30, 2007, the Bank's Board of Directors once again made another 15% stock dividend declaration, to be paid out of the Bank's unissued shares. The same was ratified by the shareholders during the Bank's annual shareholders' meeting held on June 28, 2007, and subsequently approved by the BSP on September 20, 2007. On November 15, 2007, an additional 32,343,734 common shares representing 15% stock dividends were listed in the PSE and issued to the Bank's stockholders of record as of record date.

Any dividend declaration to be made by the Bank is subject to approval by the BSP and SEC. At the regular meeting of the BOD held on June 23, 2015, the BOD approved the restriction of the full amount of retained earnings for the following purposes: i) to comply with minimum capital requirement set forth under BSP Circular No. 854; ii) to comply with the requirements of the ICAAP pursuant to BSP Circular No. 639; and iii) to provide for buffer in preparation for BASEL III requirements.

ANNEX “C”

DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

The Bank has a Manual of Corporate Governance which is regularly updated to align with the industry’s best and leading practices on corporate governance and comply with latest relevant regulatory issuances.

Conformably with existing rules and regulations, its Articles of Incorporation and By-Laws, the Bank’s Manual on Corporate Governance has Board level committees organized to assist it in governance matters. These are the following: (1) Executive Committee; (2) Nomination, Remuneration and Governance Committee; (3) Audit Committee; (4) Risk Management Committee; (5) Trust Committee; and (6) Related Party Transactions Committee.

- The Executive Committee is headed by Cheng-Hsin-Wang as Chairman, with William B. Go, Eriberto Luis S. Elizaga and Ya-Ling Chiu* as Members. It is authorized to act on behalf of the full Board as to urgent matters that arise between its regular meetings. The committee shall have the power to direct and transact all business and affairs of the Bank which otherwise may come to the Board except as limited by the Bank’s Articles of Incorporation or By-Laws or by applicable law or regulation on decisions on any matter related to mergers and acquisitions of the Bank, to issuance of debts instruments and of share capital of the Bank. It is also authorized to act immediately in order to protect the Bank or its important interests from loss or damage and these acts and decisions shall be reported and ratified at the next board meeting. In 2025, ExCom had a total of 95 meetings. As meetings are numerous, summation of attendance per Director per month is as follows:

Executive Committee Members	Meetings Attended per Director over Meetings Held per Month												Percentage of Attendance for 2025
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Cheng-Hsin Wang	3/3	11/11	7/7	13/13	5/5	5/5	5/5	4/4	6/6	12/12	13/13	11/11	100%
William B. Go	3/3	11/11	7/7	13/13	4/5	5/5	2/5	4/4	6/6	12/12	13/13	11/11	96%
Eriberto Luis S. Elizaga	3/3	11/11	7/7	13/13	5/5	5/5	5/5	4/4	6/6	12/12	13/13	11/11	100%
Jen-Wen Liao	3/3	11/11	7/7	13/13	5/5	5/5	4/5	2/4	6/6	9/12	13/13	1/11	83%
Ya-Ling Chiu	Not Applicable											10/10	100%

*Ms. Ya-Ling Chiu voluntarily resigned as Director and Member of Executive Committee and Trust Committee effective May 20, 2026.

- The Nomination, Remuneration and Governance Committee is headed by Independent Director Stephen D. Sy as Chairman, with Cheng-Hsin Wang, William B. Go, Armando B. Escobar, and Luis Y. Benitez, Jr. as Members. The NRGCC which also functions as the Bank’s “Committee on Corporate Governance” and “Compensation and Remuneration Committee”, oversees the nomination process for members of the board of directors and or positions appointed by the Board of Directors, continuing education program for the board of directors, performance evaluation process and the design and operation of the remuneration and other incentives policy. The NRGCC attendance records in 2025 were logged as follows:

Nomination, Remuneration and Governance Committee	Date of Meetings							Percent age of Attendance for 2025
	14-Feb	6-Mar	5-May	26-Jun	20-Aug	29-Oct	12-Dec	
Stephen D. Sy	√	√	√	√	√	√	√	100%
Cheng-Hsin Wang	√	√	√	√	√	√	√	100%
William B. Go	√	√	√	√	√	√	X	86%
Alexander A. Patricio*	√	√	√	√	Not Applicable			100%
Armando B. Escobar**	Not Applicable						√	100%
Luis Y. Benitez, Jr.	√	√	√	√	√	√	√	100%

*Alexander Patricio resigned as Independent Director and as Chairman of Risk Management Committee and Member of various committees effective July 15, 2025.

**Appointed during October 29, 2025 Regular Board Meeting.

- The Audit Committee is headed by Independent Director Luis Y. Benitez, Jr. as Chairman, with Armando B. Escobar and Jen-Wen Liao*** as Members. The members of the Audit Committee shall have adequate understanding or competence at most of the Bank's operations, financial management systems and environment and preferably with accounting, auditing or related financial management expertise and experience. The Audit Committee is responsible for overseeing senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiencies and effectiveness of operations and safeguarding of assets. Duties and responsibilities of the committee are as follows: (a) Oversee the financial reporting framework; (b) Monitor and evaluate the adequacy and effectiveness of the internal control system; (c) Oversee the internal and external audit functions; (d) Oversee the compliance function; (e) Oversee the implementation of corrective actions on significant findings and recommendations made by internal and external auditors and regulatory bodies; (f) Investigate significant issues/concerns raised and (g) Establish whistleblowing mechanism. The AC attendance records in 2025 were logged as follows:

Audit Committee Members	Date of Meetings						Percent age of Attendance for 2025
	6-Mar	5-May	26-Jun	20-Aug	29-Oct	12-Dec	
Luis Y. Benitez, Jr.	√	√	√	√	√	√	100%
Alexander A. Patricio*	√	√	√	Not Applicable			100%
Armando B. Escobar**	Not Applicable					√	100%
Ya-Ling Chiu	√	√	√	√	√	√	100%

*Alexander Patricio resigned as Independent Director and as Chairman of Risk Management Committee and Member of various committees effective July 15, 2025.

**Appointed during October 29, 2025 Regular Board Meeting.

***Jen-Wen Liao assumed membership in the Audit Committee as replacement of Ya-Ling Chiu as approved by the Board during its meeting held on December 12, 2025.

- The Risk Management Committee is headed by Armando B. Escobar as Chairman, with Director Jen-wen Liao***, and Independent Directors Stephen Sy and Luis Y. Benitez, Jr., as Members. Responsible for the development and oversight of the Bank's Risk Management Program, the Risk

Management Committee oversees the system of limits to discretionary authority that the Board delegates to management. It is tasked to ensure that the system remains effective, that the limits are observed, and that immediate corrective actions are taken whenever limits are breached. To achieve this, the Committee takes on the critical role of identifying and evaluating the Bank's risk exposures, ensuring that the appropriate risk management strategies and plans are in place and ready to be executed as necessary, and evaluating the risk management plan to ensure its continued relevance, comprehensiveness, and effectiveness. Hand in hand with the Chief Risk Officer which functions under the auspices of the Committee, it performs oversight functions in managing credit, market, liquidity, operational risks, IT Steering Committee, and Information Security Office. The RMC attendance records in 2025 were logged as follows:

Risk Management Committee Members	Date of Meetings						Percentage of Attendance for 2025
	6-Mar	5-May	27-Jun	20-Aug	29-Oct	12-Dec	
Alexander A. Patricio*	√	√	√	Not Applicable			100%
Armando B. Escobar**	Not Applicable					√	100%
Stephen D. Sy	√	√	√	√	√	√	100%
Luis Y. Benitez, Jr.	√	√	√	√	√	√	100%
Ya-Ling Chiu	√	√	√	√	√	√	100%

*Alexander Patricio resigned as Independent Director and as Chairman of Risk Management Committee and Member of various committees effective July 15, 2025.

**Appointed during October 29, 2025 Regular Board Meeting.

***Jen-Wen Liao assumed membership in the Risk Management Committee as replacement of Ya-Ling Chiu as approved by the Board during its meeting held on December 12, 2025.

- The Trust Committee is headed by Cheng-Hsin Wang as Chairman, with William B. Go, Eriberto Luis S. Elizaga, Ya-Ling Chiu* and the Trust Officer as Members. It is a special committee which reports directly to the Board of Directors and is primarily responsible for overseeing the fiduciary activities of the Bank in discharging its function. The committee: (1) ensures that fiduciary activities are conducted in accordance with applicable laws, rules and regulations and prudent practices; (2) ensures that policies and procedures that translate the Board's objectives and risk tolerance into prudent operating standards are in place and continue to be relevant, comprehensive and effective; (3) oversees the implementation of the risk management framework and ensures that internal controls are in place relative to fiduciary activities; (4) adopts an appropriate organizational structure/staffing pattern and operating budget that shall enable the Trust Department to effectively carry out its functions; (5) oversees and evaluates the performance of the Trust Officer; (6) conducts regular meetings at least once every quarter or more frequently as necessary, depending on the size and complexity of the fiduciary business; and (7) report regularly to the Board of Directors on matters arising from fiduciary activities. The Trust Committee attendance records in 2025 were logged as follows:

Trust Committee Members	Date of Meetings						Percentage of Attendance for 2025
	6-Mar	5-May	26-Jun	20-Aug	29-Oct	12-Dec	
Cheng-Hsin Wang	√	√	√	√	√	√	100%
William B. Go	√	√	√	√	√	√	100%
Jen-Wen Liao	√	√	√	√	√	√	100%
Eriberto Luis S. Elizaga	√	√	√	√	√	√	100%
Gallardo Jesus A. Lopez III (Trust Officer)	√	√	√	√	√	√	100%

*Ms. Ya-Ling Chiu assumed membership in the Trust Committee as replacement of Jen-Wen Liao as approved by the Board during its meeting held on December 12, 2025.

- The Related Party Transactions Committee (RPT Committee) is headed by Independent Director Stephen D. Sy as Chairman, with William B. Go and Armand B. Escobar as Members. The RPT Committee is a Board-level committee that ensures that transactions or dealings with related parties of the Bank, including Trust and Investment Services Department, are continuously identified and monitored and determines whether or not the transaction is on terms no less favorable to the Bank than terms available to any unconnected third party under the same or similar circumstances. It evaluates existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, monitored, and transactions thereof are evaluated. Disclosures are timely elevated to the RPT Committee for discussion. Disclosures are appropriately submitted to the regulator/s. It is also here that the status of exposures to all related parties is preliminarily discussed and deliberated upon prior to reporting to the Board. The RPT Committee attendance records in 2025 were logged as follows:

Related Party Transactions Committee Members	Date of Meeting	Percentage of Attendance for 2025
	12-Dec	
Stephen D. Sy	√	100%
William B. Go	√	100%
Armando B. Escobar	√	100%

Board Meetings. In 2025, the Board had six (6) regular meetings, in addition to the annual stockholders' meeting and organizational meeting. Attendance record to Board Meetings in 2025 are summarized below:

Name of Directors	Dates of Meetings								
	06 Mar 2025	07 Apr 2025	05 May 2025	26 June 2025		27 June 2025	20 Aug 2025	29 Oct 2025	12 Dec 2025
	(Regular Meeting)	(Special Meeting)	(Regular Meeting)	(Annual Stockholders' Meeting)	(Organizational Meeting)	(Regular Meeting)	(Regular Meeting)	(Regular Meeting)	(Regular Meeting)
Cheng-Hsin Wang	✓	✓	✓	✓	✓	✓	✓	✓	✓
William B. Go	✓	✓	✓	✓	✓	✓	✓	✓	✓
Eriberto Luis S. Elizaga	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jen-Wen Liao	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ya-Ling Chiu	✓	✓	✓	✓	✓	✓	✓	✓	✓
Alexander A. Patricio	✓	✓	✓	✓	✓	✓	Not Applicable		
Stephen D. Sy	✓	✓	✓	✓	✓	✓	✓	✓	✓
Luis Y. Benitez, Jr.	✓	✓	✓	✓	✓	✓	✓	✓	✓
Armando B. Escobar	Not Applicable							✓	✓

Alexander A. Patricio voluntarily resigned as Independent Director and as Chairman and Member of various committee on 15 July 2025

Armando B. Escobar joined the Board meeting only after the approval of his election/appointment on 29 Oct 2025.

The Bank is generally in compliance with leading practices on good corporate governance. Taking into account global best practices, the Bank constantly updates its tools for monitoring the performance of the Board and individual Board members, and the process by which it determines whether a director conducts fair business transactions, devotes necessary time and attention to discharge his duties, acts judiciously, exercises independent judgment, has working legal knowledge affecting the Bank, observes confidentiality and ensures soundness, effectiveness and adequacy of the Bank's risk management system and control environment.

The Bank has neither knowledge of any instance of non-compliance with its Manual of Corporate Governance by the Board of Directors or its members, nor by the Bank's officers or employees.

The Bank is committed to ensuring that the corporate governance framework supports the equitable treatment of all shareholders, including minority shareholders. All shareholders are entitled to have the opportunity to obtain effective redress for any violation of their rights.

CORPORATE GOVERNANCE SCORECARD/SELF-ASSESSMENT GOVERNANCE SELF-RATING SYSTEM / PERFORMANCE EVALUATION

The Board, using such resources or methods as it determines, is responsible to annually assess the effectiveness of the Board, Board Committees and each Director's contribution. The purpose of the evaluation process is to increase the overall effectiveness of the Board, not to target individual Board members. The Directors participate in the evaluation. Each Director evaluates the performance of the Board as a whole, as an individual director, the Chairman of the Board, the Chief Executive Officer and Board Committees. The assessments are made as derived from the Board of Directors and Directors' Duties and Responsibilities as stated in the Bank's Corporate Governance Manual and in the respective Committee Charters, as well as best practices standards. The results of the evaluation are used constructively by the Nomination, Remuneration and Governance Committee to

discuss improvements with the Board and to provide developmental feedback to individual Directors.

For 2025, performance evaluation was conducted in December of the same year under the supervision of the Chief Compliance Officer.

ANNEX “D”

MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

FY 2025 Compared to FY 2024

The Bank closed the year with total assets of PhP91.2 billion, representing a modest 1.9% year-on-year growth or PhP1.7 billion. The asset mix shifted towards marketable securities, with a combined increase of PhP6.7 billion across Financial Assets at Fair Value through Profit or Loss - PhP2.0 billion, Financial Assets at Fair Value through Other Comprehensive Income - PhP3.1 billion, and Investment Securities at Amortized Cost - PhP1.5 billion. Conversely, Loans and Receivables declined to PhP52.6 billion, down 4.9% year-on-year, primarily due to maturities in corporate loans. Interbank Loans Receivable was fully settled, decreasing by PhP875.0 million, while placements with Bangko Sentral ng Pilipinas (BSP) dropped to PhP2.5 billion from PhP4.3 billion, as excess liquidity was redirected to securities. Cash and Other Cash Items and Due from Other Banks increased by PhP86.6 million and PhP314.7 million, respectively.

Overall liabilities remained stable, though deposits grew by 5.8%, rising from PhP51.5 billion to PhP54.5 billion. This growth was driven by a migration from Time Deposits, which fell by PhP7.5 billion, to Demand Deposits PhP9.1 billion increase, and Savings Deposits PhP1.4 billion increase. Bills Payable decreased by PhP1.5 billion or 7.2%, reflecting the Bank's reliance on deposits and capital infusion as primary funding sources. Financial Liabilities at FVPL also declined by PhP31.8 million, ending at PhP121.5 million.

The Board of Directors approved the issuance of 51,692,798 unissued common shares to the Parent Bank at a subscription price of PhP30.479 per share, alongside an amendment to the Articles of Incorporation to increase authorized capital stock from PhP4.0 billion to PhP4.5 billion. As a result, Common Stock and Additional Paid-in Capital rose by PhP516.9 million and PhP1.1 billion, respectively.

Net Income registered a significant improvement, rising to PhP169.9 million, a 448% increase year-on-year from PhP31 million. Net Interest Income reached PhP3.6 billion, up PhP264.7 million, supported by higher yields on investment securities and FVPL assets, with an increase of PhP212.9 million and PhP61.5 million, respectively. Interbank loans receivable and Deposits with BSP and other banks jumped by PhP20.6 million and PhP26.8 million or 246.7% and 105.4%, coming from PhP8.4 million and PhP25.4 million, respectively. Interest Expense relating to deposits also rose to PhP1.6 billion from PhP1.4 billion. Meanwhile, Interest Expense on Lease Liabilities dropped by PhP2.5 million year on year. On the other hand, Operating expenses, which include Provision for Impairment Losses went up by 8.8%, which was considered as a decent increase for business operations. The huge increase in operating expenses came from Amortization of computer software cost and Occupancy and other equipment-related costs, specifically Repairs & Maintenance of IT also related software and equipment. Amortization of computer software cost increased significantly by PhP28.5 million due to new systems and enhancement. Total Occupancy and other equipment-related costs went up by 25.2% or PhP55.7 million, of which the PhP40.5 million came from IT related maintenance. The increase in Taxes and Licenses from PhP393.4 million to PhP451.1 million mostly came from

Documentary Stamps Tax (DST), which increased by PhP38.7 million due to increased placements in high-cost deposits.

The bank's performance translated to a Return on Equity (ROE) of 1.5% and Return on Assets (ROA) of 0.2%. Non-Performing Loans (NPL) ratio – gross improved at 3.3%, from last year's 3.6% while the NPL coverage – gross went down from 110.5% last year to 109.2% at year end. Meanwhile, the additional capital received resulted to a huge climb in the Bank's capital adequacy ratio (CAR), which stood at 16.1% as of December 31, 2025, significantly higher than the 13.6% CAR in previous year.

FY 2024 Compared to FY 2023

The Bank exhibited strong financial position, ending with PhP89.5 billion total assets, highest since the bank's inception, with additional PhP12.5 billion or 16% year on year growth. The increase was driven by Loans and Receivables, coming from PhP49.3 billion to PhP55.3 billion, or a 12% growth year on year, which was attributed to both Corporate and Retail accounts. Placements in short-term funds or high-quality liquid assets also increased, Due from BSP, Due from Other Banks and Interbank Loans Receivables grew by PhP844 million, PhP1.1 billion and PhP803 million, respectively. On the funding side, Bills Payable jumped to PhP21.3 billion from PhP13.5 billion last year. Bankwide deposits also rose by 5%, from PhP49.2 billion to PhP51.5 billion, coming mostly from demand deposit accounts. Overall Investment Securities - Financial Assets at Fair Value through Profit or Loss (FVTPL), Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) and Investment Securities at Amortized Cost (AC), went up by 16% or PhP3.2 billion, inclusive of PhP1.5 billion increase coming from AC, while FVTPL and FVOCI also contributed to the increase with PhP632 million and PhP978 million, respectively. Financial Liabilities at Fair Value through Profit or Loss increased more than double year on year, from PhP66 million to PhP153 million.

The account movements mentioned above generated Net Interest Income of PhP3.3 billion, PhP127 million higher compared last year. The increase in Loans and Receivables translated to a 13% increase in Interest Income, or PhP548 million year on year. Similarly, Interest Income on Investment Securities, Due from BSP and Other Banks, and FVTPL went up from PhP689 million, PhP20 million and PhP42 million to PhP929 million, PhP25 million and PhP69 million, respectively. Meanwhile, Interest Expense on Deposits and Bills Payable and Other Borrowings, increased significantly, with 12% and 130% increase year on year or PhP147 million and PhP545 million, respectively. On the other hand, Interest Income on Interbank Loans Receivable decreased by 27%, from PhP11 million to PhP8 million. Service Fees and Commission Income generated additional PhP104 million, mostly from syndicated loan accounts. Foreign Exchange gain ended with PhP156 million, from PhP69 million, or 125% increase year on year. Conversely, Trading and Securities gain dropped to PhP8 million, from PhP78 million last year. Bankwide operating expenses without impairment losses increased by PhP268 million, or 10% year on year. Impairment losses were registered at PhP855 million, recovered 11% from previous year's PhP962 million.

In summary, the bank ended with PhP213 million income before taxes and PhP31 million net income after tax. This represented a 197% improvement from PhP10 million net income after tax last year. Non-Performing Loans (NPL) ratio – gross ended at 3.6%, from last year's 2.9%. The NPL coverage – gross went down to 110.5% from 133.3%. Return on Equity (ROE) of 0.29% and Return on Assets (ROA)

of 0.04% were reported as of year end. The Bank's capital adequacy ratio stood at 13.6% as of December 31, 2024.

FY 2023 Compared to FY 2022

The Bank's resources started strong with PhP69.7 billion and ended even stronger with PhP77.0 billion. The growth of PhP7.3 billion were attributed to Loans and Investments in Securities, which improved by PhP3.0 billion and PhP4.2 billion, respectively. Corporate loans grew by PhP2.3 billion while Retail loans improved by PhP1.7 billion. These movements, coupled with increase in market rates, translated to a 50.6% increase or PhP1.4 billion, in the Interest Income from Loans and Receivables. Interest income from Securities also went up by PhP204 million owing to Investment Securities at Amortized Cost. Total Deposits increased by PhP2.8 billion or 6% year on year, with PhP1.1 billion coming from low cost and PhP1.7 billion coming from high cost. Similar to loans and receivables, interest rate hikes contributed to the spike in interest expense, which increased by PhP847 million to PhP1.25 billion coming from last year's PhP400 million. Also due to funding requirements, total Bills Payable increased from PhP8.3 billion to PhP13.5 billion, or 63.3% increase year on year. This resulted to a PhP302 million increase in interest expense from Bills Payable. Interest income from Interbank loans decreased by PhP4 million, relative to the decrease in Interbank loans volume by PhP497 million. Due from BSP and due from other banks increased to PhP3.4 billion and PhP1.1 billion from PhP3.2 billion and PhP875 million, respectively. This translated to additional interest income of PhP2 million. Ultimately, net interest income improved by PhP443 million or 16%. Moreover, Trading and Securities gain – net recovered three-folds from a loss last year of PhP38 million to a gain of PhP78 million. On the other hand, Foreign Exchange gain – net plummeted to PhP69 million from PhP285 million, or a 76% decrease year on year, due to unfavorable market condition.

For the year ended 2023, the bank registered PhP10 million net income after tax, 97% lower year on year, notwithstanding the exceptional loan bookings that generated the highest revenue since inception. Total provision for impairment and credit losses ended at PhP962 million, PhP399 million or 71% higher year on year, and already represented a quarter of the bank's total revenue of PhP3.8 billion. The increased provision is attributed to specific loan accounts, which also resulted to an increase in the Bank's Non-Performing Loans (NPL) ratio – net of 2.2% versus last year's 1.4%. Operating expenses, excluding provision, also increased by PhP292 million, attributable to maintenance and volume-driven expenses.

The bank's performance resulted to a Return on Equity (ROE) of 0.1% and Return on Assets (ROA) of 0.01%. The NPL coverage – net went down from 223.2% last year to 144.2% at year end. The Bank's capital adequacy ratio stood at 15.7% as of December 31, 2023.

Comparison of Interim Periods

The Banks total assets reached PhP91.2 billion as of December 31, 2025, marking a 4% increase from PhP87.8 billion recorded as of September 30, 2025.

Cash and other Cash items rose by 16% or PhP91 million, driven by higher year-end cash requirements. Due from BSP expanded by 23%, supported by increased overnight facility placements maintained with BSP. Moreover, Due from Other banks increased by PhP675 million or 38% as a result of the net movements in the balances

maintained with various local and foreign banks while Interbank Loans Receivable declined by PhP1.2 billion.

Financial Assets at Fair Value Through Profit or Loss (FVTPL) increased by PhP552 million or 21% reflecting a larger trading portfolio, Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) went up by PhP2.1 billion or 25%. Furthermore, Investment Securities at Amortized Cost also went up by PhP108 million during the period, bringing total investment securities to 33% of the bank's asset base.

Net loans and receivables, increased by PhP548 million driven by the growth in corporate loans portfolio.

On the funding side, deposit stood at PhP54.5 billion, up by PhP1.7 billion quarter-on-quarter. This is mainly from the PhP5.7 billion combined increase in demand and savings deposit which was partially offset by the decrease in time deposit of PhP3.9 billion. Financial Liabilities at Fair Value through Profit or Loss (FVTPL) went up by 25% or PhP25 million during the quarter. Bills payable increased by PhP234 million due to additional borrowings to meet the bank's funding requirements. Furthermore, Manager's checks increased by PhP25 million or 59%, attributable to normal operations of the bank. On the other hand, Other liabilities decreased by PhP218 million attributed to lower accounts payable, among others.

For the last quarter of 2025, the Bank posted a Net interest income of PhP975 million. Total interest income increased by PhP29 million driven by Interest income from Investment Securities and Interest income from Deposits with BSP and other which went up by PhP31 million and PhP5 million, respectively. While Interest income from Loans and receivables dipped slightly by PhP7 million.

Total Interest Expense fell by PhP48 million from prior quarter. Interest Expense on Deposit Liabilities decreased by PhP8 million due to decrease in volume of high yielding deposits on a quarter-on-quarter basis. Additionally, interest expense from bills payable and other borrowings also went down by PhP40 million or 15%. Total non-interest income for the quarter declined by PhP111 million, primarily from the PhP47 million decrease from Service fees and commission and PhP27 million decrease from trading and securities activities. In addition, Foreign exchange gain and Miscellaneous income also registered a decrease of PhP18 million and PhP19 million, respectively.

Total Provision for impairment and credit losses was lower by PhP59 million compared to the PhP245 million booked last quarter. Meanwhile, the Bank's operating expense, excluding provision, were effectively managed at PhP847 million, reflecting only a modest increase of 2% or PhP13 million.

Total net interest income rose by 13% or PhP109 million, supported by higher volume and improved yields compared to the last quarter of 2024. This growth was largely driven by the PhP80 million increase in interest income from trading and investment securities, while interest expense on bills payable declined by PhP43 million. Trading and securities activities also registered a gain of PhP32 million, reversing the PhP70 million loss recorded in the same period last year, which lifted total non-interest income by 54% or PhP54 million.

Provision for impairment and credit losses was at PhP186 million, which was 47% lower than the PhP353 million booked during the last quarter of 2024. Although

movements across various expense lines were observed, they collectively resulted in only a modest 12% increase.

Key Financial Indicators

The following ratios are used to assess the performance of the Bank presented on a comparable basis:

	December 31, 2025	December 31, 2024	December 31, 2023
Return on Average Equity (ROE)	1.47%	0.29%	0.10%
Return on Average Assets (ROA)	0.19%	0.04%	0.01%
Cost-to-Income Ratio	72.48%	73.30%	71.0%

	December 31, 2025	December 31, 2024	December 31, 2023
Non-Performing Loan Ratio (NPL) - gross	3.3%	3.6%	2.9%
Non Performing Loan Cover - gross	109.2%	110.5%	133.3%
Capital Adequacy Ratio	16.1%	13.6%	15.7%

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

- Return on Average Equity ---- Net Income divided by average total capital funds for the period indicated
- Return on Average Assets ---- Net Income divided by average total resources for the period indicated
- Cost to income ratio --- Total Operating expenses divided by the sum of net interest income plus other income
- Non-Performing Loan Ratio --- Total non-performing loans divided by gross loan portfolio
- Non-Performing Loan Cover --- Total allowance for probable loan losses divided by total non-performing loans
- Capital Adequacy Ratio --- Total capital divided by risk-weighted assets

**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2025**

Liquidity Ratios

The ratios for the years 2025 and 2024 are as follows:

	2025	2024
Current assets	P31,434,692,836	P33,436,297,883
Current liabilities	60,535,578,297	75,639,296,451
Ratio of current assets to current liabilities	51.9%	44.2%
Net liquid assets ¹	P17,886,215,818	P7,032,328,670
Total deposits	54,494,032,856	51,521,651,730
Ratio of net liquid assets to total deposits	32.8%	13.6%

Solvency Ratio

The ratios for the years 2025 and 2024 are as follows:

	2025	2024
Total liabilities	P78,743,179,003	P78,891,036,969
Total equity	12,496,335,586	10,615,927,798
Ratio of debt to equity	630.1%	743.1%

Assets to Equity Ratio

The ratios for the years 2025 and 2024 are as follows:

	2025	2024
Total assets	P91,239,514,589	P89,506,964,767
Total equity	12,496,335,586	10,615,927,798
Ratio of total assets to equity	730.1%	843.1%

Interest Rate Coverage Ratio

The ratios for the years 2025 and 2024 are as follows:

	2025	2024
Income before interest and taxes	P2,846,721,873	P2,595,614,987
Interest expense	2,568,460,799	2,382,996,715
Interest coverage ratio	110.8%	108.9%

Profitability Ratios

The ratios for the years 2025 and 2024 are as follows:

	2025	2024
Net income	P169,932,727	P31,008,064
Average total equity ²	11,556,131,692	10,776,142,120
Return on average equity	1.5%	0.3%
Net income	P169,932,727	P31,008,064
Average total assets ²	90,373,239,678	79,488,701,503
Return on average assets	0.2%	0.0%
Net interest income	P3,593,503,732	P3,328,816,258
Average interest earning assets ²	81,988,100,510	72,841,540,186
Net interest margin on average earning assets	4.4%	4.6%

^{1/} Net liquid assets consist of cash, due from BSP, due from other banks, interbank loans, securities held for trade and available for sale less derivatives liabilities and interbank borrowings.

^{2/} Average balances were determined using the ending balances of December 31, 2025 and December 31, 2024

Additional Management Discussion and Analysis (for those with variances of more than 5% December 31, 2025 vs. December 31, 2024)

Balance Sheet –

Investment Properties went up by 118.1% or equivalent to PhP119.3 million due to additional booked foreclosed assets. Deferred Tax Assets also increased by PhP189.2 million primarily from Net Operating Loss Carry Over (NOLCO). Conversely, Property and Equipment and Other Assets went down to PhP615.6 million and PhP1.5 billion, coming from PhP709.7 million and PhP1.7 billion, respectively.

Other Liabilities, Outstanding Acceptances and Income Tax Payable dropped by PhP1.6 billion, PhP1.4 million and PhP4.0 million, respectively. Lower Other Liabilities year on year is mainly due to the unsettled securities amounting to PhP2.0 billion last year, partially offset by the outstanding Deposits for future stock subscription amounting to PhP424.5 million. Other liability items such as Accrued Interest, Taxes and Other Expenses and Manager's checks briefly increased by PhP30.6 million and PhP2.0 million. Net Remeasurement Loss on Retirement Liability increased by PhP40.0 million or 16.2%, coming from PhP(247.7) million to PhP(287.7) million. The negative carry for Cumulative Translation Adjustment was eliminated and reflected PhP1.9 million from PhP(20.5) million, and Net Unrealized Loss on Financial Asset at FVOCI dropped by PhP156.5 million, from PhP(477.1) million down to PhP(320.6) million.

Income Statement -

Trading and securities gain – net rocketed to PhP138.5 million from PhP8.4 million, owing to favorable market conditions. Service fees and commission income recorded a year-on-year decline as last year included various one-off income from loan syndication. Miscellaneous – net increased by PhP29.1 million.

Miscellaneous expenses also increased significantly by PhP114.2 million, primarily from higher Management and Other Professional fees, which went up by PhP59.7 million relating to cloud subscription services. Moreover, Provision for Impairment Losses, Depreciation and Amortization, and Compensation and fringe benefits also recorded higher year on year by PhP77.5 million, PhP15.5 million and PhP66.7 million, respectively. Conversely, Security, messengerial, janitorial expenses and other fees decreased by PhP81.1 million or 38.7%.

Additional Management Discussion and Analysis (for those with variances of more than 5% December 31, 2024 vs. December 31, 2023)

Balance Sheet –

Cash and other cash items declined by PhP224 million year on year, from PhP815 million to PhP590 million. Meanwhile, Investment properties increased by 13% or PhP12 million due to additional foreclosed accounts. Deferred Tax assets increased by PhP74 million primarily due to higher loss allowances. Moreover, Other Assets also grew by 70%, or a year on year increase of PhP708 million, attributable to the capitalization of the new global banking platform.

Outstanding Acceptances went down by PhP341 million, relative to the decrease of customers liability under acceptances in loans and receivables line. Managers check and Income Tax Payable also decreased by 11% and 16%, from PhP74 million and PhP21 million to PhP66 million and PhP18 million, respectively. On the other hand, Accrued Interest, Taxes and Other Expenses went up by PhP212 million, caused by the increased Net Retirement Liability. Other Liabilities also doubled, from PhP2.1 billion to PhP4.8 billion. The increase is mainly from higher Accounts Payable, which includes Remittances and Unsettled Securities Payables. Additional losses of PhP6.2 million were incurred for Cumulative Translation Adjustment – due to FX rate movement. Net Unrealized Loss on FVOCI also increased by PhP58.3 million due to interest rate movements. Meanwhile, Net Remeasurement Loss on Retirement Liability increased by PhP92 million due to actuarial adjustments.

Income Statement -

Operating Expenses increased along with the higher transactions of the Bank. Compensation and fringe benefits went up by 15%, from PhP1.2 billion to PhP1.4 billion, the increase is mainly from salaries and wages and other fringe benefits. Hardware Depreciation and Amortization of Software rose to PhP206 million and PhP74 million, coming from PhP178 million and PhP69 million, this is due to various projects and systems capitalized during the year. Taxes and licenses went up by PhP42 million owing to volume-related taxes - GRT and DST, which went up by PhP28 million and PhP12 million respectively. Security, messengerial, janitorial expenses and other fees slightly moved, from PhP200 million to PhP210 million, mainly from Clerical Expenses which was due to various projects by the Bank. Income taxes went up to PhP182 million from PhP116 million, due to higher taxable income this year.

Additional Management Discussion and Analysis (for those with variances of more than 5% December 31, 2023 vs. December 31, 2022)

Balance Sheet –

Cash and other cash items increased by PhP208 million year on year, from PhP607 million to PhP815 million. Meanwhile, Investment properties decreased by 71% or PhP215 million mainly due to the transfer of several foreclosed accounts to Philippine Veterans Bank (“Trustee”). These accounts are now classified under Other Assets in the financial statements, and as a result, other assets line increased from PhP907 million to PhP1.0 billion at year end. Deferred Tax assets increased by PhP113 million primarily due to higher loss allowances. On the other hand, Property and Equipment went down by PhP65 million due to lower Right of Use assets.

Outstanding Acceptances went up by PhP129 million, relative to the increase of customers liability under acceptances in loans and receivables line. Managers check also increased from PhP50 million to PhP74 million. Similarly, accrued interest, taxes and other expenses spiked by 17.7%, from 712 million to 838 million. The movement is mostly from interest payable and retirement liability, which went up by PhP114 million and PhP39 million respectively. Financial liabilities at FVTPL and Income Tax payable decreased to PhP66 million and PhP21 million, from PhP130 million and PhP23 million, respectively. Moreover, Accounts Payable - Remittance dropped by PhP721 million year on year, major reason for the decrease of Other Liabilities by 36% or PhP1.2 billion. Net Unrealized Loss on Financial Assets at FVOCI improved by PhP240 million, from PhP659 million loss to PhP419 million loss at year end. On

the contrary, the Net Remeasurement Loss on Retirement Liability went up to PhP156 million loss from PhP106 million loss.

Income Statement -

Service fees and commission increased by PhP21 million or 8.4%, while Miscellaneous income dropped to PhP131 million from PhP180 million last year due to lower fair value gains on foreclosed assets and recovery from written off loans. Interest expense on lease liabilities declined by PhP2 million.

Various operating expense lines increased year on year. Taxes and licenses went up by PhP45 million owing to volume related taxes, GRT and DST went up by PhP34 million and PhP17 million respectively. Security, messengerial and janitorial expenses, as well as Occupancy and other equipment-related costs jumped by PhP48 million and PhP54 million, respectively. Depreciation and Amortization of computer software costs are relatively flat, due to its normal course, with only PhP9 million and PhP4 million increase, or 5.5% and 6.4%, respectively. Management & other professional fees, Postage and cable, and Banking and supervision fees increased by PhP23 million, PhP10 million and PhP8 million, respectively. These movements resulted to the increase of Miscellaneous expense line, from PhP314 million last year to PhP400 million this year, or 27% increase year on year. Income taxes decreased from PhP168 million to PhP116 million due to lower taxable income this year.

3. Plan of Operations

The Bank aims to continuously add value to its stakeholders by constantly growing its resources to address the growing demand for sophisticated and technology-driven financial products. The Bank aims to achieve better efficiency by expanding its digital footprints across various products and different areas of operations. The Bank has further strengthened its risk management in the areas of cyber security and asset quality. The Bank intends to improve market position and profitability by continuous expansion of its retail and corporate loan portfolio. Institutional Banking Group (IBG) aims to grow both the top tier, middle market, and SME segment while Treasury Group will continue to focus on the expansion of client-based revenue both in the corporate and retail market. In addition, Retail Banking Group will continue to expand its Personal Loan and Mortgage Loan business by maximizing its channels and improving its geographic reach. Furthermore, the Bank is currently working on the development and formation of its credit card business which is targeted to be launched in 2027.

ANNEX “E”

STATEMENT OF MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS



CTBC BANK

中國信託銀行

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

The management of **CTBC BANK (PHILIPPINES) CORP.** (the Bank) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

R.G. Manabat & Co., the independent auditor, appointed by the stockholders, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

CHENG-HSIN WANG
Chairman

ERIBERTO LUIS S. ELIZAGA
President and Chief Executive Officer

ANDREW A. FALCON
Senior Vice-President
Chief Financial Officer

Signed this March 5, 2026

MAR 05 2026

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2026
affiants exhibiting to me their Government Issued I.D., as follows:


<u>NAMES</u>	<u>GOVERNMENT ISSUED I.D. / TIN</u>	<u>DATE/PLACE OF ISSUE</u>
CHENG-HSIN WANG		
ERIBERTO LUIS S. ELIZAGA		
ANDREW A. FALCON		

Doc. No. 277 ;

Page No. 57 ;

Book No. XVII ;

Series of 2026.


ATTY. MARY ANGELINE S. TOL
NOTARY PUBLIC FOR TAGUIG CITY
UNTIL DECEMBER 31, 2026
APP. NO. 86 (2024-2026) / ROLL NO. 51630
PTR NO. A-6771471 / 01-05-26 / TAGUIG CITY
IBP SI Number INV 570720 / 12-23-25
MCLE COMPLIANCE NO. VIII0000589 / 04-14-28
22F Fort Legend Tower, 31st St. cor. 3rd Ave.,
BGC, Taguig City

ANNEX “F”

**AUDITED FINANCIAL STATEMENTS OF
THE BANK
AS OF 31 DECEMBER 2025**

Ana Alcantara

From: eafs@bir.gov.ph
Sent: Friday, April 10, 2026 2:02 PM
To: Accounting - Tax FCDO
Cc: Accounting - Tax FCDO
Subject: Your BIR AFS eSubmission uploads were received

“EXTERNAL EMAIL:

STOP! Do not click links, open attachments and/or replying unless you confirm the sender and the content

Hi CTBC BANK (PHILIPPINES) CORP.,

Valid files

- EAFS004665166TCRTY122025-01.pdf
- EAFS004665166ITRTY122025.pdf
- EAFS004665166TCRTY122025-03.pdf
- EAFS004665166OTHTY122025.pdf
- EAFS004665166TCRTY122025-02.pdf
- EAFS004665166AFSTY122025.pdf

Invalid file

- EAFS004665166RPTY122025.pdf

Warning: Please resubmit the invalid file in the expected PDF format.

Transaction Code: **AFS-0-7LDDAHL00C6C69DFNN4SV2R20Q24WVS42**

Submission Date/Time: **Apr 10, 2026 02:01 PM**

Company TIN: **004-665-166**

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

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;

- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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

CTBC BANK (PHILIPPINES) CORP.

FINANCIAL STATEMENTS
December 31, 2025 and 2024

With Independent Auditors' Repo



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

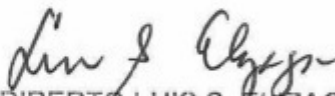
The management of **CTBC Bank (Philippines) Corporation** (the Bank) is responsible for all information and representations contained in the **Annual Income Tax Return** for the year ended December 31, 2025.

Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/ or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, management affirms that the attached audited financial statements as at and for the year ended December 31, 2025, and the accompanying Annual Income Tax Return are in accordance with the books and records of CTBC Bank (Philippines) Corporation, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards (Philippine Financial Reporting Standards) and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling item and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and
- (c) the CTBC Bank (Philippines) Corporation has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signed under oath by the following:


ERIBERTO LUIS S. ELIZAGA
President and Chief Executive Officer


ANDREW A. FALCON
Senior Vice President
Chief Financial Officer & Head, Finance Group

Signed this 30th day of March 2026

R.G. Manaba

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
CTBC Bank (Philippines) Corp.
Fort Legend Towers, Third Avenue corner 31st Street
Bonifacio Global City, Taguig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CTBC Bank (Philippines) Corp. (the Bank), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of income, other comprehensive income (loss), changes in equity and cash flows for each of the three years in the year ended December 31, 2025 and notes, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to audits of the 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.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029 financial statements under BSP Letter No. FSD V1-2025-02-0054g-FSD6L-External

R.G. Manaba

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.

R.G. Manaba

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

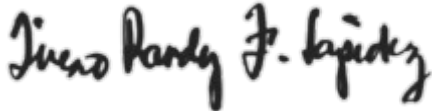
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

R.G. Manaba

Report on the Supplementary Information Required under Section 174 and Appendix 55 of the Manual of Regulations for Banks 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 and Appendix 55 of the Manual of Regulations for Banks in Note 28 and Revenue Regulations 15-2010 in Note 29 to the financial statements is presented for purposes of filing with the Bangko Sentral ng Pilipinas and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Bank. 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.

R.G. MANABAT & CO.



TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. 0092183

BSP Selected EAs of BSFIs-Group A, valid for five (5) years
covering the audit of 2025 to 2029 financial statements

under BSP Letter No. FSD VI-2025-02-0054g-FSD6-L-External

SEC Accreditation No. 92183-SEC, Group A, valid for five (5) years
covering the audit of 2022 to 2026 financial statements

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-034-2023

Issued May 25, 2023; valid until May 25, 2026

PTR No. MKT 10764398

Issued January 5, 2026 at Makati City

March 11, 2026

Makati City, Metro Manila

R.G. Manaba

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

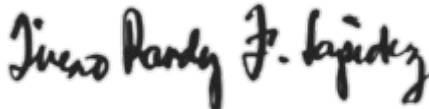
REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE BUREAU OF INTERNAL REVENUE

The Board of Directors and Stockholders
CTBC Bank (Philippines) Corp.
Fort Legend Towers, Third Avenue corner 31st Street
Bonifacio Global City, Taguig City

We have audited the accompanying financial statements of CTBC Bank (Philippines) Corp. (the Bank) as at and for the year ended December 31, 2025, on which we have rendered our report dated March 11, 2026.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the managers, president or principal stockholders of the Bank.

R.G. MANABAT & CO.



TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
BSP Selected EAs of BSFIs-Group A, valid for five (5) years
covering the audit of 2025 to 2029 financial statements
under BSP Letter No. FSD VI-2025-02-0054g-FSD6-L-External
SEC Accreditation No. 92183-SEC, Group A, valid for five (5) years
covering the audit of 2022 to 2026 financial statements
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-034-2023
Issued May 25, 2023; valid until May 25, 2026
PTR No. MKT 10764398
Issued January 5, 2026 at Makati City

March 11, 2026
Makati City, Metro Manila

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024
and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029
financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

R.G. Manaba

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

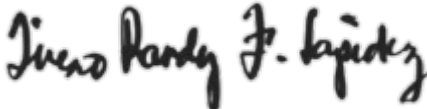
SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

The Board of Directors and Stockholders
CTBC Bank (Philippines) Corp.
Fort Legend Towers, Third Avenue corner 31st Street
Bonifacio Global City, Taguig City

We have audited the accompanying financial statements of CTBC Bank (Philippines) Corp. (the Bank) as at and for the year ended December 31, 2025, on which we have rendered our report dated March 11, 2026.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the Bank has a total number of eighty-two (82) stockholders owning one hundred (100) or more shares each.

R.G. MANABAT & CO.



TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
BSP Selected EAs of BSFIs-Group A, valid for five (5) years
covering the audit of 2025 to 2029 financial statements
under BSP Letter No. FSD VI-2025-02-0054g-FSD6-L-External
SEC Accreditation No. 92183-SEC, Group A, valid for five (5) years
covering the audit of 2022 to 2026 financial statements
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-034-2023
Issued May 25, 2023; valid until May 25, 2026
PTR No. MKT 10764398
Issued January 5, 2026 at Makati City

March 11, 2026
Makati City, Metro Manila

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024
and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029
financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

R.G. Manaba

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders
CTBC Bank (Philippines) Corp.
Fort Legend Towers, Third Avenue corner 31st Street
Bonifacio Global City, Taguig City

We have audited, in accordance with Philippine Standards on Auditing, the accompanying financial statements of CTBC Bank (Philippines) Corp. (the Bank) as at and for the year ended December 31, 2025, on which we have rendered our report dated March 11, 2026.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Bank taken as a whole. The following supplementary information in the Index to the Financial Statements and Supplementary Schedules is the responsibility of the Bank's management:

- Reconciliation of Retained Earnings Available for Dividend Declaration (Part I); and
- Schedules Required by Annex 68-J of the Revised Securities Regulation Code (SRC) Rule 68 (Part II).

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029 financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

R.G. Manaba

This supplementary information is presented for purposes of complying with the Revised SRC Rule 68 and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.



TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. 0092183

BSP Selected EAs of BSFIs-Group A, valid for five (5) years

covering the audit of 2025 to 2029 financial statements

under BSP Letter No. FSD VI-2025-02-0054g-FSD6-L-External

SEC Accreditation No. 92183-SEC, Group A, valid for five (5) years

covering the audit of 2022 to 2026 financial statements

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-034-2023

Issued May 25, 2023; valid until May 25, 2026

PTR No. MKT 10764398

Issued January 5, 2026 at Makati City

March 11, 2026

Makati City, Metro Manila

CTBC BANK (PHILIPPINES) CORP.
STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2025	2024
ASSETS			
Cash and Other Cash Items	5, 6, 17, 27	P676,891,316	P590,275,773
Due from Bangko Sentral ng Pilipinas	5, 6, 17, 27	2,464,263,407	4,270,027,822
Due from Other Banks	5, 6, 17, 27	2,474,396,936	2,159,646,712
Interbank Loans Receivable - net	5, 6	-	874,964,029
Financial Assets at Fair Value through Profit or Loss	5, 6, 7, 17, 26, 27	3,209,318,840	1,170,525,362
Financial Assets at Fair Value through Other Comprehensive Income	5, 6, 17, 27	10,606,284,458	7,469,870,298
Investment Securities at Amortized Cost - net	5, 6, 7	15,925,011,156	14,390,603,911
Loans and Receivables - net	5, 8	52,607,874,460	55,346,593,008
Property and Equipment - net	9, 17	615,593,721	709,736,062
Investment Properties - net	10, 17	220,321,573	101,025,300
Deferred Tax Assets - net	17, 21	890,304,927	701,091,149
Other Assets - net	11	1,549,253,795	1,722,605,341
		P91,239,514,589	P89,506,964,767
LIABILITIES AND EQUITY			
Liabilities			
Deposit liabilities:			
Demand	5, 6	P25,478,274,848	P16,401,004,173
Savings	5, 6	9,511,782,504	8,080,732,931
Time	5, 6	19,503,975,504	27,039,914,626
	5, 6, 17, 27	54,494,032,856	51,521,651,730
Financial Liabilities at Fair Value through Profit or Loss	5, 6, 17, 26, 27	121,518,499	153,315,657
Bills Payable	5, 6, 14, 17, 27	19,757,873,886	21,294,794,018
Outstanding Acceptances	5, 6, 17, 27	3,044,852	4,427,526
Manager's Checks	5, 6, 17, 27	68,337,282	66,297,573
Accrued Interest, Taxes and Other Expenses	15	1,079,911,826	1,049,292,571
Income Tax Payable	17	13,889,321	17,936,941
Other Liabilities	16	3,204,570,481	4,783,320,953
		78,743,179,003	78,891,036,969

Forward

		December 31	
	Note	2025	2024
EQUITY			
Capital Stock	18	P4,000,000,000	P3,483,072,020
Additional Paid-in Capital	18	3,084,927,929	2,030,172,344
Restricted Retained Earnings	18	6,012,929,573	5,842,996,846
Statutory Reserve	18	4,981,159	4,981,159
Cumulative Translation Adjustment		1,874,946	(20,470,292)
Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income	7	(320,641,356)	(477,119,700)
Net Remeasurement Loss on Retirement Liability	19	(287,736,665)	(247,704,579)
		12,496,335,586	10,615,927,798
		P91,239,514,589	P89,506,964,767

See Notes to the Financial Statements.

CTBC BANK (PHILIPPINES) CORP.
STATEMENTS OF INCOME

Years Ended December 31				
	Note	2025	2024	2023
INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST METHOD				
Loans and receivables	8	P4,808,082,019	P4,679,774,075	P4,131,974,719
Investment securities	7	1,141,939,190	928,998,214	688,726,586
Deposits with Bangko Sentral ng Pilipinas and other banks		52,175,613	25,399,667	20,192,930
Interbank loans receivable		28,971,484	8,355,166	11,413,932
INTEREST INCOME ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
	7	130,796,225	69,285,851	41,831,502
		6,161,964,531	5,711,812,973	4,894,139,669
INTEREST EXPENSE				
Deposit liabilities	13	1,568,779,770	1,393,751,204	1,247,081,612
Bills payable and other borrowings	14	976,536,059	963,573,824	418,774,876
Lease liabilities	20	23,144,970	25,671,687	26,600,748
		2,568,460,799	2,382,996,715	1,692,457,236
NET INTEREST INCOME				
Service fees and commission income	22, 24	353,470,765	377,383,092	273,241,705
Foreign exchange gains - net		156,289,134	156,067,468	69,279,302
Trading and securities gains - net	7	138,466,527	8,396,432	78,230,632
Miscellaneous - net	22	158,631,317	129,489,553	130,674,192
TOTAL OPERATING INCOME		4,400,361,475	4,000,152,803	3,753,108,264
Compensation and fringe benefits	19	1,492,633,577	1,425,924,415	1,245,238,734
Impairment losses - net	10, 11, 12, 24	932,807,466	855,338,059	962,140,521
Taxes and licenses	21	451,051,466	393,413,996	351,335,198
Occupancy and other equipment - related costs	20	276,081,946	220,430,653	220,014,697
Depreciation and amortization	9, 10, 24	221,529,885	205,995,703	178,341,603
Security, messengerial, janitorial expenses and other fees	22	128,457,809	209,581,472	200,191,500
Amortization of computer software costs	11, 24	102,310,329	73,858,530	69,210,415
Miscellaneous	22	517,227,923	402,991,703	399,814,205
TOTAL OPERATING EXPENSES		4,122,100,401	3,787,534,531	3,626,286,873
INCOME BEFORE INCOME TAXES				
		278,261,074	212,618,272	126,821,391
INCOME TAXES	21, 24	108,328,347	181,610,208	116,386,537
NET INCOME		P169,932,727	P31,008,064	P10,434,854
BASIC/DILUTED EARNINGS PER SHARE				
	23	P0.47	P0.09	P0.03

See Notes to the Financial Statements.

CTBC BANK (PHILIPPINES) CORP.
STATEMENTS OF OTHER COMPREHENSIVE INCOME (LOSS)

	<i>Note</i>	Years Ended December 31		
		2025	2024	2023
NET INCOME		P169,932,727	P31,008,064	P10,434,854
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Items that may not be reclassified to profit or loss</i>				
Net unrealized gain (loss) on equity financial assets at fair value through other comprehensive income	7	290,000	(450,000)	1,845,000
Net remeasurement losses on retirement liability - net of tax	19	(40,032,086)	(92,041,410)	(49,184,508)
		(39,742,086)	(92,491,410)	(47,339,508)
<i>Items that may be reclassified to profit or loss</i>				
Net unrealized gain (loss) on debt financial assets at fair value through other comprehensive income	7	156,188,344	(57,865,570)	238,636,260
Net movement in cumulative translation adjustments		22,345,238	(6,245,457)	(457,817)
		178,533,582	(64,111,027)	238,178,443
		138,791,496	(156,602,437)	190,838,935
TOTAL COMPREHENSIVE INCOME (LOSS)		P308,724,223	(P125,594,373)	P201,273,789

See Notes to the Financial Statements.

CTBC BANK (PHILIPPINES) CORP.
STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31

Note	Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Restricted Retained Earnings (Note 18)	Statutory Reserve (Note 18)	Cumulative Translation Adjustment	Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income (Note 7)	Net Remeasurement Loss on Retirement Liability (Note 19)	Total
Balance at January 1, 2025	P3,483,072,020	P2,030,172,344	P5,842,996,846	P4,981,159	(P20,470,292)	(P477,119,700)	(P247,704,579)	P10,615,927,798
Net Income	-	-	169,932,727	-	-	-	-	169,932,727
Other Comprehensive Income (Loss)								
<i>Items that may not be reclassified to profit or loss</i>								
Net unrealized gain on equity financial assets at fair value through other comprehensive income	7	-	-	-	-	290,000	-	290,000
Net remeasurement loss on retirement liability - net of tax	19	-	-	-	-	-	(40,032,086)	(40,032,086)
<i>Items that may be reclassified to profit or loss</i>								
Net unrealized gain on debt financial assets at fair value through other comprehensive income	7	-	-	-	-	156,188,344	-	156,188,344
Net movement in cumulative translation adjustments		-	-	-	22,345,238	-	-	22,345,238
Total Other Comprehensive Income (Loss)	-	-	-	-	22,345,238	156,478,344	(40,032,086)	138,791,496
Total Comprehensive Income (Loss)	-	-	169,932,727	-	22,345,238	156,478,344	(40,032,086)	308,724,223
Issuance of Common Stock	18	516,927,980	1,054,739,850	-	-	-	-	1,571,667,830
Restricted Stock Award	18	-	15,735	-	-	-	-	15,735
Balance at December 31, 2025	P4,000,000,000	P3,084,927,929	P6,012,929,573	P4,981,159	P1,874,946	(P320,641,356)	(P287,736,665)	P12,496,335,586

Forward

Years Ended December 31

	Note	Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Restricted Retained Earnings (Note 18)	Statutory Reserve (Note 18)	Cumulative Translation Adjustment	Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income (Note 7)	Net Remeasurement Loss on Retirement Liability (Note 19)	Total
Balance at January 1, 2024		P3,483,072,020	P2,027,481,501	P5,811,988,782	P4,981,159	(P14,224,835)	(P418,804,130)	(P155,663,169)	P10,738,831,328
Net Income		-	-	31,008,064	-	-	-	-	31,008,064
Other Comprehensive Income (Loss)									
<i>Items that may not be reclassified to profit or loss</i>									
Net unrealized loss on equity financial assets at fair value through other comprehensive income	7	-	-	-	-	-	(450,000)	-	(450,000)
Net remeasurement loss on retirement liability - net of tax	19	-	-	-	-	-	-	(92,041,410)	(92,041,410)
<i>Items that may be reclassified to profit or loss</i>									
Net unrealized loss on debt financial assets at fair value through other comprehensive income	7	-	-	-	-	-	(57,865,570)	-	(57,865,570)
Net movement in cumulative translation adjustments		-	-	-	-	(6,245,457)	-	-	(6,245,457)
Total Other Comprehensive Income (Loss)		-	-	-	-	(6,245,457)	(58,315,570)	(92,041,410)	(156,602,437)
Total Comprehensive Income		-	-	31,008,064	-	(6,245,457)	(58,315,570)	(92,041,410)	(125,594,373)
Restricted Stock Award	18	-	2,690,843	-	-	-	-	-	2,690,843
Balance at December 31, 2024		P3,483,072,020	P2,030,172,344	P5,842,996,846	P4,981,159	(P20,470,292)	(P477,119,700)	(P247,704,579)	P10,615,927,798

Forward

Years Ended December 31

	Note	Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Restricted Retained Earnings (Note 18)	Statutory Reserve (Note 18)	Cumulative Translation Adjustment	Net Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income (Note 7)	Net Remeasurement Loss on Retirement Liability (Note 19)	Total
Balance at January 1, 2023		P3,483,072,020	P2,023,691,478	P5,801,553,928	P4,981,159	(P13,767,018)	(P659,285,390)	(P106,478,661)	P10,533,767,516
Net Income		-	-	10,434,854	-	-	-	-	10,434,854
Other Comprehensive Income (Loss)		-	-	-	-	-	-	-	-
<i>Items that may not be reclassified to profit or loss</i>									
Net unrealized gain on equity financial assets at fair value through other comprehensive income	7	-	-	-	-	-	1,845,000	-	1,845,000
Net remeasurement loss on retirement liability - net of tax	19	-	-	-	-	-	-	(49,184,508)	(49,184,508)
<i>Items that may be reclassified to profit or loss</i>									
Net unrealized gain on debt financial assets at fair value through other comprehensive income	7	-	-	-	-	-	238,636,260	-	238,636,260
Net movement in cumulative translation adjustments		-	-	-	-	(457,817)	-	-	(457,817)
Total Other Comprehensive Income (Loss)		-	-	-	-	(457,817)	240,481,260	(49,184,508)	190,838,935
Total Comprehensive Income		-	-	10,434,854	-	(457,817)	240,481,260	(49,184,508)	201,273,789
Restricted Stock Award	18	-	3,790,023	-	-	-	-	-	3,790,023
Balance at December 31, 2023		P3,483,072,020	P2,027,481,501	P5,811,988,782	P4,981,159	(P14,224,835)	(P418,804,130)	(P155,663,169)	P10,738,831,328

See Notes to the Financial Statements.

CTBC BANK (PHILIPPINES) CORP.
STATEMENTS OF CASH FLOWS

Years Ended December 31				
	Note	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income taxes		P278,261,074	P212,618,272	P126,821,391
Adjustments for:				
Impairment losses - net	10, 11, 12, 24	932,807,466	855,338,059	962,140,521
Foreign exchange revaluation losses (gain) on bills payable		493,584,470	377,903,497	(156,138,833)
Depreciation and amortization	9, 10	221,529,885	205,995,703	178,341,603
Amortization of computer software costs	11, 24	102,310,329	73,858,530	69,210,415
Retirement benefit expense	19	63,554,435	44,462,993	36,523,706
Amortization of net discount on financial assets at fair value through other comprehensive income and investment securities at amortized cost		34,709,413	91,078,657	1,353,027,619
Accretion of interest on lease liabilities	20	23,144,970	25,671,687	26,600,748
Marked-to-market losses (gain) on financial assets at fair value through profit or loss		8,872,903	21,093,336	(12,663,088)
Restricted stock award		15,735	2,690,843	3,790,023
Foreign exchange revaluation losses (gain) on interbank loans receivable	12	6,958	7,482	(14,961)
Write-off of computer software	11, 22	-	-	34,492,894
Loss on derecognition of computer software	11	-	-	1,091,328
Dividend income	22	-	(240,000)	(280,000)
Gain on disposal of property and equipment	9, 22	(951,479)	(585,333)	(164,302)
(Gains) loss on disposal of foreclosed assets	10, 11, 22	(5,500,608)	(5,999,127)	2,523,573
Unrealized gain on investment properties	10, 22	(14,188,202)	(4,563,297)	(14,764,746)
Realized gain on sale on financial assets at fair value through other comprehensive income	7	(80,540,563)	(23,809,761)	(26,384,610)
Foreign exchange revaluation (gains) loss on financial assets at fair value through other comprehensive income and investment securities at amortized cost		(146,461,035)	(390,392,858)	71,491,563
		1,911,155,751	1,485,128,683	2,655,644,844
Changes in:				
Financial assets at fair value through profit or loss		(2,047,666,381)	(653,279,181)	(211,344,153)
Loans and receivables		1,706,747,699	(6,969,476,107)	(3,923,806,420)
Other assets		140,078,282	(411,420,085)	49,276,424
Deposit liabilities		2,972,381,126	2,273,310,534	2,803,928,821
Financial liabilities at fair value through profit or loss		(31,797,158)	87,378,944	(64,430,148)
Outstanding acceptances		(1,382,674)	(341,235,092)	128,746,720
Manager's checks		2,039,709	(7,842,274)	24,354,415
Accrued taxes and other expenses		10,127,190	112,583,872	86,852,998
Other liabilities		(1,927,382,618)	2,715,143,757	(1,150,494,338)
		2,734,300,926	(1,709,706,949)	398,729,163
Contribution to the retirement plan	19	(96,438,485)	(68,041,644)	(63,099,308)
Income taxes paid		(288,245,717)	(228,393,104)	(214,808,954)
Net cash provided by (used in) operating activities		2,349,616,724	(2,006,141,697)	120,820,901

Forward

Years Ended December 31

	<i>Note</i>	2025	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Financial assets at fair value through other comprehensive income		(P18,097,745,555)	(P6,541,268,092)	(P13,149,191,282)
Investment securities at amortized cost		(2,411,939,407)	(2,864,864,848)	(14,717,312,110)
Property and equipment		(99,325,124)	(170,475,530)	(77,641,407)
Computer software costs	11	(78,169,724)	(430,041,631)	(31,534,564)
Proceeds from disposals of:				
Financial assets at fair value through other comprehensive income		15,209,172,307	3,121,949,481	9,863,179,638
Foreclosed assets		17,960,183	82,622,155	3,761,518
Property and equipment		7,701,728	2,753,123	4,382,560
Proceeds from maturities of:				
Financial assets at fair value through other comprehensive income		-	2,462,612,725	838,758,551
Investment securities at amortized cost		974,194,386	1,554,731,500	12,060,301,460
Dividends received	22	-	240,000	280,000
Net cash used in investing activities		(4,478,151,206)	(2,781,741,117)	(5,205,015,636)
CASH FLOWS FROM FINANCING ACTIVITIES				
Settlement of bills payable		(1,171,657,983,386)	(384,429,275,901)	(193,435,705,983)
Availments of bills payable		1,169,627,478,784	391,828,987,279	198,833,423,959
Payment of lease liabilities	20	(138,950,819)	(132,986,040)	(126,684,250)
Proceeds from issuance of capital stock	18	1,571,667,830	-	-
Deposits for future stock subscriptions	16, 18	424,455,187	-	-
Net cash (used in) provided by financing activities		(173,332,404)	7,266,725,338	5,271,033,726
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS				
		22,345,238	(6,245,457)	(457,817)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS				
		(2,279,521,648)	2,472,597,067	186,381,174
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
Cash and other cash items	5, 6, 17, 27	590,275,773	814,714,838	607,134,739
Due from Bangko Sentral ng Pilipinas	5, 6, 17, 27	4,270,027,822	3,426,463,360	3,184,802,214
Due from other banks	5, 6, 17, 27	2,159,646,712	1,109,317,042	875,457,113
Interbank loans receivable - gross	5, 6, 17, 27	875,123,000	71,981,000	568,701,000
		7,895,073,307	5,422,476,240	5,236,095,066
CASH AND CASH EQUIVALENTS AT END OF YEAR				
Cash and other cash items	5, 6, 17, 27	676,891,316	590,275,773	814,714,838
Due from Bangko Sentral ng Pilipinas	5, 6, 17, 27	2,464,263,407	4,270,027,822	3,426,463,360
Due from other banks	5, 6, 17, 27	2,474,396,936	2,159,646,712	1,109,317,042
Interbank loans receivable - gross	5, 17, 27	-	875,123,000	71,981,000
		P5,615,551,659	P7,895,073,307	P5,422,476,240
CASH FLOWS FROM INTEREST				
Interest received		P6,237,664,619	P5,647,160,052	P4,812,632,004
Interest paid		(2,655,542,298)	(2,316,046,799)	(1,551,861,132)
		P3,582,122,321	P3,331,113,253	P3,260,770,872

See Notes to the Financial Statements.

CTBC BANK (PHILIPPINES) CORP.
NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

CTBC Bank (Philippines) Corp. (the Bank) is a 99.75%-owned entity of CTBC Bank Co. Ltd., formerly Chinatrust Commercial Bank Ltd. (the Parent Bank), a Taiwan-based commercial bank. The ultimate parent of the Bank is CTBC Financial Holding Co., Limited (formerly Chinatrust Financial Holding Co., Ltd.) which was incorporated in Taiwan. The Bank was incorporated as a domestic commercial bank on September 7, 1995 under the name of Access Banking Corporation and started business operations on September 26, 1995.

It was renamed as Chinatrust (Philippines) Commercial Bank Corporation in January 1996. On October 30, 2013, the Bank changed its corporate name to CTBC Bank (Philippines) Corp.

The Bank was organized to provide 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 Bank is licensed to engage in regular financial derivatives as a means of reducing and managing the Bank's and its customers' foreign exchange exposure.

The Bank's principal place of business is located at Fort Legend Towers, Third Avenue corner 31st Street, Bonifacio Global City, Taguig City.

The Bank's common shares were listed in the Philippines Stock Exchange (PSE) in June 1999. On October 7, 2011, the Board of Directors (BOD) authorized the Bank to file a petition for voluntary delisting with the PSE and to purchase the outstanding shares through a tender offer in accordance with the rules of the PSE and Philippine Securities and Exchange Commission (SEC). On December 15, 2011, the Bank obtained approval for the delisting and share buyback through a special stockholders' meeting as required by the Bank's By-Laws. On December 19, 2011, the Bank received approval of the Monetary Board for the delisting and share buyback. As of January 27, 2012, common shares held by minority stockholders amounting to P12.7 million were tendered to and reacquired by the Bank. On February 8, 2012, the PSE approved the Bank's petition for voluntary delisting. Official delisting of the Bank's shares from the Trading Board became effective on February 24, 2012. As at December 31, 2025 and 2024, the Bank remains as a SEC-registered issuer of securities to the public.

The Bank received its foreign currency deposit unit (FCDU) license and launched its FCDU operations on December 28, 1995. The Bank received its Expanded FCDU license on November 22, 1995. The Bank has authority to engage in trust operations as approved by Monetary Board in its Resolution No. 765 dated July 31, 1996.

2. Basis of Preparation

Basis of Accounting

These financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards as issued by the Philippine Financial and Sustainability Reporting Standards Council. PFRS Accounting Standards are based on IFRS Accounting Standards issued by the International Accounting Standards Board.

Basis of Measurement

These financial statements have been prepared on a historical cost basis except for the following items:

Items	Measurement Bases
Financial assets and liabilities at fair value through profit or loss (FVTPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Net retirement liability	Present value of the defined benefit obligation less fair value of plan assets
Lease liability	Present value of the lease payments not yet paid discounted using the Bank's incremental borrowing rate

These financial statements of the Bank include the accounts maintained in the regular banking unit (RBU) and the FCDU. These financial statements are the combined financial information of these units after eliminating inter-unit accounts.

Functional and Presentation Currency

The functional currency of RBU and FCDU is the Philippine Peso (PHP) and United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated into their equivalents in PHP (see Note 3).

These financial statements of the Bank are presented in PHP. All financial information presented in PHP has been rounded off to the nearest peso, except as otherwise indicated.

Presentation of Financial Statements

The Bank presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery of assets or settlement of liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (noncurrent) is presented in Note 17.

Approval of Issuance of Financial Statements

Under Section 17.2 (a) of the Securities Regulation Code (SRC), issuers of securities that have sold a class of their securities pursuant to a registration under Section 12 of the SRC are required to comply with the reportorial requirements under SRC Rule 20; provided, however, that the obligation of such issuers to file reports shall be suspended for any fiscal year after the year such registration became effective if such issuer, as of the first day of any such fiscal year, has less than 100 holders of such class of securities and it notifies the Commission of such. As at December 31, 2025 and 2024, the Bank has retained 111 shareholders and 110 shareholders, which requires it to comply with the reportorial requirements under SRC Rule 20.

These financial statements were reviewed, approved and authorized for issue by the BOD on March 5, 2026.

3. Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

Adoption of Amendments to a Standard

The Bank has adopted the following amendments to a standard starting January 1, 2025 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Bank's financial statements.

- Lack of Exchangeability (Amendments to Philippine Accounting Standard (PAS) 21, *The Effects of Changes in Foreign Exchange Rates*)

The amendments clarify that a currency is exchangeable into another currency when a company is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, a company needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the company because the currency is not exchangeable.

Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the company uses a presentation currency other than its functional currency.

Foreign Currency Transactions and Translation

Transactions in foreign currencies are initially recorded at the functional rate of exchange at the date of transaction.

Foreign currency-denominated monetary assets and liabilities in the RBU and FCU are translated into their respective functional currencies based on the Bankers Association of the Philippines (BAP) closing rate prevailing as at the reporting date and foreign currency-denominated income and expenses are translated at the BAP weighted average rate prevailing as at the date of transaction. Foreign exchange differences arising from foreign currency transactions and translation of foreign currency-denominated assets and liabilities are credited to or charged against the statement of income in the period in which the rates change.

Foreign currency-denominated non-monetary items that are measured at historical cost are translated using the exchange rate at the transaction date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange differences arising from translation of the FCDO balances to the presentation currency are taken directly to cumulative translation adjustment in the statement of other comprehensive income (loss). Upon disposal of the FCDO or upon actual remittance of FCDO profits to RBU, the deferred cumulative amount recognized in the statement of other comprehensive income (loss) is recognized in the statement of income.

Financial Instruments

Recognition and Initial Measurement

The Bank recognizes a financial asset or a financial liability on the trade date when it becomes a party to the contractual provisions of the financial instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date. Deposits, amounts due to and from BSP and other banks and loans and receivables are recognized when cash is received by the Bank or advanced to the customers.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issuance.

Classification and Measurement

Financial Assets

The Bank classifies its financial assets in the following categories: financial assets at amortized cost, financial assets at FVOCI or financial assets at FVTPL.

Debt Instruments

Financial Assets at Amortized Cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest (SPPI).

Debt financial assets meeting these criteria are measured initially at fair value plus or minus transaction costs. These financial assets are subsequently measured at amortized cost using the effective interest method less any loss allowance. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization is recognized under 'Interest income calculated using the effective interest method' in the statement of income. The losses arising from impairment of financial assets at amortized cost are recognized in 'Impairment losses - net' account in the statement of income.

When such financial assets are sold or disposed of under specific circumstances, the gain or loss is recognized as 'Trading and securities gains - net' in the statement of income.

The Bank's financial assets at amortized cost include cash and other cash items, due from BSP, due from other banks, interbank loans receivable, investment securities at amortized cost, loans and receivables, and returned checks and other cash items and rental deposits included under 'Other assets' account in the statement of financial position.

Financial Assets at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are SPPI.

Debt financial assets meeting these criteria are measured initially at fair value plus or minus transaction costs. These instruments are subsequently measured at fair value with gains and losses due to changes in fair value recognized under 'Net unrealized gain (loss) on financial assets at FVOCI' in the statement of other comprehensive income (loss). Interest earned on these instruments is recognized under 'Interest income calculated using the effective interest method' in the statement of income.

Financial Assets at FVTPL

All other financial assets not measured at amortized cost or at FVOCI are classified as measured at FVTPL.

This category includes held-for-trading (HFT) investments and derivative assets.

a. *HFT Investments*

HFT investments are recorded in the statement of financial position at fair value. Changes in fair value relating to the held-for-trading positions are recognized in 'Trading and securities gains - net' in the statement of income.

Interest earned is recorded under 'Interest income on financial assets at FVTPL' account in the statement of income.

b. *Derivative Assets*

The Bank is counterparty to derivative contracts, such as forwards and cross-currency swaps. These derivatives are entered into as a service to customers, as a means of reducing or managing their respective foreign exchange exposures and for trading purposes. Such derivative financial instruments are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value.

Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting cash flow hedges and hedges in net investment in foreign operation) are taken directly to 'Foreign exchange gains - net' in the statement of income. Derivatives are carried as assets when the fair value is positive.

The method of recognizing fair value gains and losses depends on whether derivatives are held-for-trading or are designated as hedging instruments, and if the latter, the nature of the risks being hedged.

The Bank's derivative transactions include cross-currency swaps and forward contracts.

The Bank may, at initial recognition, irrevocably designate financial assets that are debt instruments as measured at FVTPL, subject to the following requirements:

- The Bank has in place appropriate risk management systems including related risk management policies, procedures, and controls; and
- The Bank applies the fair value option only to instruments for which fair values can be reliably estimated.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Equity Instruments

Financial assets that are equity instruments shall be classified under any of the following categories:

- a. Financial assets measured at FVTPL which shall include financial assets HFT; or
- b. Financial assets at FVOCI which shall consist of:
 - i. Equity instruments that are irrevocably designated at FVOCI at initial recognition that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3, *Business Combinations* applies; or
 - ii. Financial assets mandatorily measured at fair value. These include investments in equity instruments which do not have quoted price in an active market for an identical instrument.

In limited circumstances, PFRS 9, *Financial Instruments* permits an entity to use the cost as an appropriate estimate of the fair value of unquoted equity investments on cases such as:

- When insufficient more recent information is available to measure fair value; or
- When there is a wide range of possible fair value measurements and cost represents the best estimate of fair value in the range.

Dividends earned from equity instruments are recognized in 'Miscellaneous - net' in the statement of income when the Bank's right to receive payment has been established.

Business Model in Managing Financial Assets

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio operation and the operation of those policies in practice. In particular, whether management's strategy focuses in earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reason for such sales and its expectation about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

Sale of financial assets under the business model of held-to-collect is permitted under these circumstances:

- Sales of assets before maturity date is immaterial or infrequent and is due to reasons such as:
 - credit deterioration of obligor/issuer;
 - change of tax treatment;
 - switch of eligible assets that better meet the regulatory compliance objective; or
 - excess assets no longer required for meeting regulatory ratio/limit as a result of material balance sheet change.

Each sale must be pre-approved by the Treasury Group Head and the Chief Financial Officer. In consideration of market movements that may affect sales, pre-approvals must be completed within one business day.

Recurring sales under the business model of held-to-collect-and-sell are permitted as long as any of the following conditions are met:

- sale of securities sold have been held for at least thirty (30) days to realize capital gain or loss. There is no limitation on the number or the contract size of sale;
- approval of the Treasury Group Head has been obtained for the sale of securities that have been held for less than thirty (30) days, unless the sale is due to any of the following, in which case, the holding period requirement is not necessary:
 - credit deterioration of the issuer;
 - liquidity stress;
 - undue market risk; or
- excess assets no longer required for regulatory purposes; and
- other reasons for the approval of sale of securities that have been held for less than thirty (30) days such as to adjust or re-balance the Bank's net risk and value realization per security should be approved by the Treasury Group Head and sale of securities do not exceed five (5) times in a calendar year.

Assessment of Whether Contractual Cash Flows are SPPI

For the purposes of assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money.

Financial Liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or at FVTPL.

Financial liabilities are classified and subsequently measured at amortized cost using the effective interest method, except for financial liabilities measured at FVTPL.

Financial liabilities measured at FVTPL consist of financial liabilities HFT, including derivative liabilities that are not accounted for as hedging instruments.

The Bank may, at initial recognition, irrevocably designate financial liabilities as measured at FVTPL.

The Bank's financial liabilities at amortized cost include deposit liabilities, bills payable, outstanding acceptances, manager's checks, accrued interest and other expenses (except retirement liability, accrued taxes and other nonfinancial accruals) and other liabilities (except withholding taxes payable and provision for liability).

Financial liabilities at FVTPL include derivative liabilities held-for-trading arising from cross-currency swap and forward contracts. Similar to derivative assets, any gains or losses arising from changes in fair values of derivative liabilities are taken directly to 'Foreign exchange gains - net' in the statement of income. Derivatives are carried as liabilities when the fair value is negative.

Reclassification of Financial Assets and Financial Liabilities

Financial assets are reclassified when, and only when, the Bank changes its business model for managing financial assets in accordance with the provisions of PFRS 9. Reclassifications other than due to change in business model are not permitted.

A change in the Bank's business model is expected to be very infrequent and must be determined as a result of external and internal changes that are significant to the Bank's operations and demonstrable to external parties. Hence, such change in business model must be approved by the Bank's management and such fact is properly documented.

A change in the objective of the Bank's business model must be effected before the reclassification date.

The Bank does not effect a reclassification within the period of change in the business model. Any reclassification of financial assets due to change in business model should take effect from the beginning of the next reporting period of the Bank's financial statements; provided, that the change in business model be disclosed in the financial statements in the period of change consistent with PFRS 7, *Financial Instruments: Disclosures* which require among others the disclosure of objectives, policies and processes for managing the risk from financial instruments and any changes to those objectives, policies and procedures.

Financial liabilities are not reclassified.

Impairment of Financial Assets

At each reporting date, the Bank uses the expected credit loss (ECL) model in the assessment of the losses from financial assets such as due from BSP, due from other banks, interbank loans receivable, financial assets at FVOCI - debt securities, investment securities at amortized cost, loans and receivables and off-balance sheet credit commitments and financial guarantees not measured at FVTPL.

ECL is a forward-looking approach in measuring the difference between the cash flows that are due to the Bank in accordance with the contractual terms of a financial instrument and the cash flows that the Bank expects to receive. The Bank considers the past events, the current situation and the forecast of future economic conditions to identify whether the credit risk of financial instruments have been significantly increased since the initial recognition. The ECL model considers losses from initial recognition and at each reporting date.

Three (3) stages of impairment are used for the entire financial asset that serves as an objective basis in determining significant increase in credit risk (SIICR).

The definitions of the stages are as follows:

- Stage 1 - recognition of 12-month ECL when asset is originated or purchased, except for a purchased or originated credit-impaired financial asset;
- Stage 2 - recognition of collective and individual lifetime ECL when credit quality of financial asset deteriorates significantly; and
- Stage 3 - individual lifetime ECL when credit losses are incurred or asset is credit impaired.

Stage 3 classified assets are assessed using the specific impairment methodology for corporate loans.

The Bank uses three variables in computing the ECL:

- Probability of Default (PD) or the likelihood of a customer defaulting;
- Loss Given Default (LGD) which means how much exposure is expected to be lost if customer defaults; and
- Exposure at Default (EAD) or the outstanding amount of obligation at time of default which covers both the principal and the accrued interest.

For purchased or originated credit assets that are credit-impaired at initial recognition, the Bank calculates the credit-adjusted EIR, which is calculated based on the amortized cost of the financial asset instead of its gross carrying amount and incorporates the impact of ECL in estimated future cash flows.

Detailed discussions on the recognition and measurement of ECL in relation to credit risk management practices are disclosed in Note 5.

Modification of Financial Instruments

Financial Assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value plus or minus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in the statement of income as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original EIR of the asset and recognizes the resulting adjustment as a modification gain or loss in the statement of income. For floating-rate financial assets, the original EIR used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as Interest income calculated using the effective interest method in the statement of income.

Financial Liabilities

The Bank derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss. Consideration paid includes nonfinancial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original EIR and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original EIR used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by recomputing the EIR on the instrument.

Derecognition of Financial Instruments

Financial Assets

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of the ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of: (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that had been recognized in OCI is recognized in the statement of income.

Any cumulative gain or loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in the statement of income on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate asset or liability. The Bank enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognized. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Bank retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. An asset or liability is recognized for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial Liabilities

Financial liabilities are removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognized in the statement of income.

Determination of Fair Value

The Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e., the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in the statement of income on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, due from BSP, due from other banks and interbank loans receivable 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.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

Property and Equipment

Depreciable properties which include bank premises, furniture, fixtures and equipment, leasehold rights and improvements, computer and transportation equipment are stated at cost less accumulated depreciation and amortization and accumulated impairment loss, if any. Except for right-of-use assets, the initial costs of property and equipment consist of 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. Such cost includes the cost of replacing part of the equipment when the cost is incurred and if the recognition criteria are met, but excludes repairs and maintenance cost. In situations where it can be clearly demonstrated that the expenditures have 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.

Depreciation and amortization of owned assets is calculated using the straight-line method over the estimated useful lives of the depreciable assets. Leasehold rights and improvements are amortized over the term of the related lease or the estimated useful lives of the leasehold improvements, whichever is shorter.

The estimated useful lives of the owned depreciable assets follows:

	<u>Number of Years</u>
Bank premises (except right-of-use assets)	30
Right-of-use assets	3 - 10
Computer equipment	3
Transportation equipment	5
Furniture, fixtures and equipment	5
Leasehold rights and improvements	3 - 5

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. 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 recognized in the statement of income in the reporting period where the asset is derecognized.

Foreclosed Properties - Investment Properties and Properties under Trustee

Foreclosed properties are measured initially at cost including transaction costs. A foreclosed property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of the asset cannot be measured reliably, in which case the investment property acquired is measured at the carrying amount of asset given up. Foreclosed properties are classified under Investment properties in the statement of financial position unless transferred to a trustee bank. In which case, the foreclosed properties are classified under 'Other assets' account in the statement of financial position. Subsequent to initial recognition, depreciable foreclosed properties are carried at cost less accumulated depreciation and impairment loss, if any.

Expenditures incurred after the foreclosed properties have been put into operations, such as repairs and maintenance costs, are normally charged to operations in the period in which the costs are incurred under 'Occupancy and other equipment-related costs' account in the statement of income.

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

Depreciation is calculated on a straight-line basis over the estimated remaining useful life from the time of acquisition of the foreclosed properties. The estimated useful lives of the Bank's foreclosed properties range from 10 to 40 years. The period and method of depreciation are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of foreclosed properties.

Foreclosed properties are derecognized when they have either been disposed of or when the foreclosed property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of foreclosed properties are recognized in the statement of income in the year of retirement or disposal.

Computer Software Costs

Computer software costs (included under 'Other assets' in the statement of financial position) are costs incurred relative to the development of the Bank's software. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Costs are amortized on a straight-line basis over five (5) to ten (10) years and are included under 'Amortization of computer software costs' account in the statement of income.

Costs associated with maintaining the computer software programs are recognized as expense when incurred under 'Occupancy and other equipment-related costs' account in statement of income.

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

Impairment of Nonfinancial Assets

Property and Equipment, Investment Properties and Computer Software Costs

At each reporting date, the Bank assesses whether there is any indication that its property and equipment, investment properties and computer software costs are impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Bank makes a formal estimate of recoverable amount. Recoverable amount is the higher of a nonfinancial asset's fair value less costs to sell and its value in use and is determined for an individual nonfinancial asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs.

Where the carrying amount of a nonfinancial asset exceeds its recoverable amount, the nonfinancial asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is charged to Impairment losses - net in the statement of income in the year in which it arises. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, any depreciation and amortization expense are adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Financial Guarantee Contracts

In the ordinary course of business, the Bank gives financial guarantees consisting of letters of credit, letters of guarantees and acceptances. Financial guarantees are those issued by the Bank to creditors as allowed under existing rules and regulations whereby it guarantees third party obligations by signing a guarantor in the contract or agreement. Letters of credit are commitments under which, over the duration of the commitment, the Bank is required to provide a loan or credit with pre-specified terms to the customer. The nominal contractual value of financial guarantees is not reflected in the statement of financial position.

Service fees and commission income will be recognized in the statement of income upon booking of the guarantee.

Equity

Capital Stock

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' account in the statement of financial position. Direct costs incurred related to equity issuance such as underwriting, accounting and legal fees, printing costs and taxes are charged to 'Additional paid-in capital' account. If the additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Retained Earnings

Retained earnings represent accumulated earnings of the Bank less dividends declared, if any.

Restricted retained earnings represent the Bank's accumulated retained earnings which are not available for distribution to shareholders as dividends since it is appropriated for minimum capital requirements per BSP Circular No. 854, BASEL III requirements, and Internal Capital Adequacy Assessment Process (ICAAP) requirements per BSP Circular No. 639, *ICAAP and Supervisory Review Process*.

Earnings Per Share (EPS)

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

Diluted EPS is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year adjusted for the effects of any dilutive securities.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must also be met before revenue is recognized.

The following specific recognition criteria must also be met before income and expenses are recognized:

Determining Whether the Bank is Acting as Principal or an Agent

The Bank assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Bank has primary responsibility or providing the services;
- whether the Bank has discretion in establishing prices; and
- whether the Bank has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer.

The Bank concluded that it is acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before income and expenses are recognized:

Within the Scope of PFRS 15, Revenue from Contracts with Customers

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of Income	Nature and Timing of Satisfaction of Performance Obligations	Revenue Recognition under PFRS 15
Lending fees and commission	<p>Fee for every trade-related transaction.</p> <p>This also includes fees charged for providing customers a distinct good or service that are recognized separately from the underlying lending product.</p>	<p><i>Guarantee Fees</i> Revenue is recognized upon execution of the trade finance products (e.g., loan commitments, LCs, import/export bills, etc.).</p> <p><i>Arrangement Fees</i> Revenue is recognized when service (i.e. arrangement) is provided. If there are contract milestones, these arrangement fees are recognized upon completion of such milestones.</p> <p><i>Structuring Fees</i> Revenue is recognized upon rendering of advice or during provision of service.</p> <p>Revenue is recognized over the term of loan syndication.</p>

A contract with customer that results in a recognized financial instrument in the Bank's financial statements may be partially in the scope of PFRS 9 and partially in the scope of PFRS 15. If this is the case, then the Bank first applies PFRS 9 to separate and measure the part of the contract that is in the scope of PFRS 9 and then applies PFRS 15 to the residual.

Lending fees are recorded as part of 'Service fees and commission income' account in the statement of income.

Interest Income

Calculation of Interest Income

The EIR of a financial asset is calculated on initial recognition. In calculating interest income, the EIR is applied to the gross carrying amount of the asset. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the EIR to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted EIR to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

EIR

Interest income and expense are recognized in profit or loss under the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

When calculating the EIR for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted EIR is calculated using estimated future cash flows including ECL. The calculation of the EIR includes transaction costs and fees and points paid or received that are an integral part of the EIR transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortized Cost and Gross Carrying Amount

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization under the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECL allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any ECL allowance.

Presentation

Interest income presented under 'Interest income calculated using the effective interest method' in the statement of income includes interest earned on financial assets at amortized cost and at FVOCI. Interest income on financial assets at FVTPL is presented under 'Interest income on financial assets at FVTPL' in the statement of income.

Service Fees and Commission Income

The Bank earns fee and commission income from the diverse range of services it provides to its customers. Fees arising from negotiating or participating in the negotiation of a transaction for a third party - such as 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, such as corporate finance fees, and loan syndication fees are recognized in the statement of income as the related services are performed. Service charges and penalties relating to loan receivable and deposit transactions are recognized only upon collection or accrued when there is reasonable degree of certainty as to its collectability.

The Bank disaggregates its service fees and commission income arising from contracts with customers into major service lines and into reportable segments (see Note 24).

Foreign Exchange Gains - net

Foreign exchange gains - net consists of gains and losses due to the differences in exchange rate from translating transaction currency to functional currency in the statement of income.

Trading and Securities Gains - net

Trading and securities gains - net include all gains and losses from changes in fair value for financial assets at FVTPL and realized gains or losses on disposals of financial asset at FVTPL, debt financial assets at FVOCI and investment securities at amortized cost.

Other Income

Income from sale of services is recognized upon rendition of the service. Income from sale of properties is recognized when the risks and rewards of ownership of the property are transferred, the amount of revenue can be estimated reliably and the collectability is reasonably assured.

Expense Recognition

Expenses are recognized in the statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in statement of income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or
- immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

Expenses in the statement of income are presented using the nature of expense method.

Income and expenses are presented on a net basis only when permitted by the accounting standards.

Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in PFRS 16, *Leases*.

Bank as Lessee

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The initial amount of the right-of-use asset comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of costs to restore the underlying asset, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. The right-of-use assets are stated at cost less accumulated depreciation and amortization, and accumulated impairment loss, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or the Bank's incremental borrowing rate when the former is not readily determinable.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including payments that may in form contain variability but in substance, are unavoidable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- amounts expected for the exercise price under a purchased option, lease payments under an extension option and penalties for early termination, if the Bank is reasonably certain to exercise or early terminate.

The lease liability is measured at amortized cost under the effective interest method to recognize the interest expense and remeasured to reflect the changes as follows:

- the lease term changes;
- the future lease payment changes to reflect a change in an index or rate; or
- if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured to reflect the above changes, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in statement of income if the carrying amount of the right-of-use has been reduced to zero.

The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Bank presents the right-of-use assets and lease liabilities in the statement of financial position under 'Property and equipment - net' and 'Other liabilities' accounts, respectively.

Short-term Leases and Leases of Low-value Assets

The Bank recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Bank recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Bank has a present or legal constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

Retirement Benefits

The Bank's personnel are covered by a funded noncontributory defined benefit retirement plan.

The Bank's net obligation in respect of the defined benefit plans is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Bank, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in the statement of OCI. The Bank determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Current service cost and other income and expenses related to defined benefit plans are recognized in the statement of income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of income.

The Bank recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Share-based Payment Transactions

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, and the corresponding increase in owners' equity is recognized. The vesting period is estimated based on the ultimate vesting conditions that must be satisfied. The vesting conditions include service conditions and performance conditions, including market conditions. In valuing equity-settled payments, no account is taken of any vesting conditions other than market conditions.

Income Taxes

Income tax comprises current, deferred and final taxes. Income tax is determined in accordance with Philippine tax law. Income tax is recognized in the statement of income, except to the extent that it relates to items recognized directly in equity. Tax on these items is recognized in the statement of other comprehensive income (loss).

Current Income Tax

Current income tax is the expected tax payable on the taxable income for the period, using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date, together with adjustments to tax payable in respect of prior years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

Deferred Tax

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

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

Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient 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 reporting 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 reporting date. These reflect uncertainty related to income taxes, if there is any.

In accordance with Amendments to PAS 12, *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, the Bank should separately present the deferred tax asset and the deferred tax liability arising from right-of-use asset and lease liability, respectively. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes related to the same taxable entity and the same taxation authority.

Final Tax

Final tax is a kind of withholding tax which is prescribed on certain income payments and is not creditable against the income tax due of the payee on other income subject to regular rates of tax for the taxable year. Tax withheld constitutes the full and final payment of the tax due from the payee on the particular income subjected to final withholding tax.

Provisions

A provision is a liability of uncertain timing or amount. It is recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle obligation and a reliable estimate can be made of the amount of the obligation. Where the Bank expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The amount to be recognized as provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. 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. Provisions are reviewed at each reporting date and adjusted to reflect best estimate.

Contingent Liabilities and Contingent Assets

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

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 Bank acts in a fiduciary capacity such as nominee, trustee or agent.

Events after the Financial Reporting Date

Post yearend events that provide additional information about the Bank's financial position at reporting date (adjusting events) are reflected in the financial statements when material. Post yearend events that are not adjusting events are disclosed in the notes to the financial statements when material.

New Standard and Amendments to Standards Issued but Not Yet Adopted

A new standard and amendments to standards are effective for annual periods beginning after January 1, 2025. However, the Bank has not early adopted the following new or amended standards in preparing these financial statements. Except as otherwise indicated, none of these are expected to have a significant impact on the Bank's financial statements.

Effective January 1, 2026

- *Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and PFRS 7).*

The amendments relate to the date of recognition and derecognition, classification of financial assets, contractually linked instruments and non-recourse features, and disclosures on investments in equity instruments.

Date of recognition and derecognition. The amendments clarified that:

- a financial asset or financial liability is recognized on the date on which the entity becomes party to the contractual provisions of the instrument unless the regular way exemption applies;
- a financial asset is derecognized on the date on which the contractual rights to cash flows expire or the asset is transferred; and
- a financial liability is derecognized on the settlement date, which is the date on which the liability is extinguished because the obligation specified in the contract is discharged or cancelled or expires or the liability otherwise qualifies for derecognition.

However, the amendments provide an exception for the derecognition of financial liabilities where an entity may choose to derecognize a financial liability that is settled using an electronic payment system before the settlement date if, and only if, the entity has initiated the payment instruction that resulted in:

- the entity having no practical ability to withdraw, stop or cancel the payment instruction;
- the entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- settlement risk associated with the electronic payment system is insignificant.

Entities may choose to apply the exception on a system-by-system basis.

Classification of Financial Assets. The amendments related to classification of financial assets introduced an additional test to assess whether the SPPI criterion is met for financial assets with contingent features that are not related directly to a change in basic lending risks or costs.

The amendments clarified that when a contingent feature gives rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs, the financial asset has contractual cash flows that are SPPI if, and only if, in all contractually possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

Additional disclosures are required for all financial assets and financial liabilities that have certain contingent features that are not related directly to a change in basic lending risks or costs and are not measured at fair value through profit or loss.

Contractually Linked Instruments and Non-recourse Features. The amendments clarify the key characteristics of contractually linked instruments (CLIs) and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test). For example, it clarifies that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets; that CLIs have non-recourse features, but not all financial assets with non-recourse features are CLIs; and that the underlying pool of instruments of CLIs may include financial assets outside the scope of PFRS 9.

Disclosures on Investments in Equity Instruments. The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in OCI. The entity discloses for each class of investment the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognized during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period. It also discloses any transfers of the cumulative gain or loss within equity during the reporting period related to investments derecognized during that reporting period.

The amendments apply for reporting periods beginning on or after January 1, 2026. Earlier application is permitted. Entities may choose to early-adopt the amendments for the recognition and derecognition of financial assets and financial liabilities separately from the other amendments.

The Bank is still in the process of assessing the impact of the amendments, particularly with respect to the clarification on date of recognition and derecognition, classification of financial assets, contractually linked instruments and non-recourse features and disclosures on investments in equity instruments.

Effective January 1, 2027

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

This standard will replace PAS 1, *Presentation of Financial Statements* and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.

- *A more Structured Income Statement.* PFRS 18 promotes a more structured income statement. It introduces a newly defined 'operating profit or loss' and 'profit or loss before financing and income tax' subtotals, and a requirement for all income and expenses to be classified into three new distinct categories - operating, investing, and financing - based on a company's main business activities. PFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement - either by nature, by function or on a mixed basis. Companies need to choose the presentation method that provides the 'most useful structured summary' of those expenses. New disclosures apply if any operating expenses are presented by function.
- *Management-defined Performance Measures.* PFRS 18 provides a definition for management-defined performance measures (MPMs) and introduces specific disclosure requirements. MPMs are subtotals of income and expenses that are used in public communications outside the financial statements, communicate management's view of an aspect of the financial performance of the entity as a whole and are not a required subtotal or a common income and expense subtotal listed in PFRS 18. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under PFRS Accounting Standards.
- *Greater Disaggregation of Information.* PFRS 18 provides enhanced guidance on how companies group information in the financial statements, including newly defined roles of the primary financial statements and the notes, principles of aggregation and disaggregation based on shared and non-shared characteristics, and specific guidance for labelling and describing items in a way that faithfully represents an item's characteristics.

PFRS 18 also now require goodwill to be presented as a line item in the statement of financial position.

Consequential amendments to PAS 7, *Statement of Cash Flows* requires the use of the operating profit or loss subtotal as the starting point when presenting operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

PFRS 18 also amends PAS 33, *Earnings per Share* to permit companies to disclose additional amounts per share using as numerator a required income and expenses total or subtotal, a common subtotal listed in PFRS 18 or an MPM disclosed by the entity.

PFRS 18 applies for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. It applies retrospectively in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. Specific reconciliations are required to be disclosed. Eligible entities including venture capital organizations, mutual funds and some insurers will be allowed to change their election for measuring investments in associates and joint ventures from equity method to fair value through profit or loss.

The Bank is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Bank's statement of income, the statement of cash flows and the additional disclosures required for MPMs. The Bank is also assessing the impact on how information is grouped in the financial statements, including for items currently labeled as 'other'.

4. Use of Judgments and Estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

Business Model Assessment

Debt securities held are classified based on the Bank's business models for managing the debt securities which are determined and assessed at the portfolio level that reflects how groups of debt securities are managed together to achieve the particular business objectives (e.g. to collect contractual cash flows or to trade to realize fair value changes) of the respective business model.

The Bank's business models for managing debt securities held determine the nature and source of the cash flows resulting from the investments. As such, the assessment of the business models for managing the debt securities is subject to judgment that is not determined by a single factor or activity. Instead, the Bank must consider all relevant evidence that is available at the date of the assessment.

Assessment of Whether Contractual Cash Flows are SPPI

The classification of a financial asset is based on whether, on specified dates, the contractual terms of the financial asset give rise to cash flows are SPPI on the principal amount outstanding. This involves assessment of whether the contractual cash flows that are SPPI are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

As such, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set and the contractual terms that change the timing or amount of the cash flows.

SIICR

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and credit assessment, including forward-looking information.

The Bank's qualitative and quantitative factors modelling in the determination of whether credit risk of a particular exposure is deemed to have increased significantly since initial recognition is disclosed in Note 5.

Determining Functional Currency

PAS 21 requires management to use its judgment to determine the Bank's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the Bank. In making this judgment, the Bank considers the following:

- the currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
- the currency in which funds from financing activities are generated; and
- the currency in which receipts from operating activities are usually retained.

Leases - Bank as Lessee

The Bank leases properties and buildings for the premises it uses for its operations.

In determining whether the Bank is a party to a lease contract as a lessee, the Bank assesses whether all of the three (3) elements below are present:

- The contract has an identified asset;
- The Bank has the right to obtain substantially all of the economic benefits from the use of the identified asset; and
- The Bank has the right to direct the use of the identified asset.

Provisions and Contingencies

The Bank, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations in accordance with its policies on provisions and contingencies. Judgment is exercised by management to distinguish between provisions and contingencies (see Note 28).

Assumptions and Estimation Uncertainties

Information about assumptions and uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are as follows:

Incremental Borrowing Rate

The Bank estimates its discount rate on leases based on incremental borrowing rate. Incremental borrowing rate is the interest rate the Bank would have to pay over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Determining the incremental borrowing rate is a challenge to the Bank considering its limited debt arrangements with other banks. As such, an estimate of appropriate incremental borrowing rate is derived by averaging long-term negotiable certificate of deposit rates issued by peer banks from 12 months prior to the lease commencement date. Such estimate is determined by the Bank on a lease-by-lease basis.

In 2025 and 2024, new lease contracts were individually assessed for the determination of an appropriate incremental borrowing rate.

Impairment Losses on Financial Instruments

The Bank reviews its financial instruments monthly for the assessment of the sufficiency of the loss allowances recorded in the statement of financial position.

In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of qualitative and quantitative factors where different results may result in future changes to the loss allowances.

In addition to specific allowance against individually significant loans and receivables, the Bank also provides a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This collective allowance is done by considering information that is indicative of SIICR on a group or sub-group of financial instruments.

This includes loss allowance on loans and receivables, interbank loans receivable, debt financial assets at FVOCI, investment securities at amortized cost and off-balance sheet commitments and contingencies. As at December 31, 2025 and 2024, the loss allowance on financial instruments amounted to P2.0 billion and P2.4 billion, respectively (see Note 12).

As at December 31, 2025 and 2024, the carrying value of loans and receivables net of loss allowance amounted to P52.6 billion and P55.3 billion (see Note 8), respectively, while the carrying value of interbank loans receivable net of loss allowance amounted to nil and P875 million, respectively (see Notes 5 and 6).

As at December 31, 2025 and 2024, the loss allowance on off-balance sheet commitments and contingencies, investment securities at amortized cost and debt financial assets at FVOCI amounted to P25.4 million and P15.8 million, P17.8 million and P16.5 million, and P11.6 million and P8.4 million, respectively (see Note 12).

Determining Inputs into ECL Measurement Model

In computing the ECL, the Bank uses three (3) variables: (a) PD; (b) LGD; and (c) EAD. The determination of the amounts of the variables involves identifying and documenting key drivers of credit risk and credit losses for each portfolio of financial instruments and using an analysis of historical data to estimate relationships between macro-economic variables and credit risk and credit losses. Identified drivers for credit risk include gross domestic product (GDP) growth, inflation and unemployment rate.

Detailed discussions on the Bank's inputs to the ECL model are disclosed in Note 5.

Determining Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position or disclosed in the notes cannot be derived from active markets, they are determined using a variety of valuation techniques acceptable to the market as alternative valuation approaches that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in estimating fair values. The evaluation includes considerations of liquidity and model inputs such as correlation and volatility.

Moreover, the Bank measures its unquoted equity securities at their carrying amounts since there were no readily available information sufficient to determine their fair values at the measurement date considering that these are not significantly affected by the changes in market conditions and passage of time (see Note 6).

Estimating Useful Lives of Property and Equipment, Investment Properties, Properties under Trustee and Computer Software Costs

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method and the period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment, investment properties, properties under trustee and computer software costs.

The estimated useful lives of property and equipment, investment properties, properties under trustee and computer software costs are disclosed in Note 3.

Recognition of Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses and future tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The recognized and unrecognized deferred tax assets and liabilities are disclosed in Note 21.

Present Value of Defined Benefit Retirement Obligation

The present value of the defined benefit retirement obligation depends on a number of factors and assumptions such as discount rate and salary increase rate. These assumptions are described in Note 19 to the financial statements.

The Bank determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows to settle the retirement obligations. In determining the appropriate discount rate, the Bank considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions. While it is believed that the Bank's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Bank's defined benefit retirement obligation.

The present value of the Bank's defined benefit retirement obligation amounted to P519.2 million and P492.7 million as at December 31, 2025 and 2024, respectively (see Note 19).

The net retirement liability of the Bank amounted to P265.1 million and P244.6 million as at December 31, 2025 and 2024, respectively (see Notes 15 and 19).

Impairment of Nonfinancial Assets

At each reporting date, the Bank assesses whether there is any indication of impairment on property and equipment and investment properties or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Bank makes a formal estimate of the net recoverable amount.

The net recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the net recoverable amount is assessed as part of the cash-generating unit to which it belongs. Value in use is the present value of future cash flows expected to be derived from an asset or cash-generating unit while fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable and willing parties less any costs of disposal. Where the carrying amount of an asset exceeds its net recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

An impairment loss is charged against operations in the period in which it arises.

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

After such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

As at December 31, 2025 and 2024, the loss allowance on nonfinancial assets amounted to P24.5 million and P25.8 million, respectively (see Notes 10 and 11).

5. Financial Risk and Capital Management Objectives and Policies

The Bank is in the business of creating value out of taking risks. The Bank's major risks consist of credit risk, market risk, liquidity risk, interest risk, and operational risk. Other risks monitored include strategic and legal risks.

The major objective of the risk management of the Bank is to control the risk under the scope approved by the BOD by using effective management methods to utilize resource and create maximum economic profit.

Risk Management Structure

The BOD is ultimately responsible for oversight of the Bank's risk management process. It created the Risk Management Committee (RMC), a board-level independent committee with explicit authority and responsibility for managing and monitoring risks.

RMC - Powers, Duties and Functions

The RMC shall be responsible for the development and oversight of the Bank's Risk Management Program. It shall provide general direction and define the risk philosophy of the Bank.

It shall oversee the system of limits to discretionary authority that the Board delegates to management, will ensure that the system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached.

The RMC shall review and approve the Bank's ICAAP. This also includes the review of the Bank's Risk Capital Framework (e.g. credit, market, liquidity and operational risks), including significant inputs and assumptions.

The following principles summarize the Bank's overall approach to risk management:

- The BOD provides the overall direction and supervision of the Bank's risk management;
- The key risks faced by the Bank - both financial and nonfinancial - are managed by appropriate functional levels within the Bank;
- The risk management functions are independent from the businesses and provide check-and-balance for risk taking units;
- Risk management involves managing the balance between risk and reward, to enable the Bank to fulfill its commitment to protect shareholder interest, as well as deliver value to the banking public, and comply with relevant regulations; and
- Risk management process is done via four steps: (1) *Risk Identification* - involves selecting the method for risk identification and describing the characteristics of risks; (2) *Risk Measurement* - refers to the establishing/maintenance of tools or methods to measure risk and identifying the responsible units that will ensure the effectiveness or appropriateness of the risk measurement tools or methods; (3) *Risk monitoring* - pertains to the setting up of assessment frequency, reviewing of risk status, and proposing and implementing of action plans; and (4) *Risk Reporting* - includes clearly defining the reporting mechanism, necessary content and relevant assessment mechanism.

Credit Risk

Credit risk is the risk that one party to a financial transaction will fail to honor an obligation and cause the Bank to incur a financial loss. Credit risk arises primarily from the Bank's corporate and retail loans (customer credit risk) and investment securities (counterparty credit risk).

With respect to customer credit risk for Institutional Banking, the Institutional Credit Management Group (ICMG) is mainly responsible for the following:

- safeguard the quality of the Bank's institutional loan portfolio; and
- provide support services to the lending units of the Bank.

To safeguard the quality of the loan portfolio of the Bank, ICMG performs the following functions:

- conduct pre-approval review of credit proposals of lending units;
- assist in structuring appropriate credit facilities;
- provide policy guidelines to the lending units in order to standardize the credit process;
- coordinate with the lending units on the required post-approval requirements (i.e., Interim Review, Account Planning, etc.) in the management of existing accounts;
- conduct regular meetings to discuss problem accounts;
- review/endorse loan loss provisions for problematic accounts; and
- provide senior management with reports pertaining to the quality of the loan portfolio.

Each credit proposal undergoes an evaluation process in order to determine its acceptability. The evaluation process involves the identification of credit risks after having assessed key factors including, management, appropriateness of credit facilities, terms and conditions, financial performance and condition, collateral and others.

The credit risk identification framework also consists of an internal risk rating system for corporate accounts that has a blend of both quantitative and qualitative factors. The Obligor Risk Rating (ORR) will be generated to indicate the creditworthiness based on PD.

If deterioration in credit is identified, Institutional Banking Group (IBG) has the responsibility to include it in any of the Early Warning (EW) buckets.

These accounts will require more frequent reviews and monitoring on their financial performance, credit profit, and repayment status.

On the Retail Banking side, the Retail Credit Management Group (RCMG) is responsible in managing retail credit risk that mainly arises from granting of loans for the personal consumption of the individual borrowers, thru the following:

- safeguard the quality of the Bank's retail loan portfolio; and
- provide support services to the retail lending units of the Bank.

To safeguard the quality of the loan portfolio of the Bank, RCMG performs the following functions:

- evaluates accounts turned-in under public loans, salary loans for employees of accredited corporate entities and housing or mortgage loans unsecured loans and mortgage loan from retail lending units;
- performs required credit investigation of loan applicants and appraisal of collaterals;
- provide policy guidelines to the lending units in order to standardize the credit process;
- conducts portfolio review and reports status of the portfolio in coordination with Retail Banking Group (RBG) thru regular meetings;
- performs post-approval review of loan applications for process quality assurance;
- review/endorse loan loss provisions for retail lending portfolio;
- manages and monitors the scorecard models and ECL model; and
- provide senior management with reports pertaining to the quality of the loan portfolio.

For retail loans, risk is firstly assessed and managed by the design of product or testing programs. For public personal loans, the risk assessment is accomplished through the use of Application and Behavioral credit scorecards. For corporate personal loans and mortgage/housing loans, the risk assessment is performed through the implementation of risk caps (program and deviation) and execution of a risk criteria review process (rule-based criterion or eligibility criteria).

The Bank's internal risk rating for its retail accounts, referred to as Customer Risk Rating (CRR), ranges from CRR 1 to 20, with CRR 1 being the lowest credit risk.

In line with this approach, risk identification is performed through the following process workflow stages:

Process	Unsecured Personal Loan	Housing/ Mortgage Loan
Pre-screening	Applicable	Applicable
Duplicate check	Applicable	Applicable
Policy check	Applicable	Applicable
Credit risk scoring/rating	Applicable; For public personal loans only	Not applicable
Credit verification	Applicable	Applicable
Appraisal	Not applicable	Applicable
Deviation review	Applicable	Applicable
Approval/reject	Applicable	Applicable

In the execution of the above processes, functional segregation of processor, evaluator and approver responsibilities are observed. Approving authorities are granted based on qualification, competence and capacity. The approving authority hierarchy follows retail core credit policy such that credit delegation is defined by credit officer and senior credit officer levels, by amounts and by risk level in evaluation and approval of its loan applications by product.

In addition, the RCMG also handles retail loan portfolio performance reviews and reporting through preparation of monthly asset quality reports, loan portfolio analyses and scorecard performance monitoring reports. Included in these periodic reports are through-the-door analysis, delinquency performance review, industry performance review, risk classification review, scorecard measurement benchmarks review as well as tracking of risk caps.

These functions enable the RCMG in the crafting of new and enhanced credit policies and processes that mitigate possible losses due to retail credit risk.

In 2025, the Bank has implemented the following:

- Revision of the Debt Burden Ratio Policy to update customer repayment calculations by incorporating statutory deductions and other essential expenses, thereby providing a more accurate reflection of the borrower's actual disposable income. This is indicated in the RBG Product Guidelines.
- Further Reduction of the Debt Burden Ratio for identified high-risk industries, collectively enhancing portfolio composition and improving overall industry performance.
- Launch of the new Application Scorecard, designed to enhance customer risk identification and classification for improved decision.

To assess the retail loans ECL model, the Bank carried out sensitivity analysis of key economic variables used in forward-looking measurement. The table below shows the sensitivity of the Bank's ECL to possible changes in key economic indicators.

	Economic Indicators Appreciates by	Effect on ECL	%	Economic Indicators Depreciates by	Effect on ECL	%
2025	10%	(P72,976,714)	(9.71%)	(10%)	P274,858,519	36.55%
2024	10%	(44,620,238)	(5.26%)	(10%)	55,039,571	6.49%

Counterparty Credit Risk

Credit risk with respect to investment securities, including derivative financial instruments, is generally limited to the carrying values (positive fair values for derivatives) reported in the statement of financial position. Counterparty credit risk could arise as a result of counterparties defaulting on their obligations to pay the principal and coupon (positive fair value at maturity for derivatives).

Maximum Exposure to Credit Risk after Collateral Held or Other Credit Enhancements

An analysis of the maximum exposure to credit risk after taking into account any, collateral held or other credit enhancements is shown below (in thousands):

2025					
Note	Gross Maximum Exposure	Fair Value of Collateral	Net Exposure to Credit Risk	Financial Effect of Collateral or Credit Enhancements	
Credit Risk Exposure Relating to On-balance Sheet Assets					
Financial assets at amortized cost:					
Due from BSP	6, 17, 27	P2,464,263	P -	P2,464,263	P -
Due from other banks	6, 17, 27	2,474,397	-	2,474,397	-
Interbank loans receivable - gross	17, 27	-	-	-	-
Investment securities - gross	17, 27	15,942,777	-	15,942,777	-
Loans and discounts - gross:					
Institutional banking	8	41,791,481	4,298,314	37,493,167	4,298,314
Retail banking	8	5,088,466	-	5,088,466	-
Mortgage banking	8	4,860,192	3,614,276	1,245,916	3,614,276
Small business loans	8	555,303	526,182	29,121	526,182
Accrued interest receivable	8	704,962	-	704,962	-
Other receivables	8	1,538,315	-	1,538,315	-
Other assets*		62,544	-	62,544	-
		75,482,700	8,438,772	67,043,928	8,438,772
Financial assets at FVTPL:					
Quoted debt securities	6, 7	3,065,319	-	3,065,319	-
Derivative assets	6, 7	144,000	-	144,000	-
	6, 7, 17, 27	3,209,319	-	3,209,319	-
Financial assets at FVOCI:					
Quoted debt securities	6, 7, 27	10,590,404	-	10,590,404	-
		89,282,423	8,438,772	80,843,651	8,438,772
Credit Risk Exposures Relating to Off-balance Sheet Item					
Credit commitments and other credit related liabilities		15,405,425	-	15,405,425	-
Total		P104,687,848	P8,438,772	P96,249,076	P8,438,772

*Includes returned checks and other cash items and rent deposit

2024					
Note	Gross Maximum Exposure	Fair Value of Collateral	Net Exposure to Credit Risk	Financial Effect of Collateral or Credit Enhancements	
Credit Risk Exposure Relating to On-balance Sheet Assets					
Financial assets at amortized cost:					
Due from BSP	6, 17, 27	P4,270,028	P -	P4,270,028	P -
Due from other banks	6, 17, 27	2,159,647	-	2,159,647	-
Interbank loans receivable - gross	17, 27	875,123	-	875,123	-
Investment securities - gross	7, 17, 27	14,407,107	-	14,407,107	-
Loans and discounts - gross:					
Institutional banking	8	45,784,412	3,582,152	42,202,260	3,582,152
Retail banking	8	5,375,619	-	5,375,619	-
Mortgage banking	8	4,682,362	3,267,684	1,414,678	3,267,684
Small business loans	8	462,955	460,220	2,735	460,220
Accrued interest receivable	8	724,828	-	724,828	-
Other receivables	8	673,769	-	673,769	-
Other assets*		59,532	-	59,532	-
		79,475,382	7,310,056	72,165,326	7,310,056
Financial assets at FVTPL:					
Quoted debt securities	6, 7	845,333	-	845,333	-
Derivative assets		325,192	-	325,192	-
	6, 7, 17, 27	1,170,525	-	1,170,525	-
Financial assets at FVOCI:					
Quoted debt securities	6, 7, 27	7,454,279	-	7,454,279	-
		88,100,186	7,310,056	80,790,130	7,310,056
Credit Risk Exposures Relating to Off-balance Sheet Item					
Credit commitments and other credit related liabilities		9,918,722	-	9,918,722	-
Total		P98,018,908	P7,310,056	P90,708,852	P7,310,056

*Includes returned checks and other cash items and rent deposit

Other receivables include loans granted to employees and sales contract receivable. Other assets in the table above exclude nonfinancial assets such as computer software costs - net, prepaid expenses and other charges, net retirement asset and miscellaneous assets.

Contingent liabilities consist primarily of standby letters of credit, while commitments pertain to undrawn loan commitments for which the Bank is contractually obliged to extend once the borrowers draw on such commitments.

For financial instruments that are recorded at fair value, the amounts shown above represent the current credit risk exposure but not the credit risk that could arise in the future as a result of changes in values.

For financial instruments that are measured at amortized cost, the carrying amount represents the maximum exposure to credit risk as at December 31, 2025 and 2024.

The table below sets out the principal types of collateral held against loans and receivables (in thousands):

	2025	2024
Property	P7,101,065	P6,300,794
Cash	1,081,588	915,765
Others	256,119	93,497
	P8,438,772	P7,310,056

Credit-related Commitments Risks

The Bank extends guarantees, commitment facilities, letters of credit and other off-balance sheet credit-related commitments that may require the Bank to make payments on the borrower's behalf. Such transactions expose the Bank to credit risks similar to loans and receivables and are monitored and managed by the Bank using the same credit risk control and management processes and policies.

Some consumer asset products under this nature are covered by documentations and drafts that are reviewed and prepared by Bank's lawyers and compliance officers to ensure that it is within acceptable risk and standards. Guarantees carry clauses that are all with reference to applicable laws, regulations, and approved guidelines and policies with some carrying expiry periods or validity to ensure that it is time bound and flexible enough to control losses from changes in external environment to include, among others, changing market conditions such as interest rates or pricing, and monetary policies.

Further details of these commitments are disclosed in Note 28.

Risk Concentrations of the Maximum Exposure to Credit Risk

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 Bank's performance to developments affecting a particular industry or geographic location.

Concentrations of risk are managed by counterparty and by industry sector.

An industry sector analysis of both the on- and off-balance sheet exposures, before taking into account collateral held or other credit enhancements, is as follows (in thousands):

	2025						Total
	Loans and Receivables		Other Financial Assets		Off-balance Sheet Exposures		
	Amount	%	Amount	%	Amount	%	
Manufacturing	P13,543,269	25.8	P21,379,519	78.8	P277,474	1.8	P35,200,262
Wholesale and retail	8,026,910	15.3	-	0.0	2,320,631	15.1	10,347,541
Electricity, gas and water	6,373,230	12.1	-	0.0	12,093,671	78.4	18,466,901
Financial intermediaries	3,541,395	6.7	-	0.0	41,153	0.3	3,582,548
Real estate, renting and business activities	6,747,347	12.8	-	0.0	-	0.0	6,747,347
Construction	3,208,444	6.1	-	0.0	-	0.0	3,208,444
Transport, storage and communications	1,065,665	2.0	-	0.0	1,117	0.0	1,066,782
Agriculture, hunting and forestry	77,545	0.2	-	0.0	-	0.0	77,545
Public administration and defense	-	0.0	5,770,523	21.3	-	0.0	5,770,523
Others*	11,954,913	22.7	-	0.0	712,558	4.6	12,667,471
54,538,718	103.7	27,150,042	100.1	15,446,604	100.2	97,135,364	
Loss allowance	(1,929,032)	(3.7)	(29,323)	(0.1)	(24,870)	(0.2)	(1,983,225)
Unearned interest discount and capitalized interest	(1,812)	-	-	-	-	-	(1,812)
	P52,607,874	100.0	P27,120,719	100.0	P15,421,734	100.0	P95,150,327

*Others include the following sectors - Other community, social and personal services, private household, hotel and restaurant, education, mining and quarrying, and health and social work.

	2024						Total
	Loans and Receivables		Other Financial Assets		Off-balance Sheet Exposures		
	Amount	%	Amount	%	Amount	%	
Manufacturing	P15,219,612	27.5	P -	0.0	P29,808	0.3	P15,249,420
Wholesale and retail	9,849,431	17.8	-	0.0	1,638,988	17.2	11,488,419
Electricity, gas and water	7,135,518	12.9	-	0.0	7,301,282	76.7	14,436,800
Financial intermediaries	5,210,293	9.4	7,304,798	24.4	42,896	0.5	12,557,987
Real estate, renting and business activities	4,752,859	8.6	-	0.0	-	0.0	4,752,859
Construction	2,989,617	5.4	-	0.0	594,563	6.2	3,584,180
Transport, storage and communications	1,112,919	2.0	-	0.0	2,594	0.0	1,115,513
Agriculture, hunting and forestry	118,184	0.2	-	0.0	-	0.0	118,184
Public administration and defense	-	0.0	22,706,720	75.7	-	0.0	22,706,720
Others*	11,315,513	20.4	-	0.0	(70,512)	(0.7)	11,245,001
57,703,946	104.3	30,011,518	100.1	9,539,619	100.2	97,255,083	
Loss allowance	(2,355,827)	(4.3)	-	0.0	(15,765)	(0.2)	(2,371,592)
Unearned interest discount and capitalized interest	(1,526)	0.0	(25,064)	(0.1)	-	-	(26,590)
	P55,346,593	100.0	P29,986,454	100.0	P9,523,854	100.0	P94,856,901

*Others include the following sectors - Other community, social and personal services, private household, hotel and restaurant, education, mining and quarrying, and health and social work.

Other financial assets include due from BSP, due from other banks, interbank loans receivable and debt securities.

The Bank generally considers concentration risk as excessive when the ratio of a particular segment's exposure (e.g., this may be an industry demographic attribute, or a program) to the total portfolio exceeds predetermined limits.

The BSP considers that credit concentration risk exists when the total loan exposure to a particular industry or economic sector exceeds 30.0% of the total loan portfolio or 10.0% of Tier 1 capital.

As at December 31, 2025 and 2024, 10% of Tier 1 capital amounted to P1.13 billion and P957.7 million, respectively, and the tables above include the nine (9) groups exceeding this level as of that date. The Credit Committee constantly monitors the credit concentration risk of the Bank.

To manage the Bank's concentration of credit as to industry/economic sector, three (3) industry categories has been established with specific credit exposure limits. The inclusion of Bankwide industry concentration limit enables the Bank to take a more proactive approach, in order to prevent the Bank from unknowingly over-extending loans to identified industries.

- a. *Monitored Risk Category* consists of industries (e.g., Real Estate industry including construction, and the non-bank financing companies that are deemed to be more cyclical in nature. The credit exposures of industries tagged under "Monitored risk category" for IBG shall not exceed 115% of the Bank's networth limit for Real Estate industry including construction, and 70% of the Bank's networth limit for non-bank financing companies while none for the RBG.
- b. *Restricted Category* consists of industries (e.g. manufacturing of weapons and ammunition, night clubs, public administration and defense, gambling and betting activities, etc.) that, given the nature and risk, are considered as higher risk than the Monitored risk category, thus, extending credit facilities to this category is not allowed.
- c. *Standard Category* are those industries, not tagged under monitored risk or restricted categories, are considered "low risk" and shall have no limit on credit exposures.

CATEGORY	CREDIT EXPOSURE LIMIT
Standard	No limit per industry
Monitored risk	a) 115% of the Bank's net worth for Real Estate industry including construction; and b) 70% of the Bank's networth limit for non-bank financing companies.
Restricted	No exposures allowed

The Bank manages concentration risk by gearing policies towards regular monitoring and periodic review of the set limits per predetermined segments. Updates to the policy include a review of the industry concentration limits and other segmental concentrations within the portfolio. Industries covered under the industry concentration limits are similarly reviewed to update classifications and coverage.

Credit Quality Per Class of Financial Assets

The credit quality of financial assets is monitored and managed using external and internal ratings. The credit quality of investment securities is generally monitored by reference to the internal ratings except otherwise when given tools do not apply to the issuing entity, external ratings provided by accredited external credit assessment rating institutions are used.

In cognizance of the requirements of the BSP, the ORR was implemented to all applicable corporate accounts of the IBG of the Bank. The objectives of the system are the following:

- to have a standard system of credit rating;
- to be able to objectively quantify the credit quality of an account;
- to have a "benchmark" for credit/loan review; and
- to train and instill discipline in assessing credit risk among account officers and credit officers.

The rating system is an amalgamation of quantitative and qualitative factors. The quantitative factors include, among others, financial indicators on liquidity, leverage and cash flows. The qualitative factors include among others the quality of management, market standing, reliability of financial statements, etc.

It is the Bank's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of major potential risk and the comparison of credit exposures across all lines of business, demographic and products.

Classified financial assets are considered highly speculative to lowest-rated class, with some to little prospect of recovery of principal and interest. These are classified loans by the BSP.

For Retail Banking, credit quality is monitored using internal ratings.

For unsecured personal loans, risk differentiation or risk rating is established by scorecard models. Scorecard variables are assigned scores based on their discriminative power to differentiate good-bad factors. Higher scores assigned to a loan applicant denote better risk and therefore lower propensity to default. For corporate personal loans, the employer's repayment management and performance within its defined default ratio caps is salient to measuring risk.

For mortgage portfolio, risk differentiation is tied to income classification. Performance review of the mortgage portfolio identifies income as a good risk indicator, such that, higher income segment denotes better risk as manifested in the risk-ranking of customers by income bands.

The credit quality of trading and financial investment securities is generally monitored through the internal and external ratings which are provided by eligible external credit rating agencies.

Impairment Assessment

With the implementation of PFRS 9 alongside the effected BSP Circular 855, *Guidelines on Sound Credit Management Practices*, the Bank adopted the ECL methodology to estimate provisions for loans and other credit accommodations.

The ECL model considers losses from initial recognition and at each reporting date. Three stages of impairment are used for the entire financial asset that serves as an objective basis in determining SIICR.

The ECL model factors in forward-looking macro-economic risk inputs such as GDP, Stock Index and General retail price index in National Capital Region (NCR). The ECL model parameters are updated on an annual basis. Adjustments are based on forecasted performance of the next three (3) years, benchmarked to the past 5-year average. PD parameters can be adjusted based on data from reliable source agencies (e.g., Moody's, Global Insights and International Monetary Fund).

In order to capture the impact of potential future events on the Bank's loan portfolio, the forward-looking model takes into account the impact of the macro-economic variables on a country perspective and not on a portfolio level, thus, the model was changed to a scenario driven approach (good, baseline, bad scenarios). For RBG, the model considered Real Imports Growth, Stock Index and Confidence Index in NCR as these macro-economic variables are highly correlated to the latest data for the Bank's default rate for RBG portfolio. While for IBG, the model considered GDP Growth rate Quarter on Quarter, Wholesale Price Index, and Real Fixed Investment Growth as these macro-economic variables are highly correlated to the Bank's default rate for IBG portfolio.

The table below lists the macroeconomic assumptions used in the bad, baseline, and good scenarios for the retail loan portfolio. The assumptions represent the absolute percentage for Real Imports Growth, Stock Index and Producer Price Index for Manufacturing for 2025, and Stock Index and General Retail Price Index in NCR for 2024.

		2025	
		Macro-economic Factors	
Condition	Real Imports Growth	Stock Index	Producer Price Index for Manufacturing
Bad	8.55	5,562.65	87.92
Baseline	9.50	6,180.72	97.69
Good	10.45	6,798.79	107.46

		2024	
		Macro-economic Factors	
Condition	Stock Index	General Retail Price Index in NCR	
Bad	5,875.91	0.32	
Baseline	6,528.79	0.35	
Good	7,181.67	0.39	

The impact of COVID-19 has been incorporated in the 2024 update of parameters where the 5-year baseline period covers the second quarter of 2018 up to the most recent data available as of fourth quarter of 2023 while the 3-year forecast period includes 2024, 2025 and 2026. This was implemented starting with the December 2023 ECL calculation.

Definition of Stages

Institutional Banking

DETERIORATION IN CREDIT QUALITY			
	Stage 1	Stage 2	Stage 3
Impairment Stage	No SIICR	With SIICR	Credit impaired (Objective indicators of Impairment)
Recognition of ECL	Collective 12-month ECL when credit risk is low or risk of default has not increased significantly	Collective or Individual Lifetime ECL when credit quality deteriorates significantly but not credit impaired	Individual Lifetime ECL when credit quality deteriorates significantly and credit impaired
Staging Criteria*	EW tagging = EW1 Low Risk products	<i>Stage 2.1 Collective Assessment</i> Δ Annualized PD variance $\geq 2\%$ <i>Stage 2.2 Individual Assessment</i> EW tagging = EW2 EW tagging = EW3 (triggered by credit events based on the Bank's criteria, i.e., the principal or interest repayment of the obligor is overdue from 31-90 days and that the loan were performing prior to restructuring)	EW tagging = EW3 (triggered by credit events based on the Bank's criteria, such as when the loan is subject to legal action, collateral enforcement, or court-supervised rehabilitation and other objective evidence of default) ORR 15-17 Non-performing loan (NPL)

The qualitative and quantitative definitions of stages for ECL assessment above apply to Institutional Banking items which include loans and advances, accounts receivables, unused portion of committed and uncommitted facilities that have become operative, off-balance sheet credit commitments and contingencies, and to treasury items which include interbank loans receivables, debt investment securities at FVOCI and investment securities at amortized cost.

Collective impairment is applied for assets classified into Stage 1. Assets classified under Stage 2 (with SIICR) are assessed either for collective or individual impairment.

Under the Stage 2 concept, lifetime ECL shall be recognized when there are SIICR since initial recognition. ECLs are updated at each reporting date for new information and changes in expectations even if there has not been a SIICR.

The ORR system consists of 18 internal grades ranging from excellent to poor. These ratings are mapped to the regulatory loan classifications prescribed by the BSP, as follows: ORR 0 to 13 - Pass; ORR 14 - Especially Mentioned; ORR 15 - Substandard; ORR 16 - Doubtful; and ORR 17 - Loss.

The three (3) variables under the ECL structure: PD, LGD and EAD assume the following for the ECL computation:

		PD	X	LGD	X	EAD	=	ECL
Collective	Stage 1 No SIICR	1-Year PD		1-Discounted recovery		<ul style="list-style-type: none"> • Principal • Accrued interest • Contingencies • Unused portion of committed & uncommitted facilities 		1-Year ECL
	Stage 2.1 With SIICR	Lifetime PD		1-Discounted recovery		<ul style="list-style-type: none"> • Principal • Accrued interest • Contingencies • Unused portion of committed & uncommitted facilities 		Lifetime ECL
Individual	Stage 2.2 With SIICR	100%		Based on estimated recoveries from collateral realization and other sources, net of disposal costs, discounted to present value using the original EIR		<p>Current Exposure Method</p> <p>On-balance sheet exposures: gross carrying amount (including accrued interest and fees)</p> <p>Off-balance sheet exposures: measured at carrying amount multiplied by the applicable Credit Conversion</p>		Lifetime ECL
	Stage 3 Credit impaired (Objective indicators of impairment)	100%		Based on estimated recoveries from collateral realization and other sources, net of disposal costs, discounted to present value using the original EIR		<p>Current Exposure Method</p> <p>On-balance sheet exposures: gross carrying amount (including accrued interest and fees)</p> <p>Off-balance sheet exposures: measured at carrying amount multiplied by the applicable Credit Conversion</p>		Lifetime ECL

Stage 2.2 and 3 classified assets will be individually assessed under the Individual Impairment methodology.

Similar to previous model definitions, individual impairment is recognized under the following:

- An objective evidence of a specific loss event has been observed; and
- The financial asset's carrying value exceeds the present value of the asset's estimated cash flow.

Retail Banking

For Retail, impairment losses are recognized depending on type of impairment applicable, as follows:

- **Specific Impairment**
Specific provision shall be applied to accounts with objective evidence that a specific impairment is applicable (e.g., behavior is different from the rest of the portfolio, etc.). Such accounts will no longer be assessed as part of collective impairment. Qualifications are defined on a per product basis and are reflected accordingly in respective Product Guidelines.

Depending on applicability, specifically impaired accounts shall be subject to either: (1) full provisioning (100% provision), or (2) discounting of cash flow methodology (with provision less than 100% of outstanding balance).

- **Collective Impairment**
All retail loans accounts not subject to specific impairment shall be subject to collective impairment.

Collectively impaired accounts shall be subject to the ECL Model applicable to Retail Loans portfolio. ECL Model is a function of the PD, LGD, and EAD computed as follows:

$$\text{ECL} = \text{PD} \times \text{LGD} \times \text{EAD}$$

Similar to corporate loans, three (3) stages of impairment are used for the entire financial asset of retail loans that serve as an objective basis in determining SIICR as shown below. Further, one-year ECL is applied among exposures with no SIICR (stage 1); otherwise, lifetime ECL shall be applied.

Definition of stages for retail loans are as follows:

Retail Credit Stage Definition			
	Impairment Stage	Staging Criteria	Loss Period
Stage 1	No SIICR	<ul style="list-style-type: none"> ▪ Low credit risk 	12-month ECL
Stage 2	SIICR	<ul style="list-style-type: none"> ▪ Minimum requirement: 31 to 90 days past due ▪ High risk indicator: <ul style="list-style-type: none"> • Quantitative <ul style="list-style-type: none"> - $\Delta PD >$ (product interest -funding cost) - PD equivalent to overdue (CRR of 20) • Qualitative <ul style="list-style-type: none"> - Original loan-to-value (OLTV) $>90.0\%$ and Δ Current loan-to-value (CLTV) $>10.0\%$ - $OLTV \leq 90.0\%$ and $CLTV > 100.0\%$ ▪ Stage 2 standard <ul style="list-style-type: none"> • hit minimum requirement; or • hit 2 high risk indicators 	Lifetime ECL
Stage 3	Credit impaired	<ul style="list-style-type: none"> ▪ 91+ days past due ▪ items in litigation ▪ Charge-off unsecured accounts ▪ COVID-19 rescheduled Stage 3 without 6 months consecutive payments 	Lifetime ECL

To test the sensitivity of the ECL variables to macro-economic factors for both corporate and retail loans the forward-looking methodology is adopted where:

- PD uses the Bank's internal default data adjusted for macro-economic factors. For 2025, the variables used are real imports growth, stock index and producer price index for manufacturing.
- LGD applies the two-stage adjustment approach.

There is a rebuttable presumption that default does not occur even when the financial asset is 90 days past due as defined above provided that the Bank has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

For credit losses from other financial assets not assessed using the ECL model, the Bank uses a simplified approach where loss allowance always equals to lifetime ECL.

The tables below show the credit quality by class of the Bank's financial assets, including loans and receivables (gross of loss allowance and unearned interest discount, in thousands):

	ECL			Simplified Approach	2025
	Stage 1	Stage 2	Stage 3		
Financial Assets at Amortized Cost					
<i>Due from BSP</i>					
High grade	P -	P -	P -	P2,464,263	P2,464,263
<i>Due from Other Banks</i>					
High grade	-	-	-	2,474,397	2,474,397
<i>Interbank Loans Receivable</i>					
High grade	-	-	-	-	-
Investment Securities at Amortized Cost					
<i>Quoted Debt</i>					
High grade	-	-	-	15,942,777	15,942,777
Loans and Discounts					
<i>Institutional Banking</i>					
High grade	1,947,535	-	-	-	1,947,535
Standard grade	27,237,360	-	-	-	27,237,360
High risk	5,784,977	-	-	-	5,784,977
Watchlist	3,437,563	821,262	1,033,035	-	5,291,860
PD but not individually impaired	394,807	-	-	-	394,807
Specifically impaired	-	-	1,134,942	-	1,134,942
	38,802,242	821,262	2,167,977	-	41,791,481
<i>Retail Banking</i>					
High grade	373,724	-	-	-	373,724
Standard grade	2,417,340	-	-	-	2,417,340
High risk	1,510,421	-	-	-	1,510,421
Watchlist	-	195,119	-	-	195,119
PD but not individually impaired	-	-	105,747	-	105,747
Specifically impaired	-	-	486,115	-	486,115
	4,301,485	195,119	591,862	-	5,088,466
<i>Mortgage Banking</i>					
High grade	2,885	-	-	-	2,885
Standard grade	198,112	-	-	-	198,112
High risk	4,070,579	-	-	-	4,070,579
Watchlist	-	378,955	-	-	378,955
PD but not individually impaired	-	-	119,868	-	119,868
Specifically impaired	-	-	89,793	-	89,793
	4,271,576	378,955	209,661	-	4,860,192
<i>Small Business Loans</i>					
Unrated	-	-	-	555,303	555,303
	47,375,303	1,395,336	2,969,500	555,303	52,295,442
Accrued Interest Receivable					
High grade	-	-	-	385,433	385,433
Standard grade	-	-	-	151,981	151,981
High risk	-	-	-	63,501	63,501
Watchlist	-	-	-	27,157	27,157
PD but not individually impaired	-	-	-	18,331	18,331
Specifically impaired	-	-	-	58,559	58,559
	-	-	-	704,962	704,962
Other Receivables					
Unrated	-	-	-	1,537,976	1,537,976
PD but not individually impaired	267	-	-	-	267
Specifically impaired	-	-	36	-	36
	267	-	36	1,537,976	1,538,279
Other Assets*					
	-	-	-	62,544	62,544
Financial Assets at FVTPL					
<i>Quoted Debt</i>					
High grade	-	-	-	3,065,319	3,065,319
<i>Derivative Assets</i>					
High grade	-	-	-	144,000	144,000
	-	-	-	3,209,319	3,209,319
Financial Assets at FVOCI					
<i>Quoted Debt</i>					
High grade	-	-	-	10,590,404	10,590,404
<i>Quoted Equity</i>					
High grade	-	-	-	3,440	3,440
	-	-	-	10,593,844	10,593,844
Total	P47,375,570	P1,395,336	P2,969,536	P37,545,385	P89,285,827

*Includes returned checks and other cash items and rent deposit

	ECL			Simplified Approach	2024
	Stage 1	Stage 2	Stage 3		
Financial Assets at Amortized Cost					
<i>Due from BSP</i>					
High grade	P -	P -	P -	P4,270,028	P4,270,028
<i>Due from Other Banks</i>					
High grade	-	-	-	2,159,647	2,159,647
<i>Interbank Loans Receivable</i>					
High grade	-	-	-	874,964	874,964
Investment Securities at Amortized Cost					
<i>Quoted Debt</i>					
High grade	-	-	-	14,407,107	14,407,107
Loans and Discounts					
<i>Institutional Banking</i>					
High grade	1,361,654	-	-	-	1,361,654
Standard grade	32,147,108	-	-	-	32,147,108
High risk	7,747,811	51,504	-	-	7,799,315
Watchlist	1,840,269	320,647	857,306	-	3,018,222
PD but not individually impaired	7,532	-	-	-	7,532
Specifically impaired	-	-	1,450,581	-	1,450,581
	43,104,374	372,151	2,307,887	-	45,784,412
<i>Retail Banking</i>					
High grade	141,890	-	-	-	141,890
Standard grade	2,577,081	-	-	-	2,577,081
High risk	1,908,399	-	-	-	1,908,399
Watchlist	-	114,412	-	-	114,412
PD but not individually impaired	-	-	114,494	-	114,494
Specifically impaired	-	-	519,343	-	519,343
	4,627,370	114,412	633,837	-	5,375,619
<i>Mortgage Banking</i>					
High grade	-	-	-	-	-
Standard grade	181,173	-	-	-	181,173
High risk	3,898,818	-	-	-	3,898,818
Watchlist	-	398,836	-	-	398,836
PD but not individually impaired	-	-	111,108	-	111,108
Specifically impaired	-	-	92,427	-	92,427
	4,079,991	398,836	203,535	-	4,682,362
<i>Small Business Loans</i>					
Unrated	-	-	-	462,955	462,955
	51,811,735	885,399	3,145,259	462,955	56,305,348
Accrued Interest Receivable					
High grade	-	-	-	365,706	365,706
Standard grade	-	-	-	187,090	187,090
High risk	-	-	-	72,020	72,020
Watchlist	-	-	-	35,756	35,756
PD but not individually impaired	-	-	-	10,395	10,395
Specifically impaired	-	-	-	53,861	53,861
	-	-	-	724,828	724,828
Other Receivables					
Unrated	-	-	-	673,769	673,769
Other Assets*	-	-	-	59,532	59,532
Financial Assets at FVTPL					
<i>Quoted Debt</i>					
High grade	-	-	-	845,333	845,333
<i>Derivative Assets</i>					
High grade	-	-	-	325,192	325,192
	-	-	-	1,170,525	1,170,525
Financial Assets at FVOCI					
<i>Quoted Debt</i>					
High grade	-	-	-	7,454,279	7,454,279
<i>Quoted Equity</i>					
High grade	-	-	-	3,150	3,150
	-	-	-	7,457,429	7,457,429
Total	P51,811,735	P885,399	P3,145,259	P32,260,284	P88,102,677

*Includes returned checks and other cash items and rent deposit

Corporate Loans

For corporate loans, obligors are considered non-performing even without any missed contractual payments once there are objective indicators of impairment or considered impaired under existing accounting standards (per Manual of Regulations for Banks (MORB) Section 304). However, all other loan accounts of an obligor, even if not considered impaired, shall be considered non-performing if any principal and/or interest remains unpaid for more than 90 days from contractual due date, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement.

Retail Loans

In the case of retail loans, the total outstanding balance thereof shall be considered nonperforming if any principal/interest are unpaid for more than 90 days from contractual due date for unsecured personal loans and mortgage loans.

For both corporate and retail loans, NPLs, investments, receivables, or any financial asset, shall remain classified as such until: (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six (6) months; or (b) written-off.

The table below shows the aging analysis of past due but not specifically impaired loans and discounts by class (in thousands).

	2025			2024		
	Up to 30 Days	31 to 90 Days	Total	Up to 30 Days	31 to 90 Days	Total
Loans and Discounts						
Institutional banking	P249,917	P144,890	P394,807	P -	P7,533	P7,533
Retail banking	-	105,747	105,747	-	114,494	114,494
Mortgage banking	-	119,868	119,868	-	111,108	111,108
Other receivables	-	267	267	-	-	-
Accrued interest receivable	6,156	12,175	18,331	-	10,395	10,395
Total	P256,073	P382,947	P639,020	P -	P243,530	P243,530

The above aging analysis already excludes accounts that have been assessed to be specifically impaired.

For Institutional Banking, loan accounts or receivables shall be considered past due when any principal and/or interest or installment due, or portions of which, are not paid on the seventh (7th) day from contractual due date in which case, the total outstanding balance of the loan account or receivable shall be considered as past due. As such, a cure period based on verifiable collection experience and reasonable judgment that support tolerance of occasional payment delays of up to six (6) days is given to provide leeway for obligors to work on their late payment without being considered as past due. Said cure period, however, shall not prevent the timely adverse classification of an account that has already exhibited material credit weakness/es.

The detailed information with respect to the Bank's loss allowance on loans and receivables is disclosed in Note 12.

Included in specifically impaired financial assets are the Bank's restructured loan receivables. The table below shows the carrying amounts of restructured loan receivables by class (in thousands):

	2025	2024
Institutional banking:		
Performing	P289,608	P530,597
Non-performing	681,916	453,841
Personal loans:		
Performing	154,105	39,125
Non-performing	15,125	10,844
	P1,140,754	P1,034,407

NPLs

The Bank monitors its NPLs ratio as part of its credit risk monitoring and reporting to the BSP. The table below shows the Bank's NPL position:

	2025	2024
Secured	P181,871,586	P69,582,449
Unsecured	1,529,015,032	1,992,769,058
	P1,710,886,618	P2,062,351,507

Collateral and Credit Risk Mitigation Techniques

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

The main types of collateral obtained for loans and receivables are as follows:

- For Institutional Lending - cash, guarantees, securities, physical collaterals (e.g., real estate, chattels, etc.); and
- For Retail Lending - cash, securities, mortgages on residential and commercial properties.

Management regularly monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement. The existing market value of collateral is considered during the review of the adequacy of the loss allowance. For unsecured lending, the Bank performs comprehensive credit evaluation process before each loan is approved.

The following table shows information relating to loans and receivables (at gross amounts) broken down into secured and unsecured, with types of collateral being shown for the secured portion:

	2025		2024	
	Amount	%	Amount	%
Secured by:				
Real estate	P2,688,398,600	4.9	P4,768,673,776	8.3
Hold-out on deposits	1,112,827,326	2.0	1,018,144,792	1.8
Mortgage trust indenture	277,335,005	0.5	347,335,005	0.6
Government bonds	71,352,333	0.1	68,917,417	0.1
Stand by letter of credit (LC)	184,766,836	0.3	5,186,875	0.0
Chattel	-	-	24,579,497	0.0
	4,334,680,100	7.9	6,232,837,362	10.8
Unsecured	50,204,038,391	92.1	51,471,108,190	89.2
	P54,538,718,491	100	P57,703,945,552	100

As at December 31, 2025 and 2024, the fair values of real estate collaterals held for past due and impaired loans and discounts amounted to P232.6 million and P292.7 million, respectively. There were no other types of collaterals held during 2025 and 2024.

Fair values were determined by the Bank's internal appraisers, or by accredited external appraisers. Normally, there are three (3) approaches available to the Bank in arriving at the fair value of collateral (i.e., real estate and chattel). These are the cost approach, market data approach and income approach.

The cost approach takes into consideration the current cost of reproducing a property less depreciation from all sources (i.e., deterioration, functional and economic obsolescence). On the other hand, the market data approach takes into consideration the value indicated by recent sales of comparable properties in the market. Lastly, income approach takes into consideration the value which the property's net earning power will support based upon a capitalization of net income.

The Bank utilizes all three (3) approaches to determine the fair values of the collateral and chooses the appropriate valuation approach on a case-to-case basis.

As at December 31, 2025 and 2024, no collaterals were subjected to repurchase and reverse repurchase agreements with BSP.

Liquidity Risk

Liquidity risk is the risk of loss to earnings or capital due to the inability to meet funding requirements within a reasonable period of time at a reasonable price.

The Bank applies a liquidity risk management strategy of maintaining sufficient cash and marketable securities, ensuring the availability of funding through an adequate amount of committed credit facilities and having the ability to close out market positions.

The Market Risk Management Department (MRMD) is responsible in managing liquidity risk. The MRMD is independent of the risk-taking unit and in charge of formulating Asset and Liability Management Policy and establishing implementation guidelines as needed; developing the methods of identification, measurement, monitoring and reporting of risk and pushing for the implementation; and studying asset and liability management related issues.

The table below shows the maturity profile of the Bank's financial liabilities, based on undiscounted contractual cash flows (in millions):

	2025					Total
	On Demand	1 to 3 Months	3 to 6 Months	6 to 12 Months	Greater than One Year	
Financial Liabilities at FVTPL						
Derivative liabilities	P122	P -	P -	P -	P -	P122
Deposit liabilities:						
Demand	25,478	-	-	-	-	25,478
Savings	9,512	-	-	-	-	9,512
Time	15,205	3,407	422	343	127	19,504
Bills payable	2,105	-	-	-	17,653	19,758
Outstanding acceptances	3	-	-	-	-	3
Manager's checks	68	-	-	-	-	68
Accrued interest, taxes and other expenses*	697	-	-	-	-	697
Other liabilities**	2,151	1	425	28	428	3,033
	55,341	3,408	847	371	18,208	78,175
Financial Liabilities at FVTPL						
Forward contract payable	27,943	-	-	-	-	27,943
Forward contract receivable	(27,921)	-	-	-	-	(27,921)
	22	-	-	-	-	22
	P55,363	P3,408	P847	P371	P18,208	P78,197

*Excludes retirement liability, accrued taxes and other nonfinancial accruals

**Excludes withholding taxes payable, provision liability and miscellaneous liability

	2024					Total
	On Demand	1 to 3 Months	3 to 6 Months	6 to 12 Months	Greater than One Year	
Financial Liabilities at FVTPL						
Derivative liabilities	P153	P -	P -	P -	P -	P153
Deposit liabilities:						
Demand	16,401	-	-	-	-	16,401
Savings	8,081	-	-	-	-	8,081
Time	11,844	12,949	1,529	600	118	27,040
Bills payable	3,164	4,039	868	10,476	2,748	21,295
Outstanding acceptances	4	-	-	-	-	4
Manager's checks	66	-	-	-	-	66
Accrued interest, taxes and other expenses*	713	-	-	-	-	713
Other liabilities**	4,090	3	-	39	500	4,632
	44,516	16,991	2,397	11,115	3,366	78,385
Financial Liabilities at FVTPL						
Forward contract payable	52,396	-	-	-	-	52,396
Forward contract receivable	(52,266)	-	-	-	-	(52,266)
	130	-	-	-	-	130
	P44,646	P16,991	P2,397	P11,115	P3,366	P78,515

*Excludes retirement liability, accrued taxes and other nonfinancial accruals

**Excludes withholding taxes payable, provision liability and miscellaneous liability

The above maturity table shows the undiscounted cash flows whose expected maturities are not the same as the asset-liability gap. The Bank does not expect all time depositors to require repayment on the earliest date the Bank could be required to pay. Further, the maturity table does not reflect expected cash flows based on deposit behavior and historical retention rate.

Accrued interest and other expenses exclude taxes, payroll-related balances and other nonfinancial items. Other liabilities exclude nonfinancial liabilities such as withholding taxes payable.

Financial liabilities at FVTPL pertain to the notional amounts of the outstanding forward contract as at year end.

The table below shows the contractual expiry by maturity of the Bank's off-balance sheet contingent liabilities (in thousands).

	2025					Total
	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	
Contingent liabilities	P400,013	P339,230	P3,063,235	P2,237,450	P9,406,676	P15,446,604

	2024					Total
	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	
Contingent liabilities	(P352,740)	P222,651	P3,627,380	P2,256,260	P3,786,067	P9,539,618

There were no off-balance sheet commitments as of December 31, 2025 and 2024.

As required by the BSP, the Bank sets aside funds in due from BSP as liquidity reserves. These funds are withdrawable on demand and are used as financial assets held for managing liquidity risk (see Note 13).

To ensure that adequate liquidity is maintained at all times, the Bank's Liquidity and Balance Sheet Management Unit diversifies funding sources and evaluates cash flows and future funding needs on a daily basis. This involves projecting the Bank's liquidity position under current market conditions. MRMD, in close coordination with Treasury, also conduct liquidity stress testing to evaluate the potential effects of a set of specified changes in liquidity risk factors on the Bank's financial position under a severe but plausible scenario to assist the Board and senior management in decision making.

In addition to its core deposit base, the Bank maintains a portfolio of marketable assets that can be readily liquidated in the event of an unforeseen interruption of cash flows. Additional funding may be secured from the interbank market by tapping the Bank's credit facilities.

Liquidity risk control entails primarily the setting of risk limits, which define management's tolerance for liquidity risk. Specifically, limits are set on the maximum cumulative outflow and level of interbank borrowings. Liquidity risk is also monitored through the use of liquidity ratios. One of the more important liquidity ratios is the ratio of net liquid assets to total deposits. Net liquid assets consist of the sum of cash, due from BSP, due from other banks, interbank loans receivable, financial assets at FVTPL, financial assets at FVOCI, and investment securities at amortized cost with remaining maturities of less than one month, less derivative liabilities and interbank borrowings. The ratios for the year 2025 and 2024 were as follows:

	2025	2024
December 31	32.8%	13.6%
Average during the year	26.8%	15.6%
Highest	32.8%	19.4%
Lowest	21.8%	12.4%

The analysis on net liquidity using undiscounted contractual cash flows (in thousands) is as follows:

	2025									Total
	Carrying Value	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	2 Years	3 Years	4 Years	Greater than 5 Years	
Assets										
Financial assets at amortized cost:										
Cash and other cash items	P676,891	P676,891	P -	P -	P -	P -	P -	P -	P -	P676,891
Due from BSP	2,464,263	2,464,263	-	-	-	-	-	-	-	2,464,263
Due from other banks	2,474,397	2,474,397	-	-	-	-	-	-	-	2,474,397
Interbank loans receivable	-	-	-	-	-	-	-	-	-	-
Investment securities	15,925,011	-	59,152	623,408	-	825,261	2,433,279	2,412,360	9,589,317	15,942,777
Loans and discounts	52,607,874	10,221,948	5,566,034	3,083,915	3,141,515	15,549,863	11,215,575	664,915	5,094,953	54,538,718
Other assets*	62,544	4,051	2,337	2,796	11,913	1,388	2,404	36,814	841	62,544
	74,210,980	15,841,550	5,627,523	3,710,119	3,153,428	16,376,512	13,651,258	3,114,089	14,685,111	76,159,590
Financial assets at FVTPL	3,209,319	3,209,319	-	-	-	-	-	-	-	3,209,319
Financial assets at FVOCI	10,606,284	-	-	397,977	-	1,291,538	448,510	133,154	8,335,105	10,606,284
Total Financial Assets	88,026,583	19,050,869	5,627,523	4,108,096	3,153,428	17,668,050	14,099,768	3,247,243	23,020,216	89,975,193
Liabilities										
Financial liabilities at FVTPL	121,518	121,518	-	-	-	-	-	-	-	121,518
Other financial liabilities at amortized cost:										
Deposit liabilities	54,494,033	50,194,303	3,406,944	422,350	343,171	127,265	-	-	-	54,494,033
Bills payable	19,757,874	2,105,244	-	-	-	-	17,652,630	-	-	19,757,874
Outstanding acceptances	3,045	3,045	-	-	-	-	-	-	-	3,045
Manager's checks	68,337	68,337	-	-	-	-	-	-	-	68,337
Accrued interest, taxes and other expenses**	697,369	697,369	-	-	-	-	-	-	-	697,369
Other liabilities***	3,032,827	2,151,050	731	425,490	27,851	15,396	29,433	375,156	7,720	3,032,827
Total Financial Liabilities	78,175,003	55,340,866	3,407,675	847,840	371,022	142,661	17,682,063	375,156	7,720	78,175,003
Net Liquidity Gap	P9,851,580	(P36,289,997)	P2,219,848	P3,260,256	P2,782,406	P17,525,389	(P3,582,295)	P2,872,087	P23,012,496	P11,800,190

*Includes returned checks and other cash items and rent deposit

**Excludes retirement liability, accrued taxes and other nonfinancial accruals

***Excludes withholding taxes payable, provision liability, and miscellaneous

	2024									Total
	Carrying Value	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	2 Years	3 Years	4 Years	Greater than 5 Years	
Assets										
Financial assets at amortized cost:										
Cash and other cash items	P590,276	P590,276	P -	P -	P -	P -	P -	P -	P -	P590,276
Due from BSP	4,270,028	4,270,028	-	-	-	-	-	-	-	4,270,028
Due from other banks	2,159,647	2,159,647	-	-	-	-	-	-	-	2,159,647
Interbank loans receivable - gross	874,964	875,123	-	-	-	-	-	-	-	875,123
Investment securities - gross	14,390,604	-	117,628	236,695	102,841	780,159	779,547	3,780,645	8,609,592	14,407,107
Loans and discounts - gross	55,346,593	11,314,945	6,127,022	5,423,802	1,641,371	13,417,081	3,365,602	11,646,246	4,767,877	57,703,946
Other assets*	59,532	4,073	1,698	1,256	9,541	4,933	1,394	2,360	34,277	59,532
	77,691,644	19,214,092	6,246,348	5,661,753	1,753,753	14,202,173	4,146,543	15,429,251	13,411,746	80,065,659
Financial assets at FVTPL	1,170,525	1,170,525	-	-	-	-	-	-	-	1,170,525
Financial assets at FVOCI	7,469,870	-	-	-	455,527	1,904,686	378,711	455,546	4,275,400	7,469,870
Total Financial Assets	86,332,039	20,384,617	6,246,348	5,661,753	2,209,280	16,106,859	4,525,254	15,884,797	17,687,146	88,706,054
Liabilities										
Financial liabilities at FVTPL										
Other financial liabilities at amortized cost:	-	-	-	-	-	-	-	-	-	-
Deposit liabilities	51,521,652	36,325,493	12,949,094	1,529,074	600,235	100,391	17,365	-	-	51,521,652
Bills payable	21,294,794	3,164,100	4,039,236	867,675	10,476,146	-	2,747,637	-	-	21,294,794
Outstanding acceptances	4,427	4,427	-	-	-	-	-	-	-	4,427
Manager's checks	66,297	66,297	-	-	-	-	-	-	-	66,297
Accrued interest, taxes and other expenses**	712,765	712,765	-	-	-	-	-	-	-	712,765
Other liabilities***	4,632,295	4,089,939	3,200	-	38,750	26,873	21,017	35,785	416,731	4,632,295
Total Financial Liabilities	78,385,546	44,516,337	16,991,530	2,396,749	11,115,131	127,264	2,786,019	35,785	416,731	78,385,546
Net Liquidity Gap	P7,946,493	(P24,131,720)	(P10,745,182)	P3,265,004	(P8,905,851)	P15,979,595	P1,739,235	P15,849,012	P17,270,415	P10,320,508

* Includes returned checks and other cash items and rent deposit

**Excludes retirement liability, accrued taxes and other nonfinancial accruals

***Excludes withholding taxes payable, provision liability and miscellaneous liability

Liquidity Coverage Ratio (LCR)

The ratios for 2025 and 2024 are as follows:

	2025	2024
High-quality liquid assets	P30,206,519,499	P25,215,080,033
Net cash outflows	16,633,498,108	18,583,241,138
LCR	181.60%	135.69%

High-quality liquid assets consist of cash or assets that can be converted into cash at little or no loss of value in private markets. LCR is being measured in accordance with BSP Circular 905 Implementation of BASEL III Framework on Liquidity Standards - LCR and Disclosure Standards and BSP Circular 996 Amendments to the LCR Framework and Minimum Prudential Liquidity Requirements for Stand-Alone Thrift Banks, Rural Banks, Cooperative Banks and Quasi-Bank. Thin single currency shall not be less than the minimum required level of 100%.

During the year 2025 and 2024, the Bank is compliant with the LCR requirements.

Net Stable Funding Ratio

The ratios for the years 2025 and 2024 are as follows:

	2025	2024
Available Stable Funding (ASF)	P63,864,174,600	P48,481,164,432
Required Stable Funding (RSF)	47,327,095,433	48,016,275,786
Ratio of ASF to RSF	134.94%	100.97%

NSFR is being measured in accordance with BSP Circular 1007, *Basel III Framework on Liquidity Standards - NSFR*. The covered bank shall maintain a NSFR of at least 100% at all times.

During the year 2025 and 2024, the Bank is compliant with the NSFR requirements.

Market Risk

Market risk is the risk that the Bank's earnings or capital or its ability to meet business objectives will be adversely affected by changes in the level, volatility or correlation of market risk factors, such as interest rates (including credit spread), foreign exchange, equities and commodities. The Bank's market risk originates from its holdings in its foreign exchange instruments, debt securities, and derivatives.

MRMD is responsible in managing market risk. MRMD performs the second line of defense. It is responsible for designing and executing appropriate identification, measurement, monitoring, control and reporting of market risk; and developing the market risk management policy and relevant procedures; and monitoring and reporting overall market risk profile and limit utilization.

The Bank classifies exposures to market risk into either trading or non-trading portfolios.

It is exposed to the potential loss in its trading portfolio because the values of its trading positions are sensitive to changes in the market prices and rates. Similarly, it is also exposed to market risk in its non-trading portfolio.

The Bank sets its market risk limits by considering market predictions, capital and annual budgets. It takes into account the correlation among different market risk factors to estimate potential loss using Value-at-Risk (VaR) approach and also determines if this potential loss is appropriate in light of the size of its annual budget. The Bank also determines its market risk limits by considering the experience of its risk-taking units and its risk appetite.

The Bank utilizes market risk factor sensitivities as a tool to manage market risk. Market risk factor sensitivities of a position are defined as a change in the value of a position caused by a unit shift in a given market factor. Market risk factor sensitivities include interest rate and foreign exchange factor sensitivities. The calculation of the factor sensitivities is obtained by measuring the effect of a one (1) unit increase in current interest rates or current foreign exchange rates upon various product types.

The Bank uses the VaR methodology in managing probable losses arising from potential changes in the market price of underlying assets. In deriving the VaR, the Bank employs the historical simulation approach, which estimates potential losses by assuming that future price movements will mimic historical trends.

The VaR methodology is a statistical estimate based on a historical simulation approach and generated from a historical database. It is important to note that VaR is only an estimate of maximum potential loss given a level of confidence. It can be based on historical data, which may not necessarily replicate itself in the future, or be computed from randomly generated numbers. As such, VaR cannot predict losses with 100.0% confidence.

The VaR will be based on a 1-day holding period, a level of confidence of 99.0% and a time series equivalent to 500 days (or two years). The level of confidence can be adjusted in response to heightened volatility in the market.

The following are the VaR statistics (in millions):

	2025		
	Foreign Exchange	Fixed Income	Total VaR
December 31	(P0.381)	(P6.915)	(P6.776)
Average daily	(5.967)	(9.568)	(11.478)
Highest	(19.541)	(31.467)	(37.279)
Lowest	(0.381)	(1.558)	(2.729)

	2024		
	Foreign Exchange	Fixed Income	Total VaR
December 31	(P1.058)	(P3.146)	(P3.497)
Average daily	(7.698)	(7.795)	(10.666)
Highest	(23.274)	(15.195)	(27.076)
Lowest	(0.647)	(3.146)	(3.497)

The fixed income column comprises both peso and dollar bonds.

The highs and lows of the total portfolio may not equal the sum of the individual components as the highs and lows of the individual portfolios may have occurred on different trading days. The VaR for foreign exchange is the foreign exchange risk throughout the Bank. The Bank, when aggregating the foreign exchange VaR and interest VaR, considers the correlation effects between the two risks. Annually, the BOD sets the VaR limit for the trading books to which compliance is reviewed daily by Risk Management.

The model's validity is assessed daily via back-testing. The back testing is an ex-post comparison of the VaR generated by the model against actual daily changes in portfolio value over longer periods of time. Based on 99.0% coverage with 250 observations, the number of times that the daily losses exceed the VaR estimates is the number of "exceptions". The higher the exception number suggests a more significant problem with the quality or accuracy of the model, and hence more regulatory capital is required.

Market risk positions are also subjected to daily stress tests to ensure that the Bank could withstand an extreme event. Historical events considered for stress testing represent crises - political or economic - which impacted greatly and adversely the financial markets.

Equity Price Risk

Equity price risk is the risk that the fair values of equity investments decrease as a result of changes in the levels of equity indices and the value of individual stocks (whether traded or not). The Bank has no significant exposure to equity price risk.

Interest Rate Risk

The table below summarizes the Bank's exposure to interest rate risk as at December 31, 2025 and 2024.

HFT Summary	2025	2024
USD (PVBP*) PHP	(P13,866)	(P60,084)
PHP (PVBP) PHP	(942,668)	(255,832)

*PVBP = price value of a basis point

Foreign Exchange Risk

The table below summarizes the Bank's exposure to foreign exchange risk as of December 31, 2025 and 2024. Included in the tables are the Bank's assets and liabilities at carrying amounts, categorized by currency (in thousands):

	2025			2024		
	USD	Others	Total	USD	Others	Total
Assets						
Financial assets at amortized cost:						
Cash and other cash items	P91,217	P5,938	P97,155	P64,016	P3,630	P67,646
Due from BSP and other banks	2,309,952	107,365	2,417,317	2,037,180	91,770	2,128,950
Interbank loans receivable - net	-	-	-	775,012	-	775,012
Investment securities - net	6,457,041	-	6,457,041	6,643,526	-	6,643,526
Loans and receivables - net	22,074,623	2,396,513	24,471,136	21,244,182	1,739,753	22,983,935
Financial assets at FVTPL	38	-	38	96	-	96
Financial assets at FVOCI	1,664,301	-	1,664,301	1,547,696	-	1,547,696
	32,597,172	2,509,816	35,106,988	32,311,708	1,835,153	34,146,861
Liabilities						
Financial liabilities at amortized cost:						
Deposit liabilities	15,008,533	63,324	15,071,857	18,412,295	117,012	18,529,307
Bills payable	15,535,258	2,172,616	17,707,874	16,909,864	1,684,930	18,594,794
Outstanding acceptances	3,045	-	3,045	4,427	-	4,427
Accrued interest and other expenses	78,213	7,718	85,931	132,151	18,836	150,987
Other liabilities	2,774,349	(265,862)	2,508,487	(3,139,569)	10,606,930	7,467,361
Financial liabilities at FVTPL	-	-	-	439	-	439
	33,399,398	1,977,796	35,377,194	32,319,607	12,427,708	44,747,315
Net Exposure	(P802,226)	P532,020	(P270,206)	(P7,899)	(P10,592,555)	(P10,600,454)

Information relating to the Bank's currency derivatives is contained in Note 26. The Bank has outstanding foreign currency spot transactions (in equivalent peso amounts) of P0.7 billion (sold) and P0.1 billion (bought) as at December 31, 2025 and P0.7 billion (sold) and P1.5 billion (bought) as at December 31, 2024.

Foreign exchange factor sensitivities (FX Delta) represent the change in the net present value of the foreign exchange portfolios caused by a unit shift of 100% of the underlying currency's exchange rate. The FX Delta risk comes from the FX exposure of derivatives, the hedging of foreign exchange positions and foreign currency cash positions.

The Bank's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

Foreign currency liabilities generally consist of foreign currency deposits in the Bank's FCDU. Foreign currency deposits are generally used to fund the Bank's foreign currency-denominated loan and investment portfolio in the FCDU. Effective January 1, 2018, the BSP, through Circular 946, *Amendments to Liquidity Floor and FCDU Regulations, Minimum Prudential Liquidity Requirements and Risk Management Guidelines*, no longer required FCDU liabilities to be covered by liquid assets.

Outside the FCDU, the Bank has additional foreign currency assets and liabilities in the RBU representing trade assets and corresponding foreign currency borrowings.

Interest Rate Risk in Banking Book.

Interest rate risk is the risk to future earnings or equity arising from the movement of interest rates. Changes in interest rates affect: (1) the Bank's earnings by changing its net interest income (NII) and the level of other interest rate-sensitive income; and (2) the underlying economic value of the Bank's assets, liabilities and off-balance sheet instruments by means of reducing the present value of future cash flows (and in some cases, the cash flows themselves).

As the primary interest rate risk management unit, the Liquidity and Balance Sheet Management Unit adjusts the repricing structure of assets and liabilities to ensure that interest rate risk exposure stays within a controllable range. Limits on the change in one (1)-year earnings (delta NII) and economic value of equity (EVE) given a one basis point (bp) change in interest rates are also established.

The following are the Delta NII and EVE statistics (in thousands):

	1bp Delta NII		1bp EVE	
	2025	2024	2025	2024
December 31	USD5.7	(USD8.3)	(USD75.9)	(USD82.6)
Average monthly	7.0	(3.7)	(82.3)	(87.7)
Highest	15.8	14.5	(75.9)	(71.8)
Lowest	(1.0)	(8.7)	(91.2)	(104.1)

The Bank is exposed to interest rate risk as a result of mismatches of interest rate repricing of assets and liabilities. Accordingly, limits on interest rate gaps for stipulated periods have been established by management.

Risk Monitoring and Control

The interest rate risk limits are monitored on monthly or daily basis. The MRMD is responsible for independent monitoring of the business units' compliance with the established limit framework as well as distributing monthly re-pricing gap report and advisory summary to the ALCO, RMC and BOD for their review periodically. These reports are appropriately tailored to include, according to the requirements of the intended recipient, the limit utilizations, trend and limit excess information.

The Liquidity and Balance Sheet Management Department is allowed to apply for hedge supported by duly approved hedge plan for the purpose of reducing risks. Financial instruments may be used to hedge for the purpose of reducing exposure or stabilizing profits. This can be achieved through conducting financial markets transactions with external counterparties to mitigate interest rate risk for non-trading purpose position.

As part of the internal control, the Interest Rate Risk in Banking Book (IRRBB) reports are subjected to a regular and independent audit - internal or external - to ensure accuracy and validity of data and practice. Likewise, risk model development and regular review of assumptions and methodologies are conducted by the MRMD in close coordination with Parent Bank and Treasury Group. Risk model validation relating to methodology and quantification is conducted by a banking unit independent to the MRMD and Treasury Group. Risk model validation except for methodology and quantification is conducted by the internal audit as part of their regular audit program.

Risk Measurement

The Bank's exposure to IRRBB is being measured by the following tools:

- Re-pricing Gap Report measures the re-pricing gap between asset and liability by various time buckets in order to understand interest rate mismatch; and
- Risk Sensitivity measures the impact of 1bp change in interest rate on NII and that on EVE. The analysis of such impact on NII (1bp Δ NII) focuses on changes in interest income and expense within a year, hence, a short-term perspective. The analysis of such impact on EVE (1bp Δ EVE) is of a long-term perspective as it focuses on changes of economic value which will become net interest income received every year later on.

Measurement of 1bp Δ NII and 1bp Δ EVE stems from the Repricing Gap Report. The Repricing Gap Report considers rate-sensitive assets and liabilities such as due from other banks, interbank loans receivable, debt investment securities, loans and receivables, deposit liabilities and bills payable, and equity. For those rate-sensitive assets and liabilities with no available repricing dates, the repricing assumption is based on the two years historical repricing behavior. The longest repricing maturity assigned to non-maturity deposits is the checking and demand deposit products of the Bank. The repricing assumption is a function of estimated decay rate, established cap on core deposit, and established cap on repricing tenor.

Likewise, regular stress-testing is performed to approximate the effect of extreme interest rate fluctuation on the economic value of equity. Stress-testing can be done in the form of pre-defined parallel shifts in interest rate curve or on the basis of ad hoc projected interest rate scenario. The MRMD monitors the stress test result of IRRBB and report to ALCO the possible economic value decline of capital.

IRRBB stress testing is performed to evaluate the appropriateness of exposure to comprehend the Bank's interest rate risk profile and its impact to the capital through NII or EVE and its corresponding impact to Capital Adequacy Ratio (CAR). Stress testing starts with the collective evaluation of the degree of interest rate movement under stress condition being determined during the ICAAP with primary consideration of the key economic variables in the future to establish IRRBB stress shocks.

In 2025 and 2024, the Bank uses the same +350bp movement for Peso Book and +250bp movement for foreign currency book as a stress scenario.

The tables below show the sensitivity of the Bank's economic value of equity to possible changes in interest rates as at December 31, 2025 and 2024 (in thousands).

The sensitivity of equity to interest rate movements is the present value of future cash flows discounted at the market rate.

		2025									
		Sensitivity of Equity									
Currency	Increase in bps	1 Month	3 Months	6 Months	1 Year	2 Years	5 Years	7 Years	10 Years Up	Total	
PHP	15	(P215)	(P1,074)	(P2,440)	P13,945	P65,984	(P40,422)	(P23,820)	(P29,645)	(P17,687)	
	20	(286)	(1,431)	(3,252)	18,585	87,916	(53,831)	(31,701)	(39,421)	(23,421)	
	25	(358)	(1,789)	(4,064)	23,220	109,818	(67,207)	(39,551)	(49,143)	(29,074)	
USD	15	(5)	2,997	(3,592)	(270)	17,671	(10,059)	(12,621)	(42,444)	(48,323)	
	20	(6)	3,994	(4,788)	(360)	23,544	(13,397)	(16,795)	(56,413)	(64,221)	
	25	(8)	4,991	(5,983)	(450)	29,408	(16,727)	(20,954)	(70,295)	(80,018)	

		2025									
		Sensitivity of Equity									
Currency	Decrease in bps	1 Month	3 Months	6 Months	1 Year	2 Years	5 Years	7 Years	10 Years Up	Total	
PHP	-15	P215	P1,076	P2,445	(P13,986)	(P66,267)	P40,717	P24,092	P30,131	P18,423	
	-20	287	1,435	3,261	(18,657)	(88,419)	54,356	32,183	40,285	24,731	
	-25	359	1,794	4,077	(23,332)	(110,602)	68,027	40,305	50,493	31,121	
USD	-15	5	(3,002)	3,599	271	(17,748)	10,128	12,768	43,258	49,279	
	-20	6	(4,004)	4,801	362	(23,681)	13,519	17,057	57,862	65,922	
	-25	8	(5,007)	6,003	453	(29,623)	16,918	21,362	72,558	82,672	

		2024									
		Sensitivity of Equity									
Currency	Increase in bps	1 Month	3 Months	6 Months	1 Year	2 Years	5 Years	7 Years	10 Years Up	Total	
PHP	15	P366	(P2,726)	(P1,839)	P10,942	P41,619	(P27,316)	(P29,919)	(P11,433)	(P20,306)	
	20	488	(3,634)	(2,452)	14,583	55,453	(36,381)	(39,817)	(15,201)	(26,961)	
	25	610	(4,541)	(3,064)	18,219	69,268	(45,426)	(49,678)	(18,946)	(33,558)	
USD	15	1,035	705	(275)	(681)	14,124	(10,934)	(5,761)	(53,357)	(55,144)	
	20	1,380	940	(366)	(907)	18,818	(14,560)	(7,666)	(70,924)	(73,285)	
	25	1,724	1,174	(458)	(1,134)	23,506	(18,177)	(9,564)	(88,383)	(91,312)	

2024										
Sensitivity of Equity										
Currency	Decrease in bps	10 Years								
		1 Month	3 Months	6 Months	1 Year	2 Years	5 Years	7 Years	Up	Total
PHP	(15)	(P367)	P2,731	P1,843	(P10,974)	(P41,797)	P27,499	P30,259	P11,632	P20,826
	(20)	(489)	3,642	2,458	(14,640)	(55,768)	36,706	40,422	15,555	27,886
	(25)	(612)	4,554	3,074	(18,308)	(69,760)	45,934	50,624	19,500	35,006
USD	(15)	(1,037)	(707)	275	682	(14,185)	11,019	5,828	54,356	56,231
	(20)	(1,383)	(942)	367	909	(18,927)	14,711	7,786	72,701	75,222
	(25)	(1,729)	(1,178)	459	1,137	(23,676)	18,413	9,751	91,159	94,336

The following table sets forth the repricing gap position of the Bank (in thousands):

2025						
	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	Total
Financial Assets						
Financial assets at amortized cost:						
Cash and other cash items	P676,891	P -	P -	P -	P -	P676,891
Due from BSP	2,464,263	-	-	-	-	2,464,263
Due from other banks	2,474,397	-	-	-	-	2,474,397
Interbank loans receivable - gross	-	-	-	-	-	-
Investment securities - gross	-	59,152	623,408	-	15,260,217	15,942,777
Loans and receivables - gross	10,221,948	5,566,034	3,083,915	3,141,515	32,525,306	54,538,718
Other assets*	4,051	2,337	2,796	11,913	41,447	62,544
Financial assets at FVTPL:						
Quoted debt	3,065,319	-	-	-	-	3,065,319
Derivative assets	144,000	-	-	-	-	144,000
Financial assets at FVOCI	-	-	397,977	-	10,208,307	10,606,284
Total Financial Assets	19,050,869	5,627,523	4,108,096	3,153,428	58,035,277	89,975,193
Financial Liabilities						
Financial liabilities at FVTPL	121,518	-	-	-	-	121,518
Other financial liabilities at amortized cost:						
Deposit liabilities:						
Demand	25,478,275	-	-	-	-	25,478,275
Savings	9,511,782	-	-	-	-	9,511,782
Time	15,204,246	3,406,944	422,350	343,171	127,265	19,503,976
Bills payable	2,105,244	-	-	-	17,652,630	19,757,874
Outstanding acceptances	3,045	-	-	-	-	3,045
Manager's checks	68,337	-	-	-	-	68,337
Accrued interest and other expenses**	697,369	-	-	-	-	697,369
Other liabilities***	2,151,050	731	425,490	27,851	427,705	3,032,827
Total Financial Liabilities	55,340,866	3,407,675	847,840	371,022	18,207,600	78,175,003
Repricing Gap	(P36,289,997)	P2,219,848	P3,260,256	P2,782,406	P39,827,677	P11,800,190
Cumulative Repricing Gap	(P36,289,997)	(P34,070,149)	(P30,809,893)	(P28,027,487)	P11,800,190	

*Includes returned checks and other cash items and rent deposit

**Excludes retirement liability, accrued taxes and other nonfinancial accruals

***Excludes withholding taxes payable, provision liability, and miscellaneous liability

2024						
	Up to 1 Month	1 to 3 Months	3 to Months	6 to 12 Months	Beyond 1 Year	Total
Financial Assets						
Financial assets at amortized cost:						
Cash and other cash items	P590,276	P -	P -	P -	P -	P590,276
Due from BSP	4,270,028	-	-	-	-	4,270,028
Due from other banks	2,159,647	-	-	-	-	2,159,647
Interbank loans receivable - gross	875,123	-	-	-	-	875,123
Investment securities - gross	-	117,628	236,695	102,841	13,949,943	14,407,107
Loans and receivables - gross	11,314,945	6,127,022	5,423,802	1,641,371	33,196,806	57,703,946
Other assets*	4,073	1,698	1,256	9,541	42,964	59,532
Financial assets at FVTPL:						
Quoted debt	845,333	-	-	-	-	845,333
Derivative assets	325,192	-	-	-	-	325,192
Financial assets at FVOCI	-	-	-	455,527	7,014,343	7,469,870
Total Financial Assets	20,384,617	6,246,348	5,661,753	2,209,280	54,204,056	88,706,054
Financial Liabilities						
Financial liabilities at FVTPL	153,316	-	-	-	-	153,316
Other financial liabilities at amortized cost:						
Deposit liabilities:						
Demand	16,401,004	-	-	-	-	16,401,004
Savings	8,080,733	-	-	-	-	8,080,733
Time	11,843,756	12,949,094	1,529,074	600,235	117,756	27,039,915
Bills payable	3,164,100	4,039,236	867,675	10,476,146	2,747,637	21,294,794
Outstanding acceptances	4,427	-	-	-	-	4,427
Manager's checks	66,297	-	-	-	-	66,297
Accrued interest and other expenses**	712,765	-	-	-	-	712,765
Other liabilities***	4,089,939	3,200	-	38,750	500,406	4,632,295
Total Financial Liabilities	44,516,337	16,991,530	2,396,749	11,115,131	3,365,799	78,386,546
Repricing Gap	(P24,131,720)	(P10,745,182)	P3,265,004	(P8,905,851)	P50,838,257	P10,320,508
Cumulative Repricing Gap	(P24,131,720)	(P34,876,902)	(P31,611,898)	(P40,517,749)	P10,320,508	

*Includes returned checks and other cash items and rent deposit

**Excludes retirement liability, accrued taxes and other nonfinancial accruals

***Excludes withholding taxes payable, provision liability and miscellaneous liability

The following table sets forth, for the period indicated, the impact of the range of reasonably possible changes in the interest rates (accounting perspective) on the profit or loss and equity:

	Impact to Statements of Income		Impact to Equity	
	2025	2024	2025	2024
PHP Interest Rates				
Increase by 15 bps	P202,581,358	P252,550,057	(P303,735,130)	(P356,277,732)
Increase by 20 bps	270,108,477	336,733,410	(402,205,145)	(473,009,566)
Increase by 25 bps	337,635,597	420,916,762	(499,301,376)	(588,737,216)
Decrease by 15 bps	(202,581,358)	(252,550,057)	316,397,912	365,522,576
Decrease by 20 bps	(270,108,477)	(336,733,410)	424,717,242	489,445,190
Decrease by 25 bps	(337,635,597)	(420,916,762)	534,477,502	614,418,574
USD Interest Rates				
Increase by 15 bps	(312,629)	(128,512,451)	(821,967,644)	(953,300,177)
Increase by 20 bps	(415,105)	(171,349,935)	(1,092,399,153)	(1,266,947,985)
Increase by 25 bps	(517,582)	(214,187,419)	(1,361,071,115)	(1,578,558,742)
Decrease by 15 bps	302,233	128,512,451	838,224,055	972,121,679
Decrease by 20 bps	404,709	171,349,935	1,121,300,219	1,300,409,342
Decrease by 25 bps	507,186	214,187,419	1,406,230,602	1,630,843,938

The Bank has exposures to other currencies that are not material.

The following table provides for the average EIRs by period of maturity or repricing of the Bank:

	2025		
	Less than 3 Months	3 Months to 1 Year	Greater than 1 Year
Peso-denominated			
<i>Financial Assets</i>			
Due from BSP	0.5%	-	-
Due from other banks	0.2%	-	-
Interbank loans receivable	5.7%	-	-
Financial assets at FVOCI	-	-	-
Investment securities at amortized cost	3.3%	3.7%	5.6%
Loans and receivables	7.4%	8.3%	14.6%
Financial assets at FVTPL	-	2.3%	5.1%
<i>Financial Liabilities</i>			
Deposit liabilities	2.7%	4.8%	4.6%
Bills payable	5.1%	-	-
Foreign Currency-denominated			
<i>Financial Assets</i>			
Due from other banks	2.1%	-	-
Interbank loans receivable	4.3%	-	-
Financial assets at FVOCI	-	-	4.1%
Investment securities at amortized cost	6.1%	6.7%	4.1%
Loans and receivables	6.3%	7.1%	5.9%
Financial assets at FVTPL	-	-	4.6%
<i>Financial Liabilities</i>			
Deposit liabilities	2.5%	4.3%	4.3%
Bills payable	4.6%	-	-

	2024		
	Less than 3 Months	3 Months to 1 Year	Greater than 1 Year
Peso-denominated			
<i>Financial Assets</i>			
Due from BSP	0.1%	-	-
Due from other banks	0.2%	-	-
Interbank loans receivable	6.4%	-	-
Financial assets at FVOCI	-	-	4.5%
Investment securities at amortized cost	4.7%	4.1%	5.2%
Loans and receivables	8.7%	7.8%	13.8%
Financial assets at FVTPL	0.3%	0.4%	5.5%
<i>Financial Liabilities</i>			
Deposit liabilities	1.9%	5.1%	5.3%
Bills payable	6.6%	-	-
Foreign Currency-denominated			
<i>Financial Assets</i>			
Due from other banks	1.4%	-	-
Interbank loans receivable	3.9%	-	-
Financial assets at FVOCI	-	-	4.2%
Investment securities at amortized cost	10.5%	8.6%	3.9%
Loans and receivables	5.7%	6.5%	5.2%
Financial assets at FVTPL	-	-	4.2%
<i>Financial Liabilities</i>			
Deposit liabilities	2.3%	4.6%	4.8%
Bills payable	5.4%	-	-

Prepayment Risk

Prepayment risk is the risk that the Bank will incur a financial loss because its customers and counterparties repay or request repayment earlier than expected, such as fixed rate mortgages when interest rates fall. The Bank has exposures in consumer, e.g., salary loans, mortgage loans. These activities generate market risk since these loan products are inherently sensitive to changes in the level of market interest rates.

The impact on the Bank's profitability of mortgage loan prepayment risk is deemed negligible as actual prepayments were small relative to the loan portfolio.

Operational Risk

Operational risk is defined as the risk of loss arising from direct or indirect loss from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputational risk.

Direct loss is a result primarily from an operational failure while an Indirect Loss relates to the impact of operational risk on other risks such as Market, Credit or Liquidity Risk.

The Operational and Reputational Risk Management Department (ORRMD) is responsible for establishing, overseeing and supporting CTBC's Operational Risk Management (ORM) framework. Specific responsibilities include:

- Recommend to the BOD and Senior Management appropriate policies and procedures relating to ORM.
- Design and implement Bank's operational risk assessment methodology, tools, and risk reporting system.
- Coordinate risk management activities across the organization.
- Consolidated all relevant operational risk information and reports to be elevated and reported to the BOD and Senior Management.
- Provide ORM training and advice to BU's on ORM issues.

- Coordinate with Compliance function, Internal Audit, and External Audit on ORM matters.
- Monitoring and reporting of Operational Risk incidents.
- Manage the stress testing activities for the Bank's operational risk:
 - Design and develop a stress testing policy, standard operational procedures, and tools and templates for operational risk and obtain required approvals in accordance to the Bank's Risk Governance Policy.
 - Facilitate the conduct of operational risk stress testing on annual basis, following the prescribed timelines.
 - Validate and challenge responses of business unit and functional unit in the stress testing exercise.
 - Consolidate and submit results of the operational risk stress testing exercise for management review and approval.

Operational Risk Process

The Bank implements the Risk and Control Assessment Framework to ensure that all operational risks of the different Business and Functional Units are reported and properly managed.

The Risk and Control Assessment (RCA) Framework is composed of 3 main activities namely:

- Annual Risk Assessment - refers to the process of assessing key risks to be faced by the Bank in the upcoming year and mapping key controls and/or indicators for each identified key risk.
- Management Control Assessment - refers to the year-long process of assessing the effectiveness of key control through self-inspection, monitoring trend/s of risk indicators, and taking action on any identified vulnerability or gap.

Business Risk, Compliance, and Control Forum - refers to the integrated review on internal controls across first, second, and third lines of defense. Its main objective is to enable Senior Management to supervise the overall status of key risk trend, weakness in controls, and correction on major events and audit issues.

The Bank's Operational Risk Process is as follows:

Key Risk and Control Identification Process

This involves the review of existing business processes, products and services with the aim of identifying vulnerabilities and assessing the extent of damage that can happen should breaches occur. The RCA Framework is followed.

Review and Document Policies and Procedures

In reviewing and documenting policies and procedures, each business and operating unit ensures clear and complete documentation of the following:

- Processes - Include all functions that are being done to ensure complete delivery of the transaction. This covers both client interface processes and internal control.
- People - Identify everyone involved in the process, their duties and responsibilities and required competencies.
- Reports - Identify those that would be needed to assess risk management effectiveness.
- Methodologies - Detail the tools and activities that would support decision making for critical areas of the process.

- Systems and Data - Cite the system and data requirement for the business unit to efficiently manage reports and methodologies employed.

All Business and Operating Units shall ensure that actual practices are consistent with documented policies and procedures.

Monitor and Formulate Action Plan

Monitoring and formulating action plans against established standards, via the key risk indicators is an important component in ensuring that these standards are met. There are three units involved in the overall formulation and monitoring of action plans for all Business and Functional Units.

- Business and Functional Units - They are expected to report the operational exceptions, deviations on the policies and procedures and deficiencies on the documentations and process.
- ORRMD - Collates and consolidates the reports from different business and functional units. They are also responsible for monitoring, analyzing and reporting operational risk losses and exposures to Management.
- Internal Audit Department - Primarily responsible for ensuring that all Operations Units are in compliance with the set of policies and procedures. They should be able to provide an independent opinion on the effectiveness of established internal controls.

Management Oversight

On a monthly basis, the Operations Committee convenes to discuss operational risk issues. This is presided by the President/Chief Executive Officer (CEO) with the following members: Deputy CEO, Chief Risk Officer, Chief Financial Officer, Information Security Officer, and Heads of ORRMD, ICMG, RCMG, IBG, RBG, Trust Department, Treasury Group, Information Technology Group, Banking Operations Group, Human Resources and Administration Group, Marketing Communications Services Department, Internal Audit and Compliance.

Strategic Risk

Strategic risk is the risk that the current and prospective earnings or capital will be adversely impacted because of business decisions, improper implementation of decisions or lack of responsiveness to industry changes. This definition gives importance to business planning, where business decisions and its implementation are derived from.

The strategic risk of the Bank is a function of the compatibility of its strategic goals, the quality of carrying out its implementation, and building the infrastructure to meet such goals. Strategic risk is managed throughout the Bank and is primarily monitored by Finance and Corporate Affairs Group through budget analysis and variances.

Legal Risk

Legal risks belong to non-quantifiable risks that are not subject to specific numerical measurements but likewise require similar management attention. While unpredictable, non-quantifiable risks may cause severe impact of the Bank's statement of income. These risks are mitigated by developing a strong control culture, an organizational structure that is risk-aware, and an effective internal control system that continually monitors and updates processes and procedures. Legal risks include the potential for the Bank to suffer a financial loss due to non-existent, incomplete, incorrect and/or unenforceable documentation used by the Bank to protect and enforce its rights under contracts and obligations. This risk is closely related to credit risk as it most often involves legal problems with counterparties to the Bank's transactions. It is also closely related to other non-quantifiable risks that have to be assessed: fiduciary, reputational risk and regulatory risk.

A legal review process is the primary control mechanism for legal risks and shall be part of every product program or process of the Bank. The review aims to validate the existence, propriety and enforceability of documents, and verify the capacity and authority of counterparties and customers to enter into transactions.

The Bank's Legal Department is the primary unit assigned to identify, assess, manage and monitor the Bank's legal risk.

Capital Management

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

The Bank considers its paid-in capital and retained earnings as its core economic capital.

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

Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Bank's unimpaired capital (regulatory net worth) as reported to the BSP, which is determined on the basis of Regulatory Accounting Principles which differ from PFRS Accounting Standards in some respects.

The BSP sets and monitors compliance with minimum capital requirements for the Bank. In implementing current capital requirements, BSP issued Circular 781 which implemented the Revised Risk-Based Capital Adequacy Framework under Basel III effective January 1, 2014. It requires the Bank to maintain a prescribed risk-based CAR (expressed as a percentage of qualifying capital to risk-weighted assets) of not less than 10% for both solo and consolidated basis. The Bank is also required to maintain a minimum Common Equity Tier (CET) 1 and Tier 1 capital ratio of 6% and 7.5%, respectively. A capital conservation buffer of 2.5% comprised of CET1 capital was likewise imposed through BSP Circular 1024, *Adoption of the Countercyclical Capital Buffer Framework*.

Shown below are the Bank's minimum capital-to-risk assets ratios as reported to the BSP as of December 31, 2025 and 2024 (in millions except for percentages).

	2025	2024
CET 1 capital	P11,285	P9,577
Tier 1 capital	11,285	9,577
Tier 2 capital	662	688
Gross qualifying capital	11,947	10,265
Less: Required deductions	-	-
Total Qualifying Capital	P11,947	P10,265
Risk-weighted Assets (RWAs)	P74,247	P75,506
CET 1 ratio	15.2%	12.7%
Tier 1 capital ratio	15.2%	12.7%
Tier 2 capital ratio	0.9%	0.9%
Risk-based CAR	16.1%	13.6%

The regulatory qualifying capital of the Bank consists of Tier 1 (core) and Tier 2 (supplementary) capital. Tier 1 capital comprise of common stock, additional paid-in capital and surplus. Tier 2 comprises upper Tier 2 and lower Tier 2. Upper Tier 2 consists of preferred stock, revaluation increment reserve, general loan loss provision, and deposit for common stock subscription. Lower Tier 2 consists of unsecured subordinated debt.

BSP Circular 560, *Ceilings on Loans, Other Credit Accommodations and Guarantees Granted to Subsidiaries and Affiliates*, dated January 31, 2007, which took effect on February 22, 2007, requires the deduction of unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates from capital accounts for purposes of computing CAR.

Moreover, BSP Circular 1027, *Amendments to the Guidelines on the Computation of Required Capital*, dated December 14, 2018, provides the guidelines on the computation of the required capital for banks to ensure that capital is only composed of instruments that are of highest quality to absorb losses.

The Bank complied with the minimum CAR of 10% throughout 2025 and 2024.

BASEL III

On December 13, 2013, the BSP issued Circular 822, *Amendments to the Capital Framework of Foreign Bank Branches*, which provides that the minimum capital required for locally incorporated subsidiaries of foreign banks shall be the same as that prescribed by the Monetary Board for domestic banks of the same category under Circular 781 issued last January 15, 2013.

The following are the revised minimum capital requirements:

- 6.% CET1/ RWAs;
- 7.5% Tier 1 Capital/RWAs; and
- 100% Total Qualifying Capital (Tier 1 plus Tier 2)/RWAs.

The Qualifying Capital must consist of the sum of the following elements, net of required deductions: Tier 1-'going concern' [CET1 plus Additional Tier 1] and Tier 2 - 'gone concern.' A bank/quasi-bank must ensure that any component of capital included in qualifying capital complies with all the eligibility criteria for the particular category of capital in which it is included. The Circular further describes the elements/criteria that a bank should meet for each capital category. Regulatory adjustments and calculation guidelines for each capital category are also discussed.

In conformity with the Basel III standards, a Capital Conservation Buffer of 2.5% of RWAs, comprised of CET1 capital, has been required. This buffer is meant to promote the conservation of capital and build-up of adequate cushion that can be drawn down by banks to absorb losses during financial and economic stress. The restrictions on distribution that a bank must meet at various levels of CET1 capital ratios are established, as shown in below table. Restrictions will be imposed if a bank has no positive earnings, has CET1 of not more than 8.5% (CET Ratio of 6.0% plus conservation buffer of 2.5%) and has not complied with the minimum 10.0% CAR.

Level of CET 1 Capital	Restriction on Distributions of Earnings
<6.0%	No distribution
6.0% - 7.25%	No distribution until more than 7.25% CET1 capital is met
>7.25% - 8.5%	50.0% of earnings may be distributed
>8.5%	No restriction on the distribution

Under Section 129 of the MORB Basel III, leverage ratio is designed to act as supplementary measure to the risk-based capital requirements. It is defined as the capital measure (numerator) divided by the exposure measure (denominator). The leverage ratio shall not be less than 5% computed on both solo (head office plus branches) and consolidated bases (parent bank plus subsidiary financial allied undertakings but excluding insurance companies).

The Bank exceeded the minimum leverage ratio of 5% in 2025 and 2024 as presented below (amounts in thousands):

	2025	2024
Capital measure	P11,284,859	P9,577,341
Exposure measure	98,306,524	103,748,643
Leverage ratio	11.48%	9.23%

6. Fair Value Measurement

The methods and assumptions used by the Bank in estimating the fair value of the financial assets and financial liabilities are:

Cash and Other Cash Items, Due from BSP and Other Banks, and Interbank Loans Receivable

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

Quoted Debt and Equity Securities

Fair values are based on quoted prices published in markets.

Unquoted Equity Securities

The unquoted equity securities of the Bank are measured at fair value. However, due to the lack of suitable methods of arriving at a reliable fair value, the cost is determined to be an appropriate estimate of fair value. The unquoted equity securities are instead measured at their carrying amounts. These are interests in BancNet, Philippine Clearing House Corporation and Bankers Association of the Philippines held as per membership requirement.

Derivative Instruments

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

Loans and Receivables

Fair values of loans subject to periodic interest repricing of more than one year are estimated based on the discounted cash flow methodology using the loan's latest interest rate. Carrying values of loans subject to periodic interest repricing of one year or less approximate fair value because of recent and regular repricing based on market conditions.

Foreclosed Properties - Investment Properties and Properties under Trustee

Fair value is determined based on valuations performed by external and in-house appraisers using the market data approach. The fair values of the Bank's investment properties are based on recent sales of similar properties in the same areas, taking into account the economic conditions prevailing at the time the valuations were made.

Significant unobservable inputs in determining the 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. As a rule, properties along a main road are superior to properties along a secondary road.
Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable confirms to the average cut of the lots in the area and estimate the impact of 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 date is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

Deposit Liabilities

Carrying amounts of demand and savings deposit approximate fair values considering that these are currently due and demandable. Fair values of time deposits are estimated based on discounted cash flow methodology using the Bank's latest interest rates due to lack of suitable methods of arriving at reliable fair value.

Other Financial Liabilities

Carrying values of liabilities, other than deposit liabilities approximates fair values due to their short-term nature.

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

	2025				Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Assets Measured at Fair Value					
<i>Financial Assets</i>					
Financial assets at FVTPL:					
Held-for-trading:					
Quoted debt	P3,065,319,101	P -	P3,065,319,101	P -	P3,065,319,101
Derivative assets	143,999,739	-	143,999,739	-	143,999,739
	3,209,318,840	-	3,209,318,840	-	3,209,318,840
Financial assets at FVOCI:					
Quoted debt	10,590,403,641	10,590,403,641	-	-	10,590,403,641
Unquoted equity	12,440,817	-	-	12,440,817	12,440,817
Quoted equity	3,440,000	-	3,440,000	-	3,440,000
	10,606,284,458	10,590,403,641	3,440,000	12,440,817	10,606,284,458
	P13,815,603,298	P10,590,403,641	P3,212,758,840	P12,440,817	P13,815,603,298
Assets for which Fair Values are Disclosed					
Financial assets at amortized cost:					
Cash and other cash items	P676,891,316	P -	P -	P676,891,316	P676,891,316
Due from BSP	2,464,263,407	-	-	2,464,263,407	2,464,263,407
Due from other banks	2,474,396,936	-	-	2,474,396,936	2,474,396,936
Interbank loans receivable - net	-	-	-	-	-
Investment securities - net	15,925,011,156	-	15,925,011,156	-	15,925,011,156
Loans and discounts - net:	-	-	-	-	-
Institutional banking	40,628,534,021	-	-	40,628,534,021	40,628,534,021
Retail banking	4,435,700,973	-	-	4,435,700,973	4,435,700,973
Mortgage banking	4,813,158,954	-	-	4,813,158,954	4,813,158,954
Small business loans	547,850,235	-	-	547,850,235	547,850,235
Accrued interest receivable	649,492,253	-	-	649,492,253	649,492,253
Other receivables	1,517,987,726	-	-	1,517,987,726	1,517,987,726
Other assets*	62,543,989	-	-	62,543,989	62,543,989
	74,195,830,966	-	15,925,011,156	58,270,819,810	74,195,830,966
<i>Nonfinancial Assets</i>					
Investment properties - net	220,321,573	-	-	321,806,703	321,806,703
Other assets***	278,705,981	-	-	398,285,044	398,285,044
	74,694,858,520	-	15,925,011,156	58,990,911,557	74,915,922,713
Liabilities Measured at Fair Value					
Financial liabilities at FVTPL					
	121,518,499	-	121,518,499	-	121,518,499
Liabilities for which Fair Values are Disclosed					
Financial liabilities at amortized cost:					
Deposit liabilities:					
Demand	25,478,274,848	-	-	25,478,274,848	25,478,274,848
Savings	9,511,782,504	-	-	9,511,782,504	9,511,782,504
Time	19,503,975,504	-	-	19,503,975,504	19,503,975,504
	54,494,032,856	-	-	54,494,032,856	54,494,032,856
Bills payable	19,757,873,886	-	-	19,757,873,886	19,757,873,886
Outstanding acceptances	3,044,852	-	-	3,044,852	3,044,852
Manager's checks	68,337,282	-	-	68,337,282	68,337,282
Accrued interest, taxes and other expenses**	697,369,085	-	-	697,369,085	697,369,085
Other liabilities***	3,032,826,510	-	-	3,032,826,510	3,032,826,510
	78,053,484,471	-	-	78,053,484,471	78,053,484,471
	P78,175,002,970	P -	P121,518,499	P78,053,484,471	P78,175,002,970

*Includes returned checks and other cash items and rent deposit

**Excludes retirement liability, accrued taxes and other nonfinancial accruals

***Excludes withholding taxes payable, provision liability, and miscellaneous liability

****Pertains to the properties under trustee measured at fair market value

	2024				Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Assets Measured at Fair Value					
<i>Financial Assets</i>					
Financial assets at FVTPL:					
Held-for-trading:					
Quoted debt	P845,333,115	P -	P845,333,115	P -	P845,333,115
Derivative assets	325,192,247	-	325,192,247	-	325,192,247
	1,170,525,362	-	1,170,525,362	-	1,170,525,362
Financial assets at FVOCI:					
Quoted debt	7,454,279,481	1,453,034,770	6,001,244,711	-	7,454,279,481
Unquoted equity	12,440,817	-	-	12,440,817	12,440,817
Quoted equity	3,150,000	-	3,150,000	-	3,150,000
	7,469,870,298	1,453,034,770	6,004,394,711	12,440,817	7,469,870,298
	P8,640,395,660	P1,453,034,770	P7,174,920,073	P12,440,817	P8,640,395,660
Assets for which Fair Values are Disclosed					
Financial assets at amortized cost:					
Cash and other cash items	P590,275,773	P -	P -	P590,275,773	P590,275,773
Due from BSP	4,270,027,822	-	-	4,270,027,822	4,270,027,822
Due from other banks	2,159,646,712	-	-	2,159,646,712	2,159,646,712
Interbank loans receivable - net	874,964,029	-	-	874,964,029	874,964,029
Investment securities - net	14,390,603,911	2,374,062,230	11,301,677,000	-	13,675,739,230
Loans and discounts - net:					
Institutional banking	44,304,523,650	-	-	44,304,523,650	44,304,523,650
Retail banking	4,624,501,180	-	-	4,624,501,180	4,624,501,180
Mortgage banking	4,632,892,681	-	-	4,632,892,681	4,632,892,681
Small business loans	462,953,020	-	-	462,953,020	462,953,020
Accrued interest receivable	656,728,637	-	-	656,728,637	656,728,637
Other receivables	664,993,840	-	-	664,993,840	664,993,840
Other assets*	59,531,987	-	-	59,531,987	59,531,987
	77,691,643,242	2,374,062,230	11,301,677,000	63,301,039,331	76,976,778,561
<i>Nonfinancial Assets</i>					
Investment properties - net	151,788,925	-	-	151,788,917	151,788,917
Other assets****	302,939,723	-	-	337,436,767	337,436,767
	78,146,371,890	2,374,062,230	11,301,677,000	63,790,265,015	77,466,004,245
Liabilities Measured at Fair Value					
Financial liabilities at FVTPL					
	153,315,657	-	153,315,657	-	153,315,657
Liabilities for which Fair Values are Disclosed					
Financial liabilities at amortized cost:					
Deposit liabilities:					
Demand	16,401,004,173	-	-	16,401,004,173	16,401,004,173
Savings	8,080,732,931	-	-	8,080,732,931	8,080,732,931
Time	27,039,914,626	-	-	27,039,914,626	27,039,914,626
	51,521,651,730	-	-	51,521,651,730	51,521,651,730
Bills payable	21,294,794,018	-	-	21,294,794,018	21,294,794,018
Outstanding acceptances	4,427,526	-	-	4,427,526	4,427,526
Manager's checks	66,297,573	-	-	66,297,573	66,297,573
Accrued interest, taxes and other expenses**	712,764,852	-	-	712,764,852	712,764,852
Other liabilities***	4,632,295,146	-	-	4,632,295,146	4,632,295,146
	78,232,230,845	-	-	78,232,230,845	78,232,230,845
	P78,385,546,502	P -	P153,315,657	P78,232,230,845	P78,385,546,502

*Includes returned checks and other cash items and rent deposit

**Excludes retirement liability, accrued taxes and other nonfinancial accruals

***Excludes withholding taxes payable, provision liability, and miscellaneous liability

****Pertains to the properties under trustee measured at fair market value

The following ranges of discount rates were used in estimating the fair values of unquoted fixed-rate and floating-rate debt instruments:

	PHP			
	2025		2024	
	High	Low	High	Low
Loans and discounts:				
Retail banking	26.28%	14.40%	26.28%	14.40%
Mortgage banking	10.50%	6.35%	10.00%	6.89%

The following table shows financial instruments recognized at fair value, analyzed by bases of fair value:

- Level 1 - quoted market prices in active markets for identical assets or liabilities; 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 deduction for transaction costs, the instruments are included within Level 1 of the hierarchy.
- Level 2 - those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); 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; and
- Level 3 - those with inputs for the asset or liability that are not based on observable market data (unobservable inputs). Instruments included in Level 3 are those for which there are currently no active market.

The fair values of Level 1 instruments are based on the Bloomberg Valuation Service (BVAL) reference rates as used as the benchmark of PHP government securities in the active market of which comprise the quoted debt securities at FVTPL at reporting date. These BVAL reference rates are based on accumulated market data and real-time market observations on actively traded identical fixed income securities.

The fair values of Level 2 instruments are based on broker quotes from similar contracts that are traded in an active market. These quotes reflect the actual transactions in similar instruments.

In 2025 and 2024, there were transfers between Level 2 to Level 1 category since the Bank established that markets are already active and therefore quoted prices provide reliable pricing information.

In 2025 and 2024, there were no transfers into and out of Level 1 to 3 of fair value measurements.

7. Investment Securities

Financial Assets at FVTPL

Financial assets at FVTPL consist of the following:

	Note	2025	2024
Government debt securities	5, 6	P3,065,319,101	P845,333,115
Derivative assets	5, 6, 26	143,999,739	325,192,247
	5, 17, 27	P3,209,318,840	P1,170,525,362

The Bank's debt securities and derivative assets are mandatorily classified as at FVTPL on initial recognition.

In 2025, the EIR of FVTPL debt securities ranged from 4.8% to 7.7% for peso-denominated and 4% to 5.9% for foreign currency-denominated FVTPL debt securities. In 2024, the EIR of FVTPL debt securities ranged from 5.1% to 6.9% for peso-denominated and 3.7% to 5.8% for foreign currency-denominated FVTPL debt securities. In 2023, the EIRs of FVTPL debt securities ranged from 4.3% to 7.1% for peso-denominated and 3.3% to 7.5% for foreign currency-denominated FVTPL debt securities.

Net unrealized (loss) gain on revaluation to market of financial assets at FVTPL amounting to (P8.9 million), (P21.1 million) and P12.7 million in 2025, 2024 and 2023, respectively, are included under 'Trading and securities gains - net' in the statement of income.

Net (loss) gain on derivative transactions amounting to (P89.3 million), P394.2 million and (P34.9 million) in 2025, 2024 and 2023, respectively, is included under 'Foreign exchange gains - net' in the statement of income.

Financial Assets at FVOCI

Financial assets at FVOCI consist of the following:

	2025	2024
Government debt securities	P10,590,403,641	P7,454,279,481
Unquoted equity securities	12,440,817	12,440,817
Quoted equity securities	3,440,000	3,150,000
	P10,606,284,458	P7,469,870,298

In 2025, EIRs of FVOCI debt securities ranged from 5.1% to 6.5% for peso-denominated and 4.2% to 5.6% for foreign currency-denominated FVOCI debt securities. In 2024, EIRs of FVOCI debt securities ranged from 5.7% to 7.2% for peso-denominated and 4.5% to 5.9% for foreign currency-denominated FVOCI debt securities. In 2023, EIRs of FVOCI debt securities ranged from 2.4% to 6.9% for peso-denominated and 4.8% to 5.5% for foreign currency-denominated FVOCI debt securities

As at December 31, 2025 and 2024, loss allowance on financial assets at FVOCI amounted to P11.6 million and P8.4 million, respectively (see Note 12).

Unquoted equity securities are maintained to meet local requirements set by Philippine Clearing House Corporation (PCHC), consortium initiatives for automated teller machines networks and online banking through Bancnet and membership with BAP.

Quoted equity securities pertain to club shares from Orchard Golf and Country Club and Subic Bay Yacht Club Corporation which were irrevocably designated at FVOCI as at January 1, 2018.

The movements of net unrealized loss on financial assets at FVOCI are as follows:

	2025	2024
Balance at beginning of the year	(P477,119,700)	(P418,804,130)
Net change in fair value recognized in OCI:		
Unrealized gain (loss) on debt financial assets at FVOCI recognized in OCI	236,728,907	(34,055,809)
Amount realized on sale in the statement of income	(80,540,563)	(23,809,761)
	156,188,344	(57,865,570)
Unrealized gain (loss) on equity financial assets at FVOCI recognized in OCI	290,000	(450,000)
	156,478,344	(58,315,570)
Balance at end of year	(P320,641,356)	(P477,119,700)

Investment Securities at Amortized Cost

Investment securities at amortized cost consist of Philippine government treasury notes that bear nominal annual interest rates ranging from 5.14% to 6.38% in 2025, 2% to 10.6% in 2024 and 0% to 10.6% in 2023.

As at December 31, 2025 and 2024, the carrying value of investment securities at amortized cost amounted to P15.9 billion and P14.4 billion, respectively. Loss allowance on investment securities at amortized cost amounted to P17.8 million and P16.5 million as at December 31, 2025 and 2024, respectively (see Note 12).

No investment securities are pledged by the Bank to secure outstanding liabilities as at December 31, 2025 and 2024.

Interest income on investment securities consists of:

	2025	2024	2023
Interest Income Calculated Using Effective Interest Method			
Investment securities at amortized cost	P736,225,118	P651,304,148	P505,966,077
Financial assets at FVOCI	405,714,072	277,694,066	182,760,509
	1,141,939,190	928,998,214	688,726,586
Interest Income on Financial Assets at FVTPL	130,796,225	69,285,851	41,831,502
	P1,272,735,415	P998,284,065	P730,558,088

Trading and securities gains - net consists of:

	2025	2024	2023
Financial assets at FVOCI - debt securities	P80,711,048	P24,523,580	P27,099,769
Financial assets at FVTPL	57,755,479	(16,127,148)	51,130,863
	P138,466,527	P8,396,432	P78,230,632

8. Loans and Receivables

This account consists of:

	Note	2025	2024
Loans and discounts:			
Institutional banking	5	P41,791,480,739	P45,784,412,147
Retail banking	5	5,088,466,407	5,375,619,108
Mortgage banking	5	4,860,191,529	4,682,361,967
Small business loans	5	555,303,316	462,955,160
Accrued interest receivable	5	704,961,578	724,828,575
Other receivables	5	1,538,314,922	673,768,595
	5, 17, 27	54,538,718,491	57,703,945,552
Unearned interest discount and capitalized interest	17	(1,812,358)	(1,525,273)
		54,536,906,133	57,702,420,279
Loss allowance	5, 12	(1,929,031,673)	(2,355,827,271)
	5	P52,607,874,460	P55,346,593,008

Institutional banking loans and small business loans include domestic bills purchased amounting to P33 million and P335.1 million as at December 31, 2025 and 2024, respectively (see Note 16).

Other receivables include sales contract receivables amounting to P26.5 million and P43.5 million as at December 31, 2025 and 2024, respectively. Sales contract receivables as of December 31, 2025 and 2024 bear fixed interest rates per annum ranging from 13% to 15.8% and 9.5% to 12.8%, respectively.

No loans and receivables are being pledged by the Bank to secure outstanding liabilities as at December 31, 2025 and 2024.

Interest income on loans and receivables consists of:

	2025	2024	2023
Institutional banking	P2,966,171,278	P2,845,301,137	P2,574,739,798
Retail banking	1,436,304,060	1,477,479,845	1,282,762,583
Mortgage banking	385,100,878	332,005,522	258,058,162
Small business loans	17,745,167	21,989,382	13,815,916
Other receivables	2,760,636	2,998,189	2,598,260
	P4,808,082,019	P4,679,774,075	P4,131,974,719

The EIRs of foreign currency-denominated receivables ranged from 2.6% to 7.1%, 1.2% to 8.9% and 5.2% to 6.5% in 2025, 2024 and 2023, respectively, while for peso-denominated receivables, the EIRs ranged from 13% to 15.8%, 9.5% to 12.8% and 10% to 10.9% in 2025, 2024 and 2023, respectively.

As at December 31, 2025 and 2024, the Bank's loan portfolio includes non-risk loans, as defined under BSP regulations, totaling P1.2 billion and P1.1 billion, respectively.

As of December 31, 2025 and 2024, 90.2% and 90.4% of the total loans of the Bank are subject to periodic interest repricing. Remaining loans earn annual fixed interest rates ranging from 5% to 48% in 2025 and 5% to 26.3% in 2024, for peso-denominated loans.

Breakdown of Total Loans As to Status

The following table shows the breakdown of receivable from customers, gross of loss allowance and unearned interest and discount, as to performing and non-performing as of December 31, 2025 and 2024:

	2025	2024
Performing loans:		
Institutional banking	P40,656,538,554	P44,333,831,099
Retail banking	4,602,350,948	4,856,276,190
Mortgage banking	4,770,398,616	4,589,934,426
Small business loans	555,303,316	462,955,160
	50,584,591,434	54,242,996,875
Non-performing loans:		
Institutional banking	1,134,942,185	1,450,581,048
Retail banking	486,115,459	519,342,918
Mortgage banking	89,792,913	92,427,541
	1,710,850,557	2,062,351,507
	P52,295,441,991	P56,305,348,382

9. Property and Equipment

The composition and movements of this account are as follows:

	2025						Total
	Bank Premises	Right-of-Use Assets	Computer Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	
Cost							
Balance at beginning of year	P80,229,255	P1,098,241,708	P488,517,071	P107,487,934	P85,038,770	P365,090,778	P2,224,605,516
Additions	-	30,770,488	70,785,506	20,967,705	3,428,845	4,097,169	130,049,713
Disposals	-	-	(118,669,449)	(23,200,647)	(21,086,066)	(76,627,602)	(239,583,764)
Balance at end of year	80,229,255	1,129,012,196	440,633,128	105,254,992	67,381,549	292,560,345	2,115,071,465
Accumulated Depreciation and Amortization							
Balance at beginning of year	71,547,309	642,002,855	306,577,892	57,873,071	76,619,359	360,248,968	1,514,869,454
Depreciation and amortization	3,681,423	116,439,070	73,613,886	18,513,540	3,221,249	1,971,681	217,440,849
Disposals	-	-	(118,082,967)	(17,094,824)	(21,027,166)	(76,627,602)	(232,832,559)
Balance at end of year	75,228,732	758,441,925	262,108,811	59,291,787	58,813,442	285,593,047	1,499,477,744
Net Book Value at End of Year	P5,000,523	P370,570,271	P178,524,317	P45,963,205	P8,568,107	P6,967,298	P615,593,721
2024							
Cost							
Balance at beginning of year	P80,229,255	P1,041,524,528	P373,904,124	P102,399,932	P81,039,022	P363,332,414	P2,042,429,275
Additions	-	56,717,180	141,694,176	22,474,955	4,546,241	1,760,158	227,192,710
Disposals	-	-	(27,081,229)	(17,386,953)	(546,493)	(1,794)	(45,016,469)
Balance at end of year	80,229,255	1,098,241,708	488,517,071	107,487,934	85,038,770	365,090,778	2,224,605,516
Accumulated Depreciation and Amortization							
Balance at beginning of year	67,837,440	526,903,824	272,779,864	54,658,427	74,024,652	358,257,204	1,354,461,411
Depreciation and amortization	3,709,869	115,099,031	60,833,161	18,480,021	3,141,173	1,993,467	203,256,722
Disposals	-	-	(27,035,133)	(15,265,377)	(546,466)	(1,703)	(42,848,679)
Balance at end of year	71,547,309	642,002,855	306,577,892	57,873,071	76,619,359	360,248,968	1,514,869,454
Net Book Value at End of Year	P8,681,946	P456,238,853	P181,939,179	P49,614,863	P8,419,411	P4,841,810	P709,736,062

As at December 31, 2025 and 2024, there were no property and equipment pledged as collateral for liabilities. Gain on disposal of property and equipment amounting to P1 million, P0.6 million and P0.2 million in 2025, 2024 and 2023, respectively are included under 'Miscellaneous - net' account in the statement of income.

10. Investment Properties

The Bank's investment properties consist of house and lot and condominium units. Movements in this account are as follows:

	2025	2024
Cost		
Balance at beginning of year	P120,234,649	P109,054,126
Additions	115,662,162	29,983,930
Disposals	(1,552,857)	(2,792,844)
Transfer from other assets	11,166,257	-
Transfers to other assets	-	(16,010,563)
Balance at end of year	245,510,211	120,234,649
Accumulated Depreciation		
Balance at beginning of year	13,916,080	14,104,076
Depreciation	4,089,036	2,738,981
Disposals	(438,268)	-
Transfer from other assets	2,165,472	-
Transfers to other assets	-	(2,926,977)
Balance at end of year	19,732,320	13,916,080
Allowance for Impairment Losses		
Balance at beginning of year	5,293,269	5,523,891
Provision (reversal of) for impairment losses	163,049	(230,622)
Balance at end of year	5,456,318	5,293,269
Net Book Value at End of Year	P220,321,573	P101,025,300

As at December 31, 2025, the Bank withdrew the assets from the Trustee with a carrying value of P9 million and are transferred to investment properties.

As at December 31, 2024, the Bank has transferred land investment properties to Philippine Veterans Bank (the Trustee) with carrying value of P13.1 million, in accordance with a Trust Agreement in compliance with R.A. 10641, *An Act Allowing the Full Entry of Foreign Banks in the Philippines*. Based on the terms and conditions of the Trust Agreement, while the legal title has been transferred to Trustee, all the risks and rewards from such properties remain with the Bank.

These properties earned unrealized income of P14.2 million, P4.6 million and P14.8 million for the years ended December 31, 2025, 2024 and 2023. The disposed properties earned an income (loss) of P1.2 million, P0.9 million and (P2.5 million) for the years ended December 31, 2025, 2024 and 2023.

The Bank does not occupy repossessed properties for business use. As at December 31, 2025 and 2024, the fair value of investment properties amounted to P321.8 million and P151.8 million, respectively (see Note 6).

11. Other Assets

This account consists of:

	Note	2025	2024
Computer software costs - net		P456,784,701	P481,305,139
Properties under trustee	6	278,705,981	302,939,723
Prepaid expenses and other charges		80,447,115	74,048,497
Rental deposits	5	59,343,064	55,812,623
Returned checks and other cash items	5	3,200,925	3,719,364
Miscellaneous		670,772,009	804,779,995
		P1,549,253,795	P1,722,605,341

The movements in computer software are as follows:

	2025	2024
Cost		
Balance at beginning of year	P1,100,189,828	P670,947,373
Additions	78,169,724	430,041,631
Disposals	(6,181,496)	(799,176)
Balance at end of year	1,172,178,056	1,100,189,828
Accumulated Amortizations		
Balance at beginning of year	618,884,689	545,825,335
Amortization	102,310,329	73,858,530
Disposals	(5,801,663)	(799,176)
Balance at end of year	715,393,355	618,884,689
	P456,784,701	P481,305,139

The Bank did not incur losses from derecognition of computer software for the years ended December 31, 2025 and 2024, and incurred P1.1 million losses for the year ended December 31, 2023.

Properties under trustee pertain to transferred properties to the Trustee. As at December 31, 2025 and 2024, the Bank disposed properties under trustee with carrying value amounting to P11.3 million and P73.8 million, respectively. The Bank incurred a gain from disposal of properties amounting to P4.3 million, P5.1 million and nil for the years ended December 31, 2025, 2024 and 2023, respectively. In 2025, the Bank transferred properties to investment properties with a carrying value of P9 million (see Note 10).

As at December 31, 2025 and 2024, the recorded allowance for impairment losses for properties under trustee amounted to P19 million and P20.5 million, respectively.

As at December 31, 2025 and 2024, the fair value of properties under trustee amounted to P398.3 million and P337.4 million, respectively (see Note 6).

The following table shows the disaggregation of miscellaneous assets:

	2025	2024
Documentary stamp tax (DST)	P20,280,405	P27,002,681
Stationery and office supplies	3,511,072	4,179,364
Others:		
Hardware and software items	567,302,860	584,984,238
Credit support annex (CSA) collateral	49,971,500	104,139,798
Others	29,706,172	84,473,914
	P670,772,009	P804,779,995

Hardware and software items pertain to capital expenditures relating to the Bank's mobile banking which is under development.

CSA collateral pertains to deposit with other banks that is used as collateral for a derivative contract entered during the year.

Other miscellaneous assets pertain to creditable withholding taxes, reserve requirement under trustee agreement and subscription fees for applications and cloud.

12. Loss Allowance on Financial Instruments

Composition and movements in loss allowance on financial instruments are as follows:

	2025					Total
	Loans and Receivables (Note 8)	Interbank Loans Receivable	Debt Financial Assets at FVOCI (Note 7)	Investment Securities at Amortized Cost (Note 7)	Off-balance Sheet Commitments and Contingencies (Note 16)	
Balance at beginning of year	P2,355,827,271	P158,971	P8,401,911	P16,503,488	P15,765,347	P2,396,656,988
Provision for (reversal of) impairment losses	920,457,395	(165,929)	3,125,836	1,141,556	9,212,321	933,771,179
Accounts charged off and others	(1,352,700,374)	-	-	-	-	(1,352,700,374)
Foreign exchange and other movements	5,447,381	6,958	29,431	120,755	374,071	5,978,596
Balance at end of year	P1,929,031,673	P -	P11,557,178	P17,765,799	P25,351,739	P1,983,706,389

	2024					Total
	Loans and Receivables (Note 8)	Interbank Loans Receivable	Debt Financial Assets at FVOCI (Note 7)	Investment Securities at Amortized Cost (Note 7)	Off-balance Sheet Commitments and Contingencies (Note 16)	
Balance at beginning of year	P2,034,165,509	P191,910	P5,560,380	P12,687,278	P28,173,409	P2,080,778,486
Provision for (reversal of) impairment losses	863,316,473	(40,421)	2,766,371	3,529,840	(12,749,551)	856,822,712
Accounts charged off and others	(552,251,983)	-	-	-	-	(552,251,983)
Foreign exchange and other movements	10,597,272	7,482	75,160	286,370	341,489	11,307,773
Balance at end of year	P2,355,827,271	P158,971	P8,401,911	P16,503,488	P15,765,347	P2,396,656,988

The loss allowance on loans and receivables includes the loss allowances for sales contract receivables and accounts receivables amounting to P5.1 million and P8.3 million in 2025 and 2024, respectively.

The loss allowance on debt financial assets at FVOCI is not recognized in the statement of financial position because the carrying amounts of these assets are their fair values. The loss allowance is recognized as part of the 'Net unrealized gain (loss) on financial assets at FVOCI' in the statement of other comprehensive income (loss).

The loss allowance on off-balance sheet commitments and contingencies is recognized by the Bank as an additional provision under 'Other liabilities' in the statement of financial position (see Note 16).

Movements in the loss allowance on loans and receivables are as follows:

	2025							Total
	Institutional Banking	Mortgage Banking	Small Business Loans	Retail Banking	Accrued Interest Receivable	Other Receivables		
Balance at beginning of year	P1,478,363,224	P49,469,286	P2,140	P751,117,928	P18,981,450	P57,893,243	P2,355,827,271	
Provision for (reversal of) impairment losses	580,009,560	(2,436,711)	(2,134)	292,290,511	50,233,455	362,714	920,457,395	
Accounts charged off and others	(895,253,511)	-	-	(390,643,004)	(63,262,768)	(3,541,091)	(1,352,700,374)	
Foreign exchange and other movement	5,434,794	-	-	-	12,463	124	5,447,381	
Balance at end of year	P1,168,554,067	P47,032,575	P6	P652,765,435	P5,964,600	P54,714,990	P1,929,031,673	

	2024							Total
	Institutional Banking	Mortgage Banking	Small Business Loans	Retail Banking	Accrued Interest Receivable	Other Receivables		
Balance at beginning of year	P1,204,961,167	P38,507,361	P509	P691,369,019	P63,665,772	P35,661,681	P2,034,165,509	
Impairment losses	347,242,837	10,961,925	4,584	435,430,586	47,444,979	22,231,562	863,316,473	
Accounts charged off and others	(84,244,849)	-	-	(375,681,677)	(92,325,457)	-	(552,251,983)	
Foreign exchange and other movement	10,404,069	-	(2,953)	-	196,156	-	10,597,272	
Balance at end of year	P1,478,363,224	P49,469,286	P2,140	P751,117,928	P18,981,450	P57,893,243	P2,355,827,271	

The following tables show the reconciliation from the opening to the closing balance of the loss allowance by class of financial instrument:

	2025			
	Stage 1	Stage 2	Stage 3	Total
Loans and Receivables				
Balance at beginning of the year	P633,994,370	P89,824,509	P1,632,008,392	P2,355,827,271
Movement of beginning balance:				
Transfer to Stage 1	4,747,747	(4,708,354)	(39,393)	-
Transfer to Stage 2	(45,521,347)	47,371,841	(1,850,494)	-
Transfer to Stage 3	(331,998,808)	(32,820,244)	364,819,052	-
Net remeasurement of loss allowance	24,028,837	10,048,088	343,718,834	377,795,759
New financial assets originated or purchased	139,503,445	35,245,165	367,913,026	542,661,636
Derecognized assets	-	-	(1,352,700,374)	(1,352,700,374)
	424,754,244	144,961,005	1,353,869,043	1,923,584,292
Foreign exchange and other movements	5,447,381	-	-	5,447,381
Balance at end of the year	P430,201,625	P144,961,005	1,353,869,043	P1,929,031,673

	2024			
	Stage 1	Stage 2	Stage 3	Total
Loans and Receivables				
Balance at beginning of the year	P638,034,541	P303,797,641	P1,092,333,327	P2,034,165,509
Movement of beginning balance:				
Transfer to Stage 1	11,380,978	(10,019,636)	(1,361,342)	-
Transfer to Stage 2	(4,414,473)	(138,843,810)	143,258,283	-
Transfer to Stage 3	(43,810,529)	(64,752,266)	108,562,795	-
Net remeasurement of loss allowance	(436,088,748)	(42,621,606)	411,188,506	(67,521,848)
New financial assets originated or purchased	464,055,067	42,264,186	424,519,068	930,838,321
Derecognized assets	-	-	(552,251,983)	(552,251,983)
	629,156,836	89,824,509	1,626,248,654	2,345,229,999
Foreign exchange and other movements	4,837,534	-	5,759,738	10,597,272
Balance at end of the year	P633,994,370	P89,824,509	P1,632,008,392	P2,355,827,271

	2025	2024
	Stage 1	Stage 1
Interbank Loans Receivable		
Balance at beginning of the year	P158,971	P191,910
Net remeasurement of loss allowance	(165,929)	(191,910)
New financial assets originated or purchased	-	151,489
Foreign exchange and other movements	6,958	7,482
Balance at end of year	P -	P158,971

	2025	2024
	Stage 1	Stage 1
Debt Financial Assets at FVOCI		
Balance at beginning of the year	P8,401,911	P5,560,380
Net remeasurement of loss allowance	(965,494)	(29,131)
New financial assets originated or purchased	4,091,330	2,795,502
Foreign exchange and other movements	29,431	75,160
Balance at end of year	P11,557,178	P8,401,911

	2025	2024
	Stage 1	Stage 1
Investment Securities at Amortized Cost		
Balance at beginning of the year	P16,503,488	P12,687,278
Net remeasurement of loss allowance	(746,022)	1,197,403
New financial assets originated or purchased	1,887,578	2,332,437
Foreign exchange and other movements	120,755	286,370
Balance at end of year	P17,765,799	P16,503,488

	2025	2024
	Stage 1	Stage 1
Off-balance Sheet Commitments and Contingencies		
Balance at beginning of the year	P15,765,347	P28,173,409
Net remeasurement of loss allowance	(13,719,461)	(21,877,738)
New financial assets originated or purchased	22,931,782	9,128,187
Foreign exchange and other movements	374,071	341,489
Balance at end of year	P25,351,739	P15,765,347

The breakdown of impairment losses is as follows:

	2025		
	Individual Impairment	Collective Impairment	Total
Loans and receivables:			
Loans and discounts	P1,014,963,685	(P145,102,460)	P869,861,225
Other receivables	-	50,596,171	50,596,171
Interbank loans receivable	-	(165,929)	(165,929)
Financial assets at FVOCI	-	3,125,837	3,125,837
Investment securities at amortized cost	-	1,141,556	1,141,556
Off-balance sheet commitments and contingencies	-	9,212,321	9,212,321
Total	P1,014,963,685	(P81,192,504)	P933,771,181

	2024		Total
	Individual Impairment	Collective Impairment	
Loans and receivables:			
Loans and discounts	P763,836,722	P29,803,210	P793,639,932
Other receivables		69,676,541	69,676,541
Interbank loans receivable	-	(40,421)	(40,421)
Financial assets at FVOCI	-	2,766,371	2,766,371
Investment securities at amortized cost	-	3,529,840	3,529,840
Off-balance sheet commitments and contingencies	-	(12,749,551)	(12,749,551)
Total	P763,836,722	P92,985,990	P856,822,712

BSP Reporting

Loan provisioning under BSP regulations hinges on the qualitative appraisal and classification of the loan. Aside from classifying loans to past due and current, these are also grouped as unclassified or classified.

These classified loans are further grouped depending on the likelihood of losses the Bank will incur. Definitions of each classification are as follows:

- I. Pass - These are loans or other credit accommodations that do not have a greater-than-normal credit risk. The borrower has the apparent ability and willingness to satisfy his obligations in full and therefore no loss in ultimate collection is anticipated.
- II. Especially Mentioned - These are loans or other credit accommodations that have potential weaknesses that deserve management's close attention. If left uncorrected, these make affect the repayment of the loan.
- III. Substandard - These are loans or other credit accommodations that have well-defined weakness/(es), that may jeopardize repayment/liquidation in full, either in respect of the business, cash flow or financial position, which may include adverse trends or developments that affect willingness or repayment ability of the borrower.
- IV. Doubtful - These are loans and other credit accommodations that exhibit more severe weaknesses than those classified as "Substandard", whose characteristics on the basis of currently known facts, conditions and values make collection or liquidation highly improbable, however the exact amount remains undeterminable.

Under Regulatory reporting, effective August 29, 2018, BSP Circular 1011, *Guidelines on the Adoption of PFRS 9*, requires a general loan loss provision equivalent to one percent (1%) of the outstanding balance of collectively and individually assessed loans when estimated/computed provisions are less than one percent (<1%) and/or no specific provisions are made, excluding loans which are considered non-risk under existing laws, rules, and regulations.

	Note	2025	2024
NPLs	5	P1,710,886,618	P2,062,351,507
Less NPLs fully provided with loss allowance		583,847,977	304,542,456
		P1,127,038,641	P1,757,809,051

13. Deposit Liabilities

As at December 31, 2025 and 2024, noninterest bearing deposits are 0.5% and 0.4% of the total deposits, respectively.

The remaining deposit liabilities earn annual fixed interest rates ranging from 0% to 4.7% in 2025, 2024 and 2023.

On September 5, 2024, the BSP issued Circular No. 1201, *Reduction in Reserve Requirements* reduced the reserve requirement from 9.5% to 7% effective on the reserve week starting on October 25, 2024. On March 11, 2025, BSP Circular No. 1211 further reduced the reserve requirement by 200bps, from 7% to 5%, effective on the reserve week starting on March 28, 2025.

In 2025 and 2024, the Bank is compliant with such reserve requirements.

The total liquidity and statutory reserves, as reported to the BSP, are as follows:

	2025	2024
Due from BSP	P2,184,263,407	P2,187,224,301

Interest expense on deposit liabilities consists of:

	2025	2024	2023
Time	P1,192,020,415	P1,255,512,053	P1,219,584,947
Demand	312,064,745	130,422,530	23,692,873
Savings	64,694,610	7,816,621	3,803,792
	P1,568,779,770	P1,393,751,204	P1,247,081,612

Accrued interest payable on deposit liabilities amounted to P126.8 million and P179.4 million as at December 31, 2025 and 2024, respectively.

As at December 31, 2025 and 2024, the Bank has deposits from the Parent Bank amounting to P121.3 million and P119.9 million, respectively. The interest expense incurred by the Bank arising from the deposits amounted to P28,645 and P27,714 for the years ended December 31, 2025 and 2024, respectively. Accrued interest payable from these deposits amounted to nil as at December 31, 2025 and 2024 (see Note 25).

14. Bills Payable

This account consists of unsecured short-term and long-term borrowings from banks and other financial institutions.

The Bank is an accredited participating financial institution, as a conduit bank for Official Development Assistance Wholesale Lending Facilities managed by various government or sovereign lending institutions.

Bills payable and accrued interest payable consists of the following:

	Note	2025		2024	
		Bills Payable	Accrued Interest Payable	Bills Payable	Accrued Interest Payable
Due to Parent Bank	25	P17,652,630,099	P34,847,511	P17,535,609,263	P61,461,461
Due to external lenders		2,105,243,787	774,295	3,759,184,755	8,649,728
		P19,757,873,886	P35,621,806	P21,294,794,018	P70,111,189

Foreign currency denominated interbank borrowings are subject to interest rates ranging from 2% to 4.5%, 2.6% to 6.8% and 3.8% to 6.5% in 2025, 2024 and 2023, respectively.

Interest expense on bills payable amounted to P976.5 million, P963.6 million and P418.8 million in 2025, 2024 and 2023, respectively.

15. Accrued Interest, Taxes and Other Expenses

This account consists of:

	Note	2025	2024
Net retirement liability	4, 19	P265,094,191	P244,602,126
Accrued interest payable	13, 14	162,408,089	249,489,589
Accrued taxes payable		117,448,550	91,925,593
Accrued other expenses		534,960,996	463,275,263
		P1,079,911,826	P1,049,292,571

Accrued other expenses refer to various payables for taxes and licenses, payroll, utilities and other expenses.

16. Other Liabilities

This account consists of:

	Note	2025	2024
Accounts payable	5	P2,117,922,045	P3,754,785,622
Lease liabilities	20	457,321,235	542,356,597
Deposits for future stock subscriptions	18	424,455,187	-
Withholding taxes payable		56,565,062	52,954,651
Bills purchased - contra	5, 8	32,977,262	335,082,927
Provision for liability	12	25,351,739	15,765,347
Payment order payable	5	150,781	70,000
Miscellaneous		89,827,170	82,305,809
		P3,204,570,481	P4,783,320,953

The majority of the accounts payable as at yearend represent monies to be credited to customer deposit accounts for payroll and inward remittances and amounts owed to government agencies for statutory deductions and taxes and other creditors for normal expenditures. These are noninterest bearing and are payable on demand.

Bills purchased account is a contra-account to domestic bills purchase transactions recorded as part of Loans and receivables account. This represents accommodations given to Bank customers with approved bills purchase line of credit which enables the customer to encash checks with one day clearing instead of the usual three (3) days clearing time.

Provision for liability pertains to loss allowance on the Bank's off-balance sheet commitments and contingencies.

Miscellaneous liabilities include unclaimed manager's checks for more than one (1) year and unclaimed balances of credit or deposits with the Bank as defined by the Revised Unclaimed Balances Act of 2013.

17. Maturity Analysis of Assets and Liabilities

The following table presents the maturity profile of the assets and liabilities of the Bank based on the amounts to be recovered or settled with and/or after more than one (1) year after the reporting period (in thousands):

	2025			2024		
	Within One Year	Beyond One Year	Total	Within One Year	Beyond One Year	Total
Financial Assets						
Financial assets at amortized cost:						
Cash and other cash items	P676,891	P -	P676,891	P590,276	P -	P590,276
Due from BSP	2,464,263	-	2,464,263	4,270,028	-	4,270,028
Due from other banks	2,474,397	-	2,474,397	2,159,647	-	2,159,647
Investment securities - gross	682,560	15,260,217	15,942,777	457,164	13,949,943	14,407,107
Interbank loans receivable - gross	-	-	-	875,123	-	875,123
Loans and receivables - gross	22,013,412	32,525,306	54,538,718	24,507,140	33,196,806	57,703,946
Other assets*	21,097	41,447	62,544	16,568	42,964	59,532
	28,332,620	47,826,970	76,159,590	32,875,946	47,189,713	80,065,659
Financial assets at FVTPL	3,209,319	-	3,209,319	1,170,525	-	1,170,525
Financial assets at FVOCI	397,977	10,208,307	10,606,284	455,527	7,014,343	7,469,870
	31,939,916	58,035,277	89,975,193	34,501,998	54,204,056	88,706,054
Nonfinancial Assets						
Property and equipment - net	-	615,594	615,594	-	709,736	709,736
Investment properties - net	-	220,322	220,322	-	101,025	101,025
Deferred tax assets - net	-	890,305	890,305	-	701,091	701,091
Other assets	159,204	1,327,506	1,486,710	262,816	1,400,257	1,663,073
	159,204	3,053,727	3,212,931	262,816	2,912,109	3,174,925
	32,099,120	61,089,004	93,188,124	34,764,814	57,116,165	91,880,979
Less: Loss allowance	(663,552)	(1,283,245)	(1,946,797)	(1,317,285)	(1,055,204)	(2,372,489)
Unearned discount and capitalized interest	(876)	(937)	(1,813)	(607)	(918)	(1,525)
	P31,434,692	P59,804,822	P91,239,514	P33,446,922	P56,060,043	P89,506,965

*Includes returned checks and other cash items and rent deposit.

	2025			2024		
	Within One Year	Beyond One Year	Total	Within One Year	Beyond One Year	Total
Financial Liabilities						
Financial liabilities at FVTPL	P121,518	P -	P121,518	P153,316	P -	P153,316
Financial liabilities at amortized cost:						
Deposit liabilities	54,366,768	127,265	54,494,033	51,403,896	117,756	51,521,652
Bills payable	2,105,244	17,652,630	19,757,874	18,547,157	2,747,637	21,294,794
Outstanding acceptances	3,045	-	3,045	4,427	-	4,427
Manager's checks	68,337	-	68,337	66,297	-	66,297
Accrued interest, taxes and other expenses**	697,369	-	697,369	712,765	-	712,765
Other liabilities***	2,605,120	427,707	3,032,827	4,131,889	500,406	4,632,295
	59,967,401	18,207,602	78,175,003	75,019,747	3,365,799	78,385,546
Nonfinancial Liabilities						
Accrued taxes and other expenses	382,543	-	382,543	336,527	-	336,527
Income tax payable	13,889	-	13,889	17,937	-	17,937
Other liabilities	596,199	-	596,199	151,027	-	151,027
	992,631	-	992,631	505,491	-	505,491
	P60,960,032	P18,207,602	P79,167,634	P75,525,238	P3,365,799	P78,891,037

**Excludes retirement liability, accrued taxes and other nonfinancial accrual

***Excludes withholding taxes payable, provision liability and miscellaneous liability

18. Equity

The Bank's capital stock and related additional paid-in capital (APIC) consist of the following (in thousands):

	2025		2024	
	Stocks	Amount	Stocks	Amount
Common stock - P10 par value:				
Issued and fully paid, beginning	348,307	P3,483,072	348,307	P3,483,072
Additional stocks	51,693	516,928	-	-
Issued and fully paid, ending	400,000	P4,000,000	348,307	P3,483,072
Authorized stocks	400,000	P4,000,000	400,000	P4,000,000
			2025	2024
APIC from capital payments, at beginning of year		P2,022,761		P2,022,761
Restricted stock award:				
Beginning		7,411		4,720
Additions		16		2,691
		7,427		7,411
APIC from issued and subscribed capital for the year		1,054,740		-
Total APIC, at end of year		P3,084,928		P2,030,172

The number of holders of the Bank's outstanding common stocks is 111 and 110 December 31, 2025 and 2024, respectively.

The stocks of the Bank were listed in the PSE since June 1999. In December 2000, the Parent Bank substantially increased its equity in the Bank through the acquisition of stocks held by a minority group. As a result of this acquisition, the Parent Bank controlled approximately 91% of the Bank's capital stock compared to 57% prior to the acquisition. The General Banking Law of 2000 allows foreign banks to own up to 100% of Philippine incorporated banks, compared to 60% under the previous law. A further acquisition of stocks held by the public representing approximately 4% of the Bank's equity was made by the Parent Bank in January 2001 through a tender offer at a price of P19 per stock, the same price at which the stocks from the minority group was acquired. In May 2001, the Parent Bank purchased another 4% of the outstanding stocks at a price of P18.3 per stock.

On October 29, 2014, the BSP issued Circular No. 854, which became effective on November 19, 2014, prescribing the revised minimum capitalization of banks operating in the Philippines. Existing banks not meeting the requirement shall be given a period of five (5) years from effectivity of the circular within which to meet the minimum capital. In addition, these banks must submit an acceptable capital build-up program within one year from date of effectivity of the circular. The Bank, falling under the category of commercial banks with total number of branches ranging from ten (10) to one hundred (100), must have a minimum capital of P10 billion by November 2019 (see Note 5).

On April 28, 2016, the Bank submitted its capital build up program (CBUP) to the BSP detailing the Bank's strategic plans in order to meet the required capital level. On June 16, 2016, the Monetary Board approved the Bank's CBUP. As at December 31, 2018, the Bank's unimpaired capital amounted to P6.9 billion. Thus, the Bank needed additional P3.0 billion capital in order to comply with BSP Circular 854 by November 2019.

In accordance with the Bank's CBUP, the Bank's stockholders, during the annual meeting held on July 25, 2019, approved the increase of authorized capital stock from 300 million to 400 million stocks in order to have sufficient unissued stocks to be purchased by Parent Bank.

On September 27, 2019, in compliance with BSP Circular No. 854, the Parent Bank purchased the remaining 52,031,269 unissued stocks of the Bank and the 484,920 treasury shares at a price of P29.755 per share. The issuance resulted to the following movements:

	Increase (Decrease)
Additional paid-in capital	P1,019,770,021
Capital stock	520,312,690
Treasury stock	(15,951,674)
Retained earnings	(1,571,372)

The decrease in retained earnings pertains to (a) the excess of the carrying amount of the treasury stock over the consideration; and (b) stock issuance costs amounting to P0.1 million.

In addition, the Parent Bank subscribed to 48,307,202 new stocks at the same price of P29.755 per share and paid the entire subscribed amount in cash. Consequently, the Bank paid for DST amounting to P4.8 million, which was charged against APIC.

The Bank filed its application for the amendment of its Articles of Incorporation with the BSP for the increase in authorized capital stock on October 11, 2019.

On May 5, 2025, the BOD approved the issuance of the remaining 51,692,798 unissued common shares of the Bank, with a par value of P10 per share, to the Parent Bank at a subscription price of P30.479 per share. In addition, the BOD approved the amendment to the Bank's Articles of Incorporation to increase the authorized capital stock from P4 billion, divided into 400,000,000 common shares with a par value of P10 per share, to P4.5 billion, divided into 450,000,000 common shares with a par value of P10 per share. The amendment was subsequently ratified by the shareholders during the annual shareholders' meeting held on June 26, 2025.

Pursuant to the increase in authorized capital stock, the Board approved the issuance of 13,926,152 common shares to the Parent Bank, at a subscription price of P30.479 per share.

On October 21, 2025, the Parent Bank paid the subscription price for the 51,692,798 unissued common shares and the 13,926,152 common new shares from the increase in authorized capital stock, amounting to P1.6 billion and P424.5 million, both in cash.

Based on Section 123 of the MORB, deposits for stock subscription shall be recognized as part of equity for prudential reporting purposes when all of the following conditions are met:

- a. The deposit for stock subscription meets the definition of an equity instrument under PAS 32, *Financial Instruments: Presentation* such that the deposit for stock subscription shall not be interest-bearing nor withdrawable by the subscriber;
- b. The Bank's existing authorized capital is already fully subscribed;
- c. The Bank's stockholders and BOD have approved the proposed increase in authorized capital;
- d. The Bank has filed an application for the amendment of its articles of incorporation for the increase in authorized capital with the appropriate supervising department of the BSP, duly supported by complete documents as prescribed by the BSP: Provided, That the approval of the SEC on the same application shall be obtained within the period prescribed under the SEC Financial Reporting Bulletin on Deposits for Future Subscription.

In case the applications for the amendment of articles of incorporation for the increase in authorized capital have been returned due to insufficiency of supporting documents, the deposit for stock subscription shall not qualify for recognition as an equity instrument; and

- e. The bank must have obtained approval of the Monetary Board on transactions involving significant ownership of voting shares of stock by any person, natural or juridical, or by one group of persons as provided in Sec. 122 (Transactions involving voting shares of stocks, Item "b"), if applicable.

Considering the status of the Bank's application for the increase in authorized capital stock as at December 31, 2025, the deposits for stock subscription, did not meet condition (d).

As at December 31, 2025, the subscription amounting to P424.5 million is recognized under the 'Deposits for future stock subscription' account in 'Other liabilities' in the statement of financial position.

As at December 31, 2025 and 2024, Parent Bank owns 99.75% and 99.72% of the Bank's capital stock, respectively.

As at December 31, 2025 and 2024, the Bank is compliant with the revised minimum capitalization requirement.

Voluntary Share Delisting

The Bank has filed voluntary delisting of its shares in PSE on October 7, 2011 and has officially delisted from the trading Board effective on February 24, 2012.

On November 28, 2012, the BSP issued Circular No. 775 requiring banks, which are majority-owned by foreign banks and are established in the Philippines, to list on the local stock exchange within three (3) years from the effectivity of the circular (which was fifteen (15) days after it was published in a newspaper of general circulation).

Circular No. 775 cited as basis the provisions of Republic Act (R.A.) No. 7721, *An Act Liberalizing the Entry and Scope of Operations of Foreign Banks in the Philippines and for Other Purposes*.

Section 2 of R.A. No. 7721 cited the listing requirement for foreign banks that entered the country by buying as much as 60% of an existing bank or investing in up to 60% of the voting stock of a new subsidiary incorporated in the country.

On July 15, 2014, R.A. No. 10641, *An Act Allowing the Full Entry of Foreign Banks in the Philippines, Amending for the Purpose RA 7721*, was signed into a law by the President of the Philippines. Under the new law, foreign banks may now own up to 100% of domestic subsidiary banks. On November 21, 2014, the BSP issued Circular No. 858 implementing R.A. 10641. The said circular effectively removed the listing requirement for foreign banks.

Restricted Retained Earnings

At the regular meeting of the BOD held on June 23, 2015, the BOD approved the restriction of the full amount of retained earnings for the following purposes:

- i.) to comply with minimum capital requirement set forth under BSP Circular No. 854;
- ii.) to comply with the requirements of the ICAAP pursuant to BSP Circular No. 639;
- iii.) to provide for buffer in preparation for BASEL III requirements.

The restriction on retained earnings relating to ICAAP and BASEL III ensure that the Bank has adequate, available qualified capital at all times to reasonably manage the significant risks identified and assessed in the ICAAP and BASEL III. The guidelines on bank's ICAAP under Section 130 and Appendices 94, 95 and 96 of the MORB supplements the BSP's risk-based capital adequacy framework.

Appropriation for the Deficiency on General Loan Loss Provision (GLLP)

BSP Circular 1011 requires the Bank to set up GLLP equivalent to 1% of all outstanding Stage 1 on-balance sheet loans, except for accounts considered as credit risk-free under existing regulations. In cases when the computed loss allowance on such Stage 1 accounts is less than the 1% percent general provision required, the deficiency shall be recognized by appropriating the Retained Earnings account.

As at December 31, 2025 and 2024, the loss allowance computed in accordance with PFRS 9 is more than the required GLLP by P527.5 million and P67.9 million, respectively. As such, appropriation is not necessary.

Statutory Reserve

As at December 31, 2025 and 2024, statutory reserves amounting to P5.0 million pertains to reserves for trust business.

In compliance with BSP regulations, 10% of the Bank's profit from trust business is appropriated to surplus reserve. This yearly appropriation is required until the retained earnings amount to 20% of the Bank's authorized capital stock.

During 2025 and 2024, the Bank did not appropriate additional reserves since the Bank's retained earnings already amounted to at least 20% of the authorized capital stock.

19. Compensation and Fringe Benefits

The account consists of:

	2025	2024	2023
Employee benefits:			
Salaries and wages	P998,142,242	P955,147,222	P856,679,212
Fringe benefits	320,562,839	331,377,765	266,716,748
Medical allowance	56,280,923	45,880,462	42,755,410
Retirement benefit expense - net	63,554,435	44,462,993	36,523,706
Statutory employer contributions	45,526,904	39,513,503	34,040,168
	1,484,067,343	1,416,381,945	1,236,715,244
Directors' fees	8,566,234	9,542,470	8,523,490
	P1,492,633,577	P1,425,924,415	P1,245,238,734

The Bank has a funded, noncontributory, defined benefit retirement plan covering all of its permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the plan. Annual cost is determined using the projected unit credit method and valuations are obtained on a periodic basis. The Bank's latest actuarial valuation date is December 31, 2025.

A regular employee who has reached at least sixty (60) years of age and completed a minimum of five (5) years of service is eligible for normal retirement benefits. The normal retirement benefit is calculated as a percentage of the employee's monthly basic salary for each year of service, based on the vesting schedule. The statutory minimum benefit in accordance with R.A. 7641 is incorporated in the valuation.

Employees who are at least fifty (50) years old and have completed a minimum of ten (10) years of service are eligible for early retirement benefits. The early retirement benefit is also calculated as a percentage of the employee's monthly basic salary, based on the vesting schedule.

In the event of death, the death benefit is 100% of the employee's final monthly salary per year of service.

In the event of disability, the disability benefit is also 100% of the employee's final monthly salary per year of service.

R.A. No. 7641, *Retirement Pay Law*, requires provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than what is provided under the law. The law does not require minimum funding of the plan.

The plan is registered with the Bureau of Internal Revenue (BIR) as tax-qualified plan under R.A. No. 4917, as amended. The control and administration of the retirement plan is vested in the Board of Trustees (BOT). The BOT of the retirement plan exercises voting rights over the stocks and approve material transactions. The retirement plan's accounting and administrative functions are undertaken by the Bank's Trust Operations Department.

The following table shows reconciliation from the opening balances to the closing balances for net retirement benefit liability and its components:

	Defined Benefits Obligation		Fair Value of Plan Assets		Net Retirement Benefit Liability	
	2025	2024	2025	2024	2025	2024
Balance at January 1	P492,673,557	P340,958,175	(P248,071,431)	(P195,499,279)	P244,602,126	P145,458,896
Included in Profit or Loss						
Current service cost	49,122,909	35,590,000	-	-	49,122,909	35,590,000
Interest expense (income)	29,067,740	20,798,449	(14,636,214)	(11,925,456)	14,431,526	8,872,993
	78,190,649	56,388,449	(14,636,214)	(11,925,456)	63,554,435	44,462,993
Included in OCI						
Remeasurement loss (gain):						
Actuarial (gain) loss arising from:						
Financial assumptions	(24,437,843)	49,589,459	-	-	(24,437,843)	49,589,459
Experience adjustment	82,901,106	77,687,106	-	-	82,901,106	77,687,106
Return on plan assets excluding interest income	-	-	(5,087,148)	(4,554,684)	(5,087,148)	(4,554,684)
	58,463,263	127,276,565	(5,087,148)	(4,554,684)	53,376,115	122,721,881
Others						
Contributions paid by the employer	-	-	(96,438,485)	(68,041,644)	(96,438,485)	(68,041,644)
Benefits paid	(110,174,874)	(31,949,632)	110,174,874	31,949,632	-	-
	(110,174,874)	(31,949,632)	13,736,389	(36,092,012)	(96,438,485)	(68,041,644)
Balance at December 31	P519,152,595	P492,673,557	(P254,058,404)	(P248,071,431)	P265,094,191	P244,602,126

Retirement benefit expense is recognized under 'Compensation and fringe benefits' in the statement of income. Net remeasurement losses on retirement liability, net of tax, is recognized in the statement of other comprehensive income (loss).

The actual return on plan assets amounted to P19.7 million and P16.5 million in 2025 and 2024, respectively.

The net retirement liability is included under 'Accrued interest, taxes and other expenses account' in the statement of financial position (see Note 15).

Benefit payments from plan assets for retired and resigned employees amounted to P110.1 million and P31.9 million for the years ended December 31, 2025 and 2024, respectively.

The movements in net remeasurement loss on retirement liability are as follows:

	Note	2025	2024
Net remeasurement loss on retirement liability at beginning of year		(P247,704,579)	(P155,663,169)
Net remeasurement loss recognized in OCI:			
Change in remeasurement loss on retirement liability during the year		(53,376,115)	(122,721,881)
Deferred tax	21	13,344,029	30,680,471
		(40,032,086)	(92,041,410)
		(P287,736,665)	(P247,704,579)

The Bank's plan assets consist of the following:

	2025	2024
Debt securities	61.76%	47.9%
Due from banks	12.60%	31.9%
Loans	15.81%	13.3%
Equity investments	9.36%	6.4%
Accrued interest receivables	0.41%	0.5%
Dividend receivable	0.06%	0.0%
	100.00%	100.00%

The Bank contributed P96.4 and P68 million to its defined benefits retirement plan as at December 31, 2025 and 2024, respectively. The Bank expects to contribute P110.4 million to its defined benefits retirement plan in 2026.

The principal actuarial assumptions used to determine retirement benefits are as follows:

	In Percentages	
	2025	2024
Discount rate	6.4%	5.9%
Salary increase rate	5.0%	5.0%

Assumptions for mortality and disability rate are based on the adjusted 1985 Unisex Annuity Table and the Adjusted 1952 Disability Table reflecting experience improvement and Philippine experience.

As at December 31, 2025 and 2024, the weighted average duration of defined benefit obligation is thirteen (13) years.

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2025			
	Discount Rate		Salary Increase Rate	
	+0.5%	-0.5%	+0.5%	-0.5%
Defined benefit obligation	(P22,749,341)	P24,437,843	P23,156,653	(P21,769,705)
Retirement liability	(22,749,341)	24,437,843	23,156,653	(21,769,705)
	2024			
	Discount Rate		Salary Increase Rate	
	+0.5%	-0.5%	+0.5%	-0.5%
Defined benefit obligation	(P22,424,504)	P24,110,541	P22,782,208	(P21,408,050)
Retirement liability	(22,424,504)	24,110,541	22,782,208	(21,408,050)

In the actuarial report, the actuary employed the Projected Unit Credit method as the basis for conducting the sensitivity analysis. Key assumptions incorporated into the analysis included the valuation date, annual interest rate, annual salary increase, and the chosen valuation method. Although the analysis does not take into account of the full distribution of cashflows expected under the plan, it does provide an appropriation of the sensitivity of the assumptions shown.

Transactions with the retirement plan are made at normal market prices and terms. Outstanding balances as at December 31, 2025 and 2024 are unsecured and settlements are made in cash. There have been no guarantees provided for any retirement plan receivables. The Bank has no impairment losses relating to the receivables from retirement plan in 2025 and 2024.

The plan exposes the Bank to interest rate risk, market (investment) risk, and longevity risk.

The BOT reviews the level of funding required for the retirement fund. This includes the asset-liability matching (ALM) strategy and investment risk management policy. The Bank's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Bank monitors how the duration and expected yield of the investments match the expected cash outflows arising from the retirement benefit obligation.

The BOT approves the percentage of asset to be allocated for fixed income instruments and equities. The retirement plan has set maximum exposure limits for each type of permissible investments in marketable securities and deposit instruments. The BOT may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

Maturity Profile

Year	Benefits
1 - 5 years	P202,414,421
6 - 10 years	401,005,014
11 - 15 years	483,624,845
16 years and up	1,989,589,652
	P3,076,633,932

20. Leases

As at December 31, 2025, the Bank's branch sites and its Head Office are under lease arrangements. The lease contracts are for periods ranging from 2 to 10 years and some are renewable at the Bank's option under certain terms and conditions. Various lease contracts include escalation clauses, which bear an annual rent increase of 3% to 10% in 2025.

Rent, utilities and equipment maintenance expenses recognized under 'Occupancy and other equipment-related costs' account in the statement of income are presented below:

	2025	2024	2023
Repairs and maintenance	P210,767,392	P168,423,678	P166,866,216
Rent relating to short-term and low value assets	36,956,906	28,901,421	28,261,673
Power, light and water	28,357,648	23,105,554	24,886,808
	P276,081,946	P220,430,653	P220,014,697

Right-of-use assets relate to leased branches and office premises that are presented within property and equipment (see Note 9).

	2025	2024
Balance at January 1	P456,238,853	P514,620,704
Additions	30,770,488	56,717,180
Depreciation charge for the year	(116,439,070)	(115,099,031)
Balance at December 31	P370,570,271	P456,238,853

Lease liabilities relate to the present value of the remaining lease payments on the Bank's lease contracts presented under 'Other liabilities' account in the statement of financial position (see Note 16).

	2025	2024
Balance at January 1	P542,356,597	P592,953,770
Additions	30,770,487	56,717,180
Accretion of interest	23,144,970	25,671,687
Payment of lease liabilities	(138,950,819)	(132,986,040)
Balance at December 31	P457,321,235	P542,356,597

	2025	2024
Current	P112,526,455	P41,949,935
Non-current	344,794,780	500,406,662
	P457,321,235	P542,356,597

Future undiscounted rental payments are as follows:

	2025	2024
Within 1 year	P131,255,563	P135,304,590
Later than 1 year and not later than 5 years	368,604,724	467,176,264
More than 5 years	4,408,050	4,408,050

Amounts recognized in the statement of income:

	2025	2024	2023
Depreciation charge for the year	P116,439,070	P115,099,031	P113,912,178
Accretion of interest on lease liabilities	23,144,970	25,671,687	26,600,748
Expenses relating to short-term leases	22,891,272	15,666,793	15,841,526
Expenses relating to leases of low-value assets	14,065,634	13,234,628	12,420,147
	P176,540,946	P169,672,139	P168,774,599

Expenses relating to short-term leases and low-value assets are recognized as rent expense under 'Occupancy and other equipment-related costs' account in the statement of income.

Amounts recognized in statement of cash flows:

	2025	2024	2023
Total cash outflow for leases:			
Payment of lease liabilities	P138,950,819	P132,986,040	P126,684,250
Amounts recognized in the statement of income:			
Expenses relating to short-term leases	22,891,272	15,666,793	15,841,526
Expenses relating to leases of low-value assets	14,065,634	13,234,628	12,420,147
	36,956,906	28,901,421	28,261,673
	P175,907,725	P161,887,461	P154,945,923

21. Income and Other Taxes

The components of income tax expenses are as follows:

	2025	2024
Recognized in Statement of Income		
Final	P237,054,941	P180,184,274
Current	47,143,156	44,832,247
Deferred	(175,869,750)	(43,406,313)
	P108,328,347	P181,610,208
Recognized in Statement of Other Comprehensive Income (Loss)		
Deferred	P13,344,029	P30,680,471

Final

The Bank is subject to income taxes which include corporate income tax and final withholding taxes at a rate of 20% on gross interest income from government securities and other deposit substitutes.

Current

The Bank is subject to RCIT or MCIT, whichever is higher. The provision for current income tax represents MCIT in 2025 and 2024.

The MCIT is imposed upon the domestic corporation beginning the fourth taxable year immediately following the taxable year in which such corporation commenced its business operation. The MCIT and NOLCO may be applied against the Bank's income tax liability and taxable income, respectively, over a 3-year period from the year of incurrence. As of December 31, 2025 and 2024, the MCIT for the Bank is at 2% rate.

Details of the excess MCIT over RCIT of the Bank are as follows:

Inception Year	Expiry Year	December 31, 2024	Addition	Expiration/ Application	December 31, 2025
2025	2028	P -	P47,143,156	P -	P47,143,156
2024	2027	14,126,686	-	-	14,126,686
2023	2026	347,905	-	-	347,905
		P14,474,591	P47,143,156	P -	P61,617,747

Details of the NOLCO of the Bank are as follows:

Inception Year	Expiry Year	December 31, 2024	Addition	Application	Expiration	December 31, 2025
2025	2028	P -	P880,669,516	P -	P -	P880,669,516
2024	2027	222,023,018	-	-	-	222,023,018
		P222,023,018	P880,669,516	P -	P -	P1,102,692,534

Current tax regulations provide for the ceiling on the amount of entertainment and representation (EAR) that can be claimed as a deduction against taxable income.

Under the regulation, EAR allowed as deductible expense for a service bank like the Bank is limited to the actual EAR paid or incurred but not to exceed 1% of net revenue.

EAR of the Bank is recognized under 'Miscellaneous expenses' account in the statement of income amounting to P0.8 million and P1 million in 2025 and 2024, respectively (see Note 22).

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is subject to 10% gross income tax. The FCDU's other income, those that are not classified as onshore or offshore under R.A. No. 11534, *Corporate Recovery and Tax Incentives for Enterprises Act (CREATE Act)*, is subject to 25% RCIT based on net taxable income or 1% MCIT (2% beginning July 1, 2023) based on gross income. In addition, interest income on deposit placements with other FCDUs and offshore banking units (OBUs) is taxed at 15%. R.A. No. 9294, *An Act Restoring the Tax Exemption of OBUs and FCDUs, Amending for the Purpose Section 27 (D) and Section 28, Paragraphs (A) (4) and (A) (7) (b) of the National Internal Revenue Code*, which became effective in May 2004, provides that the income derived by the FCDU from foreign currency transactions with non-residents, OBUs, local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10% income tax.

Deferred

Net deferred tax assets consist of:

	2025	2024
Deferred tax assets:		
Loss allowances	P422,501,368	P538,613,281
Leases liability	21,687,741	135,589,149
Net expense accrual	134,115,249	115,818,816
Net retirement liability	66,273,547	61,150,531
Excess MCIT over RCIT	46,063,205	14,126,687
Accumulated depreciation of investment properties	13,441,950	11,401,630
Unamortized past service costs	8,685,283	6,505,760
Unrealized loss on debt securities	1,926,626	4,496,217
Net unrealized marked-to-market loss on derivatives	-	-
NOLCO	210,902,180	-
	925,597,149	887,702,071
Deferred tax liabilities:		
Right-of-use asset - net	-	114,059,713
Unrealized marked-to-market gain on derivatives	7,681,688	47,113,852
Revaluation gain on properties under trustee	15,424,646	16,909,314
Unrealized gain on nonfinancial asset	12,185,888	8,528,043
	35,292,222	186,610,922
	P890,304,927	P701,091,149

The movement in the deferred tax balances as recognized in the statement of income and statement of other comprehensive income (loss) are as follows:

	Balance at Beginning of Year	Recognized in Profit or Loss	Recognized in OCI	Balance at December 31, 2025		
				Net	Deferred Tax Assets	Deferred Tax Liabilities
Loss allowances:						
Loans and receivables	P529,501,087	(P119,720,450)	P -	P409,780,637	P409,780,637	P -
Off-balance sheet commitments and contingencies	3,941,337	2,396,598	-	6,337,935	6,337,935	-
Investment securities at amortized cost	2,183,174	400,304	-	2,583,478	2,583,478	-
Investment securities at FVOCI	1,664,366	770,873	-	2,435,239	2,435,239	-
Investment properties	1,323,317	40,763	-	1,364,079	1,364,079	-
Lease liability	21,529,436	158,305	-	21,687,741	21,687,741	-
Net expense accrual	115,818,817	18,296,432	-	134,115,249	134,115,249	-
Net retirement liability	61,150,532	(8,221,014)	13,344,029	66,273,547	66,273,547	-
Excess MCIT over RCIT	14,126,686	31,936,519	-	46,063,205	46,063,205	-
Accumulated depreciation of investment properties	11,401,630	2,040,320	-	13,441,950	13,441,950	-
Unamortized past service costs	6,505,760	2,179,523	-	8,685,283	8,685,283	-
Unrealized loss on debt securities	4,496,217	(2,569,591)	-	1,926,626	1,926,626	-
Unrealized marked-to-market loss (gain) on derivatives	(47,113,852)	39,432,164	-	(7,681,688)	-	(7,681,688)
Right-of-use asset - net	-	-	-	-	-	-
Revaluation gain on properties under trustee	(16,909,314)	1,484,668	-	(15,424,646)	-	(15,424,646)
Unrealized gain on nonfinancial asset	(8,528,044)	(3,657,844)	-	(12,185,888)	-	(12,185,888)
NOLCO	-	210,902,180	-	210,902,180	210,902,180	-
Deferred tax assets (liabilities)	P701,091,149	P175,869,750	P13,344,029	P890,304,927	P925,597,149	(P35,292,222)

	Balance at Beginning of Year	Recognized in Profit or Loss	Recognized in OCI	Balance at December 31, 2024		
				Net	Deferred Tax Assets	Deferred Tax Liabilities
Loss allowances:						
Loans and receivables	P460,408,223	P69,092,864	P -	P529,501,087	P529,501,087	P -
Off-balance sheet commitments and contingencies	7,043,352	(3,102,015)	-	3,941,337	3,941,337	-
Investment securities at amortized cost	1,592,362	590,812	-	2,183,174	2,183,174	-
Investment securities at FVOCI	962,065	702,301	-	1,664,366	1,664,366	-
Investment properties	1,380,973	(57,656)	-	1,323,317	1,323,317	-
Lease liability	148,238,443	(12,649,294)	-	135,589,149	135,589,149	-
Net expense accrual	101,793,383	14,025,433	-	115,818,816	115,818,816	-
Net retirement liability	36,364,724	(5,894,664)	30,680,471	61,150,531	61,150,531	-
Excess MCIT over RCIT	-	14,126,687	-	14,126,687	14,126,687	-
Accumulated depreciation of investment properties	10,506,932	894,698	-	11,401,630	11,401,630	-
Unamortized past service costs	5,488,833	1,016,927	-	6,505,760	6,505,760	-
Unrealized loss on debt securities	7,484,708	(2,988,491)	-	4,496,217	4,496,217	-
Unrealized marked-to-market loss (gain) on derivatives	3,443,046	(50,556,898)	-	(47,113,852)	-	(47,113,852)
Right-of-use asset - net	(128,655,176)	14,595,463	-	(114,059,713)	-	(114,059,713)
Revaluation gain on properties under trustee	(20,146,008)	3,236,694	-	(16,909,314)	-	(16,909,314)
Unrealized gain on nonfinancial asset	(8,901,495)	373,452	-	(8,528,043)	-	(8,528,043)
Deferred tax assets (liabilities)	P627,004,365	P43,406,313	P30,680,471	P701,091,149	P887,702,071	(P186,610,922)

As at December 31, 2025 and 2024, the Bank did not recognize deferred tax assets on the following temporary differences, as management believes it is likely that the Bank will not be able to realize sufficient taxable profits in the future against which these may be utilized.

	2025		2024	
	Tax Base	Deferred Tax Assets	Tax Base	Deferred Tax Assets
Loss allowance	P316,346,133	P79,086,533	P266,233,149	P66,558,287
NOLCO	37,060,800	9,265,200	222,023,018	55,505,755
Excess MCIT over RCIT	1,079,951	1,079,951	-	-
	P354,486,884	P89,431,684	P488,256,167	P122,064,042

The unrecognized deferred tax asset on loss allowance, NOLCO and excess MCIT over RCIT pertains to FCDU books.

The reconciliation between the statutory income tax and income taxes follows:

	2025	2024	2023
Income before income tax expense	P278,261,074	P212,618,272	P126,821,391
Income tax on income before tax expense at statutory rate at 25%	P69,565,269	P53,154,568	P31,705,348
Tax effects of:			
FCDU loss	91,554,769	105,161,585	58,658,093
Temporary differences	(542,700,766)	(187,334,270)	(193,901,695)
Nondeductible interest expense	51,155,607	36,112,045	23,698,199
Tax-paid (tax-exempt income)	(76,970,096)	114,035	(1,810,646)
Others:			
Nondeductible loss allowance	222,011,254	209,664,462	201,816,575
Nontaxable trading loss (gains)	40,477,758	(47,866,475)	(1,802,692)
Excess MCIT over RCIT	46,063,205	14,126,687	-
Nontaxable other income	(3,730,833)	(1,606,292)	(1,976,644)
NOLCO	210,902,180	-	-
Other	-	83,863	-
Effective income tax	P108,328,347	P181,610,208	P116,386,538

Other Taxes

The Bank is subject to percentage and other taxes, which are presented under the 'Taxes and licenses' account in the statement of income. Percentage and other taxes primarily consist of gross receipts tax (GRT) and DST.

The breakdown of 'Taxes and licenses' account presented in the statement of income follows:

	2025	2024
GRT	P267,032,111	P248,948,983
DST	175,108,765	136,407,932
License and permit fees	8,480,262	7,513,143
Others	430,328	543,938
	P451,051,466	P393,413,996

22. Income and Expenses

In the following table, service fees and commission income from contracts with customers in the scope of PFRS 15, are disaggregated by major type of service. The table also includes a reconciliation of the disaggregated service fees and commission income with the Bank's reportable segments (see Note 24).

2025					
	Treasury (in thousands)	Institutional Banking (in thousands)	Retail Banking (in thousands)	Others (in thousands)	Total (in thousands)
Credit-related	P741	P183,086	P43,489	P531	P227,847
Deposit-related	(2,220)	1,500	52,113	(6)	51,387
Miscellaneous	167	8,496	61,878	3,696	74,237
	(P1,312)	P193,082	P157,480	P4,221	P353,471

2024					
	Treasury (in thousands)	Institutional Banking (in thousands)	Retail Banking (in thousands)	Others (in thousands)	Total (in thousands)
Credit-related	P3,572	P203,253	P44,514	P1,866	P253,205
Deposit-related	2,096	12,506	50,493	944	66,039
Miscellaneous	102	5,453	37,785	14,799	58,139
	P5,770	P221,212	P132,792	P17,609	P377,383

2023					
	Treasury (in thousands)	Institutional Banking (in thousands)	Retail Banking (in thousands)	Others (in thousands)	Total (in thousands)
Credit-related	P392	P106,988	P44,469	(P3)	P151,846
Deposit-related	-	1,593	66,001	(4)	67,590
Miscellaneous	-	6,973	34,628	12,205	53,806
	P392	P115,554	P145,098	P12,198	P273,242

Miscellaneous income consists of:

	2025	2024	2023
Recovery on charged-off assets	P70,714,656	P70,772,195	P76,294,007
Unrealized gain on investment properties	14,188,202	4,563,297	14,764,746
Income from trust division	14,024,203	24,345,669	12,171,037
Gain (loss) on disposal of foreclosed assets	5,500,608	5,999,127	(2,523,573)
Gain on disposal of property and equipment	951,479	585,333	164,302
Rent income - safety deposit box	581,031	580,386	589,958
Dividend income	-	240,000	280,000
Other income	52,671,138	22,403,546	28,933,715
	P158,631,317	P129,489,553	P130,674,192

Other income mainly consists of investment under Trust Operations Department and proceeds from sale of cash cards. The following table shows the disaggregation of other income by the reportable segments of the Bank.

	2025	2024	2023
Retail banking	P43,293,269	P17,021,750	P23,505,243
Institutional banking	8,522,391	4,914,739	5,093,416
Treasury	155,283	58,610	(104,838)
Others	700,195	408,447	439,894
	P52,671,138	P22,403,546	P28,933,715

Security, messengerial, janitorial expenses and other fees consist of:

	2025	2024	2023
Clerical expenses	P48,268,337	P42,408,353	P32,759,080
Security expenses	32,943,842	32,563,885	30,400,028
Sales agent commission	20,701,279	109,233,478	117,284,276
Messengerial expenses	15,780,412	14,794,405	11,671,165
Janitorial expenses	10,763,939	10,581,351	8,076,951
	P128,457,809	P209,581,472	P200,191,500

Sales agent commission is a monetary reward given to sales representatives of the Bank who have managed to achieve their sales target.

Clerical expenses pertain to expenses incurred in relation to departmental administration, information systems and regulatory requirements.

Security expenses pertain to expenses incurred to transport of valuable properties of the Bank such as money.

Miscellaneous expenses consist of:

	2025	2024	2023
Management and professional fees	P168,534,191	P103,378,330	P70,066,505
Insurance	116,122,701	106,609,961	105,162,793
Postage and cable	44,061,574	42,534,373	42,051,639
Banking and supervision fees	25,657,224	25,968,780	26,498,493
Advertising	21,055,309	8,259,321	7,084,237
Telecommunications	17,223,818	12,726,229	8,308,260
Litigation	16,487,244	11,824,712	14,206,233
Travel and transportation	13,897,692	11,436,761	11,438,053
Office supplies	12,995,201	18,034,297	23,784,533
Bank charges	8,181,956	4,207,236	3,329,369
Freight	1,957,847	2,443,861	2,501,455
Membership dues	1,717,448	2,019,694	1,763,424
Entertainment and representation	833,336	1,044,198	980,509
Fuel and lubricants	209,912	258,659	261,566
Write-off of computer software	-	-	34,492,894
Other expenses	68,292,470	52,245,291	47,884,242
	P517,227,923	P402,991,703	P399,814,205

Other expenses consist of fees paid for periodicals, VISA and check processing.

The following table shows the disaggregation of other expenses by the reportable segments of the Bank:

	2025	2024	2023
Retail banking	P46,782,713	P35,065,074	P33,252,003
Treasury	4,880,477	5,049,208	4,235,879
Institutional banking	5,589,958	1,842,200	(672,423)
Others	11,039,322	10,288,809	11,068,783
	P68,292,470	P52,245,291	P47,884,242

23. Basic/Diluted Earnings Per Share

Earnings per share is computed as follows:

	2025	2024	2023
Net income	P169,932,727	P31,008,064	P10,434,854
Weighted number of shares outstanding	358,362,513	348,307,202	348,307,202
Basic/diluted earnings per share	P0.47	P0.09	P0.03

There are no potentially dilutive shares as at December 31, 2025, 2024 and 2023. Accordingly, diluted EPS is the same as basic EPS.

24. Operating Segment Information

The Bank is organized based on the products and services that it offers and operates three principal areas namely: Treasury, Institutional Banking and Retail Banking and others.

Treasury - principally provides money market, trading and treasury services, as well as the management of the Bank's funding operations by use of government securities and placements and acceptances with other banks.

Institutional Banking - principally handles loans, trade finance and other credit facilities and deposit and current accounts for institutional customers.

Retail Banking - addresses the individual and retail markets. It covers deposit taking and servicing, consumer lending such as home mortgages and personal loans.

Others - principally handling supportive roles which are performed by Operations, Finance Group, Institutional Credit Risk Management Group and Retail Credit Management Group and other divisions under the direct stewardship of the Office of the President.

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

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

Interest income is reported at the net as management primarily relies on the net interest income as performance measure, not the gross income and expense.

The Bank has no significant customers which contributes 10.0% or more of the total revenue, net of interest expense.

Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to business segments based on a pool rate which approximates the cost of funds.

The following table presents revenue and income information of operating segments presented in accordance with PFRS Accounting Standards as at and for the years ended December 31, 2025, 2024 and 2023 (amounts in thousands):

	2025				Total
	Treasury	Institutional Banking	Retail Banking	Others	
Net interest income					
Third party	P1,070,901	P1,499,909	P1,022,694	P -	P3,593,504
Intersegment	(930,476)	(65,420)	996,306	(410)	-
Non-interest income	264,976	208,626	323,628	9,627	806,857
Revenue - net of interest expense	405,401	1,643,115	2,342,628	9,217	4,400,361
Less: Non-interest expenses	336,822	1,460,164	2,307,406	17,708	4,122,100
Income (loss) before income taxes	68,579	182,951	35,222	(8,491)	278,261
Less: Income taxes	93,189	39,123	(23,984)	-	108,328
Net income (loss)	(P24,610)	P143,828	P59,206	(P8,491)	P169,933
Service fees and commission income	(P1,312)	P193,082	P157,480	P4,221	P353,471
Depreciation and amortization	P3,624	P12,951	P81,741	P123,214	P221,530
Software amortization	P9,428	P26,817	P30,876	P35,189	P102,310
Impairment losses	P4,140	P590,652	P335,386	P2,629	P932,807

	2024				Total
	Treasury	Institutional Banking	Retail Banking	Others	
Net interest income					
Third party	P412,287	P1,906,224	P1,010,305	P -	P3,328,816
Intersegment	(255,977)	(800,028)	1,056,438	(433)	-
Noninterest income	156,310	1,106,196	2,066,743	(433)	3,328,816
Revenue - net of interest expense	148,939	239,287	273,140	9,971	671,337
Less: Noninterest expenses	305,249	1,345,483	2,339,883	9,538	4,000,153
Less: Noninterest expenses	241,945	1,159,599	2,367,926	18,065	3,787,535
Income (loss) before income taxes	63,304	185,884	(28,043)	(8,527)	212,618
Less: Income taxes	80,079	35,994	65,513	24	181,610
Net income (loss)	(P16,775)	P149,890	(P93,556)	(P8,551)	P31,008
Service fees and commission income	P5,770	P221,212	P140,946	P9,455	P377,383
Depreciation and amortization	P4,245	P13,251	P78,908	P109,592	P205,996
Software amortization	P4,919	P17,021	P12,736	P39,183	P73,859
Impairment losses	P6,389	P340,471	P508,667	(P189)	P855,338

	2023				Total
	Treasury	Institutional Banking	Retail Banking	Others	
Net interest income					
Third party	P361,109	P2,075,629	P764,944	P -	P3,201,682
Intersegment	(657,837)	(622,772)	1,280,990	(381)	-
Noninterest income	(296,728)	1,452,857	2,045,934	(381)	3,201,682
Revenue - net of interest expense	128,231	127,592	286,842	8,761	551,426
Less: Noninterest expenses	(168,497)	1,580,449	2,332,776	8,380	3,753,108
Less: Noninterest expenses	140,139	879,297	1,510,038	1,096,813	3,626,287
Income (loss) before income taxes	(308,636)	701,152	822,738	(1,088,433)	126,821
Less: Income taxes	116,100	14,798	(14,560)	48	116,386
Net income (loss)	(P424,736)	P686,354	P837,298	(P1,088,481)	P10,435
Service fees and commission income	P392	P114,185	P146,468	P12,197	P273,242
Depreciation and amortization	P3,993	P15,058	P76,923	P82,368	P178,342
Software amortization	P4	P14,813	P51,975	P2,418	P69,210
Impairment losses	P15,699	P477,020	P469,143	P279	P962,141

Segment information for the statement of financial position is as follows (amounts in thousands):

	Year	Segment Assets	Segment Liabilities	Capital Expenditures
Institutional Banking	2025	P42,267,140	P42,733,531	P2,203
	2024	45,978,135	34,699,442	6,952
Treasury	2025	34,103,820	2,487,017	1,938
	2024	28,675,239	11,922,279	36
Retail Banking	2025	13,206,740	30,917,527	15,785
	2024	13,285,318	30,164,662	14,505
Others	2025	1,661,815	2,605,104	79,399
	2024	1,568,273	2,104,654	148,982
Total	2025	P91,239,515	P78,743,179	P99,325
Total	2024	P89,506,965	P78,891,037	P170,475

Presented below is the summary of information on reportable segments:

	2025	2024	2023
Revenues - net of interest expense			
Total revenue for reportable segments	P4,455,907	P4,000,153	P3,753,108
Income before Taxes			
Total profit for reportable segments	P265,127	P212,618	P126,821
		2025	2024
Assets			
Total assets for reportable segments		P91,229,665	P89,506,965
Liabilities			
Total liabilities for reportable segments		P78,743,179	P78,891,037

25. 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. Parties are also considered to be related if they are subjected to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

The Bank treats other subsidiaries and branch offices of the Parent Bank as related parties (collectively referred to as entities under common control).

The Bank has loan transactions with investees and with certain directors, officers, stockholders and related interests (DOSRI). Existing banking regulations limit the amount of individual loans to DOSRI, 70% of which must be secured, to the total of their respective deposits and book value of their respective investments in the Bank. In the aggregate, loans to DOSRI generally should not exceed the respective total regulatory capital or 15% of total loan portfolio, whichever is lower.

On March 15, 2004, the BSP issued Circular 423 which provides for the amended definition of DOSRI accounts. It clarifies that loans granted to officers and employees under an approved fringe benefit program is excluded from the individual ceiling but is subject to 5% aggregate ceiling.

The following table shows information relating to DOSRI/Related Party loans (in thousands):

	2025		2024	
	DOSRI Loans	Related Party Loans	DOSRI Loans	Related Party Loans
Total outstanding loans	P -	P -	P -	P -
Percent of DOSRI/related party loans to total loan portfolio	0.0%	0.0%	0.0%	0.0%
Percent of unsecured DOSRI/related party loans to total loans	Nil	Nil	Nil	Nil
Percent of past due DOSRI/related party loans to total loans	Nil	Nil	Nil	Nil

None of the Bank's Directors have any self-dealing/related party transactions with the Bank directly by themselves in 2025 and 2024.

On January 31, 2007, BSP Circular No. 560 was issued providing the rules and regulations that govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks. Under the said Circular, total outstanding exposures to each of the bank's subsidiaries and affiliates shall not exceed 10% of bank's net worth, the unsecured portion of which shall not exceed 5% of such net worth. Further, the total outstanding exposures to subsidiaries and affiliates shall not exceed 20% of the net worth of the lending bank. BSP Circular No. 560 is effective on February 15, 2007.

Directors' fees incurred during the years ended December 31, 2025, 2024 and 2023 amounted to P8.6 million, P9.5 million and P8.5 million, respectively (see Note 19).

The significant account balances with respect to related parties included in the financial statements (after appropriate eliminations have been made) are as follows:

Category/Transaction	Note	Year	Amount of the Transaction	Outstanding Balance		Terms	Conditions
				Due from Related Parties	Due to Related Parties		
Parent							
<i>Current Deposits</i>							
Deposits	25a	2025	P1,945,875,537	P -	P121,255,841	Demandable;	Unsecured
Withdrawals			(1,946,236,522)	-	-	interest bearing	
Foreign exchange			1,669,422	-	-		
Deposits		2024	1,832,899,296	-	119,947,404	Demandable;	Unsecured
Withdrawals			(1,827,647,929)	-	-	interest bearing	
Forex			4,363,037	-	-		
<i>Interest Expense on Current Deposits</i>							
Accruals		2025	28,645	-	-	Demandable; interest bearing	Unsecured
Settlements			(28,645)	-	-		
Accruals		2024	27,714	-	-		
Settlements			(29,323)	-	-	Demandable; interest bearing	Unsecured
<i>Bills Payable from Parent</i>							
<i>Bank</i>							
Availments		2025	5,748,275,000	-	15,535,257,500	3-4 years; interest bearing	Unsecured
Settlements			(484,357,500)	-	-		
Forex			293,077,500	-	-		
Unamortized discount			9,798,146	-	-		
Availments		2025	2,712,410,000	-	-	60 days; interest bearing	Unsecured
Settlements			(8,626,447,000)	-	-		
Forex			13,847,000	-	-		
Availments		2025	267,893,822	-	2,117,372,599	3-4 years; interest bearing	Unsecured
Settlements			(986,759)	-	-		
Forex			183,510,627	-	-		
Availments		2024	3,163,545,500	-	9,968,464,354	3-4 years; interest bearing	Unsecured
Settlements			(389,033,000)	-	-		
Forex			282,500,000	-	-		
Unamortized discount			9,798,146	-	-		
Availments		2024	15,241,284,000	-	5,900,190,000	60 days; interest bearing	Unsecured
Settlements			(13,343,160,000)	-	-		
Forex			181,536,000	-	-		
Availments		2024	926,136,321	-	1,666,954,909	2-3 years; interest bearing	Unsecured
Settlements			-	-	-		
Forex			(102,456,357)	-	-		

Forward

Category/Transaction	Note	Year	Amount of the Transaction	Outstanding Balance		Terms	Conditions
				Due from Related Parties	Due to Related Parties		
<i>Interest Expense on Bills Payable</i>							
Accruals	25b	2025	P604,757,785	P -	P27,138,525	Demandable; interest bearing	Unsecured
Settlements			(593,817,306)	-	-	Demandable; interest bearing	Unsecured
Accruals	2025		117,642,252	-	-	Demandable; interest bearing	Unsecured
Settlements			(144,076,211)	-	-	Demandable; interest bearing	Unsecured
Accruals	2025		84,436,239	-	7,708,986	Demandable; interest bearing	Unsecured
Settlements			(95,556,709)	-	-	Demandable; interest bearing	Unsecured
Accruals	2024		449,365,301	-	-	Demandable; interest bearing	Unsecured
Settlements			(433,167,255)	-	16,198,046	Demandable; interest bearing	Unsecured
Accruals	2024		198,797,643	-	-	Demandable; interest bearing	Unsecured
Settlements			(172,363,683)	-	26,433,959	Demandable; interest bearing	Unsecured
Accruals	2024		57,719,832	-	-	Demandable; interest bearing	Unsecured
Settlements			(38,890,376)	-	18,829,456	Demandable; interest bearing	Unsecured
<i>Deposits for Future Stock Subscriptions</i>							
Subscriptions	18	2025	424,455,187	-	424,455,187	Demandable; noninterest bearing	Unsecured; no impairment
		2024	-	-	-		
Entities under Common Control							
<i>Current Deposits to CTBC - Hongkong</i>							
Deposits	25c	2025	11,557,578	16,653,508	-	Demandable; noninterest bearing	Unsecured; no impairment
Withdrawals			(8,660,706)	-	-	Demandable; noninterest bearing	Unsecured; no impairment
Forex and other movement			140,733	-	-	Demandable; noninterest bearing	Unsecured; no impairment
Deposits	2024		14,027,313	13,615,903	-	Demandable; noninterest bearing	Unsecured; no impairment
Withdrawals			(15,018,639)	-	-	Demandable; noninterest bearing	Unsecured; no impairment
Forex and other movement			314,095	-	-	Demandable; noninterest bearing	Unsecured; no impairment
<i>Current Deposits to CTBC - Canada</i>							
Deposits	25c	2025	128,690,889	5,186,363	-	Demandable; noninterest bearing	Unsecured; no impairment
Withdrawals			(126,216,689)	-	-	Demandable; noninterest bearing	Unsecured; no impairment
Forex and other movement			(354,248)	-	-	Demandable; noninterest bearing	Unsecured; no impairment
Deposits	2024		307,882,072	3,066,411	-	Demandable; noninterest bearing	Unsecured; no impairment
Withdrawals			(298,281,517)	-	-	Demandable; noninterest bearing	Unsecured; no impairment
Forex and other movement			(7,710,734)	-	-	Demandable; noninterest bearing	Unsecured; no impairment
<i>Other Related Parties</i>							
Employees' retirement fund held by Trust Operations							
<i>Deposit Liabilities</i>							
Deposits	25d	2025	694,602,615	-	188,704	Demandable; noninterest bearing	Unsecured
Withdrawals			(694,493,339)	-	-	Demandable; noninterest bearing	Unsecured
Deposits	2024		548,466,127	-	79,428	Demandable; noninterest bearing	Unsecured
Withdrawals			(548,615,997)	-	-	Demandable; noninterest bearing	Unsecured
Total		2025		P21,839,871	P18,233,377,342		
Total		2024		P16,682,314	P17,717,097,556		

25a Current Deposits with Parent Bank

These transactions are demandable and interest bearing. Interest rate on these deposit liabilities booked under RBU is 0.13%, while interest rate on deposits booked under FCDU is 0.01% for the years ended December 31, 2025 and 2024. These are recorded as part of 'Deposit liabilities' account in the statement of financial position.

The interest expense incurred by the Bank arising from these deposits amounted to P28,645, P27,714, P25,708 in 2025, 2024, and 2023, respectively. Accrued interest payable, shown as part of 'Accrued interest, taxes and other expenses' account in the statement of financial position amounted to nil as at December 31, 2025 and 2024.

25b Short and Long-term Borrowings with Parent Bank

The long-term borrowing with Parent Bank denominated in USD is interest bearing and has a two (2) to three (3) year term amounting to P15.5 billion and P10.0 billion in 2025 and 2024, respectively. It has an interest rate ranging from 3.92% to 4.07% and 4.72% to 5.62% per annum in 2025 and 2024, respectively. Interest rate is repriced monthly.

The short-term borrowing with Parent Bank denominated in USD is interest bearing and has a 60-279 days' term amounting to nil and P5.9 billion in 2025 and 2024, respectively. It has an interest rate ranging from nil and 4.70% to 5.03% per annum in 2025 and 2024, respectively. Interest rate is repriced monthly.

The long-term borrowing with Parent Bank denominated in Australian Dollars is interest bearing and has a one (1) to two (2) year term amounting to P2.1 billion and P1.7 billion in 2025 and 2024, respectively. It has an interest rate ranging from 4.27% and 4.70% to 4.95% per annum in 2025 and 2024, respectively. Interest rate is repriced monthly.

The interest expense incurred by the Bank arising from these borrowings amounted to P806.8 million, P705.9 million and P362.4 million for the years ended December 31, 2025, 2024 and 2023, respectively. Accrued interest payable, shown as part of 'Accrued interest, taxes and other expenses' account in the statement of financial position amounted to P34.8 million and P61.5 million as at December 31, 2025 and 2024, respectively.

25c Current Deposits with Entities under Common Control

Deposits with CTBC Bank Co., LTD - Hongkong Branch and CTBC Bank Co., LTD Canada Branch were recorded as part of 'Due from Other Banks' account in the statement of financial position.

25d Employees' Retirement Fund held by Trust Operations

These are due and demandable deposits of the Bank's Trust Operations Department which is recorded as part of 'Other liabilities' account in the statement of financial position.

The remuneration of directors and other members of key management personnel are as follows:

	2025	2024
Short-term benefits	P121,781,031	P172,273,781
Share-based payment	-	2,690,843
Other long-term benefits	10,833,322	2,429,390
	P132,614,353	P177,394,014

In accordance with the Bank's by-laws, profit share of officers and employees is computed at 10.0% of net income after tax.

The Bank's compensation to key management Personnel is shown as part of Compensation and fringe benefits in the statement of income (see Note 19).

Furthermore, the Bank has a separate funded noncontributory defined benefit plans covering substantially all its officers and regular employees. Under this retirement plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The Bank's employee benefit fund (or retirement plan asset) is in the form of a trust account being maintained by the Bank's Trust Operations Department.

As discussed in Note 19, the Bank's retirement plan assets are invested in various debt and equity instruments, such as government securities, corporate papers, equity securities traded in PSE, as well as investments in BSP's special deposit account and placements with the Bank. The Bank's retirement plan assets do not have investments in real properties.

Other than placements with the Bank, the Bank's retirement plan assets do not have investments in securities, whether debt or equity, issued by the Bank as at December 31, 2025 and 2024.

As at December 31, 2025 and 2024, the carrying values of the Bank's retirement plan assets, which approximate its fair value, amounted to P254.1 million and P248.1 million, respectively (see Note 19).

All transactions with related parties are generally settled in cash.

26. Derivative Financial Instruments

The table below shows the fair values of derivative financial instruments entered into by the Bank, recorded as derivative assets or derivative liabilities, together with the notional amounts. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding as at December 31, 2025 and 2024 and are not indicative of either market risk or credit risk (in thousands).

	2025		Notional Amount
	Assets	Liabilities	
Freestanding Derivatives - Currency Forwards and Swaps			
Buy:			
USD/PHP	P133,888,198	(P3,072,624)	USD221,475,000
USD/EURO	37,988	-	USD1,885,232
USD/JPY*	-	-	-
Sell:			
USD/PHP	10,073,553	(118,445,795)	USD234,270,985
USD/EURO	-	(80)	USD942,267
	P143,999,739	(P121,518,499)	

*JPY = Japanese yen

	2024		Notional Amount
	Assets	Liabilities	
Freestanding Derivatives - Currency Forwards and Swaps			
Buy:			
USD/PHP	P163,275,061	(P118,636,747)	USD462,456,000
USD/EURO	-	(438,503)	USD7,284,795
USD/JPY	96,073	-	USD3,000,000
Sell:			
USD/PHP	161,821,113	(34,239,835)	USD379,196,000
USD/EURO	-	(572)	USD3,123,030
	P325,192,247	(P153,315,657)	

The Bank entered into currency forwards and swap contracts to manage its foreign exchange risks. Currency forwards are contractual agreements to buy or sell a specified currency at a specific price and date in the future. Currency swaps are contractual agreements to exchange principal and interest payments at fixed intervals denominated in two (2) different currencies.

The net movements in fair value changes of derivatives are as follows (amounts in thousands):

	2025	2024
Net derivative liability at beginning of year	P171,877	(P13,270)
Net changes in fair value of derivatives	(149,912)	185,653
Fair value of settled contracts	517	(506)
Net derivative liability at end of year	P22,482	P171,877

27. Classification and Measurement of Financial Instruments under PFRS 9

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments:

	Note	Mandatorily at FVTPL	FVOCI - Debt Instruments	FVOCI - Equity Instruments	Amortized Cost	Total Carrying Amount
Financial Assets						
Cash and other cash items	5, 6, 17	P -	P -	P -	P676,891,316	P676,891,316
Due from BSP	5, 17	-	-	-	2,464,263,407	2,464,263,407
Due from other banks	5, 17	-	-	-	2,474,396,936	2,474,396,936
Interbank loans receivable - gross	5, 17	-	-	-	-	-
Financial assets at FVTPL	5, 6, 7, 17	3,209,318,840	-	-	-	3,209,318,840
Financial assets at FVOCI	5, 6, 7, 17	-	10,590,403,641	15,880,817	-	10,606,284,458
Investment securities at amortized cost - gross	5, 7, 17	-	-	-	15,942,776,955	15,925,011,156
Loans and receivables - gross	5, 8, 17	-	-	-	54,538,718,491	52,607,874,460
Other assets*	17	-	-	-	62,543,989	62,543,989
Total Financial Assets		P3,209,318,840	P10,590,403,641	P15,880,817	P76,159,591,094	P88,026,584,562
Financial Liabilities						
Deposit liabilities	5, 6, 17	P -	P -	P -	P54,494,032,856	P54,494,032,856
Financial liabilities at FVTPL	5, 6, 17, 26	121,518,499	-	-	-	121,518,499
Bills payable	5, 6, 14, 17	-	-	-	19,757,873,886	19,757,873,886
Outstanding acceptances	5, 6, 17	-	-	-	3,044,852	3,044,852
Manager's checks	5, 6, 17	-	-	-	68,337,282	68,337,282
Accrued interest, taxes and other expenses**	17	-	-	-	697,369,085	697,369,085
Other liabilities***	17	-	-	-	3,032,826,510	3,032,826,510
Total Financial Liabilities		P121,518,499	P -	P -	P78,053,484,471	P78,175,002,970

*Includes returned checks and other cash items and rent deposit

**Excludes retirement liability, accrued taxes and other nonfinancial accruals

***Excludes withholding taxes payable, provision liability and miscellaneous liability

	Note	Mandatorily at FVTPL	FVOCI - Debt Instruments	FVOCI - Equity Instruments	Amortized Cost	Total Carrying Amount
Financial Assets						
Cash and other cash items	5, 6, 17	P -	P -	P -	P590,275,773	P590,275,773
Due from BSP	5, 17	-	-	-	4,270,027,822	4,270,027,822
Due from other banks	5, 17	-	-	-	2,159,646,712	2,159,646,712
Interbank loans receivable - gross	5, 17	-	-	-	875,123,000	875,123,000
Financial assets at FVTPL	5, 6, 7, 17	1,170,525,362	-	-	-	1,170,525,362
Financial assets at FVOCI	5, 6, 7, 17	-	7,454,279,481	15,590,817	-	7,469,870,298
Investment securities at amortized cost - gross	5, 7, 17	-	-	-	14,407,107,399	14,407,107,399
Loans and receivables - gross	5, 8, 17	-	-	-	57,703,945,552	55,346,593,009
Other assets*	17	-	-	-	59,531,987	59,531,987
Total Financial Assets		P1,170,525,362	P7,454,279,481	P15,590,817	P80,065,658,245	P86,348,701,362
Financial Liabilities						
Deposit liabilities	5, 6, 17	P -	P -	P -	P51,521,651,730	P51,521,651,730
Financial liabilities at FVTPL	5, 6, 17, 26	153,315,657	-	-	-	153,315,657
Bills payable	5, 6, 14, 17	-	-	-	21,294,794,018	21,294,794,018
Outstanding acceptances	5, 6, 17	-	-	-	4,427,526	4,427,526
Manager's checks	5, 6, 17	-	-	-	66,297,573	66,297,573
Accrued interest, taxes and other expenses**	17	-	-	-	712,764,852	712,764,852
Other liabilities***	17	-	-	-	4,632,295,146	4,632,295,146
Total Financial Liabilities		P153,315,657	P -	P -	P78,232,230,845	P78,385,546,502

*Includes returned checks and other cash items and rent deposit

**Excludes retirement liability, accrued taxes and other nonfinancial accruals

***Excludes withholding taxes payable, provision liability and miscellaneous liability

The Bank does not hold any financial instruments designated as at FVTPL for both 2025 and 2024.

28. Supplementary Information Required under Section 174 of the Manual of Regulations for Banks, Audited Financial Statements; Appendix 55 - Checklist of Bangko Sentral Requirements in the Submission of Audited Financial Statements and Annual Audit Report

The following supplementary information is required by Appendix 55 - Disclosure Requirements to the Audited Financial Statements (AFS) to Section 174 of the MORB, *Audited Financial Statements; Appendix 55 - Checklist of Bangko Sentral Requirements in the Submission of Audited Financial Statements and Annual Audit Report of the MORB*, as amended by BSP Circular No. 1074, *Amendments to Regulations on Financial Audit of Banks*.

(a) Notes to the Financial Statements

- a. *Capital Position* (see Note 5)
- b. *Leverage Ratio and Total Exposure Measure* (see Note 5)
- c. *Liquidity Position* (LCR and NSFR) - (see Note 5)
- d. *Provisioning Methodology and Key Assumptions used in Determining Allowance for Credit Losses* (see Notes 3 and 5)
- e. *Accounting Policies* (see Notes 2 and 3)

(b) Supplemental Information

Financial Performance Indicators

The following basic ratios measure the financial performance of the Bank:

	2025	2024	2023
a. Net income	P169,932,727	P31,008,064	P10,434,854
b. Average total equity	11,556,131,692	10,661,875,531	10,636,299,422
Return on average equity (a/b)	1.47%	0.29%	0.10%
c. Net income	P169,932,727	P31,008,064	P10,434,854
d. Average total assets	90,373,239,678	83,300,759,122	73,349,558,019
Return on average assets (c/d)	0.19%	0.04%	0.01%
e. Net interest income	P3,593,503,732	P3,328,816,258	P3,201,682,433
f. Average interest earning assets	81,988,100,510	72,841,540,186	68,366,141,971
Net interest margin on average earning assets (e/f)	4.38%	4.57%	4.68%

Average balances were determined as the average of the current and previous calendar balances of the respective statement of financial position accounts.

Description of Capital Instruments Issued - see Note 18.

Significant Credit Exposures - see Note 5.

Breakdown of Total Loans as to:

- i. security - see Note 5
- ii. status - see Note 8

Information on Related Party Loans - none as at December 31, 2025 and 2024 as disclosed in Note 25.

Secured Liabilities and Assets Pledged as Security

As at December 31, 2025 and 2024, a deposit in other bank amounting to P50 million and P104.1 million respectively, was used as collateral for a derivative contract to mitigate counterparty risk in derivative transactions. This deposit is recorded as part of 'Other asset' account in the statement of financial position (see Note 11). Other than this, there are no other assets being and liabilities pledged by the Bank as security as at December 31, 2025 and 2024.

Commitments and Contingencies

In the normal course of business, the Bank enters into various commitments and incurs contingent liabilities that are not presented in the accompanying financial statements. The Bank does not anticipate any material losses as a result of these commitments and contingent liabilities.

For regulatory reporting purposes, the following is a summary of the commitments and contingent liabilities at their equivalent peso contractual amounts (amounts in thousands):

	2025	2024
Trust department accounts	P15,010,551	P4,443,710
Standby letters of credit	14,701,380	9,639,507
Sight/usance import letters of credit	408,335	279,215
Credit commitments	295,710	-
Outward bills for collection	35,313	2,404
Outstanding guarantees	5,867	8,406
Inward bills for collection	-	(389,914)
Others	2,350	748
Total	P30,459,506	P13,984,076

Securities and other properties held by the Bank in a fiduciary or agency capacity for its customers are not included in the Bank's statement of financial position since these items are not assets of the Bank. As at December 31, 2025 and 2024 total assets held by the Bank's Trust and Investment Services Department amounted to P15 billion and P4.4 billion, respectively.

In connection with the trust operations of the Bank, government securities with carrying value of P6.37 billion (face value of P6.37 billion) and P4.59 billion (face value of P4.59 billion) as of December 31, 2025 and 2024, respectively, are deposited with the BSP in compliance with existing banking regulations relative to the trust functions of the Bank.

In compliance with existing BSP regulations, 10% of the Bank's income from trust business is appropriated to retained earnings. This yearly appropriation is required until the retained earnings for trust functions equals 20% of the Bank's regulatory net worth. No part of such retained earnings shall at any time be paid out as dividends, but losses accruing in the course of business may be charged against such surplus. As at December 31, 2025 and 2024, the reserve for trust functions recorded under 'Statutory reserve' in the statement of financial position amounted to P5 million.

As at December 31, 2025 and 2024, off-balance sheet commitments and contingent liabilities with credit risk exposure amounted to P15.4 billion and P9.9 billion, respectively (see Note 5). These include unused commercial letters of credit and credit commitments which are subject to ECL.

No sale and repurchase agreements were recognized in the balance sheet asset as at December 31, 2025 and 2024.

Other Commitments

The assets pledged by the Bank are strictly for the purpose of providing collateral for the counterparty. To the extent that the counterparty is permitted to sell and/or re-pledge the assets, they are classified in the statement of financial position as pledged collateral. The pledged assets will be returned to the Bank when the underlying transaction is terminated but, in the event of the Bank's default, the counterparty is entitled to apply the collateral in order to settle the liability.

No interest and foreign exchange rate related items were transacted as at December 31, 2025 and 2024.

29. Supplementary Information Required Under Revenue Regulations 15-2010 of the BIR

In addition to the disclosures mandated under PFRS Accounting Standards and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRS Accounting Standards.

The following is the information required for the taxable year ended December 31, 2025:

A. DST

	Amount
Documentary stamps on hand, December 31, 2024	P27,002,681
Purchases (BIR Form 2000)	380,000,000
Documentary stamps used	(386,722,276)
	P20,280,405

B. Withholding Taxes

	Amount
Final withholding tax on interest on deposits	P25,683,258
Withholding taxes on compensation and benefits	25,057,339
Expanded withholding taxes	3,353,883
Final withholding tax - others	3,351,066
	P56,565,062

Outstanding amount of withholding taxes are included in 'Other liabilities' account in the statement of financial position.

C. All Other Taxes (Local and National)

	Amount
<i>Other taxes paid during the year recognized under 'Taxes and Licenses' account under Other Expenses</i>	
Gross receipts tax	P267,032,111
DST expenses	175,108,765
Licenses and permit fees	8,722,251
Other taxes	188,339
	P451,051,466

D. Tax Cases and Assessments

There are no outstanding tax assessment and/or tax cases under preliminary investigation, litigation and/or prosecution as at December 31, 2025.

As of December 31, 2025, the BIR has issued a suspension of all on going field audits such as LOA and Memorandum Order issuance, examination and verification of taxpayer's books of accounts, records, and other related transactions under Revenue Memorandum Circular No. 107-2025.

30. Audit Fees

The Bank's fee for the audit of the annual financial statements recorded as 'Management and professional fees' under Miscellaneous Expenses in the statement of income consists of:

	2025	2024
Total audit fees	P3,210,500	P3,223,800
Non-audit service:		
Agreed-upon procedure	115,000	-
External quality assessment review of internal audit	-	600,000
	P3,325,500	P3,823,800

The Bank's policy allows R.G. Manabat & Co. to provide assurance and other audit-related services that, while outside the scope of the statutory audit, are consistent with the role of an external auditor. These include regulatory and prudential reviews requested by regulators. Any other services that are not audit or audit-related services are non-audit services.

The Bank's policy allows certain non-audit services to be provided where the service would not contravene auditor independence requirements. R.G. Manabat & Co. may not provide services that are perceived to be in conflict with the role of an external auditor or breach auditor independence. These include consulting advice and subcontracting of operational activities normally undertaken by management, and engagements where the external auditor may ultimately be required to express an opinion on its own work.

31. Sustainable Finance Framework

The Bank recognizes that monitoring of Environment and Social Risks shall be of high priority in the coming years given the Parent Bank initiatives and local regulatory requirements such as the BSP Circular 1085, *Sustainable Finance Framework*, BSP Circular 1128, *Environmental and Social Risk Management Framework* and BSP Circular No. 1149, *Guidelines on the Integration of Sustainability Principles in Investment Activities of Banks*. These are directives for all financial institutions to develop sustainable finance policy framework and environmental and social risk management framework.

The Bank has launched its three-year sustainability transition plan in response to the abovementioned BSP Circulars. To this end, the Bank aims to embed sustainability principles including environment and social risk areas, into our corporate governance framework, risk management systems and strategic objectives consistent with the size, risk profile and complexity of our operations.

The Sustainable Finance Transition Plan commenced on December 17, 2020 upon approval of the BOD and all the policies, guidelines, manuals and limit monitoring processes have been substantially implemented since March 2023.

The Risk Governance Policy has been updated to include the roles and responsibilities and policies on Environment and Social Risks of the Parent Bank and these have been adapted to the local setting. The Bank released its first Sustainability Finance Policy in June 2022 and an updated version has been released in June 2023. Majority of the other related policies, guidelines and manuals affected by the BSP Circulars have been updated in 2022 and 2023.

The Bank has identified five labels for Environmental, Social and Governance (ESG), namely: ESG Exclusion list, ESG Sensitive Sector, High ESG Risk Company, Carbon Intensive Sector and Unclassified or those that do not fall on the first four classifications. All customers, vendors and outsourced service providers will be assessed for ESG tagging during on-boarding and renewal of facilities or contracts. ESG risks is also considered in the assessment of credit risks, operational risks, business continuity plan, market and liquidity risks starting 2023.

The Bank has implemented a collateral risk assessment process which started on September 30, 2022 where collaterals are given a rating internally of low, medium, high risk based on the Hazard Hunter (<https://hazardhunter.georisk.gov.ph/>) results on the location of the real estate property. The said risk assessment is indicated in the appraisal report and considered in the assessment of the credit risk.

To enable the Bank to manage concentration of investment securities that have environmental and social (E&S) risks as well as its impact to the overall performance of the Banking Book securities, the Bank implemented an ESG limit for investment securities starting May 2023.

To comply with the Sustainable Finance Taxonomy Guidelines (BSP Circular No. 1187 Series of 2024), the Bank started to classify IBG exposures using the 7-step assessment process anchored on two (2) environmental objectives: (1) Climate Change Mitigation or (2) Climate Change Adaptation in 2025. The assessments are done in stages and period is aligned with the annual review or interim review of the account. Moving forward, the assessment will be done annually.



Sustainability Strategic Objectives and Risk Appetite

Objective: The Bank endeavors to conform to relevant policies, exert a positive impact on global sustainable development, and promote a low-carbon economy.

RISK APPETITE SUMMARY															
Risk Appetite Statement	<p>The Bank's business operations shall take into consideration the positive and negative impacts on the environment, society, and economy. Anchored on our Parent Bank's strategy and implementation principles for sustainable finance, the Bank endeavor to achieve and embed sustainable finance in our operations, taking into account the Bank's business growth, the rights and interests of its stakeholders and sustainable environmental and social development.</p> <p>The Bank has limited appetite for ESG sensitive Sector and High ESG Risk Company while it has zero appetite for obligors under the exclusion/restricted list.</p>														
Exclusion/ Restricted List	<p>Entities involved in:</p> <ul style="list-style-type: none"> ▪ Crimes and terrorist activities ▪ Armament industry (production or sale of anti-personnel mines, biological and chemical weapons, cluster weapons, depleted uranium, nuclear weapons, and white phosphorus; production or sale of guns, small arms, and ammunition in the commercial market, excluding companies that solely serve national defense or government) ▪ Pornography industry ▪ Other industries that may affect social and public security as may be defined by regulatory bodies and standard setting bodies (e.g. Basel). 														
ESG Sensitive Sector	<ul style="list-style-type: none"> ▪ Thermal coal extraction: >25% of the borrower's revenue from coal mining ▪ Thermal coal power generation: >25% of the borrower's power generation capacity from coal-fired electricity ▪ Tobacco: >10% of the borrower's revenue from tobacco production (excluding wrapping or packing of cigarettes) ▪ Unconventional Oil and Gas extraction: >10% of the borrower's revenue is from sale or unconventional oil and gas extraction, including oil sands, shale oil and gas, arctic oil and gas, ultra-deep-water oil and gas 														
High ESG Risk Company	Score exceeds forty points in the Sustainalytics Database														
Carbon Intensive Industries	<table border="1"> <thead> <tr> <th>Carbon Intensive Sector</th> <th>Description of Definitions</th> </tr> </thead> <tbody> <tr> <td>Power generation</td> <td>More than 25% of the electricity generation capacity comes from coal-fired power, oil or natural gas.</td> </tr> <tr> <td>Marine shipping/ airlines</td> <td>More than 25% the obligor's revenue is from providing marine shipping or cargo transportation or air transportation services.</td> </tr> <tr> <td>Iron and steel/ smelting</td> <td>The company is in the upstream and midstream of the steel industry chain: More than 25% of the obligor's revenue is from the manufacture of the following iron and steel products: Carbon steel or stainless-steel product that is produced by blast furnace smelting or electric furnace smelting, such as slabs, billets, steel ingots, etc. or hot-rolled steel/coils, shape steel, rebar, iron or steel wire rod, bar steel, etc. that is made from slabs, billets, steel ingots, etc., through high-temperature heating processes. The same standards for the aforementioned manufacturing processes also apply to the smelting industry of other non-ferrous metals such as copper, aluminum and lead.</td> </tr> <tr> <td>Cement</td> <td>The company is in the midstream of the cement industry chain: More than 25% of the obligor's revenue is from producing cement or cement clinker.</td> </tr> <tr> <td>Petrochemical</td> <td>The company is in the upstream and midstream of the petrochemicals and plastics industry chain: More than 25% of the obligor's revenue is from the refining and cracking of mineral crude oil, oil shale, coal and crude oil to produce gasoline, diesel, fuel oil and basic plastic raw materials (e.g., ethylene, propylene, butadiene, benzene, phenol, etc.) or from engaging chemical reactions, such as polymerization, esterification and alkylation, to produce chemical raw materials (including but not limited to plastic raw materials of PVC / PE / PP / PS / ABS / SM / AN / AA and other one-step refining).</td> </tr> <tr> <td>Fossil fuel mining</td> <td>More than 25% of the obligor's revenue is from thermal coal, petroleum, natural gas or oil shale extraction; or more than 10% of the obligor's revenue is from exploitation of oil sands.</td> </tr> </tbody> </table>	Carbon Intensive Sector	Description of Definitions	Power generation	More than 25% of the electricity generation capacity comes from coal-fired power, oil or natural gas.	Marine shipping/ airlines	More than 25% the obligor's revenue is from providing marine shipping or cargo transportation or air transportation services.	Iron and steel/ smelting	The company is in the upstream and midstream of the steel industry chain: More than 25% of the obligor's revenue is from the manufacture of the following iron and steel products: Carbon steel or stainless-steel product that is produced by blast furnace smelting or electric furnace smelting, such as slabs, billets, steel ingots, etc. or hot-rolled steel/coils, shape steel, rebar, iron or steel wire rod, bar steel, etc. that is made from slabs, billets, steel ingots, etc., through high-temperature heating processes. The same standards for the aforementioned manufacturing processes also apply to the smelting industry of other non-ferrous metals such as copper, aluminum and lead.	Cement	The company is in the midstream of the cement industry chain: More than 25% of the obligor's revenue is from producing cement or cement clinker.	Petrochemical	The company is in the upstream and midstream of the petrochemicals and plastics industry chain: More than 25% of the obligor's revenue is from the refining and cracking of mineral crude oil, oil shale, coal and crude oil to produce gasoline, diesel, fuel oil and basic plastic raw materials (e.g., ethylene, propylene, butadiene, benzene, phenol, etc.) or from engaging chemical reactions, such as polymerization, esterification and alkylation, to produce chemical raw materials (including but not limited to plastic raw materials of PVC / PE / PP / PS / ABS / SM / AN / AA and other one-step refining).	Fossil fuel mining	More than 25% of the obligor's revenue is from thermal coal, petroleum, natural gas or oil shale extraction; or more than 10% of the obligor's revenue is from exploitation of oil sands.
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	Power generation	More than 25% of the electricity generation capacity comes from coal-fired power, oil or natural gas.													
	Marine shipping/ airlines	More than 25% the obligor's revenue is from providing marine shipping or cargo transportation or air transportation services.													
	Iron and steel/ smelting	The company is in the upstream and midstream of the steel industry chain: More than 25% of the obligor's revenue is from the manufacture of the following iron and steel products: Carbon steel or stainless-steel product that is produced by blast furnace smelting or electric furnace smelting, such as slabs, billets, steel ingots, etc. or hot-rolled steel/coils, shape steel, rebar, iron or steel wire rod, bar steel, etc. that is made from slabs, billets, steel ingots, etc., through high-temperature heating processes. The same standards for the aforementioned manufacturing processes also apply to the smelting industry of other non-ferrous metals such as copper, aluminum and lead.													
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OVERVIEW OF THE E&S RISK MANAGEMENT SYSTEM

 <p>Governance</p>	<p>GOVERNANCE</p> <p>The BOD views oversight and effective management of ESG related and opportunities as essential to the Bank's ability to execute its strategy and achieve long-term sustainable growth. As such, the full BOD receives regular updates on the implementation of the Transition Plan. In addition to oversight by the full Board, the Board coordinates with the RMC and Audit Committee to ensure active and on-going Committee-level oversight of the Bank's management of ESG related risks and opportunities.</p>
	<p>STRATEGY</p> <p>The Bank has implemented ESG Risk Acceptance Criteria to be used during onboarding of new obligors and annual reviews of existing obligors classified as ESG Sensitive and High ESG Risk Company. Exposures to ESG Sensitive and High ESG Risk Company also requires a higher pricing where the minimum return on risk adjusted capital is set at 15%. This will have an impact on the Bank's loan portfolio in the short, medium and long-term horizon. The Bank shall apply appropriate exposure control and reduction strategy to ESG Sensitive and High ESG Risk customers with zero transition plans and promote sustainable financing by targeting companies with ESG related requirements.</p>
	<p>RISK MANAGEMENT</p> <ul style="list-style-type: none"> • For institutional banking, customers are assessed and tagged as ESG sensitive, High ESG Risk Company and carbon intensive in line with the Bank's ESG Risk Appetite Statement and Sustainable Finance Policy. Limit monitoring has been implemented in managing the risk exposure to ESG Sensitive and High ESG Risk Company. • Collaterals were also risk assessed and provided risk ratings starting 2022. ESG risks are identified and included in the appraisal reports which forms part of the credit assessment of the obligor. • Vendors and outsourced services providers are assessed for ESG tagging.
	<p>METRICS AND TARGETS</p> <ul style="list-style-type: none"> • Management by objectives of employees include ESG component starting 2023. • The exposures for ESG Sensitive and High ESG risk company have a limit that is calculated and monitored monthly. Meanwhile, exposures to carbon intensive industries will also be monitored regularly but not included in the limit calculation. • Total water consumption (cubic meters), total electric consumption per kilowatt hour and waste disposal will be regularly monitored and reported.

Products and Services Aligned with Internally Recognized Sustainability Standards and Practices

The Bank has adopted the Equator Principles (EP) in 2019 to align with Parent Bank practice. The Bank conducts risk categorization and assessment of the projects based on the environmental and social criteria from International Finance Corporation's eight (8) Performance Standards and climate change risk. A loan that falls under EP are subjected to additional terms and conditions. This is applied to all corporate loans under IBG. As of December 31, 2025, there are no exposures that will fall under the Equator Principles.

ESG Exposure Monitoring

The Bank has implemented ESG limit monitoring. The Bank's exposure on ESG Sensitive Sector and High ESG Risk Company was capped at 20% of the Bank's total credit exposures (ESG Limit Ceiling) and an ESG Warning Trigger has been set at 16%. The ESG limit monitoring ratio has been amended effective June 30, 2025 to align with Parent Bank Guidelines wherein the High ESG Risk exposures have been removed from the ratio and the limit has been reduced from 20% to 10%. Certain actions should be done when the ESG Warning Trigger is exceeded. Below is the breakdown per classification:

Classification	December 31, 2025	
	Count	Exposure (in million PHP)
ESG Exclusion List	0	P -
ESG Sensitive Sector (gross amount including exempted)	3	4,745,822,253
High ESG Risk Company	2	5,905,837,767
Carbon Intensive Industries	5	1,420,290,234
Unclassified Obligors	158	44,826,443,900
Total IBG Portfolio	168	56,898,394,154
Total Bankwide Portfolio		67,422,426,354
ESG Limit Utilization (ESG Limit Ceiling: 10%; ESG Warning Trigger 8%)*		3.74%

**Ratio calculation excludes availments exempted from ESG monitoring*

Similarly, the Bank has implemented an ESG bond exposure monitoring. The Bank has set a limit on the aggregate exposure of debt securities with E&S risk at P1.5 billion for Peso Bonds and USD10 million for foreign currency denominated bonds. The limits will enable the Bank to manage unwanted concentration of securities that have E&S risk and its accompanying effect in the overall performance of the Banking Book portfolio.

As of December 31, 2025, 2024 and 2023, the Bank have not yet used any of the set limits on the aggregate exposure of debt securities with E&S risk for peso bonds and foreign currency-denominated bonds.

CTBC BANK (PHILIPPINES) CORP.
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SCHEDULES

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PART II (Schedules Required by Annex 68-J of the Revised SRC Rule 68)

Schedule A: Financial Assets

Schedule B: Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Schedule C: Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

Schedule D: Long-Term Debt

Schedule E: Indebtedness to Related Parties (Long-Term Loans from Related Companies)

Schedule F: Guarantees of Securities of Other Issuers

Schedule G: Capital Stock

PART III

Schedule A: Schedule of Financial Soundness Indicators

PART IV

Schedule A: Relationship Map

Schedule B: Amendment to PFRS 7, *Disclosure: Offsetting Financial Assets and Financial Liabilities*

PART V

Schedule A: Supplementary Schedule of External Auditor Fee-related Disclosure

**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025**

CTBC BANK (PHILIPPINES) CORP.

Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City

Unappropriated Retained Earnings, beginning of the reporting period		P -
Add/Less: Net Income (loss) for the current year		169,932,727
Less: <u>Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)</u>		
Equity in net income of associate/joint venture, net of dividends declared	P -	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(112,325,742)	
Unrealized fair value adjustments (marked-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	(22,919,446)	
Unrealized fair value gain of Investment Property	(10,641,152)	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards	-	
		(145,886,340)
Add: <u>Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</u>		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	152,117,315	
Realized fair value adjustments (marked-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	10,229	
Realized foreign exchange gain of Investment Property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards	-	
		152,127,544

Forward

Add: <u>Category C.3</u>: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)	P -	
Adjusted Net Income/Loss		P176,173,931
Add/Less: <u>Category E</u>: Other items that should be excluded from the determination of the amount of available for dividend distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	138,452,457	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	347,787	
BASEL III requirements and ICAAP1	(314,974,175)	
Sub-total		(176,173,931)
Total Retained Earnings, end of the reporting period available for dividend		P -

**CTBC BANK (PHILIPPINES) CORP.
Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City**

**SCHEDULES REQUIRED BY ANNEX 68-J
DECEMBER 31, 2025**

Philippine Securities and Exchange Commission (SEC) issued the Revised Securities Regulation Code Rule (SRC) 68. It prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by the Revised SRC Rule 68. These are presented for purposes of filing with the SEC and is not required part of the basic financial statements.

- Schedule A: Financial Assets
- Schedule B: Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
- Schedule C: Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
- Schedule D: Long-Term Debt
- Schedule E: Indebtedness to Related Parties (Long-Term Loans from Related Companies)
- Schedule F: Guarantees of Securities of Other Issuers
- Schedule G: Capital Stock

CTBC BANK (PHILIPPINES) CORP.
Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City

SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2025

Financial Assets

Below is the detailed schedule of financial assets in equity and debt securities of the Bank as of December 31, 2025:

Name of Issuing Entity and Association of Each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position	Value Based on Market Quotation at End of Year	Income Received and Accrued
Financial Assets at FVTPL					
Government securities:					
Fixed rate treasury notes Republic of the Philippines (ROP) bonds	n/a	P3,075,327,855	P3,056,849,114	P3,056,849,114	P20,345,968
	n/a	8,330,323	8,469,986	8,469,986	-
Sub-total		3,083,658,178	3,065,319,100	3,065,319,100	20,345,968
Derivative assets:					
AMERTRON	n/a	540,868,000	13,466,969	-	-
ANZ	n/a	291,115,000	-	-	-
BDO Unibank, Inc.	n/a	2,057,750,000	6,150,000	-	-
ICBC	n/a	17,637,000	65,735	-	-
ING	n/a	10,377,414,357	6,579,329	-	-
MBTC	n/a	294,000,000	50,000	-	-
PNB	n/a	581,350,000	-	-	-
RCBC	n/a	1,464,080,000	3,000,729	-	-
Standard Chartered	n/a	421,104,713	37,988	-	-
VANTAGEFIN	n/a	64,669,000	-	-	-
VSTECs	n/a	200,504,559	429,558	-	-
VXI	n/a	10,633,641,250	114,219,431	-	-
Sub-total		26,944,133,879	143,999,739	-	-
Financial Assets at FVOCI					
Government securities:					
Fixed rate treasury notes US treasury bills Republic of the Philippines (ROP) bonds Republic of Indonesia (ROI) bonds	n/a	9,262,708,082	9,028,822,009	9,028,822,009	128,227,029
	n/a	-	-	-	-
	n/a	1,807,591,085	1,503,827,512	1,503,827,512	29,149,392
	n/a	67,167,575	57,754,120	57,754,120	490,407
Sub-total		11,137,466,742	10,590,403,641	10,590,403,641	157,866,828
Equity securities:					
BANCNET	50,000	-	6,940,717	-	-
PCHC	21,000	-	5,000,100	-	-
BAP		-	500,000	-	-
Orchard Gold and Country Club	1	-	3,235,000	3,235,000	-
Subic Bay Yacht Club Corporation	1	-	205,000	205,000	-
Sub-total		-	15,880,817	3,440,000	-
Investment Securities at Amortized Cost					
Government securities:					
Fixed rate treasury notes ROP bonds ROI bonds	n/a	9,939,777,492	9,937,773,885	9,937,773,885	122,890,514
	n/a	6,139,985,219	5,804,473,715	5,804,473,715	112,936,222
	n/a	199,886,147	182,763,556	182,763,556	3,272,296
Total		P16,279,648,858	P15,925,011,156	P15,925,011,156	P239,099,032

PART II - SCHEDULE B

**CTBC BANK (PHILIPPINES) CORP.
Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City**

**SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND
PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2025**

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Ending Balance
Employee loans/total	P24,227,591	P7,401,500	P11,558,083	P -	P2,604,011	P17,466,935	P20,070,946

CTBC BANK (PHILIPPINES) CORP.
Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED
DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2025

Name and Designation of Debtor	Balance at Beginning Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period
None to report							

CTBC BANK (PHILIPPINES) CORP.
Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City

SCHEDULE E-INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2025

Name of Related Parties	Balance at Beginning of Year	Balance at End of Year	Nature, Terms and Conditions
CTBC Bank Co., Ltd. (Parent Bank)	P578,450,000	P -	60 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	867,675,000	-	90 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	578,450,000	-	92 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	578,450,000	-	122 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	578,450,000	-	123 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	404,915,000	-	151 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	289,225,000	-	153 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	289,225,000	-	180 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	1,735,350,000	-	279 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	146,986,187	-	75 days; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	1,519,968,722	2,117,372,599	2-3 years; interest bearing; unsecured
CTBC Bank Co., Ltd. (Parent Bank)	9,968,464,354	P5,535,257,500	3-4 years; interest bearing; unsecured

CTBC BANK (PHILIPPINES) CORP.
Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City

SCHEDULE F-GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2025

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount of Guaranteed and Outstanding	Amount Owned by Person of which Statement is Filed	Nature of Guarantee
None to report				

PART II - SCHEDULE G

**CTBC BANK (PHILIPPINES) CORP.
Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City**

**SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2025**

Title of issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown under the Related Balance Sheet Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by Related Parties	Directors, Officers and Employees	Others
Common shares	400,000,000	400,000,000	-	399,012,001	86	987,913

Required information is disclosed in Note 18: Equity to the basic financial statements of the Bank.

CTBC BANK (PHILIPPINES) CORP.
Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2025

Liquidity Ratios

The ratios for the years 2025 and 2024 are as follows:

	2025	2024
Current assets	P31,434,692,836	P33,436,297,883
Current liabilities	60,535,578,297	75,639,296,451
Ratio of current assets to current liabilities	51.9%	44.2%
Net liquid assets ¹	P17,886,215,818	P7,032,328,670
Total deposits	54,494,032,856	51,521,651,730
Ratio of net liquid assets to total deposits	32.8%	13.6%

Solvency Ratio

The ratios for the years 2025 and 2024 are as follows:

	2025	2024
Total liabilities	P78,743,179,003	P78,891,036,969
Total equity	12,496,335,586	10,615,927,798
Ratio of debt to equity	630.1%	743.1%

Assets to Equity Ratio

The ratios for the years 2025 and 2024 are as follows:

	2025	2024
Total assets	P91,239,514,589	P89,506,964,767
Total equity	12,496,335,586	10,615,927,798
Ratio of total assets to equity	730.1%	843.1%

Interest Rate Coverage Ratio

The ratios for the years 2025 and 2024 are as follows:

	2025	2024
Income before interest and taxes	P2,846,721,873	P2,595,614,987
Interest expense	2,568,460,799	2,382,996,715
Interest coverage ratio	110.8%	108.9%

PART III - SCHEDULE A*Profitability Ratios*

The ratios for the years 2025 and 2024 are as follows:

	2025	2024
Net income	P169,932,727	P31,008,064
Average total equity ²	11,556,131,692	10,776,142,120
Return on average equity	1.5%	0.3%
Net income	P169,932,727	P31,008,064
Average total assets ²	90,373,239,678	79,488,701,503
Return on average assets	0.2%	0.0%
Net interest income	P3,593,503,732	P3,328,816,258
Average interest earning assets ²	81,988,100,510	72,841,540,186
Net interest margin on average earning assets	4.4%	4.6%

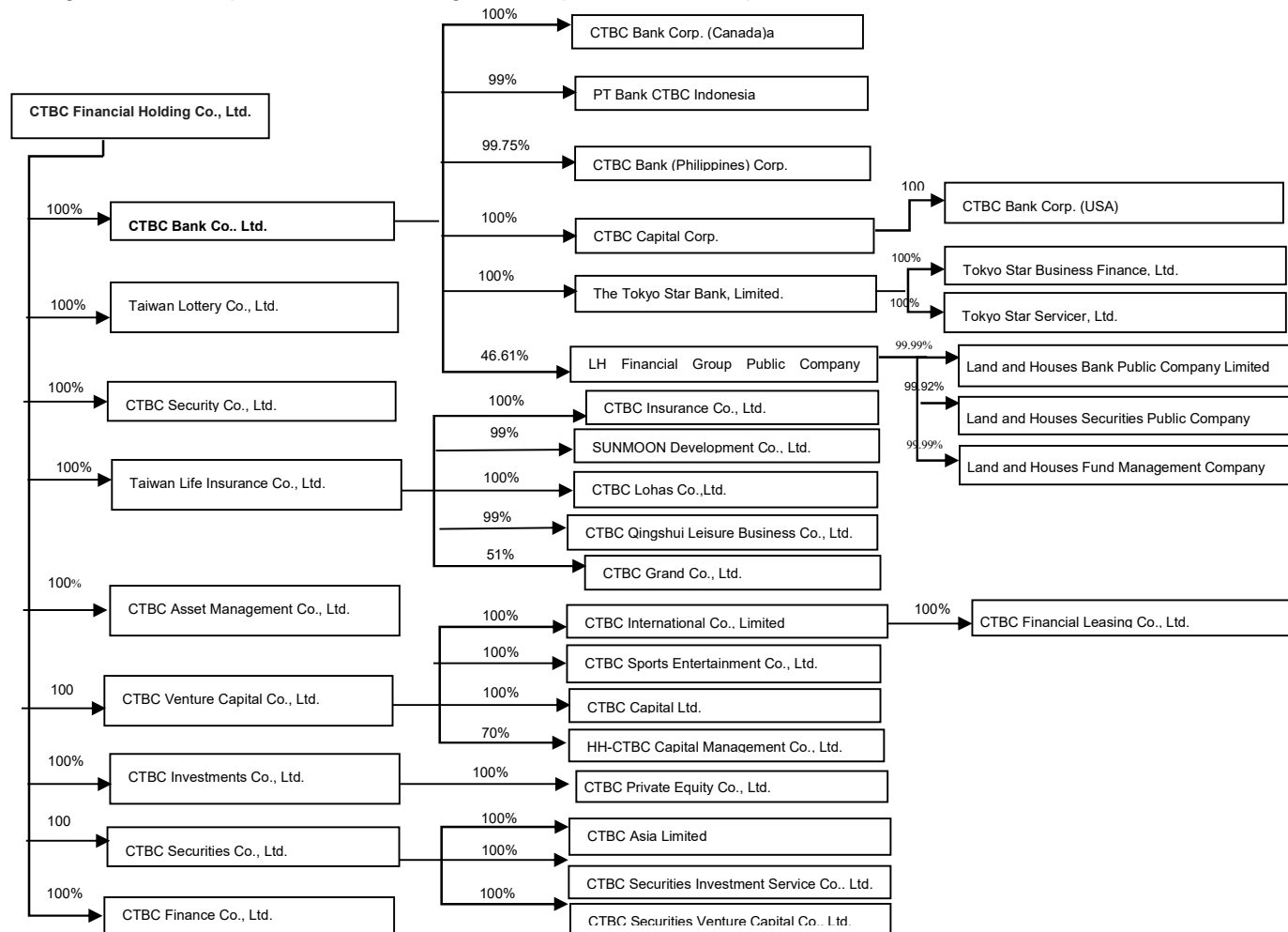
^{1/} Net liquid assets consist of cash, due from BSP, due from other banks, interbank loans, securities held for trade and available for sale less derivatives liabilities and interbank borrowings.

^{2/} Average balances were determined using the ending balances of December 31, 2025 and December 31, 2024

CTBC BANK (PHILIPPINES) CORP.
Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City

RELATIONSHIP MAP
DECEMBER 31, 2025

Below is a map showing the relationship between and among the Group and its ultimate parent Bank, subsidiaries, and associates as of December 31, 2025



PART V - SCHEDULE A

Amendment to PFRS 7, Disclosure: Offsetting Financial Assets and Financial Liabilities

These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32, *Financial Instruments: Presentation*. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangements of 'similar agreement,' irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

- a. Gross amounts of those recognized financial assets and recognized financial liabilities;
- b. Amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
- c. Net amounts presented in the statement of financial position;
- d. Amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
 - Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32;
 - Amounts related to financial collateral (including cash collateral); and
- e. Net amount after deducting the amounts in (d) from the amounts in (c) above.

Pursuant to the amendments to PFRS 7 requiring the Bank to disclose information about rights to offset and related arrangements, the Bank's financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2025 and 2024 are as follows (in millions):

	2025					
	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Statement of Financial Position	Net Amounts of Financial Assets Presented in the Statement of Financial Position	Related Amounts not Offset in the Statement of Financial Position		
				Financial Instruments	Cash Collateral Received	Net Amount
Financial Assets						
Derivatives-trading assets	P144	P -	P144	P -	P -	P -
Derivatives held for risk management	-	-	-	-	-	-
Reverse sale and repurchase, securities borrowing and similar agreements	-	-	-	-	-	-
Loans and receivables	-	-	-	1,268	1,268	-
Total	P144	P -	P144	P1,268	P1,268	P -
Financial Liabilities						
Derivatives-trading liabilities	P122	P -	P122	P -	P -	P -
Derivatives held for risk management	-	-	-	-	-	-
Sale and repurchase, securities lending and similar agreements	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-
Total	P122	P -	P122	P -	P -	P -

PART IV - SCHEDULE B

2024						
	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Statements of Financial Position	Net Amounts of Financial Assets Presented in the Statement of Financial Position	Related Amounts not Offset in the Statement of Financial Position		Net Amount
				Financial Instruments	Cash Collateral Received	
Financial Assets						
Derivatives-trading assets	P325	P -	P325	P -	P -	P -
Derivatives held for risk management	-	-	-	-	-	-
Reverse sale and repurchase, securities borrowing and similar agreements	-	-	-	-	-	-
Loans and receivables	-	-	-	1,018	1,018	-
Total	P325	P -	P325	P1,018	P1,018	P -
Financial Liabilities						
Derivatives-trading liabilities	P153	P -	P153	P -	P -	P -
Derivatives held for risk management	-	-	-	-	-	-
Sale and repurchase, securities lending and similar agreements	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-
Total	P153	P -	P153	P -	P -	P -

The gross amounts of recognized financial assets and financial liabilities and their net amounts as presented in the statement of financial position are on the following basis:

- Derivative assets and liabilities - fair value;
- Assets and liabilities resulting from sale and repurchase agreements, reverse sale and repurchase agreements and securities lending and borrowing - amortized cost;
- Loans and advances to customers - amortized cost; and
- Customer deposits - amortized cost.

The amounts that are offset in the statement of financial position are measured on the same basis.

The tables below reconcile the 'net amounts of financial assets and financial liabilities presented in the statement of financial position,' as set out above, to the line items presented in the statement of financial position are as follows (in millions):

2025					
Types of Financial Assets	Note	Net Amounts	Line Item in The Statement of Financial Position	Carrying Amount in Statement of Financial Position	Financial Assets not in Scope of Offsetting Disclosures
Derivative-trading assets	7	P144	Other Resources - net	P -	P -
Derivatives held for risk management		-	-	-	-
Reverse sale and repurchase, securities borrowing and similar agreements		-	-	-	-
Loans and receivables	8	-	Loans and Receivables	-	-
Financial Liabilities					
Derivative-trading liabilities	7	122	Derivative Liabilities	-	-
Sale and repurchase securities lending and similar agreements		-	-	-	-
Derivatives held for risk management		-	-	-	-
Customer deposits		-	-	-	-

PART IV - SCHEDULE B

2024					
Types of Financial Assets	Note	Net Amounts	Line Item in The Statement of Financial Position	Carrying Amount in Statement of Financial Position	Financial Assets not in Scope of Offsetting Disclosures
Derivative-trading assets	7	P325	Financial Assets at FVPL	P -	P -
Derivatives held for risk management		-	-	-	-
Reverse sale and repurchase, securities borrowing and similar agreements		-	-	-	-
Loans and receivables	8	-	Loans and Receivables	-	-
Financial Liabilities					
Derivative-trading liabilities	7	153	Derivative Liabilities	-	-
Sale and repurchase securities lending and similar agreements		-	-	-	-
Derivatives held for risk management		-	-	-	-
Customer deposits		-	-	-	-

CTBC BANK (PHILIPPINES) CORP.
Fort Legend Towers, Third Avenue corner 31st Street,
Bonifacio Global City, Taguig City

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION
December 31, 2025

	2025	2024
Total Audit Fees (Section 2.1a)¹	P3,210,500	P3,223,800
Non-audit service fees:		
Other assurance services	-	-
Tax services	-	-
All other services	115,000	600,000
Total Non-audit Fees (Section 2.1b)²	115,000	600,000
Total Audit and Non-audit Fees	P3,325,500	P3,823,800

Audit and Non-audit Fees of Other Related Entities (Section 2.1c)³

	2025	2024
Audit Fees	P -	P -
Non-audit service fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Audit and Non-audit Fees of Other Related Entities	P -	P -

¹ Disclosure of the agreed fees (excluding out of pocket expenses and VAT) with the external auditor/audit firm and its network (as applicable) for the audit of the covered company's stand-alone and/or consolidated financial statements and the covered company's consolidated subsidiaries' financial statements on which the external auditor/audit firm expresses an opinion. These do not include fees for special purpose audit or review of financial statements.

² Disclosure of charged or billed fees (excluding out of pocket expenses and VAT) by the external auditor/audit firm or a network firm (as applicable) for non-audit services to the covered company and its related entities over which the covered company has direct or indirect control that are consolidated in the financial statements on which the external auditor/audit firm expresses an opinion. These include other assurance services such as special purpose audit or review of financial statements.

³ Disclosure of fees for services (excluding out of pocket expenses and VAT) charged to any related entities of the covered company over which the covered company has direct or indirect control, which are not yet disclosed in (a) or (b), such as fees for services to any unconsolidated subsidiaries that meet the consolidation exemption criteria of Philippines Financial Reporting Standard (PFRS) 10 applicable to investment entities, if the external auditor/audit firm has reason to believe that these are relevant to the evaluation of the external auditor/audit firm's independence, as communicated by the external auditor/audit firm with the covered company's Those Charged with Governance or equivalent (e.g., Audit Committee).

ANNEX “F-1”

**INTERIM UNAUDITED FINANCIAL
STATEMENT
AS OF MARCH 31, 2026
&
MANAGEMENT’S DISCUSSION AND
ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATION**

Security Code BS-021
SEC Number AS95-08814A
File Number _____

CTBC BANK (PHILIPPINES) CORPORATION
Fort Legend Towers, 31st St. corner 3rd Avenue,
Bonifacio Global City, Taguig City

(Company's Full Name)

8988-9287

(Telephone Number)

2026 December 31

(Fiscal Year Ending)
(Month & Day)

SEC FORM 17-Q
Quarterly Report

Form Type

Amendment Designation
(If Applicable)

March 31, 2026

Period Ended Date

(Secondary License Type and File Number)

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 AS95-08814A
3. BIR Tax Identification No. 004-665-166
4. Exact name of registrant as specified in its charter
CTBC Bank (Philippines) Corporation
5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. Address of registrant's principal office Postal Code
Fort Legend Towers, 31st St. corner 3rd Avenue, 1634
Bonifacio Global City, Taguig City
8. Registrant's telephone number, including area code (632) 8988-9287
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA

<u>Title of each Class</u>	<u>Number of shares common stock outstanding and amount of debt outstanding</u>
Common ₱10.00 par value	400,000,000 shares ₱4,000,000,000

11. Are any or all of the securities listed on a Stock Exchange?
Yes [] No [/]

12. Indicate by check mark whether the registrant:

(a) Has filed all reports required 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 90 days.

Yes [] No []

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

(Refer to Attached Financial Statements)

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operation

As of March 31, 2026, the Bank's total asset stood at Php91.0 billion, slightly lower by Php267.5 million compared to year-end 2025. This marginal decline reflects portfolio rebalancing, with notable shifts across asset categories.

Cash and other Cash items went down by 12% or Php79 million, reflecting the levelling off of balances after elevated year-end cash requirements. Meanwhile, Due from BSP expanded by 36% on account of increased overnight facility placements. Interbank Loans receivable surged to Php2.2 billion, highlighting a strategic move to capture short-term funding spreads. Conversely, Due from Other banks decreased by Php1.2 billion or 48% as a result of the net movements in the balances maintained with various local and foreign banks.

Financial Assets at Fair Value Through Profit or Loss (FVTPL) decreased by Php2.4 billion or 76%, reflecting a reduced trading portfolio. Similarly, Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) also went down by Php1.0 billion or 9% as the Bank reduced its over-all securities amidst the ongoing oil crisis. In contrast, Investment Securities at Amortized Cost went up by Php657 million during the period.. Collectively, securities investments accounted for 30% of the bank's total assets.

Net Loans and Receivables, representing 58% of the Bank's total assets, rose by Php343 million, driven by the growth in corporate loans portfolio.

On the funding side, the Bank's deposit level stood at Php51.8 billion, down by Php2.7 billion as compared with the 2025 year-end level and accounted for 66% of the total liabilities. The decline was primarily due to a Php5.9 billion reduction in low cost deposits, partially offset by Php3.2 billion or 16% increase in time deposits.

Financial Liabilities at Fair Value through Profit or Loss (FVTPL) rose by Php352 million or 289% reflecting higher derivative obligations. Bills payable increased by Php582 million due to additional borrowings to meet the bank's funding requirements. Other liabilities also expanded by Php1.8 billion, largely attributable to higher accounts payable.

The Bank recorded a pretax income of Php247 million for the period, a significant turnaround from the Php176 million loss recorded last year. This improvement was primarily driven by lower provisions for impairment and credit losses, which amounted to Php85 million compared to Php416 million booked in the prior-year period. The income performance translated to a return on equity and return on assets at 6.26% and 0.85%, respectively.

Total interest income reached Php1.5 billion, slightly lower by Php29 million year-on-year. The decline was mainly due to reduced interest income from loans and receivables by Php91 million, partially offset by the increase on the interest income on securities by Php74 million. Meanwhile, the decrease in interest expense on deposit liabilities by Php143 million and interest expense on bills payable and other borrowings by Php23 million accounted for the Php166 million decrease in the total interest expense of the bank. As a result, net interest income improved by Php137 million or 16% year-on-year.

Non-interest income also improved, with service fees and commissions increasing by Php31 million and foreign exchange gains rising by Php30 million. These gains were partially offset by a Php57 million decline in trading and securities activities, resulting in a modest Php3 million overall increase in total non-interest income.

The Bank's operating expenses, excluding provision, was higher by Php48 million or 6%. Compensation and fringe benefits were up by Php27 million or 7.5% due to the increase in manpower complement. Miscellaneous expenses also increased by Php21 million or 19%, largely attributable to higher management and professional fees during the period.

Provisions for impairment and credit losses declined significantly by Php331 million compared to the same period last year, reflecting improved asset quality and reduced credit risk pressures.

Non-performing loans (NPL) increased to 4.45% from 3.27% last December. Also, the NPL Coverage went down to 74.6% from 109.2%. The Bank's capital adequacy ratio (CAR) stood at at 16.1% as of March 31, 2026, well above the minimum regulatory requirement, indicating a sound capital position.

Key Financial Indicators

The following ratios are used to assess the performance of the Bank presented on a comparable basis:

	March 31, 2026	March 31, 2025
Return on Average Equity (ROE)	6.26%	-6.26%
Return on Average Assets (ROA)	0.85%	-0.75%
Net Interest Margin on Average Earning Assets	4.83%	4.27%
Cost-to-Income Ratio	71.25%	76.37%

	March 31, 2026	December 31, 2025
Non-Performing Loan Ratio (NPL)	4.45%	3.27%
Non-Performing Loan Cover	74.59%	109.21%
Capital Adequacy Ratio	16.1%	16.1%

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

- Return on Average Equity ---- Annualized Net Income divided by average total capital funds for the period indicated
- Return on Average Assets ---- Annualized Net Income divided by average total resources for the period indicated
- Net Interest Margin on Average Earning Assets ---- Annualized Net Interest income divided by average total interest earning assets for the period indicated
- Cost to income ratio --- Total Operating expenses divided by the sum of net interest income plus other income
- Non-Performing Loan Ratio --- Total non-performing loans divided by gross loan portfolio
- Non-Performing Loan Cover --- Total allowance for probable loan losses divided by total non-performing loans
- Capital Adequacy Ratio --- Total capital divided by risk-weighted assets
- Average balances were determined as the average of the current and previous calendar balances of the respective statements of financial position accounts.

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Liquidity ratio

The ratios for March 2026 and end-of-year 2025 were as follows:

	March 2026	December 2025
Current assets	₱ 31,424,736,595	₱ 31,434,692,836
Current liabilities	60,197,963,538	60,535,578,297
Ratio of current assets to current liabilities	52.2%	51.9%
	March 2026	December 2025
Net liquid assets	₱ 15,832,743,559	₱ 17,886,215,817
Total deposits	51,757,089,903	54,494,032,856
Ratio of net liquid assets to total deposits	30.6%	32.8%

Net liquid assets consist of cash, due from BSP, due from other banks, interbank loans, securities held for trade and available for sale less derivative liabilities and interbank borrowings.

Solvency ratio

The ratios for March 2026 and end-of-year 2025 were as follows:

	March 2026	December 2025
Total liabilities	₱ 78,632,624,646	₱ 78,743,179,002
Total equity	12,339,382,410	12,496,335,587
Ratio of debt to equity	637.2%	630.1%

Assets-to-equity ratio

The ratios for March 2026 and end-of-year 2025 were as follows:

	March 2026	December 2025
Total assets	₱ 90,972,007,056	₱ 91,239,514,589
Total equity	12,339,382,410	12,496,335,587
Ratio of total assets to equity	737.2%	730.1%

Interest Rate Coverage Ratio

The ratios for March 2026 and end-of-year 2025 were as follows:

	March 2026	December 2025
Income before income tax & interest expense	₱ 751,123,003	₱ 2,846,721,874
Interest expense	504,131,440	2,568,460,799
Interest coverage ratio	149.0%	110.8%

Additional Management Discussion and Analysis (for those with variances of more than 5% March 31, 2026 vs. December 31, 2025)

Balance Sheet –

Other Assets went up by Php358 million or 23% primarily due to net movements in Miscellaneous assets.

Outstanding acceptances and income taxes payable rose by Php1.6 million and Php10 million, respectively. In contrast, manager's checks and accrued interest, taxes, and other expenses declined by Php4 million and Php114 million, respectively.

The Bank's total capital stood at Php12.3 billion, lower by Php157 million compared last year. This decline was due to higher unrealized losses on financial assets measured at fair value through other comprehensive income (FVOCI) amounting to Php358 million. This was partly offset by the Php192 million increase in retained earnings and the Php9 million gain in cumulative translation adjustment.

Income Statement (variance analysis for March 31, 2026 vs. March 31, 2025)

Interest income from deposits with BSP and other banks, as well as from Interbank Loans receivable, decreased by Php11 million and Php1 million, respectively. Meanwhile, interest expense from lease liabilities decreased by 11%.

Various operating expense lines registered notable movements compared to the same period last year. Security, messengerial, janitorial, and related fees increased by Php3 million or 10%, driven by higher sales agent commissions and clerical costs. Depreciation and amortization also rose by Php3 million or 6%, reflecting continued investments in IT infrastructure. In addition, provision for income tax was higher by Php68 million due to the Bank's significant improvement in pretax income.

Material Events and Uncertainties:

Economic impacts of these events include disruption to banking operations; significant disruption to client businesses in 'highly exposed sectors', particularly, trade and transportation, travel and tourism, hospitality/entertainment/sport, manufacturing, construction and retail; and a significant increase in economic uncertainty, evidenced by more volatile asset prices and currency exchange rates.

As of March 31, 2026, major global events, such as the ongoing war in the Middle East and the current oil crisis, have not caused any material adverse effects to the Bank's financial performance and condition. The crisis has caused inflation rate to move up along with market interest rates. The impact of such movement is already reflected in the Bank's Other Comprehensive Income as of March 31, 2026. Other than these, there are no known trends, events, uncertainties that had or reasonably expected to have a material favorable or unfavorable impact on income from continuing operations. There are also no known material commitments for capital expenditures as of reporting date. There are no significant elements of income or loss that arose from the Bank's continuing operations. Likewise, there are no seasonal aspects that had material effect on the financial condition or results of operations.


PART II – OTHER INFORMATION

(none)


SIGNATURES

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

Issuer **CTBC BANK (PHILIPPINES) CORPORATION**

Signature
(Title) 
MR. ANDREW A. FALCON
Senior Vice President
Finance Group Head

Date **MAY 16 2025**

Signature
(Title) 
ATTY. ROLANDO V. VICERRA
First Vice President
Corporate Secretary and Legal Department Head

Date **MAY 16 2025**

Notes to Financial Statements Required Under SRC Rule 68.1

1. Diluted Earnings per share as of March 31, 2026 is P0.48.
2. The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the Philippines. The Bank's financial statements as of March 31, 2026 are prepared in compliance with new Philippine Financial Reporting Standards (PFRS):
 - 1) The same accounting policies and methods of computation are followed in these interim financial statements as compared with the most recent annual financial statements.
 - 2) Seasonal or cyclical events and/or conditions do not significantly affect the interim operations of the bank.
 - 3) Trading loss as of March 31, 2026 amounted to P18.6 million, reflecting a substantial decrease of 148% compared to the P38.8 million gain in the same period the previous year.
 - 4) There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.
 - 5) There are no issuances, repurchases, and repayments of debt and equity securities.
 - 6) There are no cash dividends paid separately for ordinary shares and other shares.
 - 7) Segment information for the period ended March 31, 2026 and 2025 are as follows:

	TREASURY GROUP		CORPORATE BANKING		RETAIL BANKING		OTHERS		TOTAL	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Results of operations										
(in thousands)										
Net interest income	82,735	43,555	406,693	317,659	506,786	497,847	(31)	(54)	996,183	859,007
Non-interest income	5,704	33,864	79,938	50,779	68,983	68,720	4,150	2,092	158,775	155,456
Total revenue	88,439	77,419	486,631	368,438	575,769	566,567	4,119	2,038	1,154,958	1,014,462
Non-interest expense	77,987	77,577	242,108	509,910	582,567	598,074	5,304	4,755	907,966	1,190,315
Income (loss) before income tax	10,452	(158)	244,523	(141,471)	(6,798)	(31,507)	(1,185)	(2,717)	246,992	(175,853)
Income tax provision (benefit)	50,509	4,964	960	(17,935)	3,902	211	(1)	-	55,369	(12,760)
Net income (loss)	(40,057)	(5,122)	243,564	(123,537)	(10,701)	(31,718)	(1,184)	(2,717)	191,622	(163,093)
YTD Average (in Php millions)										
Total assets	32,754	27,638	42,412	45,039	13,009	13,541	138	583	88,312	86,800
Total liabilities	4,154	8,462	42,170	35,977	29,208	31,988	1,743	1,329	77,275	77,756

- 8) At the regular meeting of the BOD held on June 23, 2015, the BOD approved the amendments on the restriction of the retained earnings for the following purposes:
 - To comply with the minimum capital requirements set by the Bangko Sentral ng Pilipinas (BSP) pursuant to Circular No. 854;
 - To comply with the requirements of the Internal Capital Adequacy Assessment Process (ICAAP) pursuant to BSP Circular No. 639; and
 - To provide for buffer to comply with BASEL III requirements.

- 9) The Bank's common shares were listed in the Philippines Stock Exchange (PSE) in June 1999. On October 7, 2011, the Board of Directors (BOD) authorized the Bank to file a petition for voluntary delisting with the PSE and to purchase the outstanding shares through a tender offer in accordance with the rules of the PSE and Securities and Exchange Commission (SEC), subject to prior regulatory approval. On December 15, 2011, the Bank obtained approval for the delisting and share buyback through a special stockholders' meeting as required by the Bank's By-Laws. On December 19, 2011, the Bank received the approval of the Monetary Board for the delisting and share buyback. As of January 27, 2012, common shares held by minority stockholders amounting to Php12.7 million were tendered to and reacquired by the Bank. On February 8, 2012, the PSE approved the Bank's petition for voluntary delisting. Official delisting of the Bank's shares from the trading Board became effective on February 24, 2012, after the payment of pertinent fees.

On July 21, 2014, Republic Act No. 10641 entitled "An Act Allowing the Full Entry of Foreign Banks in the Philippines, Amending for the Purpose Republic Act 7721" was signed into a law by the President of the Philippines. Under the said law, foreign banks may own up to 100% of domestic subsidiary banks.

On October 29, 2014, the BSP issued Circular No. 854, which became effective on November 19, 2014, prescribing the revised minimum capitalization of banks operating in the Philippines. Existing banks not meeting the requirement shall be given a period of five years from effectivity of the circular within which to meet the minimum capital. In addition, these banks must submit an acceptable capital build-up program within one year from date of effectivity of the circular. The Bank, falling under the category of commercial banks with total number of branches ranging from ten to one hundred, must have a minimum capital of P10.0 billion by November 2019.

On April 28, 2016, the Bank submitted its capital build up program (CBUP) to the BSP detailing the Bank's strategic plans in order to meet the required capital level. On June 16, 2016, the Monetary Board approved the Bank's CBUP. As at December 31, 2018, the Bank's unimpaired capital amount to P6.9 billion. Thus, the Bank needed additional P3.0 billion capital in order to comply with BSP Circular 854 by November 2019.

In accordance with the Bank's CBUP, the Bank's stockholders, during their annual meeting held on July 25, 2019, approved the increase of authorized shares from 300 million to 400 million shares in order to have sufficient unissued shares to be purchased by Parent Bank.

On September 27, 2019, in compliance with BSP Circular No. 854, Parent Bank purchased the remaining 52,031,269 unissued shares of the Bank and the 484,920 treasury shares at a price of P29.755 per share. The issuance resulted to the following movements:

in thousands	Increase (Decrease)
Additional paid-in capital	P1,019,770,021
Capital stock	520,312,690
Treasury stock	(15,951,674)
Retained earnings	(1,571,372)

The decrease in Retained earnings pertains to (a) the excess of the carrying amount of the treasury stock over the consideration; and (b) stock issuance costs amounting to P0.05 million.

In addition, Parent Bank subscribed to 48,307,202 new shares at the same price of P29.755 per share and paid the entire subscribed amount in cash.

- 10) The Board of Directors, in its meeting held last May 5, 2025, approved the issuance of the remaining 51,692,798 unissued common shares of the Corporation, with a par value of Ten Pesos (P10.00) per share, to Parent Bank at a subscription price of Thirty Pesos and 479/100 (P30.479) per share. The Board also approved the proposed amendment to the Corporation's Articles of Incorporation to increase the authorized capital stock from Four Billion Pesos (P4,000,000,000.00), divided into Four Hundred Million (400,000,000) common shares with a par value of Ten Pesos (P10.00) each, to Four Billion Five Hundred Million Pesos (P4,500,000,000.00), divided into Four Hundred Fifty Million (450,000,000) common shares with a par value of Ten Pesos (P10.00) each. The amendment was ratified by the shareholders at the Annual Shareholders' Meeting held on June 26, 2025.

Pursuant to the authorized capital stock increase, the Board approved the issuance of Thirteen Million Nine Hundred Twenty-Six Thousand One Hundred Fifty-Two (13,926,152) common shares to Parent Bank at a subscription price of Thirty Pesos and 479/100 (P30.479) per share.

- 11) On October 21, 2025, Parent Bank paid in full the subscription price for the total 65,618,950 shares (comprising the 51,692,798 unissued shares and the 13,926,152 shares from the authorized increase), in cash. As a result of the subscription and payment, Parent Bank now holds approximately 99.75% of the Corporation's issued share capital.
- 12) There are no material events subsequent to the end of the interim period that has not been reflected in the financial statements.
- 13) There are no changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.
- 14) Summary of the Bank's commitments and contingent liabilities:

	March 31, 2026	December 31, 2025
Trust department accounts	P 4,245,621	P 15,010,551
Standby letters of credit	9,534,331	14,701,380
Sight/usance import letters of credit	778,643	408,335
Credit commitments	607,480	295,710
Outstanding guarantees	560,724	5,867
Outward bills for collection	54,704	35,313
Inward bills for collection	-	-
Others	1,850	2,350

15) There are no other material contingencies and any other events or transactions that are material to an understanding of the current interim period.

16) Financial risk disclosures and financial instruments

The Bank is in the business of creating value out of taking risks.

Major financial risks arise primarily from the use of financial instruments which include:

- Credit risk
Credit risk is the risk that one party to a financial transaction will fail to honor an obligation and cause the Bank to incur a financial loss. Credit risk arises primarily from the Bank's corporate and retail loans (customer credit risk) and investment securities (counterparty credit risk).
- Market risk (e.g., foreign exchange risk, interest rate risk, etc.)
Market risk is the risk that the Bank's earnings or capital or its ability to meet business objectives will be adversely affected by changes in the level, volatility or correlation of market risk factors, such as interest rates (including credit spread), foreign exchange, equities and commodities. The Bank's market risk originates from its holdings in its foreign exchange instruments, debt securities, and derivatives.
- Liquidity risk
Liquidity risk is the risk of loss to earnings or capital due to the inability to meet funding requirements within a reasonable period of time at a reasonable price.

The following principles summarize the Bank's overall approach to risk management:

- The BOD provides the overall direction and supervision of the Bank's risk management;
- The key risks faced by the Bank - both financial and non-financial - are managed by appropriate functional levels within the Bank;
- The risk management functions are independent from the businesses and provide check-and-balance for risk taking units;
- Risk management involves managing the balance between risk and reward, to enable the Bank to fulfill its commitment to protect shareholder interest, as well as deliver value to the banking public, and comply with relevant regulations; and
- Risk management process is done via four steps: (1) *Risk Identification* - involves selecting the method for risk identification and describing the characteristics of risks; (2) *Risk Measurement* - refers to the establishing/maintenance of tools or methods to measure risk and identifying the responsible units that will ensure the effectiveness or appropriateness of the risk measurement tools or methods; (3) *Risk monitoring* - pertains to the

setting up of assessment frequency, reviewing of risk status, and proposing and implementing of action plans; and (4) *Risk Reporting* - includes clearly defining the reporting mechanism, necessary content and relevant assessment mechanism.

The Bank, owing to its commercial banking license, engages in retail and corporate lending as well as deposit taking, and securities investment. As such, the Bank's activities result in recognition of financial assets, such as corporate loans, personal loans, mortgage loans, government securities, etc., and/or financial liabilities, such as demand and time deposits, and bills payable. The Bank also enters into plain-vanilla financial derivatives such as forwards and swaps as part of its risk management strategies and client-driven activities.

The Bank has various financial exposures in foreign currencies from FX spots and derivatives transactions, as well as FX-denominated loans and Philippine government securities. As of date, the Bank does not have investments in securities issued by foreign entities.

The bank classifies its financial assets in accordance with its business model: financial assets at FVPL, Investment Securities at Amortized Cost (AC), financial assets at FVOCI, and loans and receivables. Financial liabilities are classified as financial liabilities at FVPL and other financial liabilities carried at amortized cost.

The fair value for financial instruments traded in active markets at the statement of financial position date is based on their quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction is used since it provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not quoted in an active market, the fair value is determined by using appropriate valuation techniques incorporating as much as possible market desirable inputs, such as economic indicators and volatility. Valuation techniques include discounted cash flow methodologies, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.

The fair value of derivatives that are not quoted in active markets is determined using appropriate valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by management. All models are reviewed before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, 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.

There were no significant changes to the Bank's policies relating to financial instruments and risk management during the quarter-ended.

17) Offsetting Financial Assets and Financial Liabilities

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

As of March 31, 2026
in millions of Php

Types of financial assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position		
				Financial instruments	Cash Collateral received	Net amount
Derivatives-trading assets	501	0	501	0	0	0
Derivatives held for risk management	0	0	0	0	0	0
Reverse sale and repurchase, securities borrowing and similar agreements	0	0	0	0	0	0
Loans and advances to customers	0	0	0	1,435	1,435	-
Total	501	0	501	1,435	1,435	0

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

As of March 31, 2026
in millions of Php

Types of financial liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position		
				Financial instruments	Cash Collateral received	Net amount
Derivatives-trading liabilities	473	0	473	0	0	0
Derivatives held for risk management	0	0	0	0	0	0
Sale and repurchase, securities lending and similar agreements	0	0	0	0	0	0
Customer deposits	0	0	0	0	0	0
Total	473	0	473	0	0	0

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

As of December 31, 2025
in millions of Php

Types of financial assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position		
				Financial instruments	Cash Collateral received	Net amount
Derivatives-trading assets	144	0	144	0	0	0
Derivatives held for risk management	0	0	0	0	0	0
Reverse sale and repurchase, securities borrowing and similar agreements	0	0	0	0	0	0
Loans and advances to customers	0	0	0	1,268	1,268	0
Total	144	0	144	1,268	1,268	0

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

As of December 31, 2025
in millions of Php

Types of financial liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position		
				Financial instruments	Cash Collateral received	Net amount
Derivatives-trading liabilities	122	0	122	0	0	0
Derivatives held for risk management	0	0	0	0	0	0
Sale and repurchase, securities lending and similar agreements	0	0	0	0	0	0
Customer deposits	0	0	0	0	0	0
Total	122	0	122	0	0	0

The tables below reconcile the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position', as set out above, to the line items presented in the statement of financial position.

As of March 31, 2026
in millions of Php

Types of financial assets	Net amounts	Line item in the statement of financial position	Carrying amount in statement of financial position	Financial assets not in scope of offsetting disclosures	Note
Derivative-trading assets	501	Other Resources – Net	0	0	-
Derivatives held for risk management	0	-	0	0	-
Reverse sale and repurchase, securities borrowing and similar agreements	0	-	0	0	-
Loans and advances to customers	0	Loans and advances to customers	0	0	-

As of March 31, 2026
in millions of Php

Types of financial liabilities	Net amounts	Line item in the statement of financial position	Carrying amount in statement of financial position	Financial liabilities not in scope of offsetting disclosures	Note
Derivative-trading liabilities	473	Derivative liabilities	0	0	-
Sale and repurchase securities lending and similar agreements	0	-	0	0	-
Derivatives held for risk management	0	-	0	0	-
Customer depositis	0	-	0	0	-

As of December 31, 2025
in millions of Php

Types of financial assets	Net amounts	Line item in the statement of financial position	Carrying amount in statement of financial position	Financial assets not in scope of offsetting disclosures	Note
Derivative-trading assets	144	Other Resources – Net	0	0	-
Derivatives held for risk management	0	-	0	0	-
Reverse sale and repurchase, securities borrowing and similar agreements	0	-	0	0	-
Loans and advances to customers	0	Loans and Receivables - net	0	0	-

As of December 31, 2025
in millions of Php

Types of financial liabilities	Net amounts	Line item in the statement of financial position	Carrying amount in statement of financial position	Financial liabilities not in scope of offsetting disclosures	Note
Derivative-trading liabilities	122	Derivative liabilities	0	0	-
Sale and repurchase securities lending and similar agreements	0	-	0	0	-
Derivatives held for risk management	0	-	0	0	-
Customer deposits	0	-	0	0	-

CTBC BANK (PHILIPPINES) CORPORATION
STATEMENT OF FINANCIAL POSITION
March 31, 2026
(With Comparative Figures for December 31, 2025)

	March 31, 2026	December 31, 2025
	Unaudited	Audited
ASSETS		
Cash and Other Cash Items	598,281,019	676,891,316
Due from Bangko Sentral ng Pilipinas	3,345,695,317	2,464,263,407
Due from Other Banks	1,295,909,876	2,474,396,936
Interbank Loans Receivable - net	2,192,667,561	-
Financial Assets at Fair Value through Profit or Loss	774,127,209	3,209,318,840
Financial Assets at Fair Value through Other Comprehensive Income	9,604,796,024	10,606,284,458
Investment Securities at Amortized Cost	16,581,626,249	15,925,011,156
Loans and Receivables - net	52,950,545,531	52,607,874,460
Property and Equipment - net	592,016,808	615,593,721
Investment Properties - net	220,124,028	220,321,573
Deferred Tax Assets - net	909,110,634	890,304,927
Other Assets - net	1,907,106,800	1,549,253,795
	90,972,007,056	91,239,514,589
LIABILITIES AND EQUITY		
Liabilities		
Deposit Liabilities		
Demand	19,363,035,792	25,478,274,848
Savings	9,686,001,757	9,511,782,504
Time	22,708,052,354	19,503,975,504
	51,757,089,903	54,494,032,856
Financial Liabilities at FVTPL		
Bills Payable	20,339,514,891	19,757,873,886
Outstanding Acceptances	4,611,745	3,044,852
Manager's Checks	63,902,526	68,337,282
Accrued Interest, Taxes and Other Expenses	965,574,459	1,079,911,826
Income Tax Payable	23,952,939	13,889,321
Other Liabilities	5,004,897,468	3,204,570,481
	78,632,624,646	78,743,179,003
EQUITY		
Common Stock	4,000,000,000	4,000,000,000
Treasury Stock	-	-
Additional Paid-in Capital	3,084,927,929	3,084,927,929
Restricted Retained Earnings	6,204,551,649	6,012,929,573
Statutory Reserve	4,981,159	4,981,159
Cumulative Translation Adjustment	11,164,975	1,874,946
Net Unrealized Loss on Financial Asset at Fair Value through Other Comprehensive Income	(678,506,637)	(320,641,356)
Net Remeasurement Loss on Retirement Liability	(287,736,665)	(287,736,665)
	12,339,382,410	12,496,335,586
	90,972,007,056	91,239,514,589

CTBC BANK (PHILIPPINES) CORPORATION
STATEMENTS OF INCOME
(With Comparative Figures for the three months ended March 31, 2025)
(in Php)

	January to March	
	2026	2025
INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST METHOD		
Loans and receivables	1,127,075,901	1,217,679,206
Investment securities	317,935,139	262,294,863
Interbank loans receivable	8,405,688	9,558,761
Deposits with BSP and other banks	8,846,042	20,024,326
INTEREST INCOME ON FINANCIAL ASSETS AT FVTPL	38,051,643	19,646,326
	1,500,314,413	1,529,203,482
INTEREST EXPENSE		
Deposit liabilities	288,017,381	430,712,227
Bills payable and other borrowings	210,745,733	233,451,179
Lease Liabilities	5,368,326	6,033,547
	504,131,440	670,196,953
NET INTEREST INCOME	996,182,973	859,006,529
Service fees and commission income	112,213,171	80,865,082
Trading and securities gain - net	(18,570,372)	38,828,936
Foreign exchange gain - net	30,936,061	548,493
Miscellaneous - net	34,195,808	35,213,270
TOTAL OPERATING INCOME	1,154,957,641	1,014,462,310
Compensation and fringe benefits	389,309,234	362,230,207
Impairment losses - net	85,048,433	415,571,710
Taxes and licenses	109,285,380	114,230,245
Security, messengerial, janitorial expenses and other fees	35,187,988	32,085,919
Occupancy and other equipment-related costs	70,570,411	73,051,707
Depreciation and amortization	58,422,131	54,945,211
Amortization of computer software cost	25,847,614	24,984,499
Miscellaneous	134,294,887	113,215,962
TOTAL OPERATING EXPENSES	907,966,078	1,190,315,460
INCOME BEFORE INCOME TAXES	246,991,563	(175,853,150)
INCOME TAXES	55,369,489	(12,759,768)
NET INCOME	191,622,074	(163,093,382)
BASIC/DILUTED EARNINGS PER SHARE	0.48	(0.47)

CTBC BANK (PHILIPPINES) CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
(With Comparative Figures for the three months ended March 31, 2025)
(in Php)

	January to March	
	2026	2025
NET INCOME FOR THE PERIOD	191,622,074	(163,093,381)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		
<i>Items that may not be reclassified to profit or loss</i>		
Net unrealized (loss) gain on equity financial assets at fair value through other comprehensive income	1,900,000	1,000,000
Net remeasurement (loss) gain on retirement liability - net of tax	-	-
	1,900,000	1,000,000
<i>Items that may be reclassified to profit or loss</i>		
Net unrealized gain (loss) on debt financial assets at at fair value through other comprehensive income	(359,765,281)	65,481,195
Net movement in cumulative translation adjustments	9,290,029	12,026,425
	(350,475,252)	77,507,620
	(348,575,252)	78,507,620
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(156,953,178)	(84,585,761)

CTBC BANK (PHILIPPINES) CORPORATION
STATEMENTS OF CHANGES IN EQUITY

	Capital Stock	Treasury Stock	Additional Paid-in Capital	Restricted Retained Earnings	Statutory Reserves	Cumulative Translation Adjustments	Net Unrealized Gain or Loss on Financial Assets at FVOCI	Net Remeasurement Loss on Retirement Liability	Total
Balance at January 1, 2026	4,000,000,000	-	3,084,927,929	6,012,929,573	4,981,159	1,874,946	(320,641,356)	(287,736,665)	12,496,335,586
Net income for the quarter				191,622,074					191,622,074
Other Comprehensive Income (Loss) for the period									
Items that may not be reclassified to profit or loss:									
Net unrealized gain on equity financial assets at FVOCI							1,900,000		1,900,000
Net remeasurement loss on retirement liability								(0)	(0)
Items that may be reclassified to profit or loss:									
Net unrealized loss on debt financial assets at FVOCI							(359,765,281)		(359,765,281)
Cumulative translation adjustments						9,290,029			9,290,029
Total Other Comprehensive Income (Loss)	-	-	-	-	-	9,290,029	(357,865,281)	(0)	(348,575,252)
Total Comprehensive Income for the period	-	-	-	191,622,074	-	9,290,029	(357,865,281)	(0)	(156,953,178)
Restricted Stock Award									-
Balance at March 31, 2026	4,000,000,000	-	3,084,927,929	6,204,551,649	4,981,159	11,164,975	(678,506,637)	(287,736,665)	12,339,382,410
Balance at January 1, 2025	3,483,072,020	-	2,030,172,344	5,842,996,846	4,981,159	(20,470,292)	(477,119,700)	(247,704,579)	10,615,927,798
Net income for the quarter				(163,093,381)					(163,093,381)
Other Comprehensive Income (Loss) for the period									
Items that may not be classified to profit or loss:									
Net unrealized loss on equity financial assets at							1,000,000		1,000,000
Net remeasurement loss on retirement liability								-	-
Items that may be reclassified to profit or loss:									
Net unrealized gain on debt financial assets at FVOCI							65,481,195		65,481,195
Cumulative translation adjustments						12,026,425			12,026,425
Total Other Comprehensive Income (Loss)	-	-	-	-	-	12,026,425	66,481,195	-	78,507,620
Total Comprehensive Income for the period	-	-	-	(163,093,381)	-	12,026,425	66,481,195	-	(84,585,761)
Restricted Stock Award			(2,583,391)						(2,583,391)
Balance at March 31, 2025	3,483,072,020	-	2,027,588,953	5,679,903,465	4,981,159	(8,443,867)	(410,638,505)	(247,704,579)	10,528,758,646
Balance at January 1, 2025	3,483,072,020	-	2,030,172,344	5,842,996,846	4,981,159	(20,470,292)	(477,119,700)	(247,704,579)	10,615,927,798
Net income for the year				169,932,727					169,932,727
Other Comprehensive Income (Loss) for the Year									
Items that may not be reclassified to profit or loss:									
Net unrealized loss on equity financial assets at							290,000		290,000
Net remeasurement loss on retirement liability								(40,032,086)	(40,032,086)
Items that may be reclassified to profit or loss:									
Net unrealized loss on debt financial assets at FVOCI							156,188,344		156,188,344
Cumulative translation adjustments						22,345,238			22,345,238
Total Other Comprehensive Income (Loss)	-	-	-	-	-	22,345,238	156,478,344	(40,032,086)	138,791,496
Total Comprehensive Income for the year	-	-	-	169,932,727	-	22,345,238	156,478,344	(40,032,086)	308,724,223
Issuance of Common Stock	516,927,980		1,054,739,850						1,571,667,830
Restricted Stock Award			15,735						15,735
Balance at December 31, 2025	4,000,000,000	-	3,084,927,929	6,012,929,573	4,981,159	1,874,946	(320,641,356)	(287,736,665)	12,496,335,586

CTBC BANK (PHILIPPINES) CORPORATION
STATEMENTS OF CASH FLOWS

For the three months ended March 31,

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes	246,991,563	(175,853,150)
<i>Adjustments for:</i>		
Impairment losses	85,048,433	415,571,710
Foreign exchange revaluation (gain) loss on financial assets at FVOCI and investment securities at amortized cost	(311,244,092)	98,485,328
Depreciation and amortization	58,422,131	54,945,211
Foreign exchange revaluation (gain) loss on bills payable	686,937,159	(202,811,088)
Amortization of net discount on financial assets at FVOCI and investment securities at amortized cost	23,287,861	(34,437,829)
Amortization of computer software costs	-	24,984,499
Retirement benefit expense	17,361,470	15,888,609
Realized gain on sale on financial assets at FVOCI	(12,933,912)	(18,401,039)
Unrealized gain on investment securities	337,311	(337,311)
Accretion of interest on lease liabilities	5,368,326	6,033,547
Mark-to-market (gain)/loss on financial assets at FVTPL	(15,504,206)	(10,751,084)
Gain on disposal of foreclosed assets	(873,770)	(3,503,151)
Restricted stock award	-	(2,583,392)
Dividend income	(349,650)	-
(Gain) loss on disposal of property and equipment	-	(111,479)
Foreign exchange revaluation (gain) loss on interbank loans receivable	47,091	591
Changes in operating assets and liabilities:		
<i>Decrease (increase) in amounts of:</i>		
Financial assets at FVTPL	2,450,695,837	(476,778,945)
Loans and receivables	(434,825,127)	1,201,889,555
Other assets	(369,204,116)	(66,907,496)
<i>Increase (decrease) in amounts of:</i>		
Deposit liabilities	(2,736,942,953)	3,053,277,007
Financial liabilities at FVTPL	351,562,216	194,754,622
Outstanding acceptances	1,566,893	3,477,053
Manager's checks	(4,434,756)	198,432,190
Accrued taxes and other expenses	(104,109,270)	(96,923,781)
Other liabilities	1,817,870,462	(2,798,041,384)
Net cash generated from (used in) operations	1,755,074,901	1,380,298,793
Contribution to the plan assets	(27,589,567)	(15,888,609)
Income taxes paid	(64,111,578)	(56,054,918)
Net cash provided by (used in) operating activities	1,663,373,756	1,308,355,266

Forward

	2026	2025
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial assets at FVOCI	(5,917,874,213)	(5,097,106,796)
Investment securities at amortized cost	(518,364,930)	(26,216,953)
Property and equipment	(16,300,986)	(8,628,268)
Foreclosed assets	(970,811)	(44,313,522)
Computer software costs	(3,397,920)	(4,577,840)
Proceeds from disposals of:		
Financial assets at FVOCI	6,653,235,479	4,299,455,644
Foreclosed assets	15,622,800	3,503,151
Property and equipment	2,020,824	1,853,489
Investment securities at amortized cost	-	-
Proceeds from maturities of:		
Financial assets at FVOCI	-	-
Investment securities at amortized cost	71,765,925	173,117,625
Dividends received	349,650	-
Net cash used in investing activities	286,085,818	(702,913,470)
CASH FLOWS FROM FINANCING ACTIVITIES		
Settlement of bills payable	(432,134,946,460)	(27,345,000,592)
Availments of bills payable	432,029,650,306	24,537,082,182
Payment of lease liabilities	(35,378,896)	(33,803,638)
Net cash provided by (used in) financing activities	(140,675,050)	(2,841,722,048)
EFFECT OF EXCHANGE RATE DIFFERENCES ON		
CASH AND CASH EQUIVALENTS	9,290,029	12,026,425
NET INCREASE (DECREASE) IN		
CASH AND CASH EQUIVALENTS	1,818,074,553	(2,224,253,827)
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF PERIOD		
Cash and other cash items	676,891,316	590,275,773
Due from BSP	2,464,263,407	4,270,027,822
Due from other banks	2,474,396,936	2,159,646,712
Interbank loans receivable - gross	-	875,123,000
	5,615,551,659	7,895,073,307
CASH AND CASH EQUIVALENTS		
AT END OF PERIOD		
Cash and other cash items	598,281,019	653,821,322
Due from BSP	3,345,695,317	2,281,292,940
Due from other banks	1,295,909,876	1,363,605,218
Interbank loans receivable - gross	2,193,740,000	1,372,100,000
	7,433,626,212	5,670,819,480
CASH FLOWS FROM INTEREST		
Interest received	1,555,802,722	1,638,226,927
Interest paid	(505,506,947)	(723,754,179)
	1,050,295,775	914,472,748

CTBC BANK (PHILIPPINES) CORPORATION									
Aging of Loans and Receivables									
As of March 31, 2026									
Type of Accounts Receivable	Total	1 Month	2 - 3 Mos.	4 - 6 Mos.	7 to 11 Mos.	1 - 2 Years	3 - 5 Years	5 Years - Above	Past Due Accounts, Non-performing Loans & Items in Litigation
a) Trade Receivables									
1) DBTR	2,128,892,040	551,928,088	744,705,284	452,632,601	-	-	-	-	379,626,067
2) IBTR-PESO	436,863,513	96,884,521	310,476,883	29,502,110	-	-	-	-	-
3) IBTR-USD	-	-	-	-	-	-	-	-	-
4) CLA	4,611,745	-	4,611,745	-	-	-	-	-	-
Subtotal	2,570,367,298	648,812,608	1,059,793,912	482,134,710	-	-	-	-	379,626,067
Less: Allow. For Doubtful Acct.	231,610,525	-	-	-	-	-	-	-	-
Net Trade Receivable	2,338,756,773	648,812,608	1,059,793,912	482,134,710	-	-	-	-	379,626,067
b) Non - Trade Receivables									
1) BILLS DISC-CHK DISC-HO DEP	54,424,730	-	43,780,925	-	10,643,805	-	-	-	-
2) BILLS DISCOUNTED - CLEAN	695,440,249	74,582,684	241,768,600	80,761,275	9,677,813	148,329,877	97,800,000	42,500,000	-
3) DBP - CLEAN - NDOSRI	146,042,270	146,042,270	-	-	-	-	-	-	-
4) ITL - SALARY LOANS - NDOSRI	3,692,085	-	-	-	-	-	-	-	3,692,085
5) L & D - DOSRI - TL - MT - CLEAN	4,557,445,568	269,630,537	-	461,256,875	223,430,032	1,617,359,647	1,985,395,945	372,533	-
6) L & D - DOSRI - TL - ST - CLEAN	9,302,769,156	1,788,358,622	3,820,731,013	413,805,928	3,279,873,593	-	-	-	-
7) L & D - FX - RES - CLEAN	24,740,806,407	2,062,015,585	4,895,437,200	1,583,745,801	3,850,814,940	10,605,823,637	1,742,969,244	-	-
8) L & D - OFFICERS - CAR LOAN	9,755,698	1,201,836	480,000	1,322,021	519,356	4,493,513	1,738,972	-	-
9) L & D - OFFICERS - EMERGENCY LN	54,066	-	-	-	-	54,066	-	-	-
10) L & D - OFFICERS - HOUSING LOAN	5,549,877	-	-	-	-	2,764,032	2,785,845	-	-
11) L & D - OFFICERS - MULTI-PURP LN	4,144,598	465,759	395,400	1,482,668	286,377	1,514,394	-	-	-
12) NPL - PD - SALARY LOAN	449,843,734	-	-	-	-	-	-	-	449,843,734
13) NPL - PD - TL-MORT-TRADITIONAL	93,821,826	-	-	-	-	-	-	-	93,821,826
14) NPL-CURRENT-REST-L&D-PL-PUBLIC	3,392,253	-	-	-	-	-	-	-	3,392,253
15) NPL-CUR-RESTR LOANS-DOM-NDOSRI	709,272,649	-	-	-	-	-	-	-	709,272,649
16) NPL-PD-REST-L&D-PL-PUBLIC	18,007,429	-	-	-	-	-	-	-	18,007,429
17) NPL-PD-RESTRUC LOAN-DOM-NDOSRI	189,047,575	-	-	-	-	-	-	-	189,047,575
18) NPL - PD-L&D - DOM - TL-ST	510,597,408	-	-	-	-	-	-	-	510,597,408
19) NPL -PD-L&D - DOM - OFF & EMP	36,060	-	-	-	-	-	-	-	36,060
20) NPL-RESTRUC LOAN-FX-NRES-NDOSRI CUR	138,763,982	-	-	-	-	-	-	-	138,763,982
21) PAST DUE - RESTRUCTURED LOAN - SALA	12,296,174	-	-	-	-	-	-	-	12,296,174
22) PD - L & D - DOM - OFF & EMP	316,593	-	-	-	-	-	-	-	316,593
23) PD - SALARY LOAN	87,366,807	-	-	-	-	-	-	-	87,366,807
24) PD-TL-MORT-TRADITIONAL	144,026,506	-	-	-	-	-	-	-	144,026,506
25) PD - L & D - DOM - TL - ST	5,775,111	-	-	-	-	-	-	-	5,775,111
26) RESTRUC LOANS - DOM - NDOSRI	14,542,574	-	-	-	4,230,643	10,311,931	-	-	-
27) RESTRUCTURED LOAN - SALARY LOANS	155,867,860	30,090,062	9,889,869	52,693,863	16,800,056	44,901,988	1,492,022	-	-
28) TIME LOAN - DREAM HOME LOAN	259,037	-	-	-	-	-	-	259,037	-
29) TIME LOAN - MORTGAG MGR	6,749,632	-	-	-	-	-	-	6,749,632	-
30) TIME LOAN - SALARY LOAN	4,458,492,607	646,441,087	346,050,000	1,286,522,391	654,112,423	1,524,184,575	1,182,132	-	-
31) TL-MORT-MAXCSHBACK-20%	16,700,002	-	-	-	-	-	-	16,700,002	-
32) TL-MORT-TRADITIONAL	4,753,769,984	113,530,766	126,104,956	538,451,082	190,847,073	1,906,966,444	1,124,481,903	753,387,760	-
Subtotal	51,289,070,510	5,132,359,207	9,484,657,963	4,420,041,904	8,241,236,112	15,866,704,104	4,957,846,062	819,968,964	2,366,256,194
Add: Unamortized Transaction cost	60,737,089	-	-	-	-	-	-	-	-
Less: Allow. For Doubtful Acct.	1,630,333,762.40	-	-	-	-	-	-	-	-
Net Non - Trade Receivable	49,719,473,837	5,132,359,207	9,484,657,963	4,420,041,904	8,241,236,112	15,866,704,104	4,957,846,062	819,968,964	2,366,256,194
Accounts Receivables	302,292,217	-	-	-	-	-	-	-	-
Accrued Interest Receivables	649,882,216	-	-	-	-	-	-	-	-
Unquoted Debt Securities	952,174,434	-	-	-	-	-	-	-	-
Less: Allowance for impairment	57,638,208	-	-	-	-	-	-	-	-
	894,536,226	-	-	-	-	-	-	-	-
Net Receivables (a + b)	52,952,766,836								
Less: Uneamed Interest and Discounts	2,221,306	-	-	-	-	-	-	-	-
	52,950,545,530								

Notes: If the Company's collection period does not match with the above schedule and revision is necessary to make the schedule not misleading, the proposed collection period in this schedule may be changed to appropriately reflect the Company's actual collection period.

ANNEX “G”

**MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF
CTBC (PHILIPPINES) BANK CORP.
CTBC Bank HR Training Room
22nd Floor, Fort Legend Tower, 31st Street corner 3rd Avenue, Bonifacio Global City,
Taguig City 1634, Philippines, June 26, 2025, Thursday, at 9:30 AM**

Stockholders in attendance

<u>Name of Stockholder</u>	<u>No. of Shares</u>
CTBC Bank Co., Ltd. (by proxy in favor of Cheng-Hsin Wang)	347,319,203
Cheng-Hsin Wang	2
William B. Go	53
Eriberto Luis S. Elizaga	1
Alexander A. Patricio	1
Stephen D. Sy	1
Luis Benitez Jr.	1
Jen-Wen Liao	1
Ya-Ling Chiu	1
TOTAL	----- 347,319,264

1.0 CALL TO ORDER

- 1.1 Mr. Cheng-Hsin, Chairman, called the meeting to order at 9:30 a.m. Atty. Rolando V. Vicerra, Corporate Secretary, recorded the minutes thereof.

2.0 CERTIFICATION OF NOTICE AND QUORUM

- 2.1 Atty. Rolando V. Vicerra certified that notices had been sent to the stockholders in accordance with the By-Laws of the Bank. Atty. Vicerra declared that out of 348,307,202 issued and outstanding shares, 347,319,264 shares or approximately more than 99.72% of the outstanding capital stock were present in person or represented by proxy. A quorum was present for the transaction of business.

3.0 APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF JUNE 27, 2024

- 3.1 The stockholders read the Minutes. Upon motion made and duly seconded, and there being no objection, the Minutes of the Annual Shareholders' Meeting of June 27, 2024 was declared approved by the Chairman.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	347,319,262	0	0
% of Voting Shares Present	99.72%	0.00%	0.00%

4.0 CHAIRMAN'S ADDRESS

4.1 Good morning!

On behalf of CTBC Bank Philippines' Board of Directors, I wish to express my sincere gratitude to our shareholders for your support towards the Bank throughout the years. It is my honor and privilege to deliver to you this message today.

In 2024, CTBC Bank Co., Ltd., Taiwan, our Parent Bank, pursued steady growth through a diversified business structure. In terms of financial performance in 2024, our Parent Bank reported an annual consolidated net revenue of NT\$154 billion (USD 4.7 billion), consolidated pre-tax income of NT\$63 billion (USD 1.9 billion), with a consolidated after-tax ROE of 13.2%, placing our Parent Bank in the leading position in the Taiwan banking industry. We take pride in our Parent Bank's outstanding performance.

As for CTBC Bank Philippines, the year 2024 was, frankly speaking, a difficult one.

We faced a tough environment — rising interest rates and an inverted yield curve twisted our funding costs and caused liquidity challenges throughout the year. At the same time, we intensely monitored our asset quality, managing issues such as NPLs from a few legacy IBG accounts and worsening delinquency from UPL. In June, we rolled out our realigned Global Banking System, and by the fourth quarter, we made the strategic decision to book substantial specific provisions — all in preparation for clearer skies ahead.

Due to these headwinds, we posted a bottom line of PhP 32.6 million in 2024 — not as strong as we would like, but not without a silver lining. Encouragingly, our asset growth remained solid. Our total assets reached PhP 89.6 billion, a 16% increase year-on-year, while our loan portfolio grew to PhP 55.6 billion, up by 12%. These results are aligned with our long-term development path.

As our bank continues to pursue new heights, we remain focused towards further customer acquisition and prudent portfolio diversification. We're excited about new initiatives — embracing digital transformation, increasing our CASA base to ease funding costs, engaging in green finance projects, and preparing for our credit card issuance.

Last but not least, I remain thankful to our Parent Bank for their seamless support in our capital strength and strong confidence in our leadership team; our Board of Directors for their guidance; our employees for their working hard and smart; and most especially our clients, shareholders, and partners, for their continued support and encouragement. We will do our best to demonstrate our resilience and deliver growth in 2025.

Again, thank you very much and good day to all.

5.0 PRESIDENT'S REPORT AND APPROVAL OF THE 2024 ANNUAL REPORT

5.1 Good morning, everyone.

It is a privilege to stand before you today as we mark a significant moment — CTBC Bank Philippines' 30th anniversary. On behalf of the management team, allow me to thank our shareholders, clients, and employees whose continued support and commitment have carried us through three decades of growth, challenge, and transformation.

We began this journey with a mission to be a bank that not only provides financial services, but also delivers value — to people, businesses, and the communities we serve. That mission remains the bedrock of how we move forward, especially during times of uncertainty.

Let me speak plainly. The past year and the early part of 2025 were not easy. We dealt with margin pressures, increased provisioning, and shifting customer dynamics — all while staying true to our principles of prudent risk-taking and responsible banking.

Yet today, I am proud to share that our efforts are starting to bear fruit.

As of May 2025, our loan portfolio posted an average daily balance of Php55.8 billion, reflecting our consistent focus on asset quality. Deposits reached Php53.29 billion, while admittedly CASA generation is still a challenge. Despite the volatility in the operating environment, our total assets grew by 13% year-on-year, now standing at nearly Php85 billion.

Even more importantly, we turned a corner in May, registering a positive pre-tax income for 2025 — a clear sign that we are regaining momentum and moving forward with renewed focus.

Behind these results are our people and platforms.

In Institutional Banking, we remained focused on serving conglomerates with complex needs, while scaling back on lower-return accounts. On the strategic front, we signed a landmark MOU with PEZA last May. This partnership reinforces our role in facilitating foreign investment into the Philippines, and deepens our commitment to supporting national economic growth — not just through capital, but through meaningful connectivity.

In Retail Banking, we prioritized channel expansion and credit quality. Our partnership with ATM Outsourcing Vendor (PAPI) significantly widened our ATM access — now present in over 3,600 7-Eleven stores nationwide — making it easier for our clients to access their funds conveniently.

Our Trust Division is making key strides in digitizing its infrastructure and developing customized wealth solutions — reinforcing our commitment to both innovation and client intimacy.

Treasury remained agile, optimizing our funding mix through swaps, repos, and bond issuances, while also supporting IBG and RBG with structured solutions and investment products.

Digitally, we moved decisively.

Retail Internet Banking (RIB 2.0) saw a significant surge in usage, driven by improved design, new payment features, and responsive customer support. Our Corporate Internet Banking (CIB 2.0), launched in early 2025, offers a seamless interface with real-time views of CASA, time deposits, and loan positions — all integrated with Instapay, PESONet, SWIFT, and bulk transaction features.

To our Board of Directors, thank you for your steady guidance and commitment to governance.

To our shareholders, your continued confidence gives us the strength to navigate uncertainty and pursue long-term value creation.

And to all CTBC Bank Philippines Management Team and employees — thank you for the work you do every day. It is through your dedication that we continue to uphold the values we stand for.

As we look ahead, we do so with discipline and focus, grounded in the principle that has always defined us: “We Are Family.”

- 5.2 The President then submitted for approval by the stockholders the Bank’s 2024 annual report.

Upon motion duly made and seconded, and there being no objection, the Chairman declared the 2024 Annual Report to the shareholders approved.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	347,319,264	0	0
% of Voting Shares Present	99.72%	0.00%	0.00%

6.0 SUBMISSION OF THE AUDITED FINANCIAL STATEMENTS OF THE BANK AND OF THE TRUST AND INVESTMENT SERVICES DEPARTMENT AS OF DECEMBER 31, 2024

6.1 The Audited Financial Statements of the Bank and of the Trust and Investment Services Department as of 31 December 2024 was then submitted for the approval of the stockholders.

Upon motion made and duly seconded and there being no objection, the Chairman declared the Audited Financial Statements of the Bank and of the Trust and Investment Services Department as of 31 December 2024 approved.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	347,319,264	0	0
% of Voting Shares Present	99.72%	0.00%	0.00%

7.1 APPROVAL RATIFICATION OF THE ACTS, DECISIONS AND PROCEEDINGS OF THE BOARD OF DIRECTORS, COMMITTEES, MANAGEMENT AND OFFICERS SINCE LAST ANNUAL MEETING

Upon motion of duly made and seconded, and there being no objection, the Chairman declared all the acts, decisions and proceedings of the Board of Directors, Committees, Management and Officers for the year 2024-2025 and since the last annual meeting, ratified.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	347,319,264	0	0
% of Voting Shares Present	99.72%	0.00%	0.00%

7.2 APPROVAL OF THE AMENDMENTS TO ARTICLE SEVENTH OF THE ARTICLES OF INCORPORATION AND INCREASE IN AUTHORIZED CAPITAL STOCK

The Corporate Secretary presented the proposed increase in the authorized capital stock of the Bank from Four Billion Pesos (PhP 4,000,000,000.00) divided into Four Hundred Million (400,000,000) common shares with a par value of Ten Pesos (PhP 10.00) per share to Four Billion Five Hundred Million Pesos (PhP 4,500,000,000.00) divided into Four Hundred Fifty Million (450,000,000) common shares with a par value of Ten Pesos (PhP 10.00) per share, or an increase of Five Hundred Million Pesos (PhP 500,000,000) divided into Fifty Million (50,000,000) common shares with a par value of Ten Pesos (PhP 10.00) per share, and for this purpose, the amendment of Article Seventh of the Corporation's Articles of Incorporation as follows:

SEVENTH: That the capital stock of the Bank is FOUR BILLION **FIVE HUNDRED MILLION** PESOS (P 4,**500,000,000.00**) and said capital stock is

divided into Four Hundred **Fifty** Million (4**50**,000,000) Common Stock with a par value of Ten Pesos (P 10.00) each.

After some discussion and upon motion duly made and seconded, the Stockholders approved the following resolutions:

“RESOLVED, that the Stockholders of **CTBC BANK (PHILIPPINES) CORP.** (the **“Corporation”**) hereby approves the amendment of the Articles of the Incorporation of the Corporation to increase the authorized capital stock of the Corporation **from** Four Billion Pesos (Php4,000,000,000.00) divided into Four Hundred Million (400,000,000) common shares with a par value of Ten Pesos (Php10.00) per share **To** Four Billion Five Hundred Million Pesos (Php4,500,000,000.00) divided into Four Hundred Fifty Million (450,000,000) common shares with a par value of Ten Pesos (Php10.00) per share, or an increase of Five Hundred Million Pesos (Php500,000,000.00) divided into Fifty Million (50,000,000) common shares with a par value of Ten Pesos (Php10.00) per share, and the amendment of Article Seventh of the Amended Articles of Incorporation of the Corporation to read as follows:

“SEVENTH: That the capital stock of the Bank is **FOUR BILLION FIVE HUNDRED MILLION PESOS** (P 4,500,000,000.00) and said capital stock is divided into Four Hundred Fifty Million (450,000,000) Common Stock with a par value of Ten Pesos (P 10.00) each.

“RESOLVED, FURTHER, that in connection with the foregoing, the directors and officers of the Corporation, as well as the law firm of **Castillo Laman Tan Pantaleon and San Jose** or any of its lawyers, associates, and/or duly authorized representatives, acting singly, be, and is hereby authorized, to deliver such certifications, documents, papers, and instruments to the relevant government agencies, including the Bangko Sentral ng Pilipinas (“BSP”) and the Securities and Exchange Commission (“SEC”), to obtain the approval for the amendment of the Corporation’s Articles of Incorporation and increase of authorized capital stock;

Apart from the increase in the capital stock, the Corporate Secretary discussed the proposed issuance of 13,926,152 common shares with a par value of P10.00 per share out of the increase in the authorized capital stock and for the subscription of the said shares by the Parent Bank, CTBC Bank Co., Ltd.

After some discussion and upon motion duly made and seconded, the Stockholders approved the following resolutions:

“WHEREAS, in a meeting held on May 5, 2025, the Board of Directors of **CTBC BANK (PHILIPPINES) CORP.** (the **“Corporation”**) by at least a majority vote, approved the increase of the Corporation’s authorized capital stock **from** Four Billion Pesos (Php 4,000,000,000.00) divided into Four Hundred Million (400,000,000)

common shares with a par value of Ten Pesos (Php 10.00) per share to Four Billion Five Hundred Million Pesos (Php 4,500,000,000.00) divided into Four Hundred Fifty Million (450,000,000) common shares with a par value of Ten Pesos (Php 10.00) per share, or an increase of Five Hundred Million Pesos (Php500,000,000.00) divided into Fifty Million (50,000,000) common shares with a par value of Ten Pesos (Php10.00) per share (“**ACS Increase**”);

“**WHEREAS**, in a meeting held on June 26, 2025, the Stockholders of the Corporation representing at least 2/3 of the outstanding capital stock, approved the ACS Increase;

“**WHEREAS**, CTBC Bank Co., Ltd., intends to subscribe to Thirteen Million Nine Hundred Twenty Six Thousand One Hundred Fifty Two Million (13,926,152) common shares with a par value of Ten Pesos (Php 10.00) per share, or an aggregate par value of One Hundred Thirty Nine Million Two Hundred Sixty One Thousand Five Hundred Twenty Pesos (Php139,261,520) (“**Shares**”) out of the ACS increase of the Corporation;

“**NOW THEREFORE, IT IS HEREBY RESOLVED THAT**, the Stockholders of the Corporation hereby approves the issuance of the Shares, out of the ACS increase of the Corporation, to CTBC Bank Co., Ltd.;

“**RESOLVED, FURTHER**, that the Stockholders hereby approves the subscription by CTBC Bank Co., Ltd., to the Shares at a subscription price of Thirty Pesos and Forty Seven Centavos and nine-tenths of a centavo (Php30.479), for a total subscription price of Four Hundred Twenty-Four Million Four Hundred Fifty Five Thousand One Hundred Eighty Six and 81/100 Pesos (Php424,455,186.81);

RESOLVED, FINALLY, that the President and the Treasurer of the Corporation are hereby authorized and directed to take all necessary actions and execute all documents including a subscription contract which may be required to effect the subscription and issuance of the aforementioned shares to CTBC Bank Co., Ltd.

7.3 APPROVAL OF THE AMENDMENTS TO ARTICLE 3 SECTION 11 OF THE BY-LAWS

The Corporate Secretary presented the amendment as follows:

“**Article III Board of Directors**

Section 11. Policies, **Products and Services.**

- (1.) Any new product or service to be offered by the Bank to its customers shall first be approved by the majority vote of the Board of Directors.

- (2.) Any new **policy and amendments thereto** shall be approved by the majority vote of the Board of Directors.
- (3.) The Board of Directors may, **in accordance with law, authorize and/or delegate to the officer(s) of the Bank or any of its committees the preparation of any guidelines, manuals and procedures, including amendments thereto, implementing the policies set by the Board of Directors.**
(As amended on 21 June 2001 **and 26 June 2025**).

The Corporate Secretary also pointed to the resolutions covering these amendments to Article 3, Section 11 of the By-Laws as having been laid down and presented in Annex "H" of the Definitive Information Statement copies of which were furnished and distributed to the shareholders. The following are the resolutions:

"RESOLVED, that **Article III *Board of Directors*, Section 11** of the Bank's By-laws is hereby amended, to read as follows:

"FROM: Article III Board of Directors

"Section 11. Policies and Procedures/Guidelines/Manuals (P&P).

- (1.) Any new product, service to be offered by the Bank to its customers, shall first be approved by the majority vote of the Board of Directors.
- (2.) Any new Policies & Procedures (P&P) and its amendments shall be approved by the majority vote of the Board of Directors.
- (3.) The Board of Directors may require the management of the Bank to prepare any new P&P and its amendment. (As amended on 21 June 2001).

"TO: Article III Board of Directors

Section 11. Policies, **Products and Services.**

- (1.) Any new product **or** service to be offered by the Bank to its customers shall first be approved by the majority vote of the Board of Directors.
- (2.) Any new **policy and amendments thereto** shall be approved by the majority vote of the Board of Directors.
- (3.) The Board of Directors may, **in accordance with law, authorize and/or delegate to the officer(s) of the Bank or any of its committees the preparation of any guidelines, manuals and procedures, including amendments thereto, implementing the policies set by the Board of Directors.**
(As amended on 21 June 2001 **and 26 June 2025**).

Upon motion made and duly seconded, and there being no objection, the foregoing resolutions were approved.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	347,319,264	0	0
% of Voting Shares Present	99.72%	0.00%	0.00%

8.0 ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS

8.1 Mr. Cheng-Hsin Wang nominated the following as members of the Board of Directors:

Cheng-Hsin Wang
 William B. Go
 Eriberto Luis S. Elizaga
 Jen-Wen Liao
 Ya-Ling Chiu
 Alexander A. Patricio as Independent Director
 Stephen D. Sy as Independent Director
 Luis Y. Benitez, Jr. as Independent Director

Upon motion made and duly seconded, and there being no objection, the eight (8) nominees were elected as members of the Board of Directors.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	347,319,264	0	0
% of Voting Shares Present	99.72%	0.00%	0.00%

9.0 CONFIRMATION OF RELATED PARTY TRANSACTIONS

9.1 Upon motion made and duly seconded, and there being no objection, the Chairman confirmed the renewal of the credit facilities in favor of CTBC BANK CO., LTD. pursuant to BSP Circular 895 Series of 2015 Guidelines on Related Party Transactions, particularly Section X146.2.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	347,319,264	0	0
% of Voting Shares Present	99.72%	0.00%	0.00%

9.2 Details of the Related Party Transactions are as follows:

BORROWER	:	CTBC BANK CO. LTD
FACILITY	:	<ol style="list-style-type: none"> 1. USD4.0 Million Pre-Settlement Risk Line for Securities Trading - USD 2. USD7.0 Million Pre-Settlement Risk Line for Foreign Exchange 3. USD29 Million Settlement Risk Line 4. USD35 Million Stand By Letters of Credit Line
PURPOSE OF CREDIT FACILITY	:	<p>Facility 1-3: To facilitate the trading of securities and foreign exchange currencies with CTBC Bank Co. Ltd., Taipei and its branches.</p> <p>Facility 4: The Standby Letter of Credit shall be used as collateral for credit facilities to be extended by lending units of CTBC Bank (Philippines) Corp. to their clients.</p>
BENEFICIARY	:	Not Applicable
AMOUNT	:	USD75 Million (including Settlement Risk line of USD29 Million)
TERM	:	<p>Facility 1-3: Twelve (12) months</p> <p>Facility 4: Thirty Six (36) months</p>
INTEREST	:	Not Applicable
SECURITY/COLLATERAL SUPPORT HELD	:	Clean
REPAYMENT SOURCES	:	Working Capital
JUSTIFICATION CREDIT BASIS	/ :	<ol style="list-style-type: none"> 1) Long term credit rating of A1 from Moody's, A from S&P and A from Fitch, all with stable outlook. 2) Ranked no. 1 in Taiwan and no. 158 in the world in terms of Tier 1 Capital per The Banker, July 2024 issue 3) Satisfactory dealings
REASON FOR DOSRI/ RPT	:	CTBC Bank (Philippines) Corp. is 99.72% owned by CTBC Bank Co., Ltd.
RELATED PARTY TRANSACTION	:	<p>Is the Facility for confirmation by the shareholders? (Please refer to your Unit's Guidelines.)</p> <p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>If Yes, Relationship Manager/Account Officer shall ensure that the Facility/ies or any amendment/s will be part of the Agenda for confirmation in the next shareholders' meeting.</p>
INFORMATION ON BORROWER'S RELATIVE CREDIT TERMS COMPARISON	:	Not Applicable

BORROWER	:	CTBC BANK PHILIPPINES CORP.
FACILITY	:	Three (3) year revolving loan
PURPOSE OF CREDIT FACILITY	:	To support loan asset growth of the Bank
BENEFICIARY	:	Not Applicable
AMOUNT	:	USD 375million
TERM	:	36 months
INTEREST	:	Lender's cost of funds (per annum)
SECURITY/COLLATERAL SUPPORT HELD	:	Clean
REPAYMENT SOURCES	:	Bank's cashflow
JUSTIFICATION / CREDIT BASIS	:	Not applicable
REASON FOR DOSRI/ RPT	:	CTBC Bank (Philippines) Corp. is 99.72% owned by CTBC Bank Co., Ltd.
RELATED PARTY TRANSACTION	:	<p>Is the Facility for confirmation by the shareholders? (Please refer to your Unit's Guidelines.)</p> <p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>If Yes, Relationship Manager/Account Officer shall ensure that the Facility/ies or any amendment/s will be part of the Agenda for confirmation in the next shareholders' meeting.</p>

10.0 APPOINTMENT OF EXTERNAL AUDITOR

- 10.1 Upon motion made and duly seconded, and there being no objection, the Chairman declared the accounting firm of R.G. Manabat and Co. ("RGM") duly appointed external auditor of the Bank and of the Trust and Investment Services Department.

	Voted in Favor	Voted Against	Abstained
Number of Voted Shares	347,319,264	0	0
% of Voting Shares Present	99.72%	0.00%	0.00%

11.0 OTHER MATTERS: QUESTIONS FROM SHAREHOLDERS

- 11.1 The Chairman asked if there were questions or matters that the shareholders would like to raise or be considered. No questions nor other matters were raised by the shareholders.

12.0 ADJOURNMENT

12.1 Upon motion duly made and seconded, the meeting was adjourned at 10:00 o'clock a.m.

Certified Correct:

ATTY. ROLANDO V. VICERRA
Corporate Secretary

ALPHA M. TAGLE
Assistant Corporate Secretary

Attested by:

ERIBERTO LUIS S. ELIZAGA
President and CEO

APPROVED:

CHENG-HSIN WANG
Chairman
(As Director and as Proxy of CTBC Bank
Co., Ltd..)

WILLIAM B. GO
Vice-Chairman

ERIBERTO LUIS S. ELIZAGA
Director / President and CEO

JEN-WEN LIAO
Director

YA-LING CHIU
Director

ALEXANDER A. PATRICIO**
Independent Director

STEPHEN D. SY
Independent Director

LUIS Y. BENITEZ, JR.
Independent Director

**Resigned effective July 15, 2025