

**BANK OF THE PHILIPPINE ISLANDS  
(EUROPE) PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2025**

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## **OFFICERS AND STATUTORY REGISTERED AUDITORS**

### **The Board of Directors (“the Board”)**

Mr Jose Teodoro Limcaoco  
Mr Alexander John Shapland  
Ms Lizbeth Joan Yulo  
Mr Martin Lynch O’Neil  
Mr Robert David Reoch  
Ms Maria Theresa Marcial  
Mr Dino Gasmen

### **Registered Office**

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London WC2B 4JF  
United Kingdom

### **Bankers**

Barclays Bank UK PLC  
JP Morgan Chase & Co.  
Wells Fargo Bank

### **Independent Auditors**

Forvis Mazars LLP  
30 Old Bailey  
London EC4M 7AU  
United Kingdom

### **Company Secretary**

Chi Wai Lu  
Lu Oliphant Solicitors LLP  
210 Euston Road  
London NW1 2DA  
United Kingdom

# **STRATEGIC REPORT**

**For the financial year ended 31 December 2025**

In accordance with a resolution of the directors (the “Directors”) of Bank of the Philippine Islands (Europe) Plc (the “Bank” or “BPI Europe”), the Directors submit herewith the Strategic Report of the Bank as follows:

## **PRINCIPAL ACTIVITIES**

BPI Europe is a UK-licensed bank authorised by the Prudential Regulation Authority (PRA), jointly regulated by the PRA and the Financial Conduct Authority (FCA). Its Shareholder’s funds stood at \$122.2 million as at end-2025 (2024: \$121.3 million). The Bank offers simple deposit products and engages in the trading of fixed income securities and foreign exchange, and participates in syndicated loans for its own accounts.

Deposits and wholesale borrowings are expected to further support balance sheet growth in the coming years, which will be invested in a mix of high-quality liquid fixed income securities and syndicated loans.

BPI Europe’s deposit-taking franchise consists of USD, EUR, and GBP-denominated savings and time deposits offered to corporates and retail customers consisting of existing BPI Europe deposit clients and a growing customer base from a partnership with a deposit aggregator.

Over the short-term, the Bank’s strategic focus remains – to optimise the composition of its balance sheet to derive the best returns. Medium-term plans include reinforcing a solid retail base, further leveraging the balance sheet to invest in a mix of syndicated loans and fixed income securities and increasing trading in the fixed income and foreign exchange markets.

## **STATEMENT OF DIRECTORS IN THE PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172 (1) COMPANIES ACT 2006**

Section 172 (1) of Companies Act 2006 requires the directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers, and others,
- (d) the impact of the company's operations on the community and the environment,
- (e) the desirability of the company maintaining a reputation for high standards of business conduct,
- and
- (f) the need to act fairly between members of the company.

The Board of Directors of BPI Europe considers, both individually and collectively, that they have in good faith acted in the way they consider would be most likely to promote the success of the Bank for

the benefit of its members as a whole, having regard to its stakeholders, including shareholders/investors, customers, regulators, employees and the broader community, and matters set out in S172(1) (a-f) of the Act in the decisions taken during the year ended 31 December 2025.

The Board believes that effective corporate governance is the cornerstone of BPI Europe's strength and long-term existence. The Board has established and promoted sound principles and practices as stated in the Bank's Corporate Governance Manual, which adheres to the UK Corporate Governance Code in a manner that is relevant and appropriate for the Bank, and resolved to adopt this framework of policies, rules, systems, and processes that govern them in the pursuit of BPI Europe's corporate goals.

The Board is responsible for prescribing a sound and sustainable business model, setting out the Bank's strategy, risk appetite, and an overarching risk management, regulatory compliance, and control framework, and providing guidance and leadership to Management to see these strategies through.

The Board believes in its responsibility to the Bank's shareholder. Capital is treated as the Bank's most valuable asset, and Management seeks to generate superior returns while being prudent in risk-taking, spending, and investing activities.

As a wholly-owned subsidiary of Bank of the Philippine Islands ("BPI" or the "Parent Bank"), BPI Europe ensures alignment of its goals with the Parent Bank's medium-term strategy. BPI Europe's Governance Policy allows its sole shareholder to appoint a senior officer from its Board of Directors to act as Chairman of BPI Europe for a more effective chain of oversight and to extend downstream to the subsidiary the BPI Group of Companies' corporate governance practices, business objectives, and risk appetite. For this reporting period, BPI Europe's Board Chairman is the President and Chief Executive Officer of the Parent Bank. Other directors who sit on the Board are also Parent Bank executives overseeing areas relevant to BPI Europe's business. Through its regular meetings, the Board, and effectively, the Parent, is apprised of BPI Europe's financial performance and other matters that require its attention. The presence and participation of Parent Bank executives in BPI Europe's Board likewise provides representation for BPI Europe in the Parent Bank's sphere, allowing it access to the Parent's resources and other forms of support needed to pursue its objectives. All transactions with the Group, however, remain to be dealt with at an arm's length basis in adherence to the Bank's policy on related party transaction and under the purview of the Board.

At least half of the Board of Directors, excluding the Chairman, consists of Independent Non-Executive Directors ("INEDs") who are not part of the day-to-day management of banking operations. Board subcommittee membership usually requires the inclusion of at least one INED to bring balance, diversity of experience, and appropriate challenge to the Bank's decision-making processes. An example of this is the Audit and Risk Committee, which is composed of at least three members, at least two of whom are INEDs. For the reporting period, the Audit and Risk Committee consisted of all three of the Bank's INEDs.

The Board believes in its responsibility to its customers. Aligned with the Parent Bank's core value of customer-centricity, the Board continuously strives to ensure that the business objectives and goals

are met while protecting its customers' interests. BPI Europe espouses transparency, professionalism, a strong sense of responsibility, and confidentiality of customers' information in all its dealings, allowing it to build mutually beneficial, long-standing business relationships. Further, it has appointed one of its INEDs as Consumer Duty Champion to oversee governance and adherence to Consumer Duty regulations and best practices designed to deliver good outcomes for the Bank's retail customers.

The Board believes in its responsibility to the regulators. While the Bank seeks to generate superior returns, this is done so within firm regulatory boundaries. Management and the Board maintain good relationships with the regulators by dealing with them with honesty and transparency and by remaining candid, proactive, cooperative, and constructive in their engagements.

The Board considers its employees as fundamental to the success of the Bank. The Bank follows fair remuneration practices, which are implemented in a way that supports the Bank's business strategy and promotes sustainable success. The health, safety, and general well-being of employees are primary considerations at all times. As needed, employee concerns are discussed by senior management and escalated accordingly. The Bank also has a whistleblowing policy, which establishes formal channels through which BPI Europe personnel with serious concerns on any aspect of the Bank's activities may voice their concerns. A confidential e-mail account dedicated for receiving whistleblowing reports is in place, and access to it is restricted to the Whistleblowing Champion, who is appointed from one of the Bank's INEDs.

The Board gives high regard to the wider community and the environment by being socially responsible. It observes corporate social responsibility principles as part of its culture and decision-making process through the institutionalisation of a framework on business ethics, countering financial crime, and addressing environmental and social risks, particularly those arising from climate change.

The Board reviews and approves the BPI Europe Code of Business Conduct and Ethics ("Code") which sets the guidance for observing ethical behaviour among the Bank's employees. The Board also observes the provisions set in the Code in making the right decisions and in discharging their responsibilities to the Bank. The Code is used by the Bank in its working relationships with customers, counterparties, regulators, and co-players in the banking industry.

## **REVIEW OF THE BUSINESS**

### **Results**

BPI Europe delivered a strong turnaround in 2025, generating profit for the financial year of \$932,677, following the \$600,346 loss recorded in 2024. This improvement was supported by the reversal of the prior-year impairment on a downgraded fixed income position, which offset most of the realised losses from the disposal of the securities and materially strengthened overall profitability for the year.

Net interest income rose significantly in 2025 to \$5.1 million, compared with \$3.7 million in 2024, driven by balance sheet expansion and a strategic shift toward higher-yielding assets. The Bank continued to prioritise earnings optimisation by improving the mix of interest-earning assets and reducing funding costs. Growth in the loan portfolio, combined with the runoff of lower-yielding

securities in the banking book and reinvestments at better yields, supported higher interest income. Meanwhile, funding costs benefited from deposit repricing and a more efficient term structure of deposits sourced through the Bank's partnership with a deposit aggregator.

Total interest receivable and similar income amounted to \$11.3 million (2024: \$8.3 million), with broad-based growth across placements with banks, loans, and securities holdings in both the trading and banking books. Interest expense increased to \$6.2 million (2024: \$4.6 million), reflecting higher deposit volumes, although the shift toward deposit-based funding reduced the average cost of liabilities. Deposits accounted for 95.7% of total interest expense, up from 47.0% in 2024, demonstrating the Bank's progress in transitioning toward deposits as its primary source of funding, alongside the selective use of wholesale borrowings to support balance sheet growth and liquidity management.

Non-interest operating income, consisting of gains and losses from the sale of investments, foreign exchange activities, fees and commissions, and other operating income, for the year amounted to \$691,082 (2024: \$791,503). The decline was largely attributable to losses on the sale of downgraded fixed income securities and foreign exchange losses amid increased market volatility. Excluding the losses on the major disposals, the Bank would have generated approximately \$1.7 million in trading gains, reflecting otherwise strong performance in securities trading activities.

Administrative expenses increased to \$4.4 million (2024: \$3.6 million), up 20.3% from the prior year. The growth was driven by higher salaries and national insurance contributions, larger commissions paid in connection with the inflows from the deposit aggregator platform, and increased fees relating to the Bank's outsourced back office operations. Additional increases recorded were due to broadband enhancements and audit-related fees. These were partly offset by lower taxes and licenses.

Impairment charges for 2025 totalled \$131,519 (2024: \$1.6 million), aligned with the growth in the loan portfolio and its associated risk profile. The substantial fixed income provision recognised in 2024 was fully reversed upon the sale of the securities in the first quarter of 2025, contributing significantly to the year's overall profit.

Total assets closed at \$283.9 million (2024: \$228.9 million), representing a 24.0% growth year-on-year. Loan balances increased from \$73.1 million in 2024 to \$121.7 million in 2025, consistent with the Bank's strategy of expanding higher-yielding assets. The banking book declined as older lower-yielding securities matured or ran off, while the trading book expanded from \$34.3 million in 2024 to \$50.1 million in 2025, increasing the share of investment securities held for trading purposes. Deposit balances grew from \$89.0 million in 2024 to \$142.0 million in 2025 due to continued inflows from the deposit aggregator platform, while short-term borrowings increased temporarily to support liquidity during periods of deposit maturities. Other liabilities declined, largely due to favourable mark-to-market movements on foreign exchange swap positions. Shareholder's funds remained stable at \$122.2 million (\$121.3 million), providing a strong foundation for continued growth.

#### Capital Resources

BPI Europe's total CET1 capital as of 31 December 2025 stood at \$122.2 million (2024: \$121.9 million),

with the capital adequacy ratio at 56.29% (2024: 61.59%) against the regulatory requirement of 24.93% (2024: 24.95%). Leverage ratio for the year was at 51.22% (2024: 58.71%). The decline in the capital indicators was driven primarily by the significant expansion of the Bank's balance sheet during the year.

#### Liquidity Resources

Throughout the year, the Bank maintained its liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) well above the regulatory minimum for both of 100%. As at end-2025, LCR was at 206% (2024: 329%) and NSFR at 154% (2024: 163%).

## RESULTS AND DIVIDENDS

The Bank reported a profit for the financial year of \$932,677 in 2025 (2024: loss of \$600,346). The profit and loss account, set out on page 35, details the Bank's performance for the year.

The directors have not recommended a dividend for 2025 (2024: nil).

## PRINCIPAL RISKS AND UNCERTAINTIES

The Bank practices risk management following a top-down approach where its risk culture emanates from the Board through overall risk strategy and risk appetite setting. It has an established enterprise-wide risk management framework that enables the identification, measurement, control, monitoring, and reporting of its financial and non-financial risk exposures. Adequate training for all employees of the Bank promotes awareness of the risks inherent in its business activities. These form the foundation for the Bank's proper identification and effective response to the various risks that it faces.

The Bank performs a risk and control self-assessment (RCSA) exercise at least annually as part of its continuing efforts to better understand its risk profile and strengthen its risk mitigation strategies. This exercise is supplemented by risk assessments conducted throughout the year prior to implementation of significant process changes, new or enhanced products or services, and policy deviations. The main risks arising from the Bank's financial instruments and business activities have remained largely consistent with those identified in the previous year, and are as follows:

#### **Business Model Risk**

Business model risk is defined as the risk of financial losses due to uncontrollable factors that may challenge the firm's business model and strategy execution. This may be externally or internally driven, such as in the case of changes in counterparties' strategic direction to deal with BPI Europe, regulations or laws that pose a challenge to the Bank's profitability and long-term viability, or the organisational structure. Despite ongoing geopolitical tensions and the evolving post-Brexit and post-pandemic environment, BPI Europe did not observe heightened business model risks during the year.

#### **Funding Concentration Risk**

Funding concentration risk is defined as the risk of financial losses due to undiversified sources of funds (liabilities and capital) to support balance sheet requirements. Reliance on a limited number

of counterparties for funding facilities and reliance on a single deposit aggregator for on-shore deposit mobilisation, pose threats to the liquidity position of the Bank when liabilities fall due or when these funding providers decide to reduce limits, restrict access, or terminate the relationship. To appropriately manage this risk, BPI Europe primarily raised funding through its partnership with a deposit aggregator. This arrangement sources deposits from thousands of underlying retail customers, each subject to a maximum deposit limit of £120,000, thereby ensuring the resulting funding base is broad and well-diversified. In addition, the Bank maintains undrawn funding lines from established counterparties, which can be accessed when competitively priced and provide flexibility in managing liquidity requirements. Lastly, the Bank intensified efforts to raise additional deposits through collaboration with BPI's Wealth segment, further supporting its diversification efforts.

There has been a marked improvement in the management of funding concentration risk compared to the previous year, with more effective mitigation strategies now firmly in place. However, the Bank continues to explore additional measures to reduce its reliance on a single deposit aggregator and enhance overall funding diversification.

### **Liquidity Risk**

Liquidity risk is defined as the risk of financial losses and reputational damage due to the Bank's inability to meet its financial obligations in a timely manner. Liquidity risk should be considered in light of the following: (1) the ability to liquidate assets to service the liquidity requirements of the Bank, (2) tenor mismatches where the Bank cannot meet the liabilities as they fall due, and (3) currency mismatches where the Bank could not fund outflows in a specific currency. BPI Europe actively manages its liquidity risk by maintaining highly liquid assets and placements that can be quickly disposed of or terminated when the need arises. The 2025 iteration of the Bank's ILAAP considered geopolitical tensions, interest rate movements, sectoral concerns, as well as hypothetical scenarios where the Bank's access to funding is limited in its stress testing. Based on the assessment, it is deemed that BPI Europe maintains a level of liquidity resources that are adequate, ensuring that there is no significant risk that the Bank cannot meet its liabilities as they fall due, in accordance with regulatory requirements and internal stress testing analysis. The Bank has also generated a substantial volume of stable funding through its term deposits to comply with the requirements of Net Stable Funding Ratio (NSFR). Cash and other cash items (included under "loans and advances to banks") at year end stood at over \$10.2 million, placements have been kept short (between 1 week to 1 month), and High-Quality Liquid Assets (HQLA) levels remain healthy. As of 31 December 2025, the Bank's Liquidity Coverage Ratio (LCR) stood at 206% vs. an internal limit of 120% and a regulatory limit of 100%. To ensure that the Bank can swap currencies and raise funds consistent with the 30-calendar day stress period, the desk limits its total swap maturities in any 30-day period in accordance with its cross-currency gap limit.

The Bank's assessment of liquidity risk continued to reflect a similar risk level as in the previous year.

### **Credit Risk**

Credit risk is defined as the risk of financial losses due to a borrower's default or inability to pay obligations to the Bank as they fall due. Upon entering a relationship with a borrowing counterparty, the Bank is exposed to the risk that the other party fails to meet its contractual obligation in

accordance with the agreed terms of the transaction. Deposits with banks, interbank borrowings, investments in securities and syndicated loans are the largest sources of credit risk. This type of risk is managed within the Bank's underwriting standards and procedures emanating from a comprehensive Credit Policy. To manage this risk, BPI Europe is guided by a conservative set of underwriting standards and adheres to credit policies and procedures in granting credit facilities. Constant monitoring of the Bank's credit portfolio and loss provisioning for its loan portfolio are likewise observed.

As in the previous year, credit risk remained an area of elevated risk for the Bank, requiring ongoing monitoring and further mitigation efforts.

### **Credit Concentration Risk**

Credit concentration risks arise from the imperfect diversification of exposures to entities, sectors, and geographies. This may also arise from exposures to borrowers with similar risk characteristics (i.e., operating within the same industry or geographical location) which are thereby collectively vulnerable to huge losses should unforeseen circumstances arise. The Bank has defined internal metrics to appropriately measure its credit concentration in terms of single issuers or borrowers, sectors, and geographical exposures, which are monitored against approved limits and credit parameters. The Bank's exposures to individual names are capped at regulatory large exposures limits wherein exposure to a single name does not exceed the applicable percentage of capital in line with Capital Requirements Directives. The Bank monitors these limits daily and credit concentration risk is considered in the Internal Capital Adequacy Assessment Process.

The Bank's assessment of credit concentration risk for the year continued to reflect a similar risk level as in the previous year, with an elevated level of concentration persisting in relation to geographical exposure.

### **Capital Adequacy**

This is defined as the risk of financial losses and regulatory sanctions resulting from inadequate capital buffers to cover losses from business activities. It is imperative for financial institutions to maintain an adequate level of capital relative to its risk-taking activities as a buffer against unexpected losses to provide confidence to the Bank's stakeholders that it could meet its obligations and demonstrate financial strength and stability. BPI Europe's risk-taking activities are bound by the regulatory capital requirements set by the PRA in their regulatory assessment of the firm and the internal risk appetite set by the Board. The distribution of risk-weighted assets is managed to be consistent with the business strategies and objectives of the Bank.

The Bank's most recent ICAAP document, similar to the ILAAP, reflects the most recent business and strategic review, considering the growth in the wholesale business and the current volatilities in the market brought about by the ongoing geopolitical tensions, interest rate changes, and asset quality deterioration, among others, in its stress testing. Reverse stress testing was likewise performed to identify the scenarios where the Bank will breach its regulatory capital requirement. The results of these assessments showed that BPI Europe retains sufficient capital resources in normal and stressed market conditions given its financial and business projections. As of end 2025, the Bank's capital ratio stood at 56.3%, well above the regulatory minimum of 24.9%, and the internal capital

requirement of 28.7%. The table below shows the components of the Bank's capital ratio:

	2025	2024
	\$000	\$000
<b>Own Funds</b>	<b>122,218</b>	<b>121,886</b>
Tier 1 Capital	122,218	121,886
Common Equity Tier 1 (CET1) Capital	122,218	121,886
<b>Total Risk Exposure Amount</b>	<b>217,123</b>	<b>197,906</b>
Total Credit Risk-Weighted Assets (CRWA)	202,285	183,493
Total Market Risk-Weighted Assets (MRWA)	8,513	8,688
Total Operational Risk-Weighted Assets (ORWA)	6,325	5,725
<b>CET1 Capital Ratio</b>	<b>56.29%</b>	<b>61.59%</b>
<b>Tier 1 Capital Ratio</b>	<b>56.29%</b>	<b>61.59%</b>
<b>Total Capital Ratio</b>	<b>56.29%</b>	<b>61.59%</b>
<b>Regulatory Requirement</b>	<b>24.93%</b>	<b>24.95%</b>

### Market Risk

Market risk pertains to the potential loss of a portfolio's value influenced by movements in the level or volatility of market prices or other risk factors. The Bank's market risk exposure is observed on its net open Foreign Exchange (FX) position arising from foreign currency-denominated assets and liabilities in the Banking book, and its end-of-day portfolio of investment securities and derivative positions in the trading book. The Bank performs daily risk monitoring of market risk exposures and controls the exposures using the Value-at-Risk (VaR) metric, to properly mitigate and manage this risk.

As in the previous year, market risk remained an area of elevated risk for the Bank, requiring close monitoring and proactive risk mitigation efforts.

### Foreign Exchange Risk

FX risk is defined as the risk of financial losses and liquidity concerns due to adverse movements in foreign exchange rates against the Bank's net FX position. The Bank has assets and liabilities denominated in foreign currencies. Exchange gains and losses are recognised in the income statement as they arise. The Bank's policy is to measure and control foreign exchange risk exposure as part of the overall market risk exposure VaR calculation. This limit is monitored at all times through dashboards. The Bank does not currently deal in derivative instruments for speculative purposes. It holds foreign currency swaps for funding purposes to strategically invest in foreign currency assets with relatively more attractive yields. From time to time, the Bank also enters FX Swap transactions to manage its foreign currency position as necessary.

The Bank's assessment of foreign exchange risk continued to reflect a similar risk level as in the previous year.

### Interest Rate Risk in the Banking Book (IRRBB)

IRRBB is defined as the current and prospective risk to the Bank's capital and earnings arising from

adverse movements in the yield curve, particularly for assets and liabilities with mismatched repricing maturities. Interest rate movements may affect the Bank's earnings from mismatches in rate-sensitive assets and liabilities, which may affect the original contracted spread. Furthermore, as interest rates change, the present value and timing of future cash flows likewise change. This, in turn, changes the underlying value of a Bank's assets, liabilities, and off-balance sheet items, and hence its economic value. BPI Europe has established internal risk indicators and appetite to manage its IRRBB.

The Bank's assessment of interest rate risk continued to reflect a similar risk level as in the previous year.

### **Conduct Risk**

Conduct risk is defined as any action, behaviour, or decision made by the Bank, its Board, or any of its employees that may be detrimental to the Bank's and the entire BPI Group's reputation, or may compromise the integrity of the financial markets, and may result in unfair and inappropriate outcomes to customers. It may result in financial losses for the Bank due to regulatory penalties, fees, redress, remediation costs, and other operational costs stemming from poor conduct. In general, the UK financial industry regards this as a risk arising from the improper treatment of customers, violation of rules, and market manipulation, to prioritise the interests of the firm. Conduct risk is regarded as one of the key risk areas in the Bank, and the Board has set a zero appetite for conduct rules breaches. All BPI Europe staff are aware of, and consistently abide by, the conduct rules outlined and defined under the Senior Managers and Certification Regime in their day-to-day discharge of duties. Training on conduct rules, where the 2025 programme placed greater emphasis on identifying, preventing, and responding to non-financial misconduct, is also regularly rolled out to all BPI Europe staff and Board of Directors. Management believes that if every staff in the firm observes these rules as they carry out their roles, conduct risk will be fully mitigated. Processes are in place to monitor and detect potential and actual breaches of conduct rules and monitoring results are regularly reported to Management and to the Audit and Risk Committee on a quarterly basis. No conduct risk breaches within the Bank have occurred over the past twelve months.

The Bank's assessment of conduct risk continued to reflect a similar risk level as in the previous year.

### **Operational Risk**

Operational risk is defined as losses arising from inadequate or failed internal processes, people, and systems. These events could vary from internal and external fraud, systems failures, bank and customer data breaches, human errors, errors in processing wholesale and retail transactions, amongst others. BPI Europe exercises caution in performing operations processes to ensure that these are conducted with a high degree of accuracy to avoid errors which may eventually lead to reputational and regulatory consequences. Throughout the year, the Bank periodically reviewed these risks and ensured that controls remained appropriate. The Bank deems that these risks have been managed and mitigated accordingly. No incidents of fraud were recorded and operational errors were managed within established thresholds for the year

### **Operational Resilience Risk**

Operational resilience risk is the risk of financial losses arising from the Bank's failure or inability to

prevent, withstand, or recover from disruptions that could affect the continuity of its critical business services. This covers the robustness of business continuity arrangements, crisis-management capabilities, technology resilience, and the effectiveness of processes designed to support uninterrupted operations during unforeseen events. BPI Europe maintains a comprehensive Business Continuity Management framework, which is periodically tested to ensure that essential operations can continue within established thresholds with minimal interruption.

Given the Bank's operating model, which is characterised by significant dependencies on both intra-group service providers and externally outsourced arrangements, third-party risk management is a central component of BPI Europe's operational resilience strategy. Disruption or failure at key providers could directly impact the Bank's ability to deliver critical services. As such, BPI Europe maintains oversight over all material outsourced activities, including regular assessments of service performance, resilience capabilities, and contingency arrangements.

Cybersecurity resilience is also a key area of focus. BPI Europe recognises that cyber threats pose a material risk of operational disruption and therefore implements controls aimed at protecting systems, data, and critical infrastructure. Additional initiatives were carried out in 2025 to validate the Bank's cyber resilience, ensuring any gaps were identified and that action plans were pursued to address these.

The Bank considers its operational resilience risk to be effectively managed, with no material disruptions and adverse consequences recorded for the year.

#### **Climate Change Risk**

Climate change risk refers to the risk of financial losses arising from the impact of climate change on the value of the Bank's physical assets and financial investments, either through physical or transition risks. BPI Europe has established a framework that governs how climate change risk is managed in the Bank. While climate change may have minimal direct impact on BPI Europe as a financial institution, it has investments whose market value may be vulnerable to climate change; this has consequently been incorporated in the Bank's stress testing exercise, and investment decisions include an assessment of climate change risks to specific sectors and/or names. The Bank has stringent credit parameters, a well-managed liquidity profile, regular management information, and escalation processes in the event of triggers. Management continues to enhance its risk management framework in relation to climate change risks to align with the latest regulatory expectations and industry practice.

#### **KEY PERFORMANCE INDICATORS (KPIs)**

The Board of Directors monitors the Bank's progress using a set of financial and prudential indicators which provide visibility over profitability, balance sheet structure, revenue generation, interest performance, and regulatory compliance:

##### ***Financial***

- **Profit/Loss for the financial year.** The Board reviews profitability against the annual budget and evaluates the drivers of variances throughout the year. For 2025, the Bank recorded a profit for the financial year of \$932,677, a significant improvement from the prior year's loss of \$600,346.

The return to profit was influenced by stronger operating results and the reversal of the \$1.9 million provision previously recognised for a downgraded investment in debt securities. Excluding this, performance continued to benefit from higher net interest earnings and an expanded balance sheet. The outcome exceeded management expectations and restored positive momentum following the loss in 2024.

- **Balance Sheet Movement and Composition.** Total assets levels rose to \$283.9 million (2024: \$228.9 million), reflecting 24.0% year-on-year growth. Loan balances increased materially and accounted for a larger share of total assets, consistent with the Bank's strategy to expand higher-yielding exposures. Investment holdings in the trading book also grew, while the banking book contracted as older positions matured. On the funding side, customer deposits continued to build through the Bank's relationship with a deposit aggregator, resulting in a more diversified funding base. Short-term borrowings were used selectively to manage liquidity requirements during periods of deposit maturities, while other liabilities decreased due to movements in derivative valuations. Total shareholder's funds remained stable at \$122.2 million (2023: \$121.3 million).
- **Operating Income.** Operating income increased significantly during the year to \$5.7 million (2024: \$4.5 million), supported by higher interest revenues across loans, placement, and securities. Although the Bank incurred losses from certain securities disposals and from foreign exchange trading, the underlying revenue-generating capacity of the balance sheet improved as a result of asset mix changes and the full-year effect of balance sheet expansion.
- **Net Interest Margin.** The Board reviews net interest margin to assess the effectiveness of the Bank's deployment of earning assets relative to its cost of funds. Net interest margin performance is reflected in net interest income, which represents the absolute earnings generated from this spread across average balance sheet volumes. Net interest income rose to \$5.1 million (2024: \$3.1 million), driven by higher-yielding assets and more efficient funding. Average liability costs declined to 4.30% (2024: 5.54%) following adjustments to deposit pricing and improvements in term structure. While the full-year margin remained slightly constrained due to rate movements earlier in the year, the Bank achieved a notable 142-basis-point improvement in spread relative to 2024.
- **Regulatory Capital and Liquidity Metrics.** The Bank maintained strong prudential ratios throughout the year. Capital levels remained comfortably above regulatory requirements, with CET1 ratio of 56.29% as of 31 December 2025 (2024: 61.59%), with the year-on-year reduction primarily reflecting balance sheet growth and a corresponding increase in risk-weighted assets during the year, while the capital base remained stable. Liquidity metrics also remained well in excess of minimum thresholds, with LCR at 206% (2024: 329%) and NSFR at 154% (2024: 163%), following a normalisation from the exceptionally high levels observed in the prior year as funding mix and deposit term profiles evolved. These metrics continued to benefit from the size and term profile of customer deposits and effective liquidity management practices. Daily monitoring of capital, liquidity coverage, and stable funding ratios ensured that risk-taking activities remained within Board-approved limits at all times.

#### ***Non-financial***

- **Operational Resilience.** This represents the ability to prevent, adapt and respond to, recover, and learn from operational disruptions. The Bank assesses its operational resilience by identifying its

important business services, establishing impact tolerance levels for each service, mapping the necessary resources for the delivery of each service, and stress testing these services to determine possible contingency strategies it can implement when necessary. In 2025, BPI Europe conducted a successful annual disaster recovery testing for its various application systems, noting no significant issues that could give rise to potential adverse consequences. In addition, a security assessment was carried out in 2025 in collaboration with BPI Information Security and Enterprise Security teams to validate the Bank's cyber resilience, ensuring any gaps were identified and that action plans were pursued to address these.

- **Outsourcing Risk.** The Bank outsources some of its business activities to third parties to support its day-to-day operations and administration functions. As these outsourced relationships are critical to the smooth functioning of the Bank, a process of periodic evaluation of the performance of the service providers and compliance with agreed terms of business is in place. No major issues were encountered for the reporting period.
- **Information Security and Data Privacy Risks.** The Bank treats data with extreme care and high importance, therefore policies and procedures, staff training, and information security are established to minimise the probability of data breaches. Management likewise ensures that governance framework and a robust information technology infrastructure are in place to ensure the security of the Bank's information assets. There were no reported breaches in 2025.
- **Conduct Risk.** This is defined as any action, behaviour, or decision made by the Bank, its Board of Directors, or any of its employees that may be detrimental to the Bank's and the entire BPI Group's reputation, or may compromise the integrity of the financial market, and may result in unfair and inappropriate outcomes to customers. There were no reported breaches for the reporting period.
- **Financial Crime Risk.** This refers to the risk of financial losses, regulatory sanctions, and reputational damage due to failure to avoid the Bank's involvement in internal and external fraudulent activities, money laundering, and terrorist financing activities. For 2025, audit findings from home country regulators and internal examiners requiring actions were adequately addressed, policies have been updated and complied with, and active staff have completed the requisite training.

These KPIs are presented and discussed at the Management level on a monthly basis, and with the Board during its quarterly meetings. The discussions focus on the factors that influenced the movement of these KPIs as well as management strategies to optimise returns on a forward-looking basis.

In line with the guidance provided by its regulators, and in accordance with the Parent Bank's broader Environmental, Social, and Governance (ESG) framework and the United Nations (UN) Principles for Responsible Banking, BPI Europe has developed a proportionate approach in establishing a framework to help address and manage its potential exposure to risks associated with climate change. It covers key risks to the Bank, breakdown of management and Board responsibilities, responsibilities across divisions and functional areas, disclosure and reporting, credit assessment, risk management, and milestones.

Consistent with the Parent Bank's philosophy of excluding industries that are harmful from an ESG perspective, the Bank's Credit and Treasury policies were updated to incorporate its climate change/ESG agenda. Corresponding risk appetite indicators and metrics and stress test scenarios were also established concurrent with the annual conduct of the Bank's ICAAP.

The framework is expected to drive BPI Europe's business to become one that is more sustainable, helping the UK and Parent Bank achieve their ESG and climate-related targets. It will continue to evolve as regulations become clearer and more guidance is issued.

On behalf of the Board



Ms Lizbeth Joan Yulo  
Managing Director  
24 April 2026

## THE DIRECTORS' REPORT

The Board of Directors presents its report and the audited financial statements of the Bank of the Philippine Islands (Europe) Plc (the "Bank" or "BPI Europe") for the year ended 31 December 2025.

### *Company Background*

BPI Europe is a UK-licensed bank authorised by the Prudential Regulation Authority (PRA), jointly regulated by the PRA and the Financial Conduct Authority (FCA). Its shareholder's funds stood at \$122.2 million as at end-2025 (2024: \$121.3 million). The Bank was incorporated in England and Wales under Companies Act 2026 (registered number 05888535) and has its registered office and principal place of business at 6f 95 Aldwych, London, WC2B 4JF, United Kingdom. The Bank offers simple deposit products and engages in the trading of fixed income securities, foreign exchange, and syndicated loans for its own books.

### *Financial Instruments and Business Strategy*

The Bank utilises a range of financial instruments as part of its operations, including placements (loans and advances) to banks and corporate accounts, investment securities, bank borrowings, and customer deposit accounts.

In 2025, BPI Europe continued to implement the strategic direction set by the Board, focusing on strengthening earnings stability and aligning the balance sheet with the Bank's long-term objectives. This involved increasing the proportion of assets deployed into higher-yielding exposures, sharpening liability mix through sustained retail deposit mobilisation, and managing market and liquidity risks through disciplined use of wholesale funding. Taken together, these actions helped stabilise margins, diversify funding sources, and reinforce the Bank's capacity to support future growth.

### *Financial Performance*

For 2025, the Bank generated a profit for the financial year of \$932,677, marking a clear improvement from the loss of \$600,346 reported in the prior year. The result reflected the combined effects of higher net interest earnings on a larger balance sheet and the reversal of an earlier impairment charge on a fixed income asset that had previously been downgraded. Net interest income increased to \$5.1 million (2024: \$3.7 million), supported by the expansion of interest earning assets and lower funding costs achieved through more efficient deposit pricing and term structuring.

Although non-interest operating income was lower overall from \$791,503 in 2024 to \$691,082 in 2025 due to securities disposals and foreign exchange-related losses during volatile trading periods, the underlying capacity of the Bank to generate revenue continued to strengthen. Administrative expenses rose in line with business activity and included higher staffing-related costs, commissions linked to retail deposit inflows, and shared services charges; however, expenditure remained within the levels anticipated by the Board.

### *Provisioning and Credit Risk Management*

Credit quality remained a key management focus. The loan portfolio grew to \$121.7 million during the year (2024: \$73.1 million), with exposures added on a selective basis in line with the Bank's risk appetite. Provisioning for credit losses totalled \$131,519 (2024: \$1.6 million), consistent with updated

model estimates and the expanded loan book. The impairment recognised in 2024 on a fixed income position was reversed in the first quarter upon disposal and reflected in the realised loss recognised on the sale. Portfolio monitoring and credit risk assessments continued to operate under established frameworks, with no deviations from appetite noted during the year.

#### *Capital, Liquidity, and Risk Management*

BPI Europe continued to manage its resources carefully in 2025, supporting business growth while remaining firmly within Board-approved limits and risk appetite. The Bank maintained its focus on strengthening internal processes, ensuring regulatory compliance, and deploying funds prudently as the balance sheet expanded during the year.

The Bank is exposed to a range of financial risks, including credit, liquidity, market, interest rate, and foreign exchange risks, and the Board is responsible for maintaining a framework that enables these risks to be identified, monitored, and managed effectively. Policies and controls are reviewed regularly to ensure that they remain appropriate for the Bank's activities. Oversight follows the three lines of defence model, with ongoing assurance work providing confirmation that governance and risk management practices continue to operate satisfactorily.

- **Capital Adequacy:** The 2025 ICAAP reaffirmed that the Bank holds capital well in excess of the level required to cover its risks. As at 31 December 2025, CET1 capital remained stable at \$122.2 million (2024: \$121.9 million), and the Bank's capital ratio continued to exceed both regulatory minimums and internal thresholds, providing ample capacity to support planned growth and absorb stress events.
- **Liquidity Risk Management:** The 2025 ILAAP incorporated updated stress scenarios and behavioural assumptions to ensure that liquidity remains well-controlled. As at year-end, the Bank maintained LCR and NSFR ratios above the 100% regulatory minimum, supported by a strong deposit base, a high-quality liquid asset buffer, and active liquidity monitoring throughout the year.
- **Operational Resilience:** The Bank continued to refine its operational resilience framework by reviewing and testing its Important Business Services, as well as the processes, technology, and third-party arrangements that support them. Regular assessments ensured that the Bank retained the ability to deliver critical services within its defined impact tolerances, even under severe but plausible scenarios.

A detailed description of the Bank's principal risks and uncertainties, together with its financial risk management strategies, is included in the Strategic Report. Additional quantitative disclosures, including analysis of risk and sensitivities, are provided in Note 21 to the Financial Statements.

#### *Regulatory and Compliance Disclosures*

The Bank qualifies for an exemption from energy and carbon reporting under *The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018*, as it does not exceed the thresholds that trigger mandatory reporting. As such, disclosure of energy consumption, greenhouse gas emissions, and associated efficiency initiatives is not required.

### *Outlook*

The Bank will continue to advance its strategic priorities in 2026 by pursuing growth in well-defined asset segments, maintaining disciplined deposit pricing, and optimising cost efficiency. Opportunities to broaden the Bank's product suite, including selective lending and deposit offerings for the Filipino community in the UK, will be evaluated with reference to capacity, regulatory expectations, and overall market conditions. The Board remains focused on ensuring sustainable performance while upholding the Bank's commitment to strong governance and robust risk management.

### *Dividend*

The directors have not recommended a dividend for 2025 (2024: nil).

## **DIRECTORS AND SECRETARIES**

The directors who each held office as Director of the Bank throughout the period and until the date of this report, unless disclosed otherwise here:

Mr Jose Teodoro Limcaoco, President & CEO of the BPI Group and Chairman of BPI Europe Board

Mr Alexander John Shapland, INED and Chairman of the Audit and Risk Committee

Ms Lizbeth Joan Yulo, Managing Director of BPI Europe

Mr Martin Lynch O'Neil, INED

Mr Robert David Reoch, INED

Ms Maria Theresa Marcial, Executive Director

Mr Dino Gasmien, Executive Director

The Secretary who held office throughout the period and until the date of this report was:

Mr Chi Wai Lu

## **THIRD PARTY INDEMNITIES**

The Bank has arranged qualifying third-party indemnity insurance for all Directors. BPI Europe is a wholly-owned subsidiary of BPI Parent which is incorporated under the laws of the Republic of the Philippines. The interests of the BPI Group directors are disclosed in the financial statements of BPI Parent.

## **POLICY ON THE PAYMENT OF CREDITORS**

It is the Bank's policy, in respect of all suppliers, to settle its obligations to creditors within 30 days of invoice date. The number of creditor days in relation to suppliers' balance outstanding at 31 December 2025 was not more than 30 days.

## **INTERNAL CONTROLS**

BPI Europe's internal control mechanism finds its basis in the enterprise-wide risk management framework (EWRMF). The EWRMF lays out Board-approved parameters, controls, and governance structures that guide BPI Europe management in executing its activities while also managing its financial and non-financial risks. It uses the "three lines of defence" model, which fosters a strong

governance, risk management, and controls culture that entails establishing limits, monitoring and controlling of risk exposures, and timely, accurate and comprehensive reporting through management information. The model defines the risk management responsibilities of each unit as follows:

**1. First Line of Defence (Risk Ownership).** BPI Europe's first line of defence includes the majority of the Bank's personnel and management who are responsible for the day-to-day risk-taking activities of the Bank. The responsible parties for such activities are the Wholesale and Retail Operations Units, who ensure the efficient use of capital and enter transactions that are within the Bank's approved risk appetite. An annual Risk and Control Self-Assessment (RCSA) exercise is also carried out bank-wide to ensure that risks are properly identified, and controls to mitigate these risks are established and observed.

**2. Second Line of Defence (Risk Management Oversight).** The Compliance and Risk Management Units perform the compliance and risk management oversight functions, respectively, and as such, remain independent of business units which form the first line of defence. The second line ensures that the Bank is kept abreast of relevant regulatory rules and standards and that the firm has adequate resources to comply with these rules. The Units perform regular assessments of the Bank's systems and controls and make recommendations for process improvements based on its evaluations. They are responsible for providing the Bank with the risk management and compliance frameworks, tools, and policies to aid the first line of defence in remaining compliant with current and future policies and regulations. The Heads of Risk Management and Compliance also have a direct functional reporting line to the Bank's Audit & Risk Committee and its Chair.

**3. Third Line of Defence (Independent Assurance).** The Bank's Internal Audit, outsourced to BPI Parent's Internal Audit, performs the independent monitoring, review, and assessment of the its compliance to rules, regulations, and policies and the effectiveness of the its EWRMF. As necessary, the Bank engages the services of a local, reputable third-party subject matter expert to conduct a deep-dive analysis on regulatory matters of topical importance to further supplement the efforts of Internal Audit.

**4. Governing Bodies.** The Bank's Audit and Risk Committee is a Board-level Committee that sits above the Three Lines of Defence. It has the overall responsibility of providing direction and guidance on how to comply with the Bank's risk appetite. The Committee monitors the risk exposures and regulatory compliance status of the Bank through reviews of the various management information regularly provided.

## **GOING CONCERN**

### **Overview**

BPI Europe remains a going concern, supported by strong capital and liquidity positions that remained comfortably above regulatory requirements throughout 2025. The Bank's financial position improved during the year, reflecting disciplined balance sheet management, a stable funding profile, and a cautious approach to growth aligned with risk appetite. Capital planning, liquidity management, and funding practices were maintained with a focus on resilience, ensuring adequate headroom to absorb

stress and support ongoing operations. Governance, risk management, and operational resilience arrangements, including cyber security oversight supported by the Parent Bank, continue to provide a sound framework for the continuity of the Bank's activities over the going concern assessment horizon.

### **Current Financial Position**

Improved operating conditions and disciplined balance sheet actions supported a return to profit, with net income before tax of \$932,677 for the year ended 31 December 2025, following a loss in 2024. Net interest income increased to \$5.1 million (2024: \$3.7 million) driven by targeted balance sheet growth, a deliberate shift toward higher-yielding assets, and lower funding costs achieved through deposit repricing and a more efficient term mix. Non-interest income results were lower than the previous year owing to realised losses on disposals of legacy securities and FX volatility. These items were specific to 2025 and are not expected to recur at comparable levels under the base outlook. Operating expenses increased with higher business volumes and service requirements but closed below plan, reflecting continued cost discipline.

Total assets closed at \$283.9 million. Loans increased in line with strategy, trading exposures were reduced to manage volatility and fund flows, and banking book holdings were calibrated to stabilise earnings. Deposits grew on disciplined pricing. Shareholder's funds remained broadly stable at \$122.2 million, and liquidity was maintained within risk appetite throughout the period.

### **Capital Position**

The Bank's capital position remained strong throughout 2025. The Internal Capital Adequacy Assessment Process (ICAAP) considered all material risks and severe-but-plausible stresses and determined an overall capital requirement of 28.5%, exceeding the PRA requirement of 24.5%. As at 31 December 2025, the capital ratio stood at 56.3%, comfortably above internal thresholds and regulatory minima. Stress and reverse-stress testing indicate that capital ratios remain above requirements under severe conditions, with breaching combinations of shocks assessed as remote in light of risk appetite, established controls, and available management actions. The prevailing capital headroom supports measured growth while maintaining resilience to adverse conditions and regulatory change.

### **Liquidity Position**

BPI Europe maintained a strong liquidity profile throughout 2025, calibrated to withstand adverse market conditions. The 2025 Internal Liquidity Adequacy Assessment Process (ILAAP) incorporated current risk drivers and reaffirmed the appropriateness of stress scenarios. As at 31 December 2025, the Liquidity Coverage Ratio (LCR) was 206.3% and Net Stable Funding Ratio (NSFR) was 154.5%, against internal limits of 120% for LCR and 110% for NSFR and regulatory minima of 100% for both. Liquidity was managed with no breaches of internal or regulatory limits; outflows associated with maturing placements in December were handled in an orderly manner and, where appropriate, supplemented by short-term borrowings within risk appetite.

### **Operational Resilience**

Operational resilience has been enhanced through strengthened risk management, governance, and process improvements consistent with regulatory expectations. The Bank operates a three-lines-of-

defence model with Board and senior management oversight. Business continuity planning, scenario analysis and resilience exercises address potential disruptions, including third-party and supply-chain dependencies, cyber threats, and market shocks. Ongoing staff training, vendor oversight, strengthening of controls, and process optimisation support continuity of critical services across a range of conditions.

### **Cyber Risk Management**

BPI Europe's cyber risk posture is anchored in the Parent Bank's cybersecurity framework, with local governance and oversight. In 2025, an independent security assessment by the Parent Bank's information and enterprise security functions confirmed that core controls, policies, and awareness are in place and effective. The review identified areas for enhancement, for which management has initiated a time-bound remediation programme aligned to risk appetite and extending through 2026. Oversight is maintained via established governance forums, with progress tracked and residual risk monitored. On this basis, management assesses that cyber risk is being actively managed within risk appetite over the going-concern horizon.

### **Expansion Plans**

For 2026, management's priorities are resilience and measured balance sheet growth within capital and liquidity constraints. Over the next twelve months, balance sheet expansion is expected to be primarily loan-led, with growth focused on higher-yielding assets originated under disciplined underwriting standards. This is supported by continued portfolio calibration and stable funding optimisation, including reduced reliance on more volatile trading activities and greater emphasis on banking book assets to stabilise earnings.

Earnings over the forecast period are expected to benefit from stable net interest margins, supported by asset repricing, selective deployment into higher-return lending, and continued optimisation of funding costs. On the liability side, margin resilience is reinforced through deposit repricing, an improved term mix, and actions to lengthen average deposit tenors, which together reduce rollover risk and pricing pressure. Operating expenses are expected to increase only modestly, reflecting essential services and targeted capability uplift, with cost growth managed through continued focus on productivity, vendor oversight, and prioritisation of spend.

Liquidity and funding resilience over the next twelve months is further supported by planned funding diversification initiatives, including the assessment and potential onboarding of an additional retail deposit aggregator to reduce concentration risk, as well as an intensified deposit-gathering campaign in collaboration with the Parent Bank's Wealth partners, targeting stable, relationship-based balances. These actions are intended to broaden the depositor base, improve tenor dispersion, and enhance funding durability under both base case and stressed conditions.

Capital and liquidity strength over the next twelve months reflects the Bank's strong opening capital position, forecast profitability, and a growth profile calibrated to remain within risk appetite. Liquidity forecasts assume continued reliance on a predominantly retail deposit base, supported by maturity laddering, tenor diversification, and access to wholesale and secured funding options, providing sufficient headroom to manage contractual outflows, stress scenarios, and funding renewal risk during the period.

Execution of the plan is underpinned by strengthened first and second-line controls, regular monitoring of capital, liquidity, and funding metrics against budgeted levels, and alignment of resources to forecast business volumes. Should actual conditions differ from expectations, management actions embedded within the plan include moderating balance sheet growth, adjusting pricing, deferring discretionary expenditure, and deploying surplus liquidity buffers, ensuring that the Bank can continue to meet its obligations as they fall due over the next twelve months.

### **Litigation and Regulatory Matters**

As of the date of this statement, the Bank has no material litigation that would significantly impact financial stability or operations. Legal matters are managed within risk tolerance and provisioned as appropriate. The Bank maintained strict compliance with regulatory and legal standards and continued to monitor regulatory developments, adjusting policies and processes as needed to ensure compliance.

### **Impacts of Geopolitical Events**

Management has assessed the potential impact of current geopolitical and macroeconomic developments on the Bank's operations, financial position, and going concern outlook, including the effectiveness of existing mitigation measures. The Bank has no direct or indirect exposures to Israel or Iran and no material business activities, counterparties, or investments in the Middle East region. In forming its assessment, management has also considered the potential for indirect effects arising from higher energy costs, increased market volatility, and changes in broader economic conditions.

While volatility has been observed across financial markets, management assesses that this primarily reflects general market repricing rather than stress arising from the Bank's underlying credit exposures. Portfolio credit indicators, including payment performance, early warning signals, and staging outcomes, have remained stable and consistent with management expectations.

The escalation of tensions involving Iran, Israel, and the United States occurred after the reporting date and has therefore been treated as a post-balance sheet, non-adjusting event, as appropriately disclosed in the financial statements. Management continues to monitor developments closely and has incorporated prevailing conditions into ongoing portfolio monitoring and forward-looking risk assessments, with particular attention to sectors more sensitive to energy prices and supply-chain disruption. Such exposures remain limited in scale and within risk appetite.

The conflict between Russia and Ukraine continued to be monitored and did not have a significant impact on the Bank during the current year. Scenario and stress analysis incorporating adverse macroeconomic assumptions, including sustained cost pressures and heightened volatility, indicate that the Bank maintains sufficient capital and liquidity headroom to absorb such conditions while continuing to meet its obligations as they fall due. On this basis, management considers that geopolitical developments do not give rise to conditions that would undermine the Bank's financial resilience or its ability to continue as a going concern over the assessment horizon.

### **Assessment of Material Uncertainties**

Management assessed whether events or conditions exist that may cast significant doubt on the

Bank's ability to continue as going concern. Reliance on the aggregator platform for retail deposits is managed through disciplined pricing, term-mix optimisation, and maturity laddering, supported by contingency arrangements detailed in the ILAAP. The risk of margin compression in a lower-rate environment is mitigated by structural improvements in asset-liability dynamics observed by year-end 2025 and continued actions to reduce funding costs and prioritise risk-adjusted deployment. Market and FX volatility are governed by established limits and hedging disciplines, with exposures calibrated to appetite. Operational and cyber risks are overseen within the Bank's governance framework and supported by group infrastructure with local accountability. On this basis, management has not identified material uncertainties that would cast significant doubt on the Bank's ability to continue as a going concern over the assessment horizon.

Having considered capital adequacy, liquidity and funding, operational resilience and cyber posture, the current risk profile, and forward execution plans, the Board has a reasonable expectation that BPI Europe has adequate resources to continue in operational existence and to meet its obligations as they fall due for at least twelve months from the date of approval of the 2025 Annual Report and Financial Statements. Accordingly, the financial statements are prepared on a going concern basis for a period of at least twelve months from when the financial statement are authorised for issue.

**DISCLOSURE OF INFORMATION TO AUDITORS**

For all directors at the time when the report is approved, the following apply:

- As far as the director is aware, there is no relevant audit information of which the Bank's auditors are unaware; and
- The director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Bank's auditors are aware of that information.

**INDEPENDENT AUDITORS**

Forvis Mazars LLP has expressed its willingness to continue in office. The Directors recommend the reappointment of Forvis Mazars LLP as the Statutory Auditor of the Bank for the year ended 31 December 2026 and a resolution proposing the reappointment of Forvis Mazars LLP as auditors of the Bank will be put to the sole shareholder at the Annual General Meeting.

On behalf of the Board



Ms Lizbeth Joan Yulo  
Managing Director  
24 April 2026

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the directors' report and financial statements in accordance with applicable laws and regulations.

Company law requires directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). The directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable the users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance;
- in respect of the financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Annual Report and Financial Statements as they appear on our website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Independent auditor's report to the member of Bank of the Philippine Islands (Europe) Plc

## Opinion

We have audited the financial statements of Bank of the Philippine Islands (Europe) Plc (the 'Bank') for the year ended 31 December 2025 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Movement in Shareholder's Funds and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Bank's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the Bank's ability to continue to adopt

the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Bank's future financial performance;
- Assessing the sufficiency of the Bank's capital and liquidity taking into consideration the most recent Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Assessment Process ('ILAAP') documents, and evaluating the results of management's stress testing and reverse stress testing, including consideration of principal risks on liquidity and regulatory capital;
- Challenging the appropriateness of the directors' key assumptions used in their forecasts, by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the directors' consideration of stress testing on the Bank's capital and liquidity and their consideration of severe but plausible scenarios;
- Assessing the reasonableness and testing the arithmetical accuracy of the forecasts prepared by the directors, including evaluating the historical accuracy of past forecasts;
- Inspecting regulatory correspondence and minutes of meetings of the Audit and Risk Committee and the Board of Directors to identify events or conditions that may impact the Bank's ability to continue as a going concern;
- Considering whether there were events subsequent to the balance sheet date which could have a bearing on the Bank's going concern conclusion;
- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Bank's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in

our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matter in forming our opinion above, together with an overview of the principal audit procedures performed to address the matter and our key observations arising from those procedures.

This matter, together with our findings, was communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
<p><b>Credit risk: Provision for impairment on loans and advances to customers</b></p> <p><i>Refer to the significant accounting policies (note 3n) and notes 4 and 13 of the financial statements.</i></p> <p>As at 31 December 2025, the provision for impairment on loans and advances to customers was \$141,379 (2024: \$9,860) comprising of a collective provision across the portfolio.</p> <p>Credit risk is an inherently judgemental area due to the use of subjective assumptions and a high degree of estimation in arriving at the year-end impairment provision. The Bank has limited historical loss experience to support its collective impairment assessment of the loan portfolio. Consequently, management judgement is required to develop the assumptions used in the impairment modelling process. As at the reporting date, the loan portfolio is performing, and no specific provision has been assessed.</p> <p>Management applies judgement in estimating the</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Evaluating the design and implementation and testing the operating effectiveness of the key controls operating at the Bank in relation to the credit process (monitoring of loans and impairment provisioning);</li> <li>• Assessing management’s ability to identify impaired loans by reviewing adequacy of the credit reviews performed by management for material corporate loan counterparties;</li> <li>• Critically assessing how management has performed the accounting estimate, including reasonableness and accuracy of external and internal data used, and considering whether this is consistent with our understanding of the Bank’s loan portfolio;</li> <li>• Testing the accuracy of the credit ratings assigned and the LGD applied against each exposure;</li> <li>• Developing an auditor’s range estimate of the collective provision using internal and external data relevant to the Bank’s loan portfolio;</li> </ul>

Key Audit Matter	How our scope addressed this matter
<p>loss emergence period ('LEP') and uses 12- month average default rates as probabilities of default ('PD'), sourced from external credit rating agencies, therefore judgement is required to calibrate the PD assumption against each rated exposure. In addition, the loss given default ('LGD') is calculated using historical global recovery rates allocated against each credit rating. The inputs to the model are historical default rates and recovery rates from studies of S&amp;P and Thomson Reuters.</p> <p>Under plausible stress scenarios, the collective provision could exceed the overall materiality threshold of the financial statements, therefore, this has been assessed as a significant audit risk.</p>	<ul style="list-style-type: none"> <li>• Performing a stand-back assessment of the key assumptions such as LEP and PD used in forming the collective impairment estimate to assess the appropriateness of the collective provision; and</li> <li>• Assessing the appropriateness and adequacy of the disclosures relating to provisions for impairment losses on loans and advances to customers.</li> </ul> <p><b>Our observations</b></p> <p>Based on the procedures performed, we concluded that the provision for impairment on loans and advances to customers and the associated disclosures are not materially misstated as at 31 December 2025 as per FRS 102.</p>

### Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	\$1,222,000 (2024: \$1,212,000)
How we determined it	1% of total shareholder's funds (2024: 1% of total shareholder's funds)
Rationale for benchmark applied	The Bank has a recent history of losses and total shareholder's funds is deemed to be the most appropriate benchmark given this is the main focus of the shareholder to assess the value of their investment. Furthermore, total shareholder's funds is used as a benchmark because regulatory capital is a key measure for both management and regulators. Total shareholder's funds effectively approximate the resources considered as regulatory capital.

Performance materiality	<p>Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.</p> <p>We set performance materiality at \$855,000 (2024: \$848,900), which represents 70% (2024: 70%) of overall materiality.</p> <p>In determining the performance materiality, we considered a number of factors, including the level and nature of uncorrected and corrected misstatements in the prior year and the effectiveness of the control environment, and concluded that an amount towards the upper end our normal range was appropriate.</p>
Reporting threshold	<p>We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above \$36,600 (2024: \$36,300) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.</p>

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Bank, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

**Other information**

The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives

rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Bank and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Bank, or returns adequate for our audit have not been received from branches not visited by us; or
- the Bank financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Bank or to cease

operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Bank and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: regulations and supervisory requirements of the Prudential Regulation Authority ('PRA') and of the Financial Conduct Authority ('FCA').

- Gaining an understanding of the legal and regulatory framework applicable to the Bank and the industry in which it operates, and considering the risk of acts by the Bank which were contrary to the applicable laws and regulations, including fraud;
- Enquiring of the directors, management and, where appropriate, those charged with governance, as to whether the Bank is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities including the PRA and the FCA and attending a bilateral meeting with the PRA;
- Inspecting minutes of meetings of the board of directors and the Audit and Risk Committee held during the year and up to the signing date of the financial statements; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Companies Act 2006 and UK tax legislation.

In addition, we evaluated the directors' and management's incentives and opportunities for

fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the accuracy assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud. The Bank operates in the financial services industry, which is a highly regulated environment. The engagement team have extensive experience of working with banks, and this experience was relevant to the discussion about where fraud risks may arise;
- Addressing the risks of fraud through management override of controls by performing journal entry testing; and
- Being sceptical to the potential of management bias through judgements and assumptions in significant accounting estimates including revenue recognition in relation to effective interest rate accounting (relating to the accuracy assertion) and significant one-off or unusual transactions.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the “Key audit matters” section of this report.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor’s report.

#### **Other matters which we are required to address**

Following the recommendation of the Audit and Risk Committee, we were appointed by the Board of Directors on 24 June 2020 to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement is six years, covering the years ended 31 December 2020 to 31 December 2025.

The non-audit services prohibited by the FRC’s Ethical Standard were not provided to the Bank and

we remain independent of the Bank in conducting our audit.

Our audit opinion is consistent with our additional report to the Audit and Risk Committee.

### **Use of the audit report**

This report is made solely to the Bank's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Bank's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's members as a body for our audit work, for this report, or for the opinions we have formed.



Greg Simpson (Senior Statutory Auditor)  
for and on behalf of Forvis Mazars LLP  
Chartered Accountants and Statutory Auditor  
30 Old Bailey  
London  
EC4M 7AU  
24 April 2026

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2025

		Year Ended 31 Dec 25	Year Ended 31 Dec 24
	Note	\$	\$
Interest receivable and similar income		11,283,426	8,343,493
Interest payable and similar charges		(6,228,718)	(4,641,394)
<b>Net interest income</b>	8	<b>5,054,708</b>	<b>3,702,099</b>
Fees and commission income	9	41,562	141,289
Foreign exchange (loss)/gain	10	(420,330)	127,927
Gain on sale of investments	11	1,066,619	504,529
Other operating income		3,231	17,758
<b>Operating Income</b>		<b>5,745,790</b>	<b>4,493,602</b>
Administrative expenses	5	(4,345,837)	(3,610,660)
Depreciation	16	(32,989)	(30,774)
Impairment charges	13	(131,519)	(1,649,293)
<b>Profit/(Loss) on ordinary activities before taxation</b>		<b>1,235,445</b>	<b>(797,125)</b>
Income tax (charge)/credit	12	(302,768)	196,779
<b>Profit/(Loss) for the Financial Year</b>		<b>932,677</b>	<b>(600,346)</b>

The above Profit and Loss Account should be read in conjunction with the accompanying notes, which form an integral part of the financial statements. The Bank has no other comprehensive income or expenses other than the results for the year as set out above and therefore no separate statement of comprehensive income has been presented.

All profit for the year is attributable to the equity shareholder of the Bank and arises from continuing activities.

## BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2025

		Year Ended 31 Dec 25 \$	Year Ended 31 Dec 24 \$
<b>ASSETS</b>	Note		
Cash		4,042	5,029
Loans and advances to banks		10,226,245	2,725,089
Loans and advances to customers	14	121,682,050	73,129,828
Amounts due from group undertakings		13,472	19,057
Investment in securities	15	151,146,088	151,772,387
Derivative Assets	24	315,365	395,392
Tangible fixed assets	16	108,352	139,257
Deferred tax asset	12	148,706	451,474
Other assets	17	247,527	226,234
<b>TOTAL ASSETS</b>		<b>283,891,847</b>	<b>228,863,747</b>
<b>LIABILITIES</b>			
Deposits from customers	18	142,032,600	88,970,695
Bank borrowings	19	5,005,375	1,790,256
Amounts due to group undertakings	25	13,716,745	15,306,531
Derivative liabilities	24	475,266	1,061,512
Other liabilities	20	443,968	449,537
<b>TOTAL LIABILITIES</b>		<b>161,673,954</b>	<b>107,578,531</b>
<b>TOTAL ASSETS LESS LIABILITIES</b>		<b>122,217,893</b>	<b>121,285,216</b>
Called up share capital	23	120,390,000	120,390,000
Profit and loss account		1,827,893	895,216
<b>TOTAL SHAREHOLDER'S FUNDS</b>		<b>122,217,893</b>	<b>121,285,216</b>

The above balance sheet should be read in conjunction with the accompanying notes, which form an integral part of the financial statements. The financial statements on pages 35 to 62 were approved by the Board of Directors and authorised for issue on 24 April 2026 and are signed on their behalf by Ms Lizbeth Joan Yulo.



Ms Lizbeth Joan Yulo  
Managing Director

## STATEMENT OF MOVEMENT IN SHAREHOLDER'S FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Called up share capital \$	Profit and loss account \$	Total shareholder's funds \$
<b>Balance as at 1 January 2024</b>	<b>120,390,000</b>	<b>1,495,562</b>	<b>121,885,562</b>
Loss for the year	-	(600,346)	(600,346)
<b>Balance as at 31 December 2024</b>	<b>120,390,000</b>	<b>895,216</b>	<b>121,285,216</b>
<b>Balance as at 1 January 2025</b>	<b>120,390,000</b>	<b>895,216</b>	<b>121,285,216</b>
Profit for the year	-	932,677	932,677
<b>Balance as at 31 December 2025</b>	<b>120,390,000</b>	<b>1,827,893</b>	<b>122,217,893</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Bank of the Philippine Islands (Europe) Plc (“BPI Europe” or “the Bank”) is a public company limited by shares, registered in England and Wales (registered number 05888535). It was incorporated in London, United Kingdom on 27 July 2006 and obtained its authorisation to provide regulated products and services on 26 April 2007, which includes the following permissions: accepting deposits, dealing in investments as principal, and agreeing to carry out a regulated activity. It is a UK-licensed bank authorised by the Prudential Regulation Authority (PRA) and regulated by the PRA and the Financial Conduct Authority (FCA). The Bank’s registered office address is 6f 95 Aldwych, London WC2B 4JF.

## 2. STATEMENT OF COMPLIANCE

The financial statements of the Bank have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”) and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### a) Basis of preparation of financial statements

These financial statements are under the historical cost convention as modified for revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

### b) Going Concern

The financial statements are prepared on a going concern basis.

In the annual review and update of its Risk Management Framework documents, the Bank considered the severe and plausible stress scenarios factoring in the current volatilities in the market brought about by the ongoing geopolitical risks directly or indirectly impacting the Bank’s business, interest rate changes, and asset quality deterioration, among others. In all cases, the stress scenarios identified in the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) were proven to be more severe than the scenarios that actually played out.

The Bank meets its day-to-day working capital requirements through its banking facilities.

The Directors have a reasonable expectation that the Bank has adequate resources to continue in operational existence for a period of at least twelve months from the approval of the financial statements. In making this assessment, the Directors have considered the risks associated with both the Bank's business, profitability projections, liquidity, funding, and capital plans incorporated in its strategy. The Directors have conducted this assessment and are satisfied that the Bank will have adequate resources to continue in business for a period of at least twelve months from when the financial statements are authorised for issue.

**c) Exemptions for qualifying entities under FRS 102**

In preparing these financial statements, BPI Europe has taken advantage of the disclosure exemption on the requirement of Section 7 Statement of Cash Flows, as permitted by the FRS 102 'The Financial Reporting Standards applicable in the UK and Republic of Ireland'. The Bank is wholly-owned by BPI, a bank incorporated in the Republic of the Philippines and which publishes a consolidated Cash Flow Statement, Balance Sheet, and Income Statement. Details of the BPI's Registered Office and website, where copies of the consolidated financial statements may be found, are available in Note 26 of the Notes to the Financial Statements. The Bank's Shareholder has been notified and have not objected to the use of this exemption, and otherwise apply the recognition, measurement, and disclosures of FRS 102.

**d) Foreign currency**

**i. Functional and presentation currency**

The Bank's functional and presentation currency is USD.

**ii. Transactions and balances**

Foreign currency transactions are translated into the functional currency using the end-of-day foreign exchange rates on transaction date. At the end of each financial reporting period, foreign currency monetary items are translated using the day's closing exchange rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of transactions and from the revaluation of foreign currency denominated assets and liabilities are recognised in the profit and loss account.

**e) Recognition of income**

Income arising from fees and commissions is recognised when the related service is provided. Fees and commission income comprises amounts earned from various banking services provided to customers and counterparties, including loan referral arrangements, customer account-related fees (such as below-minimum balance charges), and fees earned from acting as process agent for counterparties under contractual agreements.

Interest income on loans and advances, interbank placements, and investment in debt securities is recognised on an accrual basis using the effective interest method. Gains or losses on trading of fixed income securities investments are recognised on disposal of the debt

securities and from fair value movements in the period in which they arise.

**f) Cash**

Cash represents cash in hand which consists of physical notes and coins held by the Bank.

**g) Loans and advances to banks**

Loans and advances to banks comprise placements and deposits with banks and other financial institutions, including accrued interest. These balances are measured at amortised cost, less any impairment provision, where applicable, reflecting their expected realisable value. The Bank assessed credit risk on these balances regularly, considering counterparty creditworthiness and prevailing market conditions.

**h) Fixed assets**

Tangible fixed assets are stated at cost, net of accumulated depreciation and any impairment provisions, where applicable. Depreciation is charged over the asset's estimated useful life to reflect its gradual consumption in operations.

**i) Depreciation**

Depreciation is calculated over the useful economic life of the asset, less its residual value, as follows:

Leasehold Improvements	Over the period of the lease
Office Furniture	5 years, straight line
Computer Equipment	5 years, straight line

**j) Borrowing costs**

All borrowing costs are recognised in profit and loss accounts in the period in which they are incurred. The carrying amounts include accrued interest. Interest expense on customer deposits and bank borrowings is recognised on an accrual basis using the effective interest method. Income/loss from foreign exchange transactions is recognised on transaction date and from the daily revaluation of foreign currency positions.

**k) Operating lease agreements**

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight-line basis over the period of the lease.

**l) Pension costs**

The Bank operates a defined contribution pension plan, under which it pays fixed contributions, in line with statutory minimum requirements, into a separate entity. Once the contributions are made, the Bank has no further obligations to make additional payments. The contributions are recognised as an expense in the profit and loss account when they become due. Any unpaid contributions at the reporting date are recorded under payables in the balance sheet. The assets of each individual's pension plan are held separately from the Bank's assets in funds selected by the employees.

#### **m) Taxation**

The charge for taxation is based on the profit for the year and takes into account deferred taxes. Current tax is measured at amounts expected to be paid using the tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, or to receive more tax.

The Bank recognises deferred tax assets on the carry forward tax losses to the extent that it is probable that they will be recovered against future taxable profits. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that related tax benefits will be realised. The deferred tax asset is estimated and recognised at an applicable tax rate as of December 2025. Deferred tax balances are not discounted.

#### **n) Financial instruments**

The Bank has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### **i. Financial assets**

Basic financial assets, including loans and advances to banks, loans and advances to customers, amounts due from group undertakings, cash, and investments in debt securities at amortised cost are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Debt securities for trading are measured at fair value with the transaction costs recognised immediately in the profit or loss. Subsequent to initial recognition, the fair value is determined using prevailing market rates on a daily basis. Realised and unrealised trading gains or losses are recognised as part of the Gains or losses on sale of investments in the Profit or Loss statement.

Financial assets booked at amortised cost, such as loans, are regularly tested for impairment based on objective evidence of deterioration in the asset's credit quality since the time of its booking and/or since the last impairment review. The impairment review is based on the asset's credit worthiness, which is assessed based on relevant and available information on past events, current conditions, and future expectations. At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is measured as the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss, if any, is recognised in the profit and loss account. As a prudential measure, the Bank sets loan loss provision for syndicated loans to act as buffer for potential losses that may be incurred for the year. In estimating the loss provision, the Bank uses the Incurred Loss methodology by deriving

default rates from observable market data.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities

Basic financial liabilities, including deposits from customers, amounts due to group undertakings, bank borrowings, amounts due to other banks, and other liabilities, are initially recognised at transaction price, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled or expired.

iii. Derivatives

BPI Europe holds non-basic financial instruments, specifically plain vanilla derivatives, including foreign exchange swaps. These instruments are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at fair value at each reporting date using latest available market data.

Changes in the fair value of these non-basic financial instruments are recognised in the profit and loss account.

**o) Provisions and Contingencies**

i. Provisions

Provisions are recognised when the Bank has an obligation at the reporting date as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

The Bank has not made any provision for anticipated operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

ii. Contingencies

Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of assets embodying economic benefits is remote. A contingent liability is either:

- (1) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (2) a present obligation that arises from past events but is not recognised because:

- 2.1 it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- 2.2 the amount of the obligation cannot be measured with sufficient reliability.

**p) Share capital**

Ordinary shares are classified as equity.

#### **4. ASSUMPTIONS, JUDGEMENTS, AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements in compliance with FRS 102 required management to make judgements, estimates, and assumptions that affect the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. The key areas where judgements, estimate, and assumptions have been applied are as follows:

##### **Critical Accounting Judgements**

Accounting judgements involve decisions where alternative interpretations exist under accounting standards.

**a. Functional Currency Determination**

Management has exercised judgement in determining the Bank's functional currency, which reflects the primary economic environment in which the Bank operates. This assessment considers factors such as the currency of the Bank's principal transactions, the currency in which funds from financing activities are generated, and the impact of exchange rate fluctuations. Based on these factors, USD has been determined as the functional currency for 2025 (2024: USD).

**b. Recognition of Deferred Tax Assets**

The Bank recognises deferred income tax assets on carried forward tax losses to the extent that sufficient future taxable profits or taxable temporary differences are expected to be available against which the tax losses can be utilised. Judgement is required in assessing the probability of future taxable income based on financial forecasts and the Bank's performance. As of 31 December 2025, a deferred tax asset of \$148,706 (2024: \$451,473) has been recognised.

##### **Key Assumptions**

Certain accounting estimates rely on key assumptions that could significantly impact the financial statements.

**a. Future Taxable Profits for Deferred Tax Asset Recognition**

The recognition of deferred tax assets depends on assumptions about future profitability and the ability to generate taxable income in subsequent periods. The latest budget, which reflects improved revenue generation due to higher trading volumes and increased customer activity, supports the recoverability of tax losses carried forward. These assumptions are reviewed periodically to ensure alignment with actual financial performance.

b. Long-Run Probability of Default Assumptions for Collective Loan Provisions

The estimation of collective loan provisions incorporates a long-run probability of default (PD) assumption that reflects expected macroeconomic conditions over the one-year emergence period. This assumption supports the alignment of provisioning estimates with unidentified credit risk factors and is applied consistently with the Bank's established impairment methodology.

## 5. ADMINISTRATIVE EXPENSES

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
Staff costs	2,100,703	1,811,647
Management & other professional fees	679,871	589,017
Bank charges	170,390	171,244
Premises	346,284	298,625
Taxes and licenses	202,325	236,397
Deposit referral fees	280,446	59,515
Other operating expenses	565,818	444,215
<b>Total</b>	<b>4,345,837</b>	<b>3,610,660</b>

Deposit referral fees (previously described as *referral commission*) represent fees paid to a third-party deposit aggregator in respect of retail deposits introduced to the Bank.

Other operating expenses include technology costs, subscriptions, postage and communications, and other miscellaneous expenses.

Management & other professional fees include Auditor's Remuneration set out below:

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
Auditor's Remuneration:		
Fees payable to the Bank's auditors for the audit of the Bank's annual accounts	311,590	250,026
Fees payable to the Bank's auditors for other services pursuant to legislation (CASS Limited Assurance Engagement)	12,767	10,980
<b>Total</b>	<b>324,357</b>	<b>261,007</b>

These amounts include payment of \$64,987 in 2025 and \$38,274 in 2024 in relation to audit overrun costs for 2024 and 2023, respectively.

## 6. PARTICULARS OF EMPLOYEES

The average number of staff employed by the Bank during the financial year amounted to:

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
Number of administrative staff	15	14
Number of management staff	6	6
<b>Total</b>	<b>21</b>	<b>20</b>

The staff costs recognised under “Administrative expenses” in the Profit or Loss statement were:

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
Wages and salaries	1,878,997	1,659,224
Social security costs	191,120	107,018
Other staff costs	30,586	45,405
<b>Total staff costs</b>	<b>2,100,703</b>	<b>1,811,647</b>

Other staff costs include share to pension fund.

## 7. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
Directors' remuneration	496,244	445,241
Highest paid director	315,029	280,849
Pension contributions	2,325	1,806

Directors are not entitled to either shares or share options under long-term incentive schemes. No director holds or has exercised share options in the Bank. Out of the four (4) directors on BPI Europe payroll, only two (2) have pension contributions.

Directors' emoluments are included within staff costs in Note 5 above and in the Profit and Loss account.

## 8. NET INTEREST INCOME

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
(a) Interest receivable and similar income		
Loans and advances to banks	383,154	150,924
Investment in securities	5,078,235	3,844,729
Loans and advances to customers	5,801,557	4,340,434
Others	20,480	7,406
	<b>11,283,426</b>	<b>8,343,493</b>
(b) Interest payable and similar charges		
Borrowings	(244,224)	(2,456,376)
Customer Deposits	(5,962,111)	(2,182,648)
Others	(22,383)	(2,370)
	<b>(6,228,718)</b>	<b>(4,641,394)</b>
(c) Net interest income	<b>5,054,708</b>	<b>3,702,099</b>

Amount under investment in securities include effective interest rate adjustment of \$474,574 in 2025 (2024: \$1,047,063) to reflect premiums/discounts on acquisition.

## 9. FEES AND COMMISSION INCOME

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
Loan referral fees	-	46,784
Below minimum balance fees	33,765	94,505
Process agent fees	7,532	-
Service charge for bank transfers	265	-
<b>Total</b>	<b>41,562</b>	<b>141,289</b>

## 10. FOREIGN EXCHANGE (LOSS)/GAIN

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
Realised gains/(losses)	1,902,230	(1,191,256)
Unrealised (losses)/gains	(2,322,560)	1,319,183
<b>Total</b>	<b>(420,330)</b>	<b>127,927</b>

Unrealised (losses)/gains include movement in FX swaps of \$506K (2024: \$171K).

## 11. GAIN ON SALE OF INVESTMENTS

	Year Ended 31 Dec 25	Year Ended 31 Dec 24
	\$	\$
Realised gains	951,250	672,763
Unrealised gains/(losses)	115,369	(168,234)
<b>Total</b>	<b>1,066,619</b>	<b>504,529</b>

## 12. TAX (CHARGE)/CREDIT ON ORDINARY ACTIVITIES

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
(a) Analysis of tax credit for the year:		
Current tax		
In respect of the year:		
UK corporation tax based on the results for the year at 25%	-	-
Deferred tax:		
Movement in deferred tax asset	302,768	(196,779)
Tax (charge)/credit on profit/(loss) on ordinary activities	<b>302,768</b>	<b>(196,779)</b>

### (b) Factors affecting tax charge for the year:

Profit/(Loss) on ordinary activities before taxation	1,235,445	(797,125)
Profit/(Loss) on ordinary activities multiplied by standard rate of UK corporate tax based on results for the period at 25%	308,861	(199,281)
(Allowable)/Disallowable expenditure	(6,093)	2,502
Tax (charge)/credit on loss on ordinary activities	<b>302,768</b>	<b>(196,779)</b>

### (c) The provision for deferred tax consists of the following deferred tax assets/(liabilities)

Capital allowances	(9,355)	(12,763)
Unused tax losses recognised	157,979	473,520
Other timing differences	83	(9,284)
Total deferred tax asset	<b>148,706</b>	<b>451,473</b>

The Bank has recognised deferred tax assets arising from tax losses carried forward and other temporary differences to the extent that their recovery has been realised during the year or is considered probable through the availability of future taxable profits.

As of 31 December 2025, the net deferred tax asset recognised amounts to \$148,706 (2024: \$451,473). The decrease during the year reflects the utilisation of deferred tax assets in the current period together with a reassessment of the recoverability of remaining balances, based on updated expectations of future taxable profits.

The utilisation of deferred tax assets and the timing of the reversal of remaining balances will depend on the Bank's future profitability and generation of taxable income. Actual utilisation may therefore differ from management's expectations due to changes in business performance, economic conditions, or tax legislation.

Management reviews the recoverability of deferred tax assets at each reporting date, taking into account evidence of utilisation achieved, the Bank's financial position, forecast taxable profits, and relevant tax regulations. The carrying amount of deferred tax assets will be adjusted where necessary as part of the Bank's ongoing financial and tax planning process.

Based on management's assessment of the Group's effective tax rates by jurisdiction for the year ended 31 December 2025, together with the application of relevant transitional safe harbour provisions, no Pillar Two top-up tax arose for the period. Accordingly, no current tax charge has been recognised in respect of Pillar Two.

The Group has applied the exemption from recognising deferred tax in respect of timing differences arising from the implementation of the OECD BEPS Pillar Two legislation and, as a result, no deferred tax assets or liabilities have been recognised in connection with Pillar Two.

The Group continues to monitor developments in the application and interpretation of the Pillar Two legislation and will recognise any related current tax charges in the period in which they arise.

### 13. IMPAIRMENT CHARGE

Movement in impairment charge:

	Loans and advances to customers	Debt Securities	Total Impairment
Balance as at 1 January 2024	223,849	-	223,849
(Reversal of)/Additional impairment	(213,989)	1,863,281	1,649,292
Balance as at 31 December 2024	<b>9,860</b>	<b>1,863,281</b>	<b>1,873,141</b>
Balance as at 1 January 2025	9,860	1,863,281	1,873,141
Additional impairment	131,519	-	131,519
Reversal of impairment applied against loss on sale	-	(1,863,281)	(1,863,281)
Balance as at 31 December 2025	<b>141,379</b>	-	<b>141,379</b>

Application of impairment against loss on sale of a debt security investment is provided in Note 15.

## 14. LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers consists of:

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
Corporate loans	121,823,428	73,139,687
Other retail loans	1	1
Provision for impairment	(141,379)	(9,860)
<b>Total</b>	<b>121,682,050</b>	<b>73,129,828</b>

## 15. INVESTMENT IN SECURITIES

Investment in securities consists of debt securities that are non-derivative financial assets with fixed or determinable payments and maturities that the Bank has the intention and ability to hold to maturity or to trade.

BPI Europe carries a portfolio of investment securities held under amortised cost and debt securities for trading valued at fair value.

Debt securities that are classified as FVTPL are initially recognised at fair value on the trade date and are subsequently re-measured at fair value at each reporting date, with any changes in fair value recognised in the profit or loss account. The fair value is determined using quoted market prices for active markets obtained from published and verifiable market data.

Debt securities classified as amortised cost are initially recognised at their fair value, adjusted for discount or premium, if any, and subsequently measured at amortised cost using the effective interest method. The amortised cost is recalculated to reflect any changes in principal or interest payments.

These securities contribute to the Bank's interest income and provide diversification to its asset base. Management has ensured that the average credit rating of the investment securities portfolio remains at investment grade and all investments are made in line with the Bank's (and BPI Parent's) credit and other investment criteria. Management also ensures that these securities have an appropriate two-way market.

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
Debt securities for trading at FV	50,050,472	34,298,058
Debt securities at amortised cost	101,095,616	119,337,610
Provision for impairment	-	(1,863,281)
<b>Total</b>	<b>151,146,088</b>	<b>151,772,387</b>

The 2024 provision corresponds to the year-end mark-to-market loss of the Bank's £5 million (\$6.3

million) exposure to a fixed income security that was significantly downgraded during that year. The exposure was fully disposed of during 2025, and accordingly no impairment provision is recognised at the current year end.

## 16. TANGIBLE FIXED ASSETS

	Leasehold Improvements	Fixtures and Fittings	Office Furniture	Computer Equipment	Total
YEAR 2025	\$	\$	\$	\$	\$
<b>COST</b>					
At 1 January 2025	756,197	51,155	165,641	184,079	1,157,072
Additions	-	-	2,084	-	2,084
At 31 December 2025	756,197	51,155	167,725	184,079	1,159,156
<b>DEPRECIATION</b>					
At 1 January 2025	704,969	51,155	165,641	96,050	1,017,815
Charge for the period	5,574	-	313	27,102	32,989
At 31 December 2025	710,543	51,155	165,954	123,152	1,050,804
<b>NET BOOK VALUE</b>					
At 31 December 2025	45,654	-	1,771	60,927	108,352

	Leasehold Improvements	Fixtures and Fittings	Office Furniture	Computer Equipment	Total
YEAR 2024	\$	\$	\$	\$	\$
<b>COST</b>					
At 1 January 2024	728,048	51,155	165,641	173,074	1,117,918
Additions	28,149	-	-	11,005	39,154
At 31 December 2024	756,197	51,155	165,641	184,079	1,157,072
<b>DEPRECIATION</b>					
At 1 January 2024	700,682	51,155	165,641	69,563	987,041
Charge for the period	4,287	-	-	26,487	30,774
At 31 December 2024	704,969	51,155	165,641	96,050	1,017,815
<b>NET BOOK VALUE</b>					
At 31 December 2024	51,228	-	-	88,029	139,257

There were no write-offs booked in 2025 (2024: nil).

## 17. OTHER ASSETS

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
Amounts falling due within one year:		
Prepayments and other assets	228,197	208,185
Operating lease deposit	19,330	7,726

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	<u>247,527</u>	<u>215,911</u>
Amounts falling due after more than one year:		
Operating lease deposit	-	10,323
<b>Total</b>	<u><b>247,527</b></u>	<u><b>226,234</b></u>

## 18. DEPOSITS FROM CUSTOMERS

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
Savings Account	741,646	850,628
Time Deposits	141,290,954	88,120,067
<b>TOTAL</b>	<u><b>142,032,600</b></u>	<u><b>88,970,695</b></u>

\$925,728 of the Deposits from customers is from related parties (2024: \$743,113).

The increase in time deposits during 2025 was largely driven by inflows sourced through an engagement with a deposit aggregator.

Interest rates on time deposits ranged from 4.38% to 4.88% (2024: 4.30% to 5.05%).

## 19. BANK BORROWINGS

Included in the bank borrowings from financial institutions are the following:

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
Payable in:		
< 30 days	5,005,375	-
> 30 days to 3 months	-	1,790,256
> 3 months to 6 months	-	-
> 6 months to 1 year	-	-
Over 1 year	-	-
<b>TOTAL</b>	<u><b>5,005,375</b></u>	<u><b>1,790,256</b></u>

The interest rate on the outstanding bank borrowing is 3.9% (2024: 4.93% to 7.18% p.a.).

## 20. OTHER LIABILITIES

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
Accrued expenses and other creditors	375,693	351,808
Other liabilities	68,275	97,729
<b>TOTAL</b>	<b>443,968</b>	<b>449,537</b>

Funds booked under other liabilities are balances from unclaimed closed accounts. These are treated as customer's money and can be claimed by respective customers anytime from BPI Europe.

## 21. FINANCIAL INSTRUMENTS

### FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which an asset or liability could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced liquidation or sale. Given the Bank's balance sheet profile and investment strategy, the fair value of all financial instruments held at 31 December 2025 and 31 December 2024 approximates the amounts at which these instruments are reflected in the balance sheet

The values of the financial instruments are influenced by relevant risk factors that may be internal (balance sheet gaps) or external (market fluctuations) to the Bank. BPI Europe manages these risks by measuring and managing the liquidity, interest rate, and foreign exchange risks of the Bank as illustrated in the following sections.

Set out below are the Bank's financial instruments by category:

	Amortised Cost	Year Ended 31 December 2025 Fair Value through Profit or Loss	Total
	\$	\$	\$
<b>FINANCIAL ASSETS</b>			
Cash	4,042	-	4,042
Loans and advances to banks	10,226,245	-	10,226,245
Loans and advances to customers*	121,682,050	-	121,682,050
Amounts due from group undertakings	13,472	-	13,472
Investment in debt securities*	101,095,616	50,050,472	151,146,088
Derivative assets	-	315,365	315,365
<b>TOTAL</b>	<b>233,021,425</b>	<b>50,365,837</b>	<b>283,387,262</b>

\* The carrying value of these accounts approximate their corresponding fair value

	Amortised Cost	Year Ended 31 December 2025 Fair Value through Profit or Loss	Total
<b>FINANCIAL LIABILITIES</b>			
Deposits from customers	142,032,600	-	142,032,600
Bank borrowings	5,005,375	-	5,005,375
Amounts due to group undertakings	13,716,745	-	13,716,745
Derivative liabilities	-	475,266	475,266
Other liabilities	443,968	-	443,968
<b>TOTAL</b>	<b>161,198,688</b>	<b>475,266</b>	<b>161,673,954</b>

	Amortised Cost	Year Ended 31 December 2024 Fair Value through Profit or Loss	Total
<b>FINANCIAL ASSETS</b>			
Cash	\$ 5,029	\$ -	\$ 5,029
Loans and advances to banks	2,725,089	-	2,725,089
Loans and advances to customers*	73,129,828	-	73,129,828
Amounts due from group undertakings	19,057	-	19,057
Investment in debt securities*	117,474,329	34,298,058	151,772,387
Derivative assets	-	395,392	395,392
<b>TOTAL</b>	<b>193,353,332</b>	<b>34,693,450</b>	<b>228,046,782</b>

\* The carrying value of these accounts approximate their corresponding fair value

<b>FINANCIAL LIABILITIES</b>			
Customer accounts	88,970,695	-	88,970,695
Bank borrowings	1,790,256	-	1,790,256
Amounts due to group undertakings	15,306,531	-	15,306,531
Derivative liabilities	-	1,061,512	1,061,512
Other liabilities	449,537	-	449,537
<b>TOTAL</b>	<b>106,517,019</b>	<b>1,061,512</b>	<b>107,578,531</b>

#### Fair Value Measurement

The Bank categorises financial instruments held at fair value in the financial statements using a three-level hierarchy as follows:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e., for which market data is unavailable) for the asset or liability.

	Year Ended			Total
	31 December 2025			
	Level 1	Level 2	Level 3	
	\$	\$	\$	
Financial Assets				
Debt securities for trading at Fair Value	50,050,472	-	-	50,050,472
Derivative assets	-	315,365	-	315,365
<b>Total</b>	<b>50,050,472</b>	<b>315,365</b>	<b>-</b>	<b>50,365,837</b>
Financial Liabilities				
Derivative liabilities	-	475,266	-	475,266
<b>Total</b>	<b>-</b>	<b>475,266</b>	<b>-</b>	<b>475,266</b>

	Year Ended			Total
	31 December 2024			
	Level 1	Level 2	Level 3	
	\$	\$	\$	
Financial Assets				
Debt securities for trading at Fair Value	34,298,058	-	-	34,298,058
Derivative assets	-	395,392	-	395,392
<b>Total</b>	<b>34,298,058</b>	<b>395,392</b>	<b>-</b>	<b>34,693,450</b>
Financial Liabilities				
Derivative liabilities	-	1,061,512	-	1,061,512
<b>Total</b>	<b>-</b>	<b>1,061,512</b>	<b>-</b>	<b>1,061,512</b>

Debt securities held at fair value are highly traded financial instruments of which prices are obtained from published and verifiable market data. The derivatives at fair value comprise of the outstanding FX swaps which were valued through the net present value methodology using forward currency rates and interest rates as inputs to the calculation.

### CREDIT RISK

Credit risk is defined as the risk of financial losses due to a borrower's default or inability to pay their obligations as they fall due. The balances disclosed in the credit risk tables below exclude financial assets that are subject to risks other than credit risk.

#### *Maximum exposures to credit risk*

The carrying amount of all financial assets of the Bank best represents the maximum exposure to credit risk. As of 31 December 2025, this amounted to \$283.4 million (2024: \$228.0 million).

#### *Collateral and credit enhancements held*

The Bank has no outstanding marketable securities held as collateral or credit enhancements as at

31 December 2025 (2024: nil).

*Credit quality of financial assets*

The table below details the credit quality of the Bank's financial assets, showing the maximum exposure to credit risk, based on Moody's credit ratings. Assets that have ratings below investment grade have Moody's ratings of B1 to Ba1 and S&P ratings of BB+ to BBB-.

A facility is considered to be past due when a contractual payment falls overdue by one day. When a facility is classified as past due, the entire facility balance after provisions is disclosed in the past due analysis. There are no other balances overdue by one day or more to be presented under past due category other than those disclosed in the table below. Past due as of 2025 is nil (2024: nil).

CREDIT QUALITY – 2025

	Investment Grade	Below Investment Grade	Unrated	Total
	\$	\$	\$	\$
Loans and advances to banks	10,226,245	-	-	10,226,245
Loans and advances to customers	70,178,113	51,503,938	-	121,682,050
Investment in debt securities	151,146,088	-	-	151,146,088
Amounts due from group undertakings	13,472	-	-	13,472
Derivative assets	315,366	-	-	315,366
<b>Total</b>	<b>231,879,283</b>	<b>51,503,938</b>	<b>-</b>	<b>283,383,221</b>

CREDIT QUALITY – 2024

	Investment Grade	Below Investment Grade	Unrated	Total
	\$	\$	\$	\$
Loans and advances to banks	2,725,089	-	-	2,725,089
Loans and advances to customers	36,861,302	36,268,526	-	73,129,828
Investment in debt securities	139,585,697	12,186,690	-	151,772,387
Amounts due from group undertakings	19,057	-	-	19,057
Derivative assets	395,392	-	-	395,392
<b>Total</b>	<b>179,586,537</b>	<b>48,455,216</b>	<b>-</b>	<b>228,041,753</b>

The factors taken into consideration by the bank when determining an asset to be impaired are set out in Financial Statement Notes 3(n).

**LIQUIDITY RISK**

Liquidity risk is the risk that BPI Europe will incur financial losses and reputational damage due to its inability to meet its obligations when they fall due and the inability to provide funding for customer deposit withdrawals. The Bank's liquidity profile is managed through regular monitoring of the regulatory metrics, LCR and NSFR, and various internal reports such as the daily cash flow gaps, intra-day liquidity, 92-day liquidity, and cross-currency gap. The Board has set risk appetite levels and escalation processes to ensure that management actions are taken to mitigate liquidity concerns. The Bank also performs an annual Internal Liquidity Adequacy Assessment Process to identify the need for additional liquidity buffers. Throughout the period, the Bank has kept sufficient liquidity,

well above the regulatory limits.

The table below shows the contractual cash flows of financial assets and liabilities:

**Financial assets analysed by contractual undiscounted amounts based on remaining contractual maturities as at 31 December 2025**

	0-3 months	3-6 months	6-12 month	1-5 years	Over 5 years	Total
Cash	4,042	-	-	-	-	4,042
Loans and advances to banks	10,227,179	-	-	-	-	10,227,179
Loans and advances to customers	1,838,460	1,861,444	3,697,593	92,903,938	40,518,746	140,820,181
Amounts due from group undertakings	13,472	-	-	-	-	13,472
Investment in debt securities	115,773,544	193,125	917,984	24,500,393	16,464,191	157,849,237
Derivative assets	262,332	53,033	-	-	-	315,365
<b>TOTAL</b>	<b>128,119,029</b>	<b>2,107,602</b>	<b>4,615,577</b>	<b>117,404,331</b>	<b>56,982,937</b>	<b>309,229,476</b>

**Financial liabilities analysed by contractual undiscounted amounts based on remaining contractual maturities as at 31 December 2025**

	0-3 months	3-6 months	6-12 month	1-5 years	Over 5 years	Total
Deposit from customers	75,656,454	31,074,124	35,302,022	-	-	142,032,600
Bank borrowings	5,008,063	-	-	-	-	5,008,063
Amounts due to group undertakings	8,604,220	5,112,525	-	-	-	13,716,745
Amounts due to other banks	-	-	-	-	-	-
Derivative liabilities	379,822	93,694	1,750	-	-	475,266
Other liabilities*	375,693	-	-	-	68,275	443,968
Contingents**	1,833,333	-	-	-	-	1,833,333
<b>TOTAL</b>	<b>91,857,585</b>	<b>36,280,343</b>	<b>35,303,772</b>	<b>-</b>	<b>68,275</b>	<b>163,509,975</b>

\*Other liabilities excludes taxes liability

\*\*Contingents refer to loan commitments that have been contractually agreed but not yet recognised on the balance sheet as at 31 December 2025

<b>Gap</b>	<b>36,261,444</b>	<b>(34,172,741)</b>	<b>(30,688,195)</b>	<b>117,404,331</b>	<b>56,914,662</b>	<b>145,719,501</b>
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**Financial assets analysed by contractual undiscounted amounts based on remaining contractual maturities as at 31 December 2024**

	0-3 months	3-6 months	6-12 month	1-5 years	Over 5 years	Total
Cash	5,029	-	-	-	-	5,029
Loans and advances to banks	2,725,334	-	-	-	-	2,725,334
Loans and advances to customers	1,121,013	5,872,342	2,129,457	64,374,497	15,157,971	88,655,280
Amounts due from group undertakings	19,057	-	-	-	-	19,057
Investment in debt securities	115,119,631	3,260,750	650,559	32,361,756	6,239,000	157,631,696
Derivative assets	257,868	137,524	-	-	-	395,392
<b>TOTAL</b>	<b>119,247,932</b>	<b>9,270,616</b>	<b>2,780,016</b>	<b>96,736,253</b>	<b>21,396,971</b>	<b>249,431,788</b>

**Financial liabilities analysed by contractual undiscounted amounts based on remaining contractual maturities as at 31 December 2024**

	0-3 months	3-6 months	6-12 month	1-5 years	Over 5 years	Total
Deposit from customers	36,437,913	5,822,070	46,710,712	-	-	88,970,695
Bank borrowings	1,790,255	-	-	-	-	1,790,255
Amounts due to group undertakings	9,288,126	6,018,405	-	-	-	15,306,531
Amounts due to other banks	-	-	-	-	-	0
Derivative liabilities	784,267	137,901	139,344	-	-	1,061,512
Other liabilities*	351,808	-	-	-	97,729	449,537
Contingents**	10,000,000	-	-	-	-	10,000,000
<b>TOTAL</b>	<b>58,652,369</b>	<b>11,978,376</b>	<b>46,850,056</b>	<b>-</b>	<b>97,729</b>	<b>117,578,530</b>

\*Other liabilities excludes taxes liability

\*\*Contingents refer to loan commitments that have been contractually agreed but not yet recognised on the balance sheet as at 31 December 2024

<b>Gap</b>	<b>60,595,563</b>	<b>(2,707,760)</b>	<b>(44,070,040)</b>	<b>96,736,253</b>	<b>21,299,242</b>	<b>131,853,258</b>
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The above figures exclude items that are non-financial instruments and non-contractual accruals and provisions.

Bank borrowings are typically rolled over when required. These are largely determined by the limits issued by funding counterparties to BPI Europe. For example, one creditor has set out a maximum tenor limit of one month, so borrowings from this institution are rolled over on a monthly basis, if necessary.

## MARKET RISK

Market risk pertains to the possible loss of a portfolio's value in the future influenced by movements in the level or volatility of market prices or risk factors. The Bank's market risk exposure is observed on its net open FX position arising from foreign currency-denominated assets and liabilities in the banking book, its end-of-day investment securities, and derivative positions in the trading book.

The following risk metrics are used to help manage market risk in the Bank:

- Value-at-Risk (VaR) is a measure of potential loss from the trading business computed using a financial model with an assumed confidence level and measured over a certain horizon; and
- Loss limit pertains to the maximum cumulative year-to-date loss that the Bank is allowed to incur from its trading activities.

### *Interest Rate Risk*

Interest rate risk pertains to the risk that BPI Europe experiences a deterioration in its financial position in response to movements in interest rates. The Bank is exposed to interest rate risks from rate sensitive positions in the balance sheet.

The table below indicates the Bank's exposure to movements in interest rates as at 31 December 2025 and 2024. The time bands represent the repricing profile of the entire balance sheet relative to the financial reporting date. The net gap for each time band is subject to an interest rate shock to determine the impact of adverse movements in interest rates on the Bank's economic value and earnings. Set out below is the indicative impact of a 200-bp parallel increase or decrease in interest rates.

#### Financial assets as at 31 December 2025

	0-3 months	3-6 months	6-12 month	1-5 years	Over 5 years	Total
Cash	4,042	-	-	-	-	4,042
Loans and advances to banks	10,226,245	-	-	-	-	10,226,245
Loans and advances to customers	121,682,050	-	-	-	-	121,682,050
Investment in debt securities	52,062,332	-	3,395,195	66,036,641	29,651,920	151,146,088
Derivative assets	262,332	53,033	-	-	-	315,365
Amounts due from group undertakings	13,472	-	-	-	-	13,472
<b>TOTAL</b>	<b>184,250,473</b>	<b>53,033</b>	<b>3,395,195</b>	<b>66,036,641</b>	<b>29,651,920</b>	<b>283,387,262</b>

**Financial liabilities as at 31 December 2025**

	0-3 months	3-6 months	6-12 month	1-5 years	Over 5 years	Total
Deposit from customers	142,032,600	-	-	-	-	142,032,600
Bank borrowings	5,005,375	-	-	-	-	5,005,375
Amounts due to group undertakings	8,604,220	5,112,525	-	-	-	13,716,745
Derivative liabilities	379,822	93,694	1,750	-	-	475,266
Other liabilities*	375,693	-	-	-	68,275	443,968
Amounts due to other banks	-	-	-	-	-	-
<b>TOTAL</b>	<b>156,397,710</b>	<b>5,206,219</b>	<b>1,750</b>	<b>-</b>	<b>68,275</b>	<b>161,673,954</b>
*Other liabilities excludes taxes liability						
<b>NET GAP</b>	<b>27,852,763</b>	<b>-5,153,186</b>	<b>3,393,445</b>	<b>66,036,641</b>	<b>29,583,645</b>	<b>121,713,308</b>
+200 bps shock	557,055	(103,064)	67,869	1,320,733	591,673	2,434,266
-200 bps shock	(557,055)	103,064	(67,869)	(1,320,733)	(591,673)	(2,434,266)

**Financial assets as at 31 December 2024**

	0-3 months	3-6 months	6-12 month	1-5 years	Over 5 years	Total
Cash	5,029	-	-	-	-	5,029
Loans and advances to banks	2,725,089	-	-	-	-	2,725,089
Loans and advances to customers	73,129,828	-	-	-	-	73,129,828
Investment in debt securities	54,355,063	3,065,444	1,029,670	61,737,005	31,585,204	151,772,386
Derivative assets	257,868	137,524	-	-	-	395,392
Amounts due from group undertakings	19,057	-	-	-	-	19,057
<b>TOTAL</b>	<b>130,491,934</b>	<b>3,202,968</b>	<b>1,029,670</b>	<b>61,737,005</b>	<b>31,585,204</b>	<b>228,046,781</b>

**Financial liabilities as at 31 December 2024**

	0-3 months	3-6 months	6-12 month	1-5 years	Over 5 years	Total
Deposit from customers	36,437,913	5,822,070	46,710,712	-	-	88,970,695
Bank borrowings	1,790,256	-	-	-	-	1,790,256
Amounts due to group undertakings	9,288,126	6,018,405	-	-	-	15,306,531
Derivative liabilities	784,267	137,901	139,344	-	-	1,061,512
Other liabilities*	351,808	-	-	-	97,729	449,537
Amounts due to other banks	-	-	-	-	-	0
<b>TOTAL</b>	<b>48,652,370</b>	<b>11,978,376</b>	<b>46,850,056</b>	<b>-</b>	<b>97,729</b>	<b>107,578,531</b>
*Other liabilities excludes taxes liability						
<b>NET GAP</b>	<b>81,839,564</b>	<b>(8,775,408)</b>	<b>(45,820,386)</b>	<b>61,737,005</b>	<b>31,487,475</b>	<b>120,468,250</b>
+200 bps shock	1,636,791	(175,508)	(916,408)	1,234,740	629,750	2,409,365
-200 bps shock	(1,636,791)	175,508	916,408	(1,234,740)	(629,750)	(2,409,365)

**FOREIGN CURRENCY ASSETS AND LIABILITIES**

FX risk pertains to the risk that the fair value of future cash flows of financial instruments will change as a result of adverse movements in foreign exchange rates. It arises from financial instruments in the Bank's balance sheet that are denominated in currencies other than USD.

From time to time, the Bank enters into FX Swap transactions to manage its foreign currency position if necessary.

ASSETS	Year Ended 31 December 2025				
	GBP	EUR	USD	PHP	Total
Cash	4,042	-	-	-	4,042
Loans and advances to banks	5,623,552	32,742	4,569,951	-	10,226,245
Loans and advances to customers	-	6,010,081	115,671,969	-	121,682,050
Amounts due from group undertakings	551	3,068	6,198	3,655	13,472
Investment in debt securities	34,456,114	-	116,689,974	-	151,146,088
Derivative assets	-	-	315,365	-	315,365
<b>TOTAL ASSETS</b>	<b>40,084,259</b>	<b>6,045,891</b>	<b>237,253,457</b>	<b>3,655</b>	<b>283,387,262</b>
<b>LIABILITIES</b>					
Deposit from customers	127,430,121	1,242,874	13,359,605	-	142,032,600
Bank borrowings	-	-	5,005,375	-	5,005,375
Amounts due to group undertakings	-	-	13,716,745	-	13,716,745
Derivative liabilities	-	-	475,265	-	475,265
Other liabilities	426,927	481	401	16,159	443,968
	<b>127,857,048</b>	<b>1,243,355</b>	<b>32,557,391</b>	<b>16,159</b>	<b>161,673,953</b>
<b>TOTAL ASSETS LESS LIABILITIES</b>	<b>(87,772,789)</b>	<b>4,802,536</b>	<b>204,696,066</b>	<b>(12,504)</b>	<b>121,713,309</b>

ASSETS	Year Ended 31 December 2024				
	GBP	EUR	USD	PHP	Total
Cash	5,029	-	-	-	5,029
Loans and advances to banks	1,631,279	106,887	986,923	-	2,725,089
Loans and advances to customers	-	10,149,571	62,980,257	-	73,129,828
Amounts due from group undertakings	656	2,151	2,293	13,957	19,057
Investment in debt securities	29,514,731	2,939,804	119,317,852	-	151,772,387
Derivative assets	-	-	395,392	-	395,392
<b>TOTAL ASSETS</b>	<b>31,151,695</b>	<b>13,198,413</b>	<b>183,682,717</b>	<b>13,957</b>	<b>228,046,782</b>
<b>LIABILITIES</b>					
Deposit from customers	76,209,536	1,295,768	11,465,391	-	88,970,695
Bank borrowings	-	-	1,790,255	-	1,790,255
Amounts due to group undertakings	-	1,052,618	14,253,913	-	15,306,531
Derivative liabilities	-	-	1,061,512	-	1,061,512
Other liabilities	441,073	806	521	7,137	449,537
	<b>76,650,609</b>	<b>2,349,192</b>	<b>28,571,592</b>	<b>7,137</b>	<b>107,578,530</b>
<b>TOTAL ASSETS LESS LIABILITIES</b>	<b>(45,498,914)</b>	<b>10,849,221</b>	<b>155,111,125</b>	<b>6,820</b>	<b>120,468,252</b>

As of 31 December 2025, the Bank held foreign exchange swaps with a notional value of \$111.0 million to hedge foreign currency exposures arising primarily from deposits from customers and investment in debt securities denominated in GBP and EUR. Net exposures in GBP and EUR were hedged with FX swaps totalling \$87.5 million and \$4.8 million, respectively.

The Bank considers its exposure to FX risk exposure to be immaterial, as all significant foreign currency positions are offset by corresponding notional amounts of FX swap contracts.

The sensitivity analysis table below shows the impact on the Bank's profit and loss of possible changes in significant currency exposures based on assumed near term future volatility.

	Movements of +10%		Movements of -10%	
	2025	2024	2025	2024
<b>Sensitivity of profit before tax</b>	\$	\$	\$	\$
Euro	1,500	21,181	(1,500)	(21,181)
British Pound Sterling	(30,320)	134,487	30,320	(134,487)
Philippine Peso	(1,250)	682	1,250	(682)

## CAPITAL ADEQUACY

BPI Europe actively manages its capital adequacy. The Bank's risk-taking activities are bound by the regulatory capital requirements set by the PRA in their regulatory assessment of the firm and the internal risk appetite set by the Board. The distribution of risk weighted assets is managed to be consistent with the business strategies and objectives of the Bank. The Bank updates its ICAAP annually. Reverse stress testing is performed to identify the scenarios that will breach the Bank's regulatory capital requirement. Components of the Bank's capital ratio are set out in the Strategic Report.

## 22. COMMITMENTS

At 31 December 2025, the Bank had total commitments under non-cancellable operating leases and loan commitments as set out below.

### Land and buildings

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
<b><i>Operating Leases which expires in</i></b>		
0 - 1 year	203,708	190,218
Over 1 year - 5 years	814,833	760,871
After more than 5 years	496,155	653,515
<b>Total</b>	<b>1,514,697</b>	<b>1,604,604</b>

BPI Europe has loan commitments to extend credit for Syndicated Term Loans amounting to \$1,833,333 as at reporting date (2024: \$10,000,000).

## 23. CALLED UP SHARE CAPITAL

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
<b><i>Authorised and called up share capital:</i></b>		
100,000,000 ordinary shares of \$1.2309 each	120,390,000	120,390,000

There were no ordinary shares issued by the Board of Directors for 2025 (2024: nil). There is a single class of ordinary shares: There are no restrictions on the distribution of dividends and the repayment of capital.

## 24. DERIVATIVES

BPI Europe's balance sheet consists of plain vanilla financial instruments. The Bank enters into FX swap transactions to strategically fund and invest in foreign currency denominated assets with relatively attractive returns. With its entire capital redenominated to USD, BPI Europe books FX swap transactions to take advantage of the better yields from assets denominated in GBP and/or EUR.

BPI Europe performs daily marking to market of these positions, which are then recognised daily in the profit and loss account under "foreign exchange gains/losses." Fair value of FX Swaps is calculated through net present value methodology using forward points and discount rates obtained from published and verifiable market data.

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
FX swaps notional amount	110,903,338	57,481,963
Unrealised gains/(losses) on unsettled forward legs	(159,901)	(666,120)
Derivative assets	315,365	395,392
Derivative liabilities	(475,266)	(1,061,512)

## 25. RELATED PARTY TRANSACTIONS

In the normal course of business, BPI Europe transacts on an arm's length basis with related parties consisting of the Parent Bank and its subsidiaries and associates.

The Bank's related party balances with BPI Parent are:

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
Amount due from group undertakings	13,472	19,057
Amount due to group undertakings	13,716,745	15,306,531

The corresponding interest earned is:

Amount due from group undertakings

Savings Deposits	26	10
Total	<u>26</u>	<u>10</u>

	Year Ended 31 Dec 2025	Year Ended 31 Dec 2024
	\$	\$
The corresponding interest incurred is:		
Amount due to group undertakings	<b>643,583</b>	<b>603,001</b>
Payment made to Parent Bank for outsourced services	167,382	101,459

The amount due from group undertakings represents placements with the Parent Bank in the form of nostro accounts. The nostro accounts represent short-term deposits held with the Parent Bank, which are repayable on demand. The amount is recognised at nominal value and is expected to be settled within the normal operating cycle.

The amount due to group undertakings represents deposits from group entities, including both savings accounts and time deposits, and reflects the balance arising from transactions between the Bank and other group entities.

Deposits from related parties total is included in Note 18.

A disclosure on Directors' emoluments is provided in Note 7.

## 26. ULTIMATE PARENT UNDERTAKING

Bank of the Philippine Islands (Europe) Plc is a wholly owned subsidiary of the Bank of the Philippine Islands which is incorporated in the Republic of the Philippines.

The smallest and largest group for which the Bank is consolidated and for which consolidated financial statements are prepared is that of Bank of the Philippine Islands.

Copies of the consolidated financial statements of BPI are available from its Registered Office at 22F–28F Ayala Triangle Gardens Tower 2, Paseo De Roxas cor. Makati Ave., Bel-Air, Makati City, and may also be found in [bpi.com.ph](http://bpi.com.ph).

## 27. EVENTS AFTER REPORTING PERIOD

The Bank has reviewed events after the financial year ended 31 December 2025 up to the date of approval of these financial statements. Developments in the Middle East were assessed and were not considered to have any material impact on the Bank. Accordingly, no have occurred after the reporting date that require disclosure or adjustment in the financial statements.