Isla Lipana & Co.

GoTyme Bank Corporation

Financial Statements

As at and for the years ended December 31, 2025 and 2024

pwc Isla Lipana & Co.

Independent Auditor's Report

To the Board of Directors and Shareholders of
GoTyme Bank Corporation
21st Floor Units 3 and 4, work.able Giga Tower, Bridgetowne
80 Eulogio Rodriguez Jr. Avenue, Brgy. Ugong Norte, Quezon City
Philippines

Report on the Audits of the Financial Statements

Our Opinion

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

What we have audited

The financial statements of the Bank comprise:

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

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 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 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.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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 22 and Bureau of Internal Revenue (BIR) Revenue Regulations No. 15-2010 in Note 23 to the financial statements is presented for the purposes of filing with the BSP and BIR, respectively, and is not a required part of the basic financial statements. 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.

Isla Lipana & Co.

Vergel E. Pabillon, Jr.
Partner
CPA Cert. No. 0119924
P.T.R. No. [redacted] issued on January 8, 2026, Makati City
SEC A.N (individual) as general auditors 119924-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
T.I.N. [redacted]
BIR A.N. [redacted] issued on January 9, 2026; effective until January 9, 2029
BOA/PRC Reg. No. 0142, effective until November 14, 2028

Makati City
March 11, 2026

GoTyme Bank Corporation

Statements of Financial Position
As at December 31, 2025 and 2024
(All amounts in Philippine Peso)

	Notes	2025	2024
Assets			
Due from other banks	2	5,804,528,026	1,766,236,027
Due from Bangko Sentral ng Pilipinas (BSP)	2	1,653,129,334	5,978,992,009
Securities purchased under agreements to resell	2,3	5,561,000,000	2,455,471,331
Investment securities at amortized cost	4	22,429,518,637	10,403,280,085
Financial assets at fair value through other comprehensive income	4	4,422,056,557	3,203,532,135
Loans receivables, net	5	5,137,585,947	2,499,821,837
Due from settlement partners	8	2,540,769,169	2,016,654,861
Bank premises, furniture, fixtures and equipment, net	6	304,933,776	358,913,262
Intangible assets, net	7	239,309,608	310,152,837
Deferred tax asset, net	17	51,649,095	42,421,758
Other assets	8	2,037,069,446	928,612,636
Total assets		50,181,549,595	29,964,088,778
Liabilities and Capital Funds			
Liabilities			
Deposit liabilities	9	43,518,686,775	25,434,642,472
Accounts payable	10	482,745,838	412,009,917
Due to settlement partners	10	2,300,923,984	2,207,846,633
Accrued interest, taxes, and other expenses	11	141,622,112	86,676,364
Lease liabilities	12	40,530,222	64,786,583
Other liabilities	11	194,562,692	93,297,552
Total liabilities		46,679,071,623	28,299,259,521
Capital funds			
Share capital	13	7,694,255,099	6,639,732,189
Additional paid-in capital	13	5,463,605,778	1,877,630,366
Share-based compensation reserve	13	283,655,437	183,167,357
Other comprehensive income	4	57,794,293	10,110,244
Deficit		(9,996,832,635)	(7,045,810,899)
Total capital funds		3,502,477,972	1,664,829,257
Total liabilities and capital funds		50,181,549,595	29,964,088,778

(The notes on pages 1 to 48 are an integral part of these financial statements.)

GoTyme Bank Corporation

Statements of Total Comprehensive Income
For the years ended December 31, 2025 and 2024
(All amounts in Philippine Peso)

	Notes	2025	2024
Interest income			
On investment securities	4	1,110,592,172	693,749,407
On loans receivables	5	2,049,626,782	339,708,915
On deposits with BSP and other banks	2,3,8	412,309,882	289,874,651
		3,572,528,836	1,323,332,973
Interest expense			
On deposit liabilities	9	980,906,931	603,885,011
Net interest income		2,591,621,905	719,447,962
Provision for credit and impairment losses	5	855,649,121	101,574,740
Net interest income after provision		1,735,972,784	617,873,222
Other income			
Fees and commissions	14	972,270,298	483,915,142
Foreign exchange gains, net	19.1	158,201,253	79,135,956
Miscellaneous income	15	32,337,236	1,355,675
		1,162,808,787	564,406,773
Operating expenses			
Technology costs	16	1,767,314,716	1,361,033,773
Management and other professional fees	16	750,880,505	748,112,457
Fees and commissions	16	825,113,307	610,007,399
Compensation and benefits	16	686,253,750	567,256,188
Marketing expenses		356,514,924	301,586,676
Occupancy and equipment-related expenses	6,7,12	186,460,250	173,501,980
Permits, taxes and licenses		298,921,256	114,780,062
Other operating expenses	16	725,555,255	573,286,645
Total operating expenses		5,597,013,963	4,449,565,180
Loss before income tax		(2,698,232,392)	(3,267,285,185)
Provision for income tax	17	252,789,344	174,655,873
Net loss for the year		(2,951,021,736)	(3,441,941,058)
Other comprehensive income (loss)			
Item that will be subsequently reclassified to profit or loss			
Net change in the fair value of financial assets at FVOCI, net of tax	4	54,009,805	(4,481,598)
Recycling of fair value gain on financial assets at FVOCI	4	(6,325,756)	-
		47,684,049	(4,481,598)
Total comprehensive loss for the year		(2,903,337,687)	(3,446,422,656)

(The notes on pages 1 to 48 are an integral part of these financial statements.)

GoTyme Bank Corporation

Statements of Changes in Capital Funds
For the years ended December 31, 2025 and 2024
(All amounts in Philippine Peso)

	Share capital (Note 13)	Additional paid-in capital (Note 13)	Share-based compensation reserve (Note 13)	Other comprehensive income (Note 4)	Deficit (Note 13)	Total
Balances, January 1, 2024	5,000,000,000	-	93,916,803	14,591,842	(3,603,869,841)	1,504,638,804
Comprehensive loss						
Net loss for the year	-	-	-	-	(3,441,941,058)	(3,441,941,058)
Other comprehensive loss	-	-	-	(4,481,598)	-	(4,481,598)
Total comprehensive loss	-	-	-	(4,481,598)	(3,441,941,058)	(3,446,422,656)
Transactions with owners						
Share issuance	1,639,732,189	1,901,300,758	-	-	-	3,541,032,947
Share issuance cost	-	(23,670,392)	-	-	-	(23,670,392)
Share-based compensation	-	-	89,250,554	-	-	89,250,554
Total transactions with owners	1,639,732,189	1,877,630,366	89,250,554	-	-	3,606,613,109
Balances, December 31, 2024	6,639,732,189	1,877,630,366	183,167,357	10,110,244	(7,045,810,899)	1,664,829,257
Comprehensive income (loss)						
Net loss for the year	-	-	-	-	(2,951,021,736)	(2,951,021,736)
Other comprehensive income	-	-	-	47,684,049	-	47,684,049
Total comprehensive income (loss)	-	-	-	47,684,049	(2,951,021,736)	(2,903,337,687)
Transactions with owners						
Share issuance	1,054,522,910	3,595,477,090	-	-	-	4,650,000,000
Share issuance cost	-	(9,501,678)	-	-	-	(9,501,678)
Share-based compensation	-	-	100,488,080	-	-	100,488,080
Total transactions with owners	1,054,522,910	3,585,975,412	100,488,080	-	-	4,740,986,402
Balances, December 31, 2025	7,694,255,099	5,463,605,778	283,655,437	57,794,293	(9,996,832,635)	3,502,477,972

(The notes on pages 1 to 48 are an integral part of these financial statements.)

GoTyme Bank Corporation

Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(All amounts in Philippine Peso)

	Notes	2025	2024
Cash flows from operating activities			
Loss before income tax		(2,698,232,392)	(3,267,285,185)
Adjustments for:			
Interest income	2,3,4,5,8	(3,572,528,836)	(1,323,332,973)
Interest received		2,863,626,981	844,078,663
Interest expense on deposit liabilities	9	980,906,931	603,885,011
Interest paid		(955,466,517)	(581,841,672)
Depreciation and amortization	6,7	183,460,234	169,215,291
Provision for credit losses	5	855,649,121	101,574,740
Loss on loan modification	16	20,150,447	-
Share-based compensation expense	13,16	100,488,080	89,250,554
Provision for retirement expense	16	4,405,399	5,299,689
Interest expense on lease liability	12	3,000,016	4,286,689
Net gain on disposal of financial assets at fair value through other comprehensive income (FVOCI) recycled to profit or loss	4,15	(6,307,209)	-
Gain on disposal of IT equipment	6	-	(8,197)
Unrealized foreign exchange losses, net	19.1	(11,267,702)	(2,834,432)
Operating loss before changes in operating assets and liabilities		(2,232,115,447)	(3,357,711,822)
Increase in:			
Loans receivables		(3,512,824,543)	(2,600,289,770)
Due from settlement partners		(520,768,475)	(435,697,551)
Other assets		(1,078,305,672)	(350,179,460)
Increase in:			
Deposit liabilities		18,081,617,587	14,652,417,089
Accounts payable		68,398,733	244,977,104
Due to settlement partners		85,671,762	837,422,073
Accrued interest, taxes, and other expenses		29,517,653	16,419,249
Other liabilities		97,049,691	50,256,080
Net cash from operations		11,018,241,289	9,057,612,992
Payments of interest portion of lease liability	12	(3,000,016)	(4,286,689)
Income taxes paid		(277,911,364)	(196,968,512)
Net cash from operating activities		10,737,329,909	8,856,357,791
Cash flows from investing activities			
Acquisition of bank premises, furniture, fixtures and equipment	6	(58,803,733)	(87,222,477)
Proceeds from disposal of bank premises, furniture, fixtures and equipment	6	166,214	51,666
Development of intangible assets	7	-	(5,600,000)
Placements in investment securities at amortized cost and financial assets at FVOCI	4	(148,097,949,641)	(83,681,653,960)
Proceeds from maturities of investment securities at amortized cost	4	135,414,544,650	77,922,091,000
Proceeds from disposal of financial assets at FVOCI	4	206,019,953	-
Net cash used in investing activities		(12,536,022,557)	(5,852,333,771)
Cash flows from financing activities			
Proceeds from issuance of shares	13	4,650,000,000	2,649,505,941
Settlement of stock issuance costs	13	(9,501,678)	(23,670,392)
Payments of principal portion of lease liability	12	(24,256,361)	(22,154,637)
Net cash from financing activities		4,616,241,961	2,603,680,912
Net increase in cash and cash equivalents		2,817,549,313	5,607,704,932
Cash and cash equivalents at January 1		10,200,699,367	4,587,553,930
Effects of exchange rate changes on cash and cash equivalents		408,680	5,440,505
Cash and cash equivalents at December 31	2	**13,018,657,360**	10,200,699,367
Non-cash investing and financing activities	4,13		

(The notes on pages 1 to 48 are an integral part of these financial statements.)

1 General information

On December 28, 2021, GoTyme Bank Corporation (the "Bank") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) primarily to engage in, and carry on, the business of a digital bank, to grant loans both secured and unsecured, accept savings and time deposits, invest in marketable securities, to act as correspondent for other financial institutions, to act as collection agent for non-government entities, to issue electronic money products and credit cards, to buy and sell foreign exchange, to present, market, sell and service microinsurance products, to present, market, and sell a range of third party products through its platform.

On July 29, 2022, the Bank obtained from the Bangko Sentral ng Pilipinas (BSP) the certificate of authority to operate as a bank with a digital banking license in the Philippines.

On August 1, 2022, the Bank commenced its commercial operations.

On February 22, 2024, the Bank received notification from the BSP granting it the Foreign Currency Deposit Unit (FCDU) Operation License enabling the Bank to accept foreign currency deposits.

The Bank's ownership as at December 31, 2025 is structured as follows:

- 40.00% held by Tyme Investments Pte Ltd
- 19.49% held by JG Summit Capital Services Corp;
- 19.00% held by Robinsons Retail Holdings Inc.;
- 9.77% held by Bank of the Philippine Islands (BPI) pending transfer to GoTyme Financial Pte. Ltd. (9.67%) and Giga Investments (0.10%). On March 21, 2024, BPI divested all shares acquired from its merger with Robinsons Bank Corporation. The transfer from BPI to GoTyme Financial Pte. Ltd., which exceeded 10% of the total outstanding shares of the Bank, was approved by the BSP on October 9, 2024; pending issuance of the E-Certificate of Registration by the Bureau of Internal Revenue (BIR);
- 8.70% held by GoTyme Financial Pte. Ltd.;
- Remaining shares are owned by various stakeholders.

The Bank's ownership as at December 31, 2024 is structured as follows:

- 39.86% held by Tyme Global Limited pending transfer to Tyme Investment Pte Ltd. The BSP approved the transfer of shares on July 5, 2024; pending issuance of the E-Certificate of Registration by the BIR.
- 11.33% held by BPI pending transfer to GoTyme Financial Pte. Ltd. (11.21%) and Giga Investments (0.12%). On March 21, 2024, BPI divested all shares acquired from its merger with Robinsons Bank Corporation. The transfer from BPI to GoTyme Financial Pte. Ltd., which exceeded 10% of the total outstanding shares of the Bank, was approved by the BSP on October 9, 2024; pending issuance of the E-Certificate of Registration by the BIR.
- 19.00% held by Robinsons Retail Holdings Inc.
- 16.91% held by Robinsons Land Corporation.
- 7.41% held by GoTyme Financial Pte. Ltd.
- Remaining shares are owned by various stakeholders.

The Bank's registered office address is at 21st Floor Units 3 and 4, work.able Giga Tower, Bridgetowne, 80 Eulogio Rodriguez Jr. Avenue, Brgy. Ugong Norte, Quezon City, Philippines, 1110.

As at December 31, 2025, the Bank has 420 employees (2024 - 364 employees).

Approval and authorization for issuance of the audited financial statements

The Bank's financial statements have been approved and authorized for issuance by the Board of Directors (BOD) on March 11, 2026.

2 Cash and cash equivalents

The account as at December 31 consists of:

	Note	2025	2024
Due from other banks		5,804,528,026	1,766,236,027
Due from BSP		1,653,129,334	5,978,992,009
Securities purchased under agreements to resell	3	5,561,000,000	2,455,471,331
		13,018,657,360	10,200,699,367

Due from other banks pertain to current, savings and time deposit accounts with various bank counterparties which have annual interest rates ranging from 0.000% to 5.250% for the years ended December 31, 2025 and 2024.

Interest income from due from other banks for the year ended December 31, 2025 amounts to P34,735,966 (2024 - P3,697,509).

Due from BSP represents the balance of the deposit and settlement accounts maintained with the BSP for reserve requirements, clearing transactions and settlement of interbank transactions. This also consists of the overnight and term deposit placements with the BSP with annual interest rates ranging from 4.000% to 6.060% (2024 - 5.2500% to 6.6775%).

Interest income on due from BSP for the year ended December 31, 2025 amounts to P175,904,984 (2024 - P185,700,212).

3 Securities purchased under agreements to resell (SPAR)

The account as at December 31, 2025 consists of reverse repurchase agreement (RRPs) with the BSP amounting to P5,561,000,000 (2024 - P2,455,471,331).

All SPAR are maturing within 90 days from the date of acquisition and are classified as cash equivalents in the statement of cash flows (Note 2).

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 SPAR for the year ended December 31, 2025 is from 4.495% to 5.765% (2024 - 5.720% to 6.510%).

Interest income from SPAR for the year ended December 31, 2025 amounts to P179,508,644 (2024 - P100,476,930).

4 Investment securities at amortized cost; Financial assets at fair value through other comprehensive income (FVOCI)

Investment securities at amortized cost

The account as at December 31, 2025 consists of BSP bills and treasury bills amounting to P22,429,518,637 (2024 - P10,403,280,085).

Movements in the investment securities at amortized cost are as follows:

	2025	2024
Balance at the beginning of the year	10,403,280,085	8,087,035,621
Purchases	146,743,291,207	79,789,560,339
Maturities	(135,414,544,650)	(77,922,091,000)
Amortization of discount/premium, net	693,709,654	449,852,196
Foreign exchange differences	3,782,341	(1,077,071)
Balance at the end of the year	22,429,518,637	10,403,280,085

The effective interest rate of investment securities at amortized cost for the year ended December 31, 2025 range from 3.400% to 6.380% (2024 - 4.100% to 6.895%). Interest income for the year ended December 31, 2025 amounts to P864,354,558 (2024 - P562,034,832).

Investment securities at amortized cost are classified as current assets and are expected to be realized within 12 months from the reporting date.

Financial assets at FVOCI

The account as at December 31, 2025 consists of treasury notes and government bonds amounting to P4,422,056,557 (2024 - P3,203,532,135).

Movements in the financial assets at FVOCI are as follows:

	2025	2024
Balance at the beginning of the year	3,203,532,135	1,207,863,897
Purchases	1,354,658,434	2,001,643,702
Disposal	(200,000,000)	-
Accelerated discount of disposed investment	287,256	-
Changes in fair value	63,578,732	(5,975,464)
Balance at the end of the year	4,422,056,557	3,203,532,135

In 2025, the Bank disposed of financial assets at FVOCI with a face value of P200,000,000 and a carrying amount of P206,038,500, net of unamortized discount of P287,256. After related transaction taxes, net proceeds from the sale amounted to P206,019,953 resulting in a loss on sale of investments of P18,547. Additionally, the unrealized gain on fair value changes amounting to P6,325,756 was recycled to profit or loss and presented under “Miscellaneous income” in the statement of total comprehensive income (Note 15).

The movements in net unrealized gain on investments in other comprehensive income are as follows:

		2025	2024
Balance at the beginning of the year		10,110,244	14,591,842
Changes in fair value recognized in equity		63,578,732	(5,975,464)
Deferred tax	17	(15,894,683)	1,493,866
Balance at the end of the year		57,794,293	10,110,244

In 2025 and 2024, the effective interest rate of investments in FVOCI range from 4.000% to 8.000%. Interest income earned from these investments amounted to P246,237,614 (2024 - P131,714,575).

Financial assets at FVOCI are classified as non-current assets based on contractual maturity, which ranges from two (2) to ten (10) years from the reporting date.

5 Loans receivables, net

The account as at December 31 consists of:

	2025	2024
Salary loans	7,898,452,706	3,596,829,013
Other loans	281,428,617	17,494,725
	8,179,881,323	3,614,323,738
Unearned discount/interest	(2,240,399,303)	(1,012,818,414)
	5,939,482,020	2,601,505,324
Allowance for impairment	(801,896,073)	(101,683,487)
	5,137,585,947	2,499,821,837

The Bank's salary loans also includes loans purchased from a related party (Note 18). Other loans mainly pertain to MoreTyme, a buy-now-pay-later product and Merchant Cash Advance (MCA), a loan product offered to micro, small, and medium enterprises (MSMEs).

In 2025, the Bank extended the contractual maturity of certain loan exposures to align repayment schedules with borrowers' updated cash flow capacity. The change in terms did not result in derecognition of the financial assets and was therefore accounted for as loan modification in accordance with Philippine Financial Reporting Standard (PFRS) 9. The resulting modification loss of P20,150,447 (Note 16) was recognized as part of "Other operating expenses" in the statement of total comprehensive income.

As at December 31, 2025 and 2024, the Bank's loans receivables are unsecured. None of these loans are pledged as collateral for liabilities.

Loans receivables, gross of allowance for impairment, are unsecured and are expected to be realized as follows:

	2025	2024
Current	3,022,250,189	1,259,560,665
Non-current	2,917,231,831	1,341,944,659
	5,939,482,020	2,601,505,324

The movements in the Bank's allowance for impairment follow:

	2025	2024
January 1	101,683,487	108,747
Provision for credit and impairment losses	855,649,121	101,574,740
Write-off	(155,436,535)	-
December 31	801,896,073	101,683,487

Interest income for the year ended December 31, 2025 amounts to P2,049,626,782 (2024 - P339,708,915). The range of interest rates of loans receivables for the year ended December 31, 2025 is 1.00% to 60.96% (2024 - 1.00% to 55.44%).

6 Bank premises, furniture, fixtures and equipment, net

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

	2025				
	Bank premises (Note 12)	Furniture and office equipment	IT equipment	Kiosk	Total
Cost					
January 1	115,059,344	1,756,075	34,137,783	387,535,597	538,488,799
Additions	-	74,750	12,943,025	45,785,958	58,803,733
Disposals	-	-	(5,111,503)	-	(5,111,503)
December 31	115,059,344	1,830,825	41,969,305	433,321,555	592,181,029
Accumulated depreciation					
January 1	52,814,126	910,805	16,872,440	108,978,166	179,575,537
Depreciation and amortization	22,634,625	513,037	10,192,999	79,276,344	112,617,005
Disposals	-	-	(4,945,289)	-	(4,945,289)
December 31	75,448,751	1,423,842	22,120,150	188,254,510	287,247,253
Net book value, December 31	39,610,593	406,983	19,849,155	245,067,045	304,933,776

	2024				
	Bank premises (Note 12)	Furniture and office equipment	IT equipment	Kiosk	Total
Cost					
January 1	115,059,344	964,772	24,464,305	311,417,494	451,905,915
Additions	-	791,303	10,313,071	76,118,103	87,222,477
Disposals	-	-	(639,593)	-	(639,593)
December 31	115,059,344	1,756,075	34,137,783	387,535,597	538,488,799
Accumulated depreciation					
January 1	30,179,501	354,771	8,942,716	42,042,611	81,519,599
Depreciation and amortization	22,634,625	556,034	8,525,848	66,935,555	98,652,062
Disposals	-	-	(596,124)	-	(596,124)
December 31	52,814,126	910,805	16,872,440	108,978,166	179,575,537
Net book value, December 31	62,245,218	845,270	17,265,343	278,557,431	358,913,262

Depreciation and amortization charges are included in "Occupancy and equipment-related expenses" category in the statement of total comprehensive income.

In 2025, the Bank disposed of IT equipment for P166,214 at net book value. In 2024, the Bank disposed of IT equipment for P51,666 resulting in a gain of P8,197.

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

The Bank 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 Bank 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.

If the actual useful lives of the Bank premises, furniture, fixtures and equipment will differ by +/-10% from management's estimates, the carrying amount as at December 31, 2025 would be an estimated P11,239,788 higher or P13,737,518 lower (2024 - P10,309,708 higher or P12,600,753 lower).

7 Intangible assets, net

Movements in the account for the years ended December 31 follow:

	2025	2024
Opening net carrying value	310,152,837	375,116,066
Additions	-	5,600,000
Amortization	(70,843,229)	(70,563,229)
Closing net carrying value	239,309,608	310,152,837

Intangible assets pertains to the development costs of the Bank's core banking and Enterprise Resource Planning (ERP) systems which include the Bank's general ledger and regulatory reporting systems. These are classified as non-current.

Accumulated amortization as at December 31, 2025 amounts to P240,325,511 (2024 - P169,482,282).

Amortization charges are included in "Occupancy and equipment-related expenses" category in the statement of total comprehensive income.

Critical accounting estimate - Useful lives of intangible assets

The Bank determines the estimated useful lives of its intangible assets based on the period over which the assets are expected to be available for use. The Bank annually reviews the estimated useful lives of intangible assets 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.

If the actual useful lives of the intangible assets will differ by +/-10% from management's estimates, the carrying amount as at December 31, 2025 would be an estimated P21,847,774 higher or P26,702,835 lower (2024 - P15,407,480 higher or P18,831,365 lower).

8 Due from settlement partners; Other assets

Due from settlement partners

Due from settlement partners represents receivables from the daily operational transactions of the Bank with its settlement partners. These include deposits via the Bank's cash agents, interbank transfers, bills payments and other payment services that remain unsettled as of reporting date. The account as at December 31, 2025 amounts to P2,540,769,169 (2024 - P2,016,654,861).

Due from settlement partners are classified as current as these are settled daily, weekly or monthly basis.

Other assets

The account as at December 31 consists of:

	2025	2024
Security deposits	796,815,916	362,387,863
Accounts receivable	410,528,053	214,412,916
Prefund accounts	390,600,089	101,269,967
Inventories	168,605,487	97,245,371
Prepaid fees	131,092,558	90,982,104
Accrued interest income	64,679,750	49,487,549
Advances to suppliers	33,040,531	7,428,570
Creditable withholding tax	16,624,272	160,573
Miscellaneous assets	25,082,790	5,237,723
	2,037,069,446	928,612,636

Security deposits consist of interest-bearing and non-interest-bearing deposits to cover future payables to settlement partners. This also includes the deposit made by the Bank in relation to its lease agreement (Note 12). Interest income from interest bearing deposit for the year ended December 31, 2025 amounts to P22,160,288 (2024 - nil).

Accounts receivable primarily represent outstanding rebates due from the Bank's card issuer under the terms of the growth partnership agreement.

Prefund accounts pertain to the Bank's wallet accounts maintained with other settlement partners to fund its day-to-day transactions.

Inventories consist of unissued debit cards and kiosk spare parts.

Prepaid fees consist of subscription fees for the Bank's cloud services, license fees and prepaid rent.

The following table shows the current and non-current classification of other assets as at December 31:

	2025	2024
Current	1,259,444,500	599,644,773
Non-current	777,624,946	328,967,863
	2,037,069,446	928,612,636

9 Deposit liabilities

The account as at December 31 consists of:

	2025	2024
Peso savings account	43,203,324,563	25,137,826,752
USD time deposit account	315,362,212	296,815,720
	43,518,686,775	25,434,642,472

Deposit liabilities, which all come from retail customers, carry interest rates ranging from 0.000% to 5.000% (2024 - 0.000% to 5.000%). The related accrued interest payable, presented under "Accrued interest, taxes, and other expenses", amounted to P81,228,022 (2024 - P55,787,608) as at December 31, 2025 (Note 11).

Interest expense on deposit liabilities for the year ended December 31, 2025 amounts to P980,906,931 (2024 - P603,885,011).

These deposits are classified as current liabilities and are expected to be settled within 12 months from reporting date.

BSP reserve requirement

The Bank should comply with a minimum reserve requirement on deposit and deposit substitute liabilities in local currency as required by the BSP.

In 2022, BSP Circular No. 1154 was issued mandating digital banks to have a reserve requirement of 8%. This was superseded by BSP Circular No. 1176 amending the level of reserve requirement to 6% effective end of June 2023. In 2024, BSP Circular No. 1201 was issued updating the level of reserve requirement to 4% effective October 25, 2024. In 2025, a further cut on the reserve requirement to 2.5% was approved as per BSP Circular No. 1211

As at December 31, 2025, the reserves (included in 'Due from BSP') amounted to P1,071,728,835 (2024 - P1,018,955,300). The Bank is in full compliance with the reserve requirement as at December 31, 2025 and 2024.

10 Accounts payable; Due to settlement partners

Accounts payable

Accounts payable pertain to outstanding liabilities to local and overseas suppliers for goods and services received by the Bank. The account as at December 31, 2025 amounts to P482,745,838 (2024 - P412,009,917).

These are expected to be settled within 12 months from the reporting date.

Due to settlement partners

Due to settlement partners represents the daily operational transactions of the Bank with its settlement partners. These include withdrawals via the Bank's cash agents, interbank transfers and other payment services that remain unsettled as at reporting date. The account as at December 31, 2025 amounts to P2,300,923,984 (2024 - P2,207,846,633).

These are expected to be settled within 12 months from the reporting date.

11 Accrued interest, taxes, and other expenses; Other liabilities

Accrued interest, taxes, and other expenses

The account as at December 31 consists of:

	Note	2025	2024
Interest payable on deposit liabilities	9	81,228,022	55,787,608
Philippine Deposit Insurance Corporation insurance premium		39,548,243	22,755,021
BSP supervision fees		10,524,308	5,394,765
Other operating expenses		10,321,539	2,738,970
		141,622,112	86,676,364

Other operating expenses mainly consist of marketing, technology and employee related payables.

These are expected to be settled within 12 months from the reporting date.

Other liabilities

The account as at December 31 consists of:

	2025	2024
Withholding and other taxes payable	163,547,704	73,308,231
Retirement benefit liability	17,967,145	13,561,745
SSS, PHIC and HDMF premium payable	5,861,944	2,756,622
Miscellaneous liabilities	7,185,899	3,670,954
	194,562,692	93,297,552

The Bank has a non-contributory defined benefit retirement plan which provides retirement benefit to qualified employees in accordance with Republic Act (RA) No. 7641. Retirement benefit liability consists of the present value of the obligation, which relates mainly to the retirement benefit expense computed as 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.

The following table shows the current and non-current classification of other liabilities:

	2025	2024
Current	176,595,547	79,735,807
Non-current	17,967,145	13,561,745
	194,562,692	93,297,552

12 Leases

The Bank has entered into a 61-month lease agreement with Robinsons Land Corporation (Robinsons Land), a shareholder, for its office space commencing August 30, 2022 up to September 29, 2027. In accordance with the terms of the lease agreement, the Bank paid P6,464,613 as security deposit which is refundable at the end of the lease term.

In November 2025, the Bank entered into a new lease agreement with Robinsons Land for an office space, with lease term commencing in June 2026. In connection with this lease arrangement, the Bank paid advance rentals and security deposits. Advance rentals and security deposits amounting to P18,719,463 and P16,713,805, respectively are recorded under prepaid fees and security deposits, respectively, as part of "Other assets, net" in the statement of financial position. Upon commencement of the lease, the advance rental will be recognized as part of right-of-use asset and applied against future lease obligations.

(i) Amounts recognized in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	Note	2025	2024
Right-of-use assets			
Bank premises	6	115,059,344	115,059,344
Accumulated depreciation	6	(75,448,751)	(52,814,126)
		39,610,593	62,245,218
Lease liabilities			
Current		26,504,358	24,256,361
Non-current		14,025,864	40,530,222
		40,530,222	64,786,583

There were no additions to the right-of-use assets in 2025 and 2024 (Note 6).

(ii) Amounts recognized in the statement of total comprehensive income

The statement of total comprehensive income for the years ended December 31 shows the following amounts relating to leases:

	Note	2025	2024
Depreciation expense	6	22,634,625	22,634,625
Interest expense (included in "Occupancy and equipment related expenses")		3,000,016	4,286,689
Expense relating to leases of low-value assets		28,867,730	7,295,058
		54,502,371	34,216,372

Rent expense charged against current operations (included in "Other operating expenses") amounted to P28,867,730 in 2025 (2024 - P7,295,058). Rent expense pertains to expenses from leases of low-value assets, rental of billboard spaces and short-term rentals of kiosk deployment.

The total cash outflow for leases as at December 31, 2025 is P27,256,377 (2024 - P26,441,326).

(iii) Discount rate

The lease payments for lease of office space are discounted using the lessee's incremental borrowing rate, being the rate that the Bank 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.

<u>Critical accounting judgment - Determining the lease term</u>

In determining the lease term, the Bank 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).

<u>Critical accounting estimate - Determining the incremental borrowing rate</u>

To determine the incremental borrowing rate, the Bank:

- 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 Bank's incremental borrowing rate applied to the lease liabilities is 5.5687%. The rate was determined in reference to PHP BVAL.

As at December 31, 2025, if the Bank's incremental borrowing rate increased/decreased by 1% while holding all other assumptions constant, the Bank's lease liabilities would be lower/higher by P315,206 and P318,695, respectively (2024 - P816,250 and P831,005, respectively), and profit before tax for the year ended December 31, 2025 would be higher/lower by P18,991 and P25,509, respectively (2024 - P188,612 and P161,002, respectively).

13 Capital funds

Share capital; Deficit

Details of the authorized share capital as at December 31 follows:

	2025		2024	
	Number of shares	Amount	Number of shares	Amount
Authorized share capital (at P1 par value per share)	8,600,000,000	8,600,000,000	8,600,000,000	8,600,000,000
Issued and outstanding common shares	7,694,255,099	7,694,255,099	6,639,732,189	6,639,732,189

Increase in share capital and capital infusion

In 2023 and 2024, the Bank received additional capital contribution of P3,171,032,947 recognized as deposit for future stock subscriptions (DFFS).

On May 13, 2024, the Bank filed an application with the SEC for an increase in authorized capital stock as approved by the BOD. This was subsequently approved by BSP on July 5, 2024 and by the SEC on November 26, 2024.

Following BSP and SEC approval, the Bank reclassified the DFFS of P3,171,032,947, of which P1,542,062,703 was recognized as share capital and the remaining P1,628,970,244 excess of par value as additional paid-in capital (APIC).

In December 2024, the Bank likewise received an additional capital of P370,000,000, of which P97,669,486 was recognized as share capital and the P272,330,514 as APIC.

In 2025, the Bank received an additional capital contribution of P4,650,000,000, of which P1,054,522,910 was recognized as share capital and the P3,595,477,090 as APIC.

The Bank likewise incurred stock issuance costs amounting to P9,501,678 (2024 - P23,670,392) which was directly charged to APIC.

The APIC as at December 31, 2025 amounts to P5,463,605,778 (2024 - P1,877,630,366).

Share-based compensation reserve

The BOD of the Bank approved to grant Restricted Stock Units (RSU) and Performance Share Units (PSU) to qualified beneficiaries up to the following amount for future distribution:

Year	Approved RSU amount	Approved PSU amount
2023	3,000,000	44,100,000
2024	36,500,000	100,430,000
2025 additions	18,000,000	134,427,772

Movements in the number of units are summarized as follows:

	2025	2024
At January 1	162,328,323	133,486,301
Granted	36,794,289	40,444,117
Exercised	-	-
Cancelled	(11,865,910)	(11,602,095)
At December 31	187,256,702	162,328,323
Exercisable	71,568,195	30,348,174

Share-based compensation reserve represents the portion of the approved grant to qualified beneficiaries that has been accrued in accordance with the vesting schedule. As at December 31, 2025 and 2024, there were no share units exercised.

(a) Restricted share units

The movement in the share-based compensation reserve for the years ended December 31 is as follows:

	Note	2025	2024
Beginning of the year		103,246,584	71,804,468
Share-based compensation expense	16	27,699,410	31,442,116
End of the year		130,945,994	103,246,584

RSU vest in varying amounts between 2 years and 5 years, subject to capital protection conditions.

(b) Performance share units

The movement in the share-based compensation reserve for the years ended December 31 is as follows:

	Note	2025	2024
Beginning of the year		79,920,773	22,112,335
Share-based compensation expense	16	72,788,670	57,808,438
End of the year		152,709,443	79,920,773

PSUs were introduced as part of the Bank's overall rewards and recognition program in 2023. Grants made from 2023 to 2024 vest equally over a three-year period, subject to certain performance conditions and approval by the Board of Directors. Beginning 2025, PSU grants will vest after three years, subject to certain performance conditions.

The award price for RSU and PSU is derived from the value of a share as at the award date, calculated with reference to the results of the most recently conducted company equity valuation preceding the award date. Valuation employed a model-based approach, using the latest plans and projections and observable inputs from the market, adjusted for risk factors inherent in the business. Further, the model was calibrated to ensure that output was reasonably in line with comparative market prices.

14 Fees and commissions

The account for the years ended December 31 consists of the following:

	2025	2024
Transaction fees	804,940,836	391,829,336
Commissions fees	152,593,462	87,268,406
Loan penalty fees	5,542,800	-
Miscellaneous	9,193,200	4,817,400
	972,270,298	483,915,142

Transaction fees pertain to interchange and interbank transfer fees earned.

Commissions fees pertain to revenue share paid by the settlement partners.

Miscellaneous fees pertain to card replacements fees.

15 Miscellaneous income

The account for the years ended December 31 consists of the following:

	Note	2025	2024
Partner incentives		21,823,425	-
Net gain on disposal of financial assets at FVOCI recycled to profit or loss	4	6,307,209	-
Recoveries from written-off accounts		1,132,762	-
Miscellaneous		3,073,840	1,355,675
		32,337,236	1,355,675

Partner incentives mainly consist of incentives granted to the Bank by its card issuer, in accordance with the terms outlined in the growth agreement partnership.

Miscellaneous income mainly consists of management fee income earned for seconded employees (Note 18), insurance recoveries for damaged Bank property and parking fees paid by employees to the Bank.

16 Operating expenses

a) Technology costs

Technology costs amounting to P1,767,314,716 (2024 - P1,361,033,773) consist mostly of platform and service charges billed by Tyme Pte. Ltd., a shareholder, to the Bank as part of the Master Service Agreement (Note 18). In addition, this also includes software license and subscriptions used by the Bank.

b) Management and other professional fees

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

	2025	2024
Outsourcing fees	592,555,385	566,768,773
Consultant fees	141,628,914	132,933,133
Professional and legal fees	16,696,206	48,410,551
	750,880,505	748,112,457

Outsourcing fees consist of kiosk ambassadors, secondment fees and recruitment services provided by third parties.

Consultant fees consist of in-house consultants and technology services rendered by third parties.

Professional and legal fees consist of audit, advisory and legal fees.

c) Fees and commissions

Details of the account for the years ended December 31:

	2025	2024
Transaction fees	617,709,630	548,317,141
Service fees	146,298,958	25,148,052
Commissions fees	61,104,719	36,542,206
	825,113,307	610,007,399

Transaction fees represent service fees to Bank's settlement partners, card transaction fees remitted to card issuers, and other bank charges.

Service fees mainly comprise of the collection fees billed by New Cross Credit and Financing Gate PH, Inc., an affiliate, as part of the Master Service agreement (Note 18), in its capacity as the Bank's collection agent for loans.

Commission expense includes commissions paid to origination partners for client acquisition, covering both successfully onboarded clients and active clients under existing partnership arrangements.

d) Compensation and benefits

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

	Notes	2025	2024
Salaries and wages		529,547,576	436,609,483
Share-based compensation	13	100,488,080	89,250,554
Other employee benefit expenses		26,642,992	18,735,872
Social security costs and other contributions		22,559,137	14,780,590
Retirement expense		4,405,399	5,299,689
Directors' fees	18	2,610,566	2,580,000
		686,253,750	567,256,188

Other employee benefit expenses pertain to health benefits provided to the Bank's employees and its dependents.

The Bank did not incur any fringe benefits expense in 2025 and 2024.

e) Other operating expenses

Details of the account for the years ended December 31 follow:

	Notes	2025	2024
Card issuance cost		213,892,886	247,719,127
GoRewards points redemption		180,270,775	115,034,246
Postage, telephone, cables and telegrams		91,857,090	108,174,761
Insurance expenses		77,259,548	43,319,658
Rent	12	28,867,730	7,295,058
Travelling cost		24,000,013	16,784,522
Loss on loan modification	5	20,150,447	-
Kiosk spare parts consumption		12,287,060	6,336,178
Supervision fees		10,395,892	5,189,652
Courier fees		7,735,469	6,538,599
Other expenses		58,838,345	16,894,844
		725,555,255	573,286,645

Card issuance cost pertains to the cost of debit cards issued to the depositors.

Travelling cost pertains to business expenses for off-site visits.

Courier fees pertains to expenses incurred for the transport of kiosks from warehouse to store sites.

Other expenses mainly pertain to employee related training and seminars, representation and entertainment, fuels and lubricants, repairs and maintenance, stationaries and office sundries, utilities expenses, operational losses, security, messenger and janitorial services, and warehouse and storage fees.

17 Income taxes

Details of the accounts for the years ended December 31 follow:

	2025	2024
Current - Final	277,911,364	196,968,512
Deferred	(25,122,020)	(22,312,639)
	252,789,344	174,655,873

The following is the reconciliation of income taxes computed at the statutory income tax rate to income tax expense as shown in the statement of total comprehensive income for the years ended December 31:

	2025	
	Amount	Rate (%)
Loss before income tax	(2,698,232,392)	
Applicable tax rate	25%	
Statutory income tax	(674,558,098)	25.00
Adjustments for:		
Income subject to lower tax rates	(69,128,850)	2.56
Non-deductible expenses	252,873,640	(9.37)
FCDU income before tax	(635,524)	0.02
Net operating loss carry-over (NOLCO)	744,238,176	(27.58)
Income tax expense	252,789,344	(9.37)

	2024	
	Amount	Rate (%)
Loss before income tax	(3,267,285,185)	
Applicable tax rate	25%	
Statutory income tax	(816,821,296)	25.00
Adjustments for:		
Income subject to lower tax rates	(48,720,560)	1.49
Non-deductible expenses	76,296,050	(2.34)
FCDU income before tax	69,608	(0.00)
Net operating loss carry-over (NOLCO)	963,832,071	(29.50)
Income tax expense	174,655,873	(5.35)

The Bank's deferred tax asset, net as at December 31 are as follows:

	Note	2025	2024
Deferred tax asset			
Share-based compensation		70,913,859	45,791,839
Deferred tax liability			
Fair value gain on financial assets at FVOCI	4	(19,264,764)	(3,370,081)
Deferred tax asset, net		51,649,095	42,421,758

Tax effect on the fair value gain on financial assets at FVOCI is recognized directly against other comprehensive income.

Deferred income tax assets on the Bank's temporary differences, retirement liability and NOLCO have not been recognized because management believes that it is not probable that sufficient taxable income will be available to allow all or part of these deferred income tax assets to be utilized, on top of the recognized deferred tax assets.

The unrecognized deferred tax assets on allowance for impairment as at December 31, 2025 amounts to P200,474,018 (2024 - P25,420,872).

Details of NOLCO at December 31 are as follows:

Year of incurrence	Year of expiry	2025	2024
2025	2028	2,976,952,706	
2024	2027	3,855,328,285	3,855,328,285
2023	2026	2,649,730,501	2,649,730,501
2022	2025	805,364,231	805,364,231
		10,287,375,723	7,310,423,017
Expired		(805,364,231)	-
		9,482,011,492	7,310,423,017
Tax rate		25%	25%
Unrecognized deferred tax asset		2,370,502,873	1,827,605,754

The deferred income tax assets on other temporary differences and retirement liability are not considered material to the financial statements.

Critical accounting judgment - Recognition of deferred tax assets

The recognition of deferred income taxes depends on management's assessment of the probability of available future taxable income against which the temporary difference can be applied. The Bank reviews at the end of each reporting period 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 losses will be applied. The Bank believes that sufficient taxable profit will be generated to allow all of the recognized deferred income tax assets to be utilized.

18 Related party transactions

In the normal course of business, the Bank transacts with its major shareholders and other related entities. These transactions such as advances, technology and consultancy services are made in the normal operating activities and have terms and conditions that are generally comparable to those offered to non-related parties and to similar transactions in the market.

The table below summarizes the Bank's transactions with its related parties as at and for the years ended December 31:

	2025			
	Transactions	Outstanding Balance		Nature
Robinsons Retail Holdings, Inc.				
Cash-in transactions	50,681,443,517	824,127,244	-	Cash agency transactions and its corresponding security deposit. Refer to (d).
Cash-out transactions	12,081,916,854	43,290,577		
Security deposit	22,607,000	70,750,000		
Fees and commissions	126,194,297	14,293,740	-	Service and commission fee expense for cash agency. Refer to (d).
Data Analytics Ventures Inc.				
Points conversion	205,933,907	61,377,283	-	Points conversion and its corresponding commission income
Points purchased	226,688,422	70,058,018	-	Points purchased and its corresponding service fee expense
Marketing expenses	560,000	2,599,776	-	Precision marketing and cost. Refer to (b).
Fees and commissions	-	16,583,085	-	Success fee on onboarding subsidy. Refer to (b).
Robinsons Land Corporation				
Security deposit	16,794,503	23,178,417	-	Security deposit on lease rental. Refer to (c).
Lease liability	27,610,371	40,530,222	-	Lease rental. Refer to (c).
Prepaid rent	18,719,463	18,719,463	-	Prepaid rent on lease rental. Refer to (c).
Marketing and Other administrative expenses	6,936,512	-	-	Marketing cost and advertising cost and utilities. Refer to (c).
Tyme Pte Ltd.				
Advances for Kiosks and spare parts	44,310,890	33,040,531	-	Advances for the purchase of Kiosks and spare parts.
Technology costs	1,036,372,520	234,994,325	-	IT solutions and support services. Refer to (a)
Consultant fees	21,254,933	8,587,629	-	Consultants fee. Refer to (a).
New Cross Credit and Financing Gate PH, Inc.				
Loans purchased	5,692,423,996	-	-	Salary loan purchased. Refer to (g).
Loan payment collection	5,831,579,428	426,572,261	-	Loan repayment collections. Refer to (g)
Upfront fee	550,550,096	37,304,259	-	Origination fees. Refer to (g).
Collection service fee	119,745,647	-	-	SAVii as collection agent. Refer to (g).
Outsource fee	2,482,027	-	-	SAVii seconded employees. Refer to (g).
Management fee	220,183	220,183	-	GoTyme seconded employees. Refer to (g).
JG Summit Publishing Co. Inc.				
Payables	8,312,936	409,976	-	Billboard lease rental; Refer to (e).
Go Global Business Services, Inc. (formerly Aspen)				
Payables	514,894	216,627	-	Payroll outsource services.
JG Summit Holdings, Inc.				
Loans receivables	1,682,696	-	-	Loans receivables granted to related parties under Early Wage Access (EWA).
Maxicare Healthcare Corporation				
Payables	590,814	200,820	-	HMO premium for Bank's employees and its qualified dependent. Refer to (f).
Directors	2,610,566	-	-	Directors fee

	2024		
	Transactions	Outstanding Balance	Nature
Robinsons Retail Holdings, Inc.			
Cash in transactions	62,795,314,105	705,006,679	- Cash agency transactions and its corresponding security deposit. Refer to (d).
Cash out transactions	8,861,115,986	33,709,193	
Security deposit	2,000,000	93,357,000	
Fees and commissions	117,093,641	12,531,813	- Service and commission fee expense for cash agency. Refer to (d).
Data Analytics Ventures Inc.			
Points conversion	139,336,763	81,531,741	- Points conversion and its corresponding commission income
Points purchased	146,589,076	80,935,925	- Points purchased and its corresponding service fee expense
Marketing expenses	2,599,776	2,599,776	- Precision marketing and cost. Refer to (b).
Fees and commissions	16,583,085	16,583,085	- Success fee on onboarding subsidy. Refer to (b).
Robinsons Land Corporation			
Security deposit	50,000	6,479,613	- Security deposit on lease rental. Refer to (c).
Lease liability	26,441,326	64,786,583	- Lease rental. Refer to (c).
Marketing and Other administrative expenses	2,461,124	-	- Marketing cost and advertising cost and utilities. Refer to (c).
Tyme Pte Ltd.			
Advances for Kiosks and spare parts	28,897,735	5,877,899	- Advances for the purchase of Kiosks and spare parts.
Technology costs	874,643,404	71,424,670	- IT solutions and support services. Refer to (a)
Consultant fees	33,318,991	607,045	- Consultants fee. Refer to (a).
New Cross Credit and Financing Gate PH, Inc.			
Loans purchased	2,892,592,316	79,404,745	- Loan receivables purchased. Refer to (g).
Upfront fee	233,768,653	3,540,820	- Origination fees. Refer to (g).
Collection service fee	16,724,429	-	- SAVii as collection agent. Refer to (g).
Outsource fee	1,564,488	660,071	- SAVii seconded employees. Refer to (g).
Management fee	330,275	330,275	- GoTyme seconded employees. Refer to (g).
JG Summit Publishing Co. Inc.			
Payables	7,656,000	4,547,200	- Billboard lease rental; Refer to (e).
Aspen Business Solutions, Inc.			
Payables	178,768	-	- Payroll outsource services.
JG Summit Holdings, Inc.			
Loans receivables	1,056,728	-	- Loans receivables granted to related parties under Early Wage Access (EWA).
Universal Robina Corporation			
Loans receivables	472,343	217,729	- Loans receivables granted to related parties under EWA.
Maxicare Healthcare Corporation			
Payables	19,222,850	200,820	- HMO premium for Bank's employees and its qualified dependent. Refer to (f).
Directors	2,580,000	-	- Directors fee

Key management personnel

In 2025, the salaries, allowances and other benefits and share based and post-employment benefits of key management personnel amount to P128,465,727 (2024 - P143,662,950).

(a) The Bank entered into an agreement with Tyme Pte Ltd., an entity under common control, for the latter to (i) produce kiosks, (ii) develop the Bank's core banking (iii) provide consultancy services (iv) provide information technology (IT) solutions and support services and (iv) other support services to the Bank. The advances for kiosk and spare parts were recorded as part of Advances to suppliers under "Other assets". The remaining unpaid amount for IT solutions and support services, and consultancy fees are recorded as part of Suppliers payable under "Accounts payable" and is payable in cash on demand at gross amount, non-interest bearing and unsecured.

(b) The Bank entered into a master collaboration agreement with Data Analytics Ventures Inc. (DAVI), an entity under common control, for the latter to provide GoRewards integration and support and precision marketing services. GoRewards integration provides registered customers the ability to earn bonus points when making purchase payments using the Bank's services and the ability to redeem GoRewards points through the Bank's platform. The remaining uncollected GoRewards points conversion and fee income are recorded as part of "Due from settlement partners", uncollected commission income on onboarding are recorded as part of Account receivable under "Other assets", unpaid Go Rewards points purchased and service fee recorded as part of "Due to settlement partners", unpaid amount for precision marketing services are recorded as part of Suppliers payable under "Accounts payable". These are receivable/payable in cash on demand at gross amount, non-interest bearing and unsecured.

(c) In August 2022, the Bank entered into a lease agreement with Robinsons Land (Note 12). In relation to this, utilities expenses are paid by the latter on behalf of the Bank and is being charged as part of other expense under "Other operating expenses". The amount is payable in cash on demand at gross amount, non-interest bearing and unsecured.

    In 2023, as part of its strategic expansion initiative, the Bank entered into an agreement with Robinsons Land that entails leasing space in Robinsons Land malls and utilizing advertising services to enhance the Bank's promotional efforts (Note 12).

    In November 2025, the Bank entered into a new lease agreement with Robinsons Land (Note 12) with a lease term commencing in June 2026. Advance rentals are recorded as prepaid rent and security deposit under "Other assets".

(d) The Bank entered into a master service agreement with Robinsons Retail Holdings, Inc. (RRHI), a shareholder, for the latter to provide cash agent services which allows to accept and disburse cash on behalf of the Bank, fund transfers, bills payment and other services it is allowed to perform on behalf of the Bank in accordance with the Manual of Regulations for Banks (MORB). The remaining uncollected cash in (acceptance) are recorded as part of "Due from settlement partners", and unpaid cash out (disbursement) and unpaid service fee are recorded as part of "Due to settlement partners" charged as part of fees and commissions are receivable/payable in cash on demand at gross amount, non-interest bearing and unsecured.

    The Bank is also required to maintain a security deposit with RRHI (Note 8).

(e) The Bank entered into an agreement with JG Summit Publishing Co. Inc., an entity under common control, for the latter to provide various public relations placements, campaigns, media services, event coordination and billboard rentals.

(f) In 2023, the Bank also entered into an agreement with Maxicare Healthcare Corporation, an entity under common control, as the HMO provider for the Bank's employees and its dependents.

(g) In July 2024, the Bank entered into a Master Service Agreement with New Cross Credit and Financing Gate PH, Inc. (SAVii), an affiliate, to purchase salary loans on a non-recourse basis. The Bank incurs upfront fee paid to SAVii, which is capitalized and amortized over the term of the loan using the effective interest rate method.

The Bank also entered into a Master Service Agreement with SAVii covering lending and collection-related activities as follows:

- Collection services. SAVii provides collection services for receivables and other obligations due to the Bank. The Bank incurs collection service fees which are recognized as part of service fees under "Fees and commissions". Any unpaid collection fees at reporting date are presented under "Due to settlement partners".
- Secondment of SAVii employees. SAVii seconds personnel to the Bank to support lending operations. Related outsourcing fees are recognized as part of "Management and other professional fees", with unpaid amounts presented under "Accounts payable".
- Secondment of Bank employees. The Bank seconds certain employees to support SAVii's outsourced collection services. Management fee earned from this arrangement are recognized under "Miscellaneous income", with any uncollected fees presented under "Other assets".

Effective October 2025, the agreement was amended to convert the loan purchase arrangement into a loan referral arrangement, under which the Bank pays referral fees for services rendered. The referral fee is treated as an upfront fee, capitalized as part of the loan and are amortized over the term using the effective interest rate method.

(h) In April 2024, BPI sold all of the Bank's shares acquired through its merger with Robinsons Bank Corporation to GoTyme Financial Pte. Ltd. and Giga Investment Holdings Pte. Ltd (Note 1). As a result of this divestment, BPI relinquished all shareholder rights and is no longer recognized as a related party.

19 Financial risk management

Risk management framework

The Bank uses the Enterprise Risk Management Framework (ERMF) to address all material risks inherent in the business. The framework covers all systems, policies, processes, and control procedures designed to identify, measure, monitor, mitigate and report risks on a continuing basis. The Bank ensures that the ERMF is reviewed periodically to address all material risks, including emerging risks and ensures compliance with the Manual of Regulations for Banks as mandated by the BSP.

The central element of the ERMF is the Risk Appetite Statement (RAS). The RAS is maintained and clearly articulates the nature and level of risk that the Bank is willing to take in pursuit of the business objectives. The risk appetite is managed and monitored closely together with the business units taking in consideration the regulatory requirements and expectations.

Risk organization and governance

The BOD operates as the highest level of the Bank's risk governance. The BOD is ultimately responsible for establishing and approving the risk framework and overseeing the efficient implementation of policies & procedures to manage all material risks. The BOD is also responsible for determining optimal governance structures for the Bank, including the relevant Board sub-committees to be delegated with functional activities for overseeing risks and compliance activities in the Bank.

To support the BOD to discharge its responsibilities, five sub-committees have been established in the governance framework. The Board Risk and Compliance Oversight Committee oversees risk management framework, adherence to risk appetite and management of compliance activities. The Board Audit Committee oversees the financial reporting framework, internal audit, and the internal control framework. The Board Corporate Governance Committee oversees board matters, nomination of officers and remuneration framework. The Board Related Party Transaction Committee oversees management of related party relationships, transactions, and contracts. The Board IT and Data Steering Committee oversees all matters relating to data strategy and IT strategy including issues arising from the bank's use of data and IT assets.

Further, management committees are established to provide oversight and governance of material risks and act as decision making forums on operational matters arising from the implementation of Board-approved policies. The Enterprise Risk Management Committee is responsible for the ongoing oversight and review of all risk exposures across all categories and ensure risks are managed within appetite. The Credit Risk Committee is responsible for oversight and management of credit risks, while the Asset and Liability Committee oversees the other financial risks including funding and liquidity risk, interest rate risk in the banking book and capital management. On the other hand, the Non-Financial Risk Committee is responsible for oversight and management of Operational Risks, IT Risks, and other nonfinancial risks such as Fraud Risks, Third Party-related Operational Risks, and Business Continuity Risks. The Procurement Committee also oversees Third Party management, including risks that may arise from the Bank’s third parties.

The Bank adopts the three lines of defense model of accountability in managing risks. The first line lies within Business Units who are the risk owners and are responsible and accountable for identification, assessment, and management of all risks inherent in the business operations. The second line is Risk and Compliance who provides risk oversight by setting the risk standards and at the same time advise risk owners on key matters relating to optimizing risk taking and control implementation. The third line is the independent Internal Audit team that provides assurance to the Board and Senior Leadership on the adequacy and effectiveness of the Bank’s governance and risk management.

19.1 Market risk

Market risk is the risk due to adverse impact on profitability or net worth of the Bank due to changes in market rates or prices such as interest rates and foreign exchange rates.

Interest rate risk overview

Interest rate risk arises from the possibility that changes in market interest rates will affect the Bank’s financial condition and results of operations through their impact on interest-earning assets, interest-bearing liabilities, and related off-balance sheet instruments.

Interest rate risk in the Banking Book

Interest rate risk in the banking book (IRRBB) refers to the risk to the Bank’s earnings and economic value arising from adverse movements in market interest rates affecting banking book positions, primarily due to mismatches in the repricing and maturity profiles of assets, liabilities, and off-balance sheet exposures.

IRRBB is monitored using earnings-based and economic value-based measures, including changes in Net Interest Income and Economic Value of Equity under simulated interest rate shocks. Results are assessed against internal tolerance levels and used to inform pricing strategies, product design, and balance sheet structure. As a Pillar 2 risk, IRRBB is incorporated into internal capital buffers and stress testing outcomes. As at December 2025, the bank has assessed that the bank has sufficient capital buffer to cover simulated shocks arising from pillar 2 risks.

Interest rate risk is not significant to the Bank as its financial assets have fixed interest rates.

Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of financial assets and liabilities will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial assets and liabilities will fluctuate because of changes in market interest rates.

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

	Repricing				
	Up to 1 year	Over 1 up to 3 years	Over 3years	Non-repricing	Total
As at December 31, 2025					
Financial Assets					
Due from other banks	-	-	-	5,804,528,026	5,804,528,026
Due from BSP	-	-	-	1,653,129,334	1,653,129,334
Securities purchased under agreements to resell	-	-	-	5,561,000,000	5,561,000,000
Investment securities at amortized cost	-	-	-	22,429,518,637	22,429,518,637
Financial assets at FVOCI	-	-	-	4,422,056,557	4,422,056,557
Loans receivables, net	-	-	-	5,137,585,947	5,137,585,947
Due from settlement partners^	-	-	-	2,540,769,169	2,540,769,169
Other financial assets*	-	-	-	1,662,623,808	1,662,623,808
Total financial assets	-	-	-	49,211,211,478	49,211,211,478
Financial Liabilities					
Deposit liabilities	43,518,686,775	-	-	-	43,518,686,775
Accounts payable	-	-	-	482,745,838	482,745,838
Due to settlement partners^	-	-	-	2,300,923,984	2,300,923,984
Accrued interest and other expenses**	-	-	-	91,549,561	91,549,561
Lease liabilities	-	-	-	40,530,222	40,530,222
Other liabilities***	-	-	-	1,000,000	1,000,000
Total financial liabilities	43,518,686,775	-	-	2,916,749,605	46,435,436,380
Total interest gap	(43,518,686,775)	-	-	46,294,461,873	2,775,775,098

**Other financial assets are composed of security deposits, accounts receivable, prefund accounts and accrued interest income.*
***Excludes payable to government agencies*
****Includes security deposit*
^Due from and to settlement partners are non-interest bearing but are presented to cover all financial instruments of the Bank.

	Repricing				
	Up to 1 year	Over 1 up to 3 years	Over 3years	Non-repricing	Total
As at December 31, 2024					
Financial Assets					
Due from other banks	-	-	-	1,766,236,027	1,766,236,027
Due from BSP	-	-	-	5,978,992,009	5,978,992,009
Securities purchased under agreements to resell	-	-	-	2,455,471,331	2,455,471,331
Investment securities at amortized cost	-	-	-	10,403,280,085	10,403,280,085
Financial assets at FVOCI	-	-	-	3,203,532,135	3,203,532,135
Loans receivables, net	-	-	-	2,499,821,837	2,499,821,837
Due from settlement partners^	-	-	-	2,016,654,861	2,016,654,861
Other financial assets*	-	-	-	727,558,295	727,558,295
Total financial assets	-	-	-	29,051,546,580	29,051,546,580
Financial Liabilities					
Deposit liabilities	25,434,642,472	-	-	-	25,434,642,472
Accounts payable	-	-	-	412,009,917	412,009,917
Due to settlement partners^	-	-	-	2,207,846,633	2,207,846,633
Accrued interest and other expenses**	-	-	-	58,526,578	58,526,578
Lease liabilities	-	-	-	64,786,583	64,786,583
Other liabilities***	-	-	-	1,000,000	1,000,000
Total financial liabilities	25,434,642,472	-	-	2,744,169,711	28,178,812,183
Total interest gap	(25,434,642,472)	-	-	26,307,376,869	872,734,397

**Other financial assets are composed of security deposits, accounts receivable, prefund accounts and accrued interest income.*
***Excludes payable to government agencies*
****Includes security deposit*
^Due from and to settlement partners are non-interest bearing but are presented to cover all financial instruments of the Bank.

Price risk

Price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As at December 31, 2025 and 2024, the Bank has no financial instruments that are exposed to price risk.

Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Bank's foreign currency exchange risk exposure arises primarily from the following financial assets and liabilities denominated in US Dollar (USD), shown in their Peso equivalent as at December 31:

	2025	2024
Financial assets		
Due from other banks	108,892,988	128,984,613
Investment in amortized cost	274,636,901	185,798,381
Due from settlement partners	1,962,709	-
Other financial assets	704,186,623	207,451,401
Total financial assets	1,089,679,221	522,234,395
Financial liabilities		
Deposit liabilities	315,362,212	296,815,721
Accounts payable	363,517,667	322,449,539
Due to settlement partners	89,038,123	43,125,110
Accrued interest and other expenses	1,066,755	1,908,391
Other financial liabilities	633,323	382,217
Total financial liabilities	769,618,080	664,680,978
Net on-balance sheet position	320,061,141	(142,446,583)

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

Year	Change in currency	Effect on post-tax income
2025	+/- 1.78%	+/- 4,272,816
2024	+/- 1.99%	-/+ 2,126,015

Details of the Bank's foreign exchange gains, net, for the years ended December 31 are as follows:

	2025	2024
Realized gains, net	146,933,551	76,301,524
Unrealized gains, net	11,267,702	2,834,432
	158,201,253	79,135,956

19.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk is defined as possible losses due to the default of counterparties. Credit risk is monitored and actively managed by way of strict requirements relating to the creditworthiness of the counterparty at the point at which the transactions are concluded and also throughout the entire life of the transactions, and also by way of defining risk limits.

19.2.1 Credit risk management

The Bank has defined credit policy and standards for the approval and management of credit risk, which defines guiding principles and parameters for credit activities as well as the roles and responsibilities of each individual and/or function within the over-all credit process. Credit policies and standards are periodically reviewed to ensure effectiveness and relevance.

The credit risk policy defines the governance body:

- Enterprise Risk Committee (ERC) reports directly to the Board Risk and Compliance Oversight committee and oversees the Enterprise Risk Management framework. This ensures that all current and potential financial risk align with the Bank's risk appetite and strategic goals. The ERC's core credit risk governance function include:
    - Ensuring that credit risk management processes are well-structured, monitored, and reviewed.
    - Implementing a comprehensive credit lifecycle management system for ongoing measurement, monitoring, and reporting.
    - Oversight credit risk management within the Board-approved risk appetite framework.
    - Establishing clear responsibilities and checks and balances through the 3 Lines of Defense governance model.

- Credit Risk Committee (CRC), a sub-committee of the ERC, focuses on the following:
    - Overseeing credit risk quality, models, and decision-making processes.
    - Monitoring credit portfolio performance and overseeing exception handling.
    - Conducting credit risk stress testing and reporting essential matters to the ERC.
    - Ensuring internal and external credit risk reporting.
    - Verifying compliance with credit risk-related regulations.

The credit risk policy defines the credit risk framework which includes:

- Risk assessment: The Bank evaluates the creditworthiness of potential borrowers before approving loans. For purchased loans, the Bank also evaluates the creditworthiness and alignment to eligibility criteria set prior to purchase.
- Delinquency management: The Bank have clear procedures for handling late payments and loans in trouble. This includes strategies to help borrowers get back on track.
- Provisioning: The Bank set aside money (provisions) to cover potential loan losses based on expected default rates.
- Reporting & monitoring: The Bank regularly track and report on our credit risk exposure, ensuring it stays within our risk appetite.

The Bank assesses the integrity and ability of the customer or counterparty to meet their repayment obligations. The assessment is conducted with the following eligibility considerations and special eligibility criteria:

Eligibility considerations
- Types of borrowers and security providers: The Bank differentiates between types of borrowers and security providers, addressing factors that affect their ability to borrow or provide security.
- Capacity to repay: The primary factor in originating credit facilities is the customer's ability to repay the loan. The Bank carefully assesses income, commitments, and the current financial position of the customer.
- Environmental risks: Environmental risks associated with the customer or collateral are assessed at initial credit approval and during annual reviews.

Specific eligibility criteria
- Retail credit: Loans are granted to customers who have repayment capability, typically within the 18-65 age range. Eligible borrowers include full-time employees, contractors, self-employed individuals, and pensioners. Risk appetite may influence restrictions on loan sizes, terms, and concentrations of loans within certain borrower segments.
- Commercial credit: Loans are available to all company types, including Micro, Small, and Medium Enterprises. Repayment capacity is the primary criterion, with tailored assessment approaches depending on the product and target segment. Restrictions may apply based on risk appetite.

The Bank manages concentration risk by limiting the amount of credit extended to a single borrower or group of related borrowers. This prevents catastrophic losses due to the failure of a significant borrower. Concentration limits (where applicable) will be set as the portfolio matures.

19.2.2 Credit risk rating

The Bank assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. To measure expected credit losses, the Bank classifies the receivables into three stages:

- Stage 1: 12 months expected credit loss (ECL) – Performing loans
  - These are loans where there has not been a significant increase in credit risk since initial recognition, which has low credit risk at the reporting date and are not credit impaired upon origination. The ECL associated assumes a high probability of collection.
- Stage 2: Lifetime ECL – Underperforming loans
  - These are loans where there has been a significant increase in credit risk since initial recognition. The ECL associated with the probability of default events occurring within the lifetime ECL will be recognized.
- Stage 3: Lifetime ECL – Non-performing loans
  - These are loans that are assessed as credit impaired when one or more objective evidence of defaults that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL will be recognized. Generally, all financial assets that are more than 90 days past due are classified under Stage 3.
  - Loans purchased that are credit-impaired on initial recognition (POCI) are also recognized in this category. At the reporting date, the Bank only recognizes the cumulative changes in lifetime ECL since initial recognition as a loss allowance for POCI.

	Loans receivable
Stage 1	< 30 days past due
Stage 2	30 to 89 days past due
Stage 3	≥ 90 days past due

As the Bank continues to analyze and evaluate the risk performance of the loans in its portfolio, the Bank will regularly assess and enhance its risk assessment methodology as needed to address emerging risks within the lending portfolio.

19.2.3 Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposures arise primarily from the following on-balance sheet financial assets at December 31:

	2025	2024
Due from other banks	5,804,528,026	1,766,236,027
Due from BSP	1,653,129,334	5,978,992,009
Securities purchased under agreements to resell	5,561,000,000	2,455,471,331
Investment securities at amortized cost	22,429,518,637	10,403,280,085
Financial assets at FVOCI	4,422,056,557	3,203,532,135
Loans receivables, net	5,137,585,947	2,499,821,837
Due from settlement partners	2,540,769,169	2,016,654,861
Other financial assets*	1,662,623,808	727,558,295
	49,211,211,478	29,051,546,580

**Other financial assets are composed of security deposits, accounts receivable, prefund accounts and accrued interest income.*

Credit quality of financial assets

(a) Due from other banks

The Bank has cash deposited with various universal banks which carry a performing status (Stage 1). In the Philippines, universal banks are deemed of good credit and financial standing. Accordingly, management has assessed that credit risk is minimal. As at December 31, 2025 and 2024, the due from other banks balance is fully performing.

(b) Due from BSP

Due from BSP is considered fully performing as at reporting date.

(c) Securities purchased under agreement to resell

Securities purchased under agreement to resell are with the BSP and are considered fully performing as at reporting date.

(d) Investment securities at amortized cost

Investment securities at amortized cost are considered fully performing and no impairment allowance has been recognized as these are mainly comprised of government securities with low credit risk.

(e) Financial assets at FVOCI

Investment securities at other comprehensive income are considered fully performing and no impairment allowance has been recognized as these are mainly comprised of government securities with low credit risk.

(f) Loans receivables, net

Credit risk exposure in relation to on-balance sheet loans receivables as at December 31 are as follows:

	2025	2024
Corporate and SME loans, net	71,767,403	13,250,024
Retail loans, net	5,065,818,544	2,486,571,813
	5,137,585,947	2,499,821,837

The following tables contain an analysis of the credit risk financial exposure of each financial instrument for which an ECL allowance is recognized.

	2025			
	Stage 1	Stage 2	Stage 3	Total
Credit grade				
Pass	2,973,027,532	-	-	2,973,027,532
Especially mentioned / Substandard	1,580,349,467	733,486,168	-	2,313,835,635
Doubtful / Loss	-	-	652,618,853	652,618,853
Gross amount	4,553,376,999	733,486,168	652,618,853	5,939,482,020
Loss allowance	(195,433,511)	(95,417,001)	(511,045,561)	(801,896,073)
Carrying amount	4,357,943,488	638,069,167	141,573,292	5,137,585,947

	2024			
	Stage 1	Stage 2	Stage 3	Total
Credit grade				
Pass	1,525,885,912	870,010,289	-	2,395,896,201
Especially mentioned / Substandard	-	178,439,096	-	178,439,096
Doubtful / Loss	-	-	27,170,027	27,170,027
Gross amount	1,525,885,912	1,048,449,385	27,170,027	2,601,505,324
Loss allowance	(20,312,551)	(59,433,692)	(21,937,244)	(101,683,487)
Carrying amount	1,505,573,361	989,015,693	5,232,783	2,499,821,837

Credit grade definition as are follows:

- Pass pertain to current accounts and up to 29 days past due;
- Especially mentioned are accounts 30 to 59 days past due;
- Substandard are accounts 60 to 89 days past due
- Doubtful are accounts 90 to 179 days past due; and
- Loss are accounts 180 or more days past due.

(g) Due from settlement partners

Due from settlement partners are transactions with various unrated counterparties with good credit standing. There has been no significant history of credit loss or default and the amounts have been fully collectible; hence, it was assessed that there are no ECL arising from this account.

(h) Other financial assets

Other financial assets consist mainly of accrued interest receivable and security deposits from various unrated counterparties with good credit standing.

None of the fully performing financial assets represent renegotiated accounts.

19.2.4 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 Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) 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.

	2025			
	Stage 1	Stage 2	Stage 3	Total
Loss allowance, at January 1	20,312,551	59,433,692	21,937,244	101,683,487
Provision for credit and impairment losses				
Transfers:				
Transfer from Stage 1	(4,773,040)	7,772,670	155,309,003	158,308,633
Transfer from Stage 2	4,351,375	(32,359,291)	69,287,183	41,279,267
Transfer from Stage 3	79,517	275,484	(11,393,191)	(11,038,190)
New financial assets originated	174,046,150	81,630,163	282,589,191	538,265,504
Financial assets derecognized during the year	-	(24,286,645)	(8,506,619)	(32,793,264)
Changes in assumptions and other movements in provision	1,416,958	2,950,928	157,259,285	161,627,171
	175,120,960	35,983,309	644,544,852	855,649,121
Write-offs and other movements	-	-	(155,436,535)	(155,436,535)
Loss allowance, at December 31	195,433,511	95,417,001	511,045,561	801,896,073

	2024			
	Stage 1	Stage 2	Stage 3	Total
Loss allowance, at January 1	107,299	1,448	-	108,747
Provision for credit and impairment losses				
Transfers:				
Transfer from Stage 1	(13,613,731)	59,433,692	21,937,244	67,757,205
Transfer from Stage 2	-	-	-	-
Transfer from Stage 3	-	-	-	-
New financial assets originated	43,880,462	-	-	43,880,462
Financial assets derecognized during the year	(10,061,479)	(1,448)	-	(10,062,927)
Changes in assumptions and other movements in provision	-	-	-	-
	20,205,252	59,432,244	21,937,244	101,574,740
Write-offs and other movements	-	-	-	-
Loss allowance, at December 31	20,312,551	59,433,692	21,937,244	101,683,487

The Stage 3 above includes purchased credit-impaired financial assets with gross amount of P1,642,725 and allowance of P1,604,972 as at December 31, 2025 (2024 - nil).

Critical accounting estimate and judgment - Measurement of ECL for loans and receivables

The Bank determines the recoverable amount of its financial assets at amortized cost based on ECL. The measurement of ECL is an area that requires the use of complex methods and significant assumptions about future economic conditions and credit behavior.

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

- Determining criteria for significant increase in credit risk;
- 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; and
- Establishing groups of similar financial assets for purposes of measuring ECL.

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 Bank would have decreased by P63.08 million as at December 31, 2025 (2024 - P46 million).

19.2.5 Credit risk exposure on off-balance sheet items

As at December 31, 2025, the Bank has commitments amounting to P840,591,622 (2024 - P19,375,611). The amount pertains to the unutilized portion of unilaterally cancellable credit limits granted by the Bank to its borrowers.

19.2.6 Concentration of risks of financial assets with credit risk exposure

The Bank's main credit exposures at their carrying amounts relating to significant on-balance sheet financial assets, categorized by industry sectors, are summarized as follows:

	Financial institutions	Consumer	Retail trade	Real estate	Others	Allowance	Total
At December 31, 2025							
Due from other banks	5,804,528,026	-	-	-	-	-	5,804,528,026
Due from BSP	1,653,129,334	-	-	-	-	-	1,653,129,334
Securities purchased under agreements to resell	5,561,000,000	-	-	-	-	-	5,561,000,000
Investments in amortized cost	22,429,518,637	-	-	-	-	-	22,429,518,637
Financial assets at FVOCI	4,422,056,557	-	-	-	-	-	4,422,056,557
Loans receivable, net	-	5,860,565,359	-	-	78,916,661	(801,896,073)	5,137,585,947
Due from settlement partners	1,653,597,320	-	887,171,849	-	-	-	2,540,769,169
Other financial assets	1,566,864,598	-	72,490,093	23,269,117	-	-	1,662,623,808
	43,090,694,472	5,860,565,359	959,661,942	23,269,117	78,916,661	(801,896,073)	49,211,211,478

	Financial institutions	Consumer	Retail trade	Real estate	Others	Allowance	Total
At December 31, 2024							
Due from other banks	1,766,236,027	-	-	-	-	-	1,766,236,027
Due from BSP	5,978,992,009	-	-	-	-	-	5,978,992,009
Securities purchased under agreements to resell	2,455,471,331	-	-	-	-	-	2,455,471,331
Investments in amortized cost	10,403,280,085	-	-	-	-	-	10,403,280,085
Financial assets at FVOCI	3,203,532,135	-	-	-	-	-	3,203,532,135
Loans receivable, net	-	2,587,131,608	-	-	14,373,716	(101,683,487)	2,499,821,837
Due from settlement partners	1,230,116,441	-	786,538,420	-	-	-	2,016,654,861
Other financial assets	619,590,149	-	101,488,533	6,479,613	-	-	727,558,295
	25,657,218,177	2,587,131,608	888,026,953	6,479,613	14,373,716	(101,683,487)	29,051,546,580

19.3 Liquidity risk

Liquidity risk is defined as the current and prospective risk to earnings or capital arising from a Bank's inability to meet its obligations when they come due without incurring unacceptable losses or costs. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values, counterparty failing on repayment of a contractual obligation or inability to generate cash inflows as anticipated.

The Financial Risk Committee, in support of the ERC, provides ongoing oversight of the financial risks and ensures that appropriate frameworks, policies and procedures are implemented and embedded to enable effective management of financial risks.

Liquidity Coverage Ratio (LCR)

Pursuant to BSP Circular No. 905 issued in 2016 and as amended to include digital banks by BSP Circular No. 1154 issued in 2023, the 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 net 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 Branch's liquidity risk profile to withstand significant liquidity shocks that may last over 30 calendar days. HQLA represents the 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 assets. HQLAs therefore, serve as defense against potential stress events.

The main drivers of the Bank's LCR comprise the changes in the total stock of HQLA as well as changes in net cash outflows related to deposits and unsecured borrowings, among others. The Bank's LCR is well-above the regulatory minimum of 100%.

Net Stable Funding Ratio (NSFR)

With the commencement of operations in August 2022, the Bank adopted BSP Circular No. 1007 (as amended by BSP Circular No. 1154) regarding the NSFR requirement. The NSFR is aimed at strengthening the 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 Bank. The NSFR is expressed as the ratio of available stable funding and the required stable funding and complements the LCR as it takes a longer view of the Bank's liquidity risk profile. The Bank's capital and retail deposits are considered as stable funding sources whereas the Bank's assets including, but not limited to, HQLA, deposits at other banks, as well as other assets form part of the required stable funding. The Bank's NSFR is well-above the regulatory minimum of 100%.

The Bank maintains a well-diversified funding base and has a substantial amount of core deposits, thereby mitigating the risk of undue concentrations by counterparty, maturity, and currency. The 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 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 and to assess ongoing compliance with the minimum requirement of the liquidity ratios. Furthermore, the 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 Bank:

	2025	2024
Liquidity coverage ratio	4,348%	1,565%
Total Stock of High Quality Liquid Assets (HQLA)	34,065,704,528	22,041,275,560
Total Net Cash Outflows	783,557,748	1,408,529,815
Net stable funding ratio	359%	377%

The Bank remains compliant with the LCR requirement by the BSP in 2025 and 2024. There was an increase in the Bank's liqudity coverage ratio mostly coming from the growth of the Bank's retail deposit business funding increase in HQLA and inflows from PHP term deposit placements.

The Bank is fully compliant with the NSFR requirement by the BSP in 2025 and 2024.

Non-derivative cash flows

The table below presents the maturity profile of non-derivative financial instruments based on undiscounted cash flows, including interest, which the Bank 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.

2025	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
Financial assets				
Due from other banks	5,816,038,348	-	-	5,816,038,348
Due from BSP	1,653,256,445	-	-	1,653,256,445
Securities purchased under agreements to resell	5,562,389,478	-	-	5,562,389,478
Investment securities at amortized cost	22,563,303,000	-	-	22,563,303,000
Financial assets at FVOCI	265,999,386	889,558,032	4,375,913,707	5,531,471,125
Loans and advances, net	5,189,804,012	1,851,664,907	18,398,447	7,059,867,366
Due from settlement partners	2,540,769,169	-	-	2,540,769,169
Other financial assets	620,230,489	-	1,042,393,319	1,662,623,808
Total financial assets	44,211,790,327	2,741,222,939	5,436,705,473	52,389,718,739
Financial liabilities				
Deposit liabilities	44,575,708,732	-	-	44,575,708,732
Accounts payable	482,745,838	-	-	482,745,838
Due to settlement partners	2,300,923,984	-	-	2,300,923,984
Accrued interest and other expenses	91,549,561	-	-	91,549,561
Lease liabilities	28,096,970	14,253,633	-	42,350,603
Other liabilities	1,000,000	-	-	1,000,000
Total financial liabilities	47,480,025,085	14,253,633	-	47,494,278,718
Net financial assets (liabilities)	(3,268,234,758)	2,726,969,306	5,436,705,473	4,895,440,021

2024	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
Financial assets				
Due from other banks	1,766,236,027	-	-	1,766,236,027
Due from BSP	5,982,134,464	-	-	5,982,134,464
Securities purchased under agreements to resell	2,456,255,718	-	-	2,456,255,718
Investment securities at amortized cost	10,439,149,350	-	-	10,439,149,350
Financial assets at FVOCI	202,076,200	404,152,400	3,536,677,480	4,142,906,080
Loans and advances, net	2,366,368,318	852,281,339	9,561,220	3,228,210,877
Due from settlement partners	2,016,654,861	-	-	2,016,654,861
Other financial assets	297,320,465	-	430,237,830	727,558,295
Total financial assets	25,526,195,403	1,256,433,739	3,976,476,530	30,759,105,672
Financial liabilities				
Deposit liabilities	26,276,408,035	-	-	26,276,408,035
Accounts payable	412,009,917	-	-	412,009,917
Due to settlement partners	2,207,846,633	-	-	2,207,846,633
Accrued interest and other expenses	58,526,578	-	-	58,526,578
Lease liabilities	27,256,379	42,350,604	-	69,606,983
Other liabilities	1,000,000	-	-	1,000,000
Total financial liabilities	28,983,047,542	42,350,604	-	29,025,398,146
Net financial assets (liabilities)	(3,456,852,139)	1,214,083,135	3,976,476,530	1,733,707,526

Strategic risks

Strategic risk is the risk of loss arising from ineffective business plans and failure to respond appropriately to changes in the business environment. This is attributed to the results of unfavorable business decisions, failed process implementations, and inability to adapt to the changes in the industry. This type of risk includes reputational and people-related risks. Key framework and policies such as the Enterprise Risk Management Framework Risk Appetite Statement (RAS) Corporate Governance Policy, and Business Strategy and Operating Plan are implemented on an ongoing basis.

The BOD sets the direction of the Bank's strategic plans. The Bank ensures that the goals are well-aligned with the business strategies, resources, and implementation plans. A detailed risk review and deliberation is done prior to implementation of new products and services as well as process and product enhancements.

Non-financial risks

Non-financial risks are risks associated to the Bank's operations that when left unmitigated may lead to financial, reputational, operational or regulatory consequences. The Bank considers operational risk, third party risk, information technology and cyber security risks, compliance risk and financial crime risk as the primary non-financial risks.

- Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. The Bank acknowledges that operational risk is inherent in all activities, products and services, and cuts across multiple activities and business lines within the Bank, thus, control processes are in place to ensure that the risks are mitigated.

  The Bank's program includes activities to evaluate and monitor the operational risk profile. These include operational risk tools such as Risk and Control Self-Assessment (RCSA), RAS, Incident and Issue Management, Control Assurance, and tracking of the Operational Losses. The RCSA is the tool to help the business units to assess the specific risk exposures and the effectivity of the controls in place.

- Third Party risk is rising from the use of external parties, mainly vendors, suppliers, contractors or service providers with the ability to impact operations and delivery of the Bank's products and services. Mitigants include supplier risk assessments, tiering classification for oversight and controls as appropriate according to materiality and criticality, and procurement and IT vendor governance.

- IT and Cyber security risks are the risks related to the Bank's or its third parties' data or technology that are inadequately assessed, manipulated, disrupted or damaged due to failures in IT processes or controls, or as a result of cyber threats or vulnerabilities. This is mitigated through activities that assesses and monitors the Bank's vulnerabilities and remediation plans, resiliency and proper change management. As a digital bank, the Bank ensures that proper governance frameworks and policies to prevent technology and cyber security risks are efficiently implemented.

- Compliance risk and financial crime is the risk of failing to abide to regulatory expectations and inability to deliver suitable and fair customer obligations and support market integrity. Policies are in place to safeguard the Bank's compliance to the minimum requirements of local regulators. Meanwhile, financial crime risks are risks due to failure to prevent crimes that result to financial implications. The Bank will remain compliant to the Anti-Money Laundering Act and aligning all related Bank policies to the regulation. The Bank also assesses and continues to ensure it is meeting obligations and compliance to Philippine Data Privacy Act.

19.4 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:

2025	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets					
Due from other banks	5,804,528,026	-	5,804,528,026	-	5,804,528,026
Due from BSP	1,653,129,334	-	1,653,129,334	-	1,653,129,334
Securities purchased under agreements to resell	5,561,000,000	-	5,561,000,000	-	5,561,000,000
Investment securities at amortized cost	22,429,518,637	22,429,518,637	-	-	22,429,518,637
Financial assets at FVOCI	4,422,056,557	4,422,056,557	-	-	4,422,056,557
Loans receivables, net	5,137,585,947	-	-	6,792,066,552	6,792,066,552
Due from settlement partners	2,540,769,169	-	-	2,540,769,169	2,540,769,169
Other financial assets	1,662,623,808	-	-	1,662,623,808	1,662,623,808
Financial liabilities					
Deposit liabilities	43,518,686,775	-	-	43,518,686,775	43,518,686,775
Accounts payable	482,745,838	-	-	482,745,838	482,745,838
Due to settlement partners	2,300,923,984	-	-	2,300,923,984	2,300,923,984
Accrued interest and other expenses	91,549,561	-	-	91,549,561	91,549,561
Lease liabilities	40,530,222	-	-	40,530,222	40,530,222
Other liabilities	1,000,000	-	-	1,000,000	1,000,000

2024	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets					
Due from other banks	1,766,236,027	-	1,766,236,027	-	1,766,236,027
Due from BSP	5,978,992,009	-	5,978,992,009	-	5,978,992,009
Securities purchased under agreements to resell	2,455,471,331	-	2,455,471,331	-	2,455,471,331
Investment securities at amortized cost	10,403,280,085	10,403,280,085	-	-	10,403,280,085
Financial assets at FVOCI	3,203,532,135	3,203,532,135	-	-	3,203,532,135
Loans receivables, net	2,499,821,837	-	-	2,572,597,657	2,572,597,657
Due from settlement partners	2,016,654,861	-	-	2,016,654,861	2,016,654,861
Other financial assets	727,558,295	-	-	727,558,295	727,558,295
Financial liabilities					
Deposit liabilities	25,434,642,472	-	-	25,434,642,472	25,434,642,472
Accounts payable	412,009,917	-	-	412,009,917	412,009,917
Due to settlement partners	2,207,846,633	-	-	2,207,846,633	2,207,846,633
Accrued interest and other expenses	58,526,578	-	-	58,526,578	58,526,578
Lease liabilities	64,786,583	-	-	64,786,583	64,786,583
Other liabilities	1,000,000	-	-	1,000,000	1,000,000

The carrying values of financial asset and liabilities not measured at fair value, except loans receivables, net, approximate its fair values as at December 31, 2025 and 2024 considering its short-term nature.

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.

The Bank has no transfers between the fair value hierarchy across all levels during the years ended December 31, 2025 and 2024.

19.5 Capital management

Capital management is understood to be a facet of risk management. The primary objective of the Bank is the generation of recurring acceptable returns to shareholder’s capital. To this end, the Bank’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 various funders and stakeholders.

Cognizant of its exposure to risks, the Bank understands that it must maintain sufficient capital to absorb unexpected losses, to stay in business for the long haul, and to satisfy regulatory requirements. The Bank 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.

The Bank considers its total capital funds as its capital.

BSP Circular No. 1105, Guidelines on the Establishment of Digital Banks, requires digital banks to have a minimum capitalization of one billion pesos (P1,000,000,000). The Bank has met the minimum capital requirement upon application for a digital license with the BSP. The Manual of Regulations for Banks, Section 121 provides banks, which are already authorized by the Monetary Board but not yet operating, a transitory period of five (5) years to meet the minimum capital requirements.

BSP requires each bank to adopt the capital requirements in accordance with the provisions of BASEL III. The guidelines are meant to strengthen the composition of the Bank's capital by increasing the level of core capital and regulatory capital. BSP 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.

The Bank's regulatory capital position as at December 31 is as follows:

	2025	2024
CET1 Capital		
Paid-up common stock	7,694,255,099	6,639,732,189
Additional paid-in capital	5,463,605,778	1,884,903,435
Deficit	(6,574,986,890)	(3,473,568,984)
Undivided profits	(3,099,968,345)	(3,212,751,261)
Other comprehensive income	57,794,293	10,110,244
Regulatory adjustments:		
Total outstanding credit accommodations to DOSRI	-	(5,311,271)
Deferred tax assets	(52,137,371)	(41,998,933)
Other intangible assets	(239,309,608)	(310,152,837)
Total CET1 Capital	3,249,252,956	1,490,962,582
Additional Tier 1 Capital	-	-
Total Tier 1 Capital	3,249,252,956	1,490,962,582
Tier 2 Capital	130,628,260	20,312,551
Total Qualifying Capital	3,379,881,216	1,511,275,133

	2025	2024
Credit risk-weighted assets	12,992,540,609	6,619,339,640
Market risk-weighted assets	523,492,551	62,512,600
Operational risk-weighted assets	947,512,707	212,445,515
Total risk-weighted assets	14,463,545,867	6,894,297,755

	2025	2024
Capital Ratios:		
CET1 Capital Ratio	22.47%	21.63%
Tier 1 Capital Ratio	22.47%	21.63%
Total Capital Adequacy Ratio	23.37%	21.92%
CET1 buffer	16.47%	15.63%

The Bank has fully complied with the CAR requirements of the BSP in 2025 and 2024.

Standardized credit risk weights were used in the credit assessment of asset exposures. Third party credit assessments were based on the ratings by Standard & Poor's, Moody's, Fitch and Philratings on exposures to Sovereigns, Multilateral Development Banks, Banks, Local Government Units, Government Corporations and Corporates.

The Standardized Approach is used in the Bank's market risk-weighted assets and the Basic Indicator Approach is used in the Bank's operational risk-weighted assets.

Leverage ratio

As per BSP Circular No. 881 issued in 2015 (as amended by BSP Circular No. 1154), the Bank adopted the monitoring of Basel III Leverage Ratio (BLR) which is designed to act as a supplementary measure to the risk-based capital requirements. The leverage ratio intends to restrict the build-up of leverage in the banking sector to avoid destabilizing deleveraging processes which can damage the broader financial system and the economy. Likewise, it reinforces the risk-based requirements with a simple, non-risk based "backstop" measure. The Basel III Leverage Ratio is defined as the capital measure (numerator) divided by the exposure measure (the denominator).

The BLR of the Bank as at December 31 is as follows:

	2025	2024
Basel III leverage ratio	6.48%	5.05%
Tier 1 capital	3,249,252,956	1,490,962,582
Total exposure measure	50,104,919,905	29,513,694,493

The Bank remains to be compliant with the BLR requirement by the BSP in 2025 and 2024.

20 Subsequent event

On March 11, 2026, the Bank's BOD approved the Plan for Merger with New Cross Credit and Financing Gate PH, Inc. (NCCFG), an affiliate, with the Bank as the surviving entity. The merger will be implemented through a share-for-share exchange, under which the Bank will issue shares in exchange for the shares of the NCCFG. The application for merger will be submitted to the appropriate regulatory authorities. The proposed merger remains subject to regulatory approvals and compliance with applicable legal and procedural requirements.

21 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 both years presented, unless otherwise stated.

21.1 Basis of preparation

The financial statements of the Bank as at and for the years ended December 31, 2025 and 2024 are 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

These financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at FVOCI.

The preparation of these financial statements in accordance 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 Bank's accounting policies. Actual results may ultimately differ from these estimates. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

Critical accounting estimates

- Measurement of expected credit losses for loans receivables (Note 19.2.4)
- Useful lives of bank premises, furniture, fixtures and equipment (Note 6)
- Useful lives of intangible assets (Note 7)
- Determining the incremental borrowing rate (Note 12)

Critical accounting judgments

- Determining the lease term (Note 12)
- Recognition of deferred tax assets (Note 17)

21.2 Changes in accounting policy and disclosures

New standards and amendments to existing standards adopted by the Bank

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

New standards and amendments to existing standard not yet adopted by the Bank

The following new accounting standards and amendments to existing standards are not mandatory for December 31, 2025 reporting period and has not been early adopted by the Bank:

- *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 (SPPI) 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, PFRS 19 and amendments to PFRS 9 and PFRS 7 are not expected to have a material financial effect to the financial statements of the Bank.

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 Bank.

21.3 Financial instruments

At initial recognition, the Bank 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.

21.3.1 Financial assets

Classification

The Bank classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income (FVOCI), and
- those to be measured at amortized cost.

The classification depends on the Bank's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at FVOCI, gains and losses will recorded in other comprehensive income.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Bank commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Bank has transferred substantially all the risks and rewards of ownership.

Classification and subsequent measurement

The classification is based on both the business model for managing the financial assets and their contractual cash flow characteristics. Factors considered by the Bank 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 assets' performance is evaluated and reported to key management personnel, how risks are assessed and managed, and how managers are compensated.

As at December 31, 2025 and 2024, the Bank only holds debt financial assets classified and measured at amortized cost and FVOCI.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income. Impairment losses, if any, are presented as Provision for credit and impairment losses in the statement of total comprehensive income.

The Bank's financial assets at amortized cost consist of due from other banks (Note 2), due from BSP (Note 2), securities purchased under agreements to resell (Note 3), investment securities at amortized cost (Note 4), loans receivables (Note 5), due from settlement partners (Note 8) and other financial assets (Note 8).

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. The Bank has no investments in equity instruments as at December 31, 2025 and 2024.

Impairment and write-off

Measurement of ECL

The Bank assesses on a forward looking basis the ECL associated with its financial assets carried at amortized cost. The Bank recognizes a loss allowance for such losses 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.

ECLs are measured using a three stage model based on changes in credit quality of the financial instrument since it was initially recognized (initial recognition):

- Stage 1 - performing financial instruments that have not had a significant increase in credit risk since initial recognition. For these assets, 12-month ECL are recognized and interest/profit revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance);
- Stage 2 - performing financial instruments that have experienced a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognized, but interest/profit revenue is still calculated on the gross carrying amount of the asset; and
- Stage 3 - non-performing financial instruments that have been determined to be credit-impaired. For these assets, lifetime ECL are recognized and interest/profit revenue is calculated on the net carrying amount (that is, net of credit allowance).

The following diagram summarizes the impairment requirements under PFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
Initial recognition	Significant increase in credit risk since initial recognition	Credit-impaired assets
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

In 2025, the Bank purchased credit-impaired financial assets with a gross contractual amount of P3,542,742 for a purchase price of P1,823,126. The resulting discount of P1,719,616 is accreted over the life of the loans. The purchased credit-impaired financial asset is not considered material to the financial statements of the Bank. As at December 31, 2025, the purchased credit-impaired financial assets has a gross amount of P1,642,725 and allowance of P1,604,972.

Determination of significant increase in credit risk (SICR)

The Bank compares the probabilities of default occurring over its expected life as at the reporting date with the probability of default occurring over its expected life on the date of initial recognition to determine significant increase in credit risk. 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 and credit score;
- 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 favorable business or economic condition;
- assessment of the borrower’s historical payment delinquencies; and

- expert judgment for the other quantitative and qualitative factors which may result to SICR as defined by the Bank.

Measuring ECL - Inputs, assumptions and estimation techniques

ECL is measured on either a 12-month (12M) 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. ECL is the discounted product of the PD, EAD, and LGD, defined as follows:

- The PD represents the likelihood that the borrower will default, either over the next 12 months (12M PD), or over the remaining life (lifetime PD) of the asset.

    - 12-month PD is the portion of the lifetime PD that results from default events that are possible within the next 12 months after the balance sheet date.
    - Lifetime PD is the probability of a default event when assessed over the lifetime of a loan/financing. It is a cumulative PD.

  Where there is no PD model developed for a portfolio (either due to data quality issue or insufficient number of defaults), the application of PD shall be based on judgmental approach, e.g., proxy of model or loss rate approach.

- EAD is based on the amounts that the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). This takes into account expected changes in the exposure after the reporting date, including repayments of principal and interest/profit, and expected draw downs on committed facilities.

- LGD represents the Bank'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. Where information is insufficient to determine the segment or components, portfolio average rate may be considered.

  Where there is no LGD model developed for a portfolio (either due to data quality issue or insufficient recovery data), the application of LGD shall be based on judgmental approach. For the application of proxy model, assessment shall be performed to determine if the portfolio shares the similar credit risk expectation with the proxy model.

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 assets. 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.

In 2025, the Bank has provided allowance for impairment on its loans receivables amounting to P801,896,073 (2024 - P101,683,487).

Loan modification

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to borrowers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank 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 Bank 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 Bank also assesses whether the new financial asset recognized is deemed to be POCI, 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 Bank recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in the statement of total comprehensive 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).

21.3.2 Financial liabilities

Classification

As at December 31, 2025 and 2024, the Bank only has financial liabilities at amortized cost.

Financial liabilities measured at amortized cost consist mainly of deposit liabilities (Note 9), due to settlement partners (Note 10), accounts payable (Note 10), accrued interest and other expenses (Note 11), and other liabilities (Note 11).

Recognition and measurement

Financial liabilities at amortized cost are initially measured at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest rate method.

Derecognition

Financial liabilities are derecognized when they have been redeemed or otherwise extinguished (i.e. when the obligation is discharged or is cancelled or expires).

21.4 Cash and cash equivalents

Cash and cash equivalents consist of due from other banks, due from BSP, and securities purchased under agreements to resell with maturities of less than three months from the date of acquisition and that are subject to insignificant risk of changes in value.

21.5 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 financial position under “Securities purchased under agreements to resell”. Securities lent to counterparties are also retained in the financial statements.

21.6 Bank premises, furniture, fixtures and equipment

All bank premises, furniture, fixtures and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of an asset which comprises its purchase price, import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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 Bank 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.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Asset category	Useful life
Furniture and office equipment	3 to 5 years
IT equipment	3 to 5 years
Kiosks	5 years

Right-of-use asset, presented as part of Bank premises, is generally depreciated over the shorter of the asset's useful life of 3 to 10 years and the lease term, on a straight-line basis.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. 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 impaired as at December 31, 2025 and 2024.

21.7 Intangible assets

Intangible assets include software costs, which are accounted for under the cost model. The cost of these assets comprises all expenditures directly attributable to their development, bringing them to a working condition for their intended use as determined by management.

The intangible asset is amortized on a systematic basis over its useful life, if the asset has a finite life to allocate their costs to their residual values over their estimated useful lives, as follows:

Asset category	Useful life
Software	Generally 5-7 years, depending on the type of software
Licenses	Contract length

Amortization shall begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The assets' residual values and useful lives are to be reviewed and adjusted, if appropriate, at each reporting period.

Intangible assets are also reviewed for impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable value. There are no intangible assets that are impaired as at December 31, 2025 and 2024.

21.8 Provisions

Provisions are recognized when all of the following conditions are met: (i) the Bank 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.

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.

21.9 Income and expense recognition

Interest income

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

Interest income on bank deposits is recognized on a time-proportion basis using the effective interest rate method. The amount presented is gross of final tax which is shown as provision for income tax in the statement of total comprehensive income.

Fees and commission income

Fees and commission income are recognized under PFRS 15, Revenue from contracts with customers, in which revenue shall be recognized when it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service).

The Bank shall recognize revenue at the point of time when the customer is presently obliged to pay for the service, which may indicate that the customer has obtained the ability to direct use of an asset and obtain substantially all of the benefits from the performance obligation. Transaction and other fees shall be recognized at the point in time upon satisfaction of the performance obligation.

The Bank shall recognize revenue over time if the customer simultaneously receives and consumes the benefits provided by the Bank as the Bank performs the services.

The Bank's fees and commissions for the years ended December 31, 2025 and 2024 comprise of transaction fees earned from interchange fees, interbank transfer and commissions from settlement partners. These are recognized as revenue at point in time.

21.10 Equity

Share capital

Share capital is initially recognized at the amount of consideration received and the related tax effects, directly attributable to the issue of new shares.

DFFS (Note 13)

Deposit made for future stock subscription is accounted for as a separate account under equity when all of the following elements are present at the end of the reporting period:

- The unissued authorized capital stock of the Company is insufficient to cover the amount of shares indicated in the contract;
- There is Board of Directors' approval on the proposed increase in authorized capital stock (for which a deposit was received by the Company);
- There is shareholders' approval of the said proposed increase; and
- The application for the approval of the proposed increase has been presented for filing or has been filed with the SEC.

Deficit

The amount included in accumulated deficit pertains to the current year's net loss from operations and stock issuance cost in 2023.

Stock issuance costs

Transaction costs of an equity transaction are directly charged to additional paid in capital/deficit in capital funds to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Unpaid documentary stamp taxes are recorded as part of liability in the statement of financial position. This will be derecognized upon remittance to the BIR.

Share-based compensation reserve

The Bank grants equity-settled share-based compensation to qualified beneficiaries.

The Bank shall measure the goods or services received, and the corresponding increase in equity, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. Otherwise, measurement shall be made by reference to the fair value of the equity instruments granted.

The award price for RSU and PSU is derived from the value of a share as at the award date, calculated with reference to the results of the most recently conducted company equity valuation preceding the award date. Valuation employed a model-based approach, using the latest plans and projections and observable inputs from the market, adjusted for risk factors inherent in the business. Further, the model was calibrated to ensure that output was reasonably in line with comparative market prices

When the share-based compensation are exercised or shares are subscribed, the proceeds received are credited to share capital (par value) and additional paid-in capital for the excess of exercise price over par value.

21.11 Foreign currency translation

Functional and presentation currency

Items in the financial statements of the Bank 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 Bank's functional and presentation currency.

21.12 Income taxes

Current income tax

Income tax is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognized as an expense for the year except to the extent that current tax is related to items that are charged or credited in other comprehensive income or directly to capital funds.

The Bank has substantial income from term deposits and 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 provision for income tax.

Deferred income tax (DIT)

DIT is recognized on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, DIT is not accounted for if it arises from the 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 nor loss. DIT is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related DIT asset is realized or the DIT liability is settled.

DIT assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. The Bank reassesses at each reporting date the need to recognize a previously unrecognized DIT asset.

DIT 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.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

DIT assets and liabilities are derecognized when the related temporary differences are realized or settled.

21.13 Leases

Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the 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 Bank, 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 Bank:

- 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).

Measurement of right-of-use assets

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 Bank 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 Bank 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.

Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets shall be recognized on a straight-line basis as an expense in the statement of total comprehensive income. Short-term leases shall be leases with a lease term of twelve (12) months or less. Low-value assets shall comprise IT-equipment and small items of office furniture.

21.14 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Where PAS 8, Accounting policies, changes in accounting estimates and error, applies, comparative figures have been adjusted to conform with changes in presentation in the current year.

22 Supplemental information required by the Bangko Sentral ng Pilipinas

Presented below is the additional information required by BSP Circular No. 1074 for 2025. The 2024 information has been shown for comparison purposes. This information is presented for BSP reporting purposes and is not a required part of the basic financial statements.

(i) Basic quantitative indicators of financial performance

The key financial performance indicators follow (in %):

	2025	2024
Return on average equity[1]	(114.22%)	(217.19%)
Return on average assets[2]	(7.36%)	(14.73%)
Net interest margin[3]	7.27%	3.58%

[1]Net income divided by average total equity for the year indicated. Average total equity is based on the year-on-year balance of equity for the years ended December 31, 2025 and 2024.
[2]Net income divided by average total assets as at year indicated. Average total assets is based on the year-on-year balance of total assets as at December 31, 2025 and 2024.
[3]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.

(ii) Description of capital instruments issued

The Bank considers its common shares as capital instrument for purposes of calculating its capital adequacy ratio as at December 31, 2025 and 2024.

(iii) Significant credit exposures

Details of the loans receivables portfolio as to concentration per industry/economic sector (as percentage of total loan portfolio) as at December 31 are as follows (amounts gross of allowance for expected credit losses):

	2025		2024	
	Amount	%	Amount	%
For household consumption	5,860,565,358	98.67	2,586,913,879	99.44
Wholesale and retail trade, repair of motor vehicles, motorcycles	57,868,441	0.97	7,889,214	0.30
Accommodation and food service activities	13,640,088	0.23	2,040,998	0.08
Administrative and support services activities	2,709,161	0.05	1,397,192	0.05
Education	1,503,900	0.03	924,592	0.04
Transportation and storage	1,289,647	0.02	304,010	0.01
Information and communication	624,543	0.01	350,699	0.01
Human health and social work activities	578,699	0.01	191,640	0.01
Other service activities	453,918	0.01	469,733	0.02
Manufacturing	247,236	0.00	956,367	0.04
Professional, scientific and technical activities	1,029	0.00	43,491	0.00
Arts, entertainment and recreation	-	0.00	23,509	0.00
	5,939,482,020	100.00	2,601,505,324	100.00

Details of the loans receivables portfolio as to concentration per industry/economic sector (as percentage of Tier 1 capital) as at December 31 are as follows (amounts gross of allowance for expected credit losses):

	2025		2024	
	Amount	%	Amount	%
For household consumption	5,860,565,358	180.37	2,586,913,879	173.51
Wholesale and retail trade, repair of motor vehicles, motorcycles	57,868,441	1.78	7,889,214	0.53
Accommodation and food service activities	13,640,088	0.42	2,040,998	0.14
Administrative and support services activities	2,709,161	0.08	1,397,192	0.09
Education	1,503,900	0.05	924,592	0.06
Transportation and storage	1,289,647	0.04	304,010	0.02
Information and communication	624,543	0.02	350,699	0.02
Human health and social work activities	578,699	0.02	191,640	0.01
Other service activities	453,918	0.01	469,733	0.03
Manufacturing	247,236	0.01	956,367	0.06
Professional, scientific and technical activities	1,029	0.00	43,491	0.00
Arts, entertainment and recreation	-	0.00	23,509	0.00

As at December 31, 2025 and 2024, loans receivable are unsecured.

Breakdown of performing and non-performing loans, net of allowance for impairment, as at December 31 is as follows:

	2025	2024
Performing loans	5,286,863,167	2,396,503,436
Non-performing loans (NPL)	652,618,853	205,001,888
	5,939,482,020	2,601,505,324
Allowance attributable to performing loans	(290,850,512)	(53,689,353)
Allowance attributable to NPL	(511,045,561)	(47,994,134)
	(801,896,073)	(101,683,487)
Net carrying amount	5,137,585,947	2,499,821,837

For purposes of BSP reporting, the Bank defined non-performing loans (NPLs) in 2024 as loans receivable that were more than 30 days past due. Effective 2025, the Bank defines NPLs as loans receivable that are more than 90 days past due.

(iv) Information on related party loans

As at December 31, 2025, the Bank has no related party loans (2024 - P217,729). Exposure from last year pertains to unsecured loans made to Universal Robina Corporation, an entity under common control.
The Bank does not have DOSRI loans receivable as at December 31, 2025.

(v) Secured liabilities and assets pledged as security

The Bank has no secured liabilities as at December 31, 2025 and 2024.

(vi) Contingencies and commitments arising from off-balance sheet items

As at December 31, 2025, the Bank has reported commitments amounting to P840,591,622 (2024 - P19,375,611). The amount pertains to the unutilized portion of unilaterally cancellable credit limits granted by the Bank to its borrowers.

23 Supplementary information required by the BIR

Below is the additional information required by Revenue Regulations (RR) No. 15-2010 that is relevant to the Bank. This information is presented for the purpose of filing with the BIR and is not a required part of the basic financial statements.

(i) Documentary stamp taxes (DST)

DST paid for the year ended December 31, 2025 consist of:

	Paid	Accrued	Total
Stock subscription	9,501,678	-	9,501,678
Loan	4,525,506	2,188,006	6,713,512
Others	632,532	-	632,532
	14,659,716	2,188,006	16,847,722

DST on stock subscription is directly charged to additional paid in capital. DST on loan and others are included under Permits, taxes and licenses in the statement of total comprehensive income.

Accrued DST are included under Other liabilities in the statement of financial position.

(ii) Withholding taxes

Withholding taxes paid and accrued for the year ended December 31, 2025 follow:

	Paid	Accrued	Total
Withholding taxes on compensation	87,830,720	8,512,407	96,343,127
Expanded withholding tax	90,194,520	14,996,070	105,190,590
Final tax	176,730,844	20,376,201	197,107,045
Withholding VAT	54,461,881	30,281,661	84,743,542
	409,217,965	74,166,339	483,384,304

Accrued withholding taxes are included under Other liabilities in the statement of financial position.

(iii) All other local and national taxes

All other local and national taxes paid for the year ended December 31, 2025 consist of:

	Paid	Accrued	Total
Gross receipts tax	195,991,289	87,193,359	283,184,648
Municipal tax	5,792,693	-	5,792,693
Custom tax	2,330,401	-	2,330,401
Others	267,304	-	267,304
	204,381,687	87,193,359	291,575,046

The above local and national taxes are included as part of Permits, taxes and licenses in the statement of total comprehensive income.

Accrued other local and national taxes are included under Other liabilities in the statement of financial position.

(iv) Tax cases and assessments

The Bank received letter of authority from BIR for the investigation of all its internal revenue tax liabilities for taxable year 2024. As at December 31, 2025, the BIR has not yet issued any assessments.