uno digital bank

Annual Report 2025

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UNO Digital Bank is Southeast Asia's first full-spectrum digital bank licensed under the Bangko Sentral ng Pilipinas. We pioneer a new approach to banking: one that elevates you by making banking simple, better, and accessible.

We are your companion for solutions to financial needs in transactions, saving, borrowing, investment, and protection through products that are suitable for you, exactly when you need them.

Vision

To provide our customers with simpler, better, accessible banking for an elevated life.

Mission

To provide a single trusted interface to manage one's entire financial life cycle journey with speed and ease; a platform where you can save, borrow, transact, invest, and protect in a simple and convenient manner. By providing these services digitally, we can make our products available to more people at lower cost without sacrificing quality and security.

From Promise to Proof

When UNO launched, we made a promise: that a Filipino's access to credit and the dignity of being banked should not depend on a branch, a payslip, or a credit history they were never given the chance to build. We called it the elevated life — simple, better, accessible — in a single app to save, borrow, transact, and protect.

In 2025, that promise met its proof.

We did not set out to be the biggest. We set out to prove that inclusive banking can be sustainable banking — and to do it faster than almost anyone thought possible. Global digital banks typically take seven years to approach profitability.

By the close of 2025, in only our fourth year, we had brought that horizon within reach: lending with discipline, funding with trust, and building technology that makes a credit decision in minutes where the old system took weeks, if it answered at all.

This report is the account of that inflection point: the year UNO crossed from building the model to proving it works.

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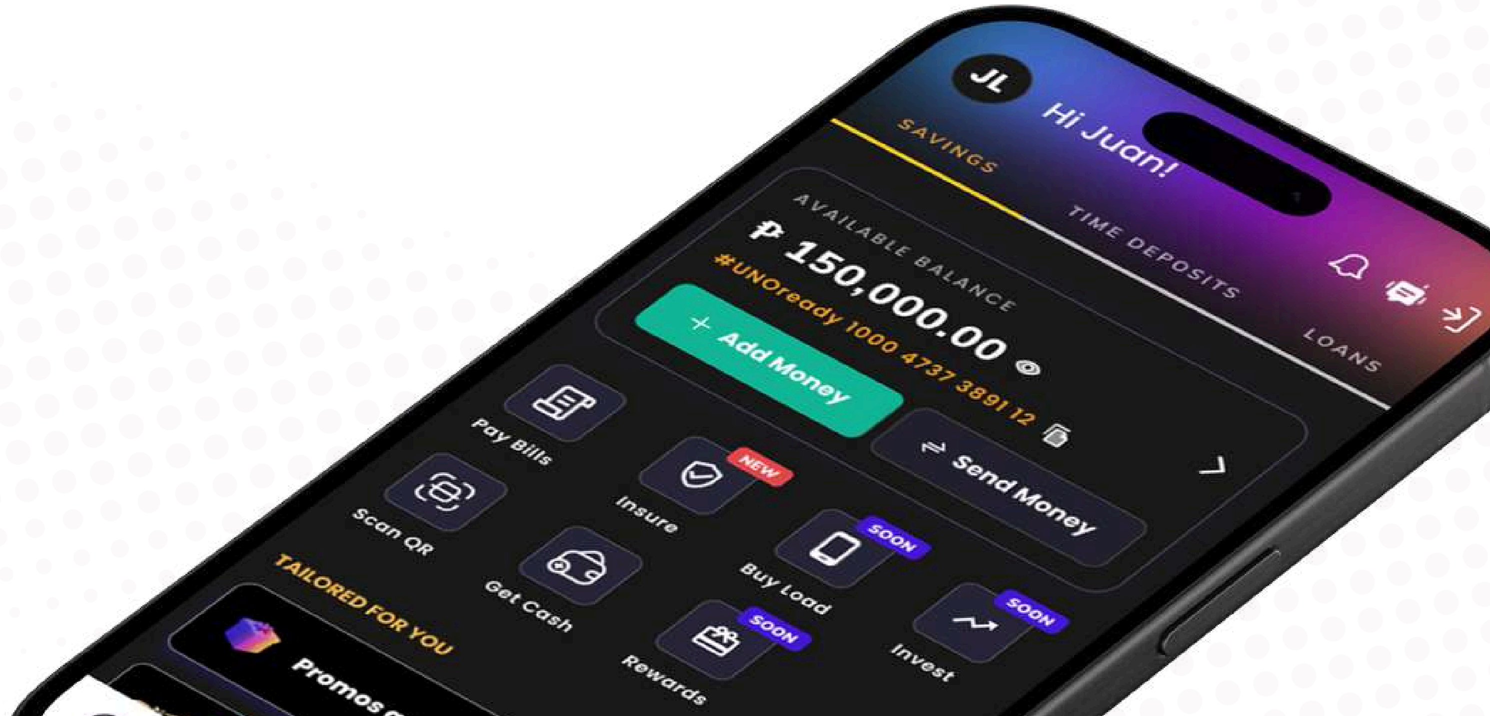


Products & Platform

Banking Built Around Real Financial Needs

At UNObank, every product is designed around a simple belief: **banking should be accessible, intuitive, and relevant to everyday financial needs.**

In 2025, our ecosystem continued to evolve, providing customers with a complete suite of solutions across savings, credit, payments, and protection—all accessible through a single digital platform.

SAVINGS AND DEPOSITS

#UNOready
Our flagship savings account empowers customers to save, transact, and grow their money through daily interest earnings and seamless digital banking.

#UNOboost
A flexible time deposit solution that gives customers greater control over how they grow their savings through competitive fixed returns and customizable tenures.

#UNOearn
Designed for customers seeking steady returns, #UNOearn combines long-term savings growth with the convenience of monthly interest payouts.

UNO X GCASH

#UNOready@GCash
High-yield savings made accessible through the GCash ecosystem.

#UNOearn@GCash
A fixed-term deposit solution designed for long-term savings growth.

#UNOboost@GCash
A flexible time deposit offering with competitive fixed returns.

LENDING

#UNOnow
A fully digital lending solution that provides fast and convenient access to credit, helping customers address immediate financial needs with confidence.

#UNOeasy
A digital financing solution that helps customers purchase essential products through a simple and convenient installment experience.

Chairman's Message

TO OUR SHAREHOLDERS,

Four years into our journey, UNObank stands at an inflection point. When we set out to build a digital bank for the Filipinos the formal system had long passed over, we knew the path would demand patience — that durable inclusion is built deliberately, not bought cheaply. The 2025 results affirm that conviction.

This year, our loan portfolio more than doubled to ₱4.27 billion, and cumulative disbursements crossed ₱15 billion. Yet the figure I am most proud of is a quieter one: our non-performing loan ratio fell — from 12.2% to 7.4% — even as the book grew at pace. Growth and discipline, we have shown, are not opposing forces.
Our return on equity improved from -56% to -45%, the unmistakable signature of a business scaling toward sustainability. The losses of an early-stage digital bank are not failures; they are the deliberate cost of building infrastructure, trust, and a credit engine that will compound for years. We close 2025 with the threshold of operating sustainability firmly within sight — the model we set out to prove now bearing weight.

On behalf of the Board, I thank our shareholders for their continued confidence — reflected in the ₱905 million in additional capital entrusted to us this year — reflected in the ₱905 million in additional capital entrusted to us this year — and our regulators for their constructive partnership. The foundations are set. The horizon is clear.

KALIDAS GHOSE
Chairman

"We measure progress not by how fast we grow, but by how responsibly we widen the door to credit."

LOAN PORTFOLIO
₱4.27B

CUMULATIVE DISBURSEMENTS
₱15B

NPL RATIO
7.4%
from 12.2%

President's Report

FELLOW STAKEHOLDERS,

If our early years were about building the engine, 2025 was the year it began to pull. By year-end, in only our fourth year of operations, we had brought the threshold of operating sustainability within reach — well ahead of the roughly seven years digital banks typically take to approach profitability. We are proud to be moving faster, and prouder still of how we got here.

The engine is lending, done responsibly. Cumulative disbursements crossed ₱15 billion, and net interest income grew 93% to ₱600 million — driven by the ramp-up of our consumer credit lines and the disciplined acquisition of quality loan portfolios. At the same time, we held operating expenses essentially flat, down 0.8%, even as the business scaled.

Revenue accelerating while costs hold is the definition of operating leverage, and the clearest sign that the heavy, upfront technology build of our early years is behind us.

Our net interest margin expanded from 4.95% to 7.13% as we deployed our growing deposit base — now ₱8.82 billion — into earning assets, while improving credit quality and keeping capital and liquidity well above every regulatory minimum: a capital adequacy ratio of 14.03%, liquidity coverage above 1,200%, and a net stable funding ratio of 177%.

The market validated the work. In 2025, #UNOeasy and our wider platform earned recognition including Philippines Digital Experience of the Year, Best Embedded Finance Offering by a Digital Bank, and CEO of the Year – Digital Bank — third-party affirmation that inclusive, frictionless credit is not only possible but exceptional.

Looking ahead, we are focused on crossing fully into sustainable operation and scaling our active loan book past ₱10 billion, supported by new products including a salary-loan offering and expanded merchant partnerships. To our [verify] customers — thank you for trusting us with your savings and your ambitions. The work continues.

MANISH BHAI
President & CEO

DEPOSIT BASE

₱8.82B

OPERATING EXPENSES

-0.8%

2025 At a Glance

A Year of Accelerated Growth

UNObank strengthened its balance sheet, expanded lending activity, improved asset quality, and delivered stronger profitability in 2025. These achievements reflect the Bank's continued commitment to sustainable growth, innovation, and financial inclusion.

TOTAL ASSETS
₱11.99B
▲ 15.9%

TOTAL DEPOSITS
₱8.82B
▲ 18.3%

GROSS LOAN PORTFOLIO
₱4.27B
▲ 135%

NPL RATIO
7.4%
▼ from 12.2%

NET INTEREST INCOME
₱600M
▲ 92.6%

NET INTEREST MARGIN
7.13%
▲ from 4.95%

Operational Highlights

Assets.

Total assets grew 15.9% to ₱11.99 billion, driven principally by deployment of capital into the loan book: net loans and receivables rose 82.7% to ₱4.20 billion as cash previously parked with the BSP was channelled into earning assets. The loan-to-deposit ratio roughly doubled, from ~24% to ~48%, signalling a balance sheet maturing from liquidity-heavy to productively lent — with substantial headroom remaining.

TOTAL ASSETS

₱11.99B

▲ 15.9%

Deposits.

Deposit liabilities grew 18.3% to ₱8.82 billion, led by a 38% increase in low-cost savings, which now comprise 59% of the deposit base. This shift improved funding quality: total interest expense rose only 25% against 55% growth in interest income, holding blended cost of funds near 4%.

DEPOSIT LIABILITIES

₱8.82B

▲ 18.3%

Income.

Net interest income grew 92.6% to ₱599.6 million, reflecting both higher loan yields and a richer funding mix; net interest margin expanded from 4.95% to 7.13%. Non-interest income grew strongly off a small base.

NET INTEREST INCOME

₱599.6M

▲ 92.6%

Cost discipline.

Operating expenses fell 0.8% to ₱1.26 billion even amid scale, as technology-related expenses normalised (-25%) following the platform build. This cost discipline is the spine of the bank's path toward operating sustainability.

OPERATING EXPENSES

-0.8%

▼ fell to ₱1.26B

Bottom line.

Net loss narrowed to ₱985.3 million, and ROE improved from -56.4% to -45.4%, with the residual loss driven by a deliberate doubling of credit provisions as the book grew — an investment in balance-sheet resilience, not a deterioration in fundamentals.

Awards & Recognition

Recognized globally for innovation, customer experience, and digital banking excellence.

DIGITAL BANKING EXCELLENCE

Forbes
Forbes' World's Best Banks 2025
Top 8 in the Philippines

FT FINANCIAL TIMES
The Financial Times 2025
World's Best Banks

The Banker
The Banker 2025
Best Digital Bank - Philippines

FT FINANCIAL TIMES
The Digital Banker 2025
Best Digital Banks

INNOVATION & TECHNOLOGY

Euromoney Awards for Excellence
Philippine's Best Digital Bank Consumers

IDC Future Enterprise
Most Innovative Bank Award

Asian Banking & Finance
PayTech Iniative Award

The Digital Banker
Best Embedded Finance Vendor Award

Fintech Frontiers
Selected as part of Top 35

Banking Tech Awards
Finalist

CUSTOMER EXPERIENCE

Asian Experience Award
Best Digital Experience Award

Global Retail Banking Innovation
Best Mobile Banking Initiatives - Philippines

Global Retail Banking Innovation
Best Digital Bank for a Frictionless Banking Experience

LEADERSHIP

Global Retail Banking Innovation
CEO of the year

Asia CEO Awards
Finalist - Most Innovative Company of the Year

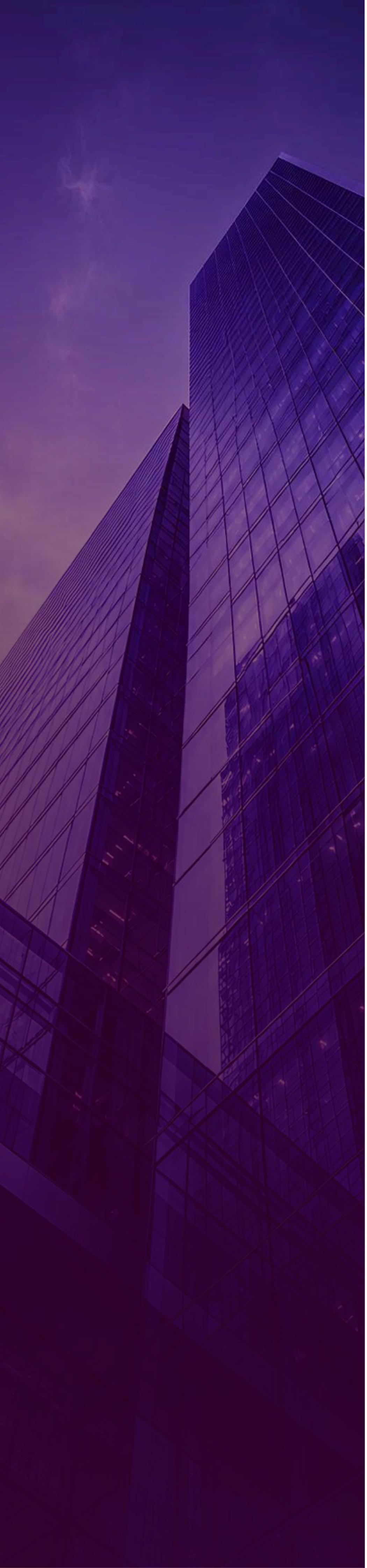
These recognitions reflect UNO's unwavering commitment to innovation, operational excellence, and creating meaningful impact for every Filipino.

Risk Management Framework

Risk Management Culture and Philosophy

The Risk Culture at UNObank consists of norms, attitudes and behavior related to risk awareness, risk-taking and risk management, and the controls that affect decisions on risk. The Board of Directors, Senior Management and all employees of the Bank contribute to the creation of a sound risk culture at UNObank. **Clear governance structure, policies, and procedures, support the creation of a sound risk culture.** Ultimately, the risk culture is created by day-to-day actions and the way key decisions are made and communicated.

Cooperation and constructive dialogue are part of the sound risk culture, as they foster an environment of open communication to reach common goals. The Bank aims to achieve a high level of competence by supporting each other across business units by sharing information, skills and experiences. A sound risk culture enables the organization to do the right thing, even in challenging circumstances, and it supports the organization to identify its risks, and to adhere to its values and principles of high ethical standards. It's everyone's responsibility to contribute to a sound risk culture. UNObank's risk culture fosters high levels of risk awareness where existing practices are critically reviewed and challenged. Constructive challenge is encouraged and is a natural part of discussions and decisions on risk-taking, risk awareness and risk culture. As part of an open culture, employees are encouraged to escalate and highlight issues, if any, through various management meetings/forums.



Risk Appetite and Strategy

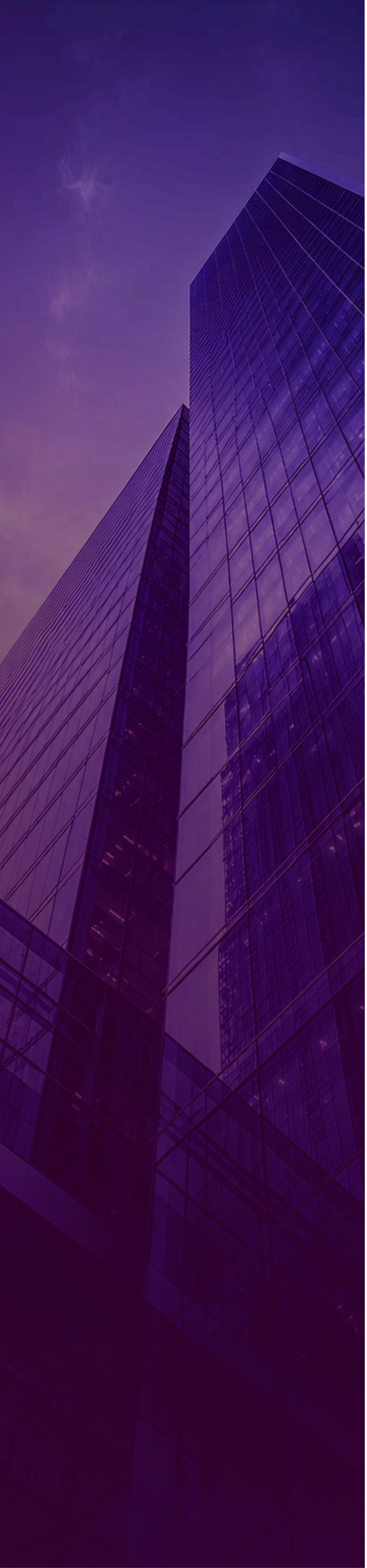
The Bank's risk-taking is primarily in its core activity of lending to mass, upper mass and mass affluent individual customers in Philippines. The Bank funds its activities through deposit acquisition, equity infusion, direct funding by investment entities and through borrowing in the local market. The Bank's operating model relies on its ability to obtain funding at a favorable cost, which enables its lending program, which is expected to have a tenor ranging between 1 month to 36 months, at launch. To support its lending and funding operations, the Bank maintains a portfolio of liquid assets of optimal size. The primary objective of the liquid portfolio is to ensure that the Bank is able to operate and continue its core activities even in stressed market conditions. The composition and maturity of the liquid portfolio are aligned with this objective, in addition to the reserve ratios that are mandated by the BSP. The Risk Appetite sets the tolerance for risk-taking in the Bank's operations within the bank's risk-bearing capacity. Risk limits and risk profile assessments are within the Bank's risk appetite framework.

Risk-bearing capacity is defined as the financial and non-financial resources that the Bank has at its disposal. The risk appetite is to set a level within the risk-bearing capacity to ensure that the Bank's risk exposure remains sustainable. Financial resources consist of the Bank's paid-in capital, deposits, and retained earnings. Non-financial resources are the skills and competencies of the staff, IT systems, internal procedures, and control systems. The Bank's risk-bearing capacity builds on a careful customer underwriting process. Therefore, financial resources and robust governance contribute to maintaining the Bank's competitive position and its strong capital and liquidity position.

The Risk Appetite Statement is a written articulation of the Bank's risk-taking, risk mitigation and risk avoidance, taking into consideration the Bank's statutory requirements. It contains risk type specific statements and forms a tool for the Board of Directors and senior management to guide and monitor the Bank's risk-taking activities.

Risk Limits are used to allocate the aggregate risk-taking mandate to business lines and portfolios. The main risk limits are established in the Bank's risk management policies and/or in its annual Business Plan. The limit system sets boundaries for the accepted levels of credit, market, interest, liquidity, operational, reputational, IT and information security risks, within the established risk appetite.

Risk Profile assessment aims to ascertain the Bank's risk profile within its risk limits and consequently with the risk appetite and risk-bearing capacity. This is a point-in-time evaluation of the level and types of the Bank's risk exposures and includes an evaluation of the Bank's material risks. The risk profile assessment is based on the Bank's internal capital adequacy assessment process (ICAAP). The resulting capital and liquidity requirements are compared against the Bank's risk appetite and risk-bearing capacity. This process creates a continuous interaction between Risk Appetite Statement (RAS) and ICAAP. RAS affects the bank's risk profile and risk-bearing capacity; these in turn may affect how the bank sets its risk appetite.



Risk Governance Structure and Risk Management Process

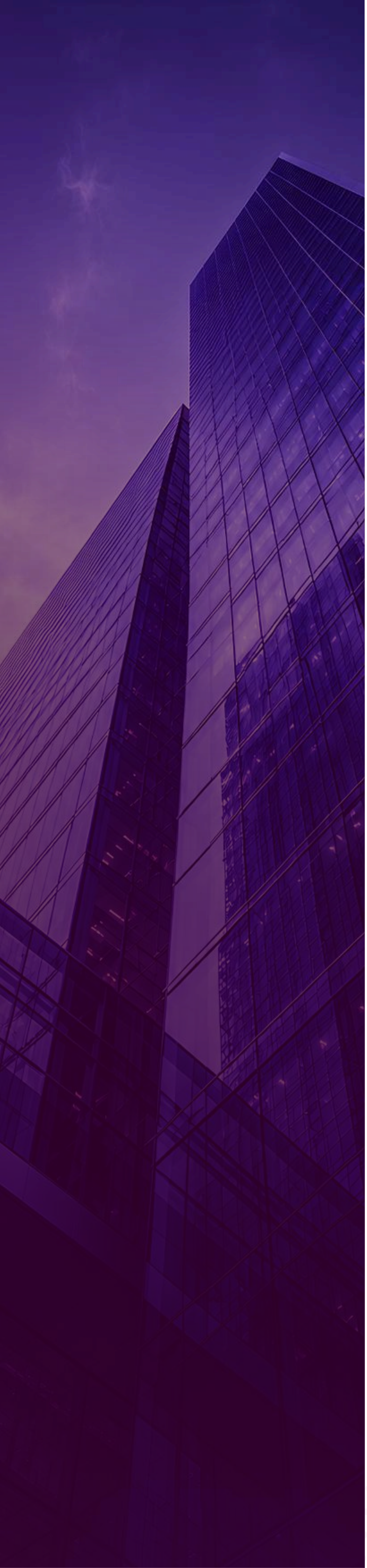
The operating model of the Bank's Risk governance structure is comprised of three lines of defense. These three lines provide a clear set of principles by which to implement a cohesive operating model and provides a framework for managing risk across the organization:

Governing Body (Board of Directors)		
Accountability to stakeholders for organizational oversight		
1st Line of Defense	**2nd Line of Defense**	**3rd Line of Defense**
Business Management Functions	Independent Risk & Control Functions (Risk, Compliance)	Internal Audit Function
Providing banking/financial products/services to clients; managing risk while doing this business function	Expertise, support, monitoring & challenging on risk-related matters of banking/financial services	Independent & objective assurance & advice on all material related matters to achievement of objectives

The **first line of defense** includes management and supervision responsibility for owning, managing and supervising, within a defined risk appetite, the risk in business areas and support functions. The guiding principle is that those responsible for risk-taking are also accountable for managing associated risks.

The **second line of defense** provides oversight and control, including responsibility for leading risk culture and appetite and analyzing the aggregate risk profile to the desired level (risk appetite). Additionally, it oversees the development and deployment of risk management tools utilized across the organization, involving periodic reviews, executive committee meetings, management information systems, and risk event reporting.

The **third line of defense** includes the responsibility of internal audit for reporting any matters that warrant escalation to the Bank's board, Audit Committee or Executive Committee. The Board is ultimately responsible for the system of risk management and internal control. The Board implements the controls through dedicated expert board-level committees, e.g., Risk Oversight Committee, Audit Committee, Corporate Governance Committee. At an executive level, the Chief Risk Officer (CRO) is responsible for adherence to the Risk Management Framework for the Bank and the effectiveness of the implementation of the system. The CRO, the Chief Executive Officer (CEO) and the Risk Oversight Committee in turn implement the governance through a series of executive level committees, which are directly responsible for designing, implementing, monitoring and reporting on the various types of risks taken by the Bank.



Risk Governance Structure and Risk Management Process

UNObank Board of Directors

CEO

Risk Oversight Committee

OpCom
Operations Committee

- Operational
- Enterprise
- Reputational Risk
- Social Media Risk
- Info Sec Risk
- IT Risk
- Complaints

CRO

Functional Risk Teams

- Information Security
- Fraud Risk Management
- Risk Control & Governance
- Credit Policy & Analytics

ALCO
Asset Liability Committee

- Liquidity
- IRRBB
- Market
- Counterparty

CreCom
Credit Committee

- Credit Risk
- Fraud Risk

ESGCom
Environmental, Social & Governance Committee

- ESG Risk

BCMC
Business Continuity Management Committee

- Biz Continuity

Supporting Risk Frameworks

Audit Committee

Corporate Governance

People Risk Management

Legal Risk Management

AML Governance and Culture

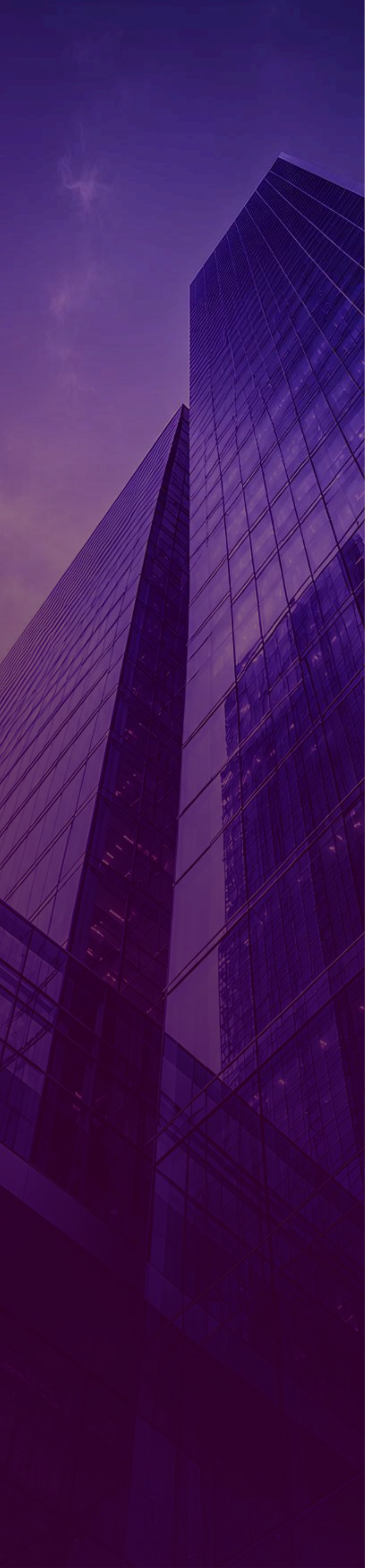
Overall Money Laundering & Terrorist Financing Risk management Framework

The Bank employs a **multi-layered risk management framework** designed to effectively prevent and mitigate the risks of money laundering, terrorism financing, and proliferation financing.

Central to this framework is the implementation of robust controls across critical areas, including customer due diligence, client profiling and risk assessment, ongoing transaction monitoring through advanced technology and systems, reporting of covered and suspicious transactions, and sanctions screening. These measures are instituted not only to ensure full compliance with applicable regulatory requirements, but also to actively safeguard the integrity of the financial system.

The framework is further reinforced by a comprehensive training and awareness program that extends to all employees, members of the Board of Directors, and third-party service providers. This ensures that all relevant parties remain informed of the latest regulatory developments, emerging typologies, and evolving standards in the prevention of money laundering and other financial crimes. By cultivating a culture of vigilance and accountability at every level, the Bank strengthens its collective capacity to detect, deter, and respond to financial crime risks.

The Board of Directors, through the Corporate Governance Committee, plays a pivotal role in this framework by providing oversight, strategic direction, and guidance in support of the Bank's anti-money laundering and counter-terrorism and proliferation financing functions. The Board ensures that these functions are adequately resourced, properly governed, and aligned with both regulatory expectations and the Bank's broader risk management objectives — reinforcing its commitment to maintaining a sound, compliant, and integrity-driven institution.



Risk Exposures and Assessment

UNO Digital Bank remains fully compliant with all applicable BSP requirements and continues to strengthen its internal risk reporting capabilities in step with the Bank's growth trajectory and digital scaling roadmap.

As the loan portfolio expands, the Bank employs a structured, phased approach to credit risk monitoring anchored on three indicator horizons:

- Leading indicators: borrower risk profiles, onboarding data, and application scorecard outputs
- Coincident indicators: credit performance, repayment behavior, and portfolio vintage trends
- Lagging indicators: loss data, write-off rates, and recovery metrics

These indicators underpin the ongoing development of custom credit scorecards and performance benchmarks calibrated to the Bank's unique customer segments. Portfolio performance data is being systematically collated to support model design, ensuring that lending growth remains prudent, risk-informed, and inclusive. The Bank monitors Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) as inputs to the computation of Lifetime Expected Credit Loss (LECL) under PFRS 9, ensuring that loss provisioning is robust, forward-looking, and proportionate to portfolio risk at all times.

Credit and Concentration Risk

The lending activities undertaken by the Bank expose it to credit risk, concentration risk, and the broader cyclical nature of the Philippine economy. In response, the Bank implements segment-specific underwriting parameters that assess key factors such as borrower capacity, sectoral exposure, repayment behavior, and macroeconomic sensitivity.

The overarching goal of credit risk management at UNO Digital Bank is to maintain a high-quality loan portfolio that is not only profitable but also resilient-aligned with internal risk appetite thresholds and external regulatory expectations for sustainable lending.

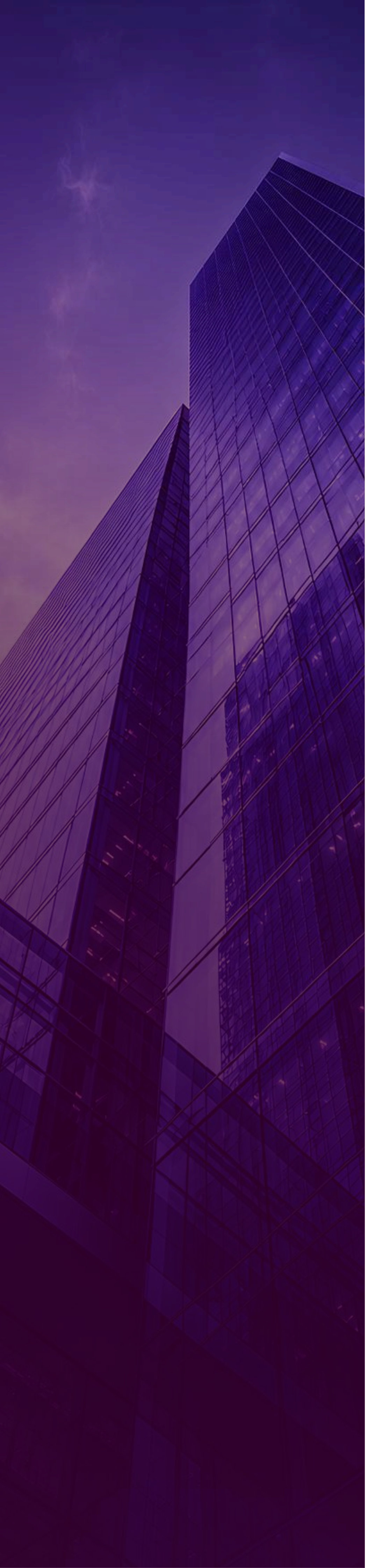
To support this, credit risk is managed through:

- Robust borrower profiling and scoring
- Continuous credit performance monitoring
- Stress testing of high-risk segments
- Defined exposure limits per product, borrower type, and sector

As the Bank scales, credit risk metrics such as PD (Probability of Default, EAD (Exposure at Default) and LGD (Loss Given Default) are used to calibrate provisions and safeguard capital adequacy.

TOTAL CREDIT RISK EXPOSURE

	Outstanding Balance		Risk Assessment	
	2025	**2024**	**2025**	**2024**
Personal Loans	1,681,841,189	947,220,257	Moderate	Moderate
Salary Loans	7,145,313	12,490,470	Low Risk	Low Risk
Portfolio Acquisition	2,131,223,887	617,193,381	Low Risk	Low Risk
UNOeasy (Sales Finance)	43,863,177	94,881,412	Moderate	New
Loans Channeling	403,873,241	-	New	-



Market Risk

Given that the Bank has not yet started its trading activity, its market risk occurs mainly in currency exchange transactions. In adherence to Section 99 of MORFXT, which stipulates that a bank's consolidated net open foreign exchange position should not surpass 25% of its qualifying capital or USD 150.0 million, whichever is less, the Bank conducts daily monitoring of its position vis-à-vis this threshold.

Operational Risk

UNObank's operations consist of day-to-day routines and activities that enable the Bank to achieve its business objectives. The Bank has organized its operations through processes that are designed to promote efficiency and to mitigate potential errors. The Bank acknowledges that no organization can completely avoid errors and mistakes, though well-defined and robust processes support the Bank's internal control framework, reduces potential for losses, and also helps to mitigate impact on our reputation.

On a high level, the Bank's risk universe consists of financial and non-financial risks. Non-financial risks are due to inadequate internal processes, people and systems or external events. Thus, errors in the Bank's operations typically fall under the non-financial category. These risks are managed using specific tools, methodologies and procedures across all units and functions in the Bank. UNObank is willing to accept limited exposure to non-financial risk as part of its operations and is defined in its Operational Risk KRIs. Appropriate and economically viable mitigating measures are implemented to control these risks through these KRIs, along with strong internal controls.

The operations of the Bank are heavily reliant on reliable IT services, information security, data management and skilled resources. IT services undergo continuous updating and development to provide a high-quality service in an evolving environment. Continuity of operations is a key consideration. Business continuity capabilities are critical to the continued success of the Bank. Security of confidential client, business and employee information is of utmost importance to the Bank. Additionally, critical business functions require high levels of integrity and availability of IT systems and data. Hence, we have established an automated process of transfer of data to an internal data warehouse and strive towards automation of reporting (internal/external/regulatory) to the maximum extent possible.

The Bank also monitors the adequacy of models used to mitigate risks arising from decision making based on inadequate or incorrectly implemented models. Model tracking is done as part of the Operations Risk Management Framework. In line with the above, the Operational Risk KRIs are established for the following key areas: System downtime, Outsourcing Risk, Operational Losses, Business Continuity, Risk Control Self-Assessment (RCSA), Model Risk Management and Human Resources.

Interest Rate in the Banking Book

For interest rate risk on banking book (IRRBB), the Bank measures the impact of interest rate increases on Net Interest Income (NII) over a 12-month period and at Economic Value of Equity (EVE). The Earnings-at-Risk methodology is to monitor the impact on earnings resulting from fluctuations in interest rates monthly while EVE measures the loss in the economic value of equity under adverse interest rate scenarios. This allows the Bank to assess the potential exposure of its earnings and equity to changes in interest rate levels, enabling proactive management of interest rate risk. By employing these methodologies, the Bank can better anticipate and mitigate the effects of interest rate movements on its profitability and equity, thereby enhancing its overall financial resilience and stability.

Corporate Governance

Corporate Governance Structure and Practices

The Shareholders, Board of Directors, and Senior Management of UNObank Inc. share the firm belief that **sound corporate governance is not merely a regulatory expectation, but a foundational pillar of the Bank's identity and long-term success.** Beyond driving institutional performance, robust corporate governance serves as the framework through which the Bank creates and sustains value for all its stakeholders — including its clients, suppliers, counterparties, the Philippine Government, and the broader Philippine banking and financial system.

The Bank fully embraces the principle articulated by the Securities and Exchange Commission that corporate governance represents the proper system of stewardship and control guiding an institution in fulfilling its economic, moral, legal, and social obligations to its shareholders and stakeholders alike. It is through this framework that the Bank establishes clear lines of direction, accountability, and oversight — translating regulatory standards, performance expectations, and ethical principles into a coherent governance structure that guides conduct at every level of the organization.

At its core, the Bank's corporate governance framework holds the Board of Directors and Senior Management accountable for upholding the highest standards of ethical behavior, ensuring that decisions are made with integrity, transparency, and a long-term perspective. It serves as the mechanism through which the Bank reconciles its commitment to delivering lasting customer satisfaction with its responsibility to generate sustainable value for its shareholders — recognizing that these objectives, when pursued within a sound governance framework, are mutually reinforcing and ultimately serve the best interests of all stakeholders and society as a whole.

Selection Process for the Board and Senior Management

The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

At least 1/3 but not less than two (2) members of the board of directors shall be independent directors and any fractional result from applying the required minimum proportion (i.e. 1/3) shall be rounded up to the nearest whole number. An independent director is one who is independent of management and free from business or other relationship which could, or could reasonably be perceived by the Bangko Sentral ng Pilipinas, Securities and Exchange Commission, and other regulatory authorities, from time to time."

The Board may, from time to time, appoint officers as it may determine to be necessary or proper. Any two (2) or more positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or President and Secretary at the same time.

Board's Overall Responsibility

The Board discharges its duties on a fully informed basis, in good faith, and with due diligence and care, in the best interests of the Bank and all its shareholders. It is responsible for overseeing the formulation and approval of the Bank's strategic objectives and business plans, and for monitoring the implementation thereof to promote the Bank's long-term viability, soundness, and resilience. In the discharge of its oversight function, the Board reviews and provides guidance on corporate strategy, major plans of action, risk management policies and procedures, annual budgets, and business plans; sets performance objectives; monitors implementation and corporate performance; and oversees major capital expenditures, acquisitions, and divestitures. Through these responsibilities, the Board helps ensure that the Bank's strategic priorities are clearly defined, effectively executed, and aligned with the creation and preservation of long-term corporate value.

The Board is likewise principally responsible for defining the Bank's vision, mission, and corporate values, and for upholding its fiduciary responsibilities to the Bank and all shareholders, including minority shareholders. It approves and oversees the implementation of strategies designed to achieve the Bank's corporate objectives, as well as the risk governance framework and the system of checks and balances that underpin effective oversight and accountability. The Board is also responsible for establishing and maintaining a sound corporate governance framework, approving the appointment of the Chief Executive Officer ("CEO") and key members of Senior Management, and overseeing the performance of their respective functions to ensure that management remains aligned with the Bank's strategic direction, risk appetite, and regulatory obligations.

Roles & Contributions

CHAIRPERSON
The Chairperson of the Board shall provide leadership in the Board. He shall ensure effective functioning of the Board, including maintaining a relationship of trust with members of the Board. He shall, in addition to his functions under Article III, Section 8 of the Bank's By-Laws:

- Ensure that the meeting agenda focuses on strategic matters including discussion on risk appetites, and key governance concerns;
- Ensure a sound decision-making process;
- Encourage and promote critical discussion;
- Ensure that dissenting views can be expressed and discussed within the decision-making process;
- Ensure that members of the Board receive accurate, timely, and relevant information;
- Ensure the conduct of proper orientation for first-time directors and provide training opportunities for all directors; and
- Ensure the conduct of performance evaluation of the Board at least once a year.

INDEPENDENT DIRECTOR
An independent director is one who is independent of management and free from business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as director and must possess all the qualifications. and none of the disqualifications, as prescribed by the Bangko Sentral ng Pilipinas, Securities and Exchange Commission, and other regulatory authorities, from time to time.

Board Qualification

The Bank is headed by a competent, working board to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.

The Board should be composed of directors with a collective working knowledge, experience or expertise that is relevant to the Bank's operations. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

Board of Directors

FOUNDERS

Kalidas Ghose
Chairman; Regular Director

- The principal stockholder represented if nominee: UNO Asia Pte. Ltd.
- The number of years served as director: 4 years, 8 months
- Number of direct and indirect shares held: 1 Common A
- Percentage of shares held to total outstanding shares of the bank: 0.00%

Manish Bhai
President; Regular Director

- The principal stockholder represented if nominee: UNO Asia Pte. Ltd.
- The number of years served as director: 4 years, 8 months
- Number of direct and indirect shares held: 1 Common A
- Percentage of shares held to total outstanding shares of the bank: 0.00%

DIRECTORS

Benjamin Cross Sevilla
Regular Director

- The principal stockholder represented if nominee: Digippines Holding Inc.
- The number of years served as director: 4 years, 8 months
- Number of direct and indirect shares held: 1 Common B
- Percentage of shares held to total outstanding shares of the bank: 0.00%

Board of Directors

DIRECTORS

Ronaldo Modesto J. Ventura
Regular Director

- The principal stockholder represented if nominee: UNO Digital Holdings Inc.
- The number of years served as director: 4 years, 8 months
- Number of direct and indirect shares held: 1 Common A
- Percentage of shares held to total outstanding shares of the bank: 0.00%

Juan Miguel S. Mapa
Regular Director

- The principal stockholder represented if nominee: UNO Digital Holdings Inc.
- The number of years served as director: 4 years, 8 months
- Number of direct and indirect shares held: 1 Common A
- Percentage of shares held to total outstanding shares of the bank: 0.00%

Wilfrido A. Atienza
Independent Director

- The principal stockholder represented if nominee: N/A
- The number of years served as director: 4 years, 8 months
- Number of direct and indirect shares held: 1 Common A
- Percentage of shares held to total outstanding shares of the bank: 0.00%

Board of Directors

DIRECTORS

David John Binder
Independent Director

- The principal stockholder represented if nominee: N/A
- The number of years served as director: 4 years, 8 months
- Number of direct and indirect shares held: 1 Common A
- Percentage of shares held to total outstanding shares of the bank: 0.00%

Maria Nancy Valiente
Independent Director

- The principal stockholder represented if nominee: N/A
- The number of years served as director: 4 years, 8 months
- Number of direct and indirect shares held: 1 Common A
- Percentage of shares held to total outstanding shares of the bank: 0.00%

Griselda Gloria Santos
Independent Director

- The principal stockholder represented if nominee: N/A
- The number of years served as director: 4 years, 8 months
- Number of direct and indirect shares held: 1 Common A
- Percentage of shares held to total outstanding shares of the bank: 0.00%

Board-level Committees

EXECUTIVE COMMITTEE
Chairperson: Manish Bhai
Members: Kalidas Ghose, Benjamin Cross Sevilla

The Committee may act on such specific matters within the competence of the Board of Directors so far as may be permitted by applicable laws and by the Articles of Incorporation and By-Laws of the Corporation, principally in terms of day-to-day operations, including:

- the appointment of a new vendor for an activity already authorized by the Board;
- the appointment of authorized representatives and signatories to vendors and other business partners, or to government agencies or local government units;
- submission of regulatory reports or requirements.

CORPORATE GOVERNANCE COMMITTEE
Chairperson: Griselda Gay Santos
Members: Maria Nancy Valiente, *Kalidas Ghose*

The CG Committee shall assist the Board in fulfilling its corporate governance responsibilities.

In this regard, the CG Committee shall:

- Oversee the nomination process for members of the Board and for positions appointed by the Board.
- Review and assess the structure, size and composition of the Board, including the examination and assessment of the effectiveness of the Board's selection standards, nomination and recruitment process of directors.
- Annually review the independence of the members of the Board.
- Oversee the continuing education program for the Board.
- Oversee the design and operation of the remuneration and other incentives policy.
- Review policy guidelines and implementing procedures for handling relevant RPTs by ensuring effective compliance with existing laws, rules and regulations, and global best practices and recommend such policies as may be appropriate for the approval of the Board;
- Evaluate existing relations between and among businesses, clients and counterparties to ensure that all Related Parties and RPTs are continuously identified and monitored, including subsequent changes in relationships with counterparties (from non-related to related and vice versa);
- Review of material RPTs to ensure that these are conducted in the regular course of business (fair process) and not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances (fair terms), and that no corporate or business resources of the Bank are misappropriated or misapplied;

Board-level Committees

RISK OVERSIGHT COMMITTEE
Chairperson: Freddie Atienza
Members: David Binder, Manish Bhai, Kalidas Ghose, Nancy Valiente

The ROC shall advise the Board on the Bank's overall current and future risk appetite, oversee senior management's adherence to the risk appetite statement, and report on the state of risk culture of the Bank.

INFORMATION TECHNOLOGY RISK COMMITTEE
Chairperson: Kalidas Ghose
Members: Manish Bhai, Juan Miguel Mapa

The IT Risk Committee is a Board Committee that shall oversee and assess the Corporation's technology-related strategies, assess risks, and make recommendations. It shall also oversee the development and implementation of the Corporation's cybersecurity policy.

AUDIT COMMITTEE
Chairperson: David Binder
Members: Benjamin Cross Sevilla, Griselda Gay Santos

- **Oversee the financial reporting framework.** The committee shall oversee the financial reporting process, practices, and controls. It shall ensure that the reporting framework enables the generation and preparation of accurate and comprehensive information and reports.
- **Monitor and evaluate the adequacy and effectiveness of the internal control system.** The committee shall oversee the implementation of internal control policies and activities. It shall also ensure that periodic assessment of the internal control system is conducted to identify the weaknesses and evaluate its robustness considering the Bank's risk profile and strategic direction.

HUMAN RESOURCES COMMITTEE
Chairperson: Nancy Valiente
Member: Kalidas Ghose, Manish Bhai, Ronaldo Ventura

The Human Resources Committee, a vital Board Committee, is entrusted with ensuring adherence to best practices concerning employees' compensation, diversity, and talent development within the organization. This committee plays a pivotal role in overseeing and implementing policies and strategies aimed at fostering fair and competitive compensation structures, promoting diversity and inclusion initiatives, and nurturing talent development programs. By upholding these standards, the Human Resources Committee contributes significantly to creating a positive work environment, attracting top talent, and fostering the professional growth and well-being of employees within the Bank.

Directors' Attendance at Board and Committee Meetings

Board Member	Board Meeting	Executive Committee	Corp Gov Committee	Audit Committee	Risk Oversight Committee	IT Steering Committee	RPT Committee	HR Committee
Kalidas Ghose	5	5	5		10	6		3
Manish Bhai	5	5			11	7		3
Ben Sevilla	5	5		5			1	
Ronaldo Ventura	4					7		3
Juan Miguel Mapa	5							
Freddie Atienza	5		3		13			
David Binder	5			5	12		1	
Nancy Valiente	5		2		12		1	3
Gay Santos	5		5	4				

NOTE:
- Nancy joined CGC in June 2025 following the merger of RPT Comm.
- Freddie was replaced by Nancy as a member of CGC.

Performance Assessment Program

The Annual Assessment of the Board of Directors (BOD) is in the form of Self-Assessment and undertaken not later than June of every year or before the conduct of the Annual Stockholders Meeting. The BOD members use a Self-Assessment Questionnaire that is composed of varying statements based on the roles, functions and responsibilities of the Board of Directors found under the Bank's Manual on Corporate Governance. The role, function and responsibilities were grouped and weighted in the following criteria:

1. Competence
2. Independence
3. Practice as a Director
4. Performance on Board Level Committee
5. Corporate Development

List of Executive Officers and Senior Management

- **Manish Bhai**
  CEO/President
  - **Sanjeev Satija** — Chief Credit Cycle Officer
    - **Lourice Gelacio** — Head of Credit Policy
    - **Cynthia Liwanag** — Head of Credit Operations
  - **Sanjay Sharda** — Head of Liabilities and Customer Growth
    - **Antonio Gonzales** — Head of Deposits
    - **Paul Bantayan** — Head of Marketing
    - **Walter Mendoza** — Head of Banking Operations
    - **Rez Santos** — Head of Customer Happiness, KYC & Lending Operations
  - **Romel Meniado** — Chief Governance Officer
    - **Amelia Tejero** — Head of Audit
    - **Eric Baingan** — Head of Compliance
    - **Joseph Soriao** — Chief Risk Officer
    - **Sheila Fernandez** — Head of Legal
    - **Dexter Erro** — Chief Information Security Officer
  - **Carlos Balingit** — Chief Financial Officer
    - **Randel Chavez** — Financial Controller
    - **Ronaldo Mendoza** — Head of Treasury
  - **Luis Lorenzo Africa** — Chief Technology Officer
  - **Denise Fiesta** — OIC - Head of HR

LEGEND:

- Reporting to Board Commitee
- Reporting to ALCO
- Functional Support

People, Culture, and ESG

Throughout 2025, UNObank continued to strengthen its commitment to building a future-ready, resilient, and purpose-driven organization by **investing in its people, reinforcing governance culture, and advancing environmental, social, and governance (ESG) initiative**s. A series of thoughtfully designed programs demonstrated the Bank's holistic approach to employee engagement, capability building, and community impact—anchored on the belief that sustainable growth is driven by empowered employees and responsible corporate citizenship.

BUILDING A PURPOSE-DRIVEN ORGANIZATION

Collectively, these programs highlight UNObank's approach to building a people-centric and values-driven organization, where governance, well-being, learning, and social impact are closely interconnected.

By enhancing governance awareness, strengthening employee support systems, promoting wellness, and delivering meaningful community initiatives, UNObank continues to position itself as an organization that not only drives performance but also creates sustainable and inclusive value for its employees and the communities it serves.

Integrating Wellness, Engagement, & Sustainability

Recognizing that employee well-being is a key driver of performance and engagement, UNObank implemented the Mindful Living Series, a structured employee engagement initiative focused on mental health, resilience, and work-life integration.

Delivered in a hybrid format, the sessions ensured inclusive participation across both onsite and remote employees. Key sessions included:

- **"Achieving Work-Life Synergy"**, which emphasized sustainable productivity and the alignment of professional and personal priorities
- **"It's Okay Not to Be Okay... and Still Lean In"**, which addressed mental health awareness and emotional resilience

The series recorded strong engagement levels, with active participation observed through Q&A discussions and interactive dialogue. Notably, the mental health-focused session emerged as the highest-attended session across the series, indicating strong relevance and resonance with employees.

These initiatives contributed to fostering an environment where employee well-being is prioritized, conversations around mental health are normalized, and individuals are equipped with practical tools to navigate workplace demands, supporting UN SDG 3 (Good Health and Well-being).

UNObank continued to integrate ESG principles into employee engagement initiatives, ensuring that programs deliver both organizational and societal value.

- **Move With UNO (Employee Wellness Initiative):** Embedded within the broader well-being agenda, Move With UNO promoted physical activity and healthy lifestyle habits among employees, complementing the mental wellness focus of the
- **Environmental Sustainability Action:** As part of its ESG commitments, UNObank planted two trees, symbolizing the organization's contribution to environmental sustainability and climate action efforts.

These initiatives demonstrate the Bank's commitment to embedding ESG into both internal culture and external impact, supporting UN SDG 3 (Good Health and Well-being) and UN SDG 13 (Climate Action).

Enhancements to Employee Benefits and Support Mechanisms

In parallel, UNObank strengthened its Remuneration Policy to better support employees during critical life moments and promote overall well-being. Key enhancements included:

- Introduction of Bereavement Leave and increased Funeral Assistance, providing employees with additional support during periods of personal loss
- Clarification of Emergency Leave eligibility criteria, ensuring transparency and consistent application of benefits
- Wellness Incentivization through Sick Leave (SL) Conversion, encouraging proactive health management and responsible leave utilization

These improvements reinforced the Bank's commitment to employee care, fairness, and policy clarity, ensuring that employees are supported both professionally and personally.

Strengthening Flexible Work Arrangements

To further enhance the employee experience in a hybrid work environment, UNObank refined its Flexible Work Arrangement (FWA) framework, providing clearer guidance and structure for employees and managers.

The strengthened framework:

- Clarified expectations in hybrid work settings, enabling better alignment on productivity and accountability
- Promoted work-life integration and flexibility, while maintaining operational effectiveness
- Supported employees in navigating evolving workplace models with greater consistency and transparency

Together, these initiatives contributed to a more adaptive, inclusive, and employee-centric work environment, aligned with UN SDG 3 (Good Health and Well-being).

Leadership Continuity and Succession

At UNO Digital Bank, leadership continuity is about building a future-ready organization from within. We prepare our people and leaders to step into critical roles with confidence, agility, and a strong sense of ownership. Through a structured succession and talent framework, UNO identifies key roles, develops internal talent, and plans for smooth transitions so the business can continue to serve customers with speed, stability, and care.

Our approach is grounded in UNO's TRUE values—Trust, Respect, Unity, and Excellence. These values shape how we recognize potential, develop capability, and create opportunities for people to grow. Leaders play an active role in spotting strengths, coaching talent, and preparing teams for the next stage of the Bank's growth. This helps UNO build a leadership pipeline that is not only capable, but also values-led and deeply connected to our mission of making banking simpler, better, and more accessible.

Performance remains an important part of this journey. UNO's performance framework creates clarity on goals, encourages meaningful conversations, and connects individual contribution with business priorities. Through regular goal setting, check-ins, and year-end reviews, employees receive clearer direction on how they can grow, contribute, and prepare for future opportunities. In this way, performance, learning, and succession work together to support both individual career growth and long-term organizational strength.

Remuneration Philosophy and Governance

UNO's remuneration philosophy is simple: reward performance, support people, and sustain growth responsibly. The Bank's rewards framework is designed to be fair, market-aware, and performance-driven, while staying practical for the needs of a growing digital bank. It brings together pay, benefits, incentives, recognition, and long-term rewards in a way that helps attract, motivate, and retain talent.

At the heart of this framework is a commitment to meritocracy and fairness. UNO recognizes people for the value they create, the results they deliver, and the behaviors they demonstrate. Rewards are connected to performance, potential, business results, and responsible conduct—reinforcing a culture where employees are empowered to do meaningful work, grow their careers, and contribute to the Bank's success.

The Bank also continues to strengthen employee support through benefits and well-being programs that respond to moments that matter. These include support for health, wellness, life events, retirement, and other employee needs. With the CEO, Human Resources, and the relevant Board Committee providing oversight, UNO ensures that rewards decisions remain thoughtful, sustainable, and anchored on the same TRUE values that guide how the Bank serves its people, customers, and stakeholders.

Corporate Social Responsibility Initiative

ADVANCING FINANCIAL INCLUSION THROUGH CSR

As part of the Bank's broader commitment to community development, UNObank launched UNO GEMS, a Corporate Social Responsibility (CSR) initiative focused on early childhood financial literacy.

The program was conducted in partnership with Rainbow Learning Center engaging 30 Senior Kinder students (aged 5 to 5.11 years old), with the support of their parents to reinforce learning beyond the classroom.

UNO GEMS introduced children to foundational financial concepts through four simplified pillars:

- **Give** – Promoting generosity and charitable values
- **Earn** – Introducing basic earning concepts
- **Manage** – Teaching early budgeting and money management skills
- **Spend** – Encouraging thoughtful and goal-oriented spending

Delivered through interactive games, storytelling, and hands-on activities, the program successfully demonstrated that financial literacy concepts can be instilled at an early age in an engaging and accessible manner.

Strengthening Governance Culture and Capability

In November 2025, UNObank conducted **Governance Month 2025, anchored on the theme "Future Ready: Governance Designed for Tomorrow's Digital Challenges."** The initiative, led by the Governance Group in collaboration with HR, Marketing, and Technology, reflected a coordinated effort to embed governance principles across the organization and ensure alignment with evolving regulatory and digital landscapes.

The program focused on governance education and capability enhancement, delivering a series of learning sessions, refresher courses, and awareness campaigns aimed at reinforcing compliance, ethical conduct, and accountability. Employees participated in structured sessions designed to deepen their understanding of internal policies, regulatory requirements, and risk-aware decision-making, ensuring that governance principles were not only understood but consistently applied in day-to-day operations.

The initiative was officially launched by CEO Manish Bhai and Chief Governance Officer Romel Meniado, signaling strong leadership commitment to cultivating a culture of integrity and accountability.

It culminated in a Governance Month Closing Program on November 28, 2025, which featured:

- A comprehensive recap of governance learning initiatives and awareness activities
- A message from Chairman Kalidas Ghose, emphasizing the importance of robust governance frameworks in navigating digital transformation
- Leadership insights from CEO Manish Bhai, outlining the Bank's strategic direction toward 2026 and beyond
- A keynote address by Director Gay Santos on ESG, highlighting the integration of environmental, social, and governance principles into business strategy
- An interactive Q&A segment that encouraged employee participation and knowledge exchange

The program concluded with closing remarks from the Chief Governance Officer, reinforcing the shared responsibility of all employees in sustaining a strong, agile, and future-ready governance culture.

Developing Future Leaders:

Management Associate Program

As part of its commitment to building a sustainable leadership pipeline, **UNObank successfully graduated the first batch of its Management Associate (MA) Program**, marking a significant milestone in the Bank's talent development strategy.

The Management Associate Program was designed as a structured leadership development initiative aimed at identifying, developing, and accelerating high-potential talent into future leaders of the organization. The program provided participants with a comprehensive and immersive experience across key functions, equipping them with the capabilities required to thrive in a fast-evolving digital banking environment.

Throughout the program, Management Associates underwent a **curated development journey**, which included:

- Cross-functional rotations, exposing participants to diverse business units and operational environments
- Structured learning sessions and mentoring, guided by senior leaders and subject matter experts
- Hands-on project assignments, enabling practical application of knowledge and strategic thinking
- Exposure to governance, risk, and compliance frameworks, reinforcing the importance of responsible banking

This approach ensured that **MAs developed not only technical and functional expertise but also critical leadership competencies** such as problem-solving, adaptability, stakeholder management, and decision-making.

The graduation of the first MA batch signified the successful completion of a rigorous and transformative development journey, with participants demonstrating readiness to take on expanded roles and responsibilities within the organization.

The program established a strong foundation for internal leadership succession, ensuring that UNObank continues to build a pipeline of leaders who are:

- Future-ready and digitally adept
- Aligned with the Bank's values and governance standards
- Equipped to drive innovation and sustainable growth

The Management Associate Program supports UNObank's long-term organizational sustainability, reinforcing its investment in people and internal capability building. By developing talent from within, the Bank strengthens its ability to respond to evolving business needs while maintaining a strong, values-driven culture. This program contributes to a future-ready workforce capable of delivering long-term value to stakeholders.

Policies and Procedures on Related Party Transactions

OVERARCHING POLICIES AND PROCEDURES FOR MANAGING RELATED PARTY TRANSACTIONS

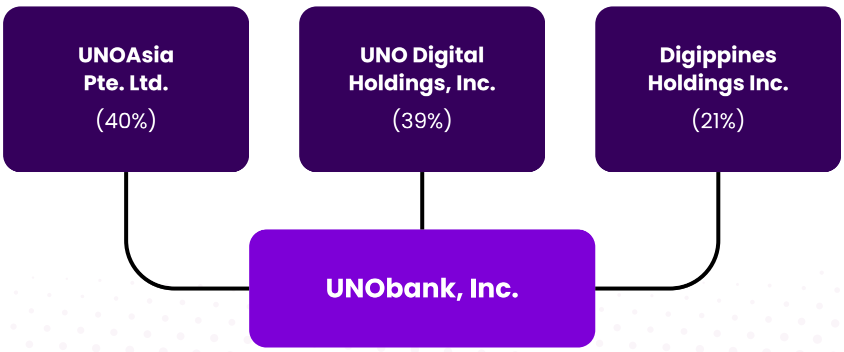
The Board of Directors, Management, and Staff of UNObank and its affiliates are committed to upholding the Policy Guidelines on Related Party Transactions (RPT). These guidelines were established in compliance with the Revised Corporation Code, the Securities Regulation Code and its implementing rules, the Revised Code of Corporate Governance, and relevant issuances of the Securities and Exchange Commission (SEC), as well as the Bangko Sentral ng Pilipinas (BSP) guidelines on strengthening corporate governance and RPT, the Prudential Policy on Loans to Directors, Officers, Stockholders, and Their Related Interests (DOSRI), Subsidiaries and Affiliates, the Basel Core Principles (BCP) for Effective Banking Supervision, and other applicable laws and regulations. The guidelines are reviewed and updated regularly to reflect new regulatory issuances.

The Bank acknowledges the economic value that RPTs bring to all parties involved and to the UNObank Group as a whole. RPTs are permitted provided they are conducted on an arm's length basis, subject to ongoing monitoring and appropriate risk controls. All RPTs must be undertaken in the ordinary course of business under fair process and on terms no more favorable to related parties than those extended to non-related parties under comparable circumstances.

The Board of Directors, through the Corporate Governance Committee (CGC), exercises oversight over the control systems governing RPT exposures and ensures that all RPTs are managed in accordance with this Manual. The CGC is kept continuously informed of regulatory developments and governance requirements relating to related party transactions.

RPTs are considered material when the aggregate value with the same related party over any twelve-month period reaches PHP 500,000 or more for credit transactions, or PHP 5 million or more for non-credit transactions.

CONGLOMERATE STRUCTURE



Self-Assessment Function

COMPLIANCE

The Compliance Department is led by the Head of Compliance, who bears primary responsibility for designing, implementing, and continuously enhancing the Bank's Compliance Program. This encompasses the development of compliance policies and procedures, the identification and assessment of compliance risks, and the oversight of corrective measures to ensure that the Bank operates within the bounds of all applicable laws, regulations, and internal standards. The Head of Compliance plays a critical role in ensuring the sound and prudent management of both business and compliance risks across the organization.

The Head of Compliance directly supervises Compliance Officers assigned to key risk areas, including anti-money laundering (AML), regulatory compliance, compliance testing, and data privacy. Each of these areas represents a distinct and significant dimension of the Bank's overall risk management framework. The AML function ensures that the Bank maintains robust safeguards against financial crimes and adheres to all relevant AML and counter-terrorism financing requirements. The regulatory compliance function monitors and ensures adherence to the evolving landscape of laws and regulations governing the banking industry. Compliance testing provides an independent assessment of whether business units are operating in accordance with established policies and regulatory requirements. The data privacy function ensures that the Bank handles personal information responsibly and in full compliance with applicable data protection laws.

Beyond its supervisory role, the Compliance Department works in close coordination with Senior Management and Heads of Departments to embed a strong and proactive compliance culture throughout the organization. This involves regular engagement, compliance awareness initiatives, and guidance to business units to ensure that compliance is not merely a regulatory obligation but an integral part of the Bank's day-to-day operations and decision-making.

The Compliance Department operates with full independence from the Bank's business activities, enabling it to carry out its mandate objectively and without undue influence. It exercises its functions on its own initiative across all units and business lines where compliance and business risks exist, and is provided with the necessary resources, authority, and access to information to fulfill its responsibilities effectively.

In the discharge of its duties, the Department has the unimpeded authority to escalate matters directly to Senior Management and to the Board of Directors through the Corporate Governance Committee. This includes the reporting of any identified irregularity, potential breach, or non-compliance with applicable laws, regulations, internal codes of conduct, or prevailing standards of good governance. The Compliance Department carries out this function in an environment that safeguards its independence, ensuring that its officers and staff are protected from any form of retaliation, undue pressure, or adverse treatment from management or other affected parties.

Self-Assessment Function

INTERNAL AUDIT

The internal audit function plays a vital role in maintaining the soundness and resilience of the Bank's operations by providing independent, objective assurance and advisory services designed to add value and improve the Bank's operations. As the Bank scales its digital financial services, the Internal Audit function ensures that growth is underpinned by robust governance, effective risk management, and strong internal controls.

Operating with full independence, Internal Audit reports functionally to the Board of the Directors, through the Audit Committee, and administratively to the Chief Governance Officer. This reporting structure preserves the individual objectivity of each internal auditor and the organizational independence of the Internal Audit function to enable it to effectively carry out independent and risk-based assurance services across all functions/areas of the Bank.

In line with global best practices, the Bank's internal audit activities are guided by a Board-approved framework aligned with:
- The Institute of Internal Auditors' (IIA) Global Internal Audit Standards;
- The IIA's Code of Ethics; and
- Applicable guidelines from international organizations, regulatory authorities, and government agencies.

In 2025, Internal Audit executed a risk-based annual audit plan, developed through an organization-wide risk assessment, incorporating inputs from the Board and Senior Management. This ensured that audit resources were directed toward areas of highest risk and strategic relevance.

To fulfill its mandate, the Board of Directors authorizes the internal audit function to:

1. Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
2. Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
3. Obtain assistance from the necessary personnel of the Bank, as well as other specialized services from within or outside the Bank, in order to complete the engagement.

Through this structure and system, the Bank ensures that its internal control system remains not only compliant, but adaptive, forward-looking, and deeply embedded in the Bank's architectural foundation.

Dividend Policy

No dividends were declared for the year ending on 31 December 2025.

Consumer Protection Policies

UNObank, Inc. Consumer Protection Program is in line with the Bangko Sentral ng Pilipinas ("BSP") Regulations on Financial Consumer Protection Circular No. 1160, "The Financial Consumer Protection Framework". The Consumer Protection Program of UNObank is consistent with the BSP policy to provide for an enabling environment that protects the interest of financial consumers and institutionalizes the responsibilities of stakeholders of the Bank. This program ensures that UNObank is responsive to the needs of their customers and stakeholders while being held against a high standard of accountability.

UNObank's Board of Directors through the Risk Oversight Committee ("ROC") shall be primarily responsible for approving and overseeing the implementation of UNObank Inc. Consumer Protection Program as well as the mechanism to ensure compliance with the said program. The ROC is also responsible for monitoring the performance of the UNObank Senior Management Team in managing the day to day consumer protection activities of UNObank.

UNObank Senior Management Team is responsible for the implementation of UNObank Consumer Protection Program, its Consumer Assistance Process, and its Complaint Handling, Monitoring, Reporting Process and Escalation Procedures for consumers. The Senior Management Team is comprised of business heads and support function heads such as Product, Digital, Operations, Technology, Risk, Legal, Compliance, Finance, Credit, and Collections Heads. A dedicated Quality and Customer Experience Lead or the Consumer Assistance Officer with support from the Human Channels Head is responsible for the adequate performance of the consumer assistance process, who oversees and manages the customer satisfaction metrics and service level of the customer service operations. The Quality and Customer Experience Lead ensures that complaints are recorded, tracked, analyzed and resolved. The QCE Lead also ensures that the root cause is identified and preventive measures are provided to avoid recurrence. The QCE Lead reports to the Senior Management Team the findings of this analysis and recommendations and escalates immediately significant complaints affecting the Bank's compliance to the financial consumer protection. Customer Happiness Specialists (CHS) are responsible for handling direct contact with clients, and ensuring the resolution of a client query, request, complaint or feedback through appropriate channels in a timely manner.

Consumer Protection Policies

UNObank's Customer Assistance Management System (CAMS) allows the Bank to effectively monitor, measure and control consumer protection risks inherent in its operating model and its operations. The CAMS is implemented to ensure UNObank's adherence to consumer protection standards of conduct and compliance with consumer protection laws, rules and regulations thus ensuring identified risks to UNObank and risks of financial harm to customers are addressed or prevented. The Customer Assistance Management System allows financial consumers to provide any feedback, inquiry, concerns and complaints 24 hours through the following channels:

The Customer Assistance Management System allows financial consumers to provide any feedback, inquiry, concerns and complaints 24 hours through the following channels:

UNO PHONEBANKING
UNObank customer support specialists are available 24/7 to assist customers instantly and live.

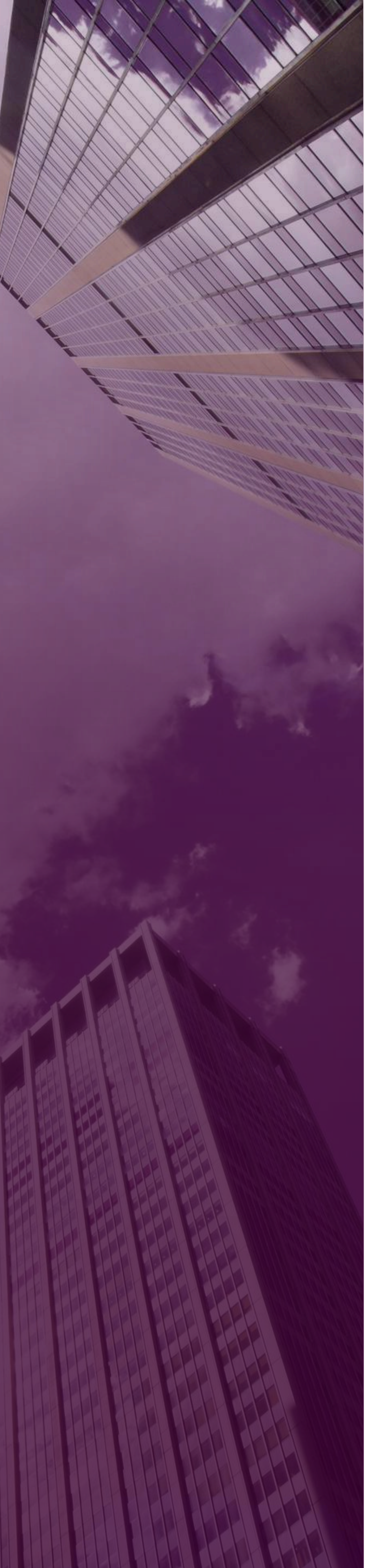
- For General Inquiries & Assistance: Available daily from 6 AM to 10 PM for all banking-related questions and concerns.
- For Fraud Concerns & Urgent Issues: Our dedicated fraud hotline is available 24/7 to provide immediate support.

IN-APP MESSAGING VIA UNO MOBILE APP
For secure communications, consumers may opt to send an in-app message anytime by logging in to the UNO Mobile App and by simply clicking the envelope icon in the dashboard to send questions and concerns to our UNObank Customer Happiness Specialists.

UNO MOBILE APP CHAT
Prelog-in and post log-in chats available to consumers 24/7 to lodge concerns, inquiries and feedback, following the response time within the operating hours of UNObank Customer Happiness Specialists.

UNO VIBER AND WHATSAPP MESSAGING
Additional channels such as Viber and WhatsApp will be assessed by UNOBank and be made available for innovation and a differentiating customer service delivery after the primary channels are implemented.

Corporate Information



Organizational Structure

- **Manish Bhai** CEO/President
  - **Sanjeev Satija** Chief Credit Cycle Officer
    - **Lourice Gelacio** Head of Credit Policy
    - **Cynthia Liwanag** Head of Credit Operations
  - **Sanjay Sharda** Head of Liabilities and Customer Growth
    - **Antonio Gonzales** Head of Deposits
    - **Paul Bantayan** Head of Marketing
    - **Walter Mendoza** Head of Banking Operations
    - **Rez Santos** Head of Customer Happiness, KYC & Lending Operations
  - **Romel Meniado** Chief Governance Officer
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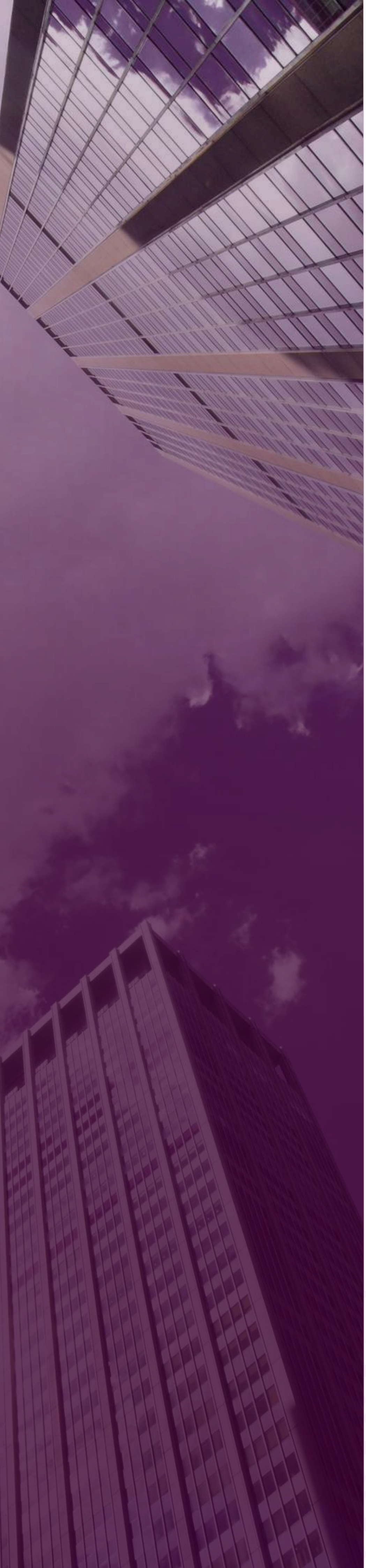
    - **Randel Chavez** Financial Controller
    - **Ronaldo Mendoza** Head of Treasury
  - **Luis Lorenzo Africa** Chief Technology Officer
  - **Denise Fiesta** OIC - Head of HR

LEGEND:

- Reporting to Board Commitee
- Reporting to ALCO
- Functional Support



Major Stockholders of the Bank

Stocholder	Nationality	% of Shareholdings	Voting Status
UNOASIA PTE. LTD.	Singaporean	40%	Yes
UNO DIGITAL HOLDINGS, INC.	Filipino	39%	Yes
DIGGIPINES HOLDING INC.	Filipino	21%	Yes

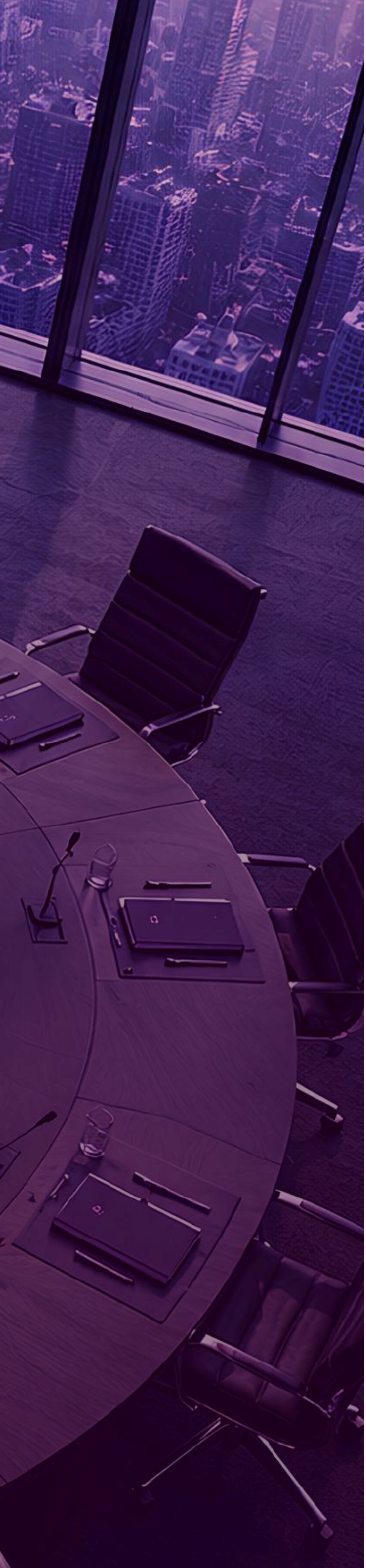
Bank Website

UNO Digital Bank's official corporate website may be found at **www.uno.bank**. It is an essential gateway for customer engagement, product transparency, and regulatory compliance.

KEY CONTENTS

- Comprehensive Product and Customer Information: The website offers detailed insights into UNO's full spectrum of financial solutions. Customers can explore the features and mechanics of flagship products and active promotions.
- Customer Support and Financial Literacy: Recognizing that financial inclusion relies on trust and education, the website hosts an extensive Knowledge Base (FAQs), safety advisories, and articles focused on customer protection and fraud prevention. It also details the bank's contact channels to assist users with inquiries.
- Corporate Governance and Investor Relations: The website maintains a dedicated section for corporate updates, media announcements, executive leadership profiles, and the repository for the bank's Annual Reports.

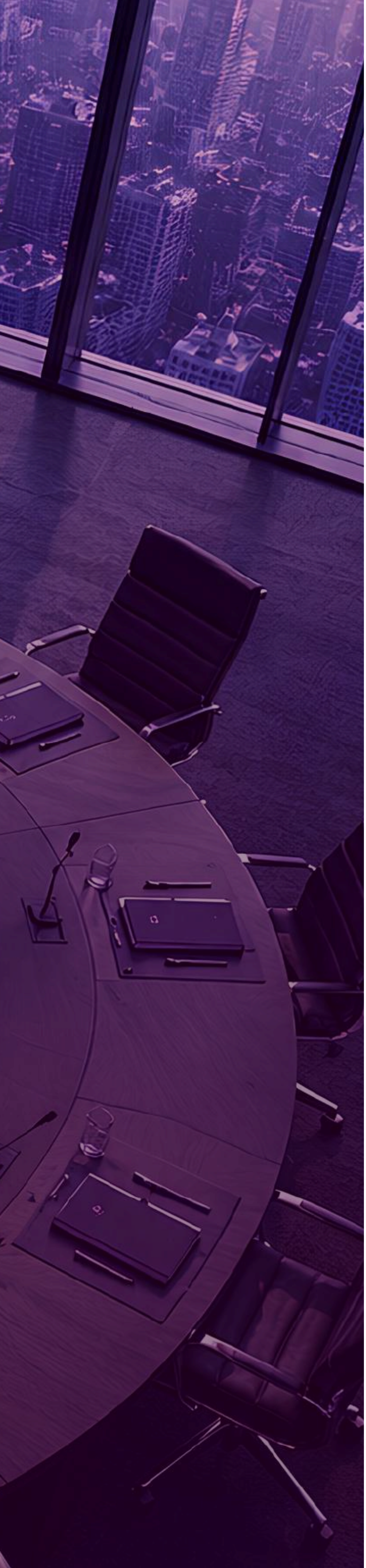
Sustainable Finance



Sustainability Strategic Objectives and Risk Appetite

The Bank's sustainability strategy has the following objectives:

- Doing business responsibly for UNObank is based on the belief that as the Bank grows in terms of profitability, it also needs to grow responsibly
- Conduct business responsibly so that it enhances operational performance, even while preserving the natural environment, conforming with best-in-class corporate governance, positively improving the lives of communities in which it operates and caring for development and well-being of its employees
- Optimize lifecycle engagement of the Bank's customers by providing them with simpler, better, accessible banking, through a single trusted interface to manage one's entire financial life cycle journey with speed and ease: a platform where customers can save, borrow, transact, invest and protect in a simple and transparent manner
- Provide services digitally, to make the products available to more people at a lower cost without sacrificing quality and security, and support the financial inclusion objective of BSP and the Government
- Integrate environmental and social risks into its internal risk management frameworks
- Continuous evaluation and application of international environmental and social standards within the Philippine business environment
- Assess implications of incidents that can lead to negative environmental and social outcomes which can result into business continuity risk, reputation risk, and a direct financial impact



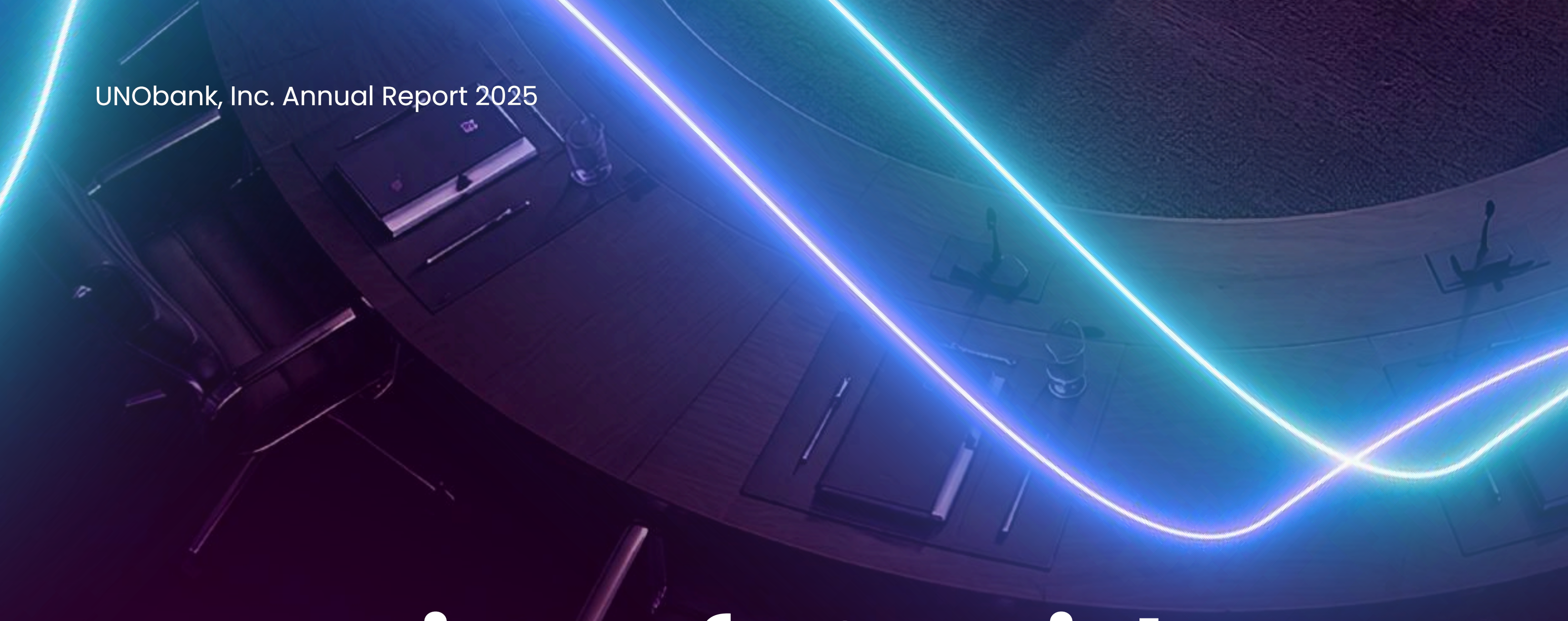
Overview of E&S Risk Management System

The Bank's E&S risk management system is governed through the ESG Policy that was adopted by the Board on 29th April 2023. **Within the limited scope of E&S contribution for a digital consumer bank, the policy provides for the following:**

- Exclusion list comprising of sectors/professions which the Bank will not engage in any financial activity, especially lending and investment.
- Enhanced due diligence for projects/transactions involving any sensitive sectors – defence/security sector and sector involved in nuclear power generation
- Project categorization for non-individual lending aiming to avoid financing and lending activities to projects where utilization of proceeds is expected to have significant adverse environmental and social risks and /or impacts are diverse, irreversible, or unprecedented
- Ensuring financial inclusion and financial literacy through liabilities products, lending products and investments (as applicable)
- Management of the bank's own E&S footprint
- Provision for products that have a positive climate action impact (e.g. credit/debit cards out of recycled plastics)
- Ensuring an employment environment that promotes E&S including diversity, skills enhancement, non-discrimination, etc.
- Mapping of UNObank's contributions against the 17 Sustainable Development Goals

The operationalization of the E&S Risk governance is achieved through the establishment of the ESG Committee, comprising of the Chief Risk Officer (CRO), Head of HR, Chief Governance Officer (CGO), Chief Finance Officer (CFO), and Chief Liabilities and Growth Officer. This ESG Committee will report to two Board level committees – the Corporate Governance Committee and The Risk Oversight Committee (ROC) – for the purpose of approval of the implementation of ESG standards in the Bank and for assessing and approving risks associated with the ESG standards, if any.

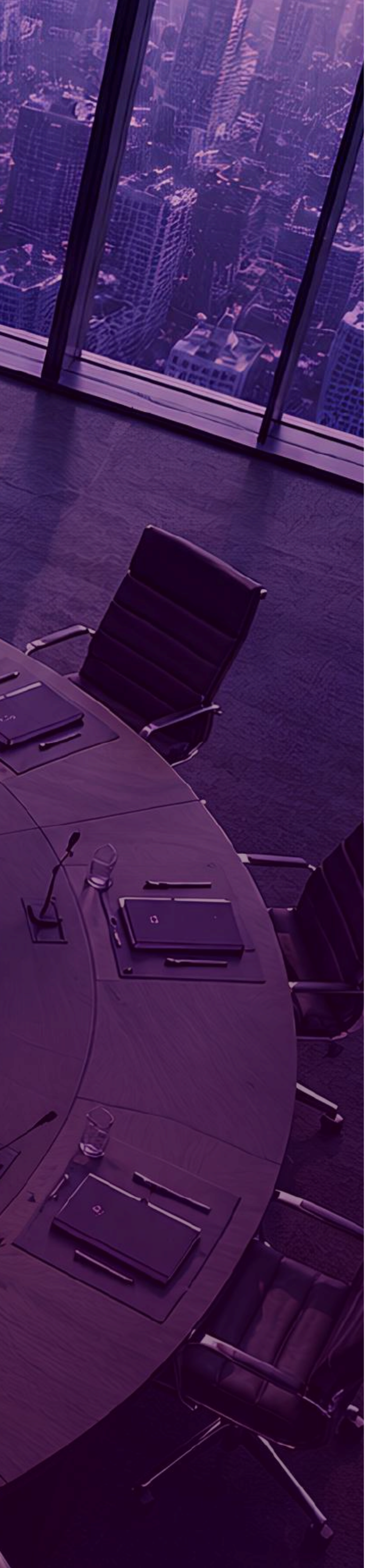
The ESG Committee is currently headed by the CRO who will be responsible for guiding the group to engage with the frontline Business Units to design policies and procedures aligned to the Bank's ESG goals.



Overview of E&S Risk Management System

UNObank's compliance to United Nation's Sustainable Development Goals

UNO Sustainability Initiatives	SDG 1	SDG 2	SDG 3	SDG 4	SDG 5	SDG 6	SDG 7	SDG 8	SDG 9	SDG 10	SDG 11	SDG 12	SDG 13	SDG 14	SDG 15	SDG 16	SG 17
Hybrid Working - WFS 2 / WFH 3																	
Head office in LEED certified building																	
All digital operations - no paper																	
71% of new accounts outside Metro Manila																	
Diversity - 53% female employees in Manila																	
MSME segment focus - Education/Fin Tools																	
Financial Education - Bayani Foundation																	
Financial Education - APC Interns																	
Ergonomics - standing desks																	
Women's health - maternity/private rest area																	
Strong corporate Governance standards																	
Cards from recycled materials																	

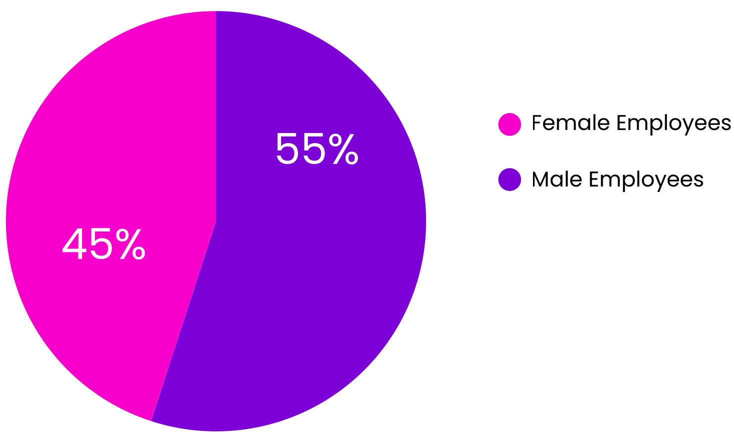


Overview of E&S Risk Management System

Notes:

1. Currently UNObank is following a hybrid work strategy - where employees are required to work from site for two days a week.
2. UNOBank's head office is in a LEED Certified building, which helps UNO contribute towards environmental sustainability. Also, in line with regulation for digital banks, UNObank does not have branches in the Philippines.
3. All digital product offering, and digital operations. Minimal to no paper in day-to-day functioning other than those required from a legal perspective. This supports climate action. Also facilitates financial inclusion since anyone with a mobile phone, internet connection, and valid ID can access the financial system using UNObank's products
4. Approx 71% of UNObank's liabilities accounts are from outside Metro Manila. Approx 45% of UNObank's customers are women, facilitating financial inclusion and gender equality
5. Workforce gender distribution includes 45% women. UNObank has been active in promoting gender equality
6. MSME sector focus. With support from Digital Pilipinas and Proxterra, UNObank has initiated financial education and literacy for MSME entities, with certificates from Monetary Authority of Singapore at the end of the session.
7. UNObank has participated in the head office Building admin's CSR activity for Bayani Foundation scholars for about 15 students. The session included education on financial literacy including phases of financial growth and its cycle - earning, savings, investments and donations
8. UNObank's interns from APC have been onboarded with UNO savings accounts. These interns are being oriented in managing financial apps and management of finances
9. Ergonomics - UNObank has a distribution of ergonomic tables, which can help employees raise tables at the press of a button. With sitting being considered as the new smoking, facilitation of a healthy work environment is a key UNO goal.
10. While women are majority in UNO's workforce, UNO has also made provisions to ensure good healthy work environment for its women employees, with private rest areas, refrigerators for milk storage, and has already implemented a maternity policy
11. Strong corporate governance standards to ensure a well-managed financial institution that can support the Philippines economy and population on a sustained basis. An ESG policy has also been published. The ESG Focused Group has also been initiated, which meets quarterly to develop, assess, and implement products and processes to support sustainability.
12. New Product initiatives are in the pipeline - e.g. physical cards (debit or credit) to be made of recycled materials. We are evaluating other retail banking solutions like tool to measure carbon footprint of retail transactions, etc. As the bank stabilizes and operations become more robust, we expect to introduce such innovations in the future

Furthermore, UNObank is committed to gender equality in the workplace with 45% of the employees being women.



Building the Future of Banking

2025 was a defining year for UNObank.

It was the year we moved from promise to proof—demonstrating that inclusive banking can be both impactful and sustainable.

As we look ahead, we remain committed to expanding access, strengthening trust, and delivering innovative financial solutions that empower more Filipinos to achieve an elevated life.

Thank you!

To our customers, employees, partners, regulators, and shareholders:

Thank you for being part of the UNObank journey.

Audited Financial Statements

Independent Auditor's Report

To the Board of Directors and Shareholders of
UNObank Inc.
2001 The Finance Center
26th Street corner 9th Avenue, Bonifacio Global City, Taguig City

Report on the Audits of the Financial Statements

Our Opinion

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

What we have audited

The financial statements of the Bank comprise:

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Independent Auditor's Report

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controlrelevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Independent Auditor's Report

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2025 required by the Bangko Sentral ng Pilipinas (BSP) under Circular No. 1074 and by the Bureau of Internal Revenue (BIR) under Revenue Regulations No. 15-2010 as disclosed in Notes 17 and 18, respectively, to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied the audit of the basic financial statements and, in our opinion, is fairly stated, all material respects, in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner

CPA Cert. No. 0105660
P.T.R. No. 0024447; issued on January8, 2026, Makati City
SEC A.N. (individual) as general auditors105660-SEC, Category A;
valid to audit 2020 to 2025 financial statements
SEC A.N. (firm)as general auditors0142-SEC, Category A;
valid to audit 2020 to 2025 financial statements
T.I.N. 221-755-698
BIR A.N. 08-000745-077-2023; issued on December 22, 2023; effective until December 21, 2026 BOA/PRC Reg. No. 0142/P-003, effective until November 14, 2028

Makati City
April 15, 2026

(All amounts in Philippine Peso)

Statement of Financial Position

	Notes	2025	2024
Assets			
Assets			
Due from other banks	2	1,271,150,221	1,176,417,004
Due from Bangko Sentral ng Pilipinas	2	3,737,007,108	4,033,856,217
Loans and receivables, net	3	4,196,141,924	2,296,282,998
Investment securities at amortized cost, net	6	841,229,944	1,370,904,442
Property and equipment, net	4	43,107,403	65,461,176
Intangible assets, net	5	349,894,027	410,608,153
Deferred tax assets, net	13	945,822,442	613,673,380
Other assets	7	603,017,854	373,180,208
Total assets		11,987,370,923	10,340,383,578
Liabilities and equity			
Liabilities			
Deposit liabilities	8	8,819,188,824	7,451,756,640
Accounts payable and other liabilities	9	930,883,869	553,120,650
Lease liability	10	23,436,495	34,564,345
Accrued interest expense		37,222,926	42,214,960
Due to related parties	14	45,819,931	47,876,413
Total liabilities		9,856,552,045	8,129,533,008
Equity			
Share capital	11	2,583,685,260	2,583,685,260
Deposits for share subscription	11	2,398,033,040	1,492,720,823
Deficit		(2,850,899,422)	(1,865,555,513)
Total equity		2,130,818,878	2,210,850,570
Total liabilities and equity		11,987,370,923	10,340,383,578

The notes on the succeeding pages are an integral part of these financial statements.

(All amounts in Philippine Peso)

Statement of Comprehensive Income

	Notes	2025	2024
Interest income	2,3,6	1,086,492,735	700,724,894
Interest expense	8,10	(486,885,715)	(389,349,228)
Net interest income		599,607,020	311,375,666
Provision for credit and impairment losses	3	(680,804,308)	(329,193,470)
Net interest income after Provision for credit and impairment losses		(81,197,288)	(17,817,804)
Foreign exchange gain (loss), net	2,14	5,900,812	(3,140,375)
Other income		69,928,126	19,475,848
Loss from operations		(5,368,350)	(1,482,331)
Operating expenses	12	(1,262,353,201)	(1,272,026,324)
Loss before income tax		(1,267,721,551)	(1,273,508,655)
Income tax benefit	13	282,377,642	236,234,184
Net loss for the year		(985,343,909)	(1,037,274,471)
Other comprehensive income		-	-
Total comprehensive loss for the year		(985,343,909)	(1,037,274,471)

Statement of Changes in Equity

	Share capital (Note 11)	**Deposits for share subscription (Note 11)**	**Deficit**	**Total**
Balances as at Jan 1, 2024	1,385,446,840	912,680,651	(828,281,042)	1,469,846,449
Transactions with shareholders				
Issuance of shares	1,198,238,420	(1,198,238,420)	-	-
Deposit for stock subscription (DFFS)	-	1,778,278,592	-	1,778,278,592
	1,198,238,420	580,040,172	-	1,778,278,592
Comprehensive loss				
Net loss for the year	-	-	(1,037,274,471)	(1,037,274,471)
Other comprehensive income	-	-	-	-
	-	-	(1,037,274,471)	(1,037,274,471)
Balances as at December 31, 2024	2,583,685,260	1,492,720,823	(1,865,555,513)	2,210,850,570
Transactions with shareholders				
Deposit for stock subscription	-	905,312,217	-	905,312,217
Comprehensive loss				
Net loss for the year	-	-	(985,343,909)	(985,343,909)
Other comprehensive income	-	-	-	-
	-	-	(985,343,909)	(985,343,909)
Balances Dec 31, 2025	**2,583,685,260**	**2,398,033,040**	**(2,850,899,422)**	**2,130,818,878**

The notes on the succeeding pages are an integral part of these financial statements.

(All amounts in Philippine Peso)

Statement of Cash Flows

	Notes	2025	2024
Cash flows from operating activities			
Loss before income tax		(1,267,721,551)	(1,273,508,655)
Adjustments for:			
Interest expense	8,10	486,885,714	389,349,228
Amortization of intangible asset	5	132,855,728	113,650,004
Provision for ECL	3	680,804,308	329,193,470
Depreciation	4	23,003,892	13,562,877
Interest income	2,3,6	(1,086,492,735)	(700,724,894)
Unrealized foreign exchange gain (loss)		(4,472,438)	6,630,835
Operating loss before working capital changes		(1,035,137,082)	(1,121,847,135)
Changes in operating assets and liabilities			
Increase in:			
Loans and receivables		(2,621,088,090)	(1,591,719,712)
Other assets		(111,750,250)	(63,207,162)
Increase in:			
Accounts payable and other liabilities		348,598,545	152,047,892
Deposit liabilities		1,372,424,218	2,613,120,194
Net cash used in operations		(2,046,952,659)	(11,605,923)
Interest paid		(457,721,040)	(386,569,708)
Interest received		1,147,849,555	586,956,490
Taxes paid		(49,771,420)	(66,304,775)
Net cash (used in) from operating activities		(1,406,595,564)	122,476,084
Cash flows from investing activity			
Acquisitions of property and equipment	4	(650,119)	(3,627,096)
Additions to software costs under development		(118,087,396)	(4,476,091)
Additions to intangible assets	5	(72,141,602)	(94,865,901)
Decrease (increase) in investment securities at amortized cost	6	508,751,456	(572,648,399)
Net cash from (used in) investing activities		317,872,339	(675,617,487)
Cash flows from financing activities			
Advances from related parties:			
Proceeds receives	14	378,751,042	534,931,298
Payments	14	(380,807,524)	(578,077,350)
Proceeds from deposits for share subscription	11	905,312,217	580,040,172
Payments of lease liability	10	(11,127,850)	(6,145,431)
Proceeds from share issuance	11	-	1,198,238,420
Net cash from financing activities		892,127,885	1,728,987,109
Net (decrease) increase in cash & cash equivalents		(196,595,340)	1,175,845,706
Cash and cash equivalents			
Beginning of the year		5,210,273,221	4,035,583,958
Effects of foreign exchange in cash		(5,520,552)	(1,156,443)
End of the year	2	5,008,157,329	5,210,273,221

The notes on the succeeding pages are an integral part of these financial statements.

Notes to the Financial Statements

NOTE 1 — GENERAL INFORMATION

Corporate profile

UNObank Inc. (the "Bank") was incorporated on October 27, 2021, primarily to engage in the business of digital banking. The Bank started its operations on July 5, 2022, upon obtaining its digital banking license with the Bangko Sentral ng Pilipinas (BSP).

The Bank's primary shareholders are as follows:

Shareholders	Country of incorporation	Percentage of ownership
UNOAsia Pte. Ltd.	Singapore	40%
Uno Digital Holdings, Inc.	Philippines	39%
Digippines Holding Inc.	Philippines	21%
		100%

On April 5, 2022, the Bank's office address, which also serves as its principal place of business, was transferred to Unit 2001, The Finance Center, 26th Street corner 9th Avenue, Bonifacio Global City, Taguig City.

The Bank has 187 employees as at December 31, 2025 (2024 - 181 employees).

Approval and authorization for issuance of the audited financial statements

These financial statements have been approved and authorized for issuance by the Board of Directors (BOD) of the Bank on April 15, 2026.

NOTE 2 — CASH AND CASH EQUIVALENTS

This account as at December 31 consists of:

	2025	2024
Due from BSP	3,737,007,108	4,033,856,217
Due from other banks	1,271,150,221	1,176,417,004
	5,008,157,329	5,210,273,221

Interest income earned and received from cash and cash equivalents in 2025 amountsto P232.32 million (2024 - P273.62 million). To maximize its earnings, the Bank has been placing its excess funds with the BSP on both overnight and term deposit facilities with terms of one (1) to two (2) weeks and interest rates ranging from 4% to 6% (2024 - 5% to 6%) Due from BSP is partly maintained for liquidity reserve purposes.

As at December 31, 2025, the BSP reserve requirement is set at 2.5% (2024 - 4%) and the mandatory reserves amount to P218.49 million (2024 - P294.26 million). The Bank is in compliance with the said minimum reserve requirements.

Due from other banks pertain to current, savings accounts and time deposits with various counterparties. Further, some of the due from other banks are denominated in United States Dollar (USD) amounting to USD2.30 million in 2025 (2024 - USD3.35million).

Foreign exchange gain relating to due from other banks in 2025 amounts to P4.88 million (2024 - P6.01 million loss).

Notes to the Financial Statements

NOTE 3 — LOANS AND RECEIVABLES, NET

This account as at December 31 consists of:

	2025	2024
Loans receivable	4,267,946,806	1,818,711,587
Accounts receivables	250,181,840	150,956,928
Accrued interest receivables	54,206,848	94,640,626
Receivables from electronic fund transfer provider	666,726	505,479,408
Other receivables	6,765,221	-
	4,579,767,441	2,569,788,549
Less: Allowance for credit losses	(383,625,517)	(273,505,551)
	4,196,141,924	2,296,282,998

Other receivables mainly represent employee cash advances.

For the year ended December 31, 2025, the Bank acquired loan portfolios in tranches from several financing companies totaling P6.51 billion (2024 - P0.92 billion).

Interest income and fees earned on loans receivables amounts to P789.88 million in 2025 (2024 - P334.86million).

Loans and receivables are unsecured and are expected to be realized as follows:

	2025	2024
Current (within 12 months)	3,390,284,456	1,940,314,698
Non-current (over 12 months)	1,189,482,985	629,473,851
	4,579,767,441	2,569,788,549

The movements of allowance for credit losses as at December 31 are determined as follows:

	2025	2024
At January 1	273,505,551	31,313,534
Provision for impairment losses during the year, net of write-off	110,119,966	242,192,017
At December 31	383,625,517	273,505,551

Critical accounting estimate and judgment - Measurement of expected credit loss (ECL) for loans and receivables

The Bank applies the ECL model in accordance with Philippine Financial Reporting Standards (PFRS) 9 to determine allowance on loans and receivables. Components used in the ECL model were based on management credit judgement in consideration of loan product, target market and market conditions. The Bank incorporated macroeconomic variables, identified through expert judgement and linear relationship to market conditions, as the forward-looking information applied as overlay to the probability of default. In the absence of significant increase in credit risk benchmarks, the Bank takes the reasonable approach of applying lifetime estimated credit loss across all loans and receivables. The carrying value of receivables at the end of each reporting period and the amount and timing of recorded provision could differ based on actual experience and changes in judgments made.

Notes to the Financial Statements

NOTE 3 — LOANS AND RECEIVABLES, NET

Sensitivity analysis

The Bank's loan portfolio has different sensitivities to movements in macroeconomic variables (MEVs). The allowance for impairment is calculated as the weighted average of ECL under the base, upside and downside scenarios. The impact of weighting these multiple scenarios was an increase in the allowance for impairment of P100.12 million from the base scenario as at December 31, 2025 (2024 - P242.19 million).

NOTE 4 — PROPERTY AND EQUIPMENT, NET

Movements in the account are summarized as follows:

	Note	Equipment	Leasehold imp.	Office space	Total
Cost					
January 1, 2024		8,578,621	18,252,319	30,525,31	57,356,250
Acquisitions for the year		3,627,096	13,481,673	19,671,057	36,779,826
December 31, 2024		12,205,717	31,733,992	50,196,367	94,136,076
Acquisitions for the year		650,119	-	-	650,119
December 31, 2025		12,855,836	31,733,992	50,196,367	94,786,195
Accumulated depreciation					
January 1, 2024		1,722,407	3,042,053	10,347,563	15,112,023
Depreciation for the year	12	2,412,025	4,295,682	6,855,170	13,562,877
December 31, 2024		4,134,432	7,337,735	17,202,733	28,674,900
Depreciation for the year	12	3,033,236	7,503,024	12,467,632	23,003,892
December 31, 2025		7,167,668	14,840,759	29,670,365	51,678,792
Net book value at					
December 31, 2024		8,071,285	24,396,257	32,993,634	65,461,176
Net book value at					
December 31, 2025		5,688,168	16,893,233	20,526,002	43,107,403

Property and equipment, net account is classified as non-current. As at December 31, 2025 and 2024, there were no equipment pledged or mortgaged as collateral for liabilities.

The Bank recognized a right-of-use asset included in Office space for the lease of its office premises (Note 10).

Critical accounting estimate - Usefullives of propertyand equipment

The Bank determines and reviews the estimated useful lives of its property and equipment based on the period over which the assets are expected to be available for use. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

The Bank deemed it impractible to perform a sensitivity analysis on the useful lives of property and equipment as to its effects in result of operations as the amounts involved are insignificant.

Critical accounting judgment - Impairment of property and equipment

The Bank's property and equipment are carried at cost. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in this assessment and judgment could have a significant effect on the carrying value of property and equipment and the amount and timing of recorded provision for any period.

Based on management's assessment and judgment, there are no indicators of impairment or changes in circumstances indicating that the carrying value of its property and equipment may not be recoverable as at December 31, 2025 and 2024.

Notes to the Financial Statements

NOTE 5 — INTANGIBLE ASSET

Movements in the account are summarized as follows:

	Note	2025	2024
Cost			
Balance at beginning of the year		617,429,569	522,563,668
Additions		72,141,602	94,865,901
Balance at end of year		689,571,171	617,429,569
Accumulated depreciation			
Balance at beginning of the year		206,821,416	93,171,412
Amortization	12	132,855,728	113,650,004
Balance at end of year		339,677,144	206,821,416
Net book value		349,894,027	410,608,153

This account is classified as non-current asset which consists of internally developed software recognized in accordance with Philippine Accounting Standard (PAS) 38, Intangible Assets. The Bank recognized an intangible asset relating to its mobile application, which it uses to conduct and operate its business. The intangible asset is amortized over a useful life of five years on a straight-line basis. Amortization expense is presented as part of operating expenses in the statements of comprehensive income.

Critical accounting estimate - Useful lives of intangible asset

The Bank estimates the useful life of its intangible asset to be 5 years based on the expected technical obsolescence of similar assets. However, the actual useful life may be shorter or longer than five years, depending on technical innovations and competitor actions.

Critical accounting judgment - Impairment of intangible asset

The Bank's intangible assets are carried at cost. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in this assessment and judgment could have a significant effect on the carrying value of intangible assets and the amount and timing of recorded provision for any period.

Based on management's assessment and judgment, there are no indicators of impairment or changes in circumstances indicating that the carrying value of its intangible assets may not be recoverable as at December 31, 2025 and 2024.

NOTE 6 — INVESTMENT SECURITIES AT AMORTIZED COST, NET

As at December 31, 2025, investment securities amounting to P841.23 million (2024 - P1,370.90 million) consist of investment in Government Securities with Bangko Sentral ng Pilipinas which bear annual interest rates of 4.74%to 6.10% (2024 - 5.95% to 6.83%) and commercial papers which bear annual interest rates of 8.50% to 11.00% in 2025 and 2024.

Interest income from these investment securities for the year ended December 31, 2025 amounts to P64.29 million (2024 - P92.24 million).

Investments securities at amortized cost are expected to be realized within twelve (12) months from the reporting date.

As at December 31, 2025, there were no investment securities at amortized cost pledged as collateral for liabilities.

Notes to the Financial Statements

NOTE 7 — OTHER ASSETS

Details of this account are as follows:

	2025	2024
Software costs under development	411,235,654	293,148,258
Deferred charges	137,780,655	40,164,637
Refundable deposits	5,123,800	4,901,260
Prepaid rent	1,643,666	3,516,752
Other prepaid expenses	47,234,079	31,449,301
	603,017,854	373,180,208

Software costs under development pertain to costs incurred for the Bank's mobile application and will be used in the Bank's operations as intangible assets once completed.

Deferred charges represent costs incurred and paid to agents and partners directly related to the origination of loan facilities. These amounts are capitalized and amortized over the life of the loans.

Refundable deposits include security deposit on the Bank's lease, as well as construction bond and advances on utilities.

Other prepaid expenses mainly pertain to creditable withholding taxes and documentary stamp taxes.

NOTE 8 — DEPOSIT LIABILITIES

The account as at December 31 consists of:

	2025	2024
Time	3,611,767,950	3,682,631,590
Savings	5,207,420,874	3,769,125,050
	8,819,188,824	7,451,756,640

The maturity profile of the Bank's deposit liabilities is presented as follows:

	2025	2024
Less than one year	8,428,103,109	7,109,838,855
One to five years	391,085,715	341,917,785
	8,819,188,824	7,451,756,640

The Bank's deposits bear annual interest at rates ranging from 3% to 5.5% in2025 (2024 - 4% to 6%).

The details of interest expense on deposit liabilities for the year ended December 31 is:

	2025	2024
Time	189,486,569	231,329,012
Savings	161,534,885	109,620,456
	351,021,454	340,949,468

Notes to the Financial Statements

NOTE 9 — ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account as at December 31 consists of:

	2025	2024
Accounts payable	751,459,577	346,332,308
Accrued expenses	142,738,411	108,581,702
Withholding taxes payable	26,898,895	11,185,011
Statutory obligations		
SSS, Philhealth, Employer's compensation premiums and Pag-IBIG contributions payable	2,573,640	1,582,905
Others	7,213,346	85,438,724
	930,883,869	553,120,650

Accounts payable primarily pertain to unpaid invoices from vendors and other third parties for purchased goods and services, while expenses pertain to accrual of unbilled purchases from vendors and other third parties.

Others include payables to electronic fund transfer provider, gross receipts tax payable, suspense accounts and unearned income on loans.

All accounts payable and other liabilities are classified as current.

NOTE 10 — LEASE LIABILITY

The Bank has a lease arrangement for its bank premises for a term of 5 years from May 3, 2022 to May 2, 2027. The lease is renewable upon mutual agreement of both parties and is subject to 5% escalation on the rental fees starting on its fourth year.

Refundable deposits paid for the existing lease agreement as at December 31, 2025 amounts to P5.12 million (2024 - P4.90 million) included as part of Other assets in the statement of financial position.

The Bank recognized a right-of-use asset for the lease of its office space. As at December 31 2025, right-of-use asset amounts to P20.53 million (2024 - P32.99 million) (Note 4).

The Bank's current and non-current lease liabilities are as follows:

	2025	2024
Current	13,501,223	12,131,101
Non-current	9,935,272	22,433,244
	23,436,495	34,564,345

Lease liability is measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 5% as at February 11, 2022, commencement date of the lease agreement.

Rent expense charged against current operations (included in "Operating expenses") amounted to P2.66 million in 2025 (2024 - P4.35 million). Rent expenses pertain to expenses from short-term leases and leases of low-value assets.

The movement in the lease liability is summarized as follows:

	2025	2024
Beginning	34,564,345	21,753,712
New lease	-	18,956,064
Cash outflows for principal and interest payments	(12,568,684)	(8,737,479)
Interest expense	1,440,834	2,592,048
Ending	23,436,495	34,564,345

Notes to the Financial Statements

Maturity analysis of contractual undiscounted cash flows of lease liability at December 31, 2025 follow:

	2025	**2024**
Less than one year	14,383,317	13,698,397
One to five years	10,122,190	23,502,077
Total undiscounted lease liability	24,505,507	37,200,474
Imputed interest discount on lease	(1,069,012)	(2,636,129)
Lease liability included in the statement of financial position	23,436,495	34,564,345

The statement of comprehensive income shows the following amounts relating to the lease for the year ended December 31, 2025:

	2025	**2024**
Depreciation expense on right-of-use asset	12,467,632	6,855,170
Interest expense	1,440,834	2,592,048

The related right-of-use asset is presented as Office space under Property and equipment, net in the statement of financial position.

NOTE 11 — EQUITY

Share capital

Details of authorized share capital of the Bank as at December 31, 2025 follow:

	Number of shares	**Amount**
Authorized:		
Class A Common - P100 par value	27,851,820	2,785,182,000
Class B Common - P2 par value	24,593,880	49,187,760
Preferred - P100 par value	10,000,000	1,000,000,000
	62,445,700	3,834,369,760

Details of the Bank’s paid and issued shares are as follows:

	2025		**2024**	
	Number of shares	Amount	Number of shares	Amount
Class A Common - P100 par value				
At January 1	24,344,975	2,434,497,500	9,647,336	964,733,600
Issuance during the year	-	-	14,697,639	1,469,763,900
At December 31	24,344,975	2,434,497,500	24,344,975	2,434,497,500
Class B Common - P2 par value At January 1	24,593,880	49,187,760	2,564,420	5,128,840
Issuance during the year	-	-	22,029,460	44,058,920
At December 31	24,593,880	49,187,760	24,593,880	49,187,760
Preferred - P100 par value At January 1	1,000,000	100,000,000	4,155,844	415,584,400
Issuance during the year	-	-	1,000,000	100,000,000
Conversion to common shares	-	-	(4,155,844)	(415,584,400)
At December 31	1,000,000	100,000,000	1,000,000	100,000,000
Total share capital		2,583,685,260		2,583,685,260

Notes to the Financial Statements

Class A Common shares may be transferred to anyone in accordance with relevant BSP rules and regulations, as may be amended from time to time. The holders of Class A Common shares shall be entitled to vote. The holders of Class A Common shares shall have a right to be elected as directors of the Bank. The holders of Class A Common shares shall be entitled to receive dividends based on the paid-up capital of their subscribed shares but only after dividends have been declared to the holders of Preferred shares. In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of the Bank, the holders of Class A common shares that are outstanding at that time shall be entitled to payment or distribution in proportion to the paid-up capital of their subscribed shares upon distribution or liquidation, but only after payment or distribution has been made to the holders of Preferred shares.

Class B Common shares may be owned or subscribed by or transferred to any Philippine citizen, partnership, association, or corporation which is at least 60% owned by Philippine citizens or by partnerships, association, or corporations in which at least 60% of the voting share or the voting power is owned and controlled by citizens of the Philippines, or by persons or entities that are considered a "Philippine National" as defined under the Foreign Investments Act of 1991 (Republic Act No. 7042) and in accordance with relevant BSP rules and regulations, as may be amended from time to time. The holders of Class B Common shares shall be entitled to vote. The holders of Class B Common shares shall have a right to be elected as directors of the Bank. The holders of Class B Common shares shall be entitled to receive dividends based on the paid-up capital of their subscribed shares but only after dividends have been declared to the holders of Preferred shares. In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of the Bank, the holders of Class B common shares that are outstanding at that time shall be entitled to payment or distribution in proportion to the paid-up capital of their subscribed shares upon distribution or liquidation, but only after payment or distribution has been made to the holders of Preferred shares.

In 2024, 4,155,844 preferred shares were converted into 4,155,844 Class A at par value.

Critical accounting judgment - Equity classification of preferred shares

The holders of Preferred shares shall not be entitled to vote except in those cases expressly provided by law. The Preferred shares shall be convertible into fully paid common shares of the Bank in accordance with relevant BSP rules and regulations and as may be amended from time to time and on the terms and conditions as may be determined by the BOD. The holders of Preferred shares shall enjoy a preference in receiving dividends. In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of the Bank, the holders of Preferred shares that are outstanding at that time shall enjoy preference in payment or distribution. Authority is expressly granted to the BOD to fix all other rights, preferences, and limitations of the Preferred shares, which shall be compliant with relevant BSP rules and regulations, as may be amended from time to time. No transfer of share or interest which reduces the ownership of Filipino citizens to less than the required percentage of share capital shall be allowed or permitted to be recorded in the books of the Bank. Any violation of the foregoing restriction shall be treated as null and void.

Preferred shares are classified as equity since the Bank has no obligation to deliver cash or another financial asset to the holder.

Capital management strategy

The primary objective of the Bank's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Bank manages its capital structure and makes adjustments to it, in light of changes in economic conditions. For this purpose, capital is defined as total equity as disclosed in the statement of financial position.

Deposits for future share subscription

In 2024, deposits for future stock subscriptions amounting to P1,198.24 million were reclassified to share capital upon issuance of the related shares. In the same year, the Bank also received additional deposits for future stock subscription amounting to P1,778.28 million.

On January 23, 2025, the BOD approved the increase in the Bank's authorized share capital as follows:

	Number of shares	**Amount**
Class A Common - P100 par value	52,803,835	5,280,383,500
Class B Common - P2 par value	84,466,020	168,932,040
	137,269,855	5,449,315,540

Notes to the Financial Statements

On March 19, 2025, an application for an increase in authorized share capital was filed with Securities and Exchange Commission (SEC). The Bank received deposits for share subscription amounting to P905.31 million during the year. As at December 31, 2025, the deposits for share subscription amounts to P2,398.03 million (2024 - P1,492.72 million). The application for the increase in authorized share capital is still awaiting approval of the SEC as at December 31, 2025. Accordingly, the said deposits are presented as part of equity in the statement of financial position in accordance with the SEC Financial Reporting Bulletin No. 006 (As Revised) issued in January 2013. Subsequently, the application was approved in January 30, 2026.

NOTE 12 — OPERATING EXPENSES

The following are the items covered under operating expenses:

	Notes	2025	2024
Compensation and fringe benefits		341,247,837	353,013,822
Technology-related expenses		293,732,969	393,896,138
IT software amortization	5	132,855,728	113,650,004
Local and business tax		62,912,534	46,393,284
Underwriting expenses		57,960,534	58,109,812
Collection expenses		56,532,335	21,724,065
Interchange fees		56,419,382	9,975,493
Advertising and publicity expense		47,328,083	37,514,176
Partner payments		45,727,893	63,868,836
Management & other professional fees		31,455,536	29,952,418
Contact center expense		24,609,408	21,429,102
Depreciation expenses	4	23,003,892	13,562,877
Supervision fees		20,202,672	12,378,424
Documentary stamp tax		18,641,997	52,778,279
Insurance expenses		15,759,576	6,092,869
Fees and commission expense		6,669,587	14,484,697
Occupancy-related expenses		5,412,678	2,556,134
Postages, telephone, cables and telegrams		3,557,604	4,294,244
Travelling expenses		3,270,057	1,838,881
Rent		2,658,121	4,349,190
Representation and entertainment		1,132,597	385,267
Bank service fee		593,792	777,664
Other expenses		10,668,389	9,000,648
		1,262,353,201	1,272,026,324

Other expenses are primarily composed of de minimis expenses, repairs and maintenance and other fees.

Notes to the Financial Statements

NOTE 13 — INCOME TAXES

The following are the components of income tax benefit for the years ended December 31:

	2025	2024
Deferred	332,149,062	302,538,960
Current	(49,771,420)	(66,304,776)
	282,377,642	236,234,184

The reconciliation between the statutory income tax benefit and effective income tax benefit for the years ended December 31 are as follows:

	2025	2024
Income tax benefit at statutory tax rate	316,930,388	318,377,164
Non-deductible expenses	(63,458,256)	(318,255,376)
Adjustment for realized foreign exchange losses / (gains)	357,094	11,974,210
Adjustment for interest income subject to lower tax rate	7,486,165	168,015,098
Impact of PFRS 16	(4,688,342)	(11,650,788)
Unrealized foreign exchange gains	1,118,110	5,343,375
Adjustment on Origination Fees	24,632,483	62,430,501
Income tax benefit	282,377,642	236,234,184

The Bank's deferred tax assets and liabilities are as follows:

	2025	2024
Deferred tax assets		
Net operating loss carryover (NOLCO)	948,360,739	781,474,251
Deferred tax liability		
Unrealized foreign exchange gain	(2,538,297)	(167,800,871)
Deferred tax assets, net	945,822,442	613,673,380

Critical accounting judgment - Realization of deferred income tax assets

Management reviews at each reporting date the carrying amounts of deferred tax assets. The carrying amount of deferred tax assetsis reduced to the extentthat the relatedtax assets cannotbe utilized due to insufficient taxable profit against which the deferred tax assets will be applied. Management believes that sufficient taxable profit will be generated to allow all or part of the deferred income tax assets to be utilized.

The Bank's NOLCO, with their respective years of expiration, are as follows:

Incurred for the year ended December 31	Year of expiry	2025	2024
2021	2026	31,136,460	31,136,460
2022	2025	-	239,672,002
2023	2026	1,010,105,641	1,010,105,641
2024	2027	1,210,155,838	1,210,155,838
2025	2028	926,252,147	-
		3,177,650,086	2,491,069,941

Notes to the Financial Statements

NOTE 14 — RELATED PARTY TRANSACTIONS

Details on related party transactions of the Bank are as follows:

2025	Transactions for the year, net	Due to related parties	Terms and conditions
Shareholder			
Software development	(2,056,482)	45,819,931	Non-interest bearing, unsecured, payable in cash at gross amount on demand or up to a year
		45,819,931	

2024	Transactions for the year, net	Due to related parties	Terms and conditions
Shareholder			
Software development	(43,146,052)	47,876,413	Non-interest bearing, unsecured, payable in cash at gross amount on demand or up to a year
		47,876,413	

During the year, the transactions made were related to the management service, mark-up and accounting software. These are intercompany technology charges from the Group.

Key management personnel

There are no salaries and benefits paid to key management personnel for the period.

Foreign exchange gains relating to due to related party transactions in 2025 amounts to P1.02 million (2024 - P1.34 million)

NOTE 15 — FINANCIAL RISK MANAGEMENT

The Bank's activities expose it to a variety of financial risks: mainly credit risk, liquidity risk and foreign exchange risk that could affect its financial position and performance. Other market risks such as price risk and interest rate risk are assessed by management as insignificant to the financial statements.

The BOD has overall responsibility for the establishment and oversight of the Bank's risk management framework. As of reporting date, the Bank has developed the appropriate policies which aim to identify and manage its exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies.

The BOD reviews the policies for managing each of these risks which are summarized below:

NOTE 15.1 — CREDIT RISK

The Bank takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Significant changes in the economy, or financial condition of its counterparty, could result in losses that are different from those provided for at the reporting date. Management therefore carefully manages its exposure to credit risk.

The maximum exposure to credit risk relates to the following financial assets as at December 31:

	Notes	2025	2024
Due from other banks	2	1,271,150,221	1,176,417,004
Due from BSP	2	3,737,007,108	4,033,856,217
Loans and receivables, net	3	4,196,141,924	2,296,282,998
Investment securities at amortized cost, net	6	841,229,944	1,370,904,442
Refundable deposits	7	5,123,800	4,901,260
		10,050,652,997	8,882,361,921

Notes to the Financial Statements

The Bank has cash and various placements deposited with the BSP and other banks which are considered fully performing as at reporting date. Cash with the BSP is covered by a sovereign guarantee. To reduce the Bank's credit risk, the Bank only maintains banking relationships with top, reputable universal banks in the country.

Universal and commercial banks represent the largest single group, resource-wise, of financial institutions in the Philippines.

While cash and cash equivalents are also subjectto the impairment requirements of PFRS 9, the impairment loss has been assessed to be immaterial.

Loans and receivables are classified as performing and non-performing (Note 17). There are no collaterals held for these receivables. These receivables are expected to be settled by the counterparty within one year. Further, the Bank has assessed its loans and receivables for impairment and has provided the sufficient level of allowance for expected credit losses (Note 3).

December 31, 2025

Loan Classification	Stage 1	Stage 2	Stage 3	Total
Personal	1,429,703,766	94,891,264	157,257,327	1,681,852,357
Salary	3,082,414	2,737	-	3,085,151
CELP	1,545,787	2,166,396	347,979	4,060,162
Sales Finance	20,403,649	7,477,253	15,970,608	43,851,510
Loans acquired	2,271,763,095	120,199,948	143,134,583	2,535,097,626
Total gross loans	3,726,498,711	224,737,598	316,710,497	4,267,946,806
Total allowance	(61,484,025)	(40,259,052)	(232,373,859)	(334,116,936)
Total loans, net	3,665,014,686	184,478,546	84,336,638	3,933,829,870

December 31, 2024

Loan Classification	Stage 1	Stage 2	Stage 3	Total
Personal	587,792,456	139,343,129	181,451,990	908,587,575
Salary	3,997,730	-	-	3,997,730
CELP	6,228,282	2,061,073	203,384	8,492,739
Sales Finance	78,707,263	15,582,752	591,395	94,881,410
Loans acquired	762,288,265	1,428,904	39,034,964	802,752,133
Total gross loans	1,439,013,996	158,415,858	221,281,733	1,818,711,587
Total allowance	(47,572,421)	(39,557,049)	(186,376,081)	(273,505,551)
Total loans, net	1,391,441,575	118,858,809	34,905,652	1,545,206,036

Notes to the Financial Statements

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

- For transfers between Stage1 and Stages 2 or 3 due to financial instruments becoming credit-impaired in the period, the bank provides lifetime ECL for all stages since no data are available yet to determine significant increase in credit risk for transferring accounts from stage 1 to stage 2;
- Additional allowances for new financial instruments recognized during the year and releases for financial instruments derecognized during the year;
- Write-offs of allowances related to assets that were written off during the year;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs during the year;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Foreign exchange translations for assets denominated in foreign currencies and other movements.

The Bank has assessed that the expected credit losses for refundable deposits have been deemed insignificant for financial reporting purposes (Note 7).

NOTE 15.2 — LIQUIDITY RISK

The Bank manages its liquidity to be able to finance its capital expenditures and operations. The Bank maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Bank regularly evaluates its projected and actual cash flows.

	2025			
	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
Financial assets				
Cash and cash equivalents	5,008,157,329	-	-	5,008,157,329
Loans and receivables	6,203,610,828	508,844,637	7,398,357	6,719,853,822
Investment securities at amortized cost, net	841,229,944	-	-	841,229,944
Refundable deposit	5,123,800	-	-	5,123,800
Total financial assets	12,058,121,901	508,844,637	7,398,357	12,574,364,895
Financial liabilities				
Deposit liabilities				
Savings deposit	5,207,420,874	-	-	5,207,420,874
Time Deposit	617,914,535	2,516,126,468	693,984,295	3,828,025,298
Accounts payable and other liabilities*	37,222,926	-	-	37,222,926
Lease liabilities	15,479,377	8,505,075	-	23,984,452
Accrued interest expense	37,222,926	-	-	37,222,926
Due to related parties	45,819,931	-	-	45,819,931
Total financial liabilities	5,961,080,569	2,524,631,543	693,984,295	9,179,696,407
Total liquidity gap	6,097,041,332	(2,015,786,906)	(686,585,938)	3,394,668,488

**Excluding government payables*

Notes to the Financial Statements

	2024			
	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
Financial assets				
Cash and cash equivalents	5,210,273,221	-	-	5,210,273,221
Loans and receivables	2,437,666,876	280,905,533	25,648,932	2,744,221,341
Investment securities at amortized cost, net	1,370,904,442	-	-	1,370,904,442
Refundable deposit	4,901,260	-	-	4,901,260
Total financial assets	9,023,745,799	280,905,533	25,648,932	9,330,300,264
Financial liabilities				
Deposit liabilities				
Savings deposit	3,769,125,050	-	-	3,769,125,050
Time Deposit	1,036,506,498	2,501,697,204	510,961,869	4,049,165,571
Accounts payable and other liabilities*	494,736,241	-	-	494,736,241
Lease liabilities	14,742,264	22,888,392	-	37,630,656
Accrued interest expense	42,214,960	-	-	42,214,960
Due to related parties	47,876,413	-	-	47,876,413
Total financial liabilities	5,405,201,426	2,524,585,596	510,961,869	8,440,748,891
Total liquidity gap	3,618,544,373	(2,243,680,063)	(485,312,937)	889,551,373

**Excluding government payables*

Liquidity Coverage Ratio (LCR)

Pursuant to BSP Circular No. 905 issued in 2016 and as amended to include digital banks by BSP Circular No. 1154 issued in 2022, the Bank is required to hold and maintain an adequate level of unencumbered High Quality Liquid Assets (HQLA) that are sufficient to meet its estimated total net cash outflows over a 30 calendar-day period of liquidity stress. The LCR is the ratio of HQLAs to total net cash outflows which should be no lower than 100% on a daily basis. It is designed to promote short-term resilience of the Bank's liquidity risk profile to withstand significant liquidity shocks that may last over 30 calendar days. HQLA represents the Bank's stock of liquid assets that qualify for inclusion in the LCR which consists mainly of cash, regulatory reserves and unencumbered high-quality liquid assets. HQLAs therefore, serve as defense against potential stress events.

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

Net Stable Funding Ratio (NSFR)

The Bank adopted BSP Circular No. 1007 (as amended by BSP Circular No. 1154) regarding the NSFR requirement. The NSFR is aimed at strengthening the Bank's long-term resilience by maintaining a stable funding in relation to its assets and off-balance sheet items as well as to limit the maturity transformation risk of the Bank. The NSFR is expressed as the ratio of available stable funding and the required stable funding and complements the LCR as it takes a longer view of the Bank's liquidity risk profile. The Bank's capital and retail deposits are considered as stable funding sources whereas the Bank's assets including, but not limited to, HQLA, deposits at other banks, as well as other assets form part of the required stable funding. The Bank's NSFR is well-above the regulatory minimum of 100%.

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

Notes to the Financial Statements

The table below shows the actual liquidity metrics of the Bank:

	2025	2024
Liquidity coverage ratio	1,239%	1,621%
Net stable funding ratio	177%	229%
Leverage ratio	7.78%	12.70%
Total exposure measure	10,707,133,285	9,366,494,208

NOTE 15.3 — FOREIGN EXCHANGE RISK

The Bank's policy and objective is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

The Bank's exposure to foreign exchange risk is as follows:

	2025	2024
Due from local banks (in USD)	2,313,628	3,347,732
Due to related parties (in USD)	(779,383)	(827,667)
Accounts payable - nonresidents (USD)	(11,519)	(211,143)
Accrued expenses - nonresidents (USD)	-	-
Net foreign currency denominated asset in USD	1,522,726	2,308,922
Foreign exchange rate as at December 31	58.79	57.85
Net foreign currency denominated asset in PHP	89,521,062	133,571,138

A reasonably possible change of 3% in the USD exchange rates, with all other variables held constant, would increase/decrease the Bank's income before income tax by P2.69 million (2024 - increase/decrease by P4.01 million).

NOTE 15.4 — CAPITAL MANAGEMENT

Capital management is understood to be a facet of risk management. The primary objective of the Bank is the generation of recurring acceptable returns to shareholder's capital. To this end, the Bank's policies, business strategies and activities are directed towardsthe generation of cash flows that are in excess of its fiduciary and contractual obligations to its depositors, and to its various funders and stakeholders.

BSP requires each bank to adopt the capital requirements in accordance with the provisions of BASEL III. The guidelines are meant to strengthen the composition of the Bank's capital by increasing the level of core capital and regulatory capital. BSP sets out minimum Common Equity (CET1) ratio and Tier 1 Capital ratios of 6.0% and 7.5%, respectively. A capital conservation buffer of 2.5%, comprised of CET1 capital, was likewise imposed. The minimum required capital adequacy ratio remains at 10% which includes the capital conservation buffer.

Notes to the Financial Statements

As at December 31, the CAR of the Bank is shown in the table below:

	2025	2024
Common Equity Tier (CET1) capital	733,039,016	1,089,424,522
Additional Tier 1 Capital	100,000,000	100,000,000
Total Tier 1 Capital	833,039,016	1,189,424,522
Tier 2 Capital	59,689,587	47,572,422
Total Qualifying Capital	892,728,603	1,236,996,944
Total risk-weighted assets	6,361,751,035	4,202,318,907
Credit risk-weighted assets	5,968,048,232	3,917,314,248
Market risk-weighted assets	87,920,446	133,559,593
Operational risk-weighted assets	305,782,357	151,445,066
CET1 capital ratio	11.52%	25.92%
Tier 1 capital ratio	13.09%	28.30%
Total Capital Adequacy Ratio	14.03%	29.44%
Capital Conservation Buffer	5.52%	19.92%

The Bank has fully complied with the CAR requirement of the BSP as at December 31, 2025 and 2024.

Leverage ratio

On June 9, 2015, the BSP issued Circular No. 881 covering the implementing guidelines on the Leverage Ratio framework designed to act as a supplementary measure to the risk-based capital requirements and shall not be less than 5.00%. The monitoring period has been set every quarter startingDecember 31, 2014 and extendeduntil June 30, 2018 based on BSP Circular No. 990 issued on January 22, 2018. Effective July 1, 2018, the monitoring of the leverage ratio was implemented as a Pillar I minimum requirement.

The Basel III leverage ratio is designed to act as a supplementary measure to the risk-based capital requirements. This is intended to restrict the build-up of leverage in the banking sector to avoid destabilizing deleveraging processes which can damage the broader financial system and the economy. It reinforces the risk-based requirements with a simple, non-risk based backstop measure.

As at December 31, 2025 and 2024, the Basel III leverage ratio of the Branch is shown in the table below:

	2025	2024
Total Tier 1 capital	833,039,016	1,189,424,522
Total exposures	10,707,133,285	9,366,494,208
Basel III leverage ratio	7.78%	12.70%

As at December 31, 2025 and 2024, the Bank is compliant with the minimum required leverage ratio.

NOTE 16 — SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

Notes to the Financial Statements

NOTE 16.1 — BASIS OF PREPARATION

The financial statements are prepared in accordance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature, as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy, and adopted by the SEC:
- PFRS Accounting Standards,
- PAS Standards, and
- Interpretations issuedby the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC).

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with PFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are shown below:

Critical accounting estimates
- Measurement of ECL for loans and receivables (Note 3)
- Useful lives of property and equipment (Note 4)
- Useful lives of intangible assets (Note 5)

Critical accounting judgements
- Impairment of property and equipment (Note 4)
- Equity classification of preferred shares (Note 11)
- Realization of deferred income tax assets (Note 13

NOTE 16.2 — CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) New standards and amendments to existing standards adopted by the Bank

There are no new standards, interpretations and amendments to existing standards effective January 1, 2025 that are considered to be relevant or have a material impact on the financial statements of the Bank.

(b) New and amendments to existing standards not yet effective and not early adopted by the Bank

The following amendments to existing standards are not mandatory for December 31, 2025 reporting period and have not been early adopted by the Bank.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to PFRS 9 and PFRS 7 *(Effective beginning on or after January 1, 2026)*

In May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. In July 2024, the FSRSC adopted the targeted amendments to PFRS 9 and PFRS 7. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cashflows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI)

The adoption of the above amendments is not expected to have a material impact on the financial statements of the Bank except on the timing of derecognition of financial liability through electronic fund transfers and checks.

Notes to the Financial Statements

PFRS 18 Presentation and Disclosure in Financial Statements (Effective beginning on or after January 1, 2027)

PFRS 18 will replace PAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though PFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. Management is currently assessing the detailed implications of applying the new standard on the Bank's financial statements. The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.

The Bank does not expect that there will be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
- management-defined performance measures;
- a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss - this break-down is only required for certain nature expenses; and
- for the first annual period of application of PFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying PFRS 18 and the amounts previously presented applying PAS 1.

The Bank will apply the new standard from its mandatory effective date of January 1, 2027.

Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with PFRS 18.

There are no other new standards, amendments to existing standards, or interpretations that are effective for annual periods beginning on or after December 31, 2025 that are considered relevant or expected to have a material effect on the financial statements of the Bank.

NOTE 16.3 — FINANCIAL INSTRUMENTS

Amortized cost and effective interest rate

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e., its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. Interest income (included within "Other income, net") is calculated by applying the effective interest rate to the gross carrying amount of financial assets.

NOTE 16.3.1 — FINANCIAL ASSETS

The Bank's financial assets comprise mainly of due from other banks, due from BSP, loans and receivables, investment in securities and refundable deposits that are measured at amortized cost.

Classification and measurement financial assets

At initial recognition, the Bank measures the above-mentioned financial assets at fair value plus transaction costs, if any. Subsequently, these financial assets are held at amortized cost based on the Bank's business model (e.g., hold-to collect) and cash flow characteristics of these assets (solely payment of principal and interest).

Notes to the Financial Statements

Impairment of financial assets

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since the initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank group sits loans into Stage 1, Stage 2, and Stage 3, as described below:

- Stage 1 - When loans are first recognized, the Bank recognizes an allowance for lifetime ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- ·Stage 2 - When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for lifetime ECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- ·Stage 3 - Loans considered credit-impaired. The Bank records an allowance for lifetime ECL.

The Bank calculates ECLs based on certain scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of default - The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

Where there is no PD model developed for a portfolio (either due to data quality issue or insufficient number of defaults), the application of PD shall be based on judgmental approach, e.g., proxy of model or loss rate approach. The Bank used a proxy for its PD based on the look-alike portfolios offering similar products under the same market conditions, which was assessed to share the similar credit risk expectation with the Bank's portfolio.

- Exposure at default - The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- Loss Given Default - The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral or credit enhancements that are integral to the loan. It is usually expressed as a percentage of the EAD. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

The LGDs are determined based on the factorswhich impact the recoveries made post-default. Where information is insufficient to determine the segment or components, portfolio average rate may be considered.

Where there is no LGD model developed for a portfolio (either due to data quality issue or insufficient recovery data), the application of LGD shall be based on judgmental approach. For the application of proxy model, assessment shall be performed to determine if the portfolio shares the similar credit risk expectation with the proxy model. The Bank used a proxy for its LGD based on the LGD of look-alike portfolios offering similar products under the same market conditions, which was assessed to share the similar credit risk expectation with the Bank's portfolio.

Notes to the Financial Statements

Forward-looking information incorporated in the ECL models

The Bank incorporates historical and current information, and forecasts forward-looking events and key economic variables that are assessed to impact credit risk and ECL for its portfolio. Macroeconomic variables that affect the portfolio's non-performing loan rate(s) are determined through statistical modelling and the application of expert judgement.

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

Where there is no, or insufficient, sources of entity-specific data, it is permitted to use peer experience for comparable financial instruments.

Definition of default and credit-impaired assets

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

(i) Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

(ii) Qualitative criteria

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

- The counterparty is in long-term forbearance;
- The counterparty is insolvent;
- Granting of concession that would not be otherwise considered due to economic or contractual reasons relating to the counterparty's financial difficulty; and
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

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

The Bank's definition of default is substantially consistent with non-performing loan definition of the BSP.

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to pay in accordance with the credit terms and a failure to make contractual payments for a prolonged period despite the Bank exerting aggressive collection efforts. Subsequent recoveries of amounts previously written-off are credited against the same line item.

NOTE 16.3.2 — FINANCIAL LIABILITIES

The Bank's financial liabilities comprise mainly of deposit liabilities, accounts payable and other liabilities, accrued interest expense and due to related parties. Financial liabilities do not include provisions, tax liabilities and other statutory and legal obligations.

Notes to the Financial Statements

Recognition and measurement of financial liabilities

The Bank's financial liabilities as mentioned above are recognized when it becomes a party to the contractual provision of the instrument and initially measured at fair value plus transaction costs. Subsequently, these financial liabilities are measured at amortized cost using the effective interest rate method.

As at December 31, 2025 and 2024, the Bank has no financial liabilities measured at fair value through profit or loss.

Derecognition of financial liabilities

Financial liabilities are derecognized when the obligation is settled, discharged, cancelled, or has expired.

NOTE 16.4 — FINANCIAL INSTRUMENTS

Bank equipment are carried at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of bank equipment includes its purchase price, including import duties and nonrefundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the bank equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of bank premises and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of bank equipment.

Depreciation is computed on a straight-line basis over the estimated useful lives of the asset of three (3) years.

The useful lives, depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of bank equipment.

When assets are retired or otherwise disposed of, both the cost and the related accumulated depreciation and amortization and any allowance for impairment loss are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

NOTE 16.5 — LEASES

The Bank recognizes a right-of-use assetand a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and any impairment losses, adjusted for certain remeasurements of the lease liability. The right-of-use asset is subsequently depreciated using straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the Bank's incremental borrowing rate. The Bank determines its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

The lease liability is measured at amortized cost using the effective interest rate method. It is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index rate, change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase, extension or termination option is reasonably certain not to be exercised or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to the Financial Statements

Short-term leases and leases of low-value assets

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

NOTE 16.6 — SOFTWARE COSTS UNDER DEVELOPMENT

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

The Bank amortizes its intangible asset with a limited useful life, using the straight-line method over five (5) years.

After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortization and any accumulated impairment losses.

NOTE 16.7 — INCOME TAXES

The provision for income tax for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity. In which case, the tax is also recognized directly in equity.

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 tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as at the reporting date.

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carry forward benefits of unused tax credits from excess of minimum corporate income tax over the regular corporate income tax and unused NOLCO, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carry forward benefits of unused tax credits and NOLCO can be utilized.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic associates and interests in joint ventures.

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

NOTE 16.8 — FOREIGN CURRENCY TRANSACTIONS

(a) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (the functional currency). The financial statements are presented in Philippine Peso, which is the functional and presentation currency of the Bank.

Notes to the Financial Statements

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are remeasured. Foreign exchange gains or losses resulting from settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

NOTE 16.9 — RELATED PARTY TRANSACTIONS AND RELATIONSHIPS

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

NOTE 16.10 — COMPARATIVES

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

Where PAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current year. This did not have an impact on prior period's reported results of operations, total assets, total liabilities, equity or cash flows.

NOTE 16.11 — SUBSEQUENT EVENTS

Any post year-end event that provides additional information about the Bank's position at the reporting date (adjusting event) is reflected in the financial statements when material. Post year-end events that are not adjusting events, if any, are disclosed in the notes to the financial statements when material.

NOTE 17 — SUPPLEMENTARY INFORMATION REQUIRED BY THE BANGKO SENTRAL NG PILIPINAS

Presented below is the additional information as required by BSP Circular No. 1074 issued on January 8, 2020. This information is presented for BSP reporting and is not required in the basic financial statements. The 2024 information is presented for comparative purposes only.

(i) Basic quantitative indicators of financial performance

The key financial performance indicators as at December 31 follow:

Ratio	2025	2024
Return on average equity[1]	(45.39%)	(56.36%)
Return on average assets[2]	(8.83%)	(12.07%)
Net interest margin[3]	7.13%	4.95%

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

The Bank's key performance indicators improved year-over-year, with return on average equity, return on average assets, and net interest margin all moving in a favorable direction compared to 2024. This progress reflects the Bank's ongoing efforts to optimize its product mix, focus on higher-margin investments, and cost-management measures. As the Bank is still scalingits operations and loans receivables, operating expenses and credit provision remain elevated relative to the current revenue base, this results in negative returns. The Bank remains committed to generate positive returns by scaling its revenue and optimize by operating cost and credit provisions.

Notes to the Financial Statements

(i) Description of capital instruments issued

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

(ii) Significant credit exposures

The BSP considers that concentration of credit risk exists when the total loans exposure to a particular industry or economic sector exceeds30% of total loan portfolio or 10% of tier capital. As to concentration to industry/economic sector, the entire loan portfolio of the Bank is classified under the activities of consumer sector.

(iii) Breakdown of total loans

The Bank's loans receivables are unsecured. None of these loans are pledged as collateral for liabilities.

Breakdown of performing and non-performing loans, net of allowance for impairment, are as follows:

	2025	2024
Performing loans	3,951,236,310	1,597,432,950
Non-performing loans (NPL)	316,710,496	221,281,733
	4,267,946,806	1,818,714,683
Allowance attributable to performing loans	101,743,077	90,054,065
Allowance attributable to NPL	232,373,859	186,376,181
	334,116,936	276,430,246
Net carrying amount	3,933,829,870	1,542,284,437

BSP Circular 941, Amendments to Regulations on Past Due and Non-Performing Loans, states that loans, investments, receivables, or any financial asset shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under the existing accounting standards, classified as doubtful or loss, in litigation, and if there is an evidence that full repayment of principal and interest is unlikely without foreclosure of collateral. All other loans, even if not considered impaired, shall be considered nonperforming if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement. Microfinance and other small loans with similar credit characteristics shall be considered nonperforming after contractual due date or after they have become past due. Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained.

(i) Information on related party loans

The Bank does not have outstanding directors, offices, stockholders and related interests (DOSRI) and other related party loans as at December 31, 2025 and 2024.

(ii) Secured liabilities and assets pledged as security

There are no secured liabilities and assets pledged as security as at December 31, 2025 and 2024.

(iii) Contingent and commitments arising from off-balance sheet items

There are no contingencies and commitments arising from off-balance sheet items as at December 31, 2025 and 2024.

Notes to the Financial Statements

NOTE 18 — SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE(BIR)

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

(i) Documentary stamp tax

Documentary stamp taxes paid for the year ended December 31, 2025 amount to P18,641,997.

(ii) Withholding taxes

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

	Paid	Accrued	Total
Expanded withholding taxes	17,500,017	17,376,372	34,876,389
Final Withholding taxes	4,529,272	5,122,172	9,651,444
Withholding taxes on compensation	59,554,899	4,400,350	63,955,249
	81,584,188	26,898,894	108,483,082

Accrued withholding taxes are presented as part of Accounts payable and other liabilities in the statement of financial position.

(iii) All other local and national taxes

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

	Amount
Withholding VAT remittance	1,102,191
Business tax and occupancy permit	863,180
	1,965,371

Local and national taxesare included as part of Local and business tax under Operating expenses in the statement of comprehensive income.

(iv) Tax assessments

The Bank has no pending tax assessment from the BIR as at December 31, 2025.

(v) Tax cases

The Bank has no outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR as at December 31, 2025.

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