

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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T	I	O	N																										

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

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Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

G	S	E	D
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COMPANY INFORMATION

Company's Email Address

antonio.ocampo@firstmetro.com.ph

Company's Telephone Number

8858-7900

Mobile Number

No. of Stockholders

1,255

Annual Meeting (Month / Day)

Not later than last working day of April
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Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATIONThe designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

Antonio R. Ocampo Jr.

Email Address

antonio.ocampo@firstmetro.com.ph

Telephone Number/s

8858-7900

Mobile Number

CONTACT PERSON'S ADDRESS

45th Floor, GT Tower International, Ayala Avenue corner H.V. dela Costa St., Makati City
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NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
First Metro Investment Corporation
45th Floor, GT Tower International
Ayala Avenue corner. H.V. Dela Costa Street
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of First Metro Investment Corporation (the Company), which comprise the statements of financial position as at December 31, 2025 and 2024 and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (the Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of financial statements of public interest entities in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 the Company 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.

Reports on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 32 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of First Metro Investment Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Glenda C. Anisco-Niño
Glenda C. Anisco-Niño

Partner

CPA Certificate No. 114462

Tax Identification No. 225-158-629

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 114462-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-196-2025, October 29, 2025, valid until October 28, 2028

PTR No. 10765006, January 2, 2026, Makati City

February 25, 2026



FIRST METRO INVESTMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Cash and other cash items (Note 6)	₱2,033,295,323	₱1,961,715,424
Investment securities at Fair value through other comprehensive income (FVOCI) (Note 7)	6,503,028,436	5,129,751,707
Loans and receivables (Notes 8, 13 and 25)	72,596,009	39,469,150
Property and equipment (Note 9)	60,131,512	31,655,714
Investments in subsidiaries and associates (Notes 10, 13 and 25)	8,968,028,275	8,197,289,816
Investment properties (Notes 11 and 13)	177,937,054	178,376,091
Other assets (Notes 12 and 25)	685,129,920	713,983,028
	₱18,500,146,529	₱16,252,240,930
LIABILITIES AND EQUITY		
LIABILITIES		
Dividends payable (Notes 17 and 29)	₱3,097,438,890	₱88,373,690
Accounts payable (Notes 14 and 25)	196,498,140	232,699,719
Accrued taxes, interest and other expenses (Notes 14 and 25)	139,496,253	135,074,856
Deferred tax liabilities (Note 24)	2,470,014	2,470,014
Other liabilities (Notes 15 and 25)	138,426,888	92,026,707
	3,574,330,185	550,644,986
EQUITY		
Common stock (Note 17)	4,208,692,500	4,208,692,500
Capital paid in excess of par value	2,065,694,361	2,065,694,361
Retained earnings (Note 17)	11,545,836,875	12,527,944,957
Treasury stock (Note 17)	(2,663,485,816)	(2,663,485,816)
Net unrealized loss on FVOCI investments (Notes 7 and 25)	(293,182,660)	(393,937,216)
Remeasurements of retirement liability (Note 20)	(27,775,754)	(26,814,749)
Equity in other comprehensive income (loss) of subsidiaries and associates (Note 10)	90,036,838	(16,498,093)
	14,925,816,344	15,701,595,944
	₱18,500,146,529	₱16,252,240,930

See accompanying Notes to Financial Statements.



FIRST METRO INVESTMENT CORPORATION
STATEMENTS OF INCOME

	Years Ended December 31		
	2025	2024	2023
INCOME			
Service charges, fees and commissions (Notes 21 and 25)	₱459,684,066	₱151,722,215	₱279,340,055
Interest income (Note 18)	373,375,340	330,097,042	285,796,175
Dividends (Notes 7 and 25)	36,118,961	28,816,472	26,529,598
Foreign exchange gain (loss)	14,571	223,092	(1,846,444)
Trading and securities gain (Notes 7 and 25)	–	4,944,212	25,406,278
Gain (loss) on sale of assets (Notes 9, 10 and 11)	(29,749,480)	(76,520,900)	222,636
Miscellaneous (Note 23)	20,724,366	1,385,273	3,714,728
TOTAL INCOME	860,167,824	440,667,406	619,163,026
EXPENSES			
Compensation and fringe benefits (Notes 20 and 25)	284,838,974	289,557,587	315,057,069
Professional fees	52,368,321	23,485,368	68,769,890
Taxes and licenses	47,438,264	33,396,517	30,782,504
Depreciation of property and equipment and investment properties (Notes 9 and 11)	32,115,096	27,282,022	37,871,117
Information technology and related expenses (Notes 12 and 23)	18,951,635	24,657,230	32,206,044
Advertising and communication expenses	10,734,192	14,115,456	16,131,107
Representation and entertainment (Note 25)	7,732,418	8,644,089	8,319,079
Rent, light and water	5,854,621	17,244,700	7,169,374
Interest expense (Note 19)	3,300,778	4,171,641	864,019
Broker's commissions	1,341,268	3,313,006	–
Provision for (recovery from) impairment, credit and other probable losses (Notes 10 and 13)	(552,232,768)	157,782,031	438,528,073
Miscellaneous (Notes 11 and 23)	33,259,428	55,447,467	59,613,071
	(54,297,773)	659,097,114	1,015,311,347
INCOME (LOSS) BEFORE SHARE IN NET INCOME OF SUBSIDIARIES AND ASSOCIATES	914,465,597	(218,429,708)	(396,148,321)
SHARE IN NET INCOME OF SUBSIDIARIES (Note 10)	106,296,872	193,792,698	177,688,533
SHARE IN NET INCOME OF ASSOCIATES (Note 10)	1,078,995,203	960,474,414	828,452,538
INCOME BEFORE INCOME TAX	2,099,757,672	935,837,404	609,992,750
PROVISION FOR INCOME TAX (Note 24)	79,748,317	81,127,807	58,107,844
NET INCOME	₱2,020,009,355	₱854,709,597	₱551,884,906

See accompanying Notes to Financial Statements.



FIRST METRO INVESTMENT CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2025	2024	2023
NET INCOME	₱2,020,009,355	₱854,709,597	₱551,884,906
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items that recycle to profit or loss in subsequent periods:</i>			
Changes in net unrealized gain (loss) on FVOCI debt investments (Note 7)	39,278,369	(13,927,795)	73,419,090
Share in other comprehensive income (loss) of subsidiaries (Note 10)	3,848,388	(24,564,690)	2,110,047
Share in other comprehensive income (loss) of associates (Note 10)	(69,199,795)	10,177,977	250,679,818
	(26,073,038)	(28,314,508)	326,208,955
<i>Items that do not recycle to profit or loss in subsequent periods:</i>			
Changes in net unrealized gain (loss) on FVOCI equity investments (Note 7)	61,476,187	58,460,890	(24,547,713)
Remeasurements of retirement liability (Note 20)	(961,005)	2,095,637	(38,945,519)
Share in other comprehensive income (loss) of subsidiaries (Note 10)	26,364,555	(3,820,949)	93,470,144
Share in other comprehensive income (loss) of associates (Note 10)	143,404,346	(76,667,204)	(3,904,431)
	230,284,083	(19,931,626)	26,072,481
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	204,211,045	(48,246,134)	352,281,436
TOTAL COMPREHENSIVE INCOME	₱2,224,220,400	₱806,463,463	₱904,166,342

See accompanying Notes to Financial Statements.



FIRST METRO INVESTMENT CORPORATION
STATEMENTS OF CHANGES IN EQUITY

	Common Stock (Note 17)	Capital Paid in Excess of Par Value (Note 17)	Retained Earnings (Note 17)	Treasury Stock (Note 17)	Net Unrealized Gain (Loss) on FVOCI Investments (Notes 7 and 25)	Remeasurements of Retirement Liability (Note 20)	Equity in Other Comprehensive Income (Loss) of Subsidiaries and Associates (Note 10)	Total Equity
Balance at January 1, 2025	₱4,208,692,500	₱2,065,694,361	₱12,527,944,957	(₱2,663,485,816)	(₱393,937,216)	(₱26,814,749)	(₱16,498,093)	₱15,701,595,944
Total comprehensive income (loss)	—	—	2,020,009,355	—	100,754,556	(961,005)	104,417,494	2,224,220,400
Dividends declared	—	—	(3,000,000,000)	—	—	—	—	(3,000,000,000)
Realized loss on disposal charged against retained earnings (Note 10)	—	—	(2,117,437)	—	—	—	2,117,437	—
Balance at December 31, 2025	₱4,208,692,500	₱2,065,694,361	₱11,545,836,875	(₱2,663,485,816)	(₱293,182,660)	(₱27,775,754)	₱90,036,838	₱14,925,816,344
Balance at January 1, 2024	₱4,208,692,500	₱2,065,694,361	₱13,270,644,989	(₱2,663,351,704)	(₱535,879,940)	(₱28,910,386)	₱78,376,773	₱16,395,266,593
Total comprehensive income (loss)	—	—	854,709,597	—	44,533,095	2,095,637	(94,874,866)	806,463,463
Dividends declared	—	—	(1,500,000,000)	—	—	—	—	(1,500,000,000)
Acquisition of treasury shares (Note 17)	—	—	—	(134,112)	—	—	—	(134,112)
Realized loss on disposal charged against retained earnings (Note 7)	—	—	(97,409,629)	—	97,409,629	—	—	—
Balance at December 31, 2024	₱4,208,692,500	₱2,065,694,361	₱12,527,944,957	(₱2,663,485,816)	(₱393,937,216)	(₱26,814,749)	(₱16,498,093)	₱15,701,595,944
Balance at January 1, 2023	₱4,208,692,400	₱2,065,694,042	₱12,803,987,348	(₱2,662,030,617)	(₱669,978,582)	₱10,035,133	(₱263,978,805)	₱15,492,420,919
Total comprehensive income (loss)	—	—	551,884,906	—	48,871,377	(38,945,519)	342,355,578	904,166,342
Issuance of common stock (Note 17)	100	319	—	—	—	—	—	419
Acquisition of treasury shares (Note 17)	—	—	—	(1,321,087)	—	—	—	(1,321,087)
Realized loss on disposal charged against retained earnings (Note 7)	—	—	(85,227,265)	—	85,227,265	—	—	—
Balance at December 31, 2023	₱4,208,692,500	₱2,065,694,361	₱13,270,644,989	(₱2,663,351,704)	(₱535,879,940)	(₱28,910,386)	₱78,376,773	₱16,395,266,593

See accompanying Notes to Financial Statements.



FIRST METRO INVESTMENT CORPORATION

STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱2,099,757,672	₱935,837,404	₱609,992,750
Adjustments for:			
Share in net income of associates (Note 10)	(1,078,995,203)	(960,474,414)	(828,452,538)
Provision for (recovery from) impairment, credit, and other probable losses (Note 13)	(552,232,768)	157,782,031	438,528,073
Share in net income of subsidiaries (Note 10)	(106,296,872)	(193,792,698)	(177,688,533)
Dividend income (Notes 7 and 10)	(36,118,961)	(28,816,472)	(26,529,598)
Depreciation and amortization (Notes 9, 11 and 12)	35,180,000	30,621,742	42,921,485
Loss from sale or redemption of Investment in subsidiaries and associates (Note 10)	29,996,973	77,088,152	–
Amortization of premium or discount on financial assets	(21,337,482)	(18,737,724)	(10,989,911)
Interest expense on lease liability (Notes 19 and 20)	3,300,778	88,521	799,790
Gain on sale of property and equipment (Note 9)	(247,493)	(567,252)	(222,636)
Loss on sale of FVOCI debt investments (Note 7)	–	–	16,174
Unrealized foreign exchange loss	–	–	25,902
Changes in operating assets and liabilities:			
Decrease (increase) in the amounts of:			
Loans and receivables	(37,908,734)	3,209,049	19,511,336
Other assets	29,191,377	(3,670,359)	(14,731,365)
Increase (decrease) in the amounts of:			
Accounts payable	(36,201,579)	14,138,597	9,038,057
Accrued taxes, interest and other expenses	4,169,308	27,608,052	22,786,393
Other liabilities	15,211,794	(31,097,540)	5,393,152
Net cash generated from operations	347,468,810	9,217,089	90,398,531
Income taxes paid	(79,748,317)	(83,548,701)	(57,484,193)
Net cash provided by (used in) operating activities	267,720,493	(74,331,612)	32,914,338
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Investment securities at FVOCI	(3,048,055,691)	(1,743,928,901)	(1,073,116,292)
Property and equipment (Note 9)	(7,768,857)	(12,473,038)	(19,064,787)
Software licenses (Note 12)	(4,870,000)	(5,681,565)	(506,092)
Capital infusion to subsidiaries (Note 10)	–	(464,967,689)	(50,000,001)
Proceeds from sale/redemption/maturities of:			
Investment in subsidiaries and associates (Note 10)	171,138,217	2,431,697,347	50,000,001
Investment securities at FVOCI	1,794,753,563	1,233,524,901	935,702,716
Property and equipment (Note 9)	6,909,702	2,063,139	839,327
Dividends received from subsidiaries and associates (Note 10)	876,968,000	834,486,218	100,350,000
Dividends received from investment securities	36,118,961	28,816,472	26,529,598
Net cash provided by (used in) investing activities	(174,806,105)	2,303,536,884	(29,265,530)

(Forward)



	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liability (Note 22)	(P21,334,489)	(P11,979,260)	(P25,677,161)
Dividends paid	-	(1,501,025,896)	(146,829)
Proceeds from issuance of bills payable	-	683,322,000	170,161,364
Payments of bills payable	-	(683,322,000)	(170,187,266)
Acquisition of treasury shares (Note 17)	-	(134,112)	(1,321,087)
Issuance of common shares	-	-	419
Net cash used in financing activities	(21,334,489)	(1,513,139,268)	(27,170,560)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	71,579,899	716,066,004	(23,521,752)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,961,715,424	1,245,649,420	1,269,171,172
CASH AND CASH EQUIVALENTS AT END OF YEAR	P2,033,295,323	P1,961,715,424	P1,245,649,420
OPERATIONAL CASH FLOWS FROM INTEREST			
	Years Ended December 31		
	2025	2024	2023
Interest paid	P-	P4,083,120	P64,229
Interest received	345,905,403	331,852,360	276,977,329

See accompanying Notes to Financial Statements



FIRST METRO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

First Metro Investment Corporation (the Company or the Parent Company) is an investment house incorporated on August 30, 1972 in Metro Manila. On September 22, 2000, the Company was merged with Solidbank Corporation (Solidbank) with Solidbank as the surviving entity and subsequently renamed as First Metro Investment Corporation. The Company's shares of stock (originally Solidbank) were listed in the Philippine Stock Exchange, Inc. (PSE) on October 25, 1963 and were subsequently delisted effective December 21, 2012. The Company is a 99.3%-owned subsidiary of Metropolitan Bank & Trust Company (MBTC or the Ultimate Parent Company).

The Company is primarily engaged in investment banking and previously had a quasi-banking (QB) license from the Bangko Sentral ng Pilipinas (BSP). It provides services such as equity and debt underwriting, loan syndication, project finance and financial advisory. On November 24, 2020, in line with the transformation initiative of the Company, the Board of Directors (BOD) approved the proposal to return its QB license with the BSP on December 21, 2020. On March 29, 2021, the Company received the approval of the BSP for the surrender of its QB license effective March 25, 2021.

Amendments on the Articles of Incorporation

On March 29, 2021 and April 30, 2021, the BOD and the stockholders approved respectively, by majority vote in case of BOD, and by at least two-thirds of outstanding capital stocks in case of stockholders, the amendment of articles of incorporation, pertaining to (1) removal in the primary purpose to engage in QB and trust activities in view of the recent approval of the BSP of the surrender of the QB license and the surrender of the trust license, and (2) the increase in par value from ₱10.0 per share to ₱500.0 per share, and decrease the number of authorized common shares from 800.0 million common shares to 16.0 million common shares. On August 2, 2023, the Company had notified the SEC in relation to the amendments of articles of incorporation, as well as the reverse stock split. On September 15, 2023, the SEC approved the amendments of the articles of incorporation. Following the SRC Rule 17.2.3, and as a result of the amendment, the Company now falls outside the definition of a public company.

The Company's principal place of business is located at 45th Floor, GT Tower International, Ayala Avenue corner H.V. dela Costa Street, Makati City.

2. Accounting Policies

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis except for debt and equity investment securities classified as financial assets at fair value through other comprehensive income (FVOCI). The financial statements are presented in Philippine peso (₱), the functional currency of the Company and all values are rounded to the nearest peso except when otherwise indicated.

The financial statements of the Company provide comparative information in respect of the previous period.



Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs) Accounting Standards.

Presentation of Financial Statements

The statements of financial position of the Company are presented in order of liquidity. An analysis regarding the recovery of assets or settlement of liabilities within twelve (12) months after the statement of financial position date (current) and more than twelve (12) months after the statement of financial position date (noncurrent) is presented in Note 16.

Separate Financial Statements

The accompanying financial statements are the separate financial statements of the Parent Company prepared for statutory filing and taxation purposes. As allowed under PFRS 10, *Consolidated Financial Statements*, the Parent Company has elected not to prepare consolidated financial statements since both its financial statements and those of its subsidiaries are included in the consolidated financial statements of its Ultimate Parent Company, MBTC, which are in accordance with PFRS Accounting Standards and are publicly available. Additionally, the Parent Company does not have debt or equity securities traded in an organized financial market and is not in the process of filing its financial statements with securities commissions or other regulatory bodies for the purpose of issuing any class of instruments in an organized financial market.

The registered office address of MBTC is GT Tower International, Ayala Avenue corner H.V. dela Costa Street, Makati City.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments effective in 2025. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these amendments did not have an impact on the financial statements of the Company.

- Amendments to PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Material Accounting Policy Information

Foreign Currency Translation

The Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of the Company is Philippine peso.



Transactions and balances

For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities are translated in Philippine peso based on The Bankers Association of the Philippines (BAP) closing rate prevailing at the statement of financial position date and foreign currency-denominated income and expenses, at the prevailing exchange rates as at the date of transaction. Foreign exchange differences arising from revaluation and translation of foreign currency-denominated assets and liabilities are credited to or charged against operations in the year in which the rates change.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Fair Value Measurement

The Company measures financial instruments at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



Financial Instruments - Initial Recognition

Date of recognition

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date. Deposits, amounts due to banks and customers and loans are recognized when cash is received by the Company or advanced to the borrowers.

Initial recognition of financial instruments

All financial instruments are initially measured at fair value. Except for financial assets and financial liabilities valued at FVTPL, the initial measurement of financial instruments includes transaction costs.

Financial Instruments – Classification and Subsequent Measurement

The Company classifies its financial assets in the following categories: investment securities at FVOCI and investment securities measured at amortized cost while financial liabilities are classified as financial liabilities at FVTPL and financial liabilities at amortized cost. The classification of financial instruments depends on the contractual terms and the business model for managing the instruments. Subsequent to initial recognition, the Company may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

As a second step of its classification process, the Company assess the contractual terms of financial assets to identify whether they pass the contractual cash flows test (SPPI test). For the purpose of the SPPI test, principal is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium or discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. In contrast, contractual terms that introduce a more than de minimis exposure to risks or validity in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI. In such cases, the financial asset is required to be measured at FVTPL.

Financial assets or financial liabilities held for trading (FVTPL)

Debt instruments that do not meet the amortized cost criteria, or that meet the criteria but the Company has chosen to designate as at FVTPL at initial recognition, are classified as financial assets at FVTPL. Equity investments are classified as financial assets at FVTPL, unless the Company designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Company's financial assets at FVTPL include government securities, corporate bonds and equity securities which are held for trading purposes and debt instruments which contractual cash flows is not SPPI.

A financial asset is considered as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or,



- it is a derivative that is not designated and effective as a hedging instrument or financial guarantee.

Financial assets at FVTPL are measured at fair value. Related transaction costs are recognized directly as expense in profit or loss. Unrealized gains and losses arising from changes (mark-to-market) in the fair value of the financial assets at FVTPL category and realized gains or losses arising from disposals of these instruments are included in 'Trading and securities gains (losses)' in the statements of income.

Interest earned on these investments is reported in statements of income under Interest income account while dividend income is reported as 'Dividends' in the statements of income account when the right of payment has been established.

Investment securities at FVOCI

Investment securities at FVOCI include debt and equity instruments. After initial measurement, FVOCI investments are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of FVOCI investments are excluded, net of tax, from the reported earnings and are included in the statement of comprehensive income as 'Changes in net unrealized gain/(loss) on FVOCI investments'.

Debt securities at FVOCI are those that meet both of the following conditions: (i) the asset is held within a business model whose objective is to hold financial assets in order to both collect contractual cash flows and sell financial assets; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount. The effective yield component of FVOCI debt securities, as well as the impact of restatement on foreign currency-denominated FVOCI debt securities, are reported in the statement of income. Interest earned on holding FVOCI investments are reported as 'Interest income' using the effective interest rate (EIR) method. When the FVOCI debt securities are disposed of, the cumulative gain or loss previously recognized in other comprehensive income is recognized as 'Trading and securities gains (losses)' in the statement of income. The ECL arising from impairment of such investments do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit or loss upon derecognition.

Equity instruments designated at FVOCI are those that the Company made an irrevocable election to present in OCI the subsequent changes in fair value. Dividends earned on holding these equity securities are recognized in the statement of income as 'Dividends' when the right of the payment has been established. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in other of comprehensive income is reclassified to retained earnings. Equity securities at FVOCI are not subject to impairment assessment.

Investment securities at amortized cost

Investment securities at amortized cost are debt financial assets that meet both of the following conditions: (i) these are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount. These include 'Cash and other cash items', 'Investment securities at amortized cost' and 'Loans and receivables'.



After initial measurement, financial assets at amortized cost are subsequently measured at amortized cost using the EIR method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in 'Interest income' in the statement of income. Gains and losses are recognized in statement of income when these investments are derecognized or impaired, as well as through the amortization process. The expected credit losses are recognized in the statement of income under 'Provision for (recovery from) impairment, credit and other probable losses'. The effects of revaluation on foreign currency-denominated investments are recognized in the statement of income.

Financial Liabilities Carried at Amortized Cost

Issued financial instruments or their components, which are not designated at FVTPL, are classified as financial liabilities carried at amortized cost accounts, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity shares. Financial liabilities carried at amortized cost include other appropriate financial liability accounts.

After initial measurement similar financial liabilities not qualified as and not designated as FVTPL, are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Any effects of restatement on foreign currency-denominated liabilities are recognized in the statement of income.

Reclassification of Financial Assets

The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Company is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristics of the instrument's contractual cash flows need the amortized cost criteria.

A change in the objective of the Company's business model will be affected only at the beginning of the next reporting period following change in the business model.

Classification of Financial Instruments between Debt and Equity

A financial instrument is classified as debt, if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Impairment of Financial Assets

The Company records allowance based on a forward-looking expected credit losses (ECL) approach for all loans and other debt financial assets not held at FVTPL, together with loan commitments. Equity instruments are not subject to impairment under PFRS 9.



Overview of the ECL principles

The ECL allowance is based on the credit losses expected to arise on 12-month duration if there was no significant increase in the credit risk (SICR) of the financial asset since origination. Otherwise if a SICR is observed, then the ECL estimation is extended until the end of the life of the financial asset. The 12-month ECL represents the losses that result from default events on a financial asset which may happen within 12 months after the reporting date. The Lifetime ECL on the other hand represents the losses that result from default events on a financial asset which may happen over its life. Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Based on these processes, debt financial assets are grouped into Stage 1, Stage 2, and Stage 3 as described below.

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a SICR since initial recognition. The Company recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Company recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The ECL model requires a lifetime ECL for impaired financial instruments.

Definition of “default” and “cure”

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, in all cases when the borrower becomes 90 days past due on its contractual payments. As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e. to have cured) when it no longer meets any of the default criteria and has exhibited a satisfactory track record.

Treasury exposures are considered in default upon occurrence of a credit event such as but not limited to bankruptcy of counterparty, restructuring, failure to pay on agreed settlement date, or request for moratorium.

SICR

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probabilities of default and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Company’s internal credit assessment, the borrower or counterparty is determined to have well-defined credit weaknesses. For exposures without internal credit grades, if contractual payments are more than 30 days past due threshold, the credit risk is deemed to have increased significantly since initial recognition. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Company shall revert to recognizing a 12-month ECL.



ECL parameters and methodologies

ECL is a function of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), with the timing of the loss also considered.

The PD represents the likelihood that a credit exposure will not be repaid and will go into default in either a 12-month horizon for Stage 1 or lifetime horizon for Stage 2. The PD for each individual instrument is modelled based on historical data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Company segmented its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio.

EAD is modelled on historical data and represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet and undrawn committed amounts, EAD includes an estimate of any further amount to be drawn at the time of default.

LGD is the amount that may not be recovered in the event of default and is modelled based on historical cash flow recovery and reasonable and supportable information about future economic conditions, where appropriate. LGD takes into consideration the amount and quality of any collateral held.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (where applicable, a part of a financial asset, or part of a group of financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risks and rewards of the asset but has transferred the control over the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.



Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Current versus Noncurrent Classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or noncurrent or separated into a current and noncurrent portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows):

- When the Company will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the statement of financial position date, the derivative is classified as noncurrent (or separated into current and noncurrent portions) consistent with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistent with the cash flows of the host contract.

Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and a noncurrent portion only if a reliable allocation can be made.

Investments in Subsidiaries and Associates

Investment in subsidiaries

Subsidiaries pertain to all entities over which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Company controls an investee if, and only if, it has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure or rights to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other voting shareholders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.



Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the statement of income.

Parent Company financial statements

The Company's investments in subsidiaries and associates are accounted for using the equity method. Under the equity method, the investment in subsidiaries or associates is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share in the net assets of the subsidiary or associate since the acquisition date. Goodwill relating to the subsidiary or associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The statement of income reflects the Company's share of the results of operations of the subsidiary or associate. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the subsidiary or associate, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the subsidiary or associate are eliminated to the extent of the interest in the subsidiary or associate.

The aggregate of the Company's share of profit or loss of subsidiaries and associates is shown on the face of the statement of income outside operating profit and represents share in the profit or loss after tax.

The financial statements of the subsidiaries or associates are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in subsidiaries or associates. At each statement of financial position date, the Company determines whether there is objective evidence that the investment in subsidiaries or associates is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiaries or associates and its carrying value, then recognizes the loss under 'Provision for (recovery from) impairment, credit and other probable losses' in the statement of income.

Property and Equipment

Depreciable properties, including leasehold improvements and furniture, fixture and equipment are stated at cost less accumulated depreciation and amortization, and any allowance for impairment losses. Such cost includes the cost of replacing part of the property and equipment when that cost is incurred, if the recognition criteria are met, but excludes repairs and maintenance costs.



Depreciation is calculated using the straight-line method over the estimated useful life of the depreciable assets. The estimated useful lives of the depreciable assets are as follows:

Furniture, fixtures and equipment	3 to 5 years
Building/Condominium units	34 years
Leasehold improvements	5 years or the terms of the related lease agreements, whichever is shorter

The depreciation method and useful life are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included under 'Gain (loss) on sale of assets' in the statement of income in the year the asset is derecognized.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at the fair value of the asset acquired unless the fair value of such asset cannot be measured, in which case, the investment property acquired is measured at the carrying amount of the asset given up. Foreclosed properties are classified under 'Investment properties' from foreclosure date.

Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation and allowance for impairment losses, whereas, non-depreciable investment properties are carried at cost less allowance for impairment losses.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged against current operations when the costs are incurred.

Depreciation is calculated on a straight-line basis using the useful life of 5 and 34 years from the time of acquisition for land improvements and condominium units, respectively.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income as 'Gain on sale of assets' in the year of retirement or disposal.

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

Intangible Assets

Intangible assets refer to the Company's software licenses. An intangible asset is recognized only when the cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.



Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and they are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of income under 'Miscellaneous expense'.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income when the asset is derecognized.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the control the use of an identified asset for a period in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within Note 9, "Property and Equipment" and are subject to impairment in line with the Company's policy as described in the next section.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.



In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Impairment of Non-financial Assets

At each statement of financial position date, the Company assesses whether there is any indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of the recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use (VIU) and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged against operations in the year in which it arises.

The following criteria are also applied in assessing impairment of specific assets:

Property and equipment, investment properties and software licenses

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

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

Investments in associates

After application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss on the Company's investments in associates. If this is the case, the Company calculates the amount of impairment loss as the difference between the recoverable amount of investment in the associate and the acquisition cost and recognizes the amount under 'Provision for (recovery from) impairment and other probable losses' in the statement income.

Prepaid Expenses

Prepaid expenses pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined. These are expensed in profit or loss on the basis of systematic and rational allocation procedures. The allocation procedures are intended to recognize expenses in the accounting periods in which the economic benefits associated with these items are consumed or expired.



Creditable Withholding Tax

Creditable withholding tax is carried at cost, less any impairment, and is creditable against income tax due.

Common Stock

Common stocks are classified as equity and are recorded at par. Proceeds in excess of par value are recorded as 'Capital paid in excess of par value' in the statement of financial position. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Capital Paid in Excess of Par Value

When the shares are sold at a premium, the difference between the proceeds and par value is credited to 'Capital paid in excess of par value', net of direct costs incurred related to the equity issuance. If 'Capital paid in excess of par value' is not sufficient, the excess is charged against retained earnings.

Treasury Shares and Contracts on Own Shares

Own equity instruments which are acquired (treasury shares) are deducted from equity and accounted for at weighted average cost. Consideration paid or received and all transaction costs directly attributable on the purchase, sale, issue, or cancellation of the Company's own equity instruments is recognized directly in equity. No gain or loss is recognized in the statement of income on the purchase, sale, issue or cancellation of own equity instruments.

Revenue Recognition

Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Company concluded that it is acting as a principal in all of its revenue arrangements except for certain brokerage transactions. The following specific recognition criteria must also be met before revenue is recognized within the scope of PFRS 15:

Fees and commission income

The Company earns fees and commission income from a diverse range of services it provides to its customers.

Fee income can be divided into the following two categories:

- a) Fee income earned from services that are provided over a certain period of time
Fees earned for the provision of services over a period of time are accrued over that period as the customer simultaneously receives and consumes the benefits provided by the Company. These fees include management fees and advisory fees.
- b) Fee income from providing transaction services
Fees arising from negotiating or participating in the negotiation of a transaction for a third party - such as underwriting fees, arrangement fees, and brokerage fees for the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses - are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria. Loan syndication fees are recognized in the statement of income when the syndication has been completed and the Company retains no part of the loans for itself or retains part at the same EIR as for the other participants.



Gain (loss) on sale of assets

Gain (loss) on sale of assets is recognized when the control of the asset has passed to the buyer, usually on the date of delivery, and the collectability of the sales price is reasonably assured. Any income (loss) recognized is recorded under 'Gain (loss) on sale of assets' in the statement of income.

Revenue outside the scope of PFRS 15

Interest income

- a. *Interest income recognized using the effective interest method* – Interest income is recognized in profit or loss for all instruments measured at amortized cost and debt instruments classified as investment securities at FVOCI using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the EIR, the Company estimate cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are integral part of the EIR, transaction costs and all other premiums or discounts.

When financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

- b. *Other interest income* – Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognized using the contractual interest rate and is included under 'Interest income on investment securities at FVTPL' in the statement of income.

Dividends

Dividend income is recognized when the Company's right to receive payment is established.

Trading and securities gain (loss)

Results arising from trading activities include all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL and gains and losses from disposal of, debt securities at FVOCI.

Unrealized gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealized gains and losses for financial instruments, including puttable instruments classified as financial liability, which were realized in the reporting period. Realized gains and losses on disposals of financial instruments classified as at fair value through profit or loss are calculated using pro-rata approach.

Rental income

Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms on ongoing leases and is recorded in the statement of income under 'Miscellaneous income'.

Expenses

Expenses constitute costs of administering the business and these are charged to operations as incurred.



Retirement Benefits

The Company has a funded noncontributory defined benefit retirement plan. The retirement cost of the Company is determined using the projected unit credit method.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined benefit costs comprise the following:

- (a) service cost;
- (b) net interest on the net defined benefit liability or asset; and
- (c) remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statement of income. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income under 'Compensation and fringe benefits' in the statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to



the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as 'Interest expense'.

Contingencies

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

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the statement of financial position date.

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and foreign associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.



Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax relating to items recognized directly in the statement of comprehensive income is also recognized in the statement of comprehensive income and not in the statement of income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognized subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

Earnings per Share

Basic earnings per share (EPS) is computed by dividing net income for the year attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have dilutive potential common shares.

Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective BOD of the Company and its subsidiaries. Dividends for the year that are approved after the statement of financial position date are dealt with as an event after the statement of financial position date.

Subsequent Events

Post-year-end events that provide additional information about the Company's financial position at the statement of financial position date (adjusting event) are reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements.

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards—Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*



Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*
- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in accordance with PFRS Accounting Standards requires the Company's management to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses, and the disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Unless otherwise stated, below significant judgments and estimates apply as of December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

a. Classification of financial assets

The Company classifies its financial assets depending on the business model for managing those financial assets and whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

The Company performs the business model assessment based on observable factors such as:

- Performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel
- Risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- Compensation of business units whether based on the fair value of the assets managed or on the contractual cash flows collected
- Expected frequency, value and timing of sales

In performing the SPPI test, the Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set, contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms and other features that may modify the consideration for the time value of money.



- b. *Existence of significant influence over an associate with less than 20.0% ownership*
In determining whether the Company has significant influence over an investee requires significant judgment. Generally, a shareholding of 20.0% to 50.0% of the voting rights of an investee is presumed to give the Company a significant influence.

There are instances that an investor exercises significant influence even if its ownership is less than 20.0%. The Company applies significant judgment in assessing whether it holds significant influence over an investee and considers the following: (a) representation on the board of directors or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions between the investor and the investee; (d) interchange of managerial personnel; or (e) provision of essential technical information.

The Company and another investor of Lepanto Consolidated Mining Company (LCMC), an Associate, entered into a collaboration agreement to: (a) jointly vote their fully paid "A" and "B" common shares during stockholders meeting in all matters affecting their right as stockholders; (b) for the parties' respective nominees in the BOD to decide and vote jointly for every corporate act and purpose during meetings of the BOD; and (c) to consult each other on all the issues and corporate acts raised in the BOD and in the stockholders' meetings and come up with a common decision and vote uniformly at the said meetings. The Company and the other investor, together, have two (2) board seats out of the nine (9) or equivalent to 22.2% of the members of the BOD of LCMC. As a result of the collaboration agreement, management assessed that the Company has significant influence over LCMC and accounted for the investment in LCMC under the equity method of accounting.

Estimates

The measurement of impairment losses under PFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

- a. *Credit losses on financial assets*

The measurement of impairment losses under PFRS 9 across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Significant factors affecting the estimates on the ECL model include:

- The Company's internal grading model, which assigns PDs to individual grades.
- The Company's criteria for assessing if there has been a SICR and so allowances for financial assets should be measured on a Lifetime Expected Credit Loss (LTECL) basis and the qualitative assessment.
- The Company's definition of default, which is consistent with regulatory requirements.
- The segmentation of financial assets when the ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.



The gross carrying amounts of financial assets subject to ECL as of December 31, 2025 and 2024 are disclosed in Note 4, while the related ECL allowances for credit losses are disclosed in Note 13.

b. Impairment of non-financial assets (Investments in subsidiaries and associates)

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

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

The Company uses the higher of fair value less costs to sell and VIU in determining recoverable amount. Key assumptions in the fair value less cost to sell includes assumptions on discount on observable prices due to lack of marketability, and the cost to sell inputs, while the VIU calculation are most sensitive to the following assumptions: a) production volume; b) price; c) exchange rates; d) capital expenditures; and e) forecasted long-term growth rates. The carrying value of investments in subsidiaries and associates of the Company and the Company are disclosed in Note 10.

c. Recognition of deferred taxes

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, future tax planning strategies, and type of deductions to be availed in the future i.e. either itemized deductions or optional standard deduction (OSD).

As of December 31, 2025 and 2024, the Company did not recognize deferred tax assets on NOLCO and carryforward benefits of MCIT as well as on other temporary differences. The Company assessed based on projection of taxable income that it is not probable that these temporary differences will be realized.

The carrying amount of deferred tax assets and liabilities and the unrecognized deferred tax assets are disclosed in more detail in Note 24.

d. Present value of retirement obligation

The cost of the defined benefit pension plan and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of statement of financial position date.

The mortality rate is based on publicly available mortality tables for the Philippines and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates, seniority, promotion and other market factors.



While the Company believes that the assumptions are reasonable and appropriate, significant differences between actual experience and assumptions may materially affect the cost of employee benefits and related obligations.

As of December 31, 2025 and 2024, the balance of the Company's present value of defined benefit obligations and other employee benefits and the assumptions used in the actuarial valuation are shown in Note 20.

4. Financial Risk Management

The Company has exposures to the following risks from the use of financial instruments:

- Operational risk
- Credit risk
- Liquidity risk
- Market risk

Risk Management Framework

The Company's implementation of the risk management process involves a top-down approach that starts with the BOD. The Company's BOD, through the board-level Risk Oversight Committee (ROC), is actively involved in planning, approving, reviewing, and assessing all risks involved within the Company. ROC also establishes the risk culture and sets the tone for all institutional risk-related activities and ensures that the risk policies are clearly formulated and disseminated within the Company.

The ROC's functions are supported by the Executive Committee (EXCOM), which provides essential inputs and advice, particularly on credit and investment policy matters. The EXCOM is provided with the necessary assistance by the following management working committees, namely: the Senior Management Committee (SMC) and the Policy Committee (PolCom).

The SMC is responsible for identifying, synchronizing and addressing various operational problems and concerns of the Company and certain subsidiaries. The SMC is also tasked with providing the general guidelines and advice on all transactional dealings which consider facet of risks, i.e., market, credit, operational risks, etc. The SMC's other functions are similar to that of Asset and Liability Committee (ALCO) of most banks. Its members comprise of the most senior officers of the Company which have significant risk responsibilities over the asset and liability management.

The Compliance Division (CD) also collaborates with the ROC. The main task of the CD is to monitor and assess compliance of various units of the Company and certain subsidiaries to its rules and regulations as well as their compliance with the rules and regulations prescribed by the government regulatory bodies. The CD is also tasked to properly disseminate these rules and regulations to the various units of the Company as well as its subsidiaries when applicable.

The PolCom is tasked with reviewing the policy proposals from all FMIC units which are subsequently confirmed and approved by appropriate body.

The Chief Risk Officer (CRO) manages and oversees the day-to-day activities of the Risk Management Division (RMD). The CRO likewise evaluates all risk policy proposals and reports to be presented to the ROC. The CRO, through the RMD, also coordinates with the Risk Taking Units (RTUs) and the Risk Control and Compliance Units (RCCUs) of the Company with regard to the submission of requisite reports on their risk compliance and control activities.



RMD is tasked with identifying, analyzing, measuring, evaluating and controlling risk exposures arising from fluctuations in the prices or market values of instruments, products and transactions of the Company and certain subsidiaries. It is responsible for recommending market risk and liquidity risk management policies, setting uniform standards of risk assessment and measurement, providing senior management with periodic evaluation and simulation and analyzing limit compliance exceptions. The RMD furnishes periodic reports to Senior Management and provide quarterly reports to the ROC.

The identified market risk, such as equity prices, interest rate and foreign currency, and liquidity risk, as well as credit and operational risks are consequently measured and then controlled by a system of limits. The RMD defines and presents for approval of the ROC and BOD the various risk management measures to be used in quantifying those risks.

The Company requires either internal or external legal opinions to ensure that all documentations related to transactions entered into by the Company are enforceable. Specific, internal legal functions/responsibilities including coordination with external counsel groups are handled by the Legal Department.

Operational risk

The Company's operational risk management framework outlines its effective management of operational risks via a staged approach which involves risk identification, analysis and assessment, treatment, monitoring and reporting. The document also provides pertinent operational risk management tools that need to be in place.

In line with the framework, various methodologies and tools were established to facilitate management of operational risk. These include operational risk incident reporting framework, risk events database maintenance, risk assessment and key risk indicator monitoring. The Company, likewise, has in place a responsive risk management policy for effective oversight, due diligence and management of risks arising from outsourcing, prior to entering into, as well as, during the lifespan of an outsourcing agreement/arrangement. This is recognizing that while outsourcing can be cost effective and brings other competitive advantages, it also poses an Outsourcing Risk. Outsourcing Risk is the risk that third party service providers may not act within the intended limits of their authority and/or not perform in a manner consistent with outsourcing party's strategies, objectives and desired results, as well as, legal and regulatory requirements.

Moreover, the Company has in place a structured Information Systems Strategic Plan (ISSP). The plan is reviewed and updated on regular basis to keep it in sync with Company's strategic business direction.

The Ultimate Parent Company, Metrobank, on the other hand, through its Internal Audit Group (IAG), reviews operational risk management processes and provide an independent assurance as to its adequacy and effectiveness.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, and by monitoring exposures in relation to such limits. Counterparty credit lines are established by the Company annually to guide its transactions. Business transactions are restricted to these accredited counterparties, and any violations are reported to the designated control units.



The management of credit risk is further supported by various operating manuals from relevant units' subject to periodic review, any changes are elevated to appropriate approving body. Vendors are subject to financial assessments according to prescribed policy. On Expected Credit Losses under PFRS 9, the Company has an approved documentation in place that guides the methodology and calculation of the impairment provisioning.

Management of credit risk

The Company faces potential credit risks every time it commits funds to counterparties, guarantees the paying performance of its clients, invests funds to issuers (e.g., investment securities issued by either *sovereign* or corporate entities) or enters into market-traded securities either through implied or actual contractual agreements (i.e., on- or off-balance sheet exposures).

The Company manages its credit risk at various levels by adopting a credit risk management environment that has the following components:

- The guidelines provided by the regulators are incorporated to internal policies to ensure adherence to regulatory requirements.
- Establishing authorization limits for the approval and renewal of credit facilities.
- Performance of Vendor Financial Assessments for its service providers.

Maximum exposure to credit risk after collateral held or other credit enhancements

An analysis of the maximum credit risk exposure (net of allowance) relating to financial assets with collateral or other credit enhancements is shown below:

	2025				2024			
	Maximum Exposure to Credit Risk	Fair Value of Collateral	Financial Effect of Collateral or Credit Enhancement	Net Exposure	Maximum Exposure to Credit Risk	Fair Value of Collateral	Financial Effect of Collateral or Credit Enhancement	Net Exposure
Loans and receivables - net								
Loans and discounts								
Others	₱12,185,579	₱23,703,000	₱12,185,579	₱-	₱1,390,474	₱1,638,000	₱1,390,474	₱-

As of December 31, 2025 and 2024, the Company's maximum exposure for loans and receivables without collateral or other credit enhancements amounted to ₱60.4 million and ₱38.1 million, respectively.

For the other financial assets of the Company not presented in the table above, the carrying amounts represent the maximum exposure to credit risk as at December 31, 2025 and 2024.

Concentration of risks of financial assets with credit risk exposure

An analysis of concentrations of credit risk by industry at the statement of financial position date is shown below (amounts shown gross of allowance for credit losses):

	2025			
	Loans and Receivables	Cash and other cash items*	Investment Securities**	Total
Philippine government	₱51,643,866	₱-	₱5,567,327,473	₱5,618,971,339
Financial intermediaries	7,047,210	2,033,215,323	-	2,040,262,533
Others (various industries)	14,792,183	-	-	14,792,183
	₱73,483,259	₱2,033,215,323	₱5,567,327,473	₱7,674,026,055

* Excluding petty cash fund which amounted to ₱80,000.

** Comprises of debt investment securities at FVOCI.



	2024			
	Loans and Receivables	Cash and other cash items*	Investment Securities**	Total
Philippine government	₱23,057,551	₱-	₱4,255,526,932	₱4,278,584,483
Financial intermediaries	7,409,063	1,961,635,424	-	1,969,044,487
Others (various industries)	9,889,786	-	-	9,889,786
	₱40,356,400	₱1,961,635,424	₱4,255,526,932	₱6,257,518,756

* Excluding petty cash fund which amounted to ₱80,000.

** Comprises of Debt investment securities at FVOCI.

Credit quality per class of financial assets

Cash and Other Cash Items

Cash and other cash items of the Company were rated based on credit risk ratings from published data providers like Moody's, Standard & Poor's and other reputable rating agencies.

The Company considers investments in financial assets that are investment grade as low credit risk.

The following tables show the credit quality of the Company and the Company's financial assets, gross of allowance for credit losses, as of December 31, 2025 and 2024, all of which are classified as Stage 1.

	2025			
	High Grade	Unrated	Impaired	Total
Financial assets				
Cash in bank and cash equivalents	₱2,033,215,323	₱-	₱-	₱2,033,215,323
Financial assets at FVOCI				
Government securities	5,567,327,473	-	-	5,567,327,473
Loans and receivables:				
Accrued interest receivable	55,965,175	-	-	55,965,175
Accounts receivables	-	2,742,397	887,250	3,629,647
Others	-	13,888,437	-	13,888,437
	₱7,656,507,971	₱16,630,834	₱887,250	₱7,674,026,055

	2024				
	High Grade	Standard Grade	Unrated	Impaired	Total
Financial assets					
Cash in bank and cash equivalents	₱1,961,635,424	₱-	₱-	₱-	₱1,961,635,424
Financial assets at FVOCI					
Government securities	4,255,526,932	-	-	-	4,255,526,932
Loans and receivables:					
Accrued interest receivable	23,053,351	5,441,887	-	-	28,495,238
Accounts receivables	29,009	390,131	7,572,435	887,250	8,878,825
Others	-	-	2,982,337	-	2,982,337
	₱6,240,244,716	₱5,832,018	₱10,554,772	₱887,250	₱6,257,518,756

As of December 31, 2025 and 2024, the Company has no outstanding past due but not impaired loans and receivables.

Liquidity Risk and Funding Management

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Company's inability to meet its obligations when they come due without incurring unacceptable losses or costs.

The Office of the Treasurer estimates the Company's cash flow needs based on the actual contractual obligations and under normal and extraordinary circumstances.



Liquidity is monitored by the Company on a daily basis and further analyzed at predetermined scenarios/situations.

Financial assets

Analysis of equity and debt securities at FVTPL into maturity groupings is based on the expected date on which these assets will be realized. For other assets, the analysis into maturity grouping 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 assets will be realized.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Company can be required to pay.



The table below shows the maturity profile of the financial instruments:

	2025							Total
	On Demand	Up to 1 Month	More than 1 Month	More than 3 Months	More than 6 Months	More than 1 Year	More than 2 Years	
Financial Assets								
Loans and advances								
Cash and other cash items	₱18,295,323	₱1,085,000,000	₱930,000,000	₱-	₱-	₱-	₱-	₱2,033,295,323
Investment Securities at FVOCI								
Government debt securities	-	-	1,646,888,466	836,539,502	-	-	2,662,376,948	421,522,557
Quoted equity investments	-	-	-	-	-	-	-	744,044,227
Unquoted equity investments	-	-	-	-	-	-	-	191,656,736
	18,295,323	1,085,000,000	2,576,888,466	836,539,502	-	-	2,662,376,948	1,357,223,520
Loans and receivables								
Accrued interest receivable	-	11,122,226	44,842,949	-	-	-	-	55,965,175
Accounts receivable	-	-	3,629,647	-	-	-	-	3,629,647
Others	-	-	5,585	20,960	121,913	478,921	1,075,479	13,888,437
	-	11,122,226	48,478,181	20,960	121,913	478,921	1,075,479	12,185,579
	₱18,295,323	₱1,096,122,226	₱2,625,366,647	₱836,560,462	₱121,913	₱478,921	₱2,663,452,427	₱1,369,409,099
								₱8,609,807,018
Financial Liabilities								
Dividends payable	₱97,438,890	₱-	₱3,000,000,000	₱-	₱-	₱-	₱-	₱3,097,438,890
Accrued interest and other expenses	-	-	59,488,140	-	-	-	-	59,488,140
Accounts payable	-	-	196,498,140	-	-	-	-	196,498,140
Other liabilities	-	-	84,083,660	-	-	-	-	84,083,660
	₱97,438,890	₱-	₱3,340,069,940	₱-	₱-	₱-	₱-	₱3,437,508,830



2024

	On Demand	Up to 1 Month	More than 1 Month	More than 3 Months	More than 6 Months	More than 1 Year	More than 2 Years	Beyond 5 Years	Total
Financial Assets									
Loans and advances									
Cash and other cash items	₱16,715,424	₱1,945,000,000	₱-	₱-	₱-	₱-	₱-	₱-	₱1,961,715,424
Investment Securities at FVOCI	-	-	-	60,922,594	965,329,616	178,091,643	2,612,187,805	438,995,274	4,255,526,932
Government debt securities	-	-	-	-	-	-	-	683,299,027	683,299,027
Quoted equity investments	-	-	-	-	-	-	-	190,925,748	190,925,748
Unquoted equity investments	-	-	-	60,922,594	965,329,616	178,091,643	2,612,187,805	1,313,220,049	7,091,467,131
Loans and receivables									
Accrued interest receivable	-	-	28,495,239	-	-	-	-	-	28,495,239
Accounts receivable	-	-	8,878,825	-	-	-	-	-	8,878,825
Others	-	-	25,586	141,870	145,720	655,372	623,314	1,390,475	2,982,337
	₱16,715,424	₱1,945,000,000	₱37,399,650	₱61,064,464	₱965,475,336	₱178,747,015	₱2,612,811,119	₱1,314,610,524	₱7,131,823,532
Financial Liabilities									
Dividends payable	₱88,373,690	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱88,373,690
Accrued interest and other expenses	-	-	60,180,567	-	-	-	-	-	60,180,567
Accounts payable	-	-	232,699,719	-	-	-	-	-	232,699,719
Other liabilities	-	-	47,539,345	-	-	-	-	-	47,539,345
	₱88,373,690	₱-	₱340,419,631	₱-	₱-	₱-	₱-	₱-	₱428,793,321



Market Risk

Market risk is the risk of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The Company's market risk originates from its holdings of equities.

The RMD serves under the ROC and performs daily market risk analyses to ensure compliance with the Company's policies and procedures. The methodologies used in managing the risk include the daily marking-to-market and monitoring of loss alerts limits.

The Company follows a prudent policy in managing its assets and liabilities to ensure that exposure to fluctuations in interest rates are kept within acceptable limits.

Another interest rate risk area where the Company has exposures is on the effect of future changes in the prevailing level of interest rates on its fixed and floating interest rate-financial assets and liabilities. It has identified the financial assets and liabilities that are to mature or to reprice in the future and monitors its effect on the statement of income and equity.

The tables below demonstrate the sensitivity to a reasonable possible change in interest rates with all other variables held constant, of the Company's income before tax (through the impact on interest for floating rate instruments) and the Company's equity (through the impact on unrealized gain (loss) on FVOCI fixed rate debt securities).

		2025					
	Increase (Decrease) in basis points	Sensitivity of net interest income and trading gains	Sensitivity of equity				Total
			0 up to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	
Currency PhP	+10	₱7,614,431	₱-	(₱650,132)	(₱31,830,714)	₱-	(₱32,480,846)
Currency PhP	-10	(7,614,431)	-	652,633	32,076,461	-	32,729,094
		2024					
	Increase (Decrease) in basis points	Sensitivity of net interest income and trading gains	Sensitivity of equity				Total
			0 up to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	
Currency PhP	+10	₱6,220,145	₱-	(₱697,499)	(₱23,137,970)	₱-	(₱23,835,469)
Currency PhP	-10	(6,220,145)	-	699,570	23,332,940	-	24,032,510

The impact on the Company's equity already excludes the impact on transactions affecting the statement of income. The sensitivity to predetermined basis points of 10.0 is considered stressful enough for this purpose.



Foreign exchange risk

Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Company takes an exposure to effects on the fluctuations in the prevailing foreign currency exchange rates on its cash flows.

The tables below summarize the exposure to foreign currency risk as of December 31, 2025 and 2024:

	2025	2024
Financial assets		
Cash and other cash items	\$26,721	\$16,521
Financial liabilities		
Accounts payable	15,382	15,382
Net assets in foreign currency	\$11,339	\$1,139

The exchange rates used to convert the Company's US Dollar-denominated assets and liabilities into Philippine Peso follow:

	US Dollar- Philippine Peso
Exchange rate	
2025	₱58.79 to US\$1.0
2024	₱57.85 to US\$1.0

The following tables set forth the impact of the range of possible changes in the US Dollar-Philippine Peso exchange rate exchange rate on the Company's income before income tax and equity (due to the revaluation of monetary assets and liabilities) for the years ended December 31, 2025 and 2024 (in millions):

Increase (Decrease)	2025		2024	
	Change in Income Before Tax	Change in Equity	Change in Income Before Tax	Change in Equity
US Dollar				
1.0%	₱0.007	-	₱0.001	-
(1.0%)	(₱0.007)	-	(₱0.001)	-

Equity price risk

Equity price risk is the risk that the fair values of equities will fluctuate as a result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposures arise from the Company's investment portfolio and a few club shares.

The Company's policies and procedures as well as risk limit structures on its equity investment portfolio are approved by the ROC and BOD.



The following tables set forth, for the period indicated, the impact of changes in the PSEi to the Company's unrealized gain or loss in OCI on FVOCI investments:

	2025		2024	
Changes in PSEi	10.69%	(10.69%)	9.51%	(9.51%)
Change on equity under:				
Financial industry	₱16,865,430	(₱16,865,430)	₱13,678,295	(₱13,678,295)
Industrial	21,085,107	(21,085,107)	22,620,980	(22,620,980)
Total	₱37,950,537	(₱37,950,537)	₱36,299,275	(₱36,299,275)
As a percentage of the Company's net unrealized gain in OCI for the year	(12.94%)	12.94%	(9.21%)	9.21%

The increase or decrease in PSEi will directly impact the equity of the Company.

5. Fair Value Measurement

The methods and assumptions used by the Company in estimating the fair value of financial instruments and nonfinancial assets are:

Cash and other cash items and financial liabilities at amortized cost - Carrying amounts approximate fair values due to the relatively short-term nature of the accounts.

Debt securities

Fair value of debt securities (FVOCI) composed of government securities issued by the Philippine government and private debt securities are determined based on quoted prices at the close of business as appearing on Bloomberg.

Equity securities

Quoted equity securities are valued based on their closing prices published by the Philippine Stock Exchange. The fair value of unquoted equity securities is determined based on the 'Gordon Growth Model' of Dividend Discount Model (DDM) valuation technique. This approach derives the current value of the investment according to its estimated future cash flows arising from dividends. Dividends are discounted to present value using the Company's Weighted Average Costs of Capital (WACC). The assumptions reflect that the investee will continue to distribute dividends to its stakeholders.

Club shares classified as financial assets at FVOCI are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period

Loans and receivables - Fair values of loans are estimated using the discounted cash flow methodology, using Bloomberg's risk-free rate plus estimated credit spread. Where the instrument reprices on a quarterly basis or has a relatively short maturity, the carrying amount approximates fair value.



Investment properties - Fair value has been determined based on valuations made by independent appraisers who holds a recognized and relevant professional qualification and who has recent experience in the location and category of the investment property being valued. Valuations were derived on the basis of recent sales of similar properties in the same areas as the investment properties and taking into account the highest and best use of the properties at the time the valuations were made (see Note 11).

The following tables summarize the carrying amount and fair values of the financial assets, financial liabilities and non-financial assets, analyzed based on inputs to fair value:

	2025				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets measured at fair value:					
Financial assets					
Investment securities at FVOCI:					
Debt securities:					
Government	₱5,567,327,473	₱4,495,653,552	₱1,071,673,921	₱-	5,567,327,473
Equity securities	969,017,527	744,044,227	39,522,801	152,133,935	935,700,963
	₱6,536,345,000	₱6,311,371,700	₱39,522,801	₱152,133,935	₱6,503,028,436
Assets and liabilities for which fair values are disclosed					
Financial assets at amortized cost					
Loans and receivables:					
Others	₱13,888,437	₱-	₱-	₱25,405,858	₱25,405,858
Nonfinancial assets					
Investment properties	₱177,937,053	₱-	₱-	594,885,620	594,885,620
2024					
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets measured at fair value:					
Financial assets					
Investment securities at FVOCI:					
Debt securities:					
Government	₱4,255,526,932	₱4,255,526,932	₱-	₱-	₱4,255,526,932
Equity securities	874,224,775	683,299,028	40,922,801	150,002,946	874,224,775
	₱5,129,751,707	₱4,938,825,960	₱40,922,801	₱150,002,946	₱5,129,751,707
Assets and liabilities for which fair values are disclosed					
Financial assets at amortized cost					
Loans and receivables:					
Others	₱2,982,337	₱-	₱-	₱3,229,862	₱3,229,862
Nonfinancial assets					
Investment properties	₱178,376,090	₱-	₱-	₱549,565,620	₱549,565,620

As of December 31, 2025 and 2024, no transfers were made among the three levels in the fair value hierarchy.



6. Cash and other cash items

Cash and Cash Equivalents

This account consists of:

	2025	2024
Petty cash fund	₱80,000	₱80,000
Cash in banks (Note 25)	18,215,323	16,635,424
Cash equivalents	2,015,000,000	1,945,000,000
	₱2,033,295,323	₱1,961,715,424

Cash in banks bear annual interest rate of 0.1% in 2025 and 2024. Cash equivalents consists of time deposits that have a term of less than or equivalent to three (3) months. Cash equivalents bear annual interest rates ranging from 2.1% to 5.8% in 2025, 3.6% to 6.2% in 2024 and 3.8% to 7.5% in 2023.

Interest income earned on cash and cash equivalents (see Note 18) follow:

	2025	2024	2023
Cash in banks	₱1,029	₱991	₱2,230
Cash equivalents	82,824,014	91,598,556	72,436,331
	₱82,825,043	₱91,599,547	₱72,438,561

7. Investment Securities at Fair Value Through Other Comprehensive Income (FVOCI)

Investment securities at FVOCI as of December 31, 2025 and 2024 consist of the following:

	2025	2024
Debt securities		
Government	₱5,567,327,473	₱4,255,526,932
Equity securities		
<i>Listed equity</i>		
The Philippine Stock Exchange, Inc.	445,655,558	355,830,144
Axelum Resources Corp.	298,387,962	327,468,144
First Metro Philippine Equity Exchange Traded Fund, Inc.	707	739
<i>Non-listed equity</i>		
Bonifacio Land Corporation	152,133,935	150,002,946
Others	1,022,801	1,022,802
Club shares	38,500,000	39,900,000
	935,700,963	874,224,775
	₱6,503,028,436	₱5,129,751,707

Peso-denominated debt investment securities at FVOCI bear nominal annual interest rates ranging from 2.9% to 9.5% in 2025 and 0.0% to 9.5% in 2024 and 2023.



The equity securities are irrevocably designated at FVOCI on the basis that they are not held for trading. These include listed equity securities and some non-listed equity securities which are strategic investments of the Company where they intend to generate income through dividends and club shares which the Company holds in order to use and enjoy the facilities and services of the club.

Dividends generated by outstanding equity securities at FVOCI amounted ₱36.12 million, ₱28.82 million and ₱26.53 million for the year ended December 31, 2025, 2024 and 2023, respectively.

The changes in the net unrealized gain (loss) on FVOCI for 2025 and 2024 follow:

	2025	2024
Balance at January 1	(₱393,937,216)	(₱535,879,940)
Net fair value changes during the year on FVOCI investments	100,754,556	44,533,095
Realized gain on disposal charged against retained earnings	-	97,409,629
Net change during the year	100,754,556	141,942,724
Balance at December 31	(₱293,182,660)	(₱393,937,216)

In 2024, the Company have investments in government securities classified as Investments in FVTPL. The Company recognized trading and securities gain on disposal of its financial assets at FVTPL amounting to ₱4.94 million and ₱25.42 million, in 2024 and 2023, respectively.

8. Loans and Receivables

This account consists of:

	2025	2024
Accrued interest receivable	₱55,965,175	₱28,495,238
Accounts receivable	3,629,647	8,878,825
Others	13,888,437	2,982,337
	73,483,259	40,356,400
Allowance for credit losses (Note 13)	(887,250)	(887,250)
	₱72,596,009	₱39,469,150

Accrued interest receivable

As of December 31, 2025 and 2024, the accrued interest receivable mainly relates to the interest already earned by the Company prior to the next scheduled interest payment date of the cash equivalents and investment securities.

Accounts receivable

Accounts receivable includes fees and commissions of the Company for services rendered.



Others

Others consist of fringe benefit loans with fixed annual interest rates of 8.0% and 9.0%. Interest income recognized amounted to ₱0.50 million, ₱0.35 million and ₱0.37 million, in 2025, 2024 and 2023, respectively (see Note 18).

As of December 31, 2025 and 2024, none of the total loans were subject to periodic interest repricing.

9. Property and Equipment

The composition of and movements in property and equipment account follow:

2025					
	Leasehold Improvements	Furniture, Fixtures and Equipment	Building	Right of Use Asset	Total
Cost					
At January 1	₱71,609,883	₱108,546,884	₱47,520,116	₱-	₱227,676,883
Acquisitions	1,257,258	5,433,950	1,077,649	59,045,210	66,814,067
Disposals/Adjustments	-	(12,859,880)	-	-	(12,859,880)
Balance at end of year	72,867,141	101,120,954	48,597,765	59,045,210	281,631,070
Accumulated depreciation and amortization					
Balance at beginning of year	68,887,860	82,680,999	44,452,310	-	196,021,169
Depreciation and amortization	658,582	7,987,765	3,347,975	19,681,737	31,676,059
Disposals/Adjustments	-	(6,197,670)	-	-	(6,197,670)
Balance at end of year	69,546,442	84,471,094	47,800,285	19,681,737	221,499,558
Net book value at end of year	₱3,320,699	₱16,649,860	₱797,480	₱39,363,473	₱60,131,512
2024					
	Leasehold Improvements	Furniture, Fixtures and Equipment	Building	Right of Use Asset	Total
Cost					
At January 1	₱69,195,037	₱107,631,094	₱47,520,116	₱66,382,096	₱290,728,343
Acquisitions	2,414,846	10,058,192	-	-	12,473,038
Disposals/Adjustments	-	(9,142,402)	-	(66,382,096)	(75,524,498)
Balance at end of year	71,609,883	108,546,884	47,520,116	-	227,676,883
Accumulated depreciation and amortization					
Balance at beginning of year	67,843,606	78,801,209	41,283,427	55,318,412	243,246,654
Depreciation and amortization	1,044,254	11,526,307	3,168,883	11,063,684	26,803,128
Disposals/Adjustments	-	(7,646,517)	-	(66,382,096)	(74,028,613)
Balance at end of year	68,887,860	82,680,999	44,452,310	-	196,021,169
Net book value at end of year	₱2,722,023	₱25,865,885	₱3,067,806	₱-	₱31,655,714

As of December 31, 2025 and 2024, the cost of fully depreciated property and equipment that are still in use amounted to ₱133.5 million and ₱130.2 million, respectively.

The Company recognized gain from sale of property and equipment amounting to ₱0.2 million, ₱0.6 million and ₱0.2 million in 2025, 2024 and 2023, respectively, booked under 'Gain (loss) on sale of assets' account in the statements of income.



10. Investments in Subsidiaries and Associates

The carrying values and percentage ownership of the Company's investments in subsidiaries and associates are shown below:

	2025		2024	
	% of Ownership	Carrying value	% of Ownership	Carrying value
Subsidiaries:				
First Metro Securities Brokerage Corporation (FMSBC)	100.0	₱597,015,087	100.0	₱715,544,878
PBC Capital Investment Corporation (PBC)	100.0	262,991,259	100.0	284,046,165
SBC Properties, Inc. (SPI)	100.0	80,762,554	100.0	78,041,789
Prima Ventures Development Corporation (PVDC)	100.0	57,184,595	100.0	63,466,708
First Metro Insurance Brokers Corporation (FMIBC)	100.0	3,022,217	100.0	2,998,417
Resiliency (SPC), Inc. (Resiliency)	100.0	1,633,821	100.0	1,807,686
		1,002,609,533		1,145,905,643
Associates:				
AXA Philippines Life and General Insurance Corporation (AXA)	28.2	5,242,565,574	28.2	4,464,342,253
Orix Metro Leasing and Finance Corp (OMLFC)	20.0	1,896,925,941	20.0	2,231,288,895
Lepanto Consolidated Mining Corporation (LCMC)	12.0	825,927,224	13.5	355,753,022
Cathay International Resources, Corp. (CIRC)	34.7	1	34.7	1
Skyland Realty Development Corporation (SRDC)	20.0	1	20.0	1
Dahon Realty Corporation (DRC)	20.0	1	20.0	1
		7,965,418,742		7,051,384,173
		₱8,968,028,275		₱8,197,289,816

The principal place of business of these subsidiaries and associates is in Metro Manila.

The movements in 'Investment in subsidiaries and associates' account follows:

	2025	2024
Acquisition cost		
Balance at beginning of year	₱3,637,547,136	₱5,388,866,117
Additions	–	464,967,689
Disposals	(271,708,953)	(2,216,285,889)
Reclassification	–	(781)
Balance at end of year	3,365,838,183	3,637,547,136
Allowance for impairment losses		
Balance at beginning of year	(1,402,032,642)	(1,240,639,551)
Reversal of (provision for) impairment losses during the year	557,014,643	(161,393,091)
Balance at end of year	(845,017,999)	(1,402,032,642)
Accumulated equity in net earnings		
Balance at beginning of year	5,978,273,415	5,669,197,698
Equity share in net earnings	1,185,292,075	1,154,267,112
Cash dividends	(876,968,000)	(552,691,785)
Disposals	70,573,763	(292,499,610)
Balance at end of year	6,357,171,253	5,978,273,415
Equity in net unrealized gain (loss) on FVOCI		
Balance at beginning of year	(192,013,676)	(197,870,446)
Equity share in changes in fair value of FVOCI investments	54,888,569	5,856,770
Disposals	305,640	–
Balance at end of year	(136,819,467)	(192,013,676)
Equity in remeasurement of insurance reserves		
Balance at beginning of year	230,359,993	262,665,975
Share in changes in remeasurement of insurance reserves	52,256,161	(32,305,982)
Balance at end of year	282,616,154	230,359,993
Equity in remeasurement of retirement liability		
Balance at beginning of year	(54,844,410)	(10,483,188)
Share in changes in remeasurement of retirement liability	(2,727,236)	(44,361,222)
Disposals	1,811,797	–
Balance at end of year	(55,759,849)	(54,844,410)
	₱8,968,028,275	₱8,197,289,816



Disposal and dissolution of Subsidiaries

In 2024, the Company disposed/dissolved its entire equity interest in the following subsidiaries as part of its strategic decision to streamline operations and focus on core businesses:

Subsidiary Name	Principal Activities	Percentage of Ownership	Date of Disposal/Dissolution
First Metro Asset Management, Inc. (FAMI)	Asset Management	70.0%	December 18, 2024
First Metro Philippine Equity Exchange Traded Fund, Inc (FMPEETF1)	Exchange Traded Fund	25.7%	August 22, 2024
First Metro Save and Learn Money Market Fund, Inc. (FMSLMMF)	Mutual Fund	16.9%	August 22, 2024
First Metro Save and Learn Equity Fund, Inc. (FMSALEF)	-do-	10.3%	August 22, 2024
First Metro Save and Learn Balanced Fund, Inc. (FMSALBF)	-do-	15.6%	August 22, 2024
First Metro Save and Learn Dollar Bond Fund, Inc. (FMSLDBF)	-do-	26.1%	August 22, 2024
First Metro Save and Learn Fixed Income Fund (FMSLFIF)	-do-	6.0%	August 22, 2024
FMIC Equities, Inc. (FEI)	Holding Company	100.0%	June 28, 2024

Following the disposal/dissolution, the Company no longer has control or significant over these entities. As such, the results of the Subsidiary for the period up to the date of disposal have been included in the statement of profit or loss and other comprehensive income.

Consideration Received

The total consideration received in connection with the disposal/dissolution were as follows:

Particulars	FAMI	FMPEETF1	FMSLMMF	FMSALEF	FMSALBF	FMSLDBF	FMSLFIF	FEI	TOTAL
# of Shares	1,050,000	5,384,902	862,228,406	96,606,942	59,248,691	82,346,836	31,398,907	125,000	
Average Price per Share	₱57.333	₱107.004	₱1.124	₱4.851	₱2.560	₱1.426	₱2.469	₱97.972	
Total	₱60,200,000	₱576,205,765	₱969,332,634	₱468,681,692	₱151,657,496	₱117,460,800	₱77,523,845	₱12,246,515	₱2,433,308,747



Gain (Loss) on Disposal/Dissolution

The gain (loss) arising from the disposal/dissolution of the subsidiaries are calculated as follows:

Particulars	FAMI	FMPEETFI	FMSLMMF	FMSALEF	FMSALBF	FMSLDBF	FMSLFIF	FEI	TOTAL
Consideration Received	₱60,200,000	₱576,205,765	₱969,332,634	₱468,681,692	₱151,657,496	₱117,460,800	₱77,523,845	₱12,246,515	₱2,433,308,747
Carrying Value of the Investment	162,885,480	576,205,765	969,332,634	468,681,692	151,657,496	117,460,800	77,523,845	12,246,515	2,535,994,227
Other Related Charges	1,611,400	—	—	—	—	—	—	—	1,611,400
Reclassification of Exchange Differences	—	—	—	—	—	(27,208,728)	—	—	(27,208,728)
Gain/(Loss) on Disposal	(₱104,296,880)	₱—	₱—	₱—	₱—	₱27,208,728	₱—	₱—	(₱77,088,152)

The net loss on disposal is recognized in the statement of income under “Gain/(loss) on sale of assets”

Foreign currency translation differences were reclassified from the “Cumulative translation adjustment” to “Gain (loss) on sale of assets”

Cash Flow Impact

Cash inflows related to the disposal/dissolution were as follows:

Particulars	FAMI	FMPEETFI	FMSLMMF	FMSALEF	FMSALBF	FMSLDBF	FMSLFIF	FEI	TOTAL
Cash consideration received	₱58,588,600*	₱576,205,765	₱969,332,634	₱468,681,692	₱151,657,496	₱117,460,800	₱77,523,845	₱12,246,515	₱2,431,697,347
Less: Transaction costs paid	22,737,987	5,127,983	—	—	—	—	—	—	27,865,970
Net cash inflow on disposal	₱35,850,613	₱571,077,782	₱969,332,634	₱468,681,692	₱151,657,496	₱117,460,800	₱77,523,845	₱12,246,515	₱2,403,831,377

*net of other related charges

Transaction costs include the retention fee and taxes associated with the sale, such as donor’s tax, gross receipts tax and capital gains tax.



A summary of the relevant financial information of the Company's subsidiaries and associates is presented below (amounts in thousands):

As of and for the year ended December 31, 2025				
	Total Assets	Total Liabilities	Revenues	Net Income (Loss)
Subsidiaries:				
FMSBC	₱4,783,467	₱4,202,139	₱474,720	₱79,706
PBC	289,786	26,795	15,554	12,585
SPI	80,837	74	3,694	2,722
PVDC	57,406	221	11,574	11,287
FMIBC	3,085	63	132	38
Resiliency	1,708	74	1	(174)
Associates:				
AXA	198,159,138	179,501,198	16,736,397	2,525,100
OMLFC	21,404,519	11,916,941	5,005,845	1,200,495
LCMC	9,499,982	3,927,243	4,407,033	1,562,435
CIRC	1,672,869	1,976,610	496,570	(132,917)
TSI	231,981	30,426	123,838	36,177
SRDC	2,403	3,176	1	1
DRC	603,125	248,449	45,282	25,209
As of and for the year ended December 31, 2024				
	Total Assets	Total Liabilities	Revenues	Net Income (Loss)
Subsidiaries:				
FMSBC	₱5,159,416	₱4,459,558	₱486,333	₱103,721
PBC	310,891	26,845	12,156	16,830
SPI	78,106	64	4,516	3,399
PVDC	63,683	216	9,146	9,003
FMIBC	3,051	52	132	48
Resiliency	1,873	65	1	(82)
Associates:				
AXA	185,999,380	170,103,056	19,351,319	2,487,240
OMLFC	18,208,954	7,050,393	4,567,053	1,203,020
LCMC	8,303,713	3,971,140	2,776,862	173,423
CIRC	1,909,018	2,113,159	529,989	(130,953)
TSI	271,187	89,648	111,514	34,963
SRDC	2,401	3,176	1	1
DRC	606,674	285,137	50,572	24,095
As of and for the year ended December 31, 2023				
	Total Assets	Total Liabilities	Revenues	Net Income (Loss)
Subsidiaries:				
FMSBC	₱5,330,878	₱4,623,841	₱522,368	₱130,844
FMSALEF	4,372,582	18,902	127,396	(10,143)
FMPEETFI	2,141,422	1,656	43,483	24,134
FMSLFIF	1,278,379	3,000	78,131	33,538
FMSALBF	956,175	4,659	30,916	(4,426)
PBC	322,808	4,967	8,770	7,683
FMSLDBF	7,878	18	547	375
FAMI	372,099	41,954	172,058	2,470
SPI	74,685	42	1,107	775
PVDC	54,953	204	7,480	7,348

(Forward)



As of and for the year ended December 31, 2023

	Total Assets	Total Liabilities	Revenues	Net Income (Loss)
FEI	₱2,875	₱4	₱2	(₱68)
FMSLMMF	3,247,352	7,612	122,540	82,504
FMIBC	3,029	52	132	37
Resiliency	1,952	62	1	(110)
Associates:				
AXA	177,843,055	162,855,446	38,998,948	2,631,251
OMLFC	18,321,465	8,267,979	4,698,720	463,001
LCMC	15,682,215	10,683,990	2,488,701	(107,502)
CIRC	1,843,520	1,916,708	492,560	(64,854)
TSI	264,809	118,233	109,205	35,448
SRDC	2,400	3,176	1	(14)
DRC	608,498	318,868	50,572	22,455

Dividends

Subsidiary/Associate	Dividend		Declaration	Date	
	Per Share	Amount		Record	Payment
2025 Cash Dividend					
Subsidiaries					
FMSBC	59.17	₱100,000,000	May 28, 2025	May 31, 2025	July 28, 2025
FMSBC	59.17	100,000,000	December 4, 2025	December 15, 2025	December 29, 2025
PBC	20.00	60,000,000	September 22, 2025	September 22, 2025	September 30, 2025
PVDC	4.04	16,968,000	September 22, 2025	September 22, 2025	September 30, 2025
Associate					
OMLFC	41.99	600,000,000	December 15, 2025	December 15, 2025	December 23, 2025
Subsidiary/Associate	Dividend		Declaration	Date	
	Per Share	Amount		Record	Payment
2024 Cash Dividend					
Subsidiaries					
FMSBC	59.17	₱100,000,000	April 15, 2024	April 15, 2024	July 12, 2024
PBC	10.00	30,000,000	April 30, 2024	April 30, 2024	May 31, 2024
Associate					
AXA	150.00	422,691,785	December 12, 2024	November 30, 2024	December 12, 2024

Investment in LCMC

The Company has the ability to exercise significant influence through a collaboration agreement with another investor to jointly vote their ownership. In 2025, there has been a significant increase in the fair value of the LCMC shares. Following the improvement in market conditions, the Company sold 964,000,000 LCMC-A shares which resulted in a loss of ₱30.1 million included under “Gain (loss) on sale of assets in the statements of income, an additional reversal of impairment loss of ₱125.6 million included under “Provision for (reversal of) impairment, credit and other probable losses” in the statements of income and realized loss on disposal charged against retained earnings amounting to ₱2.1 million. This sale has no impact on the significant influence of the Company over LCMC.

As of December 31, 2025 and 2024, the Company’s direct ownership in LCMC is 12.0% and 13.5%, respectively.

As of December 31, 2025 and 2024, LCMC-A shares are trading at ₱0.185 per share and ₱0.067 per share, respectively, and LCMC-B shares are trading at ₱0.187 per share and ₱0.067 per share, respectively.



In 2024, the Company performed an assessment of the recoverability of its investment in LCMC which is determined using the higher of the VIU or the fair value less cost to sell. The fair value less cost to sell is measured based on Level 1 quoted (unadjusted) market price quotation, in active market.

As of December 31, 2025 and 2024, the fair value less cost to sell is higher than the VIU, and based on the impairment assessment, a reversal of impairment was recorded in 2025 amounting to ₱431.4 million, while additional impairment allowance of ₱161.4 million is required in 2024. The fair value is based on the closing prices as published by the PSE, adjusted with discount on observable prices due to lack of marketability, and the cost to sell inputs.

Major assets of significant associates with unclassified statements of financial position include the following (amounts in thousands):

Year	Name of Company	Cash and cash equivalents	FVOCI investments	Financial assets at FVTPL	Receivables-net of allowance for credit losses	Investment in unit-linked funds	Equipment for lease
2025	AXA	₱9,609,268	₱27,651,911	₱2,093,775	₱1,121,514	₱148,271,130	₱353,897
	OMLFC	880,508	1,105	-	14,835,591	-	3,607,550
2024	AXA	₱7,757,095	₱25,113,484	₱1,770,049	₱1,171,006	₱141,242,995	₱367,650
	OMLFC	612,760	1,108	-	12,337,502	-	3,109,590

There was no additional unrecognized share in losses from its investment in SRDC and DRC in 2025 and 2024.

The cumulative unrecognized share of losses of the Company from its investment in SRDC and DRC amounted to ₱3.17 million as of December 31, 2025 and 2024

Limitation on dividend declaration of subsidiaries and associates

AXA

Section 195 of the Insurance Code provides that a domestic nonlife insurance company shall declare or distribute dividends on its outstanding stock only from profits remaining on hand after retaining unimpaired:

- the entire paid-up capital stock;
- the margin of solvency required;
- the legal reserve fund required; and
- a sum sufficient to pay all net losses reported or in the course of settlement and all liabilities for expenses and taxes

AXA declared dividends amounting ₱1.5 billion in 2024.

Commitments, contingencies, and guarantees

As of December 31, 2025 and 2024, the Company has no share on commitments and contingencies of its associates.

As of December 31, 2025 and 2024, there were no guarantees or other requirements entered into by the subsidiaries of the Company that may restrict dividends and other capital distributions to be paid, or loans and advances to be made or repaid to or from other entities within the Company.



11. Investment Properties

The composition of and movements in this account follow:

	2025			2024		
	Land	Building/land improvements/condominium for sale/lease	Total	Land	Building/land improvements/condominium for sale/lease	Total
Cost						
Balances at beginning of year	₱202,743,756	₱19,373,604	₱222,117,360	₱202,743,756	₱19,373,604	₱222,117,360
Balances at end of year	202,743,756	19,373,604	222,117,360	202,743,756	19,373,604	222,117,360
Accumulated depreciation						
Balances at beginning of year	–	18,385,347	18,385,347	–	17,906,453	17,906,453
Depreciation	–	439,037	439,037	–	478,894	478,894
Balances at end of year	–	18,824,384	18,824,384	–	18,385,347	18,385,347
Sub-total	202,743,756	549,220	203,292,976	202,743,756	988,257	203,732,013
Allowance for impairment losses (Note 13)	(25,355,922)	–	(25,355,922)	(25,355,922)	–	(25,355,922)
Net book value at end of year	₱177,387,834	₱549,220	₱177,937,054	₱177,387,834	₱988,257	₱178,376,091

The aggregate fair value of investment properties as of December 31, 2025 and 2024 amounted to ₱590.1million and ₱549.6 million, respectively (see Note 5).

There are no investment properties that generate rental or under lease arrangement. Direct operating expenses on investment properties during the period and are included under ‘Miscellaneous expenses’ in the statements of income amounted to ₱2.0 million, ₱2.0 million and ₱1.9 million in 2025, 2024 and 2023, respectively.

12. Other Assets

This account consists of:

	2025	2024
Creditable withholding tax	₱458,590,409	₱458,929,887
Escrow account (Note 14)	176,086,764	209,889,875
Other investments	25,766,880	25,766,880
Prepaid expenses	12,554,450	9,033,093
Security deposits	6,133,789	6,133,789
Software licenses	4,772,500	2,967,404
Miscellaneous	1,225,128	1,262,100
	₱685,129,920	₱713,983,028

Creditable withholding taxes arise from income such as service charges, fees and commissions, interest income and rental income, in which customers are required to withhold taxes.



The Escrow account has been established to account for the Company's matured money market placements (MMP) which pertains to the unclaimed funds of the investors.

Other investments include certificates for memorial lot investments.

Prepaid expenses consist of prepaid taxes (i.e., real estate tax, documentary stamp tax) and other prepaid expenses (i.e., licenses, insurance and membership fees).

Movements in software licenses follow:

	2025	2024
Cost		
Balance at beginning of year	₱270,840,909	₱265,159,344
Additions	4,870,000	5,681,565
Balance at end of year	275,710,909	270,840,909
Accumulated amortization		
Balance at beginning of year	267,873,505	264,533,785
Amortization	3,064,904	3,339,720
Balance at end of year	270,938,409	267,873,505
Net book value at end of year	₱4,772,500	₱2,967,404

Security deposits represent refundable amounts paid related to office rentals, parking slots, internet and other utility lease lines.

Miscellaneous assets include unused office supplies.

13. Allowance for Impairment and Credit Losses

Changes in the allowance for impairment and credit losses follow:

	2025	2024
Balance at beginning of year		
Investment in associates	₱1,402,032,642	₱1,240,639,551
Loans and receivables	887,250	887,250
Investment properties	25,355,922	25,355,922
	1,428,275,814	1,266,882,723
Provision for (reversal of) impairment and credit losses during the year	(557,014,643)	161,393,091
Balance at end of year		
Investment in associates (Note 10)	845,017,999	1,402,032,642
Loans and receivables (Note 8)	887,250	887,250
Investment properties (Note 11)	25,355,922	25,355,922
	₱871,261,171	₱1,428,275,814



Below is the breakdown of the provision for (recovery from) impairment and credit losses, including provision (reversal of provision) for other probable losses recognized in the statements of income.

	2025	2024	2023
Provision for (reversal of) impairment and credit losses			
Investment in associates	(P557,014,643)	P161,393,091	P458,272,388
Loans and receivables	—	—	(9,497,604)
	(P557,014,643)	161,393,091	448,774,784
Provision for (reversal of) other probable losses			
	4,781,875	(3,611,060)	(10,246,711)
	(P552,232,768)	P157,782,031	P438,528,073

With the foregoing level of allowance for impairment and credit losses, management believes that the Company have sufficient allowance to cover any losses that the Company may incur from the non-collection or nonrealization of receivables and other risk assets.

In 2025 and 2024, all financial assets of the Company are classified as Stage 1 and there were no transfers between stages during the year.

14. Accounts Payable and Accrued Taxes, Interest and Other Expenses

Accounts Payable

This account consists of:

	2025	2024
Matured money market placements	P176,086,764	P209,889,875
Staled checks	14,572,983	14,508,954
Various clients	2,414,106	2,175,300
Suppliers	959,141	778,618
Government agencies	78,173	209,702
Subsidiaries and affiliates	18,871	391,660
Others	2,368,102	4,745,610
	P196,498,140	P232,699,719

Matured money market placements pertains to the unclaimed funds of the investors (see Note 12).

Accrued, Taxes, Interest and Other Expenses

This account consists of:

	2025	2024
Financial liabilities:		
Accrued other expenses payable	P52,799,025	P53,379,686
Accrued fees payable	6,656,874	6,768,640
Accrued rent payable	32,241	32,241
	59,488,140	60,180,567
Nonfinancial liabilities:		
Accrued taxes and licenses	11,124,845	7,729,938
Retirement liability (Note 20)	68,883,268	67,164,351
	80,008,113	74,894,289
	P139,496,253	P135,074,856



15. Other Liabilities

This account consists of the following:

	2025	2024
Financial liabilities:		
Lease liabilities (Note 22)	₱41,011,499	₱–
Premiums payable	726,773	475,831
Miscellaneous	42,345,388	47,063,514
	84,083,660	47,539,345
Nonfinancial liabilities:		
Withholding taxes payable	5,034,988	4,679,125
Miscellaneous	49,308,240	39,808,237
	54,343,228	44,487,362
	₱138,426,888	₱92,026,707

Miscellaneous liabilities

Miscellaneous liabilities consist of provisions for other probable losses (see Note 13) and other government-related payables.

16. Maturity Analysis of Financial and Nonfinancial Assets and Liabilities

The following tables present the assets and liabilities of the Company by contractual maturity or for equity based on the expected date of which these assets will be realized and settlement dates as of December 31, 2025 and 2024:

	2025			2024		
	Due Within One Year	Due Beyond One Year	Total	Due Within One Year	Due Beyond One Year	Total
Financial Assets						
Cash and other cash items	₱2,033,295,323	₱–	₱2,033,295,323	₱1,961,715,424	₱–	₱1,961,715,424
Investment securities at FVOCI	3,452,445,495	3,050,582,941	6,503,028,436	1,026,252,210	4,103,499,497	5,129,751,707
Loans and receivables - at gross (Note 8)	59,743,279	13,739,980	73,483,259	37,687,239	2,669,161	40,356,400
	5,545,484,097	3,064,322,921	8,609,807,018	3,025,654,873	4,106,168,658	7,131,823,531
Nonfinancial Assets						
Property and equipment	–	60,131,512	60,131,512	–	31,655,714	31,655,714
Investments in subsidiaries and associates - at gross of allowance for impairment (Note 10)	–	9,813,046,274	9,813,046,274	–	9,599,322,458	9,599,322,458
Investment properties - at gross of allowance for impairment (Note 11)	–	203,292,976	203,292,976	–	203,732,013	203,732,013
Other assets	12,829,397	672,300,523	685,129,920	9,345,013	704,638,015	713,983,028
	12,829,397	10,748,771,285	10,761,600,682	9,345,013	10,539,348,200	10,548,693,213
Allowance for impairment and credit losses (Note 13)	(887,250)	(870,373,921)	(871,261,171)	(887,250)	(1,427,388,564)	(1,428,275,814)
	₱5,557,426,244	₱12,942,720,285	₱18,500,146,529	₱3,034,112,636	₱13,218,128,294	₱16,252,240,930
Financial Liabilities						
Dividends payable	₱3,097,438,890	₱–	₱3,097,438,890	₱88,373,690	₱–	₱88,373,690
Accounts payable	196,498,140	–	196,498,140	232,699,719	–	232,699,719
Accrued interest and other expenses payable (Note 14)	59,488,140	–	59,488,140	60,180,567	–	60,180,567
Lease liabilities (Note 15)	19,405,085	21,606,414	41,011,499	–	–	–
Other liabilities (Note 15)	43,072,161	–	43,072,161	47,539,345	–	47,539,345
	3,415,902,416	21,606,414	3,437,508,830	428,793,321	–	428,793,321
Nonfinancial Liabilities						
Accrued taxes and other expenses payable (Note 14)	11,124,845	68,883,268	80,008,113	7,729,938	67,164,351	74,894,289
Deferred tax liabilities	–	2,470,014	2,470,014	–	2,470,014	2,470,014
Other liabilities (Note 15)	54,343,228	–	54,343,228	44,487,362	–	44,487,362
	65,468,073	71,353,282	136,821,355	52,217,300	69,634,365	121,851,665
	₱3,481,370,489	₱2,959,696	₱3,574,330,185	₱481,010,621	₱69,634,365	₱550,644,986



17. Equity

Details of the Company's capital stock as of December 31, 2025 and 2024 follow:

	Shares	Amount
Common stock - ₱500 par value		
Authorized - 16,000,000 shares		
Issued – 8,417,385 shares		
Issued and paid-up capital	8,417,385	₱4,208,692,500
Less: Treasury shares	968,760	2,663,485,816
Total issued and outstanding at end of year	7,448,625	₱1,545,206,684

As of December 31, 2025 and 2024, there are 1,255 shareholders of the Company's common shares.

Amendments on the Articles of Incorporation

On September 15, 2023, the SEC approved the amendments of the Company's articles of incorporation as follows:

1. To delete paragraphs “m” and “n” in the Primary Purpose pertaining to the quasi-banking and trust activities in view of the approval of BSP of the surrender of the quasi-bank license and the surrender of the trust license; and,
2. The Seventh Article on the Capital Stock to increase the par value from ₱10.00 to ₱500.00 per share and decreasing the number of authorized common shares from 800,000,000 to 16,000,000

Acquisition of Treasury Shares

In 2024, the Company bought back 64 shares of its own shares for a total cost of ₱0.13.

Dividend Declaration

Details of the Company's dividend distribution follow:

Date of Declaration	Dividend		Record Date	Payment Date
	Per Share	Total Amount		
December 19, 2025	₱402.7589	₱3,000,000,000	December 31, 2025	February 27, 2026
April 1, 2024	201.38	1,500,000,000	April 30, 2024	June 28, 2024

Capital Management

The primary objectives of the Company's capital management is to ensure that it complies with externally imposed capital requirements and it maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. The Company may adjust the amount of dividend payment to shareholders, or issue capital securities in order to maintain or adjust its capital structure. The Company has taken into consideration the impact of regulatory requirements to ensure that the appropriate level and quality of capital are maintained on an ongoing basis.



Regulatory Qualifying Capital

On March 29, 2021, the Company received the approval of the BSP for the surrender of its QB license effective March 25, 2021. Effective April 1, 2021, the regulatory capital is now based on the SEC-prescribed Risk Based Capital Adequacy (RBCA) rules.

The Amended Implementing Rules and Regulations of the SRC effective February 28, 2004 include, among others, revisions in the terms and conditions for registration and subsequent renewal of license applicable to both exchange trading participants and non-exchange broker dealers as follows:

- a. to allow a net capital of ₱2.5 million or 2.5% of aggregate indebtedness (AI), whichever is higher, for broker dealers dealing only in proprietary shares and not holding securities;
- b. to allow the SEC to set a different net capital requirement for those authorized to use the RBCA model; and
- c. to require unimpaired paid-up capital of ₱100.0 million for broker dealers, which are either first time registrants or those acquiring existing broker dealer firms and will participate in a registered clearing agency; ₱10.0 million plus a surety bond for existing broker dealers not engaged in market making transactions; and ₱2.5 million for broker dealers dealing only in proprietary shares and not holding securities.

RBCA ratio of a broker dealer, computed by dividing the Net Liquid Capital (NLC) by the Total Risk Capital Requirement (TRCR), should not be less than 110.0%. NLC and TRCR are computed based on the existing SRC. NLC consists of total equity adjusted for allowance for market decline, subordinated liabilities, deferred tax assets, revaluation reserves, deposits for future stock subscription, minority interest, if any, contingencies and guarantees, and the total ineligible assets. Also, the AI of every stockbroker should not exceed 2,000.0% of its NLC and at all times shall have and maintain NLC of at least ₱5.0 million or 5.0% of the AI, whichever is higher.

As of December 31, 2025 and 2024, the Company is in compliance with the RBCA ratio. The RBCA ratio of the Company as reported to the SEC as of December 31, 2025 and 2024 as shown in the table below:

	2025	2024
Equity Eligible for Net Liquid Capital	₱14,925,816,344	₱15,701,595,943
Contingencies and Guarantees	(3)	(500,006)
Ineligible Assets	(10,887,959,303)	(10,025,302,587)
Net Liquid Capital (NLC)	₱4,037,857,038	₱5,675,793,350
Position Risk Requirement	₱104,990,362	₱144,479,128
Operational Risk Requirement	156,100,207	109,899,823
Counterparty Risk Requirement	1,325,203	-
Large Exposure Risk Requirement	-	-
Total Risk Capital Requirement (TRCR)	262,415,772	254,378,951
Aggregate Indebtedness (AI)	3,574,330,185	₱550,644,986
5.00% of AI	178,716,509	27,532,249
Required NLC	178,716,509	27,532,249
Net Risk-Based Capital Excess	3,859,140,529	5,648,261,100
Ratio of AI to NLC	88.52%	9.70%
RBCA ratio (NLC/TRCR)	1538.72%	2,231.24%



Further, SEC Memorandum Circular No. 16 dated November 11, 2004 provides the guidelines on the adoption in the Philippines of the RBCA Framework for all registered brokers dealers in accordance with SRC. These guidelines cover the following risks:

- a. position or market risk,
- b. credit risks such as counterparty, settlement, large exposure, and margin financing risks, and
- c. operational risk.

The following are the definition of terms used in the above computation:

Ineligible assets

These pertain to fixed assets and assets which cannot be readily converted into cash.

Operational risk requirement

The amount required to cover a level of operational risk which is the exposure associated with commencing and remaining in business arising separately from exposures covered by other risk requirements. It is the risk of loss resulting from inadequate or failed internal processes, people and systems which include, among others, risks of fraud, operational or settlement failure and shortage of liquid resources, or from external events.

Position risk requirement

The amount necessary to accommodate a given level of position risk which is the risk a broker dealer is exposed to and arising from securities held by it as a principal or in its proprietary or dealer account.

Counterparty risk requirement

This is the amount necessary to accommodate a given level of counterparty risk. Counterparty risk is the risk of a counterparty defaulting on its financial obligation to a broker dealer.

Aggregate Indebtedness (AI)

This is the total money liabilities of a broker dealer arising in connection with any transaction whatsoever, and includes, among other things, money borrowed, money payable against securities loaned and securities failed to receive, the market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers and margin securities borrowed from non-customers), customers' and non-customers' free credit balances, and credit balances in customers' and non-customers' account having short positions in securities subject to the exclusions provided in the said SEC Memorandum.

Retained Earnings

The computation of retained earnings available for dividend declaration in accordance with SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the computation following the BSP guidelines.

In the financial statements, a portion of the Company's retained earnings corresponding to accumulated equity in net earnings of the subsidiaries and associates amounting to ₱6.4 billion and ₱6.0 billion and as of December 31, 2025 and 2024, respectively, is not available for dividend declaration. The accumulated equity in net earnings becomes available for dividends upon receipt of cash dividends from the investees. In addition, the amount of retained earnings equivalent to the cost of treasury shares being held by the Company is also restricted from being declared and issued as dividends.



Minimum Capital Requirements

As required by the Omnibus Rules and Regulations for Investment Houses and Universal Banks Registered as Underwriters of Securities, investment houses shall have a minimum initial paid-in capital of ₱300.0 million or such amount as the BSP may prescribe at the time of incorporation. Further, BSP requires a ₱200.0 million minimum paid-in capital for investment houses to be established in Metro Manila.

The Company's paid-in capital is ₱6.3 billion, which is above the required externally imposed minimum paid-in capital.

18. Interest Income

This account consists of interest income on:

	2025	2024	2023
Investment securities at FVOCI	₱290,055,142	₱238,151,175	₱212,991,237
Cash and cash equivalents	82,825,043	91,599,547	72,438,561
Loans and receivables	495,155	346,320	366,377
	₱373,375,340	₱330,097,042	₱285,796,175

19. Interest Expense

This account consists of interest expense on:

	2025	2024	2023
Lease liability (Note 22)	₱3,300,778	₱88,521	₱799,790
Borrowings from other banks	–	232,313	64,229
Others	–	3,850,807	–
	₱3,300,778	₱4,171,641	₱864,019

Others include interest on tax deficiencies paid in 2024.

20. Retirement Plans

The Company have funded, noncontributory defined benefit retirement plans covering substantially all its officers and regular employees. Under these retirement plans, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The plan is administered and managed by MBTC.

The Company's annual contribution to the retirement plan consists of a payment covering the current service cost, amortization of the unfunded actuarial accrued liability and interest on such unfunded actuarial liability.

The costs of defined benefit retirement plans as well as the present value of the retirement liability are determined using actuarial valuations. The actuarial valuation involves making various assumptions.



The principal assumptions used in determining the retirement liability for the defined benefit retirement plans are shown below:

	2025	2024	2023
Retirement age	55	55	55
Average remaining working life	6 years	6 years	7 years
Discount rate	6.17%	6.12%	6.0%
Expected rate of salary increase	6.0%	6.0%	6.0%
Employee turnover rate	16%	16%	16%



Movements in net pension liability follows:

	2025										
	Net benefit cost					Remeasurements in other comprehensive income					
	January 1, 2025	Current service cost	Past service Cost	Net interest	Subtotal	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from changes in demographic assumptions	Subtotal	December 31, 2025
Present value of defined benefit obligation	₱225,014,486	₱19,068,214	₱-	₱13,049,509	₱32,117,723	₱-	(₱1,744,926)	(₱437,948)	₱-	(₱2,182,874)	₱231,374,899
Fair value of plan assets	(157,850,135)	-	-	(9,604,755)	(9,604,755)	3,143,879	-	-	-	3,143,879	(162,491,631)
Net pension liability (Note 14)	₱67,164,351	₱19,068,214	₱-	₱3,444,754	₱22,512,968	₱3,143,879	(₱1,744,926)	(₱437,948)	₱-	₱961,005	₱68,883,268

	2024										
	Net benefit cost					Remeasurements in other comprehensive income					
	January 1, 2024	Current service cost	Past service Cost	Net interest	Subtotal	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from changes in demographic assumptions	Subtotal	December 31, 2024
Present value of defined benefit obligation	₱269,045,500	₱22,844,168	(₱10,347,123)	₱14,359,089	₱26,856,134	₱-	(₱1,837,166)	(₱864,336)	₱-	(₱2,701,502)	₱225,014,486
Fair value of plan assets	(188,325,299)	-	-	(10,474,552)	(10,474,552)	605,865	-	-	-	605,865	(157,850,135)
Net pension liability (Note 14)	₱80,720,201	₱22,844,168	(₱10,347,123)	₱3,884,537	₱16,381,582	₱605,865	(₱1,837,166)	(₱864,336)	₱-	(₱2,095,637)	₱67,164,351

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.



The fair values of plan assets by each class as at the end of the reporting periods are as follows:

	2025	2024
Cash and cash equivalents	₱61,098	₱2,225,254
Equity instruments		
Services	–	24,518,000
Debt instruments		
Government securities	124,222,093	100,773,835
Below AAA and unrated private debt securities	2,000,144	1,966,945
Investment in mutual funds/UITF	33,942,178	27,035,488
Loans and receivables	2,587,626	1,503,047
	162,813,139	158,022,569
Less other payables	321,508	172,434
Fair value of plan assets	₱162,491,631	₱157,850,135

As of December 31, 2025 and 2024, equity securities included in the plan assets include shares from the other related parties amounting to ₱33.9 million and ₱21.7 million, respectively (see Note 25).

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	Possible fluctuations	Increase (Decrease)	
		2025	2024
Discount rates	+1.0%	(8,127,451)	(8,899,656)
	-1.0%	8,894,391	9,715,797
Turnover rate	+2.0%	(2,003,096)	(2,112,420)
	-2.0%	2,232,303	2,324,639
Future salary increase rate	+1.0%	9,976,286	10,839,426
	-1.0%	(9,305,060)	(10,119,617)

The Company expect to contribute ₱32.3 million to its defined benefit pension plan in 2026.

The average duration of the defined benefit retirement liability at the end of the reporting period is 5.63 years.

21. Service Charges, Fees and Commissions

Service Charges, Fees and Commissions

The table below presents the disaggregation of service charges, fees and commission by type of fee:

	2025	2024	2023
Underwriting and loan syndication	₱452,037,101	₱103,738,763	₱133,261,552
Advisory fees	526,316	11,633,020	81,459,378
Commission and selling fees	396,689	8,746,932	14,833,268
Others	6,723,960	27,603,500	49,785,857
	₱459,684,066	₱151,722,215	₱279,340,055



‘Others’ pertains to management fees, incentive fees and other service fees.

22. Lease

The Company has lease contracts for its office premises for a period of 3 years renewable by mutual agreement of the parties at the end of term of the lease.

During the financial year ended 2024, the Company reassessed the lease arrangement for its office premises. Leases previously classified as finance leases were reclassified as operating leases following the expiry of the original lease contract on June 30, 2024, as the arrangement no longer met the criteria for finance lease classification. The lease agreement was renewed on January 1, 2025, and upon reassessment, was determined to meet the criteria for finance lease classification.

The following are the amounts recognized in the statements of income:

	2025	2024
Depreciation expense of right-of-use assets included		
in property and equipment (Note 9)	₱19,681,737	₱11,063,683
Expenses relating to short-term leases	2,201,001	13,533,231
Interest expense on lease liabilities (Note 19)	3,300,778	88,521
Total amount recognized in the statements of income	₱25,183,516	₱24,685,435

The rollforward analysis of lease liabilities follows:

	2025	2024
Balance at beginning of year	₱-	₱11,890,739
Additions	59,045,210	
Interest expense	3,300,778	88,521
Payments	(21,334,489)	(11,979,260)
Balance at end of year	₱41,011,499	₱-

Shown below is the maturity analysis of the undiscounted lease payments as of December 31, 2025

1 year	₱21,334,489
more than 1 year to 2 years	22,401,213

23. Miscellaneous Income and Expense

Miscellaneous Income

In 2025, this account includes ₱19.8 million clawback premium received from the buyer of Axelum shares sold.



Miscellaneous Expense

This account consists of:

	2025	2024	2023
Insurance	₱6,242,905	₱8,242,069	₱8,336,778
Membership dues	4,926,477	6,437,501	5,722,603
Security, messengerial and janitorial	4,567,754	6,419,977	8,489,081
Repairs and maintenance	3,352,628	1,694,459	1,467,925
Fuel and lubricants	3,091,445	4,984,020	5,066,197
Transportation and travel	2,506,795	2,840,681	3,781,775
Referral and service fees	725,865	277,697	2,000,000
Stationery and supplies used	264,525	535,745	682,767
Custodianship, collateral agent, and maintenance fees	194,808	504,872	269,835
Research and other technical cost	175,000	2,100,000	2,275,000
Litigation/asset-acquired expenses	148,697	892,181	892,181
Bank service charges and other service fees	96,279	4,329,226	4,059,391
Online trading, transfer and exchange fees	–	2,669,052	10,375,575
Donations	–	100,000	459,856
Others	6,966,250	13,419,987	5,734,107
	₱33,259,428	₱55,447,467	₱59,613,071

Others consist mostly of expenses for company sponsorships, corporate social responsibility initiatives, corporate giveaways, maintenance and administrative costs.

24. Income and Other Taxes

The provision for income tax consists of:

	2025	2024	2023
Current			
Final tax	₱72,688,135	₱80,680,372	₱55,686,949
Corporate	7,060,182	447,435	2,420,895
	₱79,748,317	₱81,127,807	₱58,107,844

Under Philippine tax laws, the Company are subject to various taxes, including income taxes and gross receipts tax (GRT). The taxes are presented as 'Taxes and licenses' in the statements of income, with gross receipts tax (GRT) being the principal component.

Income taxes include regular corporate income tax (RCIT), as discussed below, as well as final withholding taxes paid at the rates of 20% of gross interest income from peso-denominated debt instruments and other deposit substitutes, 15% of gross interest income from foreign currency deposits in a depository bank under the expanded foreign currency deposit system and a 15% final tax imposed on net capital gains realized during the taxable year from the disposition of shares of stock in a domestic corporation not traded in the stock exchange.

On March 26, 2021, Republic Act (RA) No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law. CREATE reduced the RCIT rate from 30.0% to 25.0% depending on the criteria set by the law effective July 1, 2020. With the implementation of this Act, interest expense allowed as deductible expenses shall be reduced by 20.0% of the interest income subject to final tax, compared to the 33.0% reduction prior to the Act.



The regulations also stipulate an MCIT of 2.0% (prior to CREATE) and 1.0% from July 2020 to June 30, 2023, before reverting to 2.0% on gross income, along with the provision for a Net Operating Loss Carryover (NOLCO). Both the MCIT and NOLCO can be applied against the Company's income tax liability and taxable income, respectively, over a three-year period from the year of inception. However, for the taxable years 2020 and 2021, the NOLCO incurred can be carried over as a deduction for the next five (5) consecutive taxable years, pursuant to Revenue Regulations (RR) No. 25-2020. Additionally, starting July 1, 2023, the MCIT rate revert to 2%.

Current tax regulations also provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Company and its subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.0% of net revenue.

The Company's outstanding deferred tax liabilities on initial recognition of investment property at fair value amounting to ₱2.47 million in 2025 and 2024.

The Company did not set up deferred tax assets on the following:

	2025	2024
Temporary differences on:		
NOLCO	₱643,105,068	₱968,114,410
Retirement liability	68,883,268	67,164,351
Allowance on investment property	25,355,922	25,355,922
Carryforward benefits of MCIT	9,928,512	4,665,574
Unamortized past service cost	6,468,678	6,052,897
Unrealized loss on FVOCI	-	2,236,404
	₱753,741,448	₱1,073,589,558

The Company believes that it is not probable that these temporary differences will be realized before the three-year expiration.

As of December 31, 2025 and 2024, deferred tax liabilities have not been recognized on the undistributed earnings of certain subsidiaries and associates (Note 10).

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 (bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2025, the Company has incurred NOLCO as follows:

Year Incurred	Availment Period	NOLCO Applied Amount	NOLCO Applied Previous Year/s	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2020	2021-2025	₱115,410,235	₱35,414,156	₱79,996,079	₱-	₱-
2022	2023-2025	253,722,260	-	253,722,260	-	-
2023	2024-2026	290,907,244	-	-	-	290,907,244
2024	2025-2027	343,488,827	-	-	-	343,488,827
2025	2026-2028	8,708,997	-	-	-	8,708,997
		₱1,012,237,563	₱35,414,156	₱333,718,339	₱-	₱643,105,068



Details of MCIT for the Company as of December 31, 2025 are as follows:

Inception Year	Amount	Used	Expired	Balance	Expiry Year
2022	₱1,797,244	₱-	₱1,797,244	₱-	2025
2023	2,420,895	-	-	2,420,895	2026
2024	447,435	-	-	447,435	2027
2025	7,060,182	-	-	7,060,182	2028
	₱11,725,756	₱-	₱1,797,244	₱9,928,512	

A reconciliation between the statutory income tax and effective income tax follows:

	2025	2024	2023
Statutory income tax rate	25.0%	25.0%	25.0%
Tax effects of:			
Equity in net earnings of subsidiaries and associates	(14.1)	(30.8)	(41.28)
Non-deductible expenses	(6.1)	7.1	31.12
Tax-exempt and tax-paid income	(1.4)	(1.8)	(16.10)
Change in unrecognized deferred tax assets	0.1	9.2	10.83
Effective income tax rate	3.5%	8.7%	9.6%

25. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subjected to common control or common significant influence. Related parties may be individuals or corporate entities.

The Company have transactions with its subsidiaries, associated companies, affiliates, and with certain related interests collectively referred to as directors, officers, stockholders and other related interests. These transactions consist primarily of loan transactions, management contracts, outright purchases and sales of trading and investment securities, business and development support and other regular banking transactions.

The Company settles its related party transactions in cash.

The following table provides the total amounts of transactions that have been entered into with related parties during the year 2025 and 2024:

	2025				
	Deposits	Withdrawals	Purchase of securities		
Ultimate Parent Company	₱80,012,504,005	₱79,892,923,251	₱-		
Subsidiaries	-	-	3,071,991,963		
Affiliates	4,850,626,839	4,898,626,839	-		
	₱84,863,130,844	₱84,791,550,090	₱3,071,991,963		
	2024				
	Deposits	Withdrawals	Sale of securities	Purchase of securities	Borrowings
Ultimate Parent Company	₱158,919,831,974	₱157,280,338,593	₱13,221,709,645	₱12,735,312,682	₱683,322,000
Subsidiaries	-	-	517,035,442	1,142,163,480	-
Associates	-	-	908,287,901	357,913,306	-
Affiliates	5,770,998,563	6,170,745,630	607,100,152	-	-
	₱164,690,830,537	₱163,451,084,223	₱15,254,133,140	₱14,235,389,468	₱683,322,000



The following are the balances of the Company's related party transactions as of December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 (amounts in thousands):

Category	As of and for the year ended December 31, 2025		
	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Ultimate Parent Company			
Cash and other items	₱-	₱1,845,114	Peso and US dollar-denominated demand, savings and time deposit accounts. Peso deposits carry interest from 0.1% to 1.25%, time deposits carry interest from 5.1% to 5.2%, while US dollar deposits carry interest from 0.0% to 1.25%
Loans and receivables	-	3,842	Accrued interest receivables from time deposits
Other assets	-	176,087	Escrow account and lease deposits
Accounts payable and other liabilities	-	3,852	Internal audit fees
Other liabilities	-	2,978,297	Dividends payable
Interest income	48,467	-	From savings and time deposit accounts
Professional fees	4,516	-	Internal audit fees
Miscellaneous	78	-	Service fees and bank charges
Subsidiaries			
Accounts receivable	-	4	Management fee
Service charges, fees and commissions	3,826	-	Management fees and advisory fees for services rendered to subsidiaries
Professional fees	2,704	-	Ceded fees
Broker's commission	1,341	-	Broker's commission for government securities and stock transaction
Associates			
Other assets	-	175	Various prepaid expenses
Accounts payable	-	19	Life insurance
Miscellaneous expense	1,197	-	Insurance expenses
Other Related Parties			
Cash and other cash items	-	188,000	Savings, current and time deposits with interest rate ranging from 0.05% to 4.7% per annum
Loans and receivables	-	549	Accrued interest receivables from time deposits
Property and equipment	-	1,730	Company vehicles
Other assets	-	7,174	Rent deposits
Accounts payable and other liabilities	-	937	Rent payable and accounts payable
Interest income	34,149	-	Interest income from investment in debt securities; unquoted debt securities, savings and time deposits and fringe benefit loans
Interest expense	3,301	-	From lease liability
Service charges, fees and commissions	26,814	-	Arranger fees
Rent, light and water	1,467	-	Rental payments for office premises
Depreciation of property and equipment and investment properties	19,682	-	Depreciation of right-of-use asset
Information technology and related expenses	2,124	-	Information security services
Taxes and licenses	8	-	
Miscellaneous expense	6,318	-	Insurance expense, membership dues, maintenance fee and other service fees
Key Management Personnel			
Loans and receivables	-	11,137	Fringe benefit loans with terms ranging from 3.0 years to 5.0 years and interest rate of 8.0%
Interest income	276	-	Interest income from fringe benefit loans
Miscellaneous expense	10,680	-	Per diems given to directors during board meetings



As of and for the year ended December 31, 2024

Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Ultimate Parent Company			
Cash and other items	₱-	₱1,725,533	Peso and US dollar-denominated demand, savings and time deposit accounts. Peso deposits carry interest from 0.1% to 1.25%, time deposits carry interest from 0.1% to 4.3%, while US dollar deposits carry interest from 0.0% to 1.25%
Loans and receivables	-	4,699	Accrued interest receivables from time deposits
Other assets	-	209,890	Escrow account and lease deposits
Accounts payable and other liabilities	-	4,661	Internal audit fees
Interest income	25,241	-	From savings and time deposit accounts
Interest expense	232	-	From dollar term borrowings
Service charges, fees and commissions	14,332	-	Arranger and selling fees
Trading and securities gain	1,695	-	Realized gain from investments in debt securities
Professional fees	4,663	-	Internal audit fees
Miscellaneous	275	-	Service fees and bank charges
Subsidiaries			
Accounts payable	-	392	Ceded fees
Service charges, fees and commissions	29,385	-	Management fees and advisory fees for services rendered to subsidiaries
Trading and Securities Gain/(Loss)	16	-	Realized gain from sale of debt securities
Other Income	203	-	Service fees
Broker's commission	3,313	-	Broker's commission for government securities and stock transactions
Professional fees	470	-	Research and analyst fees
Associates			
Other assets	-	211	Various prepaid expenses
Accounts payable	-	31	Life insurance
Miscellaneous expense	1,144	-	Insurance expenses
Other Related Parties			
Cash and other cash items	-	236,000	Savings, current and time deposits with interest rate ranging from 0.05% to 5.8% per annum
Loans and receivables	-	743	Accrued interest receivables from time deposits
Property and equipment	-	2,450	Company vehicles
Other assets	-	6,112	Rent deposits
Accounts payable and other liabilities	-	2,859	Rent payable and accounts payable
Interest income	44,120	-	Interest income from investment in debt securities; unquoted debt securities, savings and time deposits and fringe benefit loans
Interest expense	89	-	From lease liability
Service charges, fees and commissions	30,797	-	Arranger and financial advisory fees; brokering fees
Trading and securities loss	18	-	Realized and unrealized gain/(loss) on investments in debt and equity securities
Rent, light and water	15,765	-	Rental payments for office premises
Depreciation of property and equipment and investment properties	11,064	-	Depreciation of right-of-use asset
Taxes and licenses	15	-	
Miscellaneous expense	5,058	-	Insurance expense, membership dues, maintenance fee and other service fees
Key Management Personnel			
Loans and receivables	-	507	Fringe benefit loans with terms ranging from 2.0 years to 11.0 years and interest rate ranging from 8.0% to 9.0%
Interest income	91	-	Interest income from fringe benefit loans
Miscellaneous expense	11,320	-	Per diems given to directors during board meetings



As of and for the year ended December 31, 2023			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Ultimate Parent Company			
Cash and other items	P-	P86,040	Peso and US dollar-denominated demand, savings and time deposit accounts. Peso deposits carry interest from 0.1% to 1.25%, time deposits carry interest from 0.1% to 4.3%, while US dollar deposits carry interest from 0.0% to 1.25%
Loans and receivables	-	121	Accrued interest receivables from Time Deposits
Other assets	-	204,395	Escrow account and lease deposits
Accounts payable and other liabilities	-	14,190	Consist of payables arising out of trading transactions in behalf of customers; and internal audit fees
Interest income	15,158	-	From savings and time deposit accounts
Interest expense	64	-	From term borrowings
Service charges, fees commissions	8,864	-	Arranger and selling fees
Professional fees	604	-	Internal audit and retainer's fee for the current year
Miscellaneous expense	806	-	Bank charges
Subsidiaries			
Loans and receivables	-	2,705	Accounts receivables from management/advisory fees and advances for various expenses
Accrued taxes, interest and other expenses	-	6	Ceded fee for trading participants
Other liabilities	-	9,375	Subscriptions payable
Service charges, fees and commissions	29,815	-	Management fees and advisory fees for services rendered to subsidiaries
Trading and Securities Gain/(Loss)	20	-	Realized gain from sale of debt securities
Other Income	676	-	Service fees
Professional fees	12,865	-	Research and analyst fees
Associates			
Trading and securities gains	824	-	Realized gain from sale of debt securities
Miscellaneous expense	2,328	-	Insurance expenses
Other Related Parties			
Cash and other cash items	-	635,747	Savings, current and time deposits with interest rate ranging from 0.05% to 5.8% per annum
Loans and receivables	-	2,817	Accrued interest receivables from Time Deposits
Property and equipment	-	23,450	Right-of-use Asset
Other assets	-	8,485	Rent deposits
Accounts payable and other liabilities	-	126	Rent payable and accounts payable
Other liabilities	-	9,643	Lease liability
Interest income	31,880	-	Interest income from time deposits
Interest expense	800	-	From lease liability
Service charges, fees and commissions	38,057	-	Arranger and financial advisory fees
Trading and securities loss	(647)	-	Realized loss on sale of investments in debt securities
Rent, light and water	2,127	-	Rental payments for office premises
Depreciation of property and equipment and investment properties	22,127	-	Depreciation of right-of-use asset
Information technology and related expenses	1,385	-	Information technology project
Miscellaneous expense	6,666	-	Insurance expense, membership dues, maintenance fee and other service fees
Key Management Personnel			
Loans and receivables	-	990	Fringe benefit loans with terms ranging from 3.0 years to 5.0 years and interest rate of 8.0%
Interest income	86	-	Interest income from fringe benefit loans
Miscellaneous expense	11,135	-	Per diems given to directors during board meetings

As of December 31, 2025 and 2024, undrawn commitments/facilities is nil for the Company.



Terms of Transactions with other related parties

Ultimate Parent Company's Trust Banking Group (TBG)

Transactions with retirement plans

Under PFRS, certain post-employment benefit plans are considered as related parties. The Company's retirement plans are being managed by the Ultimate Parent Company's Trust Banking Group (TBG). The total carrying amount and fair value of the retirement plan amounted to ₱162.5 million as of December 31, 2025, and ₱157.9 million as of December 31, 2024. The details of the assets of the fund as of December 31, 2025 and 2024 are disclosed in Note 20. The Company's retirement funds may hold or trade its related parties' shares or securities.

The following are the balances of the retirement fund's related party transactions as of December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025:

Counterparty		Elements of Transactions				
		Statements of Financial Position		Statements of Income		
		2025	2024	2025	2024	2023
Metrobank	Cash and other cash items	₱61,098	₱4,417	₱-	₱-	₱-
	Accrued trust fee payable	258,267	251,834	-	-	-
	Interest income	-	-	1,145	705	219,700
	Trust fee expense	-	-	898,570	1,103,748	1,957,489
MBTC-UITF	Investment in UITF	33,942,178	21,707,442	-	-	-
	Realized trading gain	-	-	851,672	253,347	181,601
	Unrealized trading gain	-	-	(4,617,382)	55,125	160,929

The President of the Company exercises the voting rights for their equity shares in its subsidiaries and Metrobank.

Stock and transfer agent

TBG is the stock and transfer agent of the Company. It records changes of ownership and maintain the security holder records, cancel and issuer certificates, and distribute dividends.

Compensation of key management personnel

The compensation of key management personnel are as follows:

	2025	2024	2023
Short-term employee benefits	₱134,375,712	₱159,323,319	₱169,476,822
Post-employment benefits	12,905,413	13,941,515	12,411,124
	₱147,281,125	₱173,264,834	₱181,887,946

Transactions with Subsidiaries

Management fees

The Company and its subsidiaries executed a management contract for a monthly fee. Management fee represents payments for services rendered by the employees from the Company such as accounting, taxation, financial control, legal and related services, administrative services and government reportorial requirements.



Management fee charged by the Company to the subsidiaries amounted to ₱3.8 million and ₱15.5 million in 2025 and 2024, respectively.

The following table shows the breakdown of loans and receivables from related parties as of December 31, 2025 and 2024:

	2025	2024
Accrued interest receivable	₱4,391,308	₱5,441,724
Accounts receivable	4,250	-
Others	13,888,437	5,327,439
	₱18,283,995	₱10,769,163

Accrued other expenses payable to related parties amounted to ₱4.8 million and ₱7.5 million as of December 31, 2025 and 2024 (see Note 10), respectively.

26. Commitments and Contingent Accounts

Commitments

As of December 31, 2025, the Company has no outstanding contingent liability from legal cases.

Contingencies

In the normal course of business, the Company are involved in various contingencies which, in the opinion of the management, will not have a material effect on the financial statements.

27. Earnings Per Share

As a result of the reverse stock split by the Company, which was included in the Articles of Incorporation filed with the SEC on September 15, 2023, the weighted average number of outstanding common shares have been adjusted retrospectively for the effect of the reverse stock split as required under PFRS.

EPS are computed as follows:

	2025	2024	2023
a. Net income attributable to equity holders of the Company	₱2,020,009,355	₱854,709,597	₱551,884,906
b. Weighted average number of common shares	7,448,625	7,448,659	7,449,121
c. Basic/Diluted EPS (a/b)	₱271.2	₱114.8	₱74.1

In 2025, 2024 and 2023, there are no potential shares that have a dilutive effect on the basic EPS of the Company.



28. Offsetting of Financial Assets and Liabilities

PFRS 7 requires the Company to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreements or similar arrangements.

As of December 31, 2025 and 2024, the Company has no similar arrangements.

29. Notes to Statements of Cash Flows

The table below provides for the changes in liabilities arising from financing activities of the Company:

	2025				
	January 1, 2025	Additions	Cash flows	Amortization of discount/ Others	December 31, 2025
Dividends payable	₱88,373,690	₱3,000,000,000	₱-	₱9,065,200	₱3,097,438,890
Lease liability	-	59,045,210	(21,334,489)	3,300,778	41,011,499
Total liabilities from financing activities	₱88,373,690	₱3,059,045,210	(₱21,334,489)	₱12,365,978	₱3,138,450,389

	2024				
	January 1, 2024		Cash flows	Amortization of discount	December 31, 2024
Dividends payable	₱89,399,586		(₱1,025,896)	₱-	₱88,373,690
Lease liability	11,890,739		(11,979,260)	88,521	-
Total liabilities from financing activities	₱101,290,325		(₱13,005,156)	₱88,521	₱88,373,690

30. Other Matters

The Company has no significant matters to report in 2025 on the following:

- Known trends, events or uncertainties that would have material impact on liquidity and on the sales or revenues.
- Explanatory comments about seasonality or cyclical nature of operations.
- Issuance, repurchase and repayments of debt and equity securities.
- Unusual items as to nature, size or incidents affecting assets, liabilities, equity, net income or cash flows; and
- Effect of changes in the composition of the Company during the year, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

31. Approval of the Financial Statements

The accompanying financial statements were authorized for issue by the Company's BOD on February 25, 2026.



32. Supplementary Information Under Revenue Regulations (RR) No. 15-2010

On November 25, 2010, the BIR issued RR 15-2010 to amend certain provisions of RR 21-2002. RR 15-2010 provides that starting 2010 the notes to financial statements shall include information on taxes and licenses paid or accrued during the taxable year.

The Company reported and/or paid the following types of taxes for the year:

GRT

Under the Philippine tax laws, financial institutions are subject to percentage and other taxes as well as income taxes. Percentage and other taxes paid by the Company consist principally of GRT.

Taxes and Licenses

This includes all other taxes, GRT, assumed tax, local tax including licenses and permit fees in 2025:

GRT	₱42,527,192
Assumed tax	1,926,278
Local taxes	1,575,596
Real estate tax	1,120,607
Others	288,591
	<hr/>
	₱47,438,264

Withholding Taxes

Details of total remittances and balances as of December 31, 2025 are as follows:

	Total remittances	Outstanding balance
Withholding taxes on compensation and benefits	₱48,138,489	₱2,771,290
Expanded withholding taxes	6,106,664	1,114,273
Final withholding tax - others	1,162,399	1,149,425
	<hr/>	<hr/>
	₱55,407,552	₱5,034,988

Tax assessment

As of December 31, 2025, the Company did not have outstanding preliminary or final assessment.

Tax cases

As at reporting date, the Company has no outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR.




INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
First Metro Investment Corporation
45th Floor, GT Tower International
Ayala Avenue corner. H.V. Dela Costa Street
Makati City

We have audited the accompanying financial statements of First Metro Investment Corporation (the Company) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, on which we have rendered the attached report dated February 25, 2026.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has 115 stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.


Glenda C. Anisco-Niño

Partner

CPA Certificate No. 114462

Tax Identification No. 225-158-629

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 114462-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-196-2025, October 29, 2025, valid until October 28, 2028

PTR No. 10765006, January 2, 2026, Makati City

February 25, 2026





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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
First Metro Investment Corporation
45th Floor, GT Tower International
Ayala Avenue corner. H.V. Dela Costa Street
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of First Metro Investment Corporation (the Company) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated February 25, 2026. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration and the Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, included in the Index to the Supplementary Schedules are the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic financial statements. This has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Glenda C. Anisco-Niño

Glenda C. Anisco-Niño

Partner

CPA Certificate No. 114462

Tax Identification No. 225-158-629

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 114462-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-196-2025, October 29, 2025, valid until October 28, 2028

PTR No. 10765006, January 2, 2026, Makati City

February 25, 2026

