**SECURITIES AND EXCHANGE COMMISSION**
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## Company Information

**SEC Registration No.:** PW00000121
**Company Name:** BANK OF THE PHILIPPINE ISLANDS
**Industry Classification:** J65910
**Company Type:** Stock Corporation

## Document Information

**Document ID:** OST10306202683975066
**Document Type:** Current Report
**Document Code:** SEC_Form_17-C
**Period Covered:** March 06, 2026
**Submission Type:** Original Filing
**Remarks:** None

Acceptance of this document is subject to review of forms and contents

# COVER SHEET

PW-121

S.E.C. Registration Number

BANK OF THE PHILIPPINE ISLANDS

(Company's Full Name)

22/F-28/F AYALA TRIANGLE

GARDENS TOWER 2, PASEO DE

ROXAS COR. MAKATI AVE.,

BEL-AIR, MAKATI CITY

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

ATTY. MARIA LOURDES P. GATMAYTAN

Contact Person

8663-6525

Company Telephone Number

12 31

*Month* *Day*

Fiscal Year

**SEC FORM 17-C**

FORM TYPE

04 21

*Month* *Day*

Annual Meeting

25

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

---

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17**
**OF THE SECURITIES REGULATION CODE**
**AND SRC RULE 17.2(c) THEREUNDER**

1. 06 March 2026
   Date of Report (Date of earliest event reported)

2. PW-121
   SEC Identification Number

3. 000-438-366-000
   BIR Tax Identification No.

4. BANK OF THE PHILIPPINE ISLANDS
   Exact name of registrant as specified in its charter

5. MANILA, PHILIPPINES
   Province, country or other jurisdiction of Incorporation

6. [ ]
   Industry Classification Code (SEC Use Only)

7. 22/F-28/F AYALA TRIANGLE GARDENS TOWER 2, PASEO DE ROXAS COR. MAKATI AVE., BEL-AIR, MAKATI CITY (current business address)
   Address of principal office

   1226
   Postal Code

8. (632) 8663-6525 (CORPSEC OFFICE) / (632) 8663-6733 (IR)
   Issuer's telephone number, including area code

9. N/A
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

| Title of Each Class | Number of Shares of Common Stock Outstanding & Amount of Debt Outstanding |
|---|---|
| Common | 5,283,794,223 shares |

11. Indicate the item numbers reported therein: Item 9

Item 9 - Other Events

Attached is a copy of the Audited Financial Statements of Bank of the Philippine Islands and Subsidiaries as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025.

Pursuant to the requirement of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**BANK OF THE PHILIPPINE ISLANDS**
Registrant

[redacted]

06 March 2026
Date

**SHIENA ANGELA D. AQUINO**
Assistant Corporate Secretary

pwc Isla Lipana & Co.

# Bank of the Philippine Islands

**Financial Statements**

**As at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025**

Isla Lipana & Co.

# Independent Auditor's Report

To the Board of Directors and Shareholders of
**Bank of the Philippine Islands**
Ayala Triangle Gardens Tower 2
Paseo De Roxas corner Makati Ave., Bel-Air
Makati City

## Report on the Audits of the Financial Statements

### Our Opinion

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

#### What we have audited

The financial statements comprise:

- the consolidated and parent statements of condition as at December 31, 2025 and 2024;
- the consolidated and parent statements of income for each of the three years in the period ended December 31, 2025
- the consolidated and parent statements of total comprehensive income for each of the three years in the period ended December 31, 2025;
- the consolidated and parent statements of changes in capital funds for each of the three years in the period ended December 31, 2025;
- the consolidated and parent statements of cash flows for each of the three years in the period ended December 31, 2025; and
- the notes to the consolidated and parent financial statements, comprising material accounting policy information and other explanatory information.

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## Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the BPI Group and the Parent Bank in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the consolidated and parent financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

## Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and parent financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated and parent financial statements as a whole, taking into account the structure of the BPI Group and the Parent Bank, the accounting processes and controls, and the industry in which the BPI Group and the Parent Bank operate.

**Key audit matters**

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

The key audit matter identified in our audit pertains to the impairment losses on loans and advances, which applies to both the BPI Group's and the Parent Bank's financial statements.

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| **Impairment losses on loans and advances**<br>We focused on this account because of the complexity involved in the estimation process, and the significant judgments that management makes in ascertaining the provision for loan impairment. The calculation of impairment losses is inherently subject to judgment for any bank. As at December 31, 2025, the total allowance for impairment for loans and advances amounted to PHP56,734 million for the BPI Group and PHP51,007 million for the Parent Bank while provision for loan losses recognized in profit or loss for the year then ended amounted to PHP16,951 million for the BPI Group and PHP12,106 million for the Parent Bank. Refer to Notes 10 and 26 of the financial statements for the details of the impairment losses on loans and advances.<br><br>Provision for impairment losses on loans that are assessed to be individually credit impaired is determined in reference to the estimated future cash repayments and proceeds from the realization of collateral held by the BPI Group and the Parent Bank. | We assessed the design and tested the operating effectiveness of key controls over loan loss provisioning. These key controls included:<br>• governance over the development, validation and approval of the BPI Group's ECL models to assess compliance with PFRS 9, including continuous re-assessment by the BPI Group that the impairment models are operating in a way which is appropriate for the credit risks in the BPI Group and the Parent Bank's loan portfolios;<br>• review and approval of key judgments, assumptions and forward-looking information used in the ECL models;<br>• review of data from source systems to the detailed ECL model analyses;<br>• assessment of credit quality of loans and advances relative to the established internal credit risk rating system;<br>• the review and approval process for the outputs of the impairment models; and<br>• the review and approval process over the determination of credit risk rating, performance of credit reviews and calculation of required reserves for loans assessed as credit-impaired. |

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| *(cont'd.)* | |
| For other loan accounts which are not individually credit impaired, these are included in a group of loans with similar risk characteristics and are collectively assessed on a portfolio basis using internal models developed by the BPI Group and the Parent Bank.<br><br>Key elements in the impairment of loans and advances include:<br>• the application of appropriate impairment models for the collectively assessed accounts. This includes the use of key assumptions in the impairment models (i.e., staging of accounts, significant increase in credit risk, forward-looking information), the exposure at default (EAD), the probability of default (PD) and the loss given default (LGD); and<br>• the identification of credit-impaired loans, and estimation of cash flows (including the expected realizable value of any collateral held) supporting the calculation of individually assessed provisions.<br><br>The impairment losses include both quantitative and qualitative components. In calculating the loan loss provisioning, the BPI Group and the Parent Bank applied the expected credit loss (ECL) calculation and post-model adjustments as allowed by Philippine Financial Reporting Standard (PFRS) 9, *Financial instruments*, which is a complex process that takes into account forward-looking information reflecting the BPI Group and the Parent Bank's view on potential future economic events. | Our work over the impairment of loans and advances included:<br>• independent assessment of the methodology applied by the BPI Group and the Parent Bank in the development of the ECL models vis-a-vis the requirements of PFRS 9;<br>• independent testing of key assumptions in the ECL models such as PD, LGD, EAD built from historical data, including segmentation. Our assessment included the involvement of our internal specialist.<br>• assessment of the appropriateness of the BPI Group's and the Parent Bank's definition of significant increase in credit risk and staging of accounts through analysis of historical trends and past credit behavior of loan portfolios;<br>• independent comparison of economic information used within, and weightings applied to, forward-looking scenarios in the ECL calculation which includes assumptions used in the post-model adjustments, against available macro-economic data;<br>• testing of the accuracy and completeness of data inputs in the ECL models and in the ECL calculation by comparing them with the information obtained from source systems;<br>• testing the accuracy and reasonableness of the outputs of the ECL models through independent recalculation;<br>• for a sample of individually assessed loans identified as credit-impaired, examined relevant supporting documents such as the latest financial information of the borrower or valuation of collateral used as a basis in estimating the recoverable amount and measuring the loan loss allowance; and<br>• recalculation of the loan loss allowance for selected accounts and portfolios at reporting date using the ECL methodology adopted by the BPI Group and the Parent Bank. |

**Other Information**

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

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

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

When we read the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Integrated Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and parent 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 PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and parent financial statements.

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

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

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

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

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

## Report on other legal and regulatory requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Bangko Sentral ng Pilipinas (BSP) Circular No. 1074 in Note 31 and Bureau of Internal Revenue (BIR) Revenue Regulations No. 15-2010 in Note 32 to the financial statements is presented for the purposes of filing with the BSP and the BIR, respectively, and is not a required part of the basic financial statements. Such supplementary information is the responsibility of the management of the BPI Group and the Parent Bank. The supplementary information has been subjected to the auditing procedures applied in our audits of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Roderick M. Danao.

**Isla Lipana & Co.**

Roderick M. Danao
Partner
CPA Cert. No. 88453
P.T.R. No. 0011280, issued on January 8, 2026, Makati City
SEC A.N (individual) as general auditors 88453-SEC, category A;
valid to audit 2025 to 2029 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2025 financial statements
TIN 152-015-078
BIR A.N. 08-000745-042-2023, issued on December 22, 2023; effective until December 21, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2028

Makati City
February 18, 2026

**BANK OF THE PHILIPPINE ISLANDS**

STATEMENTS OF CONDITION
December 31, 2025 and 2024
(In Millions of Pesos)

| | Notes | Consolidated | | Parent | |
|---|---|---|---|---|---|
| | | **2025** | 2024 | **2025** | 2024 |
| **ASSETS** | | | | | |
| CASH AND OTHER CASH ITEMS | 4 | **53,018** | 49,762 | **52,159** | 49,136 |
| DUE FROM BANGKO SENTRAL NG PILIPINAS (BSP) | 4 | **106,344** | 164,571 | **89,303** | 161,247 |
| DUE FROM OTHER BANKS | 4 | **38,211** | 72,060 | **34,007** | 68,439 |
| INTERBANK LOANS RECEIVABLE AND SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL, net | 4,5 | **35,480** | 16,715 | **34,909** | 9,093 |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | 6,7 | **85,274** | 47,308 | **77,245** | 39,757 |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME | 8 | **285,367** | 268,202 | **279,354** | 263,212 |
| INVESTMENT SECURITIES AT AMORTIZED COST, net | 9 | **353,145** | 343,108 | **345,848** | 336,233 |
| LOANS AND ADVANCES, net | 10 | **2,567,131** | 2,238,765 | **2,500,475** | 2,186,928 |
| ASSETS HELD FOR SALE, net | | **12,417** | 8,411 | **12,164** | 8,154 |
| BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT, net | 11 | **25,088** | 21,209 | **23,494** | 19,759 |
| INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, net | 12 | **13,047** | 10,904 | **19,822** | 19,165 |
| ASSETS ATTRIBUTABLE TO INSURANCE OPERATIONS | 2 | **22,649** | 20,995 | **-** | - |
| DEFERRED INCOME TAX ASSETS, net | 13 | **19,166** | 18,201 | **17,726** | 17,183 |
| OTHER ASSETS, net | 14 | **35,151** | 38,602 | **34,104** | 38,772 |
| Total assets | | **3,651,488** | 3,318,813 | **3,520,610** | 3,217,078 |

*(forward)*

**BANK OF THE PHILIPPINE ISLANDS**

STATEMENTS OF CONDITION
December 31, 2025 and 2024
(In Millions of Pesos)

| | Notes | Consolidated | | Parent | |
|---|---|---|---|---|---|
| | | **2025** | 2024 | **2025** | 2024 |
| **LIABILITIES AND CAPITAL FUNDS** | | | | | |
| DEPOSIT LIABILITIES | 15 | **2,838,525** | 2,614,802 | **2,766,496** | 2,564,135 |
| DUE TO BSP AND OTHER BANKS | | **3,151** | 3,135 | **3,151** | 3,135 |
| DERIVATIVE FINANCIAL LIABILITIES | 7 | **3,698** | 4,976 | **3,667** | 4,913 |
| BILLS PAYABLE AND OTHER BORROWED FUNDS | 16 | **223,433** | 163,182 | **223,139** | 163,083 |
| MANAGER'S CHECKS AND DEMAND DRAFTS OUTSTANDING | | **10,460** | 9,941 | **10,459** | 9,935 |
| ACCRUED TAXES, INTEREST AND OTHER EXPENSES | | **20,680** | 17,327 | **18,268** | 15,061 |
| LIABILITIES ATTRIBUTABLE TO INSURANCE OPERATIONS | 2 | **17,837** | 16,541 | **-** | - |
| DEFERRED CREDITS AND OTHER LIABILITIES | 17 | **54,834** | 56,219 | **50,774** | 53,050 |
| Total liabilities | | **3,172,618** | 2,886,123 | **3,075,954** | 2,813,312 |
| CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI | 18 | | | | |
| Share capital | | **52,747** | 52,610 | **52,747** | 52,610 |
| Share premium | | **143,810** | 143,278 | **143,780** | 143,248 |
| Reserves | | **16,511** | 10,889 | **48,837** | 43,217 |
| Accumulated other comprehensive loss | | **(10,586)** | (12,640) | **(9,125)** | (10,722) |
| Surplus | | **274,071** | 236,332 | **208,417** | 175,413 |
| | | **476,553** | 430,469 | **444,656** | 403,766 |
| NON-CONTROLLING INTERESTS | | **2,317** | 2,221 | **-** | - |
| Total capital funds | | **478,870** | 432,690 | **444,656** | 403,766 |
| Total liabilities and capital funds | | **3,651,488** | 3,318,813 | **3,520,610** | 3,217,078 |

(The notes on pages 1 to 112 are an integral part of these financial statements.)

**BANK OF THE PHILIPPINE ISLANDS**

STATEMENTS OF INCOME
For each of the three years in the period ended December 31, 2025
(In Millions of Pesos)

| | Notes | Consolidated | | | Parent | | |
|---|---|---|---|---|---|---|---|
| | | **2025** | 2024 | 2023 | **2025** | 2024 | 2023 |
| INTEREST INCOME | | | | | | | |
| On loans and advances | | **183,758** | 159,594 | 120,900 | **168,423** | 148,062 | 114,050 |
| On investment securities | | **29,481** | 27,251 | 21,737 | **28,924** | 26,834 | 21,466 |
| On deposits with BSP and other banks | | **2,027** | 3,109 | 2,935 | **1,285** | 2,240 | 2,460 |
| | | **215,266** | 189,954 | 145,572 | **198,632** | 177,136 | 137,976 |
| INTEREST EXPENSE | | | | | | | |
| On deposits | 15 | **55,569** | 53,181 | 36,027 | **52,353** | 50,659 | 34,934 |
| On bills payable and other borrowed funds | 16 | **11,669** | 9,187 | 5,195 | **11,653** | 9,045 | 4,956 |
| | | **67,238** | 62,368 | 41,222 | **64,006** | 59,704 | 39,890 |
| NET INTEREST INCOME | | **148,028** | 127,586 | 104,350 | **134,626** | 117,432 | 98,086 |
| PROVISION FOR CREDIT AND IMPAIRMENT LOSSES | 26 | **17,750** | 6,600 | 4,000 | **13,027** | 3,428 | 2,202 |
| **NET INTEREST INCOME AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES** | | **130,278** | 120,986 | 100,350 | **121,599** | 114,004 | 95,884 |
| OTHER INCOME | | | | | | | |
| Fees and commissions | 19 | **15,677** | 15,162 | 12,717 | **13,973** | 13,744 | 11,166 |
| Securities trading gain | | **5,833** | 3,293 | 1,919 | **5,444** | 3,017 | 1,827 |
| Income attributable to insurance operations | 2 | **3,573** | 3,011 | 1,843 | **-** | - | - |
| Income from foreign exchange trading, net | | **2,571** | 3,474 | 3,223 | **2,514** | 3,361 | 3,205 |
| Net (loss) gain on disposals of investment securities at amortized cost | 9 | **(171)** | 4 | 2 | **(29)** | 5 | 2 |
| Other operating income | 19 | **19,766** | 17,609 | 14,267 | **17,565** | 13,572 | 12,741 |
| | | **47,249** | 42,553 | 33,971 | **39,467** | 33,699 | 28,941 |
| OTHER EXPENSES | | | | | | | |
| Compensation and fringe benefits | 21 | **30,280** | 28,939 | 23,221 | **26,341** | 25,214 | 20,310 |
| Occupancy and equipment-related expenses | 11,20,21 | **27,924** | 25,132 | 22,012 | **25,020** | 22,648 | 20,139 |
| Other operating expenses | 21 | **33,901** | 29,725 | 23,877 | **31,143** | 27,404 | 22,142 |
| | | **92,105** | 83,796 | 69,110 | **82,504** | 75,266 | 62,591 |
| **PROFIT BEFORE INCOME TAX** | | **85,422** | 79,743 | 65,211 | **78,562** | 72,437 | 62,234 |
| INCOME TAX EXPENSE | 22 | | | | | | |
| Current | | **19,251** | 16,757 | 13,934 | **16,935** | 14,993 | 12,600 |
| Deferred | 13 | **(676)** | 746 | (635) | **(201)** | 1,060 | (419) |
| | | **18,575** | 17,503 | 13,299 | **16,734** | 16,053 | 12,181 |
| **NET INCOME AFTER TAX** | | **66,847** | 62,240 | 51,912 | **61,828** | 56,384 | 50,053 |
| Attributable to: | | | | | | | |
| Equity holders of BPI | | **66,615** | 62,049 | 51,687 | **61,828** | 56,384 | 50,053 |
| Non-controlling interests | | **232** | 191 | 225 | **-** | - | - |
| | | **66,847** | 62,240 | 51,912 | **61,828** | 56,384 | 50,053 |
| Basic and diluted earnings per share attributable to the equity holders of BPI during the year | 18 | **12.62** | 11.78 | 10.90 | **11.71** | 10.71 | 10.56 |

(The notes on pages 1 to 112 are an integral part of these financial statements.)

**BANK OF THE PHILIPPINE ISLANDS**

STATEMENTS OF TOTAL COMPREHENSIVE INCOME
For each of the three years in the period ended December 31, 2025
(In Millions of Pesos)

| | Note | Consolidated | | | Parent | | |
|---|---|---|---|---|---|---|---|
| | | **2025** | 2024 | 2023 | **2025** | 2024 | 2023 |
| NET INCOME FOR THE YEAR | | **66,847** | 62,240 | 51,912 | **61,828** | 56,384 | 50,053 |
| OTHER COMPREHENSIVE INCOME (LOSS) | 18 | | | | | | |
| Items that may be subsequently reclassified to profit or loss | | | | | | | |
| Share in other comprehensive income (loss) of associates | | **103** | (175) | 405 | **-** | - | - |
| Net change in fair value reserve on investments in debt instruments measured at FVOCI, net of tax effect | | **1,563** | (810) | 556 | **1,575** | (891) | 546 |
| Fair value reserve on investments of insurance subsidiaries, net of tax effect | | **86** | 24 | 90 | **-** | - | - |
| Currency translation differences and others | | **202** | 349 | (54) | **-** | - | - |
| Cash flow hedge, net of tax effect | | **8** | (1) | - | **8** | (1) | - |
| Items that will not be reclassified to profit or loss | | | | | | | |
| Remeasurements of defined benefit obligation | | **(1,233)** | (474) | (2,476) | **(1,212)** | (397) | (2,395) |
| Share in other comprehensive income (loss) of associates | | **143** | (45) | 49 | **-** | - | - |
| Net change in fair value reserve on investments in equity instruments measured at FVOCI, net of tax effect | | **1,204** | (360) | 4,609 | **1,226** | (357) | 4,616 |
| Total other comprehensive income (loss), net of tax effect | | **2,076** | (1,492) | 3,179 | **1,597** | (1,646) | 2,767 |
| **Total comprehensive income for the year** | | **68,923** | 60,748 | 55,091 | **63,425** | 54,738 | 52,820 |
| Attributable to: | | | | | | | |
| Equity holders of BPI | | **68,669** | 60,536 | 54,816 | **63,425** | 54,738 | 52,820 |
| Non-controlling interests | | **254** | 212 | 275 | **-** | - | - |
| | | **68,923** | 60,748 | 55,091 | **63,425** | 54,738 | 52,820 |

(The notes on pages 1 to 112 are an integral part of these financial statements.)

## BANK OF THE PHILIPPINE ISLANDS

STATEMENTS OF CHANGES IN CAPITAL FUNDS
For each of the three years in the period ended December 31, 2025
(In Millions of Pesos)

| | Attributable to equity holders of BPI (Note 18) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Consolidated** | Share capital | Share premium | Treasury shares | Reserves | Accumulated other comprehensive income (loss) | Surplus | Total | Non-controlling interests | Total capital funds |
| **Balance, January 1, 2023** | 49,193 | 104,123 | (33,043) | 644 | (14,256) | 211,061 | 317,722 | 2,082 | 319,804 |
| Comprehensive income | | | | | | | | | |
| Net income for the year | - | - | - | - | - | 51,687 | 51,687 | 225 | 51,912 |
| Other comprehensive income for the year | - | - | - | - | 3,129 | - | 3,129 | 50 | 3,179 |
| **Total comprehensive income for the year** | - | - | - | - | 3,129 | 51,687 | 54,816 | 275 | 55,091 |
| Transactions with owners | | | | | | | | | |
| Executive stock plan exercise and amortization | 114 | 342 | - | (84) | - | - | 372 | - | 372 |
| Cash dividends | - | - | - | - | - | (15,934) | (15,934) | (191) | (16,125) |
| Dividends - treasury shares | - | 8,949 | 33,043 | - | - | (42,364) | (372) | - | (372) |
| **Total transaction with owners** | 114 | 9,291 | 33,043 | (84) | - | (58,298) | (15,934) | (191) | (16,125) |
| Other movements | | | | | | | | | |
| Transfer from surplus to reserves | - | - | - | 13 | - | (13) | - | - | - |
| Others | - | - | - | 70 | - | 530 | 600 | - | 600 |
| **Total other movements** | - | - | - | 83 | - | 517 | 600 | - | 600 |
| **Balance, December 31, 2023** | 49,307 | 113,414 | - | 643 | (11,127) | 204,967 | 357,204 | 2,166 | 359,370 |
| Comprehensive income | | | | | | | | | |
| Net income for the year | - | - | - | - | - | 62,049 | 62,049 | 191 | 62,240 |
| Other comprehensive (loss) income for the year | - | - | - | - | (1,513) | - | (1,513) | 21 | (1,492) |
| **Total comprehensive income for the year** | - | - | - | - | (1,513) | 62,049 | 60,536 | 212 | 60,748 |
| Transactions with owners | | | | | | | | | |
| Issuance of shares as consideration of the merger | 3,140 | 29,453 | - | - | - | - | 32,593 | - | 32,593 |
| Executive stock plan exercise and amortization | 163 | 411 | - | (32) | - | - | 542 | - | 542 |
| Cash dividends | - | - | - | - | - | (20,878) | (20,878) | (157) | (21,035) |
| **Total transaction with owners** | 3,303 | 29,864 | - | (32) | - | (20,878) | 12,257 | (157) | 12,100 |
| Other movements | | | | | | | | | |
| Transfer from surplus to reserves | - | - | - | 10,274 | - | (10,274) | - | - | - |
| Others | - | - | - | 4 | - | 468 | 472 | - | 472 |
| **Total other movements** | - | - | - | 10,278 | - | (9,806) | 472 | - | 472 |
| **Balance, December 31, 2024** | 52,610 | 143,278 | - | 10,889 | (12,640) | 236,332 | 430,469 | 2,221 | 432,690 |
| Comprehensive income | | | | | | | | | |
| Net income for the year | - | - | - | - | - | 66,615 | 66,615 | 232 | 66,847 |
| Other comprehensive income for the year | - | - | - | - | 2,054 | - | 2,054 | 22 | 2,076 |
| **Total comprehensive income for the year** | - | - | - | - | 2,054 | 66,615 | 68,669 | 254 | 68,923 |
| Transactions with owners | | | | | | | | | |
| Executive stock plan exercise and amortization | 137 | 532 | - | 5 | - | - | 674 | - | 674 |
| Cash dividends | - | - | - | - | - | (23,037) | (23,037) | (158) | (23,195) |
| **Total transaction with owners** | 137 | 532 | - | 5 | - | (23,037) | (22,363) | (158) | (22,521) |
| Other movements | | | | | | | | | |
| Transfer from surplus to reserves | - | - | - | 5,616 | - | (5,616) | - | - | - |
| Others | - | - | - | 1 | - | (223) | (222) | - | (222) |
| **Total other movements** | - | - | - | 5,617 | - | (5,839) | (222) | - | (222) |
| **Balance, December 31, 2025** | **52,747** | **143,810** | **-** | **16,511** | **(10,586)** | **274,071** | **476,553** | **2,317** | **478,870** |

(The notes on pages 1 to 112 are an integral part of the financial statements.)

**BANK OF THE PHILIPPINE ISLANDS**

STATEMENTS OF CHANGES IN CAPITAL FUNDS
For each of the three years in the period ended December 31, 2025
(In Millions of Pesos)

| Parent (Note 18) | Share capital | Share premium | Treasury shares | Reserves | Accumulated other comprehensive income (loss) | Surplus | Total capital funds |
|---|---|---|---|---|---|---|---|
| **Balance, January 1, 2023** | 49,193 | 104,123 | (33,043) | 33,055 | (11,843) | 157,544 | 299,029 |
| Comprehensive income | | | | | | | |
| Net income for the year | - | - | - | - | - | 50,053 | 50,053 |
| Other comprehensive income for the year | - | - | - | - | 2,767 | - | 2,767 |
| **Total comprehensive income for the year** | - | - | - | - | 2,767 | 50,053 | 52,820 |
| Transactions with owners | | | | | | | |
| Executive stock plan exercise and amortization | 114 | 342 | - | (80) | - | - | 376 |
| Cash dividends | - | - | - | - | - | (15,934) | (15,934) |
| Dividends - treasury shares | - | 8,918 | 33,043 | - | - | (42,364) | (403) |
| **Total transactions with owners** | 114 | 9,260 | 33,043 | (80) | - | (58,298) | (15,961) |
| **Other movements** | - | - | - | - | - | 415 | 415 |
| **Balance, December 31, 2023** | 49,307 | 113,383 | - | 32,975 | (9,076) | 149,714 | 336,303 |
| Comprehensive income | | | | | | | |
| Net income for the year | - | - | - | - | - | 56,384 | 56,384 |
| Other comprehensive loss for the year | - | - | - | - | (1,646) | - | (1,646) |
| **Total comprehensive income for the year** | - | - | - | - | (1,646) | 56,384 | 54,738 |
| Transactions with owners | | | | | | | |
| Issuance of shares as consideration of the merger | 3,140 | 29,454 | - | - | - | - | 32,594 |
| Executive stock plan exercise and amortization | 163 | 411 | - | (32) | - | - | 542 |
| Cash dividends | - | - | - | - | - | (20,878) | (20,878) |
| **Total transactions with owners** | 3,303 | 29,865 | - | (32) | - | (20,878) | 12,258 |
| Other movements | | | | | | | |
| Transfer from surplus to reserves | - | - | - | 10,274 | - | (10,274) | - |
| Others | - | - | - | - | - | 467 | 467 |
| **Total other movements** | - | - | - | 10,274 | - | (9,807) | 467 |
| **Balance, December 31, 2024** | 52,610 | 143,248 | - | 43,217 | (10,722) | 175,413 | 403,766 |
| Comprehensive income | | | | | | | |
| Net income for the year | - | - | - | - | - | 61,828 | 61,828 |
| Other comprehensive income for the year | - | - | - | - | 1,597 | - | 1,597 |
| **Total comprehensive income for the year** | - | - | - | - | 1,597 | 61,828 | 63,425 |
| Transactions with owners | | | | | | | |
| Executive stock plan exercise and amortization | 137 | 532 | - | 4 | - | - | 673 |
| Cash dividends | - | - | - | - | - | (23,037) | (23,037) |
| **Total transactions with owners** | 137 | 532 | - | 4 | - | (23,037) | (22,364) |
| Other movements | | | | | | | |
| Transfer from surplus to reserves | - | - | - | 5,616 | - | (5,616) | - |
| Others | - | - | - | - | - | (171) | (171) |
| **Total other movements** | - | - | - | 5,616 | - | (5,787) | (171) |
| **Balance, December 31, 2025** | **52,747** | **143,780** | **-** | **48,837** | **(9,125)** | **208,417** | **444,656** |

(The notes on pages 1 to 112 are an integral part of these financial statements.)

**BANK OF THE PHILIPPINE ISLANDS**

STATEMENTS OF CASH FLOWS
For each of the three years in the period ended December 31, 2025
(In Millions of Pesos)

| | Notes | Consolidated | | | Parent | | |
|---|---|---|---|---|---|---|---|
| | | **2025** | 2024 | 2023 | **2025** | 2024 | 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | |
| Profit before income tax | | **85,422** | 79,743 | 65,211 | **78,562** | 72,437 | 62,234 |
| Adjustments for: | | | | | | | |
| Impairment losses | 26 | **17,750** | 6,600 | 4,000 | **13,027** | 3,428 | 2,202 |
| Depreciation and amortization | 11,14 | **5,918** | 5,257 | 6,615 | **5,408** | 4,786 | 6,195 |
| Share in net income of associates | 12 | **(3,205)** | (2,738) | (1,372) | **-** | - | - |
| Dividend and other income | 19 | **(91)** | (93) | (100) | **(3,792)** | (1,505) | (3,066) |
| Share-based compensation | 18 | **5** | (32) | (84) | **4** | (32) | (80) |
| Profit from asset sold | | **(257)** | (134) | (139) | **(256)** | (134) | (126) |
| Realized gain - investment securities | | **(3,392)** | (2,314) | (949) | **(3,534)** | (2,317) | (949) |
| Interest income | | **(215,266)** | (189,954) | (145,572) | **(198,632)** | (177,136) | (137,976) |
| Interest received | | **213,554** | 183,606 | 142,013 | **197,457** | 178,854 | 134,880 |
| Interest expense | | **67,697** | 62,740 | 41,543 | **64,382** | 59,997 | 40,171 |
| Interest paid | | **(65,412)** | (61,381) | (38,341) | **(62,104)** | (59,082) | (37,459) |
| (Increase) decrease in: | | | | | | | |
| Interbank loans receivable and securities purchased under agreements to resell | | **(18,401)** | 5,651 | 4,117 | **(18,399)** | 5,395 | 4,058 |
| Financial assets at fair value through profit or loss | | **(37,930)** | (23,569) | (1,455) | **(37,454)** | (22,288) | (450) |
| Loans and advances, net | | **(344,491)** | (244,187) | (181,412) | **(325,410)** | (230,778) | (170,155) |
| Assets held for sale | | **(3,864)** | (1,678) | (761) | **(3,870)** | (1,706) | (773) |
| Assets attributable to insurance operations | | **(715)** | (1,504) | 254 | **-** | - | - |
| Other assets | | **1,733** | 1,061 | (5,752) | **2,901** | 219 | (6,564) |
| Increase (decrease) in: | | | | | | | |
| Deposit liabilities | | **223,723** | 173,533 | 199,096 | **202,361** | 157,817 | 181,540 |
| Due to BSP and other banks | | **186** | 1,126 | (1,151) | **186** | 1,126 | (1,075) |
| Manager's checks and demand drafts outstanding | | **519** | 358 | 1,708 | **524** | 383 | 1,680 |
| Accrued taxes, interest and other expenses | | **924** | (587) | 798 | **917** | (882) | 730 |
| Liabilities attributable to insurance operations | | **1,256** | 1,346 | 306 | **-** | - | - |
| Derivative financial liabilities | | **(1,278)** | 2,155 | (1,476) | **(1,246)** | 2,139 | (1,479) |
| Deferred credits and other liabilities | | **(3,510)** | (694) | 213 | **(4,672)** | (1,477) | 353 |
| Net cash (absorbed by) from operations | | **(79,125)** | (5,689) | 87,310 | **(93,640)** | (10,756) | 73,891 |
| Income taxes paid | | **(18,747)** | (16,084) | (14,004) | **(16,582)** | (14,379) | (12,712) |
| Net cash (used in) from operating activities | | **(97,872)** | (21,773) | 73,306 | **(110,222)** | (25,135) | 61,179 |

*(forward)*

**BANK OF THE PHILIPPINE ISLANDS**

STATEMENTS OF CASH FLOWS
For each of the three years in the period ended December 31, 2025
(In Millions of Pesos)

| | Notes | Consolidated | | | Parent | | |
|---|---|---|---|---|---|---|---|
| | | **2025** | 2024 | 2023 | **2025** | 2024 | 2023 |
| (*forwarded)* | | | | | | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | |
| Acquisition of bank premises, furniture, fixtures and equipment | | **(6,297)** | (3,416) | (4,778) | **(5,928)** | (3,267) | (4,578) |
| Disposal of bank premises, furniture, fixtures and equipment | | **519** | 849 | 2,144 | **518** | 835 | 2,127 |
| Placements in investment securities | | **(318,183)** | (201,348) | (248,565) | **(315,733)** | (200,635) | (247,299) |
| Proceeds from: | | | | | | | |
| Maturities/sales of investment securities | | **298,047** | 227,374 | 171,331 | **297,231** | 227,205 | 171,332 |
| Decrease (increase) in: | | | | | | | |
| Investment in subsidiaries and associates, net | | **1,317** | 53 | 769 | **(648)** | (2,182) | (120) |
| Assets attributable to insurance operations | | **(642)** | (418) | (270) | **-** | - | - |
| Impact of merger | | **-** | 22,071 | - | **-** | 20,572 | - |
| Dividends received | | **91** | 93 | 100 | **3,792** | 1,505 | 3,066 |
| Net cash (used in) from investing activities | | **(25,148)** | 45,258 | (79,269) | **(20,768)** | 44,033 | (75,472) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | |
| Cash dividends paid | 18 | **(23,195)** | (21,035) | (16,125) | **(23,037)** | (20,877) | (15,934) |
| Issuance cost of treasury shares as dividends | | **-** | - | (372) | **-** | - | (403) |
| Proceeds from share issuance | | **669** | 573 | 456 | **669** | 573 | 456 |
| Proceeds from bills payable and other borrowed funds | 16 | **278,737** | 392,738 | 138,190 | **256,316** | 360,659 | 122,029 |
| Maturities and repayments of bills payable and other borrowed funds | 16 | **(219,002)** | (382,090) | (98,931) | **(196,776)** | (346,732) | (81,647) |
| Payments for principal portion of lease liabilities | | **(2,426)** | (2,066) | (1,893) | **(2,106)** | (1,803) | (1,652) |
| Net cash from (used in) financing activities | | **34,783** | (11,880) | 21,325 | **35,066** | (8,180) | 22,849 |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | | **(88,237)** | 11,605 | 15,362 | **(95,924)** | 10,718 | 8,556 |
| CASH AND CASH EQUIVALENTS | | | | | | | |
| January 1 | 4,5 | 300,087 | 288,482 | 273,120 | 284,723 | 274,005 | 265,449 |
| December 31 | | **211,850** | 300,087 | 288,482 | **188,799** | 284,723 | 274,005 |
| Non-cash financing and investing activities | 11,16,18 | | | | | | |

(The notes on pages 1 to 112 are an integral part of these financial statements.)

**BANK OF THE PHILIPPINE ISLANDS**

Notes to the Financial Statements
As at December 31, 2025 and 2024 and for each of the three years
in the period ended December 31, 2025

## 1 General information

Bank of the Philippine Islands ("BPI" or the "Parent Bank") is a domestic commercial bank with an expanded banking license and was registered with the Securities and Exchange Commission (SEC) on January 4, 1943. The Parent Bank's license was extended for another 50 years on January 4, 1993.

The Parent Bank's office address, which also serves as its principal place of business, is located at Ayala Triangle Gardens Tower 2, Paseo De Roxas corner Makati Ave., Bel-Air, Makati City.

BPI and its subsidiaries (collectively referred to as the "BPI Group") offer a whole breadth of financial services that include corporate banking, consumer banking, investment banking, asset management, corporate finance, securities distribution and insurance services. At December 31, 2025, the BPI Group has 23,036 employees (2024 - 22,062 employees) and operates 1,315 branches (2024 - 1,266 branches) and 1,750 automated teller machines (ATMs) and cash accept machines (CAMs) (2024 - 1,876), and in partnership with 7,032 partner stores (2024 - 6,434), 987 of which are offering deposit and withdrawal services (2024 - 122), to support its delivery of services. The BPI Group also serves its customers through alternative electronic banking channels such as telephone, mobile phone and the internet.

The Parent Bank is a public company under Rule 3.1 of Implementing Rules and Regulations of the Securities Regulation Code (SRC), which, among others, defines a public company as any corporation with a class of equity securities listed on an exchange, or with assets of at least P50 million and having 200 or more shareholders, each of which holds at least 100 shares of its equity securities.

On September 30, 2022, the Board of Directors (BOD) of BPI approved the execution of an agreement between the Parent Bank and Robinsons Bank Corporation ("RBC") and Robinsons Retail Holdings, Inc. and JG Summit Capital Services Corporation, as RBC shareholders, for the merger of BPI and RBC, with BPI as the surviving entity. The merger took effect on January 1, 2024.

### Approval and authorization for issuance of financial statements

These financial statements have been approved and authorized for issuance by the BOD of the Parent Bank on February 18, 2026.

The consolidated financial statements comprise the financial statements of the Parent Bank and the following subsidiaries:

| Subsidiaries | Country of incorporation | Principal activities | % of ownership 2025 | % of ownership 2024 |
|---|---|---|---|---|
| BPI Capital Corporation | Philippines | Investment house | 100 | 100 |
| BPI Direct BanKo, Inc., A Savings Bank | Philippines | Banking | 100 | 100 |
| BPI Asset Management and Trust Corporation operating under the trade name, BPI Wealth | Philippines | Asset management | 100 | 100 |
| BPI Wealth Hong Kong Ltd. (formerly BPI International Finance Limited) | Hong Kong | Financing | 100 | 100 |
| BPI Europe Plc. | England and Wales | Banking | 100 | 100 |
| BPI Securities Corporation | Philippines | Securities dealer | 100 | 100 |
| BPI Payments Holdings Inc. (BPHI) | Philippines | Financing | 100 | 100 |
| Filinvest Algo Financial Corp. | Philippines | Financing | 100 | 100 |
| BPI Investments, Inc. (formerly BPI Investment Management, Inc.) | Philippines | Mutual fund distribution | 100 | 100 |
| Santiago Land Development Corporation | Philippines | Land holding | 100 | 100 |
| BPI Computer Systems Corp. | Philippines | Business systems service | 100 | 100 |
| BPI Forex Corp. | Philippines | Foreign exchange | 100 | 100 |
| BPI Remittance Centre (HK) Ltd. | Hong Kong | Remittance | 100 | 100 |
| BPI Wealth Singapore Pte. Ltd. | Singapore | Asset management | 100 | 100 |
| First Far East Development Corporation | Philippines | Real estate | 100 | 100 |
| FEB Stock Brokers, Inc. | Philippines | Securities dealer | 100 | 100 |
| Legazpi Savings Bank, Inc. (LSB) | Philippines | Banking | 99.94 | 99.94 |
| Ayala Plans, Inc. | Philippines | Pre-need | 98.93 | 98.93 |
| FGU Insurance Corporation | Philippines | Non-life insurance | 94.62 | 94.62 |
| BPI/MS Insurance Corporation | Philippines | Non-life insurance | 50.85 | 50.85 |
| FEB Speed International* | Philippines | Remittance | - | 100 |

**FEB Speed International's cessation and dissolution was approved by the SEC in 2024. On May 5, 2025, the Bureau of Internal Revenue (BIR) issued a Certificate of No Outstanding Tax Liability, confirming the company's closure.*

## 2 Assets and liabilities attributable to insurance operations

Details of assets and liabilities attributable to insurance operations at December 31 are as follows:

| | Note | **2025** | 2024 |
|---|---|---|---|
| | | (In Millions of Pesos) | |
| **Assets** | | | |
| Cash and cash equivalents | 4 | **375** | 175 |
| Insurance balances receivable, net | | **7,822** | 7,137 |
| Investment securities | | | |
| Financial assets at fair value through profit or loss | | **2,494** | 1,954 |
| Financial assets at fair value through other comprehensive income | | **7,503** | 7,256 |
| Financial assets at amortized cost | | **283** | 359 |
| Investment in associates | | **167** | 167 |
| Accounts receivable and other assets, net | | **3,887** | 3,856 |
| Land, building and equipment | | **118** | 91 |
| | | **22,649** | 20,995 |

| | **2025** | 2024 |
|---|---|---|
| | (In Millions of Pesos) | |
| **Liabilities** | | |
| Reserves and other balances | **15,705** | 14,682 |
| Accounts payable, accrued expenses and other payables | **2,132** | 1,859 |
| | **17,837** | 16,541 |

Details of income attributable to insurance operations before income tax and minority interest for the years ended December 31 are as follows:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| | | (In Millions of Pesos) | |
| Premiums earned and related income | **4,199** | 3,481 | 3,312 |
| Investment and other income | **3,357** | 3,019 | 1,675 |
| | **7,556** | 6,500 | 4,987 |
| Benefits, claims and maturities | **1,889** | 1,673 | 1,573 |
| Decrease in actuarial reserve liabilities | **(239)** | (208) | (288) |
| Commissions | **1,231** | 1,053 | 954 |
| Management and general expenses | **1,071** | 946 | 876 |
| Other expenses | **31** | 25 | 29 |
| | **3,983** | 3,489 | 3,144 |
| Income before income tax and minority interest | **3,573** | 3,011 | 1,843 |

## 3 Business segments

Operating segments are reported in accordance with the internal reporting provided to the Chief Executive Officer (CEO), who is responsible for allocating resources to the reportable segments and assessing their performance. All operating segments used by the BPI Group individually meet the definition of a reportable segment under Philippine Financial Reporting Standards (PFRS) 8, *Operating Segments*.

The BPI Group has determined the operating segments based on the nature of the services provided and the different clients/markets served representing a strategic business unit.

The BPI Group's main operating business segments follow:

- Consumer banking - this segment serves the individual and retail markets. Services cover deposit taking and servicing, consumer lending such as personal, home mortgages, auto loans and credit card finance as well as the remittance business. The segment also includes the entire transaction processing and service delivery infrastructure consisting of network of branches, ATMs and cash acceptance machines, as well as phone and internet-based banking platforms for individual customers. Furthermore, innovative business models such as Partnership and Agency banking are incorporated in this segment.

- Corporate banking - this segment caters both high-end corporations and middle market clients. Services offered include deposit taking and servicing, loan facilities, trade, cash management and internet-based banking platforms for corporate and institutional customers.

- Investment banking - this segment includes the various business groups operating in the investment markets and dealing in activities other than lending and deposit taking. These services cover corporate finance, securities distribution, asset management, trust and fiduciary services as well as proprietary trading and investment activities.

The performance of the Parent Bank is assessed as a single unit using financial information presented in the separate or Parent only financial statements. Likewise, the CEO assesses the performance of the insurance business as a standalone business segment separate from the banking and allied financial undertakings. Information on the assets, liabilities and results of operations of the insurance business is fully disclosed in Note 2.

The BPI Group and the Parent Bank mainly derive revenue within the Philippines; accordingly, no geographical segment is presented.

The segment report forms part of management's assessment of the performance of the segment, among other performance indicators.

There were no changes in the reportable segments during the year. Transactions between the business segments are carried out at arm's length. Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment net interest income.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue-sharing agreements are used to allocate external customer revenues to a business segment on a systematic basis. Inter-segment revenues, however, are deemed insignificant for financial reporting purposes, thus, not reported in segment analysis below.

The BPI Group's management reporting is based on a measure of operating profit comprising net interest income, credit losses, fees and commission income, other income and operating expenses.

Segment assets and liabilities comprise majority of operating assets and liabilities, measured in a manner consistent with that shown in the statement of condition, but exclude items such as taxation.

The segment assets and liabilities as at December 31 and the results of the operations of the reportable segments of the BPI Group for the years ended December 31 follow:

| | 2025 | | | |
|---|---|---|---|---|
| | Consumer banking | Corporate banking | Investment banking | Total per management reporting |
| | | (In Millions of Pesos) | | |
| Net interest income | 101,215 | 37,177 | 15,876 | 154,268 |
| Provision for (reversal of) credit and impairment losses | 19,106 | (1,169) | (92) | 17,845 |
| Net interest income after provision for credit and impairment losses | 82,109 | 38,346 | 15,968 | 136,423 |
| Fees, commissions and other income, net | 26,221 | 4,251 | 12,752 | 43,224 |
| Total income | 108,330 | 42,597 | 28,720 | 179,647 |
| Compensation and fringe benefits | 21,877 | 3,765 | 2,272 | 27,914 |
| Occupancy and equipment-related expenses | 9,719 | 572 | 1,346 | 11,637 |
| Other operating expenses | 34,608 | 5,458 | 2,420 | 42,486 |
| Total other expenses | 66,204 | 9,795 | 6,038 | 82,037 |
| Operating profit | 42,126 | 32,802 | 22,682 | 97,610 |
| Income tax expense | | | | 18,575 |
| Net income | | | | 66,847 |
| Share in net income of associates | | | | 3,205 |
| Total assets | 995,884 | 1,816,740 | 773,948 | 3,586,572 |
| Total liabilities | 1,976,928 | 921,785 | 235,189 | 3,133,902 |

| | 2024 | | | |
|---|---|---|---|---|
| | Consumer banking | Corporate banking | Investment banking | Total per management reporting |
| | | (In Millions of Pesos) | | |
| Net interest income | 82,975 | 33,246 | 16,955 | 133,176 |
| Provision for (reversal of) credit and impairment losses | 11,570 | (5,058) | 115 | 6,627 |
| Net interest income after provision for credit and impairment losses | 71,405 | 38,304 | 16,840 | 126,549 |
| Fees, commissions and other income, net | 24,616 | 3,584 | 10,710 | 38,910 |
| Total income | 96,021 | 41,888 | 27,550 | 165,459 |
| Compensation and fringe benefits | 20,876 | 3,587 | 2,152 | 26,615 |
| Occupancy and equipment-related expenses | 9,075 | 567 | 1,121 | 10,763 |
| Other operating expenses | 32,691 | 4,892 | 2,268 | 39,851 |
| Total other expenses | 62,642 | 9,046 | 5,541 | 77,229 |
| Operating profit | 33,379 | 32,842 | 22,009 | 88,230 |
| Income tax expense | | | | 17,503 |
| Net income | | | | 62,240 |
| Share in net income of associates | | | | 2,738 |
| Total assets | 781,780 | 1,693,238 | 781,382 | 3,256,400 |
| Total liabilities | 1,890,077 | 787,196 | 175,303 | 2,852,576 |

| | 2023 | | | |
|---|---|---|---|---|
| | Consumer banking | Corporate banking | Investment banking | Total per management reporting |
| | (In Millions of Pesos) | | | |
| Net interest income | 65,271 | 28,108 | 15,117 | 108,496 |
| Provision for credit and impairment losses | 7,711 | (3,837) | 140 | 4,014 |
| Net interest income after provision for credit and impairment losses | 57,560 | 31,945 | 14,977 | 104,482 |
| Fees, commissions and other income, net | 20,328 | 2,932 | 8,749 | 32,009 |
| Total income | 77,888 | 34,877 | 23,726 | 136,491 |
| Compensation and fringe benefits | 19,375 | 3,314 | 1,786 | 24,475 |
| Occupancy and equipment-related expenses | 10,144 | 1,089 | 865 | 12,098 |
| Other operating expenses | 26,485 | 4,082 | 3,221 | 33,788 |
| Total other expenses | 56,004 | 8,485 | 5,872 | 70,361 |
| Operating profit | 21,884 | 26,392 | 17,854 | 66,130 |
| Income tax expense | | | | 13,299 |
| Net income | | | | 51,912 |
| Share in net income of associates | | | | 1,372 |
| Total assets | 644,092 | 1,505,254 | 717,734 | 2,867,080 |
| Total liabilities | 1,670,879 | 687,265 | 163,858 | 2,522,002 |

Reconciliation of segment results to consolidated results of operations:

| | **2025** | | |
|---|---|---|---|
| | Total per management reporting | Consolidation adjustments/ Others | Total per consolidated financial statements |
| | (In Millions of Pesos) | | |
| Net interest income | 154,268 | (6,240) | 148,028 |
| Provision for credit and impairment losses | 17,845 | (95) | 17,750 |
| Net interest income after provision for credit and impairment losses | 136,423 | (6,145) | 130,278 |
| Fees, commissions and other income, net | 43,224 | 4,025 | 47,249 |
| Total income | 179,647 | (2,120) | 177,527 |
| Compensation and fringe benefits | 27,914 | 2,366 | 30,280 |
| Occupancy and equipment-related expenses | 11,637 | 16,287 | 27,924 |
| Other operating expenses | 42,486 | (8,585) | 33,901 |
| Total other expenses | 82,037 | 10,068 | 92,105 |
| Operating profit | 97,610 | (12,188) | 85,422 |
| Income tax expense | 18,575 | | 18,575 |
| Net income | 66,847 | | 66,847 |
| Share in net income of associates | 3,205 | | 3,205 |
| Total assets | 3,586,572 | 64,916 | 3,651,488 |
| Total liabilities | 3,133,902 | 38,716 | 3,172,618 |

| | 2024 | | |
|---|---|---|---|
| | Total per management reporting | Consolidation adjustments/ Others | Total per consolidated financial statements |
| | (In Millions of Pesos) | | |
| Net interest income | 133,176 | (5,590) | 127,586 |
| Provision for credit and impairment losses | 6,627 | (27) | 6,600 |
| Net interest income after provision for credit and impairment losses | 126,549 | (5,563) | 120,986 |
| Fees, commissions and other income, net | 38,910 | 3,643 | 42,553 |
| Total income | 165,459 | (1,920) | 163,539 |
| Compensation and fringe benefits | 26,615 | 2,324 | 28,939 |
| Occupancy and equipment-related expenses | 10,763 | 14,369 | 25,132 |
| Other operating expenses | 39,851 | (10,126) | 29,725 |
| Total other expenses | 77,229 | 6,567 | 83,796 |
| Operating profit | 88,230 | (8,487) | 79,743 |
| Income tax expense | 17,503 | | 17,503 |
| Net income | 62,240 | | 62,240 |
| Share in net income of associates | 2,738 | | 2,738 |
| Total assets | 3,256,400 | 62,413 | 3,318,813 |
| Total liabilities | 2,852,576 | 33,547 | 2,886,123 |

| | 2023 | | |
|---|---|---|---|
| | Total per management reporting | Consolidation adjustments/ Others | Total per consolidated financial statements |
| | (In Millions of Pesos) | | |
| Net interest income | 108,496 | (4,146) | 104,350 |
| Provision for credit and impairment losses | 4,014 | (14) | 4,000 |
| Net interest income after provision for credit and impairment losses | 104,482 | (4,132) | 100,350 |
| Fees, commissions and other income, net | 32,009 | 1,962 | 33,971 |
| Total income | 136,491 | (2,170) | 134,321 |
| Compensation and fringe benefits | 24,475 | (1,254) | 23,221 |
| Occupancy and equipment-related expenses | 12,098 | 9,914 | 22,012 |
| Other operating expenses | 33,788 | (9,911) | 23,877 |
| Total other expenses | 70,361 | (1,251) | 69,110 |
| Operating profit | 66,130 | (919) | 65,211 |
| Income tax expense | 13,299 | | 13,299 |
| Net income | 51,912 | | 51,912 |
| Share in net income of associates | 1,372 | | 1,372 |
| Total assets | 2,867,080 | 21,292 | 2,888,372 |
| Total liabilities | 2,522,002 | 7,000 | 2,529,002 |

“Consolidation adjustments/Others” pertain to amounts of insurance operations and support units and inter-segment elimination in accordance with the BPI Group’s internal reporting.

## 4 Cash and cash equivalents

The account at December 31 consists of:

| | Notes | Consolidated | | Parent | |
|---|---|---|---|---|---|
| | | **2025** | 2024 | **2025** | 2024 |
| | | (In Millions of Pesos) | | | |
| Cash and other cash items | | **53,018** | 49,762 | **52,159** | 49,136 |
| Due from Bangko Sentral ng Pilipinas (BSP) | | **106,344** | 164,571 | **89,303** | 161,247 |
| Due from other banks | | **38,211** | 72,060 | **34,007** | 68,439 |
| Interbank loans receivable and securities purchased under agreements to resell (SPAR) | 5 | **13,902** | 13,519 | **13,330** | 5,901 |
| Cash and cash equivalents attributable to insurance operations | 2 | **375** | 175 | **-** | - |
| | | **211,850** | 300,087 | **188,799** | 284,723 |

Interest income from BSP and Due from other banks account recognized in the statement of income for the year ended December 31, 2025 amounts to P989 million (2024 - P1,299 million; 2023 - P1,292 million) and P432 million (2024 - P687 million; 2023 - P936 million) for the BPI Group and the Parent Bank, respectively.

## 5 Interbank loans receivable and SPAR, net

The account at December 31 consists of transactions with:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| BSP | **-** | 7,500 | **-** | - |
| Other banks | **35,510** | 9,227 | **34,939** | 9,111 |
| | **35,510** | 16,727 | **34,939** | 9,111 |
| Accrued interest receivable | **11** | 31 | **11** | 25 |
| | **35,521** | 16,758 | **34,950** | 9,136 |
| Allowance for impairment | **(41)** | (43) | **(41)** | (43) |
| | **35,480** | 16,715 | **34,909** | 9,093 |

As at December 31, 2025, interbank loans receivable and SPAR maturing within 90 days from the date of acquisition amounting to P13,902 million (2024 - P13,519 million) for the BPI Group and P13,330 million (2024 - P5,901 million) for the Parent Bank are classified as cash equivalents in the statements of cash flows (Note 4).

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Current | **35,076** | 15,005 | **34,505** | 7,383 |
| Non-current | **404** | 1,710 | **404** | 1,710 |
| | **35,480** | 16,715 | **34,909** | 9,093 |

In 2024, government bonds are pledged by the BSP as collateral under reverse repurchase agreements. The aggregate face value of securities pledged approximates the total balance of outstanding placements as at reporting date.

The range of average interest rates (%) of interbank loans receivable and SPAR for the years ended December 31 are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| Peso-denominated | **4.85 - 8.37** | 4.95 - 8.37 | **4.85 - 8.37** | 4.95 - 8.37 |
| Foreign currency-denominated | **0.10 - 3.55** | 4.10 - 5.70 | **0.10 - 0.47** | 4.40 - 5.41 |

Interest income from interbank loan receivables and SPAR recognized in the statement of income for the year ended December 31, 2025 amounts to P1,038 million (2024 - P1,810 million; 2023 - P1,643 million) and P853 million (2024 - P1,553 million; 2023 - P1,524 million) for the BPI Group and the Parent Bank, respectively.

## 6 Financial assets at fair value through profit or loss (FVTPL)

The account at December 31 consists of:

| | | Consolidated | | Parent | |
|---|---|---|---|---|---|
| | Note | **2025** | 2024 | **2025** | 2024 |
| | | | (In Millions of Pesos) | | |
| Debt securities | | | | | |
| Government securities | | **75,610** | 35,942 | **72,335** | 33,548 |
| Commercial papers of private companies | | **4,946** | 5,159 | **429** | 376 |
| Listed equity securities | | **219** | 351 | **-** | - |
| Derivative financial assets | 7 | **4,499** | 5,856 | **4,481** | 5,833 |
| | | **85,274** | 47,308 | **77,245** | 39,757 |

All financial assets at FVTPL held by the BPI Group and the Parent Bank are classified as current.

## 7 Derivative financial instruments

Derivatives held by the BPI Group consist mainly of the following:

- Foreign exchange forwards represent commitments to purchase or sell one currency against another at an agreed forward rate on a specified date in the future. Settlement can be made via full delivery of forward proceeds or via payment of the difference (non-deliverable forward) between the contracted forward rate and the prevailing market rate at maturity.

- Foreign exchange swaps refer to spot purchase or sale of one currency against another with an offsetting agreement to sell or purchase the same currency at an agreed forward rate in the future.

- Interest rate swaps refer to agreement to exchange fixed rate versus floating interest payments (or vice versa) on a reference notional amount over an agreed period.

- Cross currency swaps refer to an exchange of notional amounts on two currencies at a given exchange rate where the parties on the transaction agree to pay a stated interest rate on the received notional amount and accept a stated interest rate on the delivered notional amount, payable and receivable or net settled (non-deliverable swaps) periodically over the term of the transaction.

- Foreign exchange option refers to the agreement between two parties that grants the option holder the right, but not the obligation, to buy or sell a predetermined notional amount of a specified underlying currency at an agreed-upon strike price on or before specified exercise date. In exchange for this right, the option holder pays an upfront premium. The option writer, in turn, is obligated to transact the underlying amount if the option holder elects to exercise the option. This structure allows the buyer to hedge against or speculate on future movements in foreign exchange rates while limiting their downside risk to the premium paid.

The BPI Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfill their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the BPI Group assesses counterparties using the same techniques as for its lending activities.

The fair values of derivative financial instruments as at December 31 are set out below:

Consolidated

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| ***Held for trading*** | | | | |
| Foreign exchange derivatives | | | | |
| Currency swaps | **369** | 127 | **84** | 160 |
| Currency forwards | **3,349** | 3,967 | **3,203** | 3,743 |
| Interest rate swaps | **772** | 1,760 | **411** | 1,069 |
| Interest rate options | **2** | - | **-** | - |
| Warrants | **-** | 2 | **-** | - |
| ***Held for hedging*** | | | | |
| Interest rate swap | **7** | - | **-** | 4 |
| | **4,499** | 5,856 | **3,698** | 4,976 |

Parent

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| ***Held for trading*** | | | | |
| Foreign exchange derivatives | | | | |
| Currency swaps | **369** | 127 | **84** | 160 |
| Currency forwards | **3,331** | 3,944 | **3,172** | 3,680 |
| Interest rate swaps | **772** | 1,760 | **411** | 1,069 |
| Interest rate options | **2** | - | **-** | - |
| Warrants | | 2 | **-** | - |
| ***Held for hedging*** | | | | |
| Interest rate swap | **7** | - | **-** | 4 |
| | **4,481** | 5,833 | **3,667** | 4,913 |

*Cash flow hedge of floating rate securities*

Consistent with its established risk management framework and asset liability management strategies, the Parent Bank decided to hedge the interest rate exposure arising from the floating rate securities (hedged item) acquired in 2024.

The Parent Bank aims to minimize or reduce the variability in cash flows arising from the floating rate securities through the float-for-fix interest rate swap (IRS) hedging instrument. Under the terms of the IRS, the Parent Bank agrees to receive a fixed rate in exchange of a floating rate which coincides with the interest from the hedged item. The hedge ratio of 1:1 is observed so as not to create an imbalance that would create hedge ineffectiveness. The hedge has been assessed to be effective as at December 31, 2025 and 2024.

As at December 31, 2025, the Parent Bank's IRS hedging instrument notional amount is P596.72 million (2024 - P587.00 million).

*Critical accounting estimate - Determination of fair value of derivatives and other financial instruments*

The fair values of financial instruments that are not quoted in active markets are determined by using generally accepted valuation techniques. Where valuation techniques (for example, discounted cash flow models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. Inputs used in these models are from observable data and quoted market prices in respect of similar financial instruments.

All models are approved by the BOD before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. Changes in assumptions about these factors could affect reported fair value of financial instruments. The BPI Group considers that it is impracticable, however, to disclose with sufficient reliability the possible effects of sensitivities surrounding the fair value of financial instruments that are not quoted in active markets.

## 8 Financial assets at fair value through other comprehensive income (FVOCI)

Details of the account at December 31 are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Debt securities | | | | |
| Government securities | **228,174** | 231,908 | **224,197** | 229,754 |
| Commercial papers of private companies | **49,704** | 28,852 | **49,001** | 27,496 |
| | **277,878** | 260,760 | **273,198** | 257,250 |
| Accrued interest receivable | **4,358** | 3,598 | **4,332** | 3,584 |
| | **282,236** | 264,358 | **277,530** | 260,834 |
| Equity securities | | | | |
| Listed | **1,687** | 2,293 | **1,509** | 2,094 |
| Unlisted | **1,444** | 1,551 | **315** | 284 |
| | **3,131** | 3,844 | **1,824** | 2,378 |
| | **285,367** | 268,202 | **279,354** | 263,212 |

The BPI Group has designated a small portfolio of equity securities from listed and unlisted private corporations as financial assets at FVOCI. The BPI Group adopted this presentation as the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

Debt securities classified as financial assets at FVOCI are classified as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Current (within 12 months) | **17,059** | 55,200 | **14,050** | 83,578 |
| Non-current (over 12 months) | **265,177** | 209,158 | **263,480** | 177,256 |
| | **282,236** | 264,358 | **277,530** | 260,834 |

The range of average interest rates (%) of financial assets at FVOCI for the years ended December 31 follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| Peso-denominated | **2.33 - 8.57** | 2.25 - 8.57 | **2.33 - 8.57** | 2.25 - 8.57 |
| Foreign currency-denominated | **0.43 - 6.24** | 0.24 - 7.00 | **0.43 - 6.24** | 0.24 - 7.00 |

Interest income from debt instruments recognized in the statement of income for the year ended December 31, 2025 amounts to P13,921 million (2024 - P11,569 million; 2023 - P6,176 million) and P13,727 million (2024 - P11,394 million; 2023 - P6,060 million) for the BPI Group and Parent Bank, respectively.

As at December 31, 2024, government securities aggregating P4.80 billion are used as security for bills payable of the Parent Bank (Note 16). There are no securities used as security for bills payable of the Parent Bank as at December 31, 2025.

Dividend income from equity instruments recognized in the statement of income under other operating income for the year ended December 31, 2025 amounts to P91 million (2024 - P93 million; 2023 - P100 million) and P67 million (2024 - P65 million; 2023 - P66 million) for the BPI Group and Parent Bank, respectively (Note 19).

## 9 Investment securities at amortized cost, net

Details of the account at December 31 are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Government securities | **300,921** | 285,396 | **298,617** | 284,620 |
| Commercial papers of private companies | **48,468** | 54,186 | **43,557** | 48,142 |
| | **349,389** | 339,582 | **342,174** | 332,762 |
| Accrued interest receivable | **3,789** | 3,642 | **3,707** | 3,554 |
| | **353,178** | 343,224 | **345,881** | 336,316 |
| Allowance for impairment | **(33)** | (116) | **(33)** | (83) |
| | **353,145** | 343,108 | **345,848** | 336,233 |

The range of average effective interest rates (%) for the years ended December 31 follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| Peso-denominated | **2.77 - 8.13** | 2.48 - 8.13 | **2.77 - 8.13** | 2.48 - 8.13 |
| Foreign currency-denominated | **1.10 - 5.92** | 0.13 - 8.13 | **1.10 - 5.92** | 0.80 - 5.92 |

In 2025, the BPI Group and the Parent Bank recognized a net loss of P171 million and P29 million, respectively, from the sale of close-to-maturity investment securities and those with significant increase in credit risk. In 2024, the BPI Group and Parent Bank recognized a net gain of P4 million and P5 million, respectively, resulting from sale of investments that are close-to-maturity and an insignificant amount of debt securities. In 2023, the Parent Bank recognized a net gain of P2 million resulting from sale of close-to-maturity debt securities.

As at December 31, 2025, government securities aggregating P45.43 billion (2024 - P30.37 billion) are used as security for bills payable of the Parent Bank (Note 16).

Interest income from these investment securities recognized in the statement of income for the year ended December 31, 2025 amounts to P14,265 million (2024 - P14,444 million; 2023 - P14,678 million) and P14,056 million (2024 - P14,282 million; 2023 - P14,549 million) for the BPI Group and the Parent Bank, respectively.

Investment securities at amortized cost, net are expected to be realized as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Current (within 12 months) | **64,847** | 30,866 | **63,279** | 29,364 |
| Non-current (over 12 months) | **288,298** | 312,242 | **282,569** | 306,869 |
| | **353,145** | 343,108 | **345,848** | 336,233 |

As at December 31, 2025, the Parent Bank has P5,874 million (2024 - P5,593 million) outstanding securities overlying securitization structures measured at amortized cost. The securities are held for collection of contractual cash flows until maturity and those cash flows represent solely payments of principal and interest.

*Critical accounting judgment - Classification of investment securities at amortized cost*

The BPI Group classifies its financial assets at initial recognition as to whether it will be subsequently measured at FVOCI, at amortized cost, or at FVTPL. The BPI Group determines the classification based on the contractual cash flow characteristics of the financial assets and on the business model it uses to manage these financial assets. The BPI Group determines whether the contractual cash flows associated with the financial asset are solely payments of principal and interest (the "SPPI"). If the instrument fails the SPPI test, it will be measured at FVTPL.

## 10 Loans and advances, net

Details of this account at December 31 are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Corporate loans | | | | |
| Large corporate customers | **1,800,399** | 1,618,027 | **1,793,219** | 1,613,767 |
| Small and medium enterprise | **125,397** | 103,138 | **125,385** | 103,119 |
| Retail loans | | | | |
| Real estate mortgages | **275,596** | 236,089 | **273,668** | 234,520 |
| Credit cards | **238,503** | 180,830 | **238,503** | 180,830 |
| Auto loans | **120,349** | 98,166 | **120,322** | 98,161 |
| Others | **63,022** | 50,797 | **1,687** | 2,459 |
| | **2,623,266** | 2,287,047 | **2,552,784** | 2,232,856 |
| Accrued interest receivable | **18,941** | 18,115 | **16,842** | 16,598 |
| Unearned discount/income | **(18,342)** | (12,295) | **(18,144)** | (12,147) |
| | **2,623,865** | 2,292,867 | **2,551,482** | 2,237,307 |
| Allowance for impairment | **(56,734)** | (54,102) | **(51,007)** | (50,379) |
| | **2,567,131** | 2,238,765 | **2,500,475** | 2,186,928 |

Others include personal loans, microfinance loans and bills purchased for the BPI Group and the Parent Bank as at December 31, 2025 and 2024.

As at December 31, 2025 and 2024, the BPI Group has no outstanding loans and advances used as security for bills payable (Note 16).

Loans and advances include amounts due from related parties (Note 25).

Loans and advances are expected to be realized as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Current (within 12 months) | **926,911** | 798,681 | **906,080** | 781,931 |
| Non-current (over 12 months) | **1,696,954** | 1,494,186 | **1,645,402** | 1,455,376 |
| | **2,623,865** | 2,292,867 | **2,551,482** | 2,237,307 |

The range of average interest rates (%) of loans and advances for the years ended December 31 follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| Commercial loans | | | | |
| Peso-denominated loans | **6.32 - 6.44** | 6.24 - 6.44 | **6.32 - 6.44** | 6.24 - 6.44 |
| Foreign currency-denominated loans | **5.81 - 7.27** | 6.38 - 6.81 | **5.81 - 7.27** | 6.38 - 6.81 |
| Real estate mortgages | **7.25 - 8.44** | 7.17 - 8.23 | **7.25 - 8.44** | 7.17 - 8.23 |
| Auto loans | **10.23 - 38.14** | 11.03 - 39.40 | **10.23 - 38.14** | 11.08 - 39.40 |
| Others | **5.34 - 49.55** | 16.85 - 49.41 | **0.00 - 5.34** | 0.00 - 28.37 |

For credit cards, the Parent Bank is compliant with BSP Circular No. 1165 which allows banks to impose an interest or finance charge on all credit card transactions not to exceed an annual interest rate of 36% except credit card installment loans which shall be subject to monthly add-on rate not exceeding 1%.

Interest income from loans and advances recognized in the statement of income for the year ended December 31, 2025 amounts to P183,758 million (2024 - P159,594 million; 2023 - P120,900 million) and P168,423 million (2024 - P148,062 million; 2023 - P114,050 million) for the BPI Group and the Parent Bank, respectively.

Details of the loans and advances portfolio at December 31 as to collateral (amounts net of unearned discounts and exclusive of accrued interest receivable) are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Secured loans | | | | |
| Real estate mortgage | **406,920** | 348,232 | **404,960** | 346,616 |
| Project assets | **166,182** | 162,641 | **166,182** | 162,641 |
| Chattel mortgage | **117,501** | 94,493 | **117,474** | 94,488 |
| Others | **61,239** | 48,507 | **61,208** | 48,482 |
| | **751,842** | 653,873 | **749,824** | 652,227 |
| Unsecured loans | **1,853,082** | 1,620,879 | **1,784,816** | 1,568,482 |
| | **2,604,924** | 2,274,752 | **2,534,640** | 2,220,709 |

Others represent loans secured mainly by hold-out deposits, mortgage trust indentures, government and corporate securities and bonds, quedan/warehouse receipts, standby letters of credit, trust receipts, deposit substitutes and inventories.

## 11 Bank premises, furniture, fixtures and equipment, net

The details of and movements in the account are summarized below:

Consolidated

| | 2025 | | | |
|---|---|---|---|---|
| | Land | Buildings and leasehold improvements | Furniture and equipment | **Total** |
| | (In Millions of Pesos) | | | |
| Cost | | | | |
| January 1, 2025 | 2,986 | 38,122 | 16,940 | **58,048** |
| Additions | 68 | 6,337 | 2,563 | **8,968** |
| Disposals | (1) | (6,393) | (823) | **(7,217)** |
| Transfers | 8 | (33) | 22 | **(3)** |
| Other changes | - | 287 | (53) | **234** |
| **December 31, 2025** | **3,061** | **38,320** | **18,649** | **60,030** |
| Accumulated depreciation | | | | |
| January 1, 2025 | - | 21,909 | 14,930 | **36,839** |
| Depreciation and amortization | - | 3,359 | 1,398 | **4,757** |
| Disposals | - | (6,044) | (561) | **(6,605)** |
| Transfers | - | (33) | 22 | **(11)** |
| Other changes | - | 9 | (47) | **(38)** |
| **December 31, 2025** | **-** | **19,200** | **15,742** | **34,942** |
| **Net book value, December 31, 2025** | **3,061** | **19,120** | **2,907** | **25,088** |

| | 2024 | | | |
|---|---|---|---|---|
| | Land | Buildings and leasehold improvements | Furniture and equipment | Total |
| | (In Millions of Pesos) | | | |
| Cost | | | | |
| January 1, 2024 | 2,983 | 34,293 | 16,389 | 53,665 |
| Additions | 23 | 3,538 | 1,716 | 5,277 |
| Disposals | (29) | (636) | (1,462) | (2,127) |
| Transfers | - | 228 | (4) | 224 |
| Other changes | - | (42) | 2 | (40) |
| Impact of merger* | 9 | 741 | 299 | 1,049 |
| December 31, 2024 | 2,986 | 38,122 | 16,940 | 58,048 |
| Accumulated depreciation | | | | |
| January 1, 2024 | - | 19,388 | 14,526 | 33,914 |
| Depreciation and amortization | - | 3,026 | 1,185 | 4,211 |
| Disposals | - | (530) | (779) | (1,309) |
| Transfers | - | 1 | (4) | (3) |
| Other changes | - | 24 | 2 | 26 |
| December 31, 2024 | - | 21,909 | 14,930 | 36,839 |
| Net book value, December 31, 2024 | 2,986 | 16,213 | 2,010 | 21,209 |

**The impact of merger includes the fair value of bank premises, furniture, fixtures and equipment of LSB. This is presented as part of Investments in subsidiaries and associates, net.*

Parent

| | **2025** | | | |
|---|---|---|---|---|
| | Land | Buildings and leasehold improvements | Furniture and equipment | **Total** |
| | (In Millions of Pesos) | | | |
| Cost | | | | |
| January 1, 2025 | 2,977 | 34,424 | 16,129 | **53,530** |
| Additions | 67 | 5,800 | 2,424 | **8,291** |
| Disposals | (1) | (5,687) | (815) | **(6,503)** |
| Transfers | - | (33) | 26 | **(7)** |
| Other changes | - | 306 | (46) | **260** |
| **December 31, 2025** | **3,043** | **34,810** | **17,718** | **55,571** |
| Accumulated depreciation | | | | |
| January 1, 2025 | - | 19,519 | 14,252 | **33,771** |
| Depreciation and amortization | - | 2,921 | 1,332 | **4,253** |
| Disposals | - | (5,338) | (554) | **(5,892)** |
| Transfers | - | (33) | 26 | **(7)** |
| Other changes | - | - | (48) | **(48)** |
| **December 31, 2025** | **-** | **17,069** | **15,008** | **32,077** |
| **Net book value, December 31, 2025** | **3,043** | **17,741** | **2,710** | **23,494** |

| | 2024 | | | |
|---|---|---|---|---|
| | Land | Buildings and leasehold improvements | Furniture and equipment | Total |
| | (In Millions of Pesos) | | | |
| Cost | | | | |
| January 1, 2024 | 2,982 | 30,974 | 15,627 | 49,583 |
| Additions | 23 | 3,078 | 1,634 | 4,735 |
| Disposals | (28) | (512) | (1,424) | (1,964) |
| Transfers | - | 230 | 2 | 232 |
| Other changes | - | (9) | - | (9) |
| Impact of merger | - | 663 | 290 | 953 |
| December 31, 2024 | 2,977 | 34,424 | 16,129 | 53,530 |
| Accumulated depreciation | | | | |
| January 1, 2024 | - | 17,295 | 13,887 | 31,182 |
| Depreciation and amortization | - | 2,628 | 1,121 | 3,749 |
| Disposals | - | (407) | (756) | (1,163) |
| Transfers | - | 3 | - | 3 |
| Other changes | - | - | - | - |
| December 31, 2024 | - | 19,519 | 14,252 | 33,771 |
| Net book value, December 31, 2024 | 2,977 | 14,905 | 1,877 | 19,759 |

As at December 31, 2025, the BPI Group has recognized construction-in-progress amounting to P3.87 billion (2024 - P2.10 billion) in relation to the redevelopment of its main office, of which P1.99 billion relates to costs incurred in 2025 (2024 - P650.84 million).

In 2025, the Parent Bank entered into a memorandum of agreement with a related party to sell a portion of its main office. As at December 31, 2025, the Parent Bank is yet to receive regulatory approvals on the transaction. The expected amount of margin from the future sale is not material to the consolidated financial statements of the BPI Group.

In 2022, the Parent Bank entered into a contract of lease with Ayala Land, Inc., a related party, for the lease of office space at Ayala Triangle Gardens Tower 2. In 2023, the Parent Bank assigned a portion of its office unit to BPI Securities Corporation, BPI Capital Corporation and BPI Wealth, effective July 1, 2023.

Other changes pertain to additions and remeasurement of right-of-use assets due to lease modification, renewal of lease agreements, modification of lease terms and deferral of escalation clause on existing lease contracts.

Depreciation and amortization charges are included in “Occupancy and equipment-related expenses” category in the statement of income.

In 2025, the Parent Bank realized a gain of P408 million (2024 - P216 million; 2023 - P420 million) (Note 19) from the disposal of various assets including certain bank premises, furniture, fixtures and equipment.

*Critical accounting estimate - Useful lives of bank premises, furniture, fixtures and equipment*

The BPI Group determines the estimated useful lives of its bank premises, furniture, fixtures and equipment based on the period over which the assets are expected to be available for use. The BPI Group annually reviews the estimated useful lives of bank premises, furniture, fixtures and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

The BPI Group considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the carrying values of bank premises, furniture, fixtures and equipment.

## 12 Investments in subsidiaries and associates, net

This account at December 31 consists of investments in shares of stock as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Carrying value (net of impairment) | | | | |
| Investments at equity method | **13,047** | 10,904 | **-** | - |
| Investments at cost method | **-** | - | **19,822** | 19,165 |
| | **13,047** | 10,904 | **19,822** | 19,165 |

Investments in associates accounted for using the equity method in the consolidated statement of condition are as follows:

| Name of entity | Place of business/ country of incorporation | Percentage of ownership interest | | Acquisition cost | |
|---|---|---|---|---|---|
| | | **2025** | 2024 | **2025** | 2024 |
| | | (in %) | | In Millions of Pesos) | |
| Global Payments Asia-Pacific Philippines, Incorporated | Philippines | **49.00** | 49.00 | **1,342** | 1,342 |
| AF Payments, Inc. (AFPI) | Philippines | **20.00** | 20.00 | **1,140** | 1,140 |
| BPI AIA Life Assurance Corporation (formerly BPI-Philamlife Assurance Corporation) | Philippines | **47.97** | 47.97 | **390** | 390 |
| BPI Century Tokyo Lease and Finance Corporation | Philippines | **49.00** | 49.00 | **316** | 316 |
| Beacon Property Ventures, Inc. | Philippines | **20.00** | 20.00 | **72** | 72 |
| CityTrust Realty Corporation | Philippines | **40.00** | 40.00 | **2** | 2 |
| Unicon Insurance and Reinsurance Brokers Corporation | Philippines | **40.00** | 40.00 | **148** | 148 |
| | | | | **3,410** | 3,410 |

The movements in investments in associates accounted for using the equity method in the consolidated financial statements are summarized as follows:

| | **2025** | 2024 |
|---|---|---|
| | (In Millions of Pesos) | |
| Acquisition cost | | |
| At January 1 | **3,410** | 3,181 |
| Impact of merger | **-** | 148 |
| Additions during the year | **-** | 81 |
| At December 31 | **3,410** | 3,410 |
| Accumulated equity in net income | | |
| At January 1 | **7,524** | 4,920 |
| Share in net income for the year* | **3,205** | 2,738 |
| Dividends received | **(1,317)** | (134) |
| At December 31 | **9,412** | 7,524 |
| Accumulated share in other comprehensive income | | |
| At January 1 | **110** | 326 |
| Share in other comprehensive income (loss) for the year | **255** | (216) |
| At December 31 | **365** | 110 |
| Allowance for impairment | **(140)** | (140) |
| | **13,047** | 10,904 |

**The share in net income for the year is presented as part of miscellaneous income under other operating income in the statement of income.*

No associate is deemed individually significant for financial reporting purposes. Accordingly, the relevant unaudited financial information of associates as at and for the years ended December 31 are aggregated as follows:

| | **2025** | 2024 |
|---|---|---|
| | (In Millions of Pesos) | |
| Total assets | **136,117** | 137,610 |
| Total liabilities | **108,857** | 114,882 |
| Total revenues | **28,991** | 30,386 |
| Total net income | **6,660** | 5,556 |

The details of equity investments accounted for using the cost method in the separate financial statements of the Parent Bank follow:

| | Acquisition cost | | Allowance for impairment | | Carrying value | |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | | | |
| Subsidiaries | | | | | | |
| BPI Europe Plc. | **7,180** | 7,180 | **-** | - | **7,180** | 7,180 |
| BPI Direct BanKo, Inc., A Savings Bank (BanKo) | **2,509** | 2,509 | **-** | - | **2,509** | 2,509 |
| Legazpi Savings Bank, Inc. (LSB) | **2,800** | 2,050 | **-** | - | **2,800** | 2,050 |
| BPI Wealth | **1,512** | 1,512 | **-** | - | **1,512** | 1,512 |
| BPI Payments Holdings Inc. | **982** | 892 | **(871)** | (700) | **111** | 192 |
| BPI Wealth Singapore Pte. Ltd. | **878** | 878 | **-** | - | **878** | 878 |
| Ayala Plans, Inc. | **864** | 864 | **-** | - | **864** | 864 |
| BPI Capital Corporation | **623** | 623 | **-** | - | **623** | 623 |
| FGU Insurance Corporation | **303** | 303 | **-** | - | **303** | 303 |
| BPI Forex Corp. | **195** | 195 | **-** | - | **195** | 195 |
| BPI Wealth Hong Kong Ltd. | **143** | 143 | **-** | - | **143** | 143 |
| Santiago Land Development Corporation | **140** | 140 | **-** | - | **140** | 140 |
| BPI Remittance Centre (HK) Ltd. | **132** | 132 | **-** | - | **132** | 132 |
| First Far East Development Corporation | **91** | 91 | **-** | - | **91** | 91 |
| FEB Stock Brokers, Inc. | **25** | 25 | **-** | - | **25** | 25 |
| BPI Computer Systems Corp. | **23** | 23 | **-** | - | **23** | 23 |
| Others | **23** | 35 | **-** | - | **23** | 35 |
| Associates | **2,270** | 2,270 | **-** | - | **2,270** | 2,270 |
| | **20,693** | 19,865 | **(871)** | (700) | **19,822** | 19,165 |

In 2025, the Parent Bank made additional capital infusion to LSB amounting to P750 million (2024 - P750 million), and BPHI amounting to P90 million (2024 - P80 million). In 2024, the Parent Bank made additional capital infusion to BPI Direct BanKo, and BPI Wealth Singapore Pte. Ltd. amounting to P500 million and Singaporean Dollars (SGD) 20 million equivalent to P878 million, respectively. Further, the Parent Bank entered into an Assignment Agreement with BPI Wealth to transfer the trust accounts acquired from merger of with RBC accounted for as additional capital contribution of P10 million.

The merger between BPI and RBC involves the acquisition of RBC's investments in various entities. Investments in associate and subsidiary consists of investments in Unicon Insurance Brokers Corporation (UIBC) and LSB. UIBC is an insurance brokerage company while LSB, 99.94% owned by the Parent Bank, is a thrift bank with teacher's loans as its main product offering.

In 2024, BPI Wealth Singapore Pte. Ltd. issued the SGD20 million ordinary shares to Parent Bank. In 2025, the entity obtained its Capital Markets Services (CMS) License from the Monetary Authority of Singapore (MAS) under the Securities and Futures Act of 2001 (SFA), authorizing it to conduct fund management activities for Accredited and Institutional Investors as defined under the SFA. The entity commenced operations on October 1, 2025 following the approval of the license.

*BPI/MS Insurance Corporation*

BPI/MS Insurance Corporation was incorporated on September 4, 2006. As at December 31, 2025 and 2024, it is 50.85% owned by BPI. BPI/MS primarily carries on and engages in the business of insurance, reinsurance, bonding, fidelity and guaranty in any and all branches, and acts as agent of other insurance or surety companies, except life insurance.

The proportion of equity interest held by non-controlling interests is 49.15 for the years ended December 31, 2025 and 2024. Dividends paid to the non-controlling interest for the year ended December 31, 2025 amounted to P158.26 millions (2024 - P159.79 millions).

The summarized financial information of BPI/MS Insurance Corporation as at and for the years ended December 31, 2025 and 2024 are provided below. This information is based on amounts before inter-company eliminations.

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| Statement of financial position | | |
| Total assets | **20,661** | 18,944 |
| Total liabilities | **16,044** | 14,520 |
| Total equity | **4,617** | 4,424 |

| | For the years ended December 31 | |
|---|---|---|
| | **2025** | 2024 |
| Statement of comprehensive income | | |
| Revenue | **4,594** | 3,885 |
| Net income | **470** | 385 |
| Total comprehensive income | **470** | 394 |

No other non-controlling interest arising from investments in subsidiaries is deemed material to the BPI Group.

*Critical accounting estimate - Impairment of investments in subsidiaries and associates*

The BPI Group assesses impairment on non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the BPI Group considers important which could trigger an impairment review include the following:

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

The BPI Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Management has not identified any indicators of impairment as at December 31, 2025 and 2024 in its subsidiaries apart from BPHI.

In 2025, the Parent Bank recognized an impairment loss of P171 million in its investment in BPHI due to financial losses incurred by BPHI's associate, AFPI (2024 - P28 million).

For the 2025 and 2024 reporting periods, the recoverable amount of the subsidiary was determined based on the higher between fair value less cost to sell and value-in-use (VIU) calculations which require the use of assumptions. The VIU calculations use cash flow projections based on financial budgets approved by management.

The BPI Group considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the recoverable amount of the subsidiary.

## 13 Deferred income taxes

Details of deferred income tax assets and liabilities at December 31 are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Deferred income tax assets | | | | |
| Allowance for credit and impairment losses | **16,226** | 14,879 | **14,727** | 13,916 |
| Pension liability | **2,500** | 2,319 | **2,448** | 2,254 |
| Provisions | **825** | 832 | **757** | 767 |
| Others | **318** | 480 | **393** | 476 |
| Total deferred income tax assets | **19,869** | 18,510 | **18,325** | 17,413 |
| Deferred income tax liabilities | | | | |
| Unrealized gain on assets | **(130)** | (103) | **(39)** | (39) |
| Others | **(573)** | (206) | **(560)** | (191) |
| Total deferred income tax liabilities | **(703)** | (309) | **(599)** | (230) |
| Deferred income tax assets, net | **19,166** | 18,201 | **17,726** | 17,183 |

Movements in net deferred income tax assets are summarized as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Beginning of the year | **18,201** | 18,185 | **17,183** | 17,536 |
| Impact of merger | **-** | 860 | **-** | 782 |
| Amounts recognized in statement of income | **676** | (746) | **201** | (1,060) |
| Amounts recognized in other comprehensive income | **289** | (98) | **342** | (75) |
| End of the year | **19,166** | 18,201 | **17,726** | 17,183 |

Details of deferred income tax items recognized in the statement of income are as follows:

| | Consolidated | | | Parent | | |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | 2023 | **2025** | 2024 | 2023 |
| | (In Millions of Pesos) | | | | | |
| Allowance for impairment | **(1,282)** | 1,286 | 99 | **(811)** | 1,580 | 280 |
| Pension | **(112)** | 155 | (629) | **(106)** | 144 | (606) |
| Others | **718** | (695) | (105) | **716** | (664) | (93) |
| | **(676)** | 746 | (635) | **(201)** | 1,060 | (419) |

*Critical accounting judgment - Realization of deferred income tax assets*

Management reviews at each reporting date the carrying amounts of deferred tax assets. The carrying amount of deferred tax assets is reduced to the extent that the related tax assets cannot be utilized due to insufficient taxable profit against which the deferred tax assets will be applied. Management believes that sufficient taxable profit will be generated to allow all or part of the deferred income tax assets to be utilized.

## 14 Other assets, net

The account at December 31 consists of the following:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Goodwill | **9,518** | 9,518 | **9,518** | 9,518 |
| Intangible assets | **8,008** | 9,206 | **7,435** | 8,636 |
| Accounts receivable | **4,788** | 3,806 | **6,304** | 6,058 |
| Prepaid expenses | **2,978** | 2,926 | **2,874** | 2,842 |
| Documentary stamp taxes | **2,349** | 1,113 | **2,272** | 1,040 |
| Advances to suppliers | **1,417** | 762 | **1,417** | 762 |
| Sundry debits | **1,094** | 3,197 | **1,007** | 3,196 |
| Accrued trust and other fees | **1,008** | 857 | **152** | 134 |
| Rental deposits | **945** | 905 | **888** | 851 |
| Creditable withholding tax | **617** | 557 | **390** | 367 |
| Investment properties | **54** | 62 | **44** | 51 |
| Miscellaneous assets | **4,815** | 7,688 | **4,175** | 7,236 |
| | **37,591** | 40,597 | **36,476** | 40,691 |
| Allowance for impairment | **(2,440)** | (1,995) | **(2,372)** | (1,919) |
| | **35,151** | 38,602 | **34,104** | 38,772 |

Intangible assets comprise computer software costs, contractual customer relationships, management contracts and identifiable intangible assets acquired from the merger with RBC which consist of core deposits, customer relationships and branch licenses.

Core deposits refer to stable, long-term funding sources for a bank that provide a reliable and lower-cost source of funds.

Customer relationships refer to the expected future economic benefits that result from customer loyalty, repeat business, and long-term relationships of RBC.

Branch licenses represent the cost of acquired branches from the merger with RBC equivalent to the processing fees paid to the BSP to obtain these licenses.

Accounts receivable includes non-loan related receivables from merchants and service providers, litigation related receivables and receivables from employees.

Sundry debits are float items caused by timing differences in recording of transactions. These float items are normally cleared within one day.

Prepaid expenses include Philippine Deposit Insurance Corporation (PDIC) assessment dues, prepayments for rent, allowances and taxes.

Miscellaneous assets include creditable withholding taxes, input value added tax, security deposits with partner stores, pension asset from benefits forfeited from separated employees and stationery and supplies.

The allowance for impairment pertains mainly to accounts receivable. The reconciliation of the allowance for impairment at December 31 is summarized as follows:

| | Note | Consolidated | | Parent | |
|---|---|---|---|---|---|
| | | **2025** | 2024 | **2025** | 2024 |
| | | (In Millions of Pesos) | | | |
| Beginning of the year | | **1,995** | 1,108 | **1,919** | 1,019 |
| Provision for impairment losses | 26 | **613** | 1,064 | **700** | 1,044 |
| Transfer/reallocation | | **(12)** | (38) | **(100)** | (5) |
| Write-off | | **(156)** | (139) | **(147)** | (139) |
| End of the year | | **2,440** | 1,995 | **2,372** | 1,919 |

Other assets are expected to be realized as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Current (within 12 months) | **19,805** | 21,581 | **19,386** | 22,340 |
| Non-current (over 12 months) | **17,786** | 19,016 | **17,090** | 18,351 |
| | **37,591** | 40,597 | **36,476** | 40,691 |

*Critical accounting estimate - Useful lives of intangible assets*

The BPI Group determines the estimated useful lives of its intangible assets with finite useful life based on the period over which the asset is expected to generate economic benefits. The BPI Group amortizes intangible assets with a finite useful life, using the straight-line method. Amortization begins when the asset is available for use and ends when it is derecognized or classified as held for sale.

For the year ended December 31, 2025, the BPI Group and the Parent Bank recognized amortization expense attributable to intangible assets amounting to P1,151 million (2024 - P1,047 million; 2023 - P2,708 million) and P1,145 million (2024 - P1,026 million; 2023 - P2,689 million), respectively.

The BPI Group considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the carrying values of intangible assets.

*Critical accounting estimates - Impairment of goodwill*

The Parent Bank recognized goodwill amounting to P9,518 million from the merger with RBC equivalent to the excess of the purchase price over the fair value of net assets acquired. The goodwill is attributable to the expected synergies from combining the operations of RBC with BPI.

The Parent Bank performs assessment of goodwill impairment on an annual basis. For 2025, the recoverable amount of cash-generating unit (CGU) was determined based on value in use calculations which require the use of assumptions. The CGU is defined as the combined Parent Bank and RBC operations since the accounts migrated to the Parent Bank's systems are no longer identified separately and are co-mingled with other accounts. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

The following are the key assumptions used in the goodwill impairment assessment:

| | |
|---|---|
| Interest income volume (% annual growth rate) | 10.57% |
| Other income volume (% annual growth rate) | 13.17% |
| Budgeted gross margin (%) | 11.55% |
| Growth rate | 6.00% |
| Discount rate | 11.00% |

As at December 31, 2025 and 2024, management assessed that the goodwill is not impaired as the recoverable amount is higher than the carrying amount of the CGU.

## 15 Deposit liabilities

The account at December 31 consists of:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Demand | **431,962** | 426,789 | **437,014** | 428,977 |
| Savings | **1,291,009** | 1,225,451 | **1,262,039** | 1,207,114 |
| Time | **1,115,554** | 962,562 | **1,067,443** | 928,044 |
| | **2,838,525** | 2,614,802 | **2,766,496** | 2,564,135 |

Deposit liabilities include amounts due to related parties (Note 24).

Deposit liabilities are expected to be settled as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Current (within 12 months) | **1,645,460** | 1,465,575 | **1,584,125** | 1,425,359 |
| Non-current (over 12 months) | **1,193,065** | 1,149,227 | **1,182,371** | 1,138,776 |
| | **2,838,525** | 2,614,802 | **2,766,496** | 2,564,135 |

In 2025, the interest rate on demand and savings deposit ranges from 0.05% to 0.17% (2024 - 0.06% to 0.13%) and 0.05% to 0.08% (2024 - 0.06% to 0.09%) for the BPI Group and Parent Bank, respectively. The interest rate on time deposit ranges from 4.82% to 5.46% (2024 - 5.39% to 5.52%) and 4.79% to 5.44% (2024 - 5.34% to 5.50%) for the BPI Group and Parent Bank, respectively.

In 2019, the Parent Bank issued the first tranche of long-term negotiable certificates of deposit (LTNCD) amounting to P3 billion out of the established P50-billion LTNCD program approved by the BSP. The LTNCD paid interest on a quarterly basis at a rate of 4% per annum and carried a tenor of 5.5 years. These deposits matured on April 25, 2025.

Related interest expense on deposit liabilities is presented below:

| | Consolidated | | | Parent | | |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | 2023 | **2025** | 2024 | 2023 |
| | (In Millions of Pesos) | | | | | |
| Demand | **260** | 263 | 248 | **260** | 264 | 248 |
| Savings | **2,269** | 2,343 | 2,115 | **1,528** | 1,956 | 2,065 |
| Time | **53,040** | 50,575 | 33,664 | **50,565** | 48,439 | 32,621 |
| | **55,569** | 53,181 | 36,027 | **52,353** | 50,659 | 34,934 |

*BSP reserve requirement*

The Parent Bank and its bank subsidiaries should comply with a minimum reserve requirement on deposit and deposit substitute liabilities in local currency.

In 2025, the BSP approved the reduction in minimum reserve requirement against deposit and deposit substitute liabilities for universal and commercial banks to 5% from 7% and for thrift banks to 0% from 1% effective March 28, 2025 by virtue of BSP Circular No. 1211. These rates continue for the remaining period of 2025 from the date of effectivity.

Reserves must be set aside in deposits with the BSP. BSP Memorandum Circular No. M-2025-040 issued on December 12, 2025 mandates the reserve weeks of December 19 to 25, 2025 and December 26, 2025 to January 1, 2026 shall be considered as a single reserve week for the purpose of computing compliance with the reserve requirements. The BPI Group is in full compliance with the reserve requirement as at December 31, 2025 and 2024.

## 16 Bills payable and other borrowed funds

The account at December 31 consists of:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Bills payable | | | | |
| Local banks | **15,298** | 8,082 | **15,004** | 7,983 |
| Foreign banks | **49,874** | 47,614 | **49,874** | 47,614 |
| Other borrowed funds | **158,261** | 107,486 | **158,261** | 107,486 |
| | **223,433** | 163,182 | **223,139** | 163,083 |

*Bills payable*

Bills payable include mainly funds borrowed from various banking institutions which were lent out to customers of the BPI Group in accordance with the agreed financing programs. The payment terms of these bills payable ranges from 2 days to 5 years (2024 - 6 days to 5 years).

As a result of the merger with RBC, BPI assumed peso-denominated borrowings with the Development Bank of the Philippines. As at December 31, 2025, the carrying amount of the borrowings amounts to P4,990 million (2024 - P4,983 million) and is presented as part of bills payable to local banks.

On August 24, 2023, the Parent Bank signed a facility agreement for an unsecured syndicated term loan amounting to US Dollars (USD) 300 million, with Philippine peso equivalent of P16,494 million. The three-year loan bears a floating interest payable on a quarterly basis commencing in November 2023 and was originally scheduled to mature on August 24, 2026. As at December 31, 2024, it has a carrying amount of P17,274 million. On August 29, 2025, the Parent Bank prepaid the loan in full ahead of its maturity. No pretermination fees were incurred upon full prepayment of the loan. The bills payable was presented under foreign banks.

In early 2025, the Parent Bank entered into bilateral loan agreements with three foreign banks, obtaining a total facility amount of USD 300 million with Philippine peso equivalent of P17,592 million. The facilities carry floating rates, with interest payable quarterly. Maturities of these bilateral loans range from two to three years.

The range of average interest rates (%) of bills payable for the years ended December 31 follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| Private firms and local banks - Peso - denominated | **0.52 - 6.09** | 5.94 - 7.00 | **0.52 - 6.09** | 5.94 - 7.00 |
| Foreign banks - Foreign currency-denominated | **3.87 - 4.98** | 4.40 - 7.23 | **3.89 - 4.98** | 4.40 - 6.33 |

*Other borrowed funds*

This represents funds raised via the BPI Group's debt issuance programs as follows:

*(a) Peso Bond and Commercial Paper Program*

On May 18, 2022, the BOD of the Parent Bank approved a new P100 billion Bond Program to be issued in one or more tranches over a period of three years. On January 30, 2023, BPI issued the first tranche called BPI Reinforcing Inclusive Support for Micro, Small and Medium Enterprises (MSMEs) Bonds ("BPI RISE Bonds"). The net proceeds amounting to P20,123 million were used to finance or refinance the business requirements of eligible MSMEs, consistent with BPI's Sustainable Funding Framework. On November 13, 2023, BPI issued the second tranche of this Bond Program. The net proceeds amounting to P36,371 million were used for general corporate purposes. On August 9, 2024, BPI issued the third tranche called BPI Sustainable, Environmental and Equitable Development Bonds ("BPI SEED Bonds"). The net proceeds of P33,412 million were used for financing or refinancing of new or existing eligible Green and/or Social Projects, consistent with BPI's Sustainable Funding Framework.

Details of the outstanding balances as at December 31, 2025 and December 31, 2024 are as follows:

| Description of instrument | Date of drawdown | Interest rate | Maturity | Face amount | Carrying amount | |
|---|---|---|---|---|---|---|
| | | | | | **2025** | 2024 |
| | | | | | (In Millions of Pesos) | |
| Fixed rate bond, unconditional, unsecured and unsubordinated bonds | November 13, 2023 | 6.43% | May 13, 2025 | 36,661 | **-** | 36,586 |
| Fixed rate bond, unconditional, unsecured and unsubordinated bonds | August 9, 2024 | 6.20% | February 9, 2026 | 33,700 | **33,678** | 33,485 |

On October 16, 2024, the BOD of the Parent Bank approved the establishment of a P200 billion Bond Program to be issued in one or more tranches over a period of three years following the full utilization of the Bank's Bond Program established in 2022. On June 10, 2025, BPI issued the first tranche called BPI Supporting Inclusion, Nature and Growth Bonds ("BPI SINAG Bonds"). The net proceeds of P36,801 million were used for the financing or refinancing of new or existing eligible Green and/or Social Projects, consistent with BPI's Sustainable Funding Framework with outstanding balance as follows:

| Description of instrument | Date of drawdown | Interest rate | Maturity | Face amount | Carrying amount | |
|---|---|---|---|---|---|---|
| | | | | | **2025** | 2024 |
| | | | | | (In Millions of Pesos) | |
| Fixed rate bond, unconditional, unsecured and unsubordinated bonds | June 10, 2025 | 5.85% | December 10, 2026 | 40,000 | **39,783** | - |

*(b) Medium-Term Note (MTN) Program*

On June 21, 2018, the BOD of the Parent Bank approved the establishment of the MTN Program in the aggregate amount of up to USD 2,000 million. On December 13, 2023, the BOD approved the increase in size of this program to USD 3,000 million. Details of outstanding balances as at December 31, 2025 and December 31, 2024 are as follows:

| Description of instrument | Date of drawdown | Interest rate | Maturity | Face amount | Carrying amount | |
|---|---|---|---|---|---|---|
| | | | | | **2025** | 2024 |
| | | | | | (In Millions of Pesos) | |
| USD 400 million, 5-year senior unsecured fixed rate bonds | March 26, 2024 | 5.25% | March 26, 2029 | 23,516 | **23,379** | 22,967 |
| USD 500 million, 5-year senior unsecured fixed rate bonds | April 7, 2025 | 5.00% | April 7, 2030 | 29,395 | **29,177** | - |
| USD 300 million, 10-year senior unsecured fixed rate bonds | April 7, 2025 | 5.63% | April 7, 2035 | 17,637 | **17,552** | - |

*(c) Private Placement*

On August 25, 2023, the Parent Bank issued a green bond amounting to USD 250 million with the International Finance Corporation as the sole subscriber. The bond carries floating interest payable on a semi-annual basis. The bond is unconditional, unsecured and unsubordinated and is expected to mature on August 25, 2026. As at December 31, 2025, the carrying amount of the bond amounts to P14,692 million (2024 - P14,448 million).

Interest expense for the years ended December 31 is summarized as follows:

| | **Consolidated** | | | **Parent** | | |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | 2023 | **2025** | 2024 | 2023 |
| | | | (In Millions of Pesos) | | | |
| Bills payable | **3,253** | 2,727 | 1,050 | **3,237** | 2,585 | 811 |
| Other borrowed funds | **8,416** | 6,460 | 4,145 | **8,416** | 6,460 | 4,145 |
| | **11,669** | 9,187 | 5,195 | **11,653** | 9,045 | 4,956 |

The movements in bills payable and other borrowed funds are summarized as follows:

| | **Consolidated** | | **Parent** | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | | (In Millions of Pesos) | | |
| At January 1 | **163,182** | 137,104 | **163,083** | 133,726 |
| Impact of merger | **-** | 14,952 | **-** | 14,952 |
| Additions | **278,737** | 392,738 | **256,316** | 360,659 |
| Maturities/repayments | **(221,339)** | (384,648) | **(199,111)** | (349,140) |
| Amortization of discount | **516** | 478 | **516** | 478 |
| Exchange differences | **2,337** | 2,558 | **2,335** | 2,408 |
| At December 31 | **223,433** | 163,182 | **223,139** | 163,083 |

Bills payable and other borrowed funds are expected to be settled as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Current (within 12 months) | **127,721** | 70,025 | **127,427** | 69,926 |
| Non-current (over 12 months) | **95,712** | 93,157 | **95,712** | 93,157 |
| | **223,433** | 163,182 | **223,139** | 163,083 |

## 17 Deferred credits and other liabilities

The account at December 31 consists of the following:

| | | Consolidated | | Parent | |
|---|---|---|---|---|---|
| | Notes | **2025** | 2024 | **2025** | 2024 |
| | | (In Millions of Pesos) | | | |
| Accounts payable | | **12,333** | 8,180 | **10,572** | 7,229 |
| Lease liabilities | 20 | **9,989** | 9,824 | **8,846** | 8,641 |
| | | **7,654** | 14,968 | **7,654** | 14,968 |
| Bills purchased - contra | | | | | |
| Pension and other employment benefits | 23 | **5,691** | 4,516 | **5,529** | 4,295 |
| Other deferred credits | | **3,038** | 3,215 | **3,037** | 3,215 |
| Outstanding acceptances | | **3,035** | 3,238 | **3,035** | 3,238 |
| Due to the Treasurer of the Philippines | | **2,290** | 1,552 | **2,277** | 1,541 |
| Withholding tax payable | | **2,058** | 1,962 | **1,965** | 1,871 |
| Miscellaneous liabilities | | **8,746** | 8,764 | **7,859** | 8,052 |
| | | **54,834** | 56,219 | **50,774** | 53,050 |

Accounts payable consists of unpaid balances arising from transfer tax payments, settlement fees and operating expenses.

Bills purchased - contra represents liabilities arising from the outright purchases of checks due for clearing as a means of immediate financing offered by the BPI Group to its clients.

Other deferred credits mainly pertain to unexpired portion of membership fee paid by the credit card holders and liabilities in relation to purchased contract-to-sell receivables from developers.

Outstanding acceptances represent liabilities arising from the bank drafts and bills of exchange the Parent Bank has accepted from its clients.

Miscellaneous liabilities include allowance for credit losses for undrawn committed credit facilities and other employee-related payables.

The account is expected to be settled as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Current (within 12 months) | **42,221** | 46,481 | **39,002** | 42,908 |
| Non-current (over 12 months) | **12,613** | 9,738 | **11,772** | 10,142 |
| | **54,834** | 56,219 | **50,774** | 53,050 |

## 18 Capital funds

*(a) Share capital*

Details of authorized share capital of the Parent Bank follow:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| | (In Millions of Pesos, except par value per share) | | |
| Authorized capital (at P10 par value per share) | | | |
| Common shares | **54,000** | 54,000 | 54,000 |
| Preferred A shares | **600** | 600 | 600 |
| | **54,600** | 54,600 | 54,600 |

Details of the Parent Bank's subscribed common shares are as follows:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| | (In absolute number of shares) | | |
| Common shares | | | |
| At January 1 | **5,272,095,143** | 4,945,197,291 | 4,919,307,531 |
| Subscription of shares during the year | **11,699,080** | 12,893,860 | 25,889,760 |
| Impact of merger | **-** | 314,003,992 | - |
| At December 31 | **5,283,794,223** | 5,272,095,143 | 4,945,197,291 |
| | (In absolute amounts of Pesos) | | |
| Subscription receivable | **90,517,927** | 111,000,871 | 144,726,145 |

The BPI common shares are listed and traded in the PSE since October 12, 1971.

As at December 31, 2025, the Parent Bank has a subscription receivable representing the amortization of Executive Stock Purchase Plan (ESPP) shares in excess of par value and booked against share premium amounting to P532 million (2024 - P411 million; 2023 - P342 million).

On February 10, 2014, additional 370,370,370 common shares were listed as a result of the stock rights offer. Likewise, on April 25, 2018, BPI completed its P50 billion stock rights offer, which paved the way for the issuance of 558,659,210 new common shares at P89.50 per share. The new shares were issued to shareholders as of record date of April 6, 2018, at a ratio of 1:7.0594, or 1 new common share for every 7 shares held, or 14.2% of BPI's outstanding common shares. These new shares were listed on the Philippine Stock Exchange (PSE) on May 4, 2018.

As at December 31, 2025, 2024 and 2023, the Parent Bank has 11,594, 11,641 and 11,760 common shareholders, respectively. There are no preferred shares issued and outstanding at December 31, 2025, 2024 and 2023.

Preferred A shares shall have pre-emptive rights with respect to additional issues of Preferred A shares of the Parent Bank.

On September 30, 2022, the BOD of the Parent Bank approved the increase in authorized share capital in the amount of P4,000 million divided into 400 million common shares with a par value of P10 per share. On December 21, 2023, the BSP approved the amendment of Article Seventh of the Amended Articles of Incorporation of the Parent Bank. On December 29, 2023, the SEC issued a Certificate of Approval and Increase of Capital Stock from P50.60 billion to P54.60 billion.

*BPI and RBC merger*

On January 1, 2024, the Parent Bank issued common shares to RBC shareholders as consideration of the merger. The fair value of the 314,003,992 shares issued is based on the share price on December 31, 2023 of P103.80 per share. The total consideration for the merger amounted to P32.59 billion.

Pursuant to the issuance of shares due to the merger as at January 1, 2024, the Parent Bank's share capital and share premium increased by P3.14 billion and P29.45 million, respectively.

*(b) Reserves*

The account consists of:

| | Consolidated | | | Parent | | |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | 2023 | **2025** | 2024 | 2023 |
| | (In Millions of Pesos) | | | | | |
| General loan loss provision | **15,890** | 10,274 | - | **15,890** | 10,274 | - |
| Reserve for trust business | **400** | 400 | 400 | **-** | - | - |
| Executive stock option plan amortization | **21** | 17 | 49 | **8** | 4 | 36 |
| Reserve for trading participants | **73** | 73 | 73 | **-** | - | - |
| Reserve for self-insurance | **34** | 34 | 34 | **34** | 34 | 34 |
| Merger reserves | **-** | - | - | **32,905** | 32,905 | 32,905 |
| Others | **93** | 91 | 87 | **-** | - | - |
| | **16,511** | 10,889 | 643 | **48,837** | 43,217 | 32,975 |

*General loan loss provision (GLLP)*

In 2018, the BSP issued Circular 1011 which mandates among others, banks to set up GLLP equal to 1% of all outstanding "Stage 1" on-balance sheet loans, except for accounts considered as credit risk-free under existing regulations. Under the said Circular, if the PFRS 9 "Stage 1" loan loss allowance is lower than the required GLLP, the deficiency shall be recognized as an appropriation of retained earnings or surplus. As at December 31, 2025, the Parent Bank appropriated P15,890 million (2024 - P10,274 million) out of surplus representing the excess of GLLP over PFRS 9 Stage 1 loan loss allowance to meet the requirements of the BSP.

*Reserve for trust business*

In compliance with existing BSP regulations, 10% of income from trust business of BPI Wealth, a wholly-owned subsidiary of the Parent Bank, should be appropriated to surplus reserve. This appropriation is required until the surplus reserve for trust business reaches 20% of BPI Wealth's regulatory net worth. As at December 31, 2023, the appropriated reserve is already equivalent to 20% of its authorized capital, hence, no additional appropriation required for 2024 and 2025.

*Reserve for trading participants*

Reserve for trading participants represents the required annual minimum appropriation of net income of the BPI Group's broker/dealer activities through BPI Securities Corporation, a wholly-owned subsidiary of the Parent Bank, to a reserve fund in compliance with SEC.

*Reserve for self-insurance*

Reserve for self-insurance represents the amount set aside to cover losses due to fire, defalcation by and other unlawful acts of personnel and third parties.

*Merger reserves*

Merger reserves represent the difference between the value of shares issued by the Parent Bank in exchange for the carrying value of the net assets acquired in respect of the acquisition of BPI Family Savings Bank, Inc. (BFB) accounted for under the pooling-of-interest method and the difference between the results of operations of BFB during the year ended December 31, 2021 and the dividends declared on December 29, 2021.

*Share-based compensation plan*

The BOD of the Parent Bank approved to grant the Executive Stock Option Plan (ESOP) and ESPP to qualified beneficiaries/participants up to the following number of shares for future distribution:

| Date | Approved ESOP shares | Approved ESPP shares |
|---|---|---|
| April 17, 2024 | - | 50,510,010 |
| July 1, 2021 | - | 34,000,000 |
| December 11, 2019 | 4,035,000 | 9,100,000 |
| December 12, 2018 | 4,168,000 | 11,500,000 |
| December 6, 2017 | 3,560,000 | 7,500,000 |
| January 25, 2017 | 3,560,000 | 4,500,000 |

The ESOP has a three-year vesting period from grant date. The exercise price for ESOP is equal to the volume weighted average of BPI share price for the 30-trading days immediately prior to the grant date. The weighted average fair value of options granted determined using the Black-Scholes valuation model was P19.04 and P6.50 for the options granted in December 2019 and 2018, respectively.

Movements in the number of share options under the ESOP are summarized as follows:

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| At January 1 | **3,260,620** | 5,966,559 | 9,866,999 |
| Granted | **-** | - | - |
| Exercised | **(1,545,526)** | (2,552,606) | (3,900,440) |
| Cancelled | **(1)** | (153,333) | - |
| At December 31 | **1,715,093** | 3,260,620 | 5,966,559 |
| Exercisable | **1,715,093** | 3,260,620 | 5,966,559 |

The impact of ESOP is not considered material to the financial statements; thus, the disclosures were limited only to the information mentioned above.

The subscription price for 2021 to 2023 ESPP is equivalent to 10% below the volume weighted average of BPI share price for 30-trading days prior to the grant date. The subscribed shares will vest over a period of three (3) years from grant date. The grant dates for the last three-year ESPP were on April 26, 2023, December 13, 2022 and February 4, 2020. The initial subscriptions for the ESPP granted on April 26, 2023 and December 13, 2022 were received on April 26, 2023 and March 10, 2023, respectively. The ESPP has a five-year payment period for the grants 2019 and prior, and a ten-year payment period for grants 2021 and onwards.

The subscription price for 2024 ESPP is equivalent to 15% below the volume weighted average price of BPI share for 30-trading days prior to the grant date. The subscribed shares will vest over a period of three (3) years from grant date. The 2024 ESPP was granted on May 15, 2024 and subscriptions were received on May 27, 2024.

The subscription price for 2025 ESPP is equivalent to 15% below the volume weighted average price of BPI share for 30-trading days prior to the grant date. The subscribed shares will vest over a period of three (3) years from grant date. The 2025 ESPP was granted on April 22, 2025 and subscriptions were received on May 10, 2025.

*(c) Accumulated other comprehensive loss*

Details of and movements in the account are as follows:

| | Consolidated | | | Parent | | |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | 2023 | **2025** | 2024 | 2023 |
| | (In Millions of Pesos) | | | | | |
| Fair value reserve on financial assets at FVOCI | | | | | | |
| At January 1 | **(4,063)** | (2,893) | (8,058) | **(3,551)** | (2,303) | (7,465) |
| Unrealized fair value gain before tax | **6,519** | 997 | 6,996 | **6,547** | 917 | 7,005 |
| Amount recycled to profit or loss | **(3,563)** | (2,350) | (947) | **(3,563)** | (2,349) | (947) |
| Deferred income tax effect | **(189)** | 183 | (884) | **(183)** | 184 | (896) |
| At December 31 | **(1,296)** | (4,063) | (2,893) | **(750)** | (3,551) | (2,303) |
| Share in other comprehensive gain (loss) of insurance subsidiaries | | | | | | |
| At January 1 | **(22)** | (30) | (80) | **-** | - | - |
| Share in other comprehensive income (loss) for the year | **55** | 10 | 63 | - | - | - |
| Deferred income tax effect | **(11)** | (2) | (13) | - | - | - |
| At December 31 | **22** | (22) | (30) | - | - | - |
| Share in other comprehensive income (loss) of associates | | | | | | |
| At January 1 | **72** | 292 | (162) | **-** | - | - |
| Share in other comprehensive income (loss) for the year | **246** | (220) | 454 | **-** | - | - |
| At December 31 | **318** | 72 | 292 | **-** | - | - |
| Translation adjustment on foreign operations | | | | | | |
| At January 1 | **(287)** | (636) | (582) | **-** | - | - |
| Translation differences and others | **202** | 349 | (54) | **-** | - | - |
| At December 31 | **(85)** | (287) | (636) | **-** | - | - |
| Cash flow hedge reserves | | | | | | |
| At January 1 | **(1)** | - | - | **(1)** | - | - |
| Translation differences and others | **8** | (1) | - | **8** | (1) | - |
| At December 31 | **7** | (1) | - | **7** | (1) | - |
| Remeasurements of defined benefit obligation, net | | | | | | |
| At January 1 | **(8,339)** | (7,860) | (5,374) | **(7,170)** | (6,773) | (4,378) |
| Actuarial (loss) gain for the year | **(1,547)** | (399) | (3,434) | **(1,562)** | (323) | (3,342) |
| Deferred income tax effect | **334** | (80) | 948 | **350** | (74) | 947 |
| At December 31 | **(9,552)** | (8,339) | (7,860) | **(8,382)** | (7,170) | (6,773) |
| | **(10,586)** | (12,640) | (11,127) | **(9,125)** | (10,722) | (9,076) |

*(d) Dividend declarations*

*Cash dividends*

Dividends declared by the BOD of the Parent Bank are as follows:

| Date declared | Amount of dividends | |
|---|---|---|
| | Per share | Total |
| | | (In Millions of Pesos) |
| *For the year ended December 31, 2025* | | |
| May 21, 2025 | 2.08 | 10,990 |
| November 19, 2025 | 2.28 | 12,047 |
| | | 23,037 |
| *For the year ended December 31, 2024* | | |
| May 15, 2024 | 1.98 | 10,439 |
| November 20, 2024 | 1.98 | 10,439 |
| | | 20,878 |
| *For the year ended December 31, 2023* | | |
| May 17, 2023 | 1.68 | 7,626 |
| November 15, 2023 | 1.68 | 8,308 |
| | | 15,934 |

*Property dividends*

The Parent Bank issued 406,179,276 treasury shares on January 1, 2022 at a price of P81.35 per share as a consideration for the merger with BFB amounting to P33,043 billion. On March 15, 2023, the BOD declared the treasury shares as property dividends.

*(e) Earnings per share (EPS)*

EPS is calculated as follows:

| | **Consolidated** | | | **Parent** | | |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | 2023 | **2025** | 2024 | 2023 |
| | (In Millions of Pesos, except earnings per share amounts) | | | | | |
| a) Net income attributable to equity holders of the Parent Bank | **66,615** | 62,049 | 51,687 | **61,828** | 56,384 | 50,053 |
| b) Weighted average number of common shares outstanding (in millions) | **5,280** | 5,266 | 4,741 | **5,280** | 5,266 | 4,741 |
| c) Basic EPS (a/b) based on net income | **12.62** | 11.78 | 10.90 | **11.71** | 10.71 | 10.56 |

The basic and diluted EPS are the same for the years presented as the impact of stock options outstanding is not significant to the calculation of weighted average number of common shares.

## 19 Other income

*(a) Fees and commission*

Details of fees and commission are as follows:

| | Consolidated | | | Parent | | |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | 2023 | **2025** | 2024 | 2023 |
| | (In Millions of Pesos) | | | | | |
| Service charges | **11,734** | 11,812 | 9,673 | **11,074** | 11,055 | 9,000 |
| Bank commissions | **2,881** | 2,694 | 2,168 | **2,899** | 2,689 | 2,166 |
| Underwriting fees | **845** | 456 | 693 | **-** | - | - |
| Stock brokerage fees | **217** | 200 | 183 | **-** | - | - |
| | **15,677** | 15,162 | 12,717 | **13,973** | 13,744 | 11,166 |

Service charges represent service fees and processing fees collected from customers.

Bank commissions include foreign and domestic commissions collected for services rendered.

*(b) Other operating income*

Details of other operating income are as follows:

| | | Consolidated | | | Parent | | |
|---|---|---|---|---|---|---|---|
| | Notes | **2025** | 2024 | 2023 | **2025** | 2024 | 2023 |
| | | (In Millions of Pesos) | | | | | |
| Credit card income | | **9,515** | 8,089 | 6,209 | **9,518** | 8,089 | 6,209 |
| Trust and asset management fees | | **5,365** | 4,983 | 4,211 | **-** | - | 2 |
| Gain on sale of assets | 11 | **417** | 247 | 407 | **408** | 216 | 420 |
| Rental income | | **130** | 141 | 135 | **156** | 156 | 167 |
| Dividend income | 8 | **91** | 93 | 100 | **3,792** | 1,505 | 3,066 |
| Miscellaneous income | | **4,248** | 4,056 | 3,205 | **3,691** | 3,606 | 2,877 |
| | | **19,766** | 17,609 | 14,267 | **17,565** | 13,572 | 12,741 |

Dividend income recognized by the Parent Bank substantially pertains to dividend distributions of subsidiaries.

Miscellaneous income includes recoveries on charged-off assets, fees arising from service arrangements with customers and related parties and share in net income (loss) of associates.

## 20 Leases

The BPI Group (as lessee) has various lease agreements which mainly pertain to branch premises and equipment. Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets cannot be used as security for borrowing purposes. The balances arising from the lease contracts are presented below:

*Right-of-use assets and lease liabilities (PFRS 16)*

Details of right-of-use assets and lease liabilities as at December 31 are as follows:

| | | Consolidated | | Parent | |
|---|---|---|---|---|---|
| | Notes | **2025** | 2024 | **2025** | 2024 |
| | | (In Millions of Pesos) | | | |
| *Right-of-use assets* | | | | | |
| Buildings and leasehold improvements | 11 | 8,482 | 8,287 | 7,452 | 7,177 |
| *Lease liabilities (included in "Deferred credits and other liabilities")* | 17 | | | | |
| Current | | 3,090 | 2,964 | 2,642 | 2,665 |
| Non-current | | 6,899 | 6,860 | 6,204 | 5,976 |
| | | 9,989 | 9,824 | 8,846 | 8,641 |

Additions to the right-of-use assets in 2025 aggregated P2,670 million (2024 - P1,862 million) and P2,363 million (2024 - P1,469 million) for BPI Group and Parent bank, respectively. Total cash outflow for leases in 2025 amounted to P2,885 million (2024 - P2,438 million) and P2,482 million (2024 - P2,096 million) for BPI Group and Parent bank, respectively.

Lease contracts assumed from the merger with RBC mostly pertain to building and parking spaces with terms ranging from 2 to 10 years. The lease contracts are cancellable upon mutual agreement of the parties or renewable at the Parent Bank's option. Additions to the right-of-use asset due to the impact of merger amounted to P411 million (Note 11).

Amounts recognized in the statement of income relating to leases:

| | | Consolidated | | Parent | |
|---|---|---|---|---|---|
| | Note | **2025** | 2024 | **2025** | 2024 |
| | | (In Millions of Pesos) | | | |
| *Depreciation expense* | | | | | |
| Buildings and leasehold improvements | 11 | **2,455** | 2,278 | **2,093** | 1,965 |
| Interest expense (included in "Occupancy and equipment-related expenses") | | **459** | 372 | **376** | 293 |
| Expense relating to short-term leases (included in "Occupancy and equipment-related expenses") | | **326** | 450 | **321** | 449 |
| Expense relating to leases of low-value assets that are not shown above as short-term leases (included in "Occupancy and equipment-related expenses") | | **691** | 511 | **607** | 452 |
| | | **3,931** | 3,611 | **3,397** | 3,159 |

The BPI Group has received COVID-19 related rent discount and deferral of the escalation of lease payments and has applied the practical expedients allowed under PFRS 16, *Leases*, introduced in May 2020 in accounting for the rent concessions. Consequently, the BPI Group recognized the following amounts for the years ended December 31:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Rent concession (included in "Other operating income") | **-** | 1 | **-** | 1 |

*Critical accounting judgment - Determining the lease term*

In determining the lease term, the BPI Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

*Critical accounting judgment - Determining the incremental borrowing rate*

To determine the incremental borrowing rate, each entity within the BPI Group:

- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; or
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held which do not have recent third-party financing; and
- makes adjustments specific to the lease (e.g. term, currency and security).

The BPI Group's weighted average incremental borrowing rates applied to the lease liabilities ranged from 4.39% to 6.61% (2024 - 4.08% to 6.84%). The rates were determined in reference to the borrowing rates arising from the most recent debt issuances of the Parent Bank.

## 21 Operating expenses

*(a) Compensation and fringe benefits*

Details of the account for the years ended December 31 are as follows:

| | | Consolidated | | | Parent | | |
|---|---|---|---|---|---|---|---|
| | Note | **2025** | 2024 | 2023 | **2025** | 2024 | 2023 |
| | | (In Millions of Pesos) | | | | | |
| Salaries and wages | | **24,362** | 23,423 | 18,600 | **21,193** | 20,562 | 16,320 |
| Retirement expense | 23 | **1,598** | 1,450 | 1,232 | **1,500** | 1,363 | 1,148 |
| Other employee benefit expenses | | **4,320** | 4,066 | 3,389 | **3,648** | 3,289 | 2,842 |
| | | **30,280** | 28,939 | 23,221 | **26,341** | 25,214 | 20,310 |

Other employee benefit expenses pertain to employee incentives, HMO coverage and SSS premiums.

*(b) Occupancy and equipment-related expenses*

The account primarily consists of depreciation and amortization of bank premises, furniture and equipment, interest expense on lease liability, expenses related to short-term leases and leases of low-value assets and technology-related expenses. For the year ended December 31, 2025, the technology-related expenses amounted to P18,796 million (2024 - P16,721 million; 2023 - P14,685 million) and P17,393 million (2024 - P15,607 million; 2023 - P13,850 million) for BPI Group and Parent Bank, respectively.

*(c) Other operating expenses*

Details of the account for the years ended December 31 are as follows:

| | Consolidated | | | Parent | | |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | 2023 | **2025** | 2024 | 2023 |
| | | | (In Millions of Pesos) | | | |
| Fees and commissions | **10,958** | 8,921 | 6,557 | **10,630** | 8,729 | 6,460 |
| Insurance | **6,723** | 6,371 | 5,204 | **6,581** | 6,256 | 5,140 |
| Advertising | **5,278** | 3,996 | 4,124 | **4,432** | 3,822 | 4,020 |
| Travel and communication | **1,502** | 1,685 | 1,575 | **1,259** | 1,484 | 1,414 |
| Supervision and examination fees | **1,143** | 999 | 963 | **854** | 774 | 783 |
| Management and other professional fees | **967** | 1,288 | 730 | **832** | 1,244 | 673 |
| Litigation expenses | **796** | 665 | 477 | **780** | 653 | 468 |
| Taxes and licenses | **720** | 634 | 224 | **613** | 554 | 165 |
| Office supplies | **611** | 579 | 428 | **527** | 502 | 363 |
| Amortization expense | **471** | 484 | 18 | **467** | 465 | 1 |
| Others | **4,732** | 4,103 | 3,577 | **4,168** | 2,921 | 2,655 |
| | **33,901** | 29,725 | 23,877 | **31,143** | 27,404 | 22,142 |

Fees and commissions consists primarily of service charges, expenses for outsourced services and fees related to membership licensing.

Insurance expense comprises mainly of premium payments made to PDIC and other product-related insurance costs.

Amortization expense includes the amortization of intangible assets acquired from the merger with RBC (Note 14).

Other expenses mainly include freight charges and other business expenses such as those incurred in staff meetings, donations, periodicals and magazines.

## 22 Income taxes

The reconciliation between the income tax expense at the statutory tax rate and the effective income tax for the years ended December 31 is shown below:

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | **2025** | | 2024 | | 2023 | |
| | **Amount** | **Rate (%)** | Amount | Rate (%) | Amount | Rate (%) |
| | | | (In Millions of Pesos) | | | |
| Statutory income tax | **21,355** | **25.00** | 19,936 | 25.00 | 16,303 | 25.00 |
| Effect of items not subject to statutory tax rate: | | | | | | |
| Income subjected to lower tax rates | **(1,471)** | **(1.72)** | (1,598) | (2.00) | (392) | (0.60) |
| Tax-exempt income | **(950)** | **(1.11)** | (1,715) | (2.15) | (1,134) | (1.74) |
| Others, net | **(359)** | **(0.43)** | 880 | 1.10 | (1,478) | (2.27) |
| Effective income tax | **18,575** | **21.74** | 17,503 | 21.95 | 13,299 | 20.39 |

| | Parent | | | | | |
|---|---|---|---|---|---|---|
| | **2025** | | 2024 | | 2023 | |
| | **Amount** | **Rate (%)** | Amount | Rate (%) | Amount | Rate (%) |
| | | | (In Millions of Pesos) | | | |
| Statutory income tax | **19,641** | **25.00** | 18,109 | 25.00 | 15,559 | 25.00 |
| Effect of items not subject to statutory tax rate: | | | | | | |
| Income subjected to lower tax rates | **(461)** | **(0.59)** | (579) | (0.80) | (446) | (0.72) |
| Tax-exempt income | **(1,629)** | **(2.07)** | (1,683) | (2.32) | (1,872) | (3.01) |
| Others, net | **(817)** | **(1.04)** | 206 | 0.28 | (1,060) | (1.70) |
| Effective income tax | **16,734** | **21.30** | 16,053 | 22.16 | 12,181 | 19.57 |

*Capital Markets Efficiency Promotion Act*

The Philippines' Republic Act No. 12214, also known as the *Capital Markets Efficiency Promotion Act* (CMEPA), was signed into law on May 29, 2025, to create a fairer and simpler tax system for passive income, encourage more savings and investments, support easier movement of capital, and attract more investment in stocks and debt securities. The law took effect on July 1, 2025.

The implementation of CMEPA did not have a material impact on the consolidated financial statements of the BPI Group as at and for the year ended December 31, 2025.

*Base Erosion and Profit Shifting (BEPS) Pillar 2*

The BPI Group is within the scope of the OECD Pillar Two model rules. As at December 31, 2025, Pillar Two legislation is not yet enacted in the Philippines, the jurisdiction in which the Parent Bank is incorporated. The BPI Group is in the process of assessing the possible impact of the Pillar Two legislation.

## 23 Retirement plans

The BPI Group maintains both defined benefit and defined contribution retirement plans. Assets of both retirement plans are held in trust and governed by local regulations and practices in the Philippines. The key terms of these pension plans are discussed below.

*a) Defined benefit retirement plan*

BPI Group (excluding non-life insurance subsidiaries, offshore subsidiaries and LSB)

BPI has a unified plan which covers all subsidiaries except insurance entities. Under this plan, the normal retirement age is 60 years. Those who elect to retire prior to the normal retirement age will require company approval, subject to meeting the eligibility conditions on age and years of credited services. The normal retirement benefit consists of a lump sum benefit equivalent to 200% of the employee's basic monthly salary at the time of retirement for each year of service, if the employee has rendered at least 10 years of service, or 150% of the basic monthly salary if the employee has rendered less than 10 years of service, plus the cash equivalent of accrued and unused vacation and sick leave, if any, subject to the BPI Group's implementing guidelines and policies. For voluntary retirement, the benefit is equivalent to 112.50% of the employee's basic monthly salary for a minimum of 10 years of service, with the rate factor progressing to a maximum of 200% for 25 or more years of service. The death or disability benefit shall be the highest amount among: (1) the benefit computed on the same basis as voluntary retirement; (2) an amount equivalent to 100% of the employee's basic monthly salary at the time of retirement for each year of service; and (3) the minimum amount required under the Labor Code.

The net defined benefit cost and contributions to be paid by the entities within the BPI Group are determined by an independent actuary.

With the merger of RBC with the Bank effective January 1, 2024, its retirement fund assets were also transferred to the BPI Group's retirement fund.

Non-life insurance subsidiary

BPI/MS Insurance Corporation has a separate trusteed defined benefit plan. Under the plan, the normal retirement age is 60 years. Normal retirement benefit consists of a lump-sum benefit equivalent to 175% of the employee's basic monthly salary at the time of retirement for each year of service, if the employee has rendered as least 10 years of service, or 150% of the basic monthly salary if the employee has rendered less than 10 years of service. The death or disability benefit for all employees of the non-life insurance subsidiary is determined on the same basis as the benefit applicable in normal or voluntary retirement, as the case may be.

LSB

LSB has a stand-alone non-contributory defined benefit plan covering all its regular and permanent employees. Under the retirement plan, all employees are entitled to cash benefits after satisfying certain age and service requirements. As at December 31, 2025, the pension liability amounts to P3 million (2024 - P9 million). The impact of LSB's pension plan is not considered material to the financial statements; thus, the disclosures were limited only to the information mentioned.

Following are the amounts recognized based on recent actuarial valuation exercise:

(a) Pension liability as at December 31 recognized in the statement of condition:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Present value of defined benefit obligation | **20,529** | 19,860 | **19,930** | 19,304 |
| Fair value of plan assets | **(15,026)** | (15,667) | **(14,401)** | (15,182) |
| | **5,503** | 4,193 | **5,529** | 4,122 |
| Effect of asset ceiling | **61** | 33 | **-** | - |
| | **5,564** | 4,226 | **5,529** | 4,122 |

Pension liability is shown as part of Deferred credits and other liabilities in the statement of condition (Note 17).

The movements in plan assets are summarized as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| At January 1 | **15,667** | 14,103 | **15,182** | 13,722 |
| Impact of merger | **-** | 470 | **-** | 470 |
| Contributions | **1,243** | 1,213 | **1,203** | 1,165 |
| Interest income | **866** | 775 | **839** | 752 |
| Benefit payments | **(2,539)** | (1,703) | **(2,481)** | (1,691) |
| Remeasurement (loss) gain - return on plan assets | **(211)** | 1,539 | **(342)** | 1,494 |
| Transfer from the plan | **-** | (730) | **-** | (730) |
| At December 31 | **15,026** | 15,667 | **14,401** | 15,182 |

The carrying values of the plan assets represent their fair value as at December 31, 2025 and 2024.

The plan assets comprised the following:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Debt securities | **9,224** | 10,130 | **8,840** | 9,817 |
| Equity securities | **4,055** | 4,341 | **3,886** | 4,207 |
| Others | **1,747** | 1,196 | **1,675** | 1,158 |
| | **15,026** | 15,667 | **14,401** | 15,182 |

The plan assets of the unified retirement plan include investment in BPI's common shares with aggregate fair value of P3,024 million at December 31, 2025 (2024 - P2,747 million). An officer of the Parent Bank exercises the voting rights over the plan's investment in BPI's common shares.

Others include cash and cash equivalents and other receivables.

The movements in the present value of defined benefit obligation are summarized as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| At January 1 | **19,860** | 18,632 | **19,304** | 18,098 |
| Impact of merger | **-** | 471 | **-** | 471 |
| Current service cost | **893** | 863 | **861** | 826 |
| Interest cost | **1,215** | 1,124 | **1,182** | 1,091 |
| Remeasurement - changes in financial assumptions | **26** | (76) | **25** | (73) |
| Remeasurement - experience adjustment | **1,074** | 1,279 | **1,033** | 1,267 |
| Benefit payments | **(2,539)** | (1,703) | **(2,481)** | (1,691) |
| Transfer from the plan | **-** | (730) | **6** | (685) |
| At December 31 | **20,529** | 19,860 | **19,930** | 19,304 |

Other than the regular funding contributions to the BPI Group's retirement fund, the transfer of RBC fund assets were also considered as presented above.

(b) Expense recognized in the statement of income for the years ended December 31 are as follows:

| | Consolidated | | | Parent | | |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | 2023 | **2025** | 2024 | 2023 |
| | (In Millions of Pesos) | | | | | |
| Current service cost | **893** | 863 | 757 | **861** | 826 | 730 |
| Net interest cost | **349** | 349 | 229 | **343** | 339 | 228 |
| | **1,242** | 1,212 | 986 | **1,204** | 1,165 | 958 |

The principal assumptions used for the actuarial valuations of the unified plan are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| Discount rate | **6.09%** | 6.12% | **6.09%** | 6.12% |
| Future salary increases | **6.00%** | 6.00% | **6.00%** | 6.00% |

Assumptions regarding future mortality and disability experience are based on published statistics generally used for local actuarial valuation purposes.

The defined benefit plan typically exposes the BPI Group to a number of risks such as investment risk, interest rate risk and salary risk. The most significant of which relate to investment and interest rate risk. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. A decrease in government bond yields will increase the defined benefit obligation although this will also be partially offset by an increase in the value of the plan's fixed income holdings. Hence, the present value of defined benefit obligation is directly affected by the discount rate to be applied by the BPI Group. However, the BPI Group believes that due to the long-term nature of the pension liability and the strength of the BPI Group itself, the mix of debt and equity securities holdings of the plan is an appropriate element of the BPI Group's long-term strategy to manage the plan efficiently.

The BPI Group ensures that the investment positions are managed within an asset-liability matching framework that has been developed to achieve long-term investments that are in line with the obligations under the plan.

The BPI Group's main objective is to match assets to the defined benefit obligation by investing primarily in long-term debt securities with maturities that match the benefit payments as they fall due. The asset-liability matching is being monitored on a regular basis and potential change in investment mix is being discussed with the trustor, as necessary to better ensure the appropriate asset-liability matching.

The BPI Group contributes to the plan depending on the suggested funding contribution as calculated by an independent actuary engaged by management. The expected contributions for the year ending December 31, 2026 for the BPI Group and the Parent Bank amount to P1,421 billion and P1,375 billion, respectively. The weighted average duration of the defined benefit obligation under the BPI unified retirement plan as at December 31, 2025 is 5.26 years (2024 - 5.64 years).

The projected maturity analysis of retirement benefit payments as at December 31 are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Up to one year | **3,842** | 3,845 | **3,769** | 3,754 |
| More than 1 year to 5 years | **15,553** | 14,575 | **15,106** | 14,163 |
| More than 5 years to 10 years | **9,518** | 9,837 | **9,188** | 9,545 |
| More than 10 years to 15 years | **4,581** | 4,569 | **4,356** | 4,340 |
| More than 15 years to 20 years | **3,297** | 3,319 | **3,125** | 3,139 |
| Over 20 years | **2,883** | 3,069 | **2,695** | 2,875 |

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions as at December 31 follows:

Consolidated

2025

| | | Impact on defined benefit obligation | |
|---|---|---|---|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 1.00% | **Decrease by 4.6%** | **Increase by 5.0%** |
| Salary growth rate | 1.00% | **Increase by 5.0%** | **Decrease by 4.6%** |

2024

| | | Impact on defined benefit obligation | |
|---|---|---|---|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 1.00% | Decrease by 4.70% | Increase by 5.10% |
| Salary growth rate | 1.00% | Increase by 5.10% | Decrease by 4.70% |

Parent

2025

| | | Impact on defined benefit obligation | |
|---|---|---|---|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 1.00% | **Decrease by 4.6%** | **Increase by 5.0%** |
| Salary growth rate | 1.00% | **Increase by 5.0%** | **Decrease by 4.6%** |

2024

| | | Impact on defined benefit obligation | |
|---|---|---|---|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 1.00% | Decrease by 4.70% | Increase by 5.10% |
| Salary growth rate | 1.00% | Increase by 5.10% | Decrease by 4.70% |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement liability recognized within the statement of condition.

*b) Defined contribution (DC) retirement plan subject to the requirements of Republic Act (RA) No. 7641*

All non-unionized employees hired on or after the January 1, 2016 are automatically under the new defined contribution plan. Employees hired prior to the effective date shall have the option to elect to become members of the new defined contribution plan.

Upon normal or late retirement, employees are entitled to a lump sum benefit equal to the total of the following amounts:

- The greater of the (a) updated member account balance where the company periodically contributes 8% of the basic monthly salary and (b) the minimum legal retirement benefit under the Labor Code; and
- The updated member account balance funded by (a) voluntary employee contribution and (b) employer matching contribution; and
- Cash equivalent of the accrued and unused vacation and sick leave, if any.

The defined contribution retirement plan has a defined benefit minimum guarantee equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA No. 7641.

Accordingly, the liability for the defined benefit minimum guarantee is actuarially calculated similar to the defined benefit plan.

Upon effectivity of the merger, the active employees of RBC were enrolled in the defined benefit plan. Subsequently, they were provided an option to participate to the BPI Group's defined contribution plan instead resulting to the transfer of P730 million representing the initial balance offer.

The funding status of the defined contribution plan as at December 31 is shown below:

| | **Consolidated** | | **Parent** | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | | (In Millions of Pesos) | | |
| Present value of the obligation under DC Plan | **4,494** | 3,911 | **3,895** | 3,443 |
| Fair value of plan assets | **(4,571)** | (3,712) | **(3,953)** | (3,270) |
| (Surplus) deficit | **(77)** | 199 | **(58)** | 173 |

The pension asset in 2025 represents benefits forfeited from separated employees which will be applied against future contributions. This is presented as part of Miscellaneous assets under Other assets, net in the statement of condition.

The movements in the present value of the obligation under DC Plan follow:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| At January 1 | **3,911** | 595 | **3,443** | 531 |
| Current service cost | **148** | 62 | **125** | 54 |
| Interest cost | **239** | 36 | **210** | 33 |
| Benefit payments | **(329)** | (186) | **(291)** | (157) |
| Remeasurement - changes in financial assumptions | **(18)** | 3 | **(15)** | 3 |
| Remeasurement - experience adjustment | **542** | 2,671 | **419** | 2,262 |
| Transfer to the plan | **1** | 730 | **4** | 717 |
| At December 31 | **4,494** | 3,911 | **3,895** | 3,443 |

The movements in the fair value of plan assets follow:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| At January 1 | **3,712** | 2,261 | **3,270** | 1,898 |
| Contribution paid by employer | **648** | 591 | **534** | 496 |
| Interest income | **224** | 133 | **197** | 111 |
| Benefit payments | **(329)** | (186) | **(291)** | (156) |
| Remeasurement gain - return on plan assets | **316** | 183 | **243** | 191 |
| Transfer to the plan | **-** | 730 | **-** | 730 |
| At December 31 | **4,571** | 3,712 | **3,953** | 3,270 |

Total retirement expense for the year ended December 31, 2025 under the defined contribution plan for the BPI Group and Parent Bank amounts to P163 million (2024 - P68 million) and P139 million (2024 - P59 million), respectively.

The components of plan assets of the defined contribution as at December 31 are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Debt securities | **1,638** | 705 | **1,417** | 621 |
| Equity securities | **3,025** | 2,248 | **2,616** | 1,980 |
| Others | **(92)** | 759 | **(80)** | 669 |
| | **4,571** | 3,712 | **3,953** | 3,270 |

The BPI Group contributes to the plan depending on the suggested funding contribution as calculated by an independent actuary engaged by management. The expected contributions for the year ending December 31, 2026 for the BPI Group and the Parent Bank amount to P660 million and P583 million, respectively. The weighted average duration of the defined contribution retirement plan for the BPI Group and Parent Bank is 10.87 years (2024 - 10.45 years).

The sensitivity of the defined contribution obligation to changes in the weighted principal assumptions as at December 31 follows:

Consolidated

2025

| | | Impact on defined benefit obligation | |
|---|---|---|---|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 1.00% | **Decrease by 1.3%** | **Increase by 1.6%** |
| Salary growth rate | 1.00% | **Increase by 1.6%** | **Decrease by 1.3%** |

2024

| | | Impact on defined benefit obligation | |
|---|---|---|---|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 1.00% | Decrease by 1.70% | Increase by 1.20% |
| Salary growth rate | 1.00% | Increase by 1.20% | Decrease by 1.70% |

Parent

2025

| | | Impact on defined benefit obligation | |
|---|---|---|---|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 1.00% | **Decrease by 1.3%** | **Increase by 1.6%** |
| Salary growth rate | 1.00% | **Increase by 1.6%** | **Decrease by 1.3%** |

2024

| | | Impact on defined benefit obligation | |
|---|---|---|---|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 1.00% | Decrease by 1.70% | Increase by 1.10% |
| Salary growth rate | 1.00% | Increase by 1.10% | Decrease by 1.70% |

*Critical accounting estimate - Calculation of defined benefit obligation*

The BPI Group estimates its pension benefit obligation and expense for defined benefit pension plans based on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, the discount rate and future salary increases. The BPI Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. The present value of the defined benefit obligations of the BPI Group at December 31, 2025 and 2024 are determined using the market yields on Philippine government bonds with terms consistent with the expected payments of employee benefits. Plan assets are invested in either equity securities, debt securities or other forms of investments. Equity markets may experience volatility, which could affect the value of pension plan assets. This volatility may make it inherently impracticable and difficult to estimate the long-term rate of return on plan assets. Actual results that differ from the BPI Group's assumptions are reflected as remeasurements in other comprehensive income. The BPI Group's assumptions are based on actual historical experience and external data regarding compensation and discount rate trends.

## 24 Asset management business

At December 31, 2025, the total trust and fund assets under management of the BPI Group through BPI Wealth amounts to P1,829 billion (2024 - P1,531 billion).

As required by the General Banking Act, BPI Wealth has deposited government securities with the BSP valued at P1,004 million (2024 - P989 million).

## 25 Related party transactions

In the normal course of business, the Parent Bank transacts with related parties consisting of its DOSRI (Directors, Officers, Stockholders, and Related Interests), Subsidiaries and Affiliates including Other Related Parties. Likewise, the BPI Group has transactions with Ayala Corporation (AC) and its subsidiaries and affiliates (Ayala Group), on an arm's length basis. AC is a significant stockholder of BPI as at reporting date.

The Parent Bank has a Board-level Related Party Transactions Committee (RPTC) that vets and endorses all significant related party transactions which exceed the Parent Bank's set materiality threshold, including those involving DOSRI, for which the latter shall require final BOD approval. The RPTC consists of three directors, majority of whom are independent directors including the Chairman, and two resource persons from management's control groups, namely, the Chief Audit Executive and the Chief Compliance Officer. Those related party transactions involving amounts below the materiality threshold, the Management Vetting Committee (MVC), which is composed of the Parent Bank's Executive Vice Presidents, the Bank's Chief Finance Officer, and the Bank's Treasurer, shall have the authority to vet these transactions. In case any of the vetting committees has conflict of interest, be it actual or perceived, in a particular related party transaction, he or she is required to inhibit from the vetting and endorsement of the particular RPT.

Transactions with related parties have terms and conditions that are generally comparable to those offered to non-related parties and/or to similar transactions in the market. Any deviation or amendment from previously vetted terms and conditions shall require appropriate RPT vetting and approval.

To ensure that related party transactions are within prudent levels, the Parent Bank's BOD shall prescribe, from time to time, internal limits or sub-limits for individual and aggregate credit exposures to related parties that are consistent with the Parent Bank's risk appetite and regulatory guidelines. The limits shall be computed and based on the Parent Bank's prescribed capital metrics.

The RPTC shall report to the BOD, on a regular basis, the status and aggregate exposures of the Parent Bank to each related party as well as the total amount of exposure to all related parties.

A summary of significant related party transactions and outstanding balances as at and for the years ended December 31 is shown below (transactions with subsidiaries have been eliminated in the consolidated financial statements):

Consolidated

| | 2025 | | |
|---|---|---|---|
| | Transactions for the year | Outstanding balances | Terms and conditions |
| | | (In Millions of Pesos) | |
| Loans and advances to: | | | |
| Associates | (330) | 149 | These are loans and advances granted to related parties that are generally secured with interest rates ranging from 7.99% to 8.27% (including those pertaining to foreign currency-denominated loans) and with maturity periods ranging from 4 days to 14 years. Additional information on DOSRI loans are discussed below. |
| Ayala Group | 8,588 | 88,490 | |
| Key management personnel | (10) | 10 | |
| | 8,248 | 88,649 | |
| Deposits from: | | | |
| Associates | 1,116 | 1,836 | These are demand, savings and time deposits bearing the following average interest rates:<br>Demand - 0.05% to 0.07%<br>Savings - 0.12% - 0.17%<br>Time - 4.82% to 5.46% |
| Ayala Group | 3,191 | 18,607 | |
| Key management personnel | (19) | 413 | |
| | 4,288 | 20,856 | |

| | 2024 | | |
|---|---|---|---|
| | Transactions for the year | Outstanding balances | Terms and conditions |
| | | (In Millions of Pesos) | |
| Loans and advances to: | | | |
| Associates | 366 | 479 | These are loans and advances granted to related parties that are generally secured with interest rates ranging from 7.67% to 8.15% (including those pertaining to foreign currency-denominated loans) and with maturity periods ranging from 4 days to 12 years. Additional information on DOSRI loans are discussed below. |
| Ayala Group | 18,335 | 79,902 | |
| Key management personnel | 20 | 20 | |
| | 18,721 | 80,401 | |
| Deposits from: | | | |
| Associates | (1,229) | 720 | These are demand, savings and time deposits bearing the following average interest rates:<br>Demand - 0.06% to 0.07%<br>Savings - 0.11% to 0.13%<br>Time - 5.39% to 5.52% |
| Ayala Group | 14,729 | 15,416 | |
| Key management personnel | (783) | 432 | |
| | 12,717 | 16,568 | |

| | 2023 | | |
|---|---|---|---|
| | Transactions for the year | Outstanding balances | Terms and conditions |
| | | (In Millions of Pesos) | |
| Loans and advances to: | | | |
| Associates | 71 | 113 | These are loans and advances granted to related parties that are generally secured with interest rates ranging from 6.45% to 7.58% (including those pertaining to foreign currency-denominated loans) and with maturity periods ranging from 1 day to 12 years. Additional information on DOSRI loans are discussed below. |
| Ayala Group | (3,087) | 61,567 | |
| | (3,016) | 61,680 | |
| Deposits from: | | | |
| Associates | 912 | 1,949 | These are demand, savings and time deposits bearing the following average interest rates:<br>Demand - 0.05% to 0.07%<br>Savings - 0.08% to 0.10%<br>Time - 4.35% to 5.38%<br>Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity. |
| Ayala Group | (2,239) | 687 | |
| Key management personnel | 958 | 1,215 | |
| | (369) | 3,851 | |

Parent

| | 2025 | | |
|---|---|---|---|
| | Transactions for the year | Outstanding balances | Terms and conditions |
| | | (In Millions of Pesos) | |
| Loans and advances to: | | | |
| Subsidiaries | 103 | 178 | These are loans and advances granted to related parties that are generally secured with interest rates ranging from 7.49% to 7.79% (including those pertaining to foreign currency-denominated loans) and with maturity periods ranging from 4 days to 14 years. Additional information on DOSRI loans are discussed below. |
| Associates | (330) | 149 | |
| Ayala Group | 8,588 | 88,490 | |
| Key management personnel | (10) | 10 | |
| | 8,351 | 88,827 | |
| Deposits from: | | | |
| Subsidiaries | 1,938 | 7,321 | These are demand, savings and time deposits bearing the following average interest rates:<br>Demand - 0.05% to 0.07%<br>Savings - 0.07% - 0.08%<br>Time - 4.79% to 5.44% |
| Associates | 1,116 | 1,836 | |
| Ayala Group | 3,191 | 18,607 | |
| Key management personnel | (19) | 413 | |
| | 6,226 | 28,177 | |

| | 2024 | | |
|---|---|---|---|
| | Transactions for the year | Outstanding balances | Terms and conditions |
| | | (In Millions of Pesos) | |
| Loans and advances to: | | | |
| Subsidiaries | (12) | 75 | These are loans and advances granted to related parties that are generally secured with interest rates ranging from 7.33% to 7.71% (including those pertaining to foreign currency-denominated loans) and with maturity periods ranging from 4 days to 12 years. Additional information on DOSRI loans are discussed below. |
| Associates | 366 | 479 | |
| Ayala Group | 18,335 | 79,902 | |
| Key management personnel | 20 | 20 | |
| | 18,709 | 80,476 | |
| Deposits from: | | | |
| Subsidiaries | (982) | 5,383 | These are demand, savings and time deposits bearing the following average interest rates:<br>Demand - 0.06% to 0.07%<br>Savings - 0.08% to 0.09%<br>Time - 5.34% to 5.50% |
| Associates | (1,229) | 720 | |
| Ayala Group | 14,729 | 15,416 | |
| Key management personnel | (759) | 432 | |
| | 11,759 | 21,951 | |

| | 2023 | | |
|---|---|---|---|
| | Transactions for the year | Outstanding balances | Terms and conditions |
| | | (In Millions of Pesos) | |
| Loans and advances to: | | | |
| Subsidiaries | 53 | 87 | These are loans and advances granted to related parties that are generally secured with interest rates ranging from 6.22% to 7.23% (including those pertaining to foreign currency-denominated loans). These are collectible in cash at gross amount and with maturity periods ranging from 1 day to 12 years. Additional information on DOSRI loans are discussed below. |
| Associates | 71 | 113 | |
| Ayala Group | (3,087) | 61,567 | |
| Other related parties | - | - | |
| | (2,963) | 61,767 | |
| Deposits from: | | | |
| Subsidiaries | 442 | 6,365 | These are demand, savings and time deposits bearing the following average interest rates:<br>Demand - 0.05% to 0.80%<br>Savings - 0.09% to 0.09%<br>Time - 4.35% to 5.35%<br>Demand and savings deposits are payable in cash and on demand. Time deposits are payable in cash at maturity. |
| Associates | 912 | 1,949 | |
| Ayala Group | (2,239) | 687 | |
| Key management personnel | 936 | 1,191 | |
| | 51 | 10,192 | |

The aggregate amounts included in the determination of income before income tax (after elimination) that resulted from transactions with each class of related parties are as follows:

| **Consolidated** | **2025** | 2024 | 2023 |
|---|---|---|---|
| | | (In Millions of Pesos) | |
| Interest income | | | |
| Associates | **-** | - | 8 |
| Ayala Group | **4,197** | 3,162 | 2,297 |
| Key management personnel | **1** | 1 | - |
| | **4,198** | 3,163 | 2,305 |
| Other income | | | |
| Associates | **2,375** | 2,359 | 327 |
| Ayala Group | **4,978** | 1,543 | 935 |
| | **7,353** | 3,902 | 1,262 |
| Interest expense | | | |
| Associates | **19** | 17 | 18 |
| Ayala Group | **38** | 539 | 4 |
| Key management personnel | **-** | 9 | 14 |
| | **57** | 565 | 36 |
| Other expenses | | | |
| Associates | **1,004** | 216 | 191 |
| Ayala Group | **2,672** | 1,632 | 799 |
| | **3,676** | 1,848 | 990 |
| Retirement benefits | | | |
| Key management personnel | **60** | 61 | 50 |
| Salaries, allowances and other short-term benefits | | | |
| Key management personnel | **1,758** | 1,646 | 1,477 |
| Directors' remuneration | **121** | 125 | 113 |

| Parent | 2025 | 2024 | 2023 |
|---|---|---|---|
| | | (In Millions of Pesos) | |
| Interest income | | | |
| Subsidiaries | **10** | 21 | 19 |
| Associates | **-** | - | 8 |
| Ayala Group | **4,197** | 3,162 | 2,297 |
| Key management personnel | **1** | 1 | - |
| | **4,208** | 3,184 | 2,324 |
| Other income | | | |
| Subsidiaries | **3,053** | 1,811 | 209 |
| Associates | **2,375** | 2,359 | 139 |
| Ayala Group | **4,978** | 1,543 | 935 |
| | **10,406** | 5,713 | 1,283 |
| Interest expense | | | |
| Subsidiaries | **8** | 21 | 19 |
| Associates | **19** | 17 | 18 |
| Ayala Group | **38** | 539 | 4 |
| Key management personnel | **-** | 9 | 14 |
| | **65** | 586 | 55 |
| Other expenses | | | |
| Subsidiaries | **628** | 48 | 127 |
| Associates | **1,004** | 216 | - |
| Ayala Group | **2,672** | 1,632 | 799 |
| | **4,304** | 1,896 | 926 |
| Retirement benefits | | | |
| Key management personnel | **58** | 60 | 48 |
| Salaries, allowances and other short-term benefits | | | |
| Key management personnel | **1,713** | 1,603 | 1,433 |
| Directors' remuneration | **86** | 91 | 88 |

Other income mainly consists of revenue from service arrangements with related parties in which the related outstanding balance is included under accounts receivable. Other expenses pertain to shared costs with related parties and the related outstanding balance is recognized as accounts payable.

Details of DOSRI loans are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | | (In Millions of Pesos) | | |
| Outstanding DOSRI loans | **23,412** | 31,588 | 23,412 | 31,588 |

As at December 31, 2025, allowance for credit losses amounting to P68 million (2024 - P140 million) have been recognized against receivables from related parties.

## 26 Financial risk management

The BOD carries out its risk management function through the Risk Management Committee (RMC). The RMC is tasked with nurturing a culture of risk management across the BPI Group. The RMC sets the risk appetite; proposes and approves risk management policies, frameworks, and guidelines; and regularly reviews risk management structures, metrics, limits, and issues across the BPI Group, in order to meet and comply with regulatory and international standards on risk measurement and management.

At the management level, the Risk Management Office (RMO) is headed by the Chief Risk Officer (CRO). The CRO is ultimately responsible in leading the formulation of risk management policies and methodologies in alignment with the overall business strategy of BPI, ensuring that risks are prudently and rationally undertaken and within its risk appetite, as well as commensurate and disciplined to maximize returns on shareholders' capital. Risk management is carried out by a dedicated team of skilled risk managers and senior officers who have extensive prior operational experience. BPI's risk managers regularly monitor key risk indicators and report exposures against carefully established financial and business risk metrics and limits approved by the RMC.

Finally, independent reviews are regularly conducted by the Internal Audit group, external auditors, and regulatory examiners to ensure that risk controls and mitigants are in place and functioning effectively as intended.

The possibility of incurring losses is, however, compensated by the possibility of earning more than expected income. Risk-taking is, therefore, not entirely negative to be avoided. Risk-taking actions present opportunities if risks are fully identified and accounted, deliberately taken, and are kept within prudent and rationalized limits.

Credit risk, liquidity risk and market risk, as well as operational and cyber security risks are some of the top risks that the BPI Group manages.

### 26.1 Credit risk

The BPI Group takes on exposure to credit risk, which is the risk that may arise if a borrower or counterparty fails to meet its obligations in accordance with agreed repayment terms. Credit risk is the single largest risk for the BPI Group's business; management therefore carefully manages its exposure to credit risk as governed by prudent credit policies, standards and methodologies, relevant regulatory requirements, and international benchmarks.

Loans and advances are the most evident source of credit risks; however, other sources of credit risk exist throughout the activities of the BPI Group, including in credit-related activities recorded in the banking books, investment securities in the trading books and off-balance sheet transactions.

#### 26.1.1 Credit risk management

The Credit Policy and Risk Management (CPRM) division is responsible for the overall management of the BPI Group's credit risks. CPRM supports the Senior Management in coordination with various business lending and operations units in identifying, measuring, reporting, and managing credit risk.

The BPI Group employs a range of policies and practices to mitigate credit risks. The BPI Group monitors its loan and investment portfolios based on different segmentations to reflect the acceptable level of diversification and concentration. Concentration risk in credit portfolios is inherent in banking and cannot be eliminated. However, said risk may be reduced by adopting proper risk controls, mitigation, and diversification strategies to prevent undue credit risk concentrations from excessive exposures to counterparties, borrower-groups, industries, countries or regions.

The BPI Group structures the levels of credit risks it undertakes by placing limits or monitoring thresholds on the amount of risks accepted in relation to one borrower, or group of borrowers, industry segments, and countries or regions. Such risks are monitored on a regular basis and subjected to annual or more frequent review, when deemed necessary. Limits on large exposures and credit concentration are approved by the BOD through the RMC.

The exposure to any borrower may also be further restricted by sub-limits covering on- and off-balance sheet exposures. Actual exposures against risk limits are monitored regularly. Methodologies for measuring credit risk vary depending on several factors, including type of asset, borrower or counterparties' risk profiles, risk measurement parameters and risk management and collection processes. Credit risk measurement is based on the probability of default (PD) of an obligor or counterparty, the loss severity given a default (LGD) event and the exposure at default (EAD).

A rigorous control framework is applied in the determination of expected credit loss (ECL) models. The BPI Group has policies and procedures that govern the calculation of ECL, which is performed by the Credit Risk Modeling, Analytics and MIS (CRMA-MIS) division. All ECL models are regularly reviewed by the Risk Management Office to ensure that necessary controls are in place and the models are applied accordingly.

The review and validation of ECL models are performed by groups that are independent of CRMA-MIS, e.g., Risk Models Validation Division, Internal Auditors, and/or external assurance partners. Expert judgments on measurement methodologies and assumptions are reviewed by a group of internal experts from various functions across the Parent Bank.

Credit loss estimates are based on estimates of the PD and loss severity given a default. The PD is the likelihood that a borrower will default on its obligation; the LGD is the estimated loss that would be realized upon the default and takes into consideration collateral and structural support for each credit facility. The estimation process includes assigning risk ratings to each borrower and credit facility to differentiate risk within the portfolio. These risk ratings are reviewed regularly by RMO and revised as needed to reflect the borrower's current financial position, risk profile, related collateral or credit enhancements, and other credit risk mitigants. The calculations and assumptions are based on both internal and external historical experience and management judgment and are reviewed regularly.

The BPI Group's forward-looking, point-in-time PD models are driven by internal forecasts of macroeconomic variables (MEVs) over the next five years. These models are recalibrated annually and a more frequent review and update of these models may be conducted in response to changing macroeconomic conditions.

The BPI Group also manages counterparty credit risk arising from both pre-settlement and settlement risks. Pre-settlement risk is the risk that a counterparty will default prior to the final settlement/maturity of a transaction, while settlement risk pertains to the risk that a counterparty fails to deliver on settlement/maturity date when the Bank has already delivered on its contractual obligations. In managing counterparty risks, pre-settlement and settlement risk limits are established and exposures are monitored daily for each counterparty to cover the aggregate of pre-settlement and settlement risks arising from transactions with the BPI Group. The BPI Group also employs various tools and methods including use of delivery versus payment settlement, payment versus payment settlement, use of collateral agreements, and other acceptable credit risk mitigation techniques to further manage counterparty credit risk.

The BPI Group employs specific control and risk mitigation measures, some of which are outlined below:

*(a) Collateral or guarantees*

One of the most traditional and common practice in mitigating credit risks is requiring collaterals and/or securities particularly for loans and advances. The BPI Group implements guidelines on the acceptability of specific classes of collateral for credit risk mitigation. The BPI Group assesses the valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The common collateral types for loans and advances are:

- Mortgages over physical properties (e.g., real estate and personal);
- Mortgages over financial assets [e.g., guarantees, investments (bonds or equities)]; and
- Margin agreement for derivatives, for which the BPI Group has also entered into master netting agreements.

In order to minimize credit loss, the BPI Group seeks additional collateral and/or securities from the counterparty when impairment indicators are observed for the relevant individual loans and advances.

The BPI Group's policies regarding obtaining collateral have not changed during the reporting period and there has been no significant change in the overall quality of the collaterals held by the BPI Group since the prior period.

*(b) Market limits*

The BPI Group maintains market limits on net open derivative positions (i.e., the difference between purchase and sale contracts). Credit risk is limited to the net current fair value of instruments, which in relation to derivatives is only a portion of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments (except where the BPI Group requires margin deposits from counterparties).

*(c) Master netting arrangements*

The BPI Group further restricts its exposure to credit losses by entering master netting arrangements with certain counterparties with which it undertakes significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favorable contracts (asset position) is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The BPI Group's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

*(d) Credit-related commitments*

Documentary and commercial letters of credit - which are written undertakings by the BPI Group on behalf of a customer authorizing a third party to draw drafts on the BPI Group up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods and therefore carry less risk than a direct loan.

### 26.1.2 Credit risk rating

The BPI Group uses internal credit risk gradings that reflect its assessment of the PD of individual counterparties. The BPI Group uses its internal credit risk rating system, credit models (e.g. credit risk scorecards) or external ratings from reputable credit rating agencies. Specific data about the borrower and loan are collected at the time of application and credit evaluation (such as financial and business information, source of incomes/revenues, and level of collateral for retail exposures, and turnover and industry type for wholesale exposures) and are used in the internal credit scoring models. In addition, the internal models allow expert judgment from the Credit Risk Rating Committee and consideration of other data inputs not captured into the model in the determination of the final internal credit score for each borrower.

The BPI Group has adopted an internal credit classification system that is aligned with regulatory guidelines and aims to identify deteriorating credit exposures on a timely basis. Exposures are classified into each of the following categories:

- *Standard monitoring* - This category includes accounts which do not have a greater-than-normal risk and do not possess the characteristics of special monitoring and defaulted loans. The borrower or counterparty has the ability to satisfy the obligation in full and therefore minimal loss, if any, is anticipated.

- *Special monitoring* - This category includes accounts which need closer and frequent monitoring to prevent any further credit deterioration. The counterparty is assessed to be vulnerable to highly vulnerable and its capacity to meet its financial obligations is dependent upon favorable business, financial, and economic conditions.

- *Default* - This category includes accounts which exhibit probable to severe weaknesses wherein probability of non-repayment of loan obligation is ranging from high to extremely high.

*i. Corporate (including cross-border loans, contracts-to-sell/group plans with recourse, floorstock lines) and Small and Medium-sized Enterprise (SME) loans*

The BPI Group's internal credit risk rating system comprises a 22-scale rating with eighteen (18) 'pass' rating levels for large corporate accounts, a 14-scale rating system with ten (10) 'pass' rating grades for SME accounts, and a 23-scale rating with nineteen (19) 'pass' rating levels for cross-border accounts. For cross-border accounts, the BPI Group also uses available external/benchmark credit ratings issued by reputable rating agencies if there is no internal rating. The level of risk and associated PD are determined using either the internal credit risk ratings or external/benchmark credit ratings, as applicable, for corporate loans.

The BPI Group uses the following set of classifications:

| Classifications | Large corporate | SME | Cross-Border |
|---|---|---|---|
| Standard monitoring | AAA to B-, unrated, and ≤ 30 days past due (dpd) | AAA to B-, unrated, and ≤ 30 dpd | AAA to B- with no significant increase in credit risk (SICR), and ≤ 30 dpd |
| Special monitoring | CCC to C or based on prescribed dpd threshold | CCC to C or based on prescribed dpd threshold | Downgraded to lower than BB+ with SICR but not impaired, or based on prescribed dpd threshold |
| Default | Adversely classified accounts (ACA) or >90 dpd or Items in Litigation (IL) | ACA or >90 dpd or IL | Default/ACA with objective evidence of impairment, or > 90 dpd |

*ii. Retail loans*

The BPI Group uses automated credit scoring models to assess the level of risk for retail accounts. Behavioral indicators are considered in conjunction with other forward-looking information (e.g., industry forecast) to assess the level of risk of a loan. After the date of initial recognition, the payment behavior of the borrower is monitored on a periodic basis to develop a behavioral score which is mapped to a PD.

| Classifications | Credit cards | Personal*, auto, housing and MAX 500** | SEME*** |
|---|---|---|---|
| Standard monitoring | ≤ 29 dpd | ≤ 30 dpd | ≤ 10 dpd |
| Special monitoring | 30 to 89 dpd | 31 to 90 dpd or based on prescribed dpd threshold | Not applicable |
| Default | >89 dpd or IL | >90 dpd or IL | >10 dpd |

**Includes salary-based general purpose consumption loan*
*** A product of BanKo, wholly-owned subsidiary of the Parent Bank, and classified as micro-enterprise loan*
**** A product of BanKo and offered to self-employed micro-entrepreneurs*

*iii. Treasury and other investment debt securities*

Investments in high grade securities and bills are viewed as a way to gain better credit quality mix and at the same time, maintain a readily available source to meet funding requirements. The level of credit risk for treasury and other investment debt securities and their associated PD are determined using either internal ratings or reputable external ratings and/or available and reliable qualitative and quantitative information. In the absence of both internal and external credit ratings, a comparable issuer or guarantor rating is used. Should there be a change in the credit rating of the chosen comparable, evaluation is made to ascertain whether the rating change is applicable to the security being assessed for impairment.

| Classifications | Applicable ratings |
|---|---|
| Standard monitoring | AAA to B- with no SICR |
| Special monitoring | Downgraded to lower than BB+ with SICR but not impaired |
| Default | Default, with objective evidence of impairment |

*iv. Other financial assets at amortized cost*

For other financial assets (non-credit receivables), the BPI Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss methodology. These financial assets are grouped based on shared risk characteristics and aging profile. For some of these, impairment is assessed individually at a counterparty level.

### 26.1.3 Maximum exposure to credit risk

#### 26.1.3.1 Loans and advances, net

Credit risk exposures relating to on-balance sheet loans and advances are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Corporate and SME loans, net | **1,896,506** | 1,685,197 | **1,888,967** | 1,680,654 |
| Retail loans, net | **670,625** | 553,568 | **611,508** | 506,274 |
| | **2,567,131** | 2,238,765 | **2,500,475** | 2,186,928 |

The carrying amount of loans and advances above also represents the BPI Group's maximum exposure to credit risk. The following tables contain an analysis of the credit risk exposure of each financial instrument for which an ECL allowance is recognized.

***Credit quality of loans and advances, net***

Consolidated

*Corporate and SME loans*

| | **2025** | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | **Total** | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
| | (In Millions of Pesos) | | | | | | | |
| Credit grade | | | | | | | | |
| Standard monitoring | 1,563,975 | 128,597 | - | **1,692,572** | 1,419,122 | 92,448 | - | 1,511,570 |
| Special monitoring | 101,563 | 74,528 | - | **176,091** | 104,098 | 56,728 | - | 160,826 |
| Default | - | - | 54,834 | **54,834** | - | - | 44,378 | 44,378 |
| Gross amount | 1,665,538 | 203,125 | 54,834 | **1,923,497** | 1,523,220 | 149,176 | 44,378 | 1,716,774 |
| Loss allowance | (1,548) | (3,229) | (22,214) | **(26,991)** | (5,721) | (2,159) | (23,697) | (31,577) |
| Carrying amount | 1,663,990 | 199,896 | 32,620 | **1,896,506** | 1,517,499 | 147,017 | 20,681 | 1,685,197 |

*Retail loans*

| | **2025** | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | **Total** | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
| | (In Millions of Pesos) | | | | | | | |
| Credit grade | | | | | | | | |
| Standard monitoring | 62 4,538 | 22,142 | - | **646,680** | 518,497 | 18,837 | - | 537,334 |
| Special monitoring | 628 | 18,525 | - | **19,153** | 723 | 12,412 | - | 13,135 |
| Default | - | - | 34,535 | **34,535** | - | - | 25,624 | 25,624 |
| Gross amount | 625,166 | 40,667 | 34,535 | **700,368** | 519,220 | 31,249 | 25,624 | 576,093 |
| Loss allowance | (5,884) | (4,562) | (19,297) | **(29,743)** | (4,327) | (3,496) | (14,702) | (22,525) |
| Carrying amount | 619,282 | 36,105 | 15,238 | **670,625** | 514,893 | 27,753 | 10,922 | 553,568 |

Parent

*Corporate and SME loans*

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | **Total** | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
| | | | | (In Millions of Pesos) | | | | |
| Credit grade | | | | | | | | |
| Standard monitoring | 1,556,617 | 128,597 | - | **1,685,214** | 1,414,762 | 92,448 | - | 1,507,210 |
| Special monitoring | 101,563 | 74,523 | - | **176,086** | 104,098 | 56,727 | - | 160,825 |
| Default | - | - | 54,817 | **54,817** | - | - | 44,364 | 44,364 |
| Gross amount | 1,658,180 | 203,120 | 54,817 | **1,916,117** | 1,518,860 | 149,175 | 44,364 | 1,712,399 |
| Loss allowance | (1,720) | (3,227) | (22,203) | **(27,150)** | (5,901) | (2,159) | (23,685) | (31,745) |
| Carrying amount | 1,656,460 | 199,893 | 32,614 | **1,888,967** | 1,512,959 | 147,016 | 20,679 | 1,680,654 |

*Retail loans*

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | **Total** | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
| | | | | (In Millions of Pesos) | | | | |
| Credit grade | | | | | | | | |
| Standard monitoring | 566,949 | 22,116 | - | **589,065** | 472,088 | 18,810 | - | 490,898 |
| Special monitoring | 628 | 17,412 | - | **18,040** | 715 | 11,655 | - | 12,370 |
| Default | - | - | 28,260 | **28,260** | - | - | 21,640 | 21,640 |
| Gross amount | 567,577 | 39,528 | 28,260 | **635,365** | 472,803 | 30,465 | 21,640 | 524,908 |
| Loss allowance | (4,751) | (4,538) | (14,568) | **(23,857)** | (3,393) | (3,478) | (11,763) | (18,634) |
| Carrying amount | 562,826 | 34,990 | 13,692 | **611,508** | 469,410 | 26,987 | 9,877 | 506,274 |

The tables below present the gross amount of “Stage 2” loans and advances by age category.

Consolidated

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Corporate and SME loans | Retail loans | **Total** | Corporate and SME loans | Retail loans | Total |
| | | | (In Millions of Pesos) | | | |
| Current | 201,416 | 15,380 | **216,796** | 148,490 | 13,729 | 162,219 |
| Past due up to 30 days | 558 | 6,971 | **7,529** | 86 | 5,355 | 5,441 |
| Past due 31 - 90 days | 1,151 | 18,316 | **19,467** | 600 | 12,165 | 12,765 |
| Past due 91 - 180 days | - | - | **-** | - | - | - |
| Over 180 days | - | - | **-** | - | - | - |
| | 203,125 | 40,667 | **243,792** | 149,176 | 31,249 | 180,425 |

Parent

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Corporate and SME loans | Retail loans | **Total** | Corporate and SME loans | Retail loans | Total |
| | | | (In Millions of Pesos) | | | |
| Current | 201,416 | 15,361 | **216,777** | 148,490 | 13,708 | 162,198 |
| Past due up to 30 days | 558 | 6,953 | **7,511** | 85 | 5,343 | 5,428 |
| Past due 31 - 90 days | 1,146 | 17,214 | **18,360** | 600 | 11,414 | 12,014 |
| Past due 91 - 180 days | - | - | **-** | - | - | - |
| Over 180 days | - | - | **-** | - | - | - |
| | 203,120 | 39,528 | **242,648** | 149,175 | 30,465 | 179,640 |

### 26.1.3.2 Treasury and other investment securities, net

Credit risk exposures arising from treasury and other investment securities are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Due from BSP | **106,344** | 164,571 | **89,303** | 161,247 |
| Due from other banks | **38,211** | 72,060 | **34,007** | 68,439 |
| Interbank loans receivable and SPAR, net | **35,480** | 16,715 | **34,909** | 9,093 |
| Financial assets at FVTPL* | **85,055** | 46,957 | **77,245** | 39,757 |
| Financial assets at FVOCI* | **282,236** | 264,358 | **277,530** | 260,834 |
| Investment securities at amortized cost, net | **353,145** | 343,108 | **345,848** | 336,233 |
| | **900,471** | 907,769 | **858,842** | 875,603 |

**Excludes equity securities*

***Credit quality of treasury and other investment securities, net***

Consolidated

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Stage 1** 12-month ECL | **Stage 2** Lifetime ECL | **Stage 3** Lifetime ECL | **Total** | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
| | (In Millions of Pesos) | | | | | | | |
| **Credit grade** | | | | | | | | |
| Standard monitoring | | | | | | | | |
| Due from BSP | 106,344 | - | - | **106,344** | 164,571 | - | - | 164,571 |
| Due from other banks | 38,211 | - | - | **38,211** | 72,060 | - | - | 72,060 |
| Interbank loans receivable and SPAR | 35,484 | - | - | **35,484** | 16,720 | - | - | 16,720 |
| Financial assets at FVTPL* | 85,055 | - | - | **85,055** | 46,957 | - | - | 46,957 |
| Financial assets at FVOCI* | 282,236 | - | - | **282,236** | 263,903 | 455 | - | 264,358 |
| Investment securities at amortized cost | 353,178 | - | - | **353,178** | 342,189 | 1,035 | - | 343,224 |
| Default | | | | | | | | |
| Interbank loans receivable and SPAR | - | - | 37 | **37** | - | - | 38 | 38 |
| **Gross carrying amount** | 900,508 | - | 37 | **900,545** | 906,400 | 1,490 | 38 | 907,928 |
| Loss allowance | (37) | - | (37) | **(74)** | (97) | (24) | (38) | (159) |
| **Carrying amount** | 900,471 | - | - | **900,471** | 906,303 | 1,466 | - | 907,769 |

**Excludes equity securities*

Parent

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Stage 1** 12-month ECL | **Stage 2** Lifetime ECL | **Stage 3** Lifetime ECL | **Total** | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
| | (In Millions of Pesos) | | | | | | | |
| Credit grade | | | | | | | | |
| Standard monitoring | | | | | | | | |
| Due from BSP | 89,303 | - | - | **89,303** | 161,247 | - | - | 161,247 |
| Due from other banks | 34,007 | - | - | **34,007** | 68,439 | - | - | 68,439 |
| Interbank loans receivable and SPAR | 34,913 | - | - | **34,913** | 9,098 | - | - | 9,098 |
| Financial assets at FVTPL* | 77,245 | - | - | **77,245** | 39,757 | - | - | 39,757 |
| Financial assets at FVOCI* | 277,530 | - | - | **277,530** | 260,379 | 455 | - | 260,834 |
| Investment securities at amortized cost | 345,881 | - | - | **345,881** | 335,282 | 1,034 | - | 336,316 |
| Default | | | | | | | | |
| Interbank loans receivable and SPAR | - | - | 37 | **37** | - | - | 38 | 38 |
| Gross carrying amount | 858,879 | | 37 | **858,916** | 874,202 | 1,489 | 38 | 875,729 |
| Loss allowance | (37) | - | (37) | **(74)** | (64) | (24) | (38) | (126) |
| Carrying amount | 858,842 | - | - | **858,842** | 874,138 | 1,465 | - | 875,603 |

**Excludes equity securities*

### 26.1.3.3 Other financial assets at amortized cost

Other financial assets at amortized cost that are exposed to credit risk are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Accounts receivable, net | **1,628** | 2,626 | **3,381** | 5,010 |
| Rental deposits | **945** | 905 | **888** | 851 |
| Other accrued interest and fees receivable | **74** | 98 | **24** | 5 |
| Others, net | **825** | 341 | **816** | 320 |
| | **3,472** | 3,970 | **5,109** | 6,186 |

The carrying amounts of the above financial assets represent the BPI Group's maximum exposure to credit risk.

The BPI Group's other financial assets at amortized cost (shown under Other assets, net) generally arise from transactions with various unrated counterparties with good credit standing. The BPI Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss methodology for other financial assets.

### 26.1.3.4 Loan commitments

Credit risk exposures arising from undrawn loan commitments are as follows:

Consolidated

| | **2025** | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | **Total** | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
| | | | | (In Millions of Pesos) | | | | |
| Credit grade | | | | | | | | |
| Standard monitoring | 883,659 | 2,862 | - | **886,521** | 704,278 | 1,609 | - | 705,887 |
| Special monitoring | 20,368 | 26 | - | **20,394** | 21,421 | 19 | - | 21,440 |
| Default | - | - | 590 | **590** | - | - | 339 | 339 |
| Gross amount | 904,027 | 2,888 | 590 | **907,505** | 725,699 | 1,628 | 339 | 727,666 |
| Loss allowance* | (1,454) | (187) | (28) | **(1,669)** | (1,130) | (112) | (25) | (1,267) |
| Carrying amount | 902,573 | 2,701 | 562 | **905,836** | 724,569 | 1,516 | 314 | 726,399 |

**Included in "Miscellaneous liabilities" in Note 17*

Parent

| | **2025** | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | **Total** | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
| | | | | (In Millions of Pesos) | | | | |
| Credit grade | | | | | | | | |
| Standard monitoring | 883,659 | 2,862 | - | **886,521** | 704,278 | 1,609 | - | 705,887 |
| Special monitoring | 20,368 | 26 | - | **20,394** | 21,421 | 19 | - | 21,440 |
| Default | - | - | 590 | **590** | - | - | 339 | 339 |
| Gross amount | 904,027 | 2,888 | 590 | **907,505** | 725,699 | 1,628 | 339 | 727,666 |
| Loss allowance* | (1,454) | (187) | (28) | **(1,669)** | (1,130) | (112) | (25) | (1,267) |
| Carrying amount | 902,573 | 2,701 | 562 | **905,836** | 724,569 | 1,516 | 314 | 726,399 |

**Included in "Miscellaneous liabilities" in Note 17*

### 26.1.4 Credit impaired loans and advances

The BPI Group closely monitors collaterals held for financial assets considered to be credit-impaired (Stage 3), as it becomes more likely that the BPI Group will take possession of collateral to mitigate potential credit losses. Loans and advances that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

Consolidated

| | **2025** | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Gross exposure | Impairment allowance | Net carrying amount | Gross exposure | Impairment allowance | Net carrying amount |
| | | | (In Millions of Pesos) | | | |
| Credit-impaired assets | | | | | | |
| Corporate and SME loans | 54,834 | 22,214 | 32,620 | 44,378 | 23,697 | 20,681 |
| Retail loans | 34,535 | 19,297 | 15,238 | 25,624 | 14,702 | 10,922 |
| Total credit-impaired assets | **89,369** | **41,511** | **47,858** | 70,002 | 38,399 | 31,603 |
| Fair value of collateral | **37,199** | | | 31,611 | | |

Parent

| | **2025** | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Gross exposure | Impairment allowance | Net carrying amount | Gross exposure | Impairment allowance | Net carrying amount |
| | | | (In Millions of Pesos) | | | |
| Credit-impaired assets | | | | | | |
| Corporate and SME loans | 54,817 | 22,203 | 32,614 | 44,364 | 23,685 | 20,679 |
| Retail loans | 28,260 | 14,568 | 13,692 | 21,640 | 11,763 | 9,877 |
| Total credit-impaired assets | **83,077** | **36,771** | **46,306** | 66,004 | 35,448 | 30,556 |
| Fair value of collateral | **37,160** | | | 31,570 | | |

The BPI Group acquires assets by taking possession of collaterals held as security for loans and advances.

As at December 31, 2025, the foreclosed collaterals of BPI Group and Parent Bank have carrying amount of P12,417 million (2024 - P8,411 million) and P12,164 million (2024 - P8,154 million), respectively. The related foreclosed collaterals of BPI Group and Parent Bank have aggregate fair value of P31,222 million (2024 - P25,956 million) and P30,735 million (2024 - P25,470 million), respectively. Foreclosed collaterals include real estate (land, building, and improvements) and chattel. Repossessed properties are sold as soon as practicable and are classified as Assets held for sale in the statement of condition. In 2025, the BPI Group realized a total loss of P570 million (2024 - P205 million loss) with book value of P3,258 million (2024 - P3,030 million) while the Parent Bank realized a loss of P561 million (2024 - P237 million loss) from disposals of foreclosed collaterals with book value of P3,244 million (2024 - P2,997 million).

### 26.1.5 Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the period, and the consequent transfer between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognized during the year and releases for financial instruments derecognized during the year;
- Write-offs of allowances related to assets that were written off during the year;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs during the year;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Foreign exchange translations for assets denominated in foreign currencies and other movements.

The following tables summarize the changes in the loss allowance for loans and advances between the beginning and the end of the annual period. No movement analysis of allowance for impairment is presented for treasury and other investment debt securities and other financial assets subject to impairment as the related loss allowance is deemed insignificant for financial reporting purposes.

Consolidated

| Corporate and SME loans | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|---|---|---|---|---|
| | | (In Millions of Pesos) | | |
| Loss allowance, at January 1, 2025 | 5,721 | 2,159 | 23,697 | **31,577** |
| Impact of merger | - | - | - | **-** |
| Provision for credit losses for the year | | | | |
| Transfers: | | | | |
| Transfer from Stage 1 | (2,787) | 2,209 | 3,845 | **3,267** |
| Transfer from Stage 2 | 9 | (283) | 246 | **(28)** |
| Transfer from Stage 3 | 1 | 1 | (76) | **(74)** |
| New financial assets originated | 3,840 | - | - | **3,840** |
| Financial assets derecognized during the year | (1,219) | (526) | (3,314) | **(5,059)** |
| Changes in assumptions and other movements in provision | (3,484) | (334) | (103) | **(3,921)** |
| | (3,640) | 1,067 | 598 | **(1,975)** |
| Write-offs and other movements | (533) | 3 | (2,081) | **(2,611)** |
| Loss allowance, at December 31, 2025 | **1,548** | **3,229** | **22,214** | **26,991** |

| Retail loans | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|---|---|---|---|---|
| | | (In Millions of Pesos) | | |
| Loss allowance, at January 1, 2025 | 4,327 | 3,496 | 14,702 | **22,525** |
| Impact of merger | - | - | - | **-** |
| Provision for credit losses for the year | | | | |
| Transfers: | | | | |
| Transfer from Stage 1 | (3,644) | 3,318 | 10,267 | **9,941** |
| Transfer from Stage 2 | 136 | (1,967) | 3,516 | **1,685** |
| Transfer from Stage 3 | 4 | 32 | (235) | **(199)** |
| New financial assets originated | 4,613 | - | - | **4,613** |
| Financial assets derecognized during the year | (543) | (174) | (1,186) | **(1,903)** |
| Changes in assumptions and other movements in provision | 1,439 | (109) | 3,459 | **4,789** |
| | 2,005 | 1,100 | 15,821 | **18,926** |
| Write-offs and other movements | (448) | (34) | (11,226) | **(11,708)** |
| Loss allowance, at December 31, 2025 | **5,884** | **4,562** | **19,297** | **29,743** |

Parent

| Corporate and SME loans | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|---|---|---|---|---|
| | | (In Millions of Pesos) | | |
| Loss allowance, at January 1, 2025 | 5,901 | 2,159 | 23,685 | **31,745** |
| Impact of merger | - | - | - | **-** |
| Provision for credit losses for the year | | | | |
| Transfers: | | | | |
| Transfer from Stage 1 | (2,786) | 2,209 | 3,844 | **3,267** |
| Transfer from Stage 2 | 9 | (283) | 247 | **(27)** |
| Transfer from Stage 3 | 1 | 1 | (76) | **(74)** |
| New financial assets originated | 3,838 | - | - | **3,838** |
| Financial assets derecognized during the year | (1,219) | (527) | (3,314) | **(5,060)** |
| Changes in assumptions and other movements in provision | (3,415) | (335) | (98) | **(3,848)** |
| | (3,572) | 1,065 | 603 | **(1,904)** |
| Write-offs and other movements | (609) | 3 | (2,085) | **(2,691)** |
| Loss allowance, at December 31, 2025 | **1,720** | **3,227** | **22,203** | **27,150** |

| Retail loans | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|---|---|---|---|---|
| | | (In Millions of Pesos) | | |
| Loss allowance, at January 1, 2025 | 3,393 | 3,478 | 11,763 | **18,634** |
| Impact of merger | - | - | - | **-** |
| Provision for credit losses for the year | | | | |
| Transfers: | | | | |
| Transfer from Stage 1 | (1,773) | 3,296 | 6,733 | **8,256** |
| Transfer from Stage 2 | 136 | (1,673) | 3,050 | **1,513** |
| Transfer from Stage 3 | 4 | 32 | (213) | **(177)** |
| New financial assets originated | 2,591 | - | - | **2,591** |
| Financial assets derecognized during the year | (158) | (172) | (1,025) | **(1,355)** |
| Changes in assumptions and other movements in provision | 961 | (394) | 2,615 | **3,182** |
| | 1,761 | 1,089 | 11,160 | **14,010** |
| Write-offs and other movements | (403) | (29) | (8,355) | **(8,787)** |
| Loss allowance, at December 31, 2025 | **4,751** | **4,538** | **14,568** | **23,857** |

Consolidated

| Corporate and SME loans | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|---|---|---|---|---|
| | | (In Millions of Pesos) | | |
| Loss allowance, at January 1, 2024 | 10,596 | 3,483 | 25,167 | 39,246 |
| Impact of merger | 160 | 268 | 1,470 | 1,898 |
| Provision for credit losses for the year | | | | |
| Transfers: | | | | |
| Transfer from Stage 1 | (4,551) | 1,510 | 4,030 | 989 |
| Transfer from Stage 2 | 87 | (2,028) | 166 | (1,775) |
| Transfer from Stage 3 | 17 | 4 | (148) | (127) |
| New financial assets originated | 6,189 | - | - | 6,189 |
| Financial assets derecognized during the year | (1,500) | (749) | (2,720) | (4,969) |
| Changes in assumptions and other movements in provision | (3,197) | (309) | (3,184) | (6,690) |
| | (2,955) | (1,572) | (1,856) | (6,383) |
| Write-offs and other movements | (2,080) | (20) | (1,084) | (3,184) |
| Loss allowance, at December 31, 2024 | 5,721 | 2,159 | 23,697 | 31,577 |

| Retail loans | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|---|---|---|---|---|
| | | (In Millions of Pesos) | | |
| Loss allowance, at January 1, 2024 | 4,890 | 3,242 | 10,096 | 18,228 |
| Impact of merger | 306 | 53 | 963 | 1,322 |
| Provision for credit losses for the year | | | | |
| Transfers: | | | | |
| Transfer from Stage 1 | (2,530) | 2,491 | 7,020 | 6,981 |
| Transfer from Stage 2 | 114 | (1,745) | 2,401 | 770 |
| Transfer from Stage 3 | 7 | 55 | (509) | (447) |
| New financial assets originated | 3,076 | - | - | 3,076 |
| Financial assets derecognized during the year | (449) | (166) | (816) | (1,431) |
| Changes in assumptions and other movements in provision | (1,150) | (414) | 3,691 | 2,127 |
| | (932) | 221 | 11,787 | 11,076 |
| Write-offs and other movements | 63 | (20) | (8,144) | (8,101) |
| Loss allowance, at December 31, 2024 | 4,327 | 3,496 | 14,702 | 22,525 |

Parent

| Corporate and SME loans | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|---|---|---|---|---|
| | | (In Millions of Pesos) | | |
| Loss allowance, at January 1, 2024 | 10,767 | 3,483 | 25,164 | 39,414 |
| Impact of merger | 160 | 268 | 1,452 | 1,880 |
| Provision for credit losses for the year | | | | |
| Transfers: | | | | |
| Transfer from Stage 1 | (4,551) | 1,510 | 4,029 | 988 |
| Transfer from Stage 2 | 87 | (2,028) | 166 | (1,775) |
| Transfer from Stage 3 | 17 | 4 | (148) | (127) |
| New financial assets originated | 6,188 | - | - | 6,188 |
| Financial assets derecognized during the year | (1,500) | (749) | (2,719) | (4,968) |
| Changes in assumptions and other movements in provision | (3,193) | (309) | (3,176) | (6,678) |
| | (2,952) | (1,572) | (1,848) | (6,372) |
| Write-offs and other movements | (2,074) | (20) | (1,083) | (3,177) |
| Loss allowance, at December 31, 2024 | 5,901 | 2,159 | 23,685 | 31,745 |

| Retail loans | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|---|---|---|---|---|
| | | (In Millions of Pesos) | | |
| Loss allowance, at January 1, 2024 | 4,135 | 3,229 | 8,271 | 15,635 |
| Impact of merger | 298 | 52 | 833 | 1,183 |
| Provision for credit losses for the year | | | | |
| Transfers: | | | | |
| Transfer from Stage 1 | (1,119) | 2,475 | 4,685 | 6,041 |
| Transfer from Stage 2 | 113 | (1,591) | 2,142 | 664 |
| Transfer from Stage 3 | 7 | 54 | (475) | (414) |
| New financial assets originated | 1,441 | - | - | 1,441 |
| Financial assets derecognized during the year | (161) | (165) | (696) | (1,022) |
| Changes in assumptions and other movements in provision | (1,421) | (557) | 3,153 | 1,175 |
| | (1,140) | 216 | 8,809 | 7,885 |
| Write-offs and other movements | 100 | (19) | (6,150) | (6,069) |
| Loss allowance, at December 31, 2024 | 3,393 | 3,478 | 11,763 | 18,634 |

*Critical accounting estimate - Measurement of expected credit loss for loans and advances*

The measurement of the expected credit loss (ECL) for loans and advances is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). The explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 30.3.2.2.

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for SICR;
- choosing appropriate models and assumptions for the measurement of ECL;
- establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated ECL;
- establishing groups of similar financial assets for the purposes of measuring ECL; and
- for individually credit-impaired loans, assessing recoverability through future cash flows or through foreclosure of collateral.

*Forward-looking information incorporated in the ECL models*

Three distinct macroeconomic scenarios (baseline, upside and downside) are considered in the BPI Group's estimation of expected credit losses in Stage 1 and Stage 2. These scenarios are based on assumptions supported by economic theories and historical experience. The downside scenario reflects a negative macroeconomic event occurring within the forecast period. The probability of each scenario is determined using expert judgment and recession probability tools provided by reputable external service providers. The baseline case incorporates the BPI Group's outlook both for the domestic and global economy. The upside and downside scenarios take into account certain adjustments that will lead to a positive or negative economic outcome, respectively.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any climate, regulatory, legislative or political changes is likewise considered as post-model adjustments, if material.

The BPI Group has performed historical analyses and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The most significant assumptions used for the ECL estimate are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

*At December 31, 2025*

| | Base Scenario | | Upside Scenario | | Downside Scenario | |
|---|---|---|---|---|---|---|
| | Next 12 Months | 2 to 5 years (Average) | Next 12 Months | 2 to 5 years (Average) | Next 12 Months | 2 to 5 years (Average) |
| Real GDP growth (%) | 4.4 | 5.9 | 6.1 | 6.6 | 1.8 | 3.1 |
| Inflation rate (%) | 3.0 | 3.1 | 2.6 | 2.4 | 8.0 | 8.2 |
| BVAL 5Y (%) | 6.0 | 5.8 | 5.1 | 4.9 | 11.3 | 11.1 |
| US federal funds rate | 3.7 | 3.0 | 2.6 | 2.0 | 10.1 | 9.5 |
| Exchange rate | 59.540 | 63.660 | 59.060 | 61.073 | 65.070 | 80.788 |

*At December 31, 2024*

| | Base Scenario | | Upside Scenario | | Downside Scenario | |
|---|---|---|---|---|---|---|
| | Next 12 Months | 2 to 5 years (Average) | Next 12 Months | 2 to 5 years (Average) | Next 12 Months | 2 to 5 years (Average) |
| Real GDP growth (%) | 7.2 | 7.3 | 7.2 | 7.3 | 0.2 | 2.3 |
| Inflation rate (%) | 3.6 | 3.3 | 2.4 | 2.1 | 10.0 | 9.8 |
| BVAL 5Y (%) | 5.7 | 5.3 | 4.0 | 3.5 | 9.2 | 8.8 |
| US federal funds rate | 3.9 | 3.8 | 2.2 | 2.0 | 7.4 | 7.3 |
| Exchange rate | 57.500 | 60.433 | 54.686 | 52.006 | 63.996 | 83.640 |

*Sensitivity analysis*

The loan portfolios have different sensitivities to movements in MEVs, so the above three scenarios have varying impact on the expected credit losses of the BPI Group's portfolios. The allowance for impairment is calculated as the weighted average of expected credit losses under the baseline, upside and downside scenarios. The impact of weighting these multiple scenarios was an increase in the allowance for impairment of BPI Group by P591 million as at December 31, 2025 from the baseline scenario (2024 - P1,036 million).

*Transfers between stages*

Transfers from Stage 1 and Stage 2 are based on the assessment of SICR from initial recognition. The impact of moving from 12 month expected credit losses to lifetime expected credit losses, or vice versa, varies by product and is dependent on the expected remaining life at the date of the transfer. Stage transfers may result in significant fluctuations in expected credit losses. Assuming all Stage 2 accounts are considered as Stage 1, allowance for impairment for BPI Group would have decreased by P3,191 million as at December 31, 2025 (2024 - P1,664 million).

### 26.1.6 Concentrations of risks of financial assets with credit risk exposure

The BPI Group's main credit exposure at their carrying amounts, as categorized by industry sectors follow:

Consolidated (December 31, 2025)

| | Due from BSP | Due from other banks | Interbank loans receivable and SPAR, net | Financial assets at FVTPL | Financial assets at FVOCI | Investment securities at amortized cost, net | Loans and advances, net | Other financial assets, net | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | (In Millions of Pesos) | | | | |
| Financial and insurance activities | 106,344 | 38,211 | 35,521 | 4,675 | 22,871 | 12,557 | 260,209 | - | **480,388** |
| Real estate activities | - | - | - | 51 | 3,128 | 6,051 | 586,577 | - | **595,807** |
| Manufacturing | - | - | - | - | 7,723 | 4,038 | 290,069 | - | **301,830** |
| Consumer | - | - | - | 585 | 2,131 | 411 | 391,727 | - | **394,854** |
| Transportation, storage and communications | - | - | - | - | 4,372 | 9,331 | 78,380 | - | **92,083** |
| Wholesale and retail trade, repair of motor vehicle, motorcycle | - | - | - | - | 6,741 | 14,016 | 322,363 | - | **343,120** |
| Electricity, gas, steam and air-conditioning supply | - | - | - | - | 392 | 2,527 | 262,261 | - | **265,180** |
| Others* | - | - | - | 79,744 | 234,878 | 304,247 | 432,279 | 5,411 | **1,056,559** |
| Allowance | - | - | (41) | - | - | (33) | (56,734) | (1,939) | **(58,747)** |
| **At December 31, 2025** | **106,344** | **38,211** | **35,480** | **85,055** | **282,236** | **353,145** | **2,567,131** | **3,472** | **3,471,074** |

**Others include government, information and communication, construction, utilities and mining and quarrying.*

Consolidated (December 31, 2024)

| | Due from BSP | Due from other banks | Interbank loans receivable and SPAR, net | Financial assets at FVTPL | Financial assets at FVOCI | Investment securities at amortized cost, net | Loans and advances, net | Other financial assets, net | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | (In Millions of Pesos) | | | | |
| Financial and insurance activities | 164,571 | 72,060 | 16,758 | 25,350 | 45,393 | 12,670 | 241,549 | - | 578,351 |
| Real estate activities | - | - | - | 12 | 329 | 4,180 | 521,509 | - | 526,030 |
| Manufacturing | - | - | - | 263 | 3,523 | 4,802 | 324,932 | - | 333,520 |
| Consumer | - | - | - | - | 983 | 1,311 | 305,299 | - | 307,593 |
| Transportation, storage and communications | - | - | - | 21 | 1,977 | 9,429 | 247,634 | - | 259,061 |
| Wholesale and retail trade, repair of motor vehicle, motorcycle | - | - | - | 77 | 3,439 | 5,194 | 253,819 | - | 262,529 |
| Electricity, gas, steam and air-conditioning supply | - | - | - | 344 | 876 | 18,224 | 187,125 | - | 206,569 |
| Others* | - | - | - | 20,890 | 207,838 | 287,414 | 211,000 | 5,405 | 732,547 |
| Allowance | - | - | (43) | - | - | (116) | (54,102) | (1,435) | (55,696) |
| At December 31, 2024 | 164,571 | 72,060 | 16,715 | 46,957 | 264,358 | 343,108 | 2,238,765 | 3,970 | 3,150,504 |

**Others include government, information and communication, construction, utilities and mining and quarrying.*

Parent Bank (December 31, 2025)

| | Due from BSP | Due from other banks | Interbank loans receivable and SPAR, net | Financial assets at FVTPL | Financial assets at FVOCI | Investment securities at amortized cost, net | Loans and advances, net | Other financial assets, net | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | (In Millions of Pesos) | | | | |
| Financial and insurance activities | 89,303 | 34,007 | 34,950 | 370 | 22,480 | 11,674 | 260,201 | - | **452,985** |
| Real estate activities | - | - | - | 51 | 3,128 | 6,051 | 584,555 | - | **593,785** |
| Manufacturing | - | - | - | - | 7,723 | 2,802 | 287,108 | - | **297,633** |
| Consumer | - | - | - | 585 | 2,131 | 291 | 345,900 | - | **348,907** |
| Transportation, storage and communications | - | - | - | - | 4,372 | 7,563 | 78,001 | - | **89,936** |
| Wholesale and retail trade, repair of motor vehicle, motorcycle | - | - | - | - | 6,741 | 12,976 | 309,616 | - | **329,333** |
| Electricity, gas, steam and air-conditioning supply | - | - | - | - | 392 | 2,527 | 262,176 | - | **265,095** |
| Others* | - | - | - | 76,239 | 230,563 | 301,997 | 423,925 | 6,979 | **1,039,703** |
| Allowance | - | - | (41) | - | - | (33) | (51,007) | (1,870) | **(52,951)** |
| **At December 31, 2025** | **89,303** | **34,007** | **34,909** | **77,245** | **277,530** | **345,848** | **2,500,475** | **5,109** | **3,364,426** |

**Others include government, information and communication, construction, utilities and mining and quarrying.*

Parent Bank (December 31, 2024)

| | Due from BSP | Due from other banks | Interbank loans receivable and SPAR, net | Financial assets at FVTPL | Financial assets at FVOCI | Investment securities at amortized cost, net | Loans and advances, net | Other financial assets, net | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | (In Millions of Pesos) | | | | |
| Financial and insurance activities | 161,247 | 68,439 | 9,136 | 21,962 | 45,393 | 11,477 | 241,539 | - | 559,193 |
| Real estate activities | - | - | - | 12 | 329 | 4,180 | 519,857 | - | 524,378 |
| Manufacturing | - | - | - | 210 | 3,523 | 3,475 | 323,052 | - | 330,260 |
| Consumer | - | - | - | - | 983 | 118 | 270,573 | - | 271,674 |
| Transportation, storage and communications | - | - | - | 21 | 1,977 | 9,429 | 246,267 | - | 257,694 |
| Wholesale and retail trade, repair of motor vehicle, motorcycle | - | - | - | 77 | 3,439 | 5,194 | 242,807 | - | 251,517 |
| Electricity, gas, steam and air-conditioning supply | - | - | - | 344 | 876 | 18,224 | 187,023 | - | 206,467 |
| Others* | - | - | - | 17,131 | 204,314 | 284,219 | 206,189 | 7,545 | 719,398 |
| Allowance | - | - | (43) | - | - | (83) | (50,379) | (1,359) | (51,864) |
| At December 31, 2024 | 161,247 | 68,439 | 9,093 | 39,757 | 260,834 | 336,233 | 2,186,928 | 6,186 | 3,068,717 |

**Others include government, information and communication, construction, utilities and mining and quarrying.*

### 26.1.7 Provision for (reversal of) credit and impairment losses

The BPI Group's provision for (reversal of) credit and impairment losses are attributable to the following accounts:

| | | Consolidated | | | Parent | | |
|---|---|---|---|---|---|---|---|
| | Notes | 2025 | 2024 | 2023 | 2025 | 2024 | 2023 |
| | | | | (In Millions of Pesos) | | | |
| Loans and advances | 10 | 16,951 | 4,693 | 3,940 | 12,106 | 1,513 | 2,164 |
| Assets held for sale | | (142) | 837 | (222) | (140) | 837 | (223) |
| Interbank loans receivable and SPAR | 5 | - | 7 | 3 | - | 7 | 3 |
| Investment securities at amortized cost | 9 | (74) | 56 | 20 | (41) | 56 | 20 |
| Undrawn loan commitments | | 402 | (57) | 198 | 402 | (57) | 198 |
| Impairment on equity investment | 12 | - | - | - | - | 28 | - |
| Accounts receivable | 14 | 810 | 689 | 34 | 558 | 639 | 12 |
| Other assets | 14 | (197) | 375 | 27 | 142 | 405 | 28 |
| | | 17,750 | 6,600 | 4,000 | 13,027 | 3,428 | 2,202 |

### 26.2 Market risk

The BPI Group is exposed to market risk - the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk management in BPI covers managing exposures to trading risk, foreign exchange risk, and interest rate risk in the banking book.

Market risk management is incumbent on the BOD through the RMC. At the management level, the BPI Group's market risk exposures are managed by the RMO, headed by the Parent Bank's CRO who reports directly to the RMC. In order to effectively manage market risk, the Bank has well established policies and procedures approved by the RMC and confirmed by the Executive Committee/BOD. In addition, the Internal Audit is responsible for the independent review of risk assessment measures and procedures and the control environment.

The BPI Group reviews and controls market risk exposures of both its trading and non-trading portfolios. Trading portfolios include those positions arising from BPI's market-making and risk-taking activities. The BPI Group also has derivatives exposures in interest rate swaps, currency swaps and structured notes as part of its trading and position taking activities. Non-trading portfolios include positions arising from core banking activities, which includes the BPI Group's retail and commercial banking assets and liabilities.

Value-at-Risk (VaR) measurement is an integral part of the BPI Group's market risk control system. This metric is estimated at 99% confidence level, the maximum loss that a trading portfolio may incur over a trading day. This metric indicates as well that there is 1% statistical probability that the trading portfolios' actual loss would be greater than the computed VaR. To ensure model soundness, the VaR is periodically subject to model validation and back testing. VaR is supplemented by other risk metrics and measurements that would provide preliminary signals to Treasury and to Management to assess the vulnerability of BPI Group's positions. To control the risk, the RMC sets risk limits for trading portfolios which are consistent with the BPI Group's goals, objectives, risk appetite, and strategies.

Stress tests indicate the potential losses that could arise in extreme conditions that would have adverse effect to the BPI Group's positions. The BPI Group periodically performs price stress testing to assess the BPI Group's condition on assumed stress scenarios. Contingency plans are frequently reviewed to ensure the BPI Group's preparedness in the event of real stress. Results of stress tests are reviewed by Senior Management and by the RMC.

The average daily VaR for the trading portfolios are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Local fixed-income | **73** | 66 | **65** | 62 |
| Foreign fixed-income | **234** | 182 | **206** | 167 |
| Foreign exchange | **294** | 186 | **185** | 107 |
| Derivatives | **79** | 46 | **79** | 46 |
| Equity securities | **21** | 24 | **-** | - |
| Mutual fund | **13** | 20 | **-** | - |
| | **714** | 524 | **535** | 382 |

#### 26.2.1 Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. It arises on financial instruments that are denominated in a foreign currency other than the functional currency which they are measured.

The BPI Group takes on exposure to the effects of fluctuations in the prevailing exchange rates on its foreign currency financial position and cash flows. The table below summarizes the BPI Group's exposure to more material foreign currency exchange rate risk primarily in USD, shown in their Peso equivalent at December 31:

Consolidated

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | USD | Others* | **Total** | USD | Others* | Total |
| | | | (In Millions of Pesos) | | | |
| Financial assets | | | | | | |
| Cash and other cash items | 3,303 | 440 | **3,743** | 3,363 | 246 | 3,609 |
| Due from other banks | 19,832 | 9,993 | **29,825** | 36,067 | 25,860 | 61,927 |
| Interbank loans receivable and SPAR | 245 | 32,219 | **32,464** | 20 | 5,957 | 5,977 |
| Financial assets at FVTPL | 22,745 | 2,957 | **25,702** | 8,278 | 2,461 | 10,739 |
| Financial assets at FVOCI - debt securities | 79,578 | 5,467 | **85,045** | 67,176 | 1,164 | 68,340 |
| Investment securities at amortized cost | 119,619 | 1,156 | **120,775** | 119,096 | 1,347 | 120,443 |
| Loans and advances, net | 173,358 | 12,994 | **186,352** | 130,881 | 11,561 | 142,442 |
| Other financial assets | 6 | 13 | **19** | 302 | 1 | 303 |
| Total financial assets | **418,686** | **65,239** | **483,925** | 365,183 | 48,597 | 413,780 |
| Financial liabilities | | | | | | |
| Deposit liabilities | 281,831 | 60,696 | **342,527** | 283,061 | 42,803 | 325,864 |
| Due to BSP and other banks | 2,547 | - | **2,547** | 2,225 | - | 2,225 |
| Derivative financial liabilities | 493 | 1,612 | **2,105** | 1,127 | 1,865 | 2,992 |
| Bills payable and other borrowed funds | 132,902 | 2,065 | **134,967** | 85,128 | - | 85,128 |
| Manager's checks and demand drafts outstanding | 149 | 3 | **152** | 200 | - | 200 |
| Accounts payable | (359) | 16 | **(343)** | 404 | 3 | 407 |
| Other financial liabilities | 309 | - | **309** | 1,208 | 183 | 1,391 |
| Total financial liabilities | **417,872** | **64,392** | **482,264** | 373,353 | 44,854 | 418,207 |
| Net on-balance sheet position | **814** | **847** | **1,661** | (8,170) | 3,743 | (4,427) |

**Others category includes financial instruments denominated in JPY, EUR and GBP.*

Parent Bank

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | USD | Others* | **Total** | USD | Others* | Total |
| | | | (In Millions of Pesos) | | | |
| Financial assets | | | | | | |
| Cash and other cash items | 3,303 | 440 | **3,743** | 3,363 | 246 | 3,609 |
| Due from other banks | 19,518 | 9,988 | **29,506** | 35,601 | 25,851 | 61,452 |
| Interbank loans receivable and SPAR | - | 31,891 | **31,891** | - | 5,859 | 5,859 |
| Financial assets at FVTPL | 20,678 | 2,088 | **22,766** | 6,811 | 1,930 | 8,741 |
| Financial assets at FVOCI - debt securities | 78,921 | 5,467 | **84,388** | 66,489 | 1,164 | 67,653 |
| Investment securities at amortized cost | 114,807 | - | **114,807** | 113,563 | - | 113,563 |
| Loans and advances, net | 166,524 | 12,641 | **179,165** | 127,212 | 10,974 | 138,186 |
| Other financial assets | 6 | 12 | **18** | 302 | - | 302 |
| Total financial assets | **403,757** | **62,527** | **466,284** | 353,341 | 46,024 | 399,365 |
| Financial liabilities | | | | | | |
| Deposit liabilities | 280,101 | 52,236 | **332,337** | 281,433 | 38,304 | 319,737 |
| Due to BSP and other banks | 2,547 | - | **2,547** | 2,225 | - | 2,225 |
| Derivative financial liabilities | 465 | 1,612 | **2,077** | 1,066 | 1,866 | 2,932 |
| Bills payable and other borrowed funds | 132,608 | 2,065 | **134,673** | 85,028 | - | 85,028 |
| Manager's checks and demand drafts outstanding | 149 | 3 | **152** | 200 | - | 200 |
| Accounts payable | (372) | 16 | **(356)** | 401 | 3 | 404 |
| Other financial liabilities | 309 | - | **309** | 1,186 | 168 | 1,354 |
| Total financial liabilities | **415,807** | **55,932** | **471,739** | 371,539 | 40,341 | 411,880 |
| Net on-balance sheet position | **(12,050)** | **6,595** | **(5,455)** | (18,198) | 5,683 | (12,515) |

**Others category includes financial instruments denominated in JPY, EUR and GBP.*

Presented below is a sensitivity analysis demonstrating the impact on pre-tax income of reasonably possible change in the exchange rate between US Dollar and Philippine Peso. The fluctuation rate is based on the historical movement of US Dollar against the Philippine Peso year on year.

| | | Effect on pre-tax income | |
|---|---|---|---|
| Year | Change in currency | **Consolidated** | **Parent** |
| | | (In millions of Pesos) | |
| **2025** | **+/- 1.78%** | **+/- 14** | **-/+ 214** |
| 2024 | +/- 1.99% | -/+ 163 | -/+ 362 |

### 26.2.2 Interest rate risk

Interest rate risk is the risk that cash flows or fair value of a financial instrument will fluctuate due to movements in market interest rates.

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

IRRBB is the current and prospective risk to the BPI Group's capital and earnings arising from the adverse movements in interest rates that affect its banking book positions (core banking activities). The BPI Group is exposed to interest rate risk arising from financial assets and liabilities that have different maturities and repricing schedules and are re-priced taking into account the prevailing market interest rates. Excessive levels of interest rate risks in the banking book can pose a significant threat to the BPI Group's earnings and capital base.

The BPI Group employs two methods to measure the potential impact of interest rate risk in the banking book: (i) one that focuses on the impact on economic value of the future cash flows in the banking book due to changes in interest rates - Balance Sheet VaR (BSVaR), and (ii) one that focuses on the potential deterioration in net interest earnings - Earnings-at-Risk (EaR). The RMC sets limits on the two interest rate risk metrics which are monitored daily by the Market and Liquidity Risk Management Division of the RMO. The EaR and BSVaR are built on the interest rate/repricing gap profile of the bank.

The interest rate gap is the difference between the amount of interest rate sensitive assets and liabilities and off-balance sheet items. It distributes the balance sheet accounts according to their contractual maturity if fixed, or repricing date if floating. For accounts that do not have defined maturity or repricing schedules (i.e., non-maturity deposits), and accounts with embedded optionality (i.e., time deposit pretermination, fixed-rate loan prepayment), historical patterns/behaviors are utilized and assessed to determine their expected repricing schedules. These behavioral assumptions are derived from historical customer behavior and are regularly back tested to ensure accuracy and propriety of these assumptions. Interest rate derivatives are used to hedge banking book interest rate exposures, and these are also included in the repricing gap analysis.

*Earnings-at-Risk (EaR)*

The EaR is built on the repricing profile of the BPI Group and considers principal payments only. The BPI Group projects interest inflows from its financial assets and interest outflows from its financial liabilities in the next 12 to 36 months as earnings are affected when interest rates move against the BPI Group’s position. In determining the appropriate rate shocks in calculating EaR, the daily year-on-year change in rates is determined using the parametric approach at 99% confidence level. The Parent Bank uses more than ten years’ worth of data in deriving the rate shocks. As at December 31, 2025, the net interest income impact of movement in interest rates will result in an increase of P5,385 million (2024 - P2,695 million) for the whole BPI Group and an increase of P5,438 million (2024 - P2,812 million) for the Parent Bank over a short-term (12-month) horizon. Likewise, the net interest income impact of movement in interest rates over the medium-term (36-month) horizon will result in an increase of P24,307 million (2024 - P15,062 million) for the whole BPI Group and an increase of P24,204 million (2024 - P15,212 million) for the Parent Bank.

*Balance Sheet Value at Risk (BSVaR)*

The BSVaR model is also built on repricing gap or the difference between the amount of rate-sensitive financial assets and liabilities which considers both principal and interest payments. It measures the deterioration in the economic/present value of the BPI Group's expected net cash flows due to adverse interest rate movements. In determining the appropriate rate shocks in calculating BSVaR, the adverse daily year-on-year change in rates is determined using the historical approach for the past one year at 99% confidence level. As at December 31, 2025, the average monthly BSVaR for the banking book stood at P12,824 million (2024 - P12,966 million) for the whole BPI Group and P12,374 million (2024 - P12,290 million) for the Parent Bank.

The IRRBB levels are closely monitored against RMC-approved limits and results are reported and discussed regularly at the Management level through the Asset and Liability Committee (ALCO) and at the Board level through the RMC. The BPI Group manages interest rate exposures related to its assets and liabilities through a transfer-pricing system administered by Treasury. Investment securities and interest rate derivatives are also used to hedge interest rate risk and manage repricing gaps in the balance sheet.

The BPI Group also conducts price stress tests in the banking book and EaR stress tests utilizing a variety of interest rate shock scenarios to identify the impact of adverse movements in interest rates on the BPI Group's economic value and earnings. The design of the price and EaR stress tests include the following:

- Internal rate shocks scenarios including extreme yet plausible historical stressed events, curve shifting (parallel up/down) and twisting (steepening and flattening yield curves), and forward-looking scenarios; and
- Other rate shocks as prescribed by Basel.

The interest rate shocks applied are calibrated for all major currencies in which the BPI Group has significant positions. The BPI Group also conducts Uniform Stress Testing in accordance with the prescribed scenarios of the BSP.

The results of the stress test are reported to the RMC and Senior Management and are integrated into the overall risk management framework of the BPI Group.

The BPI Group has established comprehensive risk management framework (e.g., policies, procedures, risk limits structures) supported by a robust risk management system. Furthermore, the risk management process, including its various components, is subject to periodic independent review (i.e. internal audit and model validation) and consistently calibrated to ensure accuracy, relevance, propriety and timeliness of data and assumptions employed. The assumptions and parameters used in building these metrics are properly documented. Any changes in the methodology and assumptions used are duly approved by the Chief Risk Officer and noted by the RMC.

The table below summarizes the BPI Group's exposure to interest rate risk, categorized by the earlier of contractual repricing or maturity dates.

Consolidated (December 31, 2025)

| | Repricing | | | | |
|---|---|---|---|---|---|
| | Up to 1 year | Over 1 up to 3 years | Over 3 years | Non-repricing | **Total** |
| | (In Millions of Pesos) | | | | |
| As at December 31, 2025 | | | | | |
| Financial Assets | | | | | |
| Cash and other cash items | - | - | - | 53,018 | **53,018** |
| Due from BSP | - | - | - | 106,344 | **106,344** |
| Due from other banks | - | - | - | 38,211 | **38,211** |
| Interbank loans receivable and SPAR | - | - | - | 35,480 | **35,480** |
| Financial assets at FVTPL | 145 | 184 | 452 | 84,274 | **85,055** |
| Financial assets at FVOCI | - | - | - | 282,236 | **282,236** |
| Investment securities at amortized cost | - | - | - | 353,145 | **353,145** |
| Loans and advances, net | 1,568,287 | 292,751 | 316,301 | 389,792 | **2,567,131** |
| Other financial assets | - | - | - | 3,472 | **3,472** |
| Total financial assets | **1,568,432** | **292,935** | **316,753** | **1,345,972** | **3,524,092** |
| Financial Liabilities | | | | | |
| Deposit liabilities | 1,645,460 | 497,064 | 696,001 | - | **2,838,525** |
| Due to BSP and other banks | - | - | - | 3,151 | **3,151** |
| Derivative financial liabilities | 26 | 140 | 245 | 3,287 | **3,698** |
| Bills payable and other borrowed funds | - | 17,592 | - | 205,841 | **223,433** |
| Manager's checks and demand drafts outstanding | - | - | - | 10,460 | **10,460** |
| Lease liabilities | - | - | - | 9,989 | **9,989** |
| Other financial liabilities | - | - | - | 14,773 | **14,773** |
| Total financial liabilities | **1,645,486** | **514,796** | **696,246** | **247,501** | **3,104,029** |
| Total interest gap | **(77,054)** | **(221,861)** | **(379,493)** | **1,098,471** | **420,063** |

Consolidated (December 31, 2024)

| | Repricing | | | | |
|---|---|---|---|---|---|
| | Up to 1 year | Over 1 up to 3 years | Over 3 years | Non-repricing | Total |
| | (In Millions of Pesos) | | | | |
| As at December 31, 2024 | | | | | |
| Financial Assets | | | | | |
| Cash and other cash items | - | - | - | 49,762 | 49,762 |
| Due from BSP | - | - | - | 164,571 | 164,571 |
| Due from other banks | - | - | - | 72,060 | 72,060 |
| Interbank loans receivable and SPAR | - | - | - | 16,715 | 16,715 |
| Financial assets at FVTPL | 161 | 720 | 879 | 45,197 | 46,957 |
| Financial assets at FVOCI | - | - | - | 264,358 | 264,358 |
| Investment securities at amortized cost | - | - | - | 343,108 | 343,108 |
| Loans and advances, net | 1,332,408 | 291,669 | 313,924 | 300,764 | 2,238,765 |
| Other financial assets | - | - | - | 3,970 | 3,970 |
| Total financial assets | 1,332,569 | 292,389 | 314,803 | 1,260,505 | 3,200,266 |
| Financial Liabilities | | | | | |
| Deposit liabilities | 1,465,575 | 458,825 | 690,402 | - | 2,614,802 |
| Due to BSP and other banks | - | - | - | 3,135 | 3,135 |
| Derivative financial liabilities | 165 | 338 | 570 | 3,903 | 4,976 |
| Bills payable and other borrowed funds | - | - | - | 163,182 | 163,182 |
| Manager's checks and demand drafts outstanding | - | - | - | 9,941 | 9,941 |
| Lease liabilities | - | - | - | 9,824 | 9,824 |
| Other financial liabilities | - | - | - | 9,865 | 9,865 |
| Total financial liabilities | 1,465,740 | 459,163 | 690,972 | 199,850 | 2,815,725 |
| Total interest gap | (133,171) | (166,774) | (376,169) | 1,060,655 | 384,541 |

Parent Bank (December 31, 2025)

| | Repricing | | | | |
|---|---|---|---|---|---|
| | Up to 1 year | Over 1 up to 3 years | Over 3 years | Non-repricing | **Total** |
| | | | (In Millions of Pesos) | | |
| As at December 31, 2025 | | | | | |
| Financial Assets | | | | | |
| Cash and other cash items | - | - | - | 52,159 | **52,159** |
| Due from BSP | - | - | - | 89,303 | **89,303** |
| Due from other banks | - | - | - | 34,007 | **34,007** |
| Interbank loans receivable and SPAR | - | - | - | 34,909 | **34,909** |
| Financial assets at FVTPL | 145 | 184 | 452 | 76,464 | **77,245** |
| Financial assets at FVOCI | - | - | - | 277,530 | **277,530** |
| Investment securities at amortized cost | - | - | - | 345,848 | **345,848** |
| Loans and advances, net | 1,560,500 | 292,372 | 315,296 | 332,307 | **2,500,475** |
| Other financial assets | - | - | - | 5,109 | **5,109** |
| Total financial assets | **1,560,645** | **292,556** | **315,748** | **1,247,636** | **3,416,585** |
| Financial Liabilities | | | | | |
| Deposit liabilities | 1,584,125 | 492,777 | 689,594 | - | **2,766,496** |
| Due to BSP and other banks | - | - | - | 3,151 | **3,151** |
| Derivative financial liabilities | 26 | 140 | 245 | 3,256 | **3,667** |
| Bills payable and other borrowed funds | - | 17,592 | - | 205,547 | **223,139** |
| Manager's checks and demand drafts outstanding | - | - | - | 10,459 | **10,459** |
| Lease liabilities | - | - | - | 8,846 | **8,846** |
| Other financial liabilities | - | - | - | 12,999 | **12,999** |
| Total financial liabilities | **1,584,151** | **510,509** | **689,839** | **244,258** | **3,028,757** |
| Total interest gap | **(23,506)** | **(217,953)** | **(374,091)** | **1,003,378** | **387,828** |

Parent Bank (December 31, 2024)

| | Repricing | | | | |
|---|---|---|---|---|---|
| | Up to 1 year | Over 1 up to 3 years | Over 3 years | Non-repricing | Total |
| | | | (In Millions of Pesos) | | |
| As at December 31, 2024 | | | | | |
| Financial Assets | | | | | |
| Cash and other cash items | - | - | - | 49,136 | 49,136 |
| Due from BSP | - | - | - | 161,247 | 161,247 |
| Due from other banks | - | - | - | 68,439 | 68,439 |
| Interbank loans receivable and SPAR | - | - | - | 9,093 | 9,093 |
| Financial assets at FVTPL | 162 | 720 | 879 | 37,996 | 39,757 |
| Financial assets at FVOCI | - | - | - | 260,834 | 260,834 |
| Investment securities at amortized cost | - | - | - | 336,233 | 336,233 |
| Loans and advances, net | 1,327,577 | 291,348 | 313,207 | 254,796 | 2,186,928 |
| Other financial assets | - | - | - | 6,186 | 6,186 |
| Total financial assets | 1,327,739 | 292,068 | 314,086 | 1,183,960 | 3,117,853 |
| Financial Liabilities | | | | | |
| Deposit liabilities | 1,425,359 | 455,237 | 683,539 | - | 2,564,135 |
| Due to BSP and other banks | - | - | - | 3,135 | 3,135 |
| Derivative financial liabilities | 165 | 338 | 570 | 3,840 | 4,913 |
| Bills payable and other borrowed funds | - | - | - | 163,083 | 163,083 |
| Manager's checks and demand drafts outstanding | - | - | - | 9,935 | 9,935 |
| Lease liabilities | - | - | - | 8,641 | 8,641 |
| Other financial liabilities | - | - | - | 8,903 | 8,903 |
| Total financial liabilities | 1,425,524 | 455,575 | 684,109 | 197,537 | 2,762,745 |
| Total interest gap | (97,785) | (163,507) | (370,023) | 986,423 | 355,108 |

## 26.3 Liquidity risk

Liquidity risk is the risk that the BPI Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due, and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

The BPI Group's liquidity profile is observed and monitored through its metric, the Minimum Cumulative Liquidity Gap (MCLG). The MCLG is the smallest net cumulative cash inflow (if positive) or the largest net cumulative cash outflow (if negative) over the next three (3) months. The MCLG indicates the biggest funding requirement in the short term and the degree of liquidity risk present in the current cash flow profile of the BPI Group. A red flag is immediately raised and reported to management and the RMC when the MCLG level projected over the next 3 months is about to breach the RMC-prescribed MCLG limit.

### 26.3.1 Liquidity risk management process

The BPI Group's liquidity management process, as carried out within the BPI Group and monitored by the RMC includes:

- day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or as borrowed by customers;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- monitoring liquidity gaps and ratios against internal and regulatory requirements;
- managing the concentration and profile of debt maturities; and
- performing periodic liquidity stress testing on the BPI Group's liquidity position by assuming a faster rate of withdrawals in its deposit base.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month as these are key periods for liquidity management. The starting point for these projections is an analysis of the contractual maturity of the financial liabilities (Note 26.3.2) and the expected collection date of the financial assets. Sources of liquidity are regularly reviewed by the BPI Group to maintain a wide diversification by currency, geography, counterparty, product and term.

The BPI Group also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit.

*Liquidity Coverage Ratio (LCR)*

Pursuant to BSP Circular No. 905 issued in 2016, the Parent Bank is required to hold and maintain an adequate level of unencumbered High Quality Liquid Assets (HQLA) that are sufficient to meet its estimated total cash outflows over a 30 calendar-day period of liquidity stress. The LCR is the ratio of HQLAs to total net cash outflows which should be no lower than 100% on a daily basis. It is designed to promote short-term resilience of the BPI Group's liquidity risk profile to withstand significant liquidity shocks that may last over 30 calendar days. HQLA represents the Parent Bank's stock of liquid assets that qualify for inclusion in the LCR which consists mainly of cash, regulatory reserves and unencumbered high-quality liquid securities. This serves as defense against potential stress events.

The main drivers of the Parent Bank's LCR comprise the changes in the total stock of HQLA as well as changes in net cash outflows related to deposits, unsecured borrowings, committed and/or uncommitted facilities, derivatives cash flows and cash inflows from maturing corporate, business and retail loans, among others. Significant portion of funding comes from retail and wholesale deposits, and unsecured wholesale funding. The Parent Bank has derivatives exposures in foreign exchange derivatives and interest rate swaps. Cash outflows from the derivatives contracts are effectively offset by the derivatives cash inflows. These two are accorded 100% outflow and inflow factors, respectively. The exposures coming from derivatives and potential counterparty collateral calls are not significant to impact the LCR, with Parent Bank's Peso and USD LCR both well above the minimum regulatory limit of 100%. There is also no significant currency mismatch noted in the LCR.

The Parent Bank manages its liquidity position through line of business and asset-liability management activities. A centralized approach to funding and liquidity management enhances the Parent Bank's ability to monitor liquidity requirements, maximizes access to funding sources, minimizes borrowing costs and facilitates timely responses to liquidity events.

*Net Stable Funding Ratio (NSFR)*

On January 1, 2019, the Parent Bank adopted BSP Circular No. 1007 issued in 2018 regarding the NSFR requirement. The NSFR is aimed at strengthening the Parent Bank's long-term resilience by maintaining a stable funding in relation to its assets and off-balance sheet items as well as to limit the maturity transformation risk of the BPI Group. The NSFR is expressed as the ratio of Available Stable Funding (ASF) and the Required Stable Funding (RSF) and complements the LCR as it takes a longer view of the BPI Group's liquidity risk profile. The BPI Group's capital, retail deposits and long-term debt are considered as stable funding sources whereas the BPI Group's assets including, but not limited to, performing and non-performing loans and receivables, HQLA and non-HQLA securities as well as off-balance items form part of the required stable funding. The Parent Bank's solo and consolidated NSFRs are well-above the regulatory minimum of 100%.

The Parent Bank maintains a well-diversified funding base and has a substantial amount of core deposits, thereby avoiding undue concentrations by counterparty, maturity, and currency. The Parent Bank manages its liquidity position through asset-liability management activities supported by a well-developed funds management practice as well as a sound risk management system. As part of risk oversight, the Parent Bank monitors its liquidity risk on a daily basis, in terms of single currency and significant currencies, to ensure it is operating within the risk appetite set by the BOD and to assess ongoing compliance with the minimum requirement of the liquidity ratios. Furthermore, the Parent Bank has a set of policies and escalation procedures in place that govern its day-to-day risk monitoring and reporting processes.

The table below shows the actual liquidity metrics of the BPI Group and the Parent Bank:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| Liquidity coverage ratio - Single currency | **147.89%** | 159.07% | **144.05%** | 156.25% |
| Net stable funding ratio | **133.77%** | 145.70% | **132.27%** | 138.97% |
| Leverage ratio | **11.02%** | 10.75% | **10.50%** | 10.15% |
| Total exposure measure | **3,650,628** | 3,403,607 | **3,521,534** | 3,315,223 |

The decrease in the Parent Bank's LCR was driven by higher net cash outflows from deposits. Cash, reserves and due from BSP make up 18% (2024 - 27%) of the total stock of HQLA for the year ended December 31, 2025. Likewise, the Parent Bank's NSFR decreased driven by higher RSF from performing loans.

### 26.3.2 Maturity profile - Non-derivative financial instruments

The tables below present the maturity profile of non-derivative financial instruments based on undiscounted cash flows including future interest which the BPI Group uses to manage the inherent liquidity risk. The maturity analysis is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date the financial asset will be realized, or the financial liability will be settled.

Consolidated (December 31, 2025)

| | Up to 1 year | Over 1 up to 3 years | Over 3 years | **Total** |
|---|---|---|---|---|
| | | (In Millions of Pesos) | | |
| As at December 31, 2025 | | | | |
| Financial Assets | | | | |
| Cash and other cash items | 53,018 | - | - | **53,018** |
| Due from BSP | 106,344 | - | - | **106,344** |
| Due from other banks | 38,211 | - | - | **38,211** |
| Interbank loans receivable and SPAR | 35,271 | 48 | 426 | **35,745** |
| Financial assets at FVTPL | 60,092 | 7,335 | 15,546 | **82,973** |
| Financial assets at FVOCI | 39,167 | 48,577 | 313,184 | **400,928** |
| Investment securities at amortized cost | 83,134 | 176,690 | 148,416 | **408,240** |
| Loans and advances | 929,575 | 927,347 | 1,277,087 | **3,134,009** |
| Other financial assets | 3,472 | - | - | **3,472** |
| Total financial assets | **1,348,284** | **1,159,997** | **1,754,659** | **4,262,940** |
| Financial Liabilities | | | | |
| Deposit liabilities | 1,684,752 | 504,641 | 697,668 | **2,887,061** |
| Due to BSP and other banks | 3,151 | - | - | **3,151** |
| Bills payable and other borrowed funds | 127,720 | 25,605 | 70,108 | **223,433** |
| Manager's checks and demand drafts outstanding | 10,460 | - | - | **10,460** |
| Lease liabilities | 2,760 | 4,066 | 4,226 | **11,052** |
| Other financial liabilities | 14,773 | - | - | **14,773** |
| Total financial liabilities | **1,843,616** | **534,312** | **772,002** | **3,149,930** |
| Total maturity gap | **(495,332)** | **625,685** | **982,657** | **1,113,010** |

Consolidated (December 31, 2024)

| | Up to 1 year | Over 1 up to 3 years | Over 3 years | Total |
|---|---|---|---|---|
| | | (In Millions of Pesos) | | |
| As at December 31, 2024 | | | | |
| Financial Assets | | | | |
| Cash and other cash items | 49,762 | - | - | 49,762 |
| Due from BSP | 164,571 | - | - | 164,571 |
| Due from other banks | 72,060 | - | - | 72,060 |
| Interbank loans receivable and SPAR | 15,171 | 1,340 | 559 | 17,070 |
| Financial assets at FVTPL | 28,506 | 3,491 | 9,616 | 41,613 |
| Financial assets at FVOCI | 31,931 | 41,772 | 227,905 | 301,608 |
| Investment securities at amortized cost | 49,155 | 192,356 | 155,373 | 396,884 |
| Loans and advances | 1,136,998 | 722,198 | 524,459 | 2,383,655 |
| Other financial assets | 3,970 | - | - | 3,970 |
| Total financial assets | 1,552,124 | 961,157 | 917,912 | 3,431,193 |
| Financial Liabilities | | | | |
| Deposit liabilities | 1,465,575 | 458,825 | 690,402 | 2,614,802 |
| Due to BSP and other banks | 3,135 | - | - | 3,135 |
| Bills payable and other borrowed funds | 70,025 | 70,190 | 22,967 | 163,182 |
| Manager's checks and demand drafts outstanding | 9,941 | - | - | 9,941 |
| Lease liabilities | 2,459 | 3,931 | 4,234 | 10,624 |
| Other financial liabilities | 9,865 | - | - | 9,865 |
| Total financial liabilities | 1,561,000 | 532,946 | 717,603 | 2,811,549 |
| Total maturity gap | (8,876) | 428,211 | 200,309 | 619,644 |

Parent Bank (December 31, 2025)

| | Up to 1 year | Over 1 up to 3 years | Over 3 years | **Total** |
|---|---|---|---|---|
| | | (In Millions of Pesos) | | |
| As at December 31, 2025 | | | | |
| Financial Assets | | | | |
| Cash and other cash items | 52,159 | - | - | **52,159** |
| Due from BSP | 89,303 | - | - | **89,303** |
| Due from other banks | 34,007 | - | - | **34,007** |
| Interbank loans receivable and SPAR | 34,700 | 48 | 426 | **35,174** |
| Financial assets at FVTPL | 57,328 | 6,703 | 13,378 | **77,409** |
| Financial assets at FVOCI | 34,635 | 47,032 | 312,951 | **394,618** |
| Investment securities at amortized cost | 81,122 | 175,161 | 143,501 | **399,784** |
| Loans and advances | 908,244 | 881,230 | 1,246,410 | **3,035,884** |
| Other financial assets | 5,109 | - | - | **5,109** |
| Total financial assets | **1,296,607** | **1,110,174** | **1,716,666** | **4,123,447** |
| Financial Liabilities | | | | |
| Deposit liabilities | 1,620,688 | 500,357 | 691,301 | **2,812,346** |
| Due to BSP and other banks | 3,151 | - | - | **3,151** |
| Bills payable and other borrowed funds | 127,426 | 25,605 | 70,108 | **223,139** |
| Manager's checks and demand drafts outstanding | 10,459 | - | - | **10,459** |
| Lease liabilities | 2,350 | 3,429 | 3,985 | **9,764** |
| Other financial liabilities | 12,999 | - | - | **12,999** |
| Total financial liabilities | **1,777,073** | **529,391** | **765,394** | **3,071,858** |
| Total maturity gap | **(480,466)** | **580,783** | **951,272** | **1,051,589** |

Parent Bank (December 31, 2024)

| | Up to 1 year | Over 1 up to 3 years | Over 3 years | Total |
|---|---|---|---|---|
| | | (In Millions of Pesos) | | |
| As at December 31, 2024 | | | | |
| Financial Assets | | | | |
| Cash and other cash items | 49,136 | - | - | 49,136 |
| Due from BSP | 161,247 | - | - | 161,247 |
| Due from other banks | 68,439 | - | - | 68,439 |
| Interbank loans receivable and SPAR | 7,550 | 1,340 | 559 | 9,449 |
| Financial assets at FVTPL | 25,540 | 2,093 | 8,385 | 36,018 |
| Financial assets at FVOCI | 29,821 | 40,945 | 227,730 | 298,496 |
| Investment securities at amortized cost | 47,296 | 191,387 | 150,416 | 389,099 |
| Loans and advances | 1,124,452 | 690,694 | 483,375 | 2,298,521 |
| Other financial assets | 6,186 | - | - | 6,186 |
| Total financial assets | 1,519,667 | 926,459 | 870,465 | 3,316,591 |
| Financial Liabilities | | | | |
| Deposit liabilities | 1,462,979 | 463,771 | 688,044 | 2,614,794 |
| Due to BSP and other banks | 3,135 | - | - | 3,135 |
| Bills payable and other borrowed funds | 69,926 | 70,190 | 22,967 | 163,083 |
| Manager's checks and demand drafts outstanding | 9,935 | - | - | 9,935 |
| Lease liabilities | 2,149 | 3,348 | 3,775 | 9,272 |
| Other financial liabilities | 8,903 | - | - | 8,903 |
| Total financial liabilities | 1,557,027 | 537,309 | 714,786 | 2,809,122 |
| Total maturity gap | (37,360) | 389,150 | 155,679 | 507,469 |

### 26.3.3 Maturity profile - Derivative instruments

- *Derivatives settled on a net basis*

The BPI Group's derivatives that are settled on a net basis consist of interest rate swaps, interest rate options, non-deliverable forwards and non-deliverable swaps. The table below presents the contractual undiscounted cash flows of interest rate swaps based on the remaining period from December 31 to the contractual maturity dates that are subject to offsetting, enforceable master netting arrangements and similar agreements.

Consolidated

| | Up to 1 year | Over 1 up to 3 years | Over 3 years | Total |
|---|---|---|---|---|
| 2025 | | (In Millions of Pesos) | | |
| Interest rate swap contracts - held for trading | | | | |
| - Inflow | **144** | **178** | **450** | **772** |
| - Outflow | **(26)** | **(140)** | **(245)** | **(411)** |
| - Net inflow | **118** | **38** | **205** | **361** |
| Interest rate swap contracts - held for hedging | | | | |
| - Inflow | **-** | **-** | **7** | **7** |
| - Outflow | **-** | **-** | **-** | **-** |
| - Net outflow | **-** | **-** | **7** | **7** |
| Interest rate options | | | | |
| - Inflow | **-** | **-** | **2** | **2** |
| - Outflow | **-** | **-** | **-** | **-** |
| - Net outflow | **-** | **-** | **2** | **2** |
| Non-deliverable forwards and swaps - held for trading | | | | |
| - Inflow | **157** | **-** | **-** | **157** |
| - Outflow | **(37)** | **-** | **-** | **(37)** |
| - Net outflow | **120** | **-** | **-** | **120** |

Parent

| | Up to 1 year | Over 1 up to 3 years | Over 3 years | Total |
|---|---|---|---|---|
| 2025 | | (In Millions of Pesos) | | |
| Interest rate swap contracts - held for trading | | | | |
| - Inflow | **144** | **178** | **450** | **772** |
| - Outflow | **(26)** | **(140)** | **(245)** | **(411)** |
| - Net inflow | **118** | **38** | **205** | **361** |
| Interest rate swap contracts - held for hedging | | | | |
| - Inflow | **-** | **-** | **7** | **7** |
| - Outflow | **-** | **-** | **-** | **-** |
| - Net outflow | **-** | **-** | **7** | **7** |
| Interest rate options | | | | |
| - Inflow | **-** | **-** | **2** | **2** |
| - Outflow | **-** | **-** | **-** | **-** |
| - Net outflow | **-** | **-** | **2** | **2** |
| Non-deliverable forwards and swaps - held for trading | | | | |
| - Inflow | **157** | **-** | **-** | **157** |
| - Outflow | **(34)** | **-** | **-** | **(34)** |
| - Net outflow | **123** | **-** | **-** | **123** |

Consolidated

| | Up to 1 year | Over 1 up to 3 years | Over 3 years | Total |
|---|---|---|---|---|
| 2024 | | (In Millions of Pesos) | | |
| Interest rate swap contracts - held for trading | | | | |
| - Inflow | 162 | 720 | 878 | 1,760 |
| - Outflow | (165) | (334) | (570) | (1,069) |
| - Net inflow | (3) | 386 | 308 | 691 |
| Interest rate swap contracts - held for hedging | | | | |
| - Inflow | - | - | - | - |
| - Outflow | - | (4) | - | (4) |
| - Net outflow | - | (4) | - | (4) |
| Interest rate options | | | | |
| - Inflow | - | - | - | - |
| - Outflow | - | - | - | - |
| - Net outflow | - | - | - | - |
| Non-deliverable forwards and swaps - held for trading | | | | |
| - Inflow | 63 | - | - | 63 |
| - Outflow | (486) | - | - | (486) |
| - Net outflow | (423) | - | - | (423) |

Parent

| | Up to 1 year | Over 1 up to 3 years | Over 3 years | Total |
|---|---|---|---|---|
| 2024 | | (In Millions of Pesos) | | |
| Interest rate swap contracts - held for trading | | | | |
| - Inflow | 162 | 720 | 878 | 1,760 |
| - Outflow | (165) | (334) | (570) | (1,069) |
| - Net inflow | (3) | 386 | 308 | 691 |
| Interest rate swap contracts - held for hedging | | | | |
| - Inflow | - | - | - | - |
| - Outflow | - | (4) | - | (4) |
| - Net outflow | - | (4) | - | (4) |
| Interest rate swap contracts - held for hedging | | | | |
| - Inflow | - | - | - | - |
| - Outflow | - | - | - | - |
| - Net outflow | - | - | - | - |
| Non-deliverable forwards and swaps - held for trading | | | | |
| - Inflow | 63 | - | - | 63 |
| - Outflow | (485) | - | - | (485) |
| - Net outflow | (422) | - | - | (422) |

- *Derivatives settled on a gross basis*

The BPI Group's derivatives that are settled on a gross basis include foreign exchange derivatives mainly currency forwards and currency swaps and warrants. The table below presents the contractual undiscounted cash flows of foreign exchange derivatives based on the remaining period from reporting date to the contractual maturity dates.

Consolidated

| | Up to 1 year | Over 1 up to 3 years | Over 3 years | Total |
|---|---|---|---|---|
| 2025 | | (In Millions of Pesos) | | |
| Foreign exchange derivatives - held for trading | | | | |
| - Inflow | **3,247** | **174** | **140** | **3,561** |
| - Outflow | **(3,142)** | **(25)** | **(83)** | **(3,250)** |
| - Net inflow | **105** | **149** | **57** | **311** |
| Warrants | | | | |
| - Inflow | **-** | **-** | **-** | **-** |
| - Outflow | **-** | **-** | **-** | **-** |
| - Net inflow | **-** | **-** | **-** | **-** |

| | Up to 1 year | Over 1 up to 3 years | Over 3 years | Total |
|---|---|---|---|---|
| 2024 | | (In Millions of Pesos) | | |
| Foreign exchange derivatives - held for trading | | | | |
| - Inflow | 3,883 | 112 | 36 | 4,031 |
| - Outflow | (3,398) | (4) | (15) | (3,417) |
| - Net inflow | 485 | 108 | 21 | 614 |
| Warrants | | | | |
| - Inflow | - | - | 2 | 2 |
| - Outflow | - | - | - | - |
| - Net inflow | - | - | 2 | 2 |

Parent Bank

| | Up to 1 year | Over 1 up to 3 years | Over 3 years | Total |
|---|---|---|---|---|
| 2025 | | (In Millions of Pesos) | | |
| Foreign exchange derivatives - held for trading | | | | |
| - Inflow | **3,228** | **174** | **141** | **3,543** |
| - Outflow | **(3,114)** | **(25)** | **(83)** | **(3,222)** |
| - Net inflow | **114** | **149** | **58** | **321** |
| Warrants | | | | |
| - Inflow | **-** | **-** | **-** | **-** |
| - Outflow | **-** | **-** | **-** | **-** |
| - Net inflow | **-** | **-** | **-** | **-** |

| | Up to 1 year | Over 1 up to 3 years | Over 3 years | Total |
|---|---|---|---|---|
| 2024 | | (In Millions of Pesos) | | |
| Foreign exchange derivatives - held for trading | | | | |
| - Inflow | 3,860 | 112 | 36 | 4,008 |
| - Outflow | (3,336) | (4) | (15) | (3,355) |
| - Net inflow | 524 | 108 | 21 | 653 |
| Warrants | | | | |
| - Inflow | - | - | 2 | 2 |
| - Outflow | - | - | - | - |
| - Net inflow | - | - | 2 | 2 |

### 26.4 Fair value measurement

The following tables present the carrying value of assets and liabilities and the level of fair value hierarchy within which the fair value measurements are categorized:

#### 26.4.1 Assets and liabilities measured at fair value on a recurring or non-recurring basis

Consolidated (December 31, 2025)

| | Carrying Amount | Fair value | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | **Total** |
| *Recurring measurements:* | | | (In Millions of Pesos) | | |
| Financial assets | | | | | |
| Financial assets at FVTPL | | | | | |
| Derivative financial assets | 4,499 | - | 4,499 | - | **4,499** |
| Trading assets | | | | | |
| - Debt securities | 80,556 | 80,556 | - | - | **80,556** |
| - Equity securities | 219 | 63 | 156 | - | **219** |
| Financial assets at FVOCI | | | | | |
| - Debt securities | 282,236 | 282,236 | - | - | **282,236** |
| - Equity securities | 3,131 | 1,687 | 323 | 1,121 | **3,131** |
| | **370,641** | **364,542** | **4,978** | **1,121** | **370,641** |
| Financial liabilities | | | | | |
| Derivative financial liabilities | 3,698 | - | 3,698 | - | **3,698** |
| *Non-recurring measurements* | | | | | |
| Assets held for sale, net | 12,417 | - | 31,222 | - | **31,222** |

Consolidated (December 31, 2024)

| | Carrying Amount | Fair value | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| *Recurring measurements:* | | | (In Millions of Pesos) | | |
| Financial assets | | | | | |
| Financial assets at FVTPL | | | | | |
| Derivative financial assets | 5,856 | - | 5,856 | - | 5,856 |
| Trading assets | | | | | |
| - Debt securities | 41,101 | 41,101 | - | - | 41,101 |
| - Equity securities | 351 | 351 | - | - | 351 |
| Financial assets at FVOCI | | | | | |
| - Debt securities | 264,358 | 264,358 | - | - | 264,358 |
| - Equity securities | 3,844 | 2,293 | 399 | 1,152 | 3,844 |
| | 315,510 | 308,103 | 6,255 | 1,152 | 315,510 |
| Financial liabilities | | | | | |
| Derivative financial liabilities | 4,976 | - | 4,976 | - | 4,976 |
| *Non-recurring measurements* | | | | | |
| Assets held for sale, net | 8,411 | - | 25,956 | - | 25,956 |

Parent Bank (December 31, 2025)

| | Carrying Amount | Fair value | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | **Total** |
| *Recurring measurements:* | | | (In Millions of Pesos) | | |
| Financial assets | | | | | |
| Financial assets at FVTPL | | | | | |
| Derivative financial assets | 4,481 | - | 4,481 | - | **4,481** |
| Trading assets | | | | | |
| - Debt securities | 72,764 | 72,764 | - | - | **72,764** |
| - Equity securities | - | - | - | - | **-** |
| Financial assets at FVOCI | | | | | |
| - Debt securities | 277,530 | 277,530 | - | - | **277,530** |
| - Equity securities | 1,824 | 1,509 | 315 | - | **1,824** |
| | **356,599** | **351,803** | **4,796** | **-** | **356,599** |
| Financial liabilities | | | | | |
| Derivative financial liabilities | **3,667** | **-** | **3,667** | **-** | **3,667** |
| *Non-recurring measurements* | | | | | |
| Assets held for sale, net | **12,164** | **-** | **30,735** | **-** | **30,735** |

Parent Bank (December 31, 2024)

| | Carrying Amount | Fair value | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| *Recurring measurements:* | | | (In Millions of Pesos) | | |
| Financial assets | | | | | |
| Financial assets at FVTPL | | | | | |
| Derivative financial assets | 5,833 | - | 5,833 | - | 5,833 |
| Trading assets | | | | | |
| - Debt securities | 33,924 | 33,924 | - | - | 33,924 |
| - Equity securities | - | | - | - | - |
| Financial assets at FVOCI | | | | | |
| - Debt securities | 260,834 | 260,834 | - | - | 260,834 |
| - Equity securities | 2,378 | 2,378 | - | - | 2,378 |
| | 302,969 | 297,136 | 5,833 | - | 302,969 |
| Financial liabilities | | | | | |
| Derivative financial liabilities | 4,913 | - | 4,913 | - | 4,913 |
| *Non-recurring measurements* | | | | | |
| Assets held for sale, net | 8,154 | - | 25,470 | - | 25,470 |

The table below shows the valuation techniques and applicable unobservable inputs used to measure the BPI Group's Level 3 financial instruments (equities classified at FVOCI) as at December 31:

| | | | Amount | |
|---|---|---|---|---|
| Description | Valuation technique | Unobservable inputs | 2025 | 2024 |
| Unlisted equity securities | Net asset value; investment multiple | Net asset value; investment multiple | 1,121 | 1,162 |

The investment valuation sensitivity of the underlying portfolio investee company is mainly impacted by the movement in net asset value and investment multiple. At December 31, 2025, if the net asset value and investment had increased/decreased by 1% with all other variables held constant, net income and equity as at and for the year ended December 31, 2025 would have been P8.41 million (2024 - P8.71 million) higher/lower.

There were no transfers between the fair value hierarchy levels during the years ended December 31, 2025 and 2024.

### 26.4.2 Fair value disclosures of assets and liabilities not measured at fair value

Consolidated (December 31, 2025)

| | Carrying amount | Fair value | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | **Total** |
| | | | (In Millions of Pesos) | | |
| Financial assets | | | | | |
| Cash and other cash items | 53,018 | - | 53,018 | - | **53,018** |
| Due from BSP | 106,344 | - | 106,344 | - | **106,344** |
| Due from other banks | 38,211 | - | 38,211 | - | **38,211** |
| Interbank loans receivable and SPAR, net | 35,480 | - | 35,480 | - | **35,480** |
| Investment securities at amortized cost, net | 353,145 | 350,530 | - | - | **350,530** |
| Loans and advances, net | 2,567,131 | - | - | 3,269,285 | **3,269,285** |
| Other financial assets | 3,472 | - | - | 3,472 | **3,472** |
| Financial liabilities | | | | | |
| Deposit liabilities | 2,838,525 | - | - | 2,824,519 | **2,824,519** |
| Due to BSP and other banks | 3,151 | - | 3,151 | - | **3,151** |
| Bills payable and other borrowed funds | 223,433 | 158,261 | 294 | 64,878 | **223,433** |
| Manager's checks and demand drafts outstanding | 10,460 | - | 10,460 | - | **10,460** |
| Lease liabilities | 9,989 | - | - | 9,989 | **9,989** |
| Other financial liabilities | 14,773 | - | - | 14,773 | **14,773** |
| Non-financial assets | | | | - | |
| Investment properties | 54 | - | 603 | - | **603** |

Consolidated (December 31, 2024)

| | Carrying amount | Fair value | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| | | | (In Millions of Pesos) | | |
| Financial assets | | | | | |
| Cash and other cash items | 49,762 | - | 49,762 | - | 49,762 |
| Due from BSP | 164,571 | - | 164,571 | - | 164,571 |
| Due from other banks | 72,060 | - | 72,060 | - | 72,060 |
| Interbank loans receivable and SPAR, net | 16,715 | - | 16,715 | - | 16,715 |
| Investment securities at amortized cost, net | 343,108 | 328,793 | - | - | 328,793 |
| Loans and advances, net | 2,238,765 | - | - | 2,710,915 | 2,710,915 |
| Other financial assets | 3,970 | - | - | 3,970 | 3,970 |
| Financial liabilities | | | | | |
| Deposit liabilities | 2,614,802 | - | - | 2,593,439 | 2,593,439 |
| Due to BSP and other banks | 3,135 | - | 3,135 | - | 3,135 |
| Bills payable and other borrowed funds | 163,182 | 107,486 | 99 | 55,597 | 163,182 |
| Manager's checks and demand drafts outstanding | 9,941 | - | 9,941 | - | 9,941 |
| Lease liabilities | 9,824 | - | - | 9,824 | 9,824 |
| Other financial liabilities | 9,865 | - | - | 9,865 | 9,865 |
| Non-financial assets | | | | - | |
| Investment properties | 62 | - | 472 | - | 472 |

Parent Bank (December 31, 2025)

| | Carrying amount | Fair value | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | **Total** |
| | | | (In Millions of Pesos) | | |
| Financial assets | | | | | |
| Cash and other cash items | 52,159 | - | 52,159 | - | **52,159** |
| Due from BSP | 89,303 | - | 89,303 | - | **89,303** |
| Due from other banks | 34,007 | - | 34,007 | - | **34,007** |
| Interbank loans receivable and SPAR, net | 34,909 | - | 34,909 | - | **34,909** |
| Investment securities at amortized cost, net | 345,848 | 344,692 | - | - | **344,692** |
| Loans and advances, net | 2,500,475 | - | - | 3,192,682 | **3,192,682** |
| Other financial assets | 5,109 | - | - | 5,109 | **5,109** |
| Financial liabilities | | | | | |
| Deposit liabilities | 2,766,496 | - | - | 2,753,138 | **2,753,138** |
| Due to BSP and other banks | 3,151 | - | 3,151 | - | **3,151** |
| Bills payable and other borrowed funds | 223,139 | 158,261 | - | 64,878 | **223,139** |
| Manager's checks and demand drafts outstanding | 10,459 | - | 10,459 | - | **10,459** |
| Lease liabilities | 8,846 | - | - | 8,846 | **8,846** |
| Other financial liabilities | 12,999 | - | - | 12,999 | **12,999** |
| Non-financial assets | | | | - | |
| Investment properties | 44 | - | 603 | - | **603** |

Parent Bank (December 31, 2024)

| | Carrying amount | Fair value | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| | | | (In Millions of Pesos) | | |
| Financial assets | | | | | |
| Cash and other cash items | 49,136 | - | 49,136 | - | 49,136 |
| Due from BSP | 161,247 | - | 161,247 | - | 161,247 |
| Due from other banks | 68,439 | - | 68,439 | - | 68,439 |
| Interbank loans receivable and SPAR, net | 9,093 | - | 9,093 | - | 9,093 |
| Investment securities at amortized cost, net | 336,233 | 320,711 | - | - | 320,711 |
| Loans and advances, net | 2,186,696 | - | - | 2,655,343 | 2,655,343 |
| Other financial assets | 6,186 | - | - | 6,186 | 6,186 |
| Financial liabilities | | | | | |
| Deposit liabilities | 2,564,135 | - | - | 2,543,600 | 2,543,600 |
| Due to BSP and other banks | 3,135 | - | 3,135 | - | 3,135 |
| Bills payable and other borrowed funds | 163,083 | 107,486 | - | 55,597 | 163,083 |
| Manager's checks and demand drafts outstanding | 9,935 | - | 9,935 | - | 9,935 |
| Lease liabilities | 8,641 | - | - | 8,641 | 8,641 |
| Other financial liabilities | 8,903 | - | - | 8,903 | 8,903 |
| Non-financial assets | | | | | |
| Investment properties | 62 | - | 472 | - | 472 |

The fair value of the above financial assets classified within the Level 2 hierarchy is determined using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The primary source of input parameters like yield curve or counterparty credit risk is Bloomberg.

The fair value of the above financial assets classified within the Level 3 hierarchy is determined using valuation techniques that incorporate significant unobservable inputs. The estimated fair values are determined based on the discounted amount of estimated future cash flows expected to be received or paid.

### 26.5 Insurance risk management

The non-life insurance entities decide on the retention, or the absolute amount that they are ready to assume insurance risk from one event. The retention amount is a function of capital, experience, actuarial study and risk appetite or aversion.

In excess of the retention, these entities arrange reinsurances either thru treaties or facultative placements. They also accredit reinsurers based on certain criteria and set limits as to what can be reinsured. The reinsurance treaties and the accreditation of reinsurers require BOD's approval.

The insurance risk is not material to the BPI Group as a whole. Refer to Note 2 for assets and liabilities attributable to insurance operations.

## 27 Capital management

Capital management is understood to be a facet of risk management. The primary objective of the BPI Group is the generation of sustainable positive returns to shareholders. To this end, the BPI Group's policies, business strategies and activities are directed towards the generation of cash flows that are in excess of its fiduciary and contractual obligations to its depositors, and to its various funders and stakeholders.

Cognizant of its exposure to risks, the BPI Group maintains sufficient capital to absorb unexpected losses, stay in business for the long haul, and satisfy regulatory requirements. The BPI Group further understands that its performance, as well as the performance of its various units, should be measured in terms of returns generated vis-à-vis allocated capital and the amount of risk borne in the conduct of business.

Effective January 1, 2014, the BSP, through its Circular No. 781, requires each bank and its financial affiliated subsidiaries to adopt new capital requirements in accordance with the provisions of Basel III. The new guidelines are meant to strengthen the composition of the bank's capital by increasing the level of core capital and regulatory capital. The Circular sets out minimum Common Equity (CET1) ratio and Tier 1 Capital ratios of 6.0% and 7.5%, respectively. A capital conservation buffer of 2.5%, comprised of CET1 capital, was likewise imposed. The minimum required capital adequacy ratio remains at 10% which includes the capital conservation buffer.

Information on the regulatory capital is summarized below:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| CET1 | **457,741** | 418,664 | **457,051** | 417,974 |
| Less: Regulatory adjustments to CET1 capital | **55,445** | 52,619 | **87,290** | 81,427 |
| Tier 1 capital | **402,296** | 366,045 | **369,761** | 336,547 |
| Tier 2 capital | **23,473** | 20,480 | **22,345** | 19,553 |
| Total qualifying capital | **425,769** | 386,525 | **392,106** | 356,100 |
| | | | | |
| Risk weighted assets | **2,886,738** | 2,641,674 | **2,779,205** | 2,560,487 |
| CAR (%) | **14.75%** | 14.63% | **14.11%** | 13.91% |
| CET1 (%) | **13.94%** | 13.86% | **13.30%** | 13.14% |

The BPI Group has fully complied with the CAR requirement of the BSP.

Likewise, regulatory capital structures of certain subsidiaries on a standalone basis are managed to meet the requirements of the relevant regulatory bodies (i.e. Insurance Commission (IC), SEC, PSE etc.). These subsidiaries have fully complied with the applicable regulatory capital requirements.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Parent Bank is likewise fully compliant with this requirement.

## 28 Commitments and contingencies

At present, there are lawsuits, claims and tax assessments pending against the BPI Group. In the opinion of management, after reviewing all actions and proceedings and court decisions with legal counsels, the aggregate liability or loss, if any, arising therefrom will not have a material effect on the BPI Group's financial position or financial performance.

In the normal course of business, the BPI Group makes various commitments that may not have been presented in the financial statements. The BPI Group does not anticipate any material losses from these commitments.

## 29 Subsequent events

*Planned merger of BPI Direct BanKo, Inc., a Savings Bank and Legazpi Savings Bank*

On December 17, 2025, the BOD of the Parent Bank authorized Management to pursue plans to merge BPI Direct BanKo, Inc., A Savings Bank (BanKo) and Legazpi Savings Bank, Inc. (LSB), with BanKo as the surviving entity, subject to the consideration and approval of their respective BOD and stockholders. On January 22, 2026, the BOD of both BanKo and LSB approved the Plan for Merger, subject to shareholder and regulatory approvals.

The merger is subject to conditions precedent including obtaining corporate and regulatory approvals.

*Pricing and listing of BPI SIGLA Bonds*

BPI priced its P5 Billion Peso-denominated fixed-rate BPI Supporting Individuals Grow, Lead, and Achieve Bonds due 2028 (the "BPI SIGLA Bonds"), with option to upsize, marking the second tranche under BPI's P200 Billion Bond and Commercial Paper Program, approved by its Board of Directors on October 16, 2024 (the "Offer"). The BPI SIGLA Bonds were issued at par value and bear an interest rate of 5.405% per annum, gross of applicable tax, to be paid quarterly. The public offer period ran from January 26, 2026, until February 4, 2026.

The BPI SIGLA Bonds were issued and listed with the Philippine Dealing & Exchange Corp. on February 13, 2026. The BPI SIGLA Bonds have a tenor of two (2) years and carry the "ASEAN Social Bond" label, as affirmed by the Securities and Exchange Commission on December 18, 2025. The net proceeds of the Offer will be used for the financing or refinancing of eligible social projects under BPI's Sustainable Funding Framework, consistent with the ASEAN Social Bond Standards.

## 30 Summary of material accounting policies

The material information of 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.

### 30.1 Basis of preparation

The financial statements of the BPI Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature:

- PFRS Accounting Standards;
- PAS Standards; and
- Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy, and adopted by the SEC.

As allowed by the SEC, the pre-need subsidiary of the Parent Bank continues to follow the provisions of the Pre-Need Uniform Chart of Accounts (PNUCA) prescribed by the SEC and adopted by the IC.

The financial statements comprise the statements of condition, statements of income and statements of total comprehensive income shown as two statements, statements of changes in capital funds, statements of cash flows and the notes.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVTPL, financial assets at FVOCI, and plan assets of the BPI Group's defined benefit plans.

The preparation of financial statements in conformity with PFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the BPI Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the financial statements therefore fairly present the financial position and results of the BPI Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are shown below:

*Critical accounting estimates*

- Determination of fair value of derivatives and other financial instruments (Note 7)
- Useful lives of bank premises, furniture, fixtures and equipment (Note 11)
- Useful lives of intangible assets (Note 14)
- Impairment of goodwill (Note 14)
- Impairment of investments in subsidiaries and associates (Note 12)
- Calculation of defined benefit obligation (Note 23)
- Measurement of expected credit losses for loans and advances (Note 26.1.5)

*Critical accounting judgments*

- Classification of investment securities at amortized cost (Note 9)
- Realization of deferred income tax assets (Note 13)
- Determining the lease term (Note 20)
- Determining the incremental borrowing rate (Note 20)

### 30.2 Changes in accounting policy and disclosures

*(a) New standard and amendments to existing standards adopted by the BPI Group*

There are no new standards or amendments to existing standards effective January 1, 2025 that have a material impact to the BPI Group.

*(b) New standards and amendments to existing standard not yet adopted by the BPI Group*

The following new accounting standards are not mandatory for December 31, 2025 reporting period and have not been early adopted by the BPI Group:

- *PFRS 17, 'Insurance Contracts'*

  PFRS 17 was issued in May 2017 as replacement for PFRS 4, "Insurance Contracts". On March 17, 2020, the IASB has decided to further defer the effective date of the standard to annual reporting periods beginning on or after January 1, 2023. Taking into consideration the implications of the pandemic, the IC recognizes that the insurance industry has to realign its priority programs and focus on modifying its business operations under a new normal.

  Through IC-CL 2020-62, FSRSC Pronouncement dated December 21, 2021, and BOA Resolution No. 1, s. 2022, the adoption of PFRS 17 was deferred from January 1, 2023 to January 1, 2025.

  On March 10, 2025, the IC issued IC-CL 2025-04 further deferring the application of PFRS 17 effective January 1, 2027, due to gaps in the insurance industry's preparation for PFRS 17 and the need for additional time to ensure smooth transition while maintaining regulatory stability.

  PFRS 17 represents a fundamental change in the accounting framework for insurance contracts requiring liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of (1) discounted probability-weighted cash flows, (2) an explicit risk adjustment, and (3) a contractual service margin ("CSM") representing the unearned profit of the contract which is recognized as revenue over the coverage period.

  The standard allows a choice between recognizing changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under PFRS 9, "Financial instruments." An optional, simplified premium allocation approach (PAA) is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

BPI/MS, the Bank's non-life insurance subsidiary, has substantially completed its implementation plan and will apply the full retrospective approach. BPI/MS assessed that it is eligible to apply PAA. The measurement differences between PFRS 4 and PFRS 17 lead to an upside impact on net worth as at transition date which is mainly a result of the deferral of other directly attributable insurance acquisition cost, as allowed by the Standard, and the impact of discounting to the liability for incurred claims. The adoption of this standard is not expected to have a material impact to the financial statements of the BPI Group as a whole.

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

  This is the new standard on presentation and disclosure in financial statements, which replaces PAS 1, with a focus on updates to the statement of profit or loss.

  The key new concepts introduced in PFRS 18 relate to:
  - The structure of the statement of profit or loss with defined subtotals;
  - Requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss;
  - Required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
  - Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

- *PFRS 19, 'Subsidiaries without Public Accountability: Disclosures'*

  This new standard works alongside other PFRS Accounting Standards. An eligible subsidiary applies the requirements in other PFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in PFRS 19. PFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. PFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:
  - It does not have public accountability; and
  - It has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with PFRS Accounting Standards.

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

  On May 30, 2024, the IASB issued targeted amendments to PFRS 9 Financial Instruments and PFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:
  (a) Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
  (b) Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;
  (c) Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
  (d) Update the disclosures for equity instruments design.

  The adoption of PFRS 18, PRFS 19 and amendments to PFRS 9 and PFRS 7 are not expected to have a material financial effect to the financial statements of the BPI Group.

There are no other new standards, amendments to existing standards, or interpretations that are effective for annual periods beginning on or after January 1, 2026 that are considered relevant or expected to have a material effect on the financial statements of the BPI Group.

## 30.3 Financial instruments

### 30.3.1 Measurement methods

*Amortized cost and effective interest rate*

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets - assets that are credit-impaired (see definition on Note 30.3.2.2) at initial recognition - the BPI Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortized cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows. When the BPI Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

*Interest income*

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortized cost of the financial asset.
- Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'Stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss provision).

*Initial recognition and measurement*

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the BPI Group commits to purchase or sell the asset.

At initial recognition, the BPI Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI, as described in Note 30.3.2.1 below, which results in the loss provision being recognized in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the BPI Group recognizes the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.
- In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

### 30.3.2 Financial assets

#### 30.3.2.1 Classification and subsequent measurement

The BPI Group classifies its financial assets in the following measurement categories: at FVTPL, FVOCI, and at amortized cost. The classification requirements for debt and equity instruments are described below:

*Debt instruments*

Classification and subsequent measurement of debt instruments depend on the BPI Group's business model for managing the asset and the cash flow characteristics of the asset.

Based on these factors, the BPI Group classifies its debt instruments into one of the following three measurement categories:

- *Amortized cost*

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. The BPI Group's amortized cost financial assets include cash and other cash items, due from BSP, due from other banks, interbank loans receivables and SPAR, loans and advances, and other financial assets.

- *FVOCI*

  Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in the statements of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- *FVTPL*

  Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented in the statements of income within "Securities trading gain" in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately.

*Business model*

The business model reflects how the BPI Group manages the assets in order to generate cash flows. That is, whether the BPI Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified and measured at FVTPL. Factors considered by the BPI Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

*Solely Payment of Principal and Interest*

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the BPI Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the BPI Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The BPI Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

*Equity instruments*

The BPI Group subsequently measures all equity investments at FVTPL, except where the BPI Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The BPI Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss, even on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as 'Other operating income' when the BPI Group's right to receive payments is established. Gains and losses on equity investments at FVTPL are included in the "Securities trading gain" in the statements of income.

**30.3.2.2 Impairment of amortized cost and FVOCI financial assets**

The BPI Group assesses impairment as follows:

- individually for loans that exceed specified thresholds. Where there is objective evidence of impairment, individually assessed provisions will be recognized; and
- collectively for loans below the specified thresholds noted above or if there is no objective evidence of impairment. These loans are included in a group of loans with similar risk characteristics and collectively assessed for impairment. If there is objective evidence that the group of loans is collectively impaired, collectively assessed provisions will be recognized.

*Expected credit losses*

The BPI Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments. The BPI Group recognizes a loss allowance for such losses including post-model adjustments, as applicable, at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

PFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the BPI Group.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired. The BPI Group determines SICR based on prescribed benchmarks approved by the Board of the Directors.
- If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3".
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that results from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with PFRS 9 is that it should consider forward-looking information both in the ECL models and post-model adjustments, as applicable.
- POCI financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3). The BPI Group has no POCI as at December 31, 2025 and December 31, 2024.

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

*Determination of SICR*

The BPI Group compares the probabilities of default occurring over its expected life as at the reporting date with the PD occurring over its expected life on the date of initial recognition to determine SICR. Since comparison is made between forward-looking information at reporting date against initial recognition, the deterioration in credit risk may be triggered by the following factors:

- substantial deterioration in credit quality as measured by the applicable internal or external ratings or credit score or the shift from investment grade category to non-investment grade category;
- adverse changes in business, financial and/or economic conditions of the borrower;
- early warning signs of worsening credit where the ability of the counterparty to honor his obligation is dependent upon the business or economic condition;
- the account has become past due beyond 30 days where an account is classified under special monitoring category (refer to Note 26.1.2 for the description of special monitoring); and
- expert judgment for the other quantitative and qualitative factors which may result to SICR as defined by the BPI Group.

*Measuring ECL - Inputs, assumptions and estimation techniques*

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, EAD and LGD, defined as follows:

(a) The PD represents the likelihood that the borrower will default (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining life (lifetime PD) of the asset.

(b) EAD is based on the amounts the BPI Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining life (lifetime EAD). For example, for a revolving commitment, the BPI Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortizing products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis.
- For committed credit lines, the EAD is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default.

(c) LGD represents the BPI Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default.

The LGDs are determined based on the factors which impact the recoveries made post-default.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies and historical recoveries.

The ECL is determined by multiplying the PD, LGD and EAD together for each individual exposure or collective segment. This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the life of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band.

Forward-looking economic information is also included in determining the 12-month and lifetime PD. These assumptions vary by product type.

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change - are monitored and reviewed regularly.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period from the time of the adoption of PFRS 9 on January 1, 2018 to the reporting date.

*Forward-looking information incorporated in the ECL models*

The BPI Group incorporates historical and current information, and forecasts forward-looking events and key economic variables that are assessed to impact credit risk and expected credit losses for each portfolio. MEVs that affect a specific portfolio's non-performing loan rate(s) are determined through statistical modelling and the application of expert judgment. The BPI Group's economics team establishes possible global and domestic economic scenarios. With the use of economic theories and conventions, expert judgment and external forecasts, the economics team develops assumptions to be used in forecasting variables in the next five (5) years, subsequently reverting to long run-averages. The probability-weighted ECL is calculated by running each scenario through the relevant ECL models and multiplying it by the appropriate scenario weighting.

The estimation and application of forward-looking information requires significant judgment. As with any economic forecasts, the projections and likelihood of occurrences are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The scenarios and their attributes are reassessed at each reporting date. Information regarding the forward-looking economic variables and the relevant sensitivity analysis is disclosed in Note 26.1.5.

*Financial assets with low credit risk*

Loss allowance for financial assets at amortized cost and FVOCI that have low credit risk is limited to 12-month expected credit losses. Management considers "low credit risk" for listed government bonds to be an investment grade credit rating with at least one major rating agency. Other debt instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

*Definition of default and credit-impaired assets*

The BPI Group considers a financial instrument in default or credit-impaired, when it meets one or more of the following criteria:

*Quantitative criteria*

The borrower is more than 90 days past due on its contractual payments (with the exception of credit cards and micro-finance loans where a borrower is required to be 90 days past due and over 7 days past due, respectively, to be considered in default).

*Qualitative criteria*

The counterparty is experiencing significant financial difficulty which may lead to non-payment of loan as may be indicated by any or combination of the following events:

- The counterparty is in long-term forbearance;
- The counterparty is insolvent;
- The counterparty is in breach of major financial covenant(s) which lead(s) to event of default;
- An active market for the security has disappeared;
- Granting of concession that would not be otherwise considered due to economic or contractual reasons relating to the counterparty's financial difficulty;
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization; and
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the BPI Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD, and LGD throughout the BPI Group's expected credit loss calculations.

The BPI Group's definition of default is substantially consistent with non-performing loan definition of the BSP. For cross-border, treasury and debt securities, these are classified as defaulted based on combination of BSP and external credit rating agency definitions.

### 30.3.3 Modification of loans

The BPI Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the BPI Group assesses whether or not the new terms are substantially different to the original terms. The BPI Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the BPI Group derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the BPI Group also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in the statements of income as a gain or loss on derecognition.

If the terms are not substantially different, the BPI Group recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in the statement of income. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

#### 30.3.4 Derecognition of financial assets other than modification

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the BPI Group transfers substantially all the risks and rewards of ownership, or (ii) the BPI Group neither transfers nor retains substantially all the risks and rewards of ownership and the BPI Group has not retained control.

The BPI Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the BPI Group:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the BPI Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognized because the BPI Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

#### 30.3.5 Write-off of financial assets

The BPI Group writes off financial assets when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The financial assets are then considered uncollectible or worthless. Indicators that there is no reasonable expectation of recovery include any of the following (i) borrower's and co-maker's/guarantor's whereabouts are unknown, or they are insolvent, or their payment capacity is permanently impaired and (ii) where the BPI Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full, or the collaterals no longer have recoverable values.

The BPI Group may write-off financial assets that are still subject to enforcement activity as the write-off process does not prejudice continuance of enforcement efforts and/or legal actions.

The write-off of loans is approved by the BOD in compliance with the BSP requirements. Loans written-off are fully covered with allowance.

*Recoveries on written-off assets*

Collections on accounts or recoveries, if any, from impaired financial assets previously written off are recognized in profit or loss under Miscellaneous income in the period where the recovery transaction occurs.

### 30.3.6 Financial liabilities

#### 30.3.6.1 Classification of financial liabilities

The BPI Group classifies its financial liabilities in the following categories: financial liabilities at FVTPL and financial liabilities at amortized cost.

*(a) Financial liabilities at FVTPL*

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the BPI Group as at FVTPL upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the statements of income and are reported as “Securities trading gain”. The BPI Group has no financial liabilities that are designated at fair value through profit loss.

*(b) Other liabilities measured at amortized cost*

Financial liabilities that are not classified as at FVTPL fall into this category and are measured at amortized cost. Financial liabilities measured at amortized cost include deposits from customers and banks, bills payable, amounts due to BSP and other banks, manager’s checks and demand drafts outstanding, subordinated notes and other financial liabilities under deferred credits and other liabilities.

#### 30.3.6.2 Subsequent measurement and derecognition

Financial liabilities at FVTPL are subsequently carried at fair value. Other liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are derecognized when they have been redeemed or otherwise extinguished (i.e. when the obligation is discharged or is cancelled or has expired). Collateral (shares and bonds) furnished by the BPI Group under standard repurchase agreements and securities lending and borrowing transactions is not derecognized because the BPI Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

### 30.3.7 Loan commitments

Loan commitments are not issued at below-market interest rates and are not settled net in cash or by delivering or issuing another financial instrument.

### 30.3.8 Derivative financial instruments

A derivative instrument is initially recognized at fair value on the date a derivative contract is entered into, and is subsequently remeasured to its fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument or is held for trading.

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting (and therefore, held for trading) are recognized immediately in profit or loss and are included in “Securities trading gain”.

*Hedge accounting*

The BPI Group designates derivatives as either:
- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the BPI Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The BPI Group documents its risk management objective and strategy for undertaking its hedge transactions.

*Cash flow hedges that qualify for hedge accounting*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the “Cash flow hedge reserve” within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within “Other operating income”.

When the group excludes the forward element of a forward contract and foreign currency basis spread of financial instruments in the hedge designation, the fair value change of the forward element and currency basis spread that relates to the hedged item (‘aligned forward element/currency basis spread’) is recognized within OCI in the costs of hedging reserve within equity. If the group designates the full change in fair value of the derivative (including forward points and currency basis spreads) the gains or losses relating to the effective portion of the change in fair value of the entire derivative are recognized in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss within other operating income in the same periods during which the hedged future cash flows affect profit or loss. However, if the amount is a loss and the BPI Group expects that all or a portion of that loss will not be recovered in one or more future periods, the amount that is not expected to be recovered shall immediately be reclassified to profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time shall be reclassified to profit or loss in the same periods during which the future cash flows affect profit or loss. When the future cash flows are no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

#### 30.3.8.1 Embedded derivatives

Certain derivatives are embedded in hybrid contracts, such as the conversion option in a convertible bond. If the hybrid contract contains a host that is a financial asset, then the BPI Group assesses the entire contract for classification and measurement in accordance with the policy outlined in Note 30.3.2 above. Otherwise, the embedded derivatives are treated as separate derivatives when:

- Their economic characteristics and risks are not closely related to those of the host contract;
- A separate instrument with the same terms would meet the definition of a derivative; and
- The hybrid contract is not measured at FVTPL.

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognized in the statements of income unless the BPI Group chooses to designate the hybrid contracts at FVTPL.

### 30.3.9 Fair value measurement

The fair value of a non-financial asset is measured based on its highest and best use. The asset’s current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

A subsidiary of the Parent Bank has investments in non-marketable equity securities classified under Level 3 as at December 31, 2025 and 2024 (Note 26.4.1).

### 30.3.10 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognized using the effective interest method.

When calculating the effective interest rate, the BPI Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

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

### 30.3.11 Cash and cash equivalents

Interbank loans receivable and securities purchased under agreements to resell (SPAR) are presented as cash equivalents if they have a maturity of three months or less and are readily convertible to known amount of cash and which are subject to insignificant changes in value.

### 30.3.12 Repurchase and reverse repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in deposits from banks or deposits from customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks and customers and included in the statement of condition under "Interbank loans receivable and securities purchased under agreements to resell". Securities lent to counterparties are also retained in the financial statements.

## 30.4 Consolidation

The subsidiaries' financial statements are prepared for the same reporting year as the consolidated financial statements. Refer to Note 1 for the list of the Parent Bank's subsidiaries.

*(a) Subsidiaries*

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the BPI Group, except for the pre-need subsidiary which follows the provisions of the PNUCA as allowed by the SEC.

*(b) Associates*

Associates are all entities over which the BPI Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates in the consolidated financial statements are accounted for using the equity method of accounting.

The BPI Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the BPI Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit (loss) of an associate' in profit or loss.

Unrealized gains on transactions between the BPI Group and its associates are eliminated to the extent of the BPI Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are consistent with the policies adopted by the BPI Group.

*(c) Business combination between entities under common control*

Business combinations under common control are accounted for using the pooling of interest method following the guidance under the PIC Q&A No. 2018-06. Under this method, the Parent Bank does not restate the acquired businesses or assets and liabilities to their fair values. The net assets of the combining entities or businesses are combined using the carrying amounts of assets and liabilities of the acquired entity. No amount is recognized in consideration for goodwill or the excess of acquirer's interest in the net fair value of acquired identifiable assets, liabilities and contingent liabilities over their cost at the time of the common control combination.

*(d) Business combination under PFRS 3*

The BPI Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the BPI Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any, and fair value of any pre-existing equity interest in the acquiree, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the BPI Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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

Any contingent consideration to be transferred by the BPI Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the BPI Group's share of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

*Measurement period*

PFRS 3 allows a one year measurement period for the acquirer to retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable.

*Accounting for loss allowances relating to financial assets acquired through merger*

The BPI Group applies the provision in PFRS 3 wherein a separate valuation allowance, such as a provision for impairment of receivables, is not recognized when assets are measured at their acquisition date fair values. The asset's fair value includes the probabilities and uncertainties regarding future cash flows. The BPI Group does not recognize a separate valuation allowance for the contractual cash flows that are deemed to be uncollectable at that date or a loss allowance for expected credit losses. The related provision for credit and impairment losses arising from the acquired financial assets are netted against the assets' fair value.

### 30.5 Investments in subsidiaries and associates

Investments in subsidiaries and associates in the Parent Bank's separate financial statements are accounted for using the cost method in accordance with PAS 27. Under this method, income from investment is recognized in profit or loss only to the extent that the investor receives distributions from accumulated profits of the investee arising after the acquisition date. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as reduction of the cost of the investment.

The Parent Bank recognizes a dividend from a subsidiary or associate in profit or loss in its separate financial statements when its right to receive the dividend is established.

The Parent Bank determines at each reporting date whether there is any indicator of impairment that the investment in the subsidiary or associate is impaired. If this is the case, the Parent Bank calculates the amount of impairment as the difference between the recoverable amount and carrying value and the difference is recognized in profit or loss.

Investments in subsidiaries and associates are derecognized upon disposal or when no future economic benefits are expected to be derived from the subsidiaries and associates at which time the cost and the related accumulated impairment loss are removed in the statements of condition. Any gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the investment and recognized in profit or loss.

### 30.6 Segment reporting

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated upon consolidation. Income and expenses directly associated with each segment are included in determining business segment performance.

In accordance with PFRS 8, the BPI Group has the following main banking business segments: consumer banking, corporate banking and investment banking. Its insurance business is assessed separately from these banking business segments (Note 3).

### 30.7 Bank premises, furniture, fixtures and equipment

Land and buildings comprise mainly of branches and offices. All bank premises, furniture, fixtures and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the BPI Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Construction-in-progress is initially recognized at cost and will be depreciated once completed and available for use. The cost of construction-in-progress includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items on the site on which it is located. Borrowing costs related to the acquisition or construction of qualifying assets are capitalized as part of the cost of those assets during the construction period. The construction-in-progress is internally funded by the Parent Bank hence, no borrowing costs were capitalized. The construction-in-progress is recorded as part of Buildings and leasehold improvements.

Land is carried at historical cost and is not depreciated. Depreciation for buildings and furniture and equipment is calculated using the straight-line method to allocate cost or residual values over the estimated useful lives of the assets, as follows:

| | |
|---|---|
| Building | 25-50 years |
| Furniture and equipment | 3-5 years |
| Equipment for lease | 2-8 years |

Leasehold improvements are depreciated over the shorter of the lease term (ranges from 5 to 10 years) and the useful life of the related improvement (ranges from 5 to 10 years). Major renovations are depreciated over the remaining useful life of the related asset.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. There are no bank premises, furniture, fixtures and equipment that are fully impaired as at December 31, 2025 and 2024.

### 30.8 Investment properties

Properties that are held either to earn rental income or for capital appreciation or both, and that are not significantly occupied by the BPI Group are classified as investment properties. Transfers to, and from, investment property are made when, and only when, there is a change in use, evidenced by:

(a) Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
(b) Commencement of development with a view of sale, for a transfer from investment property to real properties held-for-sale and development;
(c) End of owner occupation, for a transfer from owner-occupied property to investment property; or
(d) Commencement of an operating lease to another party, for a transfer from real properties held-for-sale and development to investment property.

Transfers to and from investment property do not result in gain or loss.

Investment properties comprise land and building. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation on investment property is determined using the same policy as applied to Bank premises, furniture, fixtures, and equipment. Impairment test is conducted when there is an indication that the carrying amount of the asset may not be recovered. An impairment loss is recognized for the amount by which the property's carrying amount exceeds its recoverable amount, which is the higher of the property's fair value less costs to sell and value in use.

An item of investment property is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains and losses arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

### 30.9 Foreclosed assets

Assets foreclosed shown as Assets held for sale in the statements of condition are accounted for at the lower of cost and fair value less cost to sell similar to the principles of PFRS 5. The cost of assets foreclosed includes the carrying amount of the related loan. Impairment loss is recognized for any subsequent write-down of the asset to fair value less cost to sell.

Foreclosed assets not classified as Assets held for sale are accounted for in any of the following classification using the measurement basis appropriate to the asset as follows:

(a) Investment property is accounted for using the cost model under PAS 40;
(b) Bank-occupied property is accounted for using the cost model under PAS 16; and
(c) Financial assets are accounted for under PFRS 9.

When foreclosed assets are recovered through a sale transaction, the gain or loss recognized from the difference between the carrying amount of the foreclosed asset disposed and the net disposal proceeds is recognized in profit or loss.

**30.10 Intangible assets**

*Intangible assets*

*(a) Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the BPI Group's share in the net identifiable assets of another entity at the date of acquisition. Goodwill on acquisition is included under Other assets, net in the statements of condition. Separately recognized goodwill is carried at cost less accumulated impairment losses.

Goodwill is an indefinite-lived intangible asset and hence not subject to amortization. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each cash-generating unit is represented by each primary reporting segment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

*(b) Contractual customer relationships and core deposits*

Contractual customer relationships and core deposits acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relationships and core deposits have finite useful lives of 9 years and 18 years, respectively and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the intangible assets. Contractual customer relationships and core deposits are included under Other assets, net in the statements of condition.

*(c) Computer software*

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over the expected useful lives (three to five years). Computer software is included under Other assets, net in the statements of condition.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the BPI Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other assets to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense when incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

*(d) Management contracts*

Management contracts are recognized at fair value at the acquisition date. They have a finite useful life of five years and are subsequently carried at cost less accumulated amortization and impairment losses, if any. Amortization is calculated using the straight-line method over the estimated useful life of the contract. Management contracts are included under Other assets, net in the statements of condition.

*(e) Branch licenses*

Branch licenses arise from the acquisition of branches in a business combination. They have an indefinite useful life and are subject to annual impairment assessment. The useful life is reviewed annually to determine whether indefinite useful life assessment continues to be supportable.

**30.11 Impairment of non-financial assets**

Assets that have indefinite useful lives, like goodwill, are not subject to amortization and are tested annually for impairment and more frequently if there are indicators of impairment. Assets that have definite useful lives are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

**30.12 Borrowings and borrowing costs**

The BPI Group's borrowings consist mainly of bills payable and other borrowed funds. Borrowings are recognized initially at fair value, which is the issue proceeds, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed as incurred. The BPI Group has no qualifying asset as at December 31, 2025 and 2024. Borrowings derecognized when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of income as other income.

**30.13 Fees and commission income**

The BPI Group has applied PFRS 15 where revenue is recognized when (or as) The BPI Group satisfies a performance obligation by transferring a promised good or service to a customer (i.e. an asset). An asset is transferred when (or as) the customer obtains control of that asset.

The recognition of revenue can be either over time or at a point in time depending on when the performance obligation is satisfied.

When control of a good or service is transferred over time, that is, when the customer simultaneously receives and consumes the benefits, the BPI Group satisfies the performance obligation and recognizes revenue over time. Otherwise, revenue is recognized at the point in time at the point of transfer control of the good or service to the customer.

Variable consideration is measured using either the expected value method or the most likely amount method depending on which method the BPI Group expects to better predict the amount of consideration to which it will be entitled. This is the estimated amount of variable consideration, or the portion, if any, of that amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Where there is a single performance obligation, the transaction price is allocated in its entirety to that performance obligation. Where there are multiple performance obligations, the transaction price is allocated to the performance obligation to which it relates based on stand-alone selling prices.

The BPI Group recognizes revenue based on the price specified in the contract, net of the estimated rebates/discounts and include variable consideration, if there is any. Accumulated experience is used to estimate and provide for the discounts and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

The BPI Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the BPI Group does not adjust any of the transaction prices for the time value of money.

Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party (i.e. the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses) are recognized on completion of underlying transactions. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-proportionate basis. Asset management fees related to investment funds are recognized ratably over the period in which the service is provided.

**30.14 Credit card income**

Credit card arrangements involve numerous contracts between various parties. The BPI Group has determined that the more significant contracts within the scope of PFRS 15 are (1) the contract between the BPI Group and the credit card holder (‘Cardholder Agreement’) under which the BPI Group earn miscellaneous fees (e.g., annual membership fees, late payment fees, foreign exchange fees, etc.) and (2) an implied contract between the BPI Group and merchants who accept the credit cards in connection with the purchase of their goods and/or services (‘Merchant Agreement’) under which the BPI Group earn interchange fees.

The Cardholder Agreement obligates the BPI Group, as the card issuer, to perform activities such as process redemption of loyalty points by providing goods, services, or other benefits to the cardholder; provide ancillary services such as concierge services, travel insurance, airport lounge access and the like; process late payments; provide foreign exchange services and others. The amount of fees stated in the contract represents the transaction price for that performance obligation.

The implied contract between the BPI Group and the merchant results in the BPI Group receiving an interchange fee from the merchant. The interchange fee represents the transaction price associated with the implied contract between the BPI Group and the merchant because it represents the amount of consideration to which the BPI Group expects to be entitled in exchange for transferring the promised service (i.e., purchase approval and payment remittance) to the merchant. The performance obligation associated with the implied contract between the BPI Group and the merchant is satisfied upon performance and simultaneous consumption by the customer of the underlying service. Therefore, a portion of the interchange fee is allocated to the performance obligations based on stand-alone transaction price and revenue is recognized when these performance obligations are satisfied.

### 30.15 Foreign currency translation

*(a) Functional and presentation currency*

Items in the financial statements of each entity in the BPI Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Philippine Peso, which is the Parent Bank's functional and presentation currency.

*(b) Foreign subsidiaries*

The results and financial position of BPI's foreign subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at reporting date;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized as a separate component (Currency translation differences) of Accumulated other comprehensive income (loss) in the capital funds. When a foreign operation is sold, such exchange differences are recognized in profit or loss as part of the gain or loss on sale.

*(c) Income from foreign exchange trading*

Foreign exchange gains and losses arising from trading of foreign currencies are recorded under "Income from foreign exchange trading" in the statement of income. Gains or losses are calculated as the difference between the carrying amount of the asset sold and the net disposal proceeds at the date of sale.

### 30.16 Provisions for legal or contractual obligations

Provisions are recognized when all of the following conditions are met: (i) the BPI Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item is included in the same class of obligations may be small.

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 the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

### 30.17 Income taxes

*(a) Current income tax*

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction.

The BPI Group has substantial income from its investment in government securities subject to final withholding tax. Such income is presented at its gross amount and the final tax paid or withheld is included in Income tax expense - Current.

*(b) Deferred income tax*

The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. Deferred income tax liabilities are recognized in full for all taxable temporary differences except to the extent that the deferred tax liability arises from the initial recognition of goodwill.

The BPI Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

**30.18 Employee benefits**

*(a)* Short-term benefits

The BPI Group recognizes a liability net of amount already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given to its employees include salaries and wages, social security contributions, short-term compensated absences and bonuses, and non-monetary benefits.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

*(b) Defined benefit retirement plan*

The BPI Group has a defined benefit plan that shares risks among entities within the group. A defined benefit plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of condition in respect of defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Defined benefit costs comprise of service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined liability or asset.

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

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For individual financial reporting purposes, the unified plan assets are allocated among the BPI Group entities based on the level of the defined benefit obligation attributable to each entity to arrive at the net liability or asset that should be recognized in the individual financial statements.

*(c) Defined contribution retirement plan*

The BPI Group also maintains a defined contribution plan that covers certain full-time employees. Under its defined contribution plan, the BPI Group pays fixed contributions based on the employees' monthly salaries. The BPI Group, however, is covered under RA No. 7641, otherwise known as The Philippine Retirement Pay Law, which provides for its qualified employees a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA No. 7641. Accordingly, the BPI Group accounts for its retirement obligation under the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan.

For the defined benefit minimum guarantee plan, the liability is determined based on the present value of the excess of the projected defined benefit obligation over the projected defined contribution obligation at the end of the reporting period. The defined benefit obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The BPI Group and Parent Bank determine the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) then, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest and other expenses related to the defined benefit plan are recognized in the statement of income.

The defined contribution liability is measured at the fair value of the defined contribution assets upon which the defined contribution benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

Actuarial gains and losses arising from the remeasurements of the net defined contribution liability are recognized immediately in the other comprehensive income.

*(d) Share-based compensation*

The BPI Group engages in equity-settled share-based payment transactions in respect of services received from certain employees.

The fair value of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The cost of employee services received in respect of the shares or share options granted is recognized in profit or loss (with a corresponding increase in reserves in capital funds) over the period that the services are received, which is the vesting period.

The fair value of the options granted is determined by using option pricing models which take into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors.

When the stock options are exercised or shares are subscribed, the proceeds received are credited to share capital (par value) and share premium for the excess of exercise price over par value.

*(e) Bonus plans*

The BPI Group recognizes a liability and an expense for bonuses and recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**30.19 Capital funds**

*Merger reserves*

Merger reserves represent the difference between the value of shares issued by the Parent Bank in exchange for the carrying value of the net assets acquired in respect of the acquisition of BFB accounted for under the pooling-of-interest method and the difference between the results of operations of BFB during the year ended December 31, 2021 and the dividends declared on December 29, 2021.

### 30.20 Fiduciary activities

The BPI Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the BPI Group (Note 24).

### 30.21 Leases

#### 30.21.1 BPI Group is the lessee

*Measurement of right-of-use assets and lease liabilities*

Lease payments to be made under reasonably certain extension options are included in the measurement of the lease liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the BPI Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the BPI Group:
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing; and
- makes adjustments specific to the lease (i.e. term, currency and security).

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the BPI Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

*Extension and termination options*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the BPI Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

*Lease modification*

Lease modifications are accounted either as a separate lease or not a separate lease. The BPI Group accounts for the lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right of use to one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For lease modification that is not accounted for a separate lease, at the effective date of lease modification, the BPI Group:

- allocates the consideration in the modified contract on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components;
- determine the lease term of the modified lease; and
- remeasure the lease liability by discounting the revised lease payments using a revised discount rate.

The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.
For a lease modification that is not accounted for as a separate lease, the BPI Group accounts for the remeasurement of the lease liability by:

- decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease; and
- making a corresponding adjustment to the right-of-use asset for all other lease modifications.

The BPI Group recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease.

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

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statements of income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

**30.21.2 BPI Group is the lessor**

BPI Group (as a lessor) continues to classify its leases as operating leases.

**30.22 Insurance and pre-need operations**

*(a) Non-life insurance*

The more significant accounting policies observed by the non-life insurance subsidiaries follow: (a) gross premiums written from short-term insurance contracts are recognized at the inception date of the risks underwritten and are earned over the period of cover in accordance with the incidence of risk using the 24th method; (b) acquisition costs are deferred and charged to expense in proportion to the premium revenue recognized; reinsurance commissions are deferred and deducted from the applicable deferred acquisition costs, subject to the same amortization method as the related acquisition costs; (c) a liability adequacy test is performed which compares the subsidiaries' reported insurance contract liabilities against current best estimates of all contractual future cash flows and claims handling, and policy administration expenses as well as investment income backing up such liabilities, with any deficiency immediately charged to profit or loss; and (d) financial assets and liabilities are measured following the classification and valuation provisions of PFRS 9.

*(b) Pre-need*

The material provisions of the PNUCA as applied by the pre-need subsidiary follow: (a) costs of contracts issued and other direct costs and expenses are recognized as expense when incurred; (b) pre-need reserves which represent the accrued net liabilities of the subsidiary to its plan holders are actuarially computed based on standards and guidelines set forth by the Insurance Commission; the increase or decrease in the account is charged or credited to other costs of contracts issued in profit or loss; and (c) insurance premium reserves which represent the amount that must be set aside by the subsidiary to pay for premiums for insurance coverage of fully paid plan holders, are actuarially computed based on standards and guidelines set forth by the Insurance Commission.

## 31 Supplementary information required under BSP Circular No. 1074

Presented below are the additional information required by BSP Circular No. 1074 issued on January 8, 2020. This information is presented for BSP reporting purposes and is not required in the basic financial statements.

*(i) Basic Quantitative Indicators of Financial Performance*

The key financial performance indicators follow (in %):

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| Return on average equity | | | | |
| - Daily average[1] | **14.54** | 15.07 | **14.35** | 14.45 |
| - Simple average[2] | **14.69** | 15.67 | **14.57** | 15.24 |
| Return on average assets | | | | |
| - Daily average[3] | **1.96** | 1.98 | **1.88** | 1.86 |
| - Simple average[4] | **1.91** | 2.00 | **1.84** | 1.87 |
| Net interest margin | | | | |
| - Daily average[5] | **4.59** | 4.31 | **4.31** | 4.08 |
| - Simple average[6] | **4.47** | 4.31 | **4.19** | 4.07 |

[1]*Net income divided by average total equity for the period indicated. Average equity is based on the daily average balance of equity for the years ended December 31, 2025 and 2024.*
[2]*Net income divided by average total equity for the period indicated. Average total equity is based on the year-on-year balance of equity for the years ended December 31, 2025 and 2024.*
[3]*Net income divided by average total assets as at period indicated. Average total assets are based on the daily average balance of total assets as at December 31, 2025 and 2024.*
[4]*Net income divided by average total assets as at period indicated. Average total assets are based on the year-on-year balance of total assets as at December 31, 2025 and 2024.*
[5]*Net interest income divided by average interest-earning assets. Average interest earning assets is based on the daily average balance of interest earning assets as at December 31, 2025 and 2024.*
[6]*Net interest income divided by average interest-earning assets. Average interest earning assets is based on the year-on-year balance of interest earning assets as at December 31, 2025 and 2024.*

*a. Description of Capital Instrument Issued*

BPI considers its common shares as capital instrument for purposes of calculating its capital adequacy ratio as at December 31, 2025 and 2024.

***Significant credit exposures***

Details of the loans and advances portfolio as to concentration per industry/economic sector over total loan portfolio (in %) as at December 31 are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| Real estate, renting and other related activities | **22.36** | 22.74 | **22.91** | 23.24 |
| Consumer | **14.93** | 13.32 | **13.56** | 12.09 |
| Wholesale and retail trade | **12.29** | 11.07 | **12.13** | 10.85 |
| Manufacturing | **11.06** | 14.17 | **11.25** | 14.44 |
| Electricity, gas, steam and air-conditioning supply | **10.00** | 8.16 | **10.28** | 8.36 |
| Financial institutions | **9.92** | 10.53 | **10.20** | 10.80 |
| Transportation, storage and communications | **2.99** | 10.80 | **3.06** | 11.01 |
| Agriculture and forestry | **1.91** | 1.57 | **1.94** | 1.59 |
| Others | **14.54** | 7.64 | **14.67** | 7.62 |
| | **100.00** | 100.00 | **100.00** | 100.00 |

Details of the loans and advances portfolio as to concentration per industry/economic sector over Tier 1 Capital (in %) as at December 31 are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| Real estate, renting and other related activities | **145.81** | 142.47 | **158.64** | 154.47 |
| Manufacturing | **72.10** | 88.77 | **78.45** | 95.99 |
| Consumer | **97.37** | 83.40 | **105.94** | 80.40 |
| Transportation, storage and communications | **19.48** | 67.65 | **21.20** | 73.17 |
| Wholesale and retail trade | **80.13** | 69.34 | **87.18** | 72.15 |
| Financial institutions | **64.68** | 65.99 | **70.37** | 71.77 |
| Electricity, gas, steam and air-conditioning supply | **65.19** | 51.12 | **70.93** | 55.57 |
| Agriculture and forestry | **12.49** | 9.84 | **13.58** | 10.54 |
| Others | **94.97** | 47.81 | **103.32** | 50.72 |

***Breakdown of total loans***

Details of the loans and advances portfolio as at December 31 as to collateral (amounts net of unearned discounts and exclusive of accrued interest receivable) are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Secured loans | | | | |
| Real estate mortgage | **406,920** | 348,232 | **404,960** | 346,616 |
| Project assets | **166,182** | 162,641 | **166,182** | 162,641 |
| Chattel mortgage | **117,501** | 94,493 | **117,474** | 94,488 |
| Others | **61,239** | 48,507 | **61,208** | 48,482 |
| | **751,842** | 653,873 | **749,824** | 652,227 |
| Unsecured loans | **1,853,082** | 1,620,879 | **1,784,816** | 1,568,482 |
| | **2,604,924** | 2,274,752 | **2,534,640** | 2,220,709 |

Others represent loans secured mainly by hold-out deposits, mortgage trust indentures, government and corporate securities and bonds, quedan/warehouse receipts, standby letters of credit, trust receipts, deposit substitutes and inventories.

Breakdown of performing and non-performing loans net of allowance for credit losses, as reported to the BSP, are as follows:

Consolidated

| | **2025** | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Performing | Non-performing | Total | Performing | Non-performing | Total |
| | (In Millions of Pesos) | | | | | |
| Corporate loans | **1,779,580** | **21,243** | **1,800,823** | 1,663,158 | 22,391 | 1,685,549 |
| Credit cards | **211,603** | **10,386** | **221,989** | 161,855 | 7,265 | 169,120 |
| Other retail loans | **542,658** | **25,237** | **567,895** | 401,387 | 18,708 | 420,095 |
| | **2,533,841** | **56,866** | **2,590,707** | 2,226,400 | 48,364 | 2,274,764 |
| Allowance for probable losses | **(12,989)** | **(33,592)** | **(46,581)** | (11,229) | (29,940) | (41,169) |
| Net carrying amount | **2,520,852** | **23,274** | **2,544,126** | 2,215,171 | 18,424 | 2,233,595 |

**Amounts exclude accrued interest receivables and GLLP per financial reporting package*

Parent

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Performing | Non-performing | Total | Performing | Non-performing | Total |
| | (In Millions of Pesos) | | | | | |
| Corporate loans | **1,775,273** | **20,846** | **1,796,119** | 1,658,994 | 22,235 | 1,681,229 |
| Credit cards | **211,603** | **10,386** | **221,989** | 161,855 | 7,265 | 169,120 |
| Other retail loans | **489,174** | **20,294** | **509,468** | 354,903 | 15,462 | 370,365 |
| | **2,476,050** | **51,526** | **2,527,576** | 2,175,752 | 44,962 | 2,220,714 |
| Allowance for probable losses | **(12,978)** | **(29,741)** | **(42,719)** | (11,409) | (27,583) | (38,992) |
| Net carrying amount | **2,463,072** | **21,785** | **2,484,857** | 2,164,343 | 17,379 | 2,181,722 |

**Amounts exclude accrued interest receivables and GLLP per financial reporting package*

BSP Circular 941, *Amendments to Regulations on Past Due and Non-Performing Loans,* states that loans, investments, receivables, or any financial asset shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and if there is an evidence that full repayment of principal and interest is unlikely without foreclosure of collateral. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement.

Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after they have become past due.

Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained.

*(ii) Information on Related Party Loans*

Details of related party loans are as follows (transactions with subsidiaries have been eliminated in the consolidated financial statements):

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Loans and advances to: | | | | |
| Subsidiaries | **-** | - | **178** | 75 |
| Associates | **149** | 479 | **149** | 479 |
| Ayala Group | **88,490** | 79,902 | **88,490** | 79,902 |
| Key management personnel | **10** | 20 | **10** | 20 |
| Other related parties | **-** | - | **-** | - |

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos, except percentages) | | | |
| Total outstanding loans and advances | **88,649** | 80,401 | **88,827** | 80,476 |
| % to total outstanding related party loans | | | | |
| Subsidiaries | **-** | - | **0.20** | 0.09 |
| Associates | **0.17** | 0.60 | **0.17** | 0.60 |
| Ayala Group | **99.82** | 99.38 | **99.62** | 99.29 |
| Key management personnel | **0.01** | 0.02 | **0.01** | 0.02 |
| Other related parties | **-** | - | **-** | - |

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos, except percentages) | | | |
| Total outstanding loans and advances | **88,649** | 80,401 | **88,827** | 80,476 |
| % to total outstanding related party loans | | | | |
| Unsecured related party loans | **60.50** | 47.85 | **60.58** | 47.88 |
| Past due related party loans | **-** | - | **-** | - |
| Non-performing related party loans | **-** | - | **-** | - |

Details of DOSRI loans are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Outstanding DOSRI loans | **23,412** | 31,588 | **23,412** | 31,588 |

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In percentages) | | | |
| % to total outstanding loans and advances | **0.90** | 1.39 | **0.92** | 1.42 |
| % to total outstanding DOSRI loans | | | | |
| Unsecured DOSRI loans | **4.16** | 1.61 | **4.16** | 1.61 |
| Past due DOSRI loans | **0.01** | 0.02 | **0.01** | 0.02 |
| Non-performing DOSRI loans | **0.04** | 0.03 | **0.04** | 0.03 |

The BPI Group is in full compliance with the General Banking Act and the BSP regulations on DOSRI loans as at December 31, 2025 and 2024.

*(iii) Secured Liabilities and Assets Pledged as Security*

The BPI Group's Bills payable (Note 16) include mainly funds borrowed from various banking institutions which were lent out to customers of the BPI Group. As at December 31, 2025 and 2024, part of the bills payable of the Parent Bank is secured by government securities classified as investment securities at amortized cost (Note 9).

***Contingencies and commitments arising from off-balance sheet items***

The following is a summary of BPI's contingencies and commitments at their equivalent peso amounts as reported to the BSP:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Trust accounts | **1,829,881** | 1,530,708 | **-** | - |
| Derivatives | **596,237** | 496,116 | **582,771** | 489,149 |
| Commitments | **396,986** | 245,341 | **396,986** | 245,341 |
| Financial standby letters of credit - foreign | **34,428** | 36,103 | **34,428** | 36,103 |
| Bills for collection | **29,256** | 35,060 | **29,256** | 35,060 |
| Spot foreign exchange contracts | **20,272** | 24,679 | **20,272** | 24,679 |
| Performance standby letters of credit - foreign | **10,239** | 11,228 | **10,239** | 11,228 |
| Commercial letters of credit | **10,672** | 10,242 | **10,672** | 10,242 |
| Guarantees issued | **6,876** | 3,555 | **6,876** | 3,555 |
| Trade related guarantees | **1,152** | 2,758 | **1,152** | 2,758 |
| Other contingent accounts | **134,952** | 40,285 | **52,649** | 39,545 |
| | **3,070,951** | 2,436,075 | **1,145,301** | 897,660 |

Derivatives refers to the notional amount of derivatives contracts of the BPI Group and the Parent Bank as defined under BSP Manual of Accounts – Asset Accounts Item (5.c).

Other contingent accounts pertain to late deposits or payments received, deficiency claims receivable, items held for safekeeping, and items held as collateral.

Significant credit risk exposures arising from off-balance sheet items are as follows:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | (In Millions of Pesos) | | | |
| Undrawn loan commitments | **842,980** | 663,659 | **842,980** | 663,659 |
| Unused letters of credit | **64,525** | 64,007 | **64,525** | 64,007 |
| Gross carrying amount | **907,505** | 727,666 | **907,505** | 727,666 |
| Loss allowance | **(1,669)** | (1,267) | **(1,669)** | (1,267) |
| Carrying amount | **905,836** | 726,399 | **905,836** | 726,399 |

Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment, the BPI Group is required to provide a loan with pre-specified terms to the customer. These off-balance sheet items are within the scope of PFRS 9 where the BPI Group estimates that the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to the off-balance sheet items is recognized in Miscellaneous liabilities (Note 17).

The BPI Group has no other off-balance sheet items other than the items listed above.

## 32 Supplementary information required by the Bureau of Internal Revenue

On December 28, 2010, Revenue Regulations (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to the Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS Accounting Standards.

Below is the additional information required by RR No. 15-2010 that is relevant to the Parent Bank. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

*(i) Documentary stamp tax*

Documentary stamp taxes paid through the Electronic Documentary Stamp Tax System for the year ended December 31, 2025 consist of:

| | Amount (In Millions of Pesos) |
|---|---|
| Deposit and loan documents | 13,921 |
| Trade finance documents | 712 |
| Mortgage documents | 770 |
| Shares of stocks | 1 |
| Others | 8 |
| | **15,412** |

*(ii) Withholding taxes*

Withholding taxes paid/accrued and/or withheld for the year ended December 31, 2025 consist of:

| | Amount | | |
|---|---|---|---|
| | Paid | Accrued | **Total** |
| | (In Millions of Pesos) | | |
| Final income taxes withheld on interest on deposits and yield on deposit substitutes | 8,939 | 714 | **9,653** |
| Income taxes withheld on compensation | 3,803 | 360 | **4,163** |
| Creditable income taxes withheld (expanded) | 1,291 | 169 | **1,460** |
| Final income taxes withheld on income payment | 1,090 | 616 | **1,706** |
| Fringe benefit tax | 127 | 30 | **157** |
| Withholding value-added tax | 424 | 105 | **529** |
| Withholding tax on withdrawal from decedent's account | 112 | 1 | **113** |
| | **15,786** | **1,995** | **17,781** |

*(iii) All other local and national taxes*

All other local and national taxes paid/accrued for the year ended December 31, 2025 consist of:

| | Amount | | |
|---|---|---|---|
| | Paid | Accrued | **Total** |
| | (In Millions of Pesos) | | |
| Gross receipts tax | 9,518 | 820 | **10,338** |
| Municipal taxes | 600 | - | **600** |
| Real property tax | 123 | - | **123** |
| Others | 8 | - | **8** |
| | **10,249** | **820** | **11,069** |

Municipal and other taxes imposed by the government which are incurred under the normal courses of business are part of "Taxes and licenses" within Other operating expenses (Note 21).

*(iv) Tax cases and assessments*

As at reporting date, the Parent Bank has various claims of tax refund pending with tax authorities. There are no outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR.